



Australian Government  
Department of Foreign Affairs and Trade



# Gearing up for Trade: Australia's support for trade facilitation programs

Office of Development Effectiveness

April 2016

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**Front cover:** Textile markets in Laos. Source David Goodwins

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**Office of Development Effectiveness**

The Office of Development Effectiveness (ODE) is an independent branch within the Australian Government Department of Foreign Affairs and Trade (DFAT). ODE monitors the Australian aid program's performance, evaluates its impact, and contributes to international evidence and debate about aid and development effectiveness. ODE's work is overseen by the Independent Evaluation Committee (IEC), an advisory body that provides independent expert advice on ODE's evaluation strategy, work plan, analysis and reports. **[www.ode.dfat.gov.au](http://www.ode.dfat.gov.au)**



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# Foreword

International trade is a major driver of economic growth and poverty reduction. An increasingly integrated world economy offers great opportunities for those developing countries able to invest in building economic infrastructure, productive capacity, and a policy and regulatory environment conducive to inclusive and sustainable growth. This evaluation of trade facilitation investments is timely as Australia has set a target to increase its aid for trade expenditure to 20 per cent of the total aid budget by 2020. It provides examples of where and how aid for 'trade facilitation' is making an impact. The evaluation finds evidence of increased partner government capacity and contributions to the broader economic and development goals of partner countries.

The evaluation found that successful interventions need to be embedded in an integrated framework but also flexible enough to help partner countries take advantage of opportunities as they emerge. They require sustained long term commitment, communication and coordination between all players, and strong dialogue and engagement with the private sector. The evaluation found that gender equality and women's economic empowerment have been given little attention in trade facilitation investments although awareness is improving and the report proposes useful entry points for the future. The evaluation also identifies a need for greater attention to monitoring and evaluation. Better data on the contribution of aid investments to trade reforms and ultimately to trade outcomes, economic growth and poverty reduction can help partner governments build momentum for further reform.

I commend the evaluation team for their efforts in producing this report. I also acknowledge the close involvement of experienced aid and trade officials in the now integrated Department of Foreign Affairs and Trade. It gives readers useful insights into the journey of aid for trade from an Australian perspective.



**Jim Adams**

Chair, Independent Evaluation Committee

# Acknowledgements

This evaluation was managed by the Office of Development Effectiveness (ODE) at the Australian Government Department of Foreign Affairs and Trade (DFAT). The evaluation team consisted of Ben Ward (Team leader, Coffey), David Goodwins (Evaluation specialist, Coffey), Peter Van Dierman (Trade specialist, EDS) and Kanu Negi (Assistant Director, ODE). Henni Arup (OTN) and Annmarie Reerink (Laos Post) also provided valuable inputs on gender analysis of the report.

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# Executive Summary

## Introduction and context

International recognition of trade as a vehicle for sustainable development is gaining momentum, as evidenced by the World Trade Organization (WTO) Doha development round, the global Aid for Trade agenda and the Sustainable Development Goals.<sup>1</sup> These movements have arisen out of the demands of developing countries. They are driven by an understanding of the role trade can play in sustainable and inclusive economic growth and poverty reduction, especially where trade reforms are integrated into a comprehensive approach that ensures the poor benefit. At the same time, there is acknowledgment that developing countries often struggle to take advantage of the benefits of trade liberalisation due to supply-side or internal constraints to trade. Aid for Trade can help address these.

Aid for Trade (AfT) assistance is classified by the Office for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) into three themes: (1) Trade policy and regulations, including trade facilitation; (2) Economic infrastructure such as transport, storage and communications; and (3) Building the productive capacity of the private sector. Australia has set a target of increasing AfT expenditure to 20 per cent of Australia's aid budget by 2020.

Trade facilitation and related assistance is a priority area of the new Aid for Trade Strategy, Department of Foreign Affairs and Trade (July 2015). Australia is striving to be a recognised leader in promoting and supporting AfT in the Asia-Pacific region in order to foster sustainable economic growth and prosperity.<sup>2</sup> Since 2013 Australia has increased its focus on AfT and has become one of the top 20 AfT donors.<sup>3</sup> In 2014/15 AfT investments are estimated to be AUD823 million or 16.4 per cent of total Official Development Assistance (ODA), and in 2015/16 it is estimated to be AUD698 million or 17.2 per cent of total ODA.<sup>4</sup>

Globally the WTO, in conjunction with the Organisation for Economic Cooperation and Development (OECD), has acted as the main international body supporting and coordinating work on the AfT agenda. It has conducted biennial global reviews of current and significant issues since 2007. The 2015 WTO theme of 'Reducing Trade Costs for Inclusive, Sustainable Growth' coincided with the conclusion of the WTO Trade Facilitation Agreement (TFA). This has brought to prominence issues around trade facilitation and support for developing countries to participate in trade, and to take advantage of the rapid increase in regional trade agreements (RTAs). Developing countries require significant capacity to successfully negotiate and participate in RTAs due to their inherent complexity.

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1 <https://sustainabledevelopment.un.org/?menu=1300>.

2 <http://dfat.gov.au/about-us/publications/Pages/strategy-for-australias-aid-for-trade-investments.aspx>

3 WTO and OECD, 2015 *Aid for Trade at a Glance 2015: Reducing Trade Costs for Inclusive, Sustainable Growth*

4 <http://dfat.gov.au/aid/topics/development-issues/aid-for-trade/Pages/aid-for-trade.aspx>

There is now a growing interest in the gender dimension of trade given the constraints many women face, and the increasing evidence that gender equality and women's economic empowerment can help boost exports, increase economic growth and achieve positive development outcomes.<sup>5</sup> However, the literature on gender and trade is limited with a focus on how trade liberalisation policies relate to achieving gender equality.

Globally there is also greater emphasis being placed on monitoring and evaluation of Aft programs. This aligns with increasing demands for greater accountability and growing recognition of the importance of performance evaluation and enhancing aid effectiveness. Studies<sup>6</sup> indicate a number of shortfalls including a lack of evidence-based results chains, poor baseline data, lack of common indicators, and isolation of systems from partner governments.

## About the evaluation

The purpose of this evaluation is to assess the effectiveness of Australia's recent investments supporting trade facilitation and regional trade agreements, and how investments may be better targeted in the future. The scope of this evaluation is limited to objective one of DFAT's current Aid for Trade Strategy 'to improve the regulatory environment' and its 'trade and investment policy and trade facilitation' elements. It focusses on three areas of inquiry: (1) How and to what extent the capacity of partner countries has been built to increase international trade?; (2) To what extent the relevant DFAT investments have led to positive changes in the partner country's broader economic and development goals?; and (3) How do DFAT's investments in trade facilitation and related assistance compare with international good practice?

This evaluation defines trade facilitation and related assistance as all activities and efforts that remove obstacles to the movement of goods and services across borders. This includes simplification and harmonisation of import and export procedures; support to customs departments; tariff reforms; sanitary and phytosanitary measures; and regulatory reform.

The evaluation examined DFAT's portfolio of Aft activities<sup>7</sup> with a detailed focus on four investments:

1. **ASEAN–Australia and New Zealand Free Trade Agreement Economic Cooperation Support Program (AANZFTA AECSP) 2010-2018**—an AUD27.5 million eight-year program to help build the capacity of ASEAN countries to access the benefits of AANZFTA. This evaluation looked at three activities in Laos and Cambodia: (1) ASEAN Regional Diagnostic Network (ARDN), (2) Rules of Origin support, and (3) Madrid Protocol assistance.
2. **The Trade Development Facility 2 (TDF-2) 2013-2017**—an AUD19.8 million program (AUD8.7 million contribution from Australia) in Laos that is providing support across five components: trade facilitation, sanitary and phytosanitary rules and technical barriers to trade, export competitiveness, business environment, trade policy, trade agreements and global opportunities.
3. **Pacific Horticultural and Agricultural Market Access (PHAMA) 2009-2017**—an AUD34.2 million trade facilitation program to assist the Pacific Island Countries and Territories (PICTs) address market access issues. PHAMA (Phase 2) assists Samoa, Tonga, Solomon Islands, Vanuatu, PNG and Fiji<sup>8</sup> by addressing the quarantine, sanitary and phytosanitary and other market access requirements.

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5 Hagen von, M 2014, *Trade and Gender—Exploring a reciprocal relationship: Approaches to mitigate and measure gender-related trade impacts*. GLZ.

6 OECD (2013) and World Bank (2014)

7 ODE (2016) *Global and Regional Perspectives: A situation analysis*.

8 In 2015 PNG joined PHAMA and PHAMA will assist in PNG's ongoing agriculture sector development and trade facilitation initiatives.

4. **Pacific Agreement on Closer Economic Relations (PACER Plus) 2007-2016**, an AUD13.3 million initiative supporting Pacific island countries to negotiate and prepare for the implementation of a regional economic integration agreement.

These investments were chosen because they are strategic priorities for Australia, cover South East Asia and the Pacific regions, have significant trade facilitation components, and generally have sufficient information available to meet evaluation requirements.

The four investments were designed and commenced implementation prior to Aid for Trade becoming a strategic aid program priority in 2014 and the release of the Aid for Trade Strategy. The evaluation acknowledges that work is already progressing to address some of the findings and recommendations for these investments, and more broadly across Aid for Trade investments.

The evaluation used predominantly qualitative techniques involving more than 90 in-depth interviews with primary stakeholders and beneficiaries in Australia, Vanuatu, Fiji, Laos and Cambodia. This was supplemented with quantitative data where available and relevant. A literature review was conducted in order to place Australia's investments in context, and to compare to other international good practice examples.

## Key findings and recommendations

**DFAT investments in trade facilitation have been effective in addressing capacity issues, have the potential to make significant impacts to poverty reduction, and contain many elements of good global practice.**

1. Australia's trade facilitation investments have assisted partner countries in Asia and the Pacific to advance their trade liberalisation and domestic economic reform objectives to better integrate with regional and global economies. These investments work best when they:
  - a. Are responsive to partner government priorities (recognising that trade liberalisation is a complex political and technical process);
  - b. Complement and assist developing countries own efforts to boost economic growth; and
  - c. Enable an environment for innovation and competition.
2. The evaluation found that DFAT's investments have been effective in addressing capacity issues across a diverse range of areas. The flexibility in designs has enabled programs to be responsive to emerging needs. There are some good examples of well-targeted capacity development activities, such as customs training in Cambodia, that have demonstrated impressive multiplier effects and become institutionalised with minimal investment. However, others lack requisite institutional support to be sustained due to limited resources, particularly in the area of biosecurity for some ASEAN members.
3. In terms of broader economic and development outcomes the evaluation found that investments in trade facilitation have the potential to make significant impacts. There is evidence, through programs such as PHAMA in the Pacific and AECSP in South East Asia, that trade facilitation investments are reaching the poor by assisting local farmers and businesses to more efficiently trade. The supply chain networks established by exporters and intermediaries demonstrate potential to help women suppliers and business owners. The challenge is to establish causal attribution to the extent that outcomes can be quantified and programs can be optimised to deliver maximum impact.

4. DFAT investments were also found to contain many elements of good global practice although not all were embodied in any one investment. The evaluation developed criteria from eight themes of good practice discussed in the literature: (1) Government ownership; (2) Private sector engagement; (3) Integrated approach; (4) Regional approach; (5) Addressing key constraints; (6) Gender equality and women's economic empowerment; (7) Flexibility; and (8) Monitoring and Evaluation. Overall DFAT trade facilitation investments performed well in most areas with improvements identified in: adopting a more integrated approach; greater private sector engagement; placing a greater focus on the gender dimension; and strengthening monitoring and evaluation systems.
5. The evaluation noted that the integration of DFAT with AusAID in 2013 has brought together a range of aid and trade skill sets that when combined could effectively bring increased capacity to deliver innovative and effective trade facilitation initiatives.
6. The Australian Government's commitment to improving gender equality and women's economic empowerment provides an opportunity to influence trade facilitation program designs and implementation for better development outcomes.
7. The evaluation noted that the assessed investments were designed prior to Aid for Trade becoming a strategic aid program priority in 2014 and the release of the Aid for Trade Strategy in 2015. However the evaluation found that with increasing knowledge and guidance within the department, this trend is shifting and notable progress is being made to address some of the findings and recommendations for trade facilitation investments more broadly.

**There is a need for an integrated framework which applies to a trade facilitation investment.**

8. An integrated framework includes a technical and political economy analysis, design and program logic and a performance framework:
  - a. Clearly articulated program logic model, showing the relationships between the resources, activities, outputs and outcomes or desired impact.
  - b. Strategies on how capacities built during the program would be sustained.
  - c. Adequate institutional strengthening support to complement the capacity building efforts.
  - d. Consideration of the time frames required for trade reforms, level of political commitment, and other ODA activities.
  - e. Coordination with other donors and other areas of trade facilitation—recognising that the binding constraints to increasing trade and economic growth may be deficiencies in productive capacity and economic infrastructure.
  - f. There should be focus on improving analysis of investment impacts, but recognising it may be more realistic to focus on 'contribution' than 'attribution'. International indicators should be adopted where applicable given the regional and global nature of trade facilitation interventions.
  - g. Identification of gender specific challenges and practical strategies to address those challenges (going beyond collecting numbers for attendances but focussing on leadership abilities obtained by women, or economic gains experienced).
  - h. Strong monitoring and evaluation which assesses and establishes the impact of trade facilitation activities and their contribution to improved trade and higher level outcomes such as economic growth and poverty reduction. M&E systems of the assessed interventions need strengthening in order to measure program impacts and enable causal attribution to the investments.

### Recommendation 1

Investment in capacity development for trade facilitation initiatives should be guided by an integrated framework that promotes sustainable outcomes, including institutional strengthening, and without compromising flexible and responsive approaches to address emerging constraints and opportunities. An integrated framework includes a technical and political economy analysis, design and program logic and a performance framework.

### Recommendation 2

DFAT should continue to build on its experience in incorporating gender and trade in its programs, and ensure all future trade facilitation program designs adequately consider gender dimensions and an analysis of gender gaps. Gender equality and women's empowerment objectives should be explicitly stated as development goals in the designs, identified in the program logic models, and monitored and evaluated using gender indicators and sex-disaggregation of data related to people. Good international practice should be followed around analysis of gender equality gaps.

### **Trade facilitation investments need to be flexible, linked to government priorities, private sector priorities and require partner government ownership to be successful.**

9. Trade facilitation interventions require flexible approaches as trade facilitation is a complex long-term process. Lack of capacity, political and economic events, use of different approaches by different countries to address the same trade issues, requires flexibility in implementation. Furthermore, capacity building and gender aspects can take many years to develop and translate into practices and reformed attitudes.
10. Government to government approaches are critical in maintaining political ownership and continuing economic engagement, while recognising the resource intensive nature of such engagement.
11. Political will, commitment and ownership by the partner government is another critical factor. Partner governments need to be committed to introduce or continue reforms and ultimately support and sustain trade facilitation projects. While it is acknowledged that governments generally lack the capacity and resources for such reforms, donors can make use of the Diagnostic Trade Integration Studies (DTIS) through the Enhanced Integrated Framework (EIF)<sup>9</sup>, which provide a well-recognised mechanism for country diagnostics and engagement on the key trade reforms needed.
12. Design and implementation of trade facilitation activities, particularly related to trade facilitation, requires strong support within the private sector. Governments and the private sector need to work closely together to identify viable opportunities and address barriers to trade. This is particularly relevant to sanitary and phytosanitary (SPS) measures that can restrict market access. It is acknowledged that some parts of the private sector may not support international trade liberalisation and that governments have different levels of incentives in interacting with private sector representatives.

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9 EIF DTIS Framework is only available for LDCs to draw upon at this stage, however others could seek to adopt a similar framework or approach but cannot access it in the same way.

### Recommendation 3

DFAT trade facilitation initiatives should include private sector engagement considerations throughout key stages, including planning and design. The investments should include an element of strong public-private dialogue particularly in partner countries.

**Internal coordination and communication between Australia's bilateral, regional and global programs needs to be strengthened. This can be done by introducing shared values and implementable incentives for cooperation across regional and bilateral programs.**

13. Given the cross-border nature of trade facilitation, regional approaches are often required. By its nature trade is regional and production characterised by global and regional value chains. Bilateral aid programs can complement regional initiatives by assisting partners to implement trade agreements or unilateral reforms.
14. Improving communication and coordination between bilateral, regional and global program managers as well as with other government bodies (e.g. Australia Centre for International Agricultural Research (ACIAR), Department of Agriculture, Customs) is required to minimise overlap and maximise opportunities for effective cooperation. There is a role for DFAT's Office of Trade Negotiations to work with DFAT's geographic divisions and posts to build understanding of trade facilitation and identify how existing and future investments can work more effectively together and avoid duplication.
15. DFAT's aid investment plans, designs and agreements should also be used to identify areas of duplication, complementarities and linkages. The DFAT Aid Quality Check template currently requires staff to rate how well investments are harmonised with other donors. This requirement should be broadened to include harmonisation with other Australian investments.
16. In regards to PACER Plus, there is an opportunity for the Office of the Chief Trade Adviser (OCTA) or its successor body, to enhance linkages and build synergies between its programs and other DFAT-funded activities through WTO (Global Trust Fund and Services program) and WIPO (World Intellectual Property Organisation). This collaboration would also enable the officials to receive up-to-date trade training in regional and WTO context, Institute for International Trade (University of Adelaide) and International Centre for Trade and Sustainable Development (ICTSD). These training initiatives are also helping developing countries build their capacity for trade negotiations, so synergies between programs and activities can be explored.
17. Linkages existing between trade facilitation reforms, infrastructure development, and productive capacity need to be strengthened. The programs need to be flexible and adapt to emerging needs and demands in these three areas during implementation.
18. DFAT needs to continue its efforts in developing a mix of trade and aid skill sets for its staff. Post integration DFAT is better placed to develop staff skill sets in both areas, which is essential for the success of trade facilitation investments.

### Recommendation 4

DFAT should improve communication and coordination between regional, bilateral and global programs working on aid for trade by requiring its investment managers to identify synergies in DFAT's Aid Investment Plans, design and contracting processes, and Aid Quality Checks.



# Management response

The Department of Foreign Affairs and Trade (DFAT) welcomes the evaluation by the Office of Development Effectiveness ‘Gearing up for Trade—Australia’s support for trade facilitation programs’. The evaluation is a timely contribution to the evidence base, following the inclusion of aid for trade in the Sustainable Development Goals and as Australia seeks to increase its aid for trade investments to 20 per cent of official development assistance by 2020.

DFAT notes the evaluation’s conclusions that investments in trade facilitation and related assistance, a subset of aid for trade investments, have been effective in addressing capacity issues and can make significant, positive impacts towards poverty reduction. Such investments have addressed capacity issues through flexible and targeted designs, which generally adapt to emerging needs. They also have the potential to make significant impacts in broader economic and development outcomes. Further, the evaluation found that the integration of DFAT with AusAID in 2013 has brought together a range of aid and trade skill sets that, when combined, can effectively bring increased capacity to deliver innovative and effective aid for trade initiatives.

The evaluation also highlights that DFAT investments performed well in most areas of global practice. Further improvements could include in: adopting a more integrated approach; greater private sector engagement; placing a greater focus on the gender dimension; and strengthening monitoring and evaluation systems. DFAT is committed to improving these elements in its future aid for trade investments, in line with the Government’s development policy.

DFAT notes that the subset of aid for trade investments evaluated were designed and commenced before the release of Australia’s new development policy—*Australian aid: promoting prosperity, reducing poverty, enhancing stability*. Aid for trade became a targeted strategic priority for the Australian aid program under the new aid paradigm for the first time.

## Management responses to recommendations

Recommendation 1		
Investment in capacity development for trade facilitation initiatives should be guided by an integrated framework that promotes sustainable outcomes, including institutional strengthening, and without compromising flexible and responsive approaches to address emerging constraints and opportunities. An integrated framework includes a technical and political economy analysis, design and program logic and a performance framework.	Agree	<p>The evaluation analysed investments that existed prior to the release of the Strategy for Australia's Aid for Trade Investments in July 2015. The <i>Strategy establishes a framework for future Australian aid for trade investments</i> to ensure they are well planned and effective, meet the needs of our developing country partners, and are aligned with Australian interests. The Strategy includes a program logic. The Strategy was released at the Fifth Global Review of Aid for Trade in Geneva.</p> <p>The Department will update the Strategy by the end of 2016 to reflect lessons learnt, including, where relevant, the findings and recommendations of the ODE evaluation.</p> <p>As recognised in the evaluation report, DFAT is unique among its OECD counterparts in having a dedicated area with the role of ensuring coherence and coordination in aid for trade policy, as well as providing internal expertise for the organisation in undertaking aid for trade investments.</p> <p>DFAT will now disseminate the findings of the evaluation, including through training of aid program managers located in posts in Asia and the Pacific.</p>



## Recommendation 2

DFAT should continue to build on its experience in incorporating gender and trade in its programs, and ensure all future trade facilitation program designs adequately consider gender dimensions and an analysis of gender gaps. Gender equality and women's empowerment objectives should be explicitly stated as development goals in the designs, identified in the program logic models, and monitored and evaluated using gender indicators and sex-disaggregation of data related to people. Good international practice should be followed around analysis of gender equality gaps.

Agree

Aid for trade investments can make a significant contribution to advancing gender equality and economic empowerment of women. The evaluation analysed investments that existed prior to the release of the *Strategy for Australia's Aid for Trade Investments* in July 2015. The Strategy acknowledges that aid for trade investments have historically performed poorly on incorporation of gender considerations. The Strategy highlights women's economic empowerment as a priority area for aid for trade investments. Similarly, the Department's *Gender Equality and Women's Empowerment Strategy*, released in February 2016, includes promoting women's economic empowerment as one of its three priorities, with specific reference to aid for trade investments.

The Department is committed to making significant progress in the intersection of aid for trade and gender, and exploring good practice and lessons learnt, including opportunities to incentivise partners (partner government agencies and aid program deliverers) and donors to undertake practical steps to address gender inequalities. It is of note, for example, that at Australia's and other donors' behest, the World Trade Organization adopted the economic empowerment of women, as part of its renewed aid for trade work program.

### Recommendation 3

DFAT trade facilitation initiatives should include private sector engagement considerations throughout key stages, including planning and design. The investments should include an element of strong public-private dialogue particularly in partner countries.

Agree

The Department notes Australia's development policy focus on private sector development and engagement to achieve sustainability in aid investments. The evaluation analysed investments that existed prior to this policy focus, which is outlined in the *Strategy for Australia's Aid for Trade Investments; the Ministerial Statement on Engaging the Private Sector in Aid and Development; and the Strategy for Australia's Aid Investments in Private Sector Development*.

Recent actions that have begun to enable the involvement of private sector engagement and public-private dialogue in trade facilitation investments include Australia's support of the Enhanced Integrated Framework and the Global Alliance for Trade Facilitation.

### Recommendation 4

DFAT should improve communication and coordination between regional, bilateral and global programs working on aid for trade by requiring its investment managers to identify synergies in DFAT's Aid Investment Plans, design and contracting processes, and Aid Quality Checks.

Agree

The challenges identified by the ODE on coordination between bilateral, regional and multilateral programs are not isolated to aid for trade investments. They are issues that continue to receive attention across the aid program. On the aid for trade front, greater efforts will be made to improve awareness of aid for trade investments across the portfolio, and facilitate dialogue between relevant areas. These efforts will be integrated with the reporting requirements and products outlined in the performance framework for Australia's aid program: *Making Performance Count: enhancing the accountability and effectiveness of Australian aid*.

# 1. Expanding the benefits of international trade: an Australian priority

## 1.1 Introduction and background

Australia is striving to be a recognised leader in promoting and supporting Aid for Trade (AfT) in the Asia-Pacific region in order to foster sustainable economic growth and prosperity.<sup>10</sup> AfT is about addressing the internal barriers to trade in developing countries. These barriers are classified according to three key themes<sup>11</sup>: (1) Trade policy and regulations, including trade facilitation; (2) Economic infrastructure such as transport, storage and communications; and (3) Building the productive capacity of the private sector. Australia has set a target of increasing AfT expenditure to 20 per cent of Australia's aid budget by 2020.

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Aid for Trade is about helping developing countries, in particular the least developed, to build the trade capacity and infrastructure they need to benefit from trade opening.

**WTO Aid for Trade Fact Sheet**

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International trade is important for sustained economic growth and job creation. Whether trade and economic growth translate into poverty reduction, however, depends on a range of policy, structural, capacity and market issues. For developing countries, opening trade regimes and achieving market access are often not sufficient for improving outcomes for the poor. Structural impediments and a disconnect between trade liberalisation and the benefits for the poor, may mean that the poor, and particularly women, only receive marginal benefits from a country's improved trade position.

The Sustainable Development Goal (SDGs) explicitly recognises the importance of trade in setting targets for achieving a universal open trading system, increasing developed countries' exports, and improving market access for developing countries.<sup>12</sup>

AfT provides a framework for helping developing countries participate in international trade and improve the benefits for the poor and disadvantaged.

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10 <http://dfat.gov.au/about-us/publications/Pages/strategy-for-australias-aid-for-trade-investments.aspx>

11 OECD Development Assessment Committee Aid for Trade Classification Structure

12 SDG's that explicitly mention trade include: Target 2.b—Correct and prevent trade restrictions and distortions in world agricultural markets; Target 8.a—Increase Aid for Trade support for developing countries; Target 10.a—In accordance with the WTO, implement special and different treatment principles for developing countries; Target 17.10—Promote a universal, rule-based, open non-discriminatory and equitable multilateral trading system. Many of the other SDG Goals and Targets also have implications for Aid for Trade see <https://sustainabledevelopment.un.org/?menu=1300>

In July 2015 the Australian Government released its Aid for Trade Strategy.<sup>13</sup> This strategy recognises the role of Aft initiatives in improving the economic conditions of developing country partners. It establishes an overarching framework to ensure investments are effective, meet the needs of developing country partners, and align with Australian interests. It focusses on three primary objectives aligned with partner country needs:

1. Improving the regulatory environment
2. Addressing poor economic infrastructure
3. Improving the productive capacity of the private sector

The Aid for Trade Strategy supports developing countries' efforts to benefit from the global rules-based trading system, implement domestic reform, and increase economic growth. To this end, Australia's priority areas for investments include: trade and investment policy and trade facilitation; global value chains (GVCs); infrastructure; private sector development; economic empowerment of women; knowledge and skills development; agriculture; and services.

Trade and investment policy and trade facilitation, is one of the eight priority areas for investments for Australia under the Aid for Trade Strategy. Trade facilitation and related assistance is targeted at predominantly 'at the border' initiatives. These focus on reducing border protection and transaction costs, and can be through a reduction in tariffs and non-tariff measures (NTMs) which are more often 'behind the border', improving customs, as well as improving other public institutions and regulatory requirements related to cross-border trade.

This evaluation focusses on trade facilitation and related assistance as defined on next page. The definition used in this evaluation is broader than that used by World Trade Organization (WTO) and Organisation for Economic Cooperation and Development (OECD).<sup>14</sup>

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13 <http://dfat.gov.au/about-us/publications/Pages/strategy-for-australias-aid-for-trade-investments.aspx>

14 The definition used is consistent with the WTO and OECD Aid for Trade definition of trade facilitation but adds elements of trade policy and regulations as defined by OECD. The rationale for this is to allow a more focused evaluation without losing significant elements of Australia's Aft investments. Various terminologies are used by the WTO and OECD:

- **WTO:** Removing obstacles to the movement of goods across borders (e.g. simplification of customs procedures). Trade Facilitation Agreement (2013 Bali Package) contains provisions for expediting the movement, release and clearance of goods, including goods in transit. It also sets out measures for effective cooperation between customs and other appropriate authorities on trade facilitation and customs compliance issues. It further contains provisions for technical assistance and capacity building in this area.
- **OECD** (DAC code 33120): Simplification and harmonisation of international trade procedures including import and export procedures (e.g. customs valuation, licensing procedures, transport formalities, payments, insurance), support to customs departments, and tariff reforms.

#### Definition—Trade facilitation and related assistance

For the purpose of this evaluation we use the term **‘trade facilitation and related assistance’** which includes all activities and efforts that remove obstacles to the movement of goods and services across borders, and any other technical assistance or capacity building projects and programs that enhance or facilitate trade including:

1. Simplification and harmonisation international trade procedures including import and export procedures (customs valuation, licensing procedures, transport formalities, payments, insurance)
2. Support to customs departments
3. Tariff reforms
4. Sanitary and phytosanitary measures
5. Regulatory reform

Trade facilitation and related assistance is important because it directly affects a country’s ability to participate in international trade. Focussing on these areas can provide opportunities for trade by improving market access, or addressing critical bottlenecks that may restrict trade and increase transaction costs. Moreover, this area also benefits from requiring relatively small, but carefully targeted, investments compared to infrastructure investments or improving productive capacity.

In terms of trade cost reductions per unit of expenditure, reforms to customs and border administration and other ‘soft’ measures are the ‘low-hanging fruit’ of trade facilitation, offering the greatest gains for the least cost.<sup>15</sup> These investments can therefore result in potentially large gains representing good value for money. For example, large investments in farm to market roads and port handling facilities can be of little use if:

- > Suppliers are unable to secure the confidence of regulatory authorities, or of the intending importers, in the claims they make to the conformity of their goods with applicable sanitary and phytosanitary (SPS) and other requirements in the intended country of import,
- > Customs practices, formalities, requirements and procedures prevent the timely clearance of the goods for export or otherwise impose prohibitive costs,
- > Domestic regulatory requirements imposed on operators and users of the port handling facilities result in inefficient and cost-ineffective transport logistics.

#### Australia’s Investment in Aid for Trade and Trade Facilitation

Since 2013 Australia has increased its focus on aid for trade and has become one of the top 20 AfT donors.<sup>16</sup> In 2014/15 AfT investments are estimated to be AUD823 million or 16.4 per cent of total Official Development Assistance (ODA), and in 2015/16 it is estimated to be AUD698 million or 17.2 per cent of total ODA.<sup>17</sup>

The AfT estimated expenditure by region in 2015-16 is provided in Figure 1. Figure 2 provides the spread of Australia’s Investment in Trade Policy, Regulations and Facilitation between 2005 and 2020. In this period DFAT had programmed at least 24 investments valued at AUD542.5

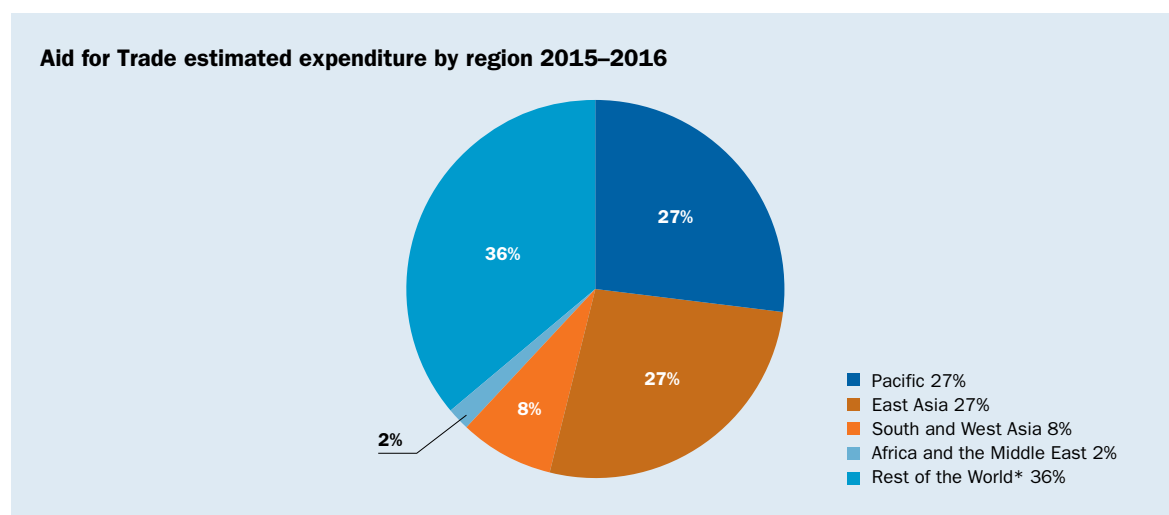
15 Lowy Institute, Global value chains, border management and Australian trade analysis report - <http://www.lowyinstitute.org/publications/global-value-chains-border-management-and-australian-trade> -

16 WTO and OECD, 2015, *Aid For Trade at a Glance 2015: Reducing Trade Costs for Inclusive, Sustainable Growth*

17 <http://dfat.gov.au/aid/topics/development-issues/aid-for-trade/Pages/aid-for-trade.aspx>

million for trade policy, regulations and facilitation. By location, Asia regional investments accounted for approximately 21 per cent; Pacific regional programs for 14 per cent; Pacific country programs for 55 per cent (dominated by the Solomon Islands<sup>18</sup>); and Asia country programs for 6 per cent. By type of sub-category within Trade Policy and Regulations (using OECD codes), over half of all Australia's programmed investments are targeted at trade facilitation (59 per cent), followed by Regional Trade Agreements (17 per cent) and trade policy (12 per cent).

**Figure 1: Aid for Trade estimated expenditure by Region 2015–16**

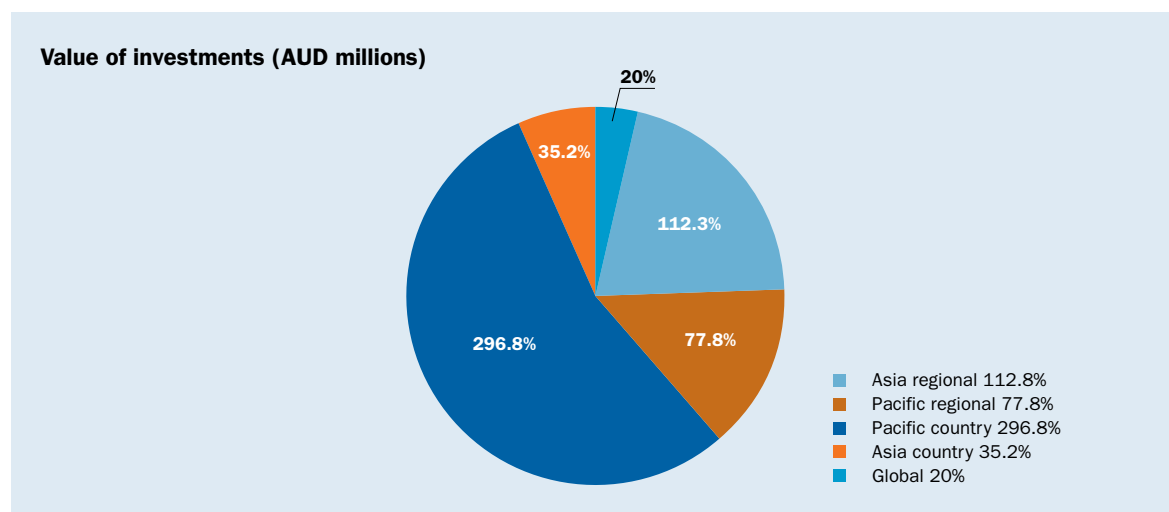


\*Includes ODA not attributed to particular countries or regions

**Source:** Aid for Trade fact sheet

<http://dfat.gov.au/aid/topics/development-issues/aid-for-trade/Pages/aid-for-trade.aspx>

**Figure 2: Australia's investment in Trade Policy, Regulations and Facilitation 2005 to 2020**



**Source:** <http://dfat.gov.au>

<sup>18</sup> This included RAMSI, an AUD211m program to improve public sector governance through support to central agencies including small scale support to improve customs and the automation of its systems using ASYCUDA. Other funded programs in the Solomon Islands were predominantly behind-the-border initiatives.

## 1.2 Global and regional perspectives

The global AfT Initiative was launched at the 2005 Hong Kong WTO Ministerial conference. The WTO, in conjunction with the OECD, has acted as the main international body supporting and coordinating work on the AfT agenda. Starting in 2007, the WTO has held a Global Review of AfT every two years. The Global Review is a self-assessment that also includes analysis of current and significant issues.

### WTO Global Reviews of Aid for Trade

**2007: Aid for Trade: Mobilizing Aid for Trade.** The first Global Review had three objectives: (1) to take stock of what is happening in AfT; (2) to identify what should happen next; and (3) to improve WTO monitoring and evaluation.

**2009: Aid for Trade: Mobilizing Aid for Trade.** The four key objectives for the review were: (1) moving from commitment to implementation; (2) mainstreaming trade in national and regional development strategies; (3) sustaining aid flows during the global downturn; and (4) assessing the effectiveness of AfT.

**2011: Aid for Trade: Showing Results.** The emphasis was on what AfT is achieving on the ground, and focussed on the following questions: Are the supply-side and trade-related infrastructure constraints being addressed? What are good practices in AfT and do they differ by country and region? What are the limits of what can be achieved by AfT and what complementary policies need to be pursued to maximize its impact?

**2013: Aid for Trade: Connecting to Value Chains.** The global expansion of value chains offers new opportunities for many developing countries. However, many developing countries remain on the margins of global trade. The aim of the Fourth Global Review of AfT was to examine strategies to connect developing country and firms to international value chains and how to move up the value chain.

**2015: Aid for Trade: Reducing Trade Costs for Inclusive, Sustainable Growth.** High trade costs act as a brake on the trade integration of many developing countries. The focus was on how to reduce trade costs and survey the extent of the challenge remaining, and how it can be addressed in the context of the proposed Sustainable Development Goals (SDGs).

Related to the 2015 WTO theme of Reducing Trade Costs for Inclusive, Sustainable Growth, is the conclusion of the WTO Trade Facilitation Agreement (TFA), which was negotiated as part of the Doha Round to clarify the operation of the provisions of the General Agreement on Tariffs and Trade (GATT) on fees, formalities and requirements applied by customs authorities, on trade-in-transit, and on publication, administration and judicial review of trade regulations. According to the WTO's World Trade Report 2015 the TFA has the potential to increase global merchandise exports by up to USD1 trillion per annum with developing countries capturing more than 50 per cent of available gains.<sup>19</sup> The TFA will enter into force when two-thirds of the WTO's 108 members have completed ratification. By December 2015, 55 members, including Australia, had ratified. By supporting the TFA, Australia and other donor countries have committed to provide technical support to developing countries to help them implement the agreement. In mid-2015, Australia contributed AUD1 million to the WTO's TFA Facility to help developing countries implement the Agreement and source donor assistance. Australia helps developing countries implement the TFA by contributing to the World Bank's Trade Facilitation

19 The 2015 World Trade Report can be found at [https://www.wto.org/english/res\\_e/publications\\_e/wtr15\\_e.htm](https://www.wto.org/english/res_e/publications_e/wtr15_e.htm)





**Workers in an export factory in Fiji processing Taro.**

Source D. Goodwins

Support Program (AUD6 million over three years 2014-17) and the WTO's Trade Facilitation Agreement Facility (AUD1 million) for developing countries and least developed countries, where they face difficulties in accessing existing funding mechanisms. Australia also contributes AUD3 million to the Global Alliance for Trade Facilitation, which involves close collaboration with the private sector.

The changing global context also plays out differently across regions. The Pacific Island Countries (PICs) have small populations and local markets. Except for PNG, all the other PICs have populations fewer than one million; in contrast the largest state in ASEAN has more than 230 million people. The PICs are remote from other markets, lack productive capacity and economies of scale, and are geographically more dispersed than South East Asia. The PIC economies tend to be dominated by government and reliant on official development assistance (ODA) and remittances. The high cost investment climate in the Pacific creates barriers to participation in GVCs and RTAs. In contrast, the ASEAN group of economies, while quite diverse as well, tend to have much more dynamic private sectors and are actively pursuing a range of Regional Trade Agreements (RTAs).



Like the ASEAN group of economies, the PICs are no strangers to economic integration initiatives. They have a busy international trade and investment agenda, which, apart from negotiations on PACER Plus, includes the negotiation or implementation of FTAs with each other (e.g. the Pacific Island Country Trade Agreement (PICTA), the Melanesian Spearhead Group (MSG) Trade Agreement, the Micronesian Trade and Economic Committee (MTEC), and also with other countries (e.g. the Interim Economic Partnership Agreement (EPA) with the European Union (EU) ratified by PNG and Fiji; the Comprehensive Regional EPA between the PICs and the EU; and discussions involving PICs individually or as a group that may lead to FTAs with China and with the United States). Six of the PICs (Fiji, PNG, Samoa, Solomon Islands, Tonga and Vanuatu) are also members of the WTO.

The recent rapid increase in the number of RTAs, importance of GVCs, and the enhancement of the multilateral trading system through advances in technology, have implications for developing country participation. Developing countries require significant capacity to successfully negotiate and participate in RTAs due to their inherent complexity compared to bilateral arrangements. Relevant examples to the Asia Pacific region include the ASEAN–Australia and New Zealand Free Trade Agreement (AANZFTA) which is in force; the current Regional Comprehensive Economic Partnership (RCEP) negotiations; the recently concluded Trans-Pacific Partnership (TPP), not yet in force; and the Pacific Agreement on Closer Economic Relations (PACER) Plus, currently being negotiated. Australia is participating in all four RTAs.

Moreover, RTAs and the growth of GVCs have implications for the poor and women in particular. Trade facilitation policies and reforms are important for enabling economies to benefit from RTA and GVCs and ensure that the poor and particularly women benefit.<sup>20</sup> The literature on gender and trade is very limited. The majority of the literature has focussed on how trade liberalisation policies (tariffs) relate to achieving gender equality. However, in recent years a number of donors have published studies on the issue of trade and gender highlighting growing interest. In some cases, trade has been a catalyst for gender equality, with trade liberalisation associated with rising employment and business opportunities for women. In other cases, however, existing gender inequalities have been exacerbated and women's economic and social status deteriorated. Women face gender-intensified constraints in the multiple roles they play in the economy such as women as traders, home managers, tax payers or entrepreneurs. Women traders face constraints around customs and border management, including higher levels of harassment (corruption, sexual harassment, and abuse) and longer waiting times at borders than men, and are therefore more likely to avoid official border crossings. Long waiting times increase health risks, the likeliness of prostitution in border areas and transport hubs, and increased spread of STDs and HIV and AIDS.<sup>21</sup> Low levels of literacy and lack of information and knowledge about cross-border trade regulations and procedures are more prevalent among female than male traders.<sup>22</sup> This means that women are not able to fully benefit from the opportunities and efficiencies that border management reform offers.

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20 See Stoler, Redden and Jackson, 2009, *Trade and Poverty Reduction in the Asia-Pacific Region: Case Studies and Lessons from Low-Income Communities*. Cambridge University Press, UK.

21 Higgins, K, 2012, *Gender Dimensions of Trade Facilitation and Logistics: A Guidance Note*, World Bank.

22 Hagen von, M, 2014, *Trade and Gender—Exploring a reciprocal relationship: Approaches to mitigate and measure gender-related trade impacts*. GIZ.

Greater emphasis is being placed on the monitoring and evaluation (M&E) of AfT programs worldwide. This is in line with increasing demands for greater accountability and growing recognition of the importance of performance evaluation and enhancing aid effectiveness. Studies conducted by the World Bank (2014) and OECD (2013) among others, highlighted a number of issues relating to M&E practice on AfT initiatives worldwide, in particular: the lack of evidence-based results chains linking AfT activities to trade-related outcomes; the lack of baseline data, clear indicators or evaluation methods to assess and quantify the impact of activities; the isolation of current M&E activities from partner governments, other donors and the private sector; and the missed opportunities to use M&E to inform program improvement and contribute to broader programming and policy development.



**Trainees at the Garments Skills Centre, Laos.**

Source D. Goodwins

## 2. An overview of the evaluation

### 2.1 Purpose and rationale

The purpose of the evaluation is to inform DFAT on the effectiveness of Australian investments supporting trade facilitation and related assistance, and how it may be better targeted in the future while taking into account how to improve gender equality and women's economic empowerment.

The **rationale** behind conducting this evaluation is based on:

- > The release of the Australian Government's aid policy, *Australian aid: promoting prosperity, reducing poverty, enhancing stability*, June 2014<sup>23</sup> and DFAT's Aid for Trade Strategy, July 2015 which supports increased investment in AfT initiatives. In 2014-15, Australia's AfT investment represented about AUD823 million or 16.4 per cent of Australia's total Official Development Assistance (ODA), and in 2015-16 this is estimated to be AUD698 million or 17.2 per cent of total ODA.<sup>24</sup> This is set to increase further by 2020 to meet the target of 20 per cent of the overall aid budget. Decisions will need to be made on where to invest to have the greatest impact, based on evidence regarding the effectiveness and efficiency of current investments, future needs, and value for money.

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**'East Asia and the Pacific may provide an important stock of best practice in the development world when it comes to reducing trade costs.'**

**Yann Duval, Chief, Trade and Investment Division, Trade Facilitation Section UNESCAP**

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- > The ratification of the WTO TFA, and Australia's current leading position in trade facilitation measures in Asia Pacific<sup>25</sup>, will generate interest in Australia investing more in improving developing countries' capacity to implement the TFA measures. This evaluation assists in identifying lessons learnt from regional and bilateral programs to improve the effectiveness of trade facilitation and related assistance.
- > The integration of DFAT with AusAID in 2013 has brought together a range of aid and trade skill sets that when combined could effectively bring increased capacity to deliver innovative AfT initiatives in the region. This evaluation will assist in developing appropriate implementation strategies.

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23 See <http://dfat.gov.au/about-us/publications/Documents/australian-aid-development-policy.pdf>

24 Source: <http://dfat.gov.au/aid/topics/development-issues/aid-for-trade/Pages/aid-for-trade.aspx>

25 Australia ranks second behind Singapore in terms of Trade Facilitation and Paperless Trade according to the 2015 Asia Pacific Survey—[unnex.unescap.org/UNTFSurvey2015.asp](http://unnex.unescap.org/UNTFSurvey2015.asp)

- > The Australian Government's strong commitment to improving gender equality and women's economic empowerment provides an opportunity to influence development outcomes through AfT initiatives. This evaluation examined the extent to which gender equality has been taken into account and what could be done to strengthen this area of support to achieve greater outcomes.

## 2.2 Scope and focus

The focus and scope of this evaluation was developed in consultation with key stakeholders and defined by the following:

- > The evaluation focusses on trade facilitation and technical assistance and related systems, policies and regulations (as defined in Section 1.1).
- > The evaluation provides in-depth analysis of four key DFAT investments, while taking into account linkages with other relevant investments. This number was dictated by available resources. The other DFAT interventions have been reviewed to draw on any findings that support or contradict findings from the in-depth studies.
- > Linkages between trade facilitation and the other components of AfT, 'building productive capacity' and 'economic infrastructure'<sup>26</sup>, are explored.
- > The geographic focus of this evaluation is on the Asia Pacific region, specifically South East Asia and the Pacific Island countries. However, the interventions examined are framed by a global perspective, comparing DFAT's initiatives and results to those obtained elsewhere in terms of comparative advantage, good practice and future opportunities.

The four investments chosen for in-depth analysis are:

1. **ASEAN–Australia and New Zealand Free Trade Agreement Economic Cooperation Support Program (AANZFTA AECSP) 2010-2018**—an AUD27.5 million eight-year program to help build the capacity of ASEAN countries to access the benefits of AANZFTA. This evaluation looked at three activities in Laos and Cambodia: (1) ASEAN Regional Diagnostic Network (ARDN); (2) Rules of Origin support; and (3) Madrid Protocol assistance.
2. **The Trade Development Facility 2 (TDF-2) 2013-2017**—an AUD19.8 million program (AUD8.7 million contribution from Australia) in Laos that is providing support across five components: trade facilitation, sanitary and phytosanitary rules and technical barriers to trade, export competitiveness, business environment, trade policy, trade agreements and global opportunities.
3. **Pacific Horticultural and Agricultural Market Access (PHAMA) 2009-2017**—an AUD34.2 million trade facilitation program to assist the Pacific Island Countries and Territories (PICTs) address market access issues. PHAMA (Phase 2) assists Samoa, Tonga, Solomon Islands, Vanuatu, PNG and Fiji<sup>27</sup> by addressing the quarantine, sanitary, phytosanitary and other market access requirements.
4. **Pacific Agreement on Closer Economic Relations (PACER Plus) 2007-2016**—an AUD13.3 million initiative supporting Pacific Island Countries (PICs) to negotiate and prepare for the implementation of a regional economic integration agreement. At this stage, it is helping PICs to participate and engage effectively in trade negotiations, including support for related stakeholder consultations at regional and national level.

<sup>26</sup> However, the evaluation will not specifically examine the effectiveness of investments in economic infrastructure or building productive capacity.

<sup>27</sup> In 2015 PNG joined PHAMA and PHAMA will assist in PNG's ongoing agriculture sector development and trade facilitation initiatives

These four are considered strategic priorities for Australia, have sufficient data and resources available to conduct an evaluation, and have strong components of trade facilitation and related assistance. In addition these investments operate in the regions that Australia considers a priority i.e. Asia and the Pacific.

The evaluation examined how the interventions address gender equality and women's economic empowerment. Case studies selected also provided insight and lessons for poverty reduction and economic growth. The evaluation considered how effectively Australia's regional and bilateral interventions have addressed country priorities.

## 2.3 Objectives

The **objectives** are to:

1. Evaluate the effectiveness and efficiency of Australian support to partner countries provided through a number of DFAT-funded trade facilitation investments including the extent to which they have improved the capacity of the recipient partner, enhanced international trade and promoted gender equality.
2. Provide lessons for Australia's ongoing and future engagement in trade facilitation, drawing on the experiences of the Australian aid program and other international development partners. ODE is interested to investigate why some investments or approaches are more cost effective than others. There is also an interest in lessons that can help improve performance measurement and enhance women's leadership and economic empowerment.

In addressing these objectives a range of **contextual factors** influencing the evaluability of DFAT's investments and the use of the evaluation report have been taken into account:

- > *DFAT's policy and programming priorities have developed over time:* This evaluation considers DFAT's investments over a number of years, but it is recognised there have been a number of organisational changes within this period which have influenced the objectives and design of investments.
- > *DFAT's policy and programming is continually evolving:* One of the key objectives of this evaluation is to reflect on past performance with a view to improving policy and programming in the future. The evaluation provides relevant and practical recommendations for strengthening investments in trade facilitation in line with global trends and good practice.
- > *The effectiveness of investments must be assessed against the objectives they set out to achieve:* Ongoing research to inform policy development has led to changes in what is considered 'good practice' in Australia and internationally. While this evaluation will draw on international good practice and lessons learnt to inform recommendations, individual investments will be assessed against their original stated objectives.

## 2.4 Key evaluation questions

The key evaluation questions (KEQs) relate directly to the evaluation's objectives and are informed by the evaluability assessment, focus and scope of the evaluation. The evaluation will attempt to answer the following three broad categories of questions. For all questions, the report provides lessons learnt and recommendations to inform future practice.

1. How and to what extent have DFAT investments in trade facilitation affected the capacity of the partner countries to increase international trade?
  - > This question will explore the nature, description, type and evidence in relation to any outcomes resulting from the four Australian investments and which ones have been effective and why.
2. To what extent have the relevant DFAT investments led to positive changes in achieving the partner country's broader economic and development goals? Is there evidence to suggest this?
  - > This question will explore whether there were any broader benefits or unintended consequences from the investments. Gender considerations will be a particular focus.
3. How do DFAT-supported trade facilitation investments compare with international good practice?
  - > This question will explore how other donors, multilaterals or other organisations have performed in this area, and the lessons Australia can learn from good international practice.

## 2.5 Approach and methodology

The general approach to this evaluation is theory-based while also examining implementation processes, capacity and coordination. The research methods used are predominantly qualitative supplemented by quantitative data where available.<sup>28</sup> The theory-based evaluation is framed and guided by a program's Theory of Change (ToC) and considers whether there is evidence that inputs to the program have resulted in the expected outputs and outcomes. This helps to establish the extent to which individual programs have contributed to higher level goals. As AESCP and PACER Plus do not have a ToC, the evaluation compares the outputs and outcomes with the program's intended goals and objectives. The programs are also compared against the program logic model provided in Figure 3 adapted from DFAT's Aid for Trade Strategy, 2015. This draft program logic model has not been used to make value-based judgements on past performance, as it is recognised that the projects being evaluated were not designed or implemented within this framework. Instead it is used as a guiding framework in assessing overall findings and developing recommendations.

The evaluation was conducted in three phases. During Phase 1 a 'Mapping and Feasibility Study' was conducted, which included a literature review and a high level assessment of Australia's recent AfT investments to identify which would be suitable for more detailed analysis in the evaluation.<sup>29</sup> An Evaluation Plan was then produced based on the Mapping and Feasibility Study and discussions with senior DFAT officers, the Evaluation Reference Group, and the DFAT Independent Evaluation Committee (IEC).

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28 This is also referred to as an 'exploratory sequential' mixed methods design. Qualitative studies are conducted and findings explored when considering individual programs being evaluated.

29 The results of Phase 1 are captured in ODE (2015) *Global and Regional Perspectives: Situation Analysis Report*.



Phase 2 involved data collection and analysis based on literature reviews, key informant interviews and focus group discussions as the primary qualitative methods. Figure 4 describes the research framework based on the level of inquiry (from global to local); data sources and sampling strategies; focus and purpose of each level of inquiry; and synthesis to address the evaluation objectives, key evaluation questions and themes. Although the research methods were primarily qualitative, supplementary quantitative data was used where available. The evaluation team commissioned a training effectiveness survey focused on PACER Plus due to the limited documentation available to support its evaluation. The findings of the PACER Plus training survey are summarised in Annex 1. All consultations conducted as part of this evaluation are listed in Annex 3.

Phase 3 involved judgements and reporting based on a synthesis of the literature review and key findings from interviews and field research.

The Evaluation Plan<sup>30</sup> provides more detail on the evaluation approach and methodology.

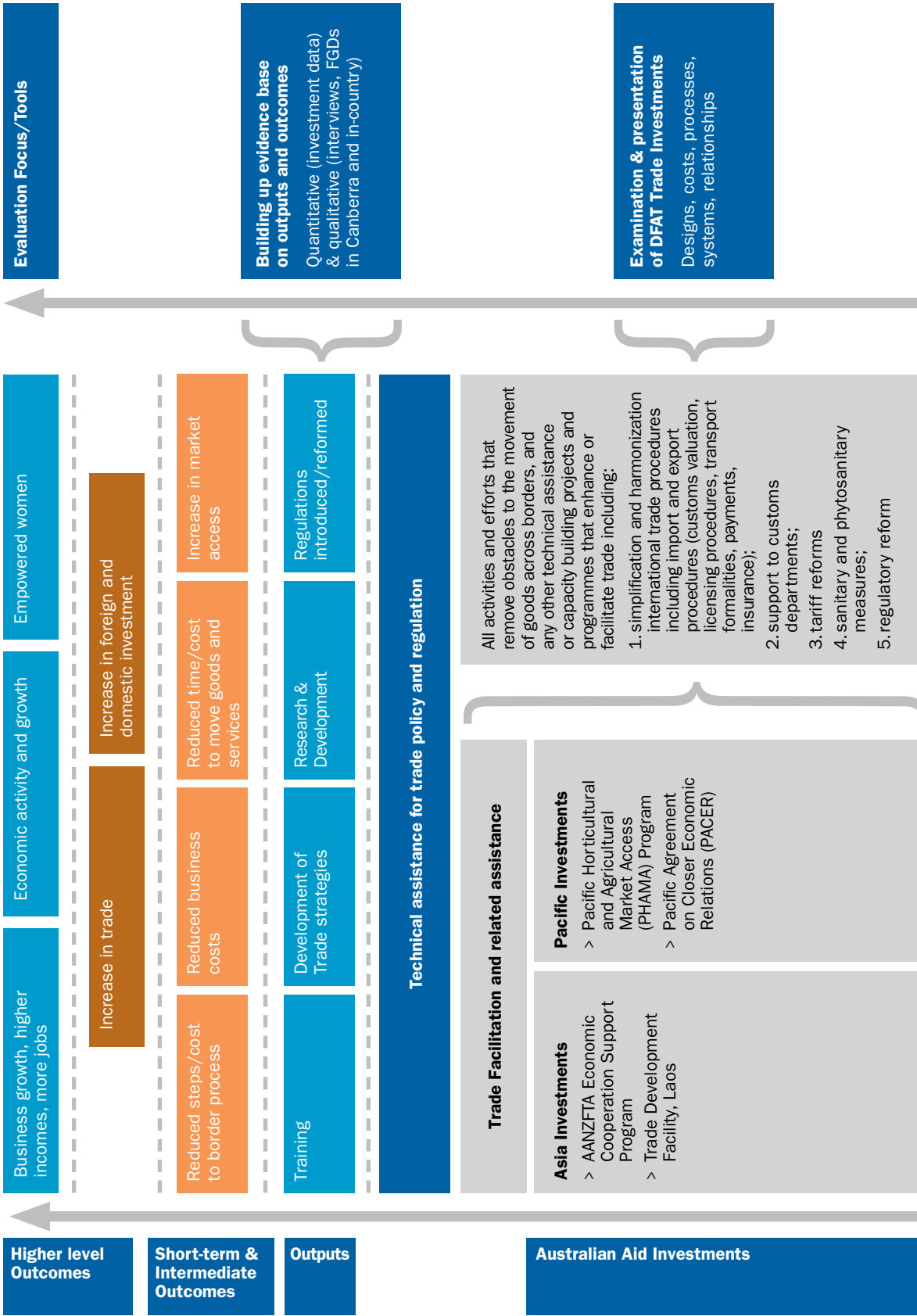


**Textiles stall display, Laos.**  
Source D. Goodwins

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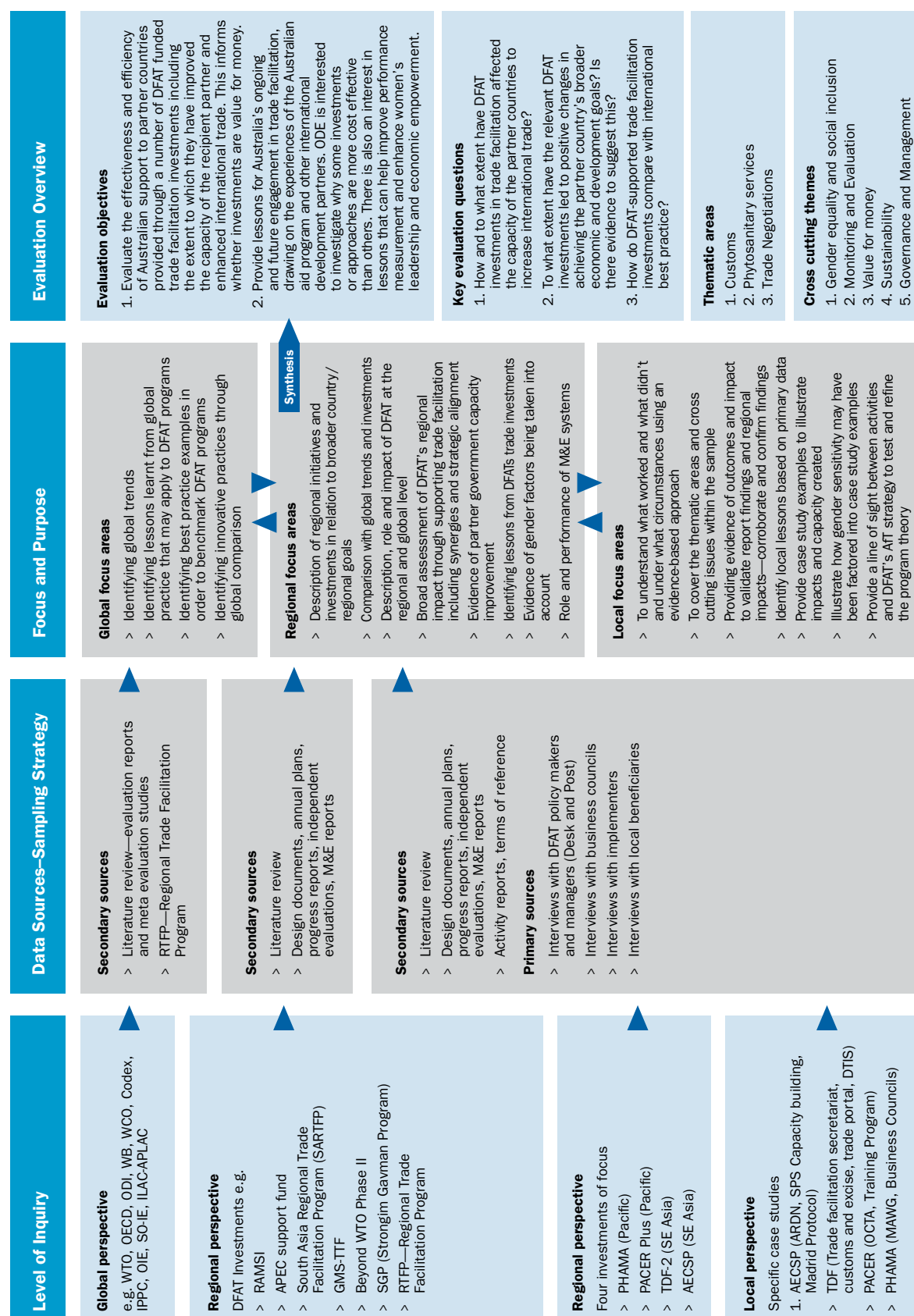
30 ODE (2015) Evaluation Plan - Trade Facilitation and Related Assistance

Figure 3: Draft Program Logic: DFAT Trade Facilitation Investments





**Figure 4: Research Framework**



## 3. Improving the capacity of partner countries to increase international trade

Investments in trade facilitation and related activities aim to increase the capacity of partner countries to participate effectively in international trade by improving import and export processes and reducing transaction costs; meeting international standards for trading products and services; reducing trade barriers such as tariffs and non-tariff measures; and having an improved ability to negotiate trade agreements to provide benefits to their countries. These improvements should lead to a reduction in the cost of doing business, increased market access, increases in international trade, and higher levels of foreign and domestic investment.

### 3.1 The effectiveness of Australia's contribution

Effectiveness is measured by the performance of the investment against its stated objective or intended outcomes. Within this framework, the focus is on what was achieved by the investment. The effectiveness of the four investments covered during fieldwork (PACER Plus, PHAMA, AECSP and TDF-2) and other relevant trade facilitation investments are summarised here.

#### Investment outcomes

**PACER Plus negotiations** were launched in 2009 and involve Australia and New Zealand, and 14 Pacific Islands Countries (PICs). To support the PICs, the Office of the Chief Trade Adviser (OCTA) was established in March 2010 in Port Vila, Vanuatu. The first holder of the Office of Chief Trade Adviser to the PICs was appointed at the first Pacific Islands Forum Trade Ministers' Meeting after the PACER Plus negotiations were launched. A WTO trade expert was appointed to the position in 2012. OCTA, as an independent body, assists the PICs to analyse trade policy issues, develop negotiating strategies, and facilitate the development and coordination of negotiating positions.

The capacity of trade officials in participating countries has been built and supplemented by OCTA through: (1) attending a structured university course at the University of Adelaide; (2) seconding trainee negotiators to OCTA for a period of three months to work on a range of trade negotiation issues as part of the OCTA team; (3) participating in PACER Plus Inter-sessional meetings and consultations with technical experts; (4) providing OCTA technical experts and specific support in-country on a demand-driven basis; and (5) supporting national consultation on PACER Plus within PICs.

The secondment program gives PIC officials the opportunity to spend up to three months at OCTA to improve their knowledge about PACER Plus and international trade issues. They are also able to elaborate on their country's interests in PACER Plus and prepare draft schedules for investment, trade in services and trade in goods. The evaluation found this to be a highly effective approach to ensuring PICs built internal capacity and progressed negotiations through informed decision making and an understanding of the costs and benefits. Improved capacity also enhanced officials' ability to carry out government reforms (see Box 1). However, not all PICs have participated in this program as it was on a voluntary basis.

**Mr Alipate Tavo, Tonga**

Source: Alipate Tavo



### **Box 1. Building capacity to negotiate better in PACER Plus**

Mr Alipate Tavo works for OCTA as Trade Policy Officer. He is originally from Tonga. He attended the University of Adelaide course provided by OCTA in 2009-10. In his 2-year training he studied various technical aspects of trade including: SPS, goods, services, investments, legislations and IP negotiations.

As a result of this training, Alipate now understands the region's trade challenges and the underpinning technical and legal aspects and terminology. He is now able to use a 'win-win' approach during negotiations. He is carrying out comprehensive consultations with Tongan national stakeholders including government ministries, NGOs, chambers and business/industry associations. He feels more confident in his abilities to deliver correct information to the senior government officials. OCTA training gave him a strong regional perspective and skills needed to participate in PACER Plus negotiations. Alipate wants to work for the WTO in the near future and represent Tonga. His skills have relevance for broader multilateral trade negotiations, not just PACER Plus.

With Alipate's enhanced knowledge of trade issues and his ability to lead in consultations, Tonga has prepared a market access offer in goods which was tabled at the 12th inter-sessional PACER Plus negotiations meeting in Melbourne October 2015.

To date officials from Federated States of Micronesia, Kiribati, Nauru, Papua New Guinea, Samoa, Solomon Islands, Tonga and Vanuatu have attended.

PACER Plus Parties have achieved substantial progress in the negotiations particularly over recent years as the capacity of PICs' negotiators improved and the secondment of a WTO trade expert as the Chief Trade Adviser. Ten (of the 15) chapters of legal text have now been provisionally agreed and market access negotiations have commenced. The provisionally agreed chapters are: Customs Procedures; Sanitary and Phytosanitary Measures (SPS); Trade Regulations, Standards and Conformity Assessment Procedures (TBT); Trade in Services; Investment; Transparency; Development and Economic Cooperation; Consultation and Dispute Settlement; and Institutional Provisions and Final Provisions. The most recent negotiation (December 2015) in Nadi achieved more progress with a total of eight (out of 14) PICs along with Australia and New Zealand tabling market access offers.

PICs consider OCTA to be a good platform to raise concerns and exchange ideas with other members. OCTA is the key coordination body which provides targeted technical advice essential for advancing negotiations and finalising a number of chapters. Between 2008 and 2013 training was provided to 32 PIC officials at the Institute for International Trade, University of Adelaide. A perception survey, conducted as part of this evaluation, found that 94 per cent considered the training effectively increased their knowledge of how to negotiate and implement a PACER Plus Agreement. Two thirds of survey respondents had been promoted subsequent to the training. 82 per cent of respondents said the training improved their awareness of the impacts of trade on women.

In terms of the importance of OCTA secondment compared to the University of Adelaide training, the two capacity building activities focussed on different objectives. OCTA secondment provided opportunities for participants to work directly with senior negotiators in regards to their agenda and provided a hands on practical experience that was tailored to the specific persons needs in terms of the PACER Plus negotiations. The support provided had spill over effects for other agreements being negotiated. The University of Adelaide training provided a much wider coverage but was less specific to PACER Plus. The training was more comprehensive and anecdotal evidence from participants seemed to suggest it had wider impact. The multiplier effect was also likely to be larger given there were more people carrying out the training.

**PHAMA** was designed in 2009 as a two-phase program of four years for each phase. Its goal is to open greater market opportunities and increase exports of high value primary products from five PICs (Fiji, Samoa, Solomon Islands, Tonga and Vanuatu). PHAMA helps PICs manage the regulatory aspects associated with exporting primary products and quarantine, including fresh and processed plant and animal products. It is now in its second phase following a mid-term review (MTR) conducted in 2013.

The findings of the MTR and the evaluation noted the significance of PHAMA as a strategic regional priority with its market feasibility assessments providing valuable direction. Technical assistance to meet biosecurity requirements, quarantine regulations, and to support research and development, was also highly regarded during interviews with key informants.

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**‘PHAMA, by establishing IWGs and MAWGs, created a formal mechanism for government and private sector dialogue for the first time. The private sector has access to Ministers and Director Generals. The relationship between government and industry is definitely stronger.’**

**Merriam Toalak, Chair, MAWG, Vanuatu**

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The Market Access Working Groups (MAWGs) are a significant achievement of PHAMA during the first phase. They bring together members of the private and public sector to discuss market access issues and to prioritise activities to gain, maintain or improve market access. Industry Working Groups (IWGs) provide a similar function but focus on single industries.<sup>31</sup> These were also seen as a replicable model by government, facilitating private sector engagement. MAWGs have become well institutionalised during phase 2 in all participating countries (Fiji, Samoa, Solomon Islands, Tonga and Vanuatu). In addition, IWGs have been established either under PHAMA or independently to broaden engagement with the private sector in key export industries such as livestock, fisheries, cocoa, coconut and forestry.

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31 PHAMA August 2015—Framework for MAWG and IWG Sustainability Road Maps

**AECSP** was established in 2010 to support the implementation of the ASEAN–Australia New Zealand FTA. The evaluation investigated three projects/activities as part of AECSP support.

- > As part of the work program, the **ASEAN Regional Diagnostic Network (ARDN)** project was launched in 2010. It is a multi-year project aimed at enhancing the capacity of ASEAN Member States (AMS) to certify plant pests and diseases, promote regional networking and support the adoption of new diagnostic techniques. ARDN provides Australian bilateral support to several AMS to help them implement a regional program. ARDN provides training workshops, in-country mentoring activities, mentored field surveys, and procuring of imaging equipment and high-resolution microscopy equipment. It also facilitated the use of CABI (Centre for Agriculture and Biosciences) based in Malaysia as a Clearing House for the Network. The training provided through ARDN has been used by Cambodia's Department of Plant Protection and SPS to train their provincial inspectors who now report a better understanding of quarantine procedures and an improved capability to identify and control pest outbreaks. The microscopes and equipment provided through ARDN are seen as helpful in the process of pest identification and sharing information, however, in some cases a lack of training or related equipment and basic supplies, limited their use. For example, not being able to prepare the specimens so that they could be shared with the CABI network, or slow internet speed that prevented sending of large files.
- > In 2013, training was provided on **Rules of Origin (ROO)** in Cambodia. The workshop was attended by four officials from Customs, two from Ministry of Commerce, and one from Ministry of Finance. All participants were trainers and the workshop included training on ROO and providing bilingual manuals. The approach of 'train the trainer' was also used under the AECSP-funded Rules of Origin training and led to more than 80 customs checkpoint officers being trained. Due to the discipline of the Customs officials this activity was considered highly efficient and effective given the relatively small investment.
- > Support for **accession to the Madrid Protocol** was provided by IP Australia and included training and visits to Canberra for Ministry of Commerce staff. In May 2015, Cambodia acceded to the Madrid Protocol. It was the first ASEAN Member State that acceded due to support from the AECSP.

**TDF-2** is a World Bank Group (WBG) multi-donor project. Australia is the largest donor with a contribution of AUD8.7 million out of a total of AUD19.8 million. Implementation is from April 2013 to March 2017. The development objective of TDF-2 is to support the implementation of the Laos Government's trade and integration priorities outlined in the 2012 Diagnostic Trade Integration Study Roadmap, and in particular to contribute to improved competitiveness and diversification, focussing outside the natural resources sectors. TDF-2 has three main components: Component A—Trade facilitation, trade policy and regulations; Component B—Diversification and Competitiveness, and Component C—Mainstreaming Aid for Trade. TDF-2 was developed through the Diagnostic Trade Integration Studies (DTIS) and Enhanced Integrated Framework (EIF) which are tools specifically designed to mainstream trade. As such, they represent the most comprehensive approach to mainstreaming trade and integrating the different aspect of Aft.

In October 2015, a jointly conducted Mid Term Review, led by the World Bank, was released to the Minister of Industry and Commerce and noted that the ‘project implementation is proceeding at an encouraging pace’. It also noted that progress was being made right across TDF-2. Moreover, issues under TDF-1 related to slow procurement and ‘key frameworks to support implementation’ have now been addressed. However, consultations for this evaluation suggested that political will for major reforms has declined somewhat since WTO accession was achieved. This was likely to impact on telecommunications and insurance regulators, mutual recognition agreements, non-tariff measures streamlining, and sanitary and phytosanitary project components.

### **Increasing capacity and reducing transaction costs**

Drawing on evidence from the four investments above, and other DFAT trade facilitation investments, this section summarises the impact Australia’s investments have had on increasing the recipient country’s capacity and reducing transaction costs.

**PACER Plus:** There is evidence of enhanced capacities of the PIC officials who are now negotiating and concluding chapters on behalf of their countries. The PACER Plus negotiations have been in progress for six and a half years and many chapters have been successfully negotiated and concluded. While there has been stability in the composition of the majority of PIC negotiating teams, a small level of attrition of PIC negotiators could result in loss of capacity. A commitment by the PICs to adopting ways of retaining capacities along with a continuing commitment to trade policy training is required. Overall there is evidence that through PACER Plus the capacities of trained individuals have been built, which are resulting in the preparations required to instigate reforms in their respective countries. The majority of informants cited the ability to table market offers, greater understanding of trade negotiations and regional issues, and internal coordination across line ministries and with the private sector, as some of the benefits arising from PACER Plus which contribute to building the foundations for reforms.





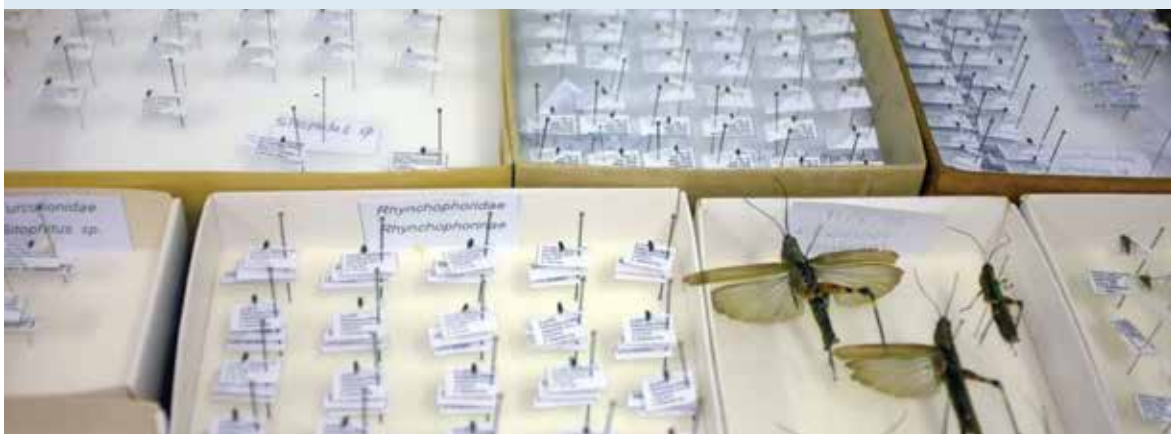
Source: Dr Naumann

## Box 2. Dr Ian David Naumann—One man's efforts to address biosecurity and trade challenges

Dr Ian Naumann is an example of how one passionate person is improving the capacities of ASEAN officials and academics as he continues to share his knowledge and experience in insect biology, survey techniques and taxonomy. His contributions are highly regarded by country officials and academics. He is making a difference in the way ASEAN countries identify and deal with biosecurity threats to trade.

Dr Naumann led the design of the ASEAN Regional Diagnostic Network (ARDN) Project for the AANZFTA ECWP and currently oversees its implementation. He has retained his lifelong passion for insects, mentored young entomologists from ASEAN countries, and designed a new entomology curriculum for the National University of Laos.

Dr Naumann is the Director, SPS Capacity Building Program, Biosecurity Plant Division, Department of Agriculture and Water Resources, Canberra, Australia. He has a PhD in insect taxonomy from the University of Queensland. Through CSIRO he published the textbook *The Insects of Australia* which won the prestigious Whitley Medal and remains a popular world-wide reference book on insect taxonomy. He served as President of the Australian Entomological Society between 2004 and 2006.



**Taxonomic collections assist with accurate pest identification. National University of Laos, Faculty of Agriculture.** Source D. Goodwins

**PHAMA:** In coordination with other donors and government, PHAMA has built capacity in SPS to address market access issues, and has improved awareness and understanding of SPS requirements with government and the private sector. PHAMA has contributed to building the capacity of government to understand private sector needs. Overall PHAMA is providing good technical support to government, farmers and producers in developing standards and improving quality, but external factors affecting the supply chain is limiting farmers' abilities to service existing and new markets. There is evidence of improved capacity amongst the private sector producers and government services, including a shared understanding of the issues and constraints to gaining new, and maintaining existing, market access. Through PHAMA the relationships and coordination between government and the private sector have been strengthened; and the private sector has been given a voice to discuss its concerns with senior levels of government.

**AECSP-ARDN:** This activity has improved government officials' capacities to identify pests and disease, by establishing taxonomic collections and robust identification techniques, and managing their relationship with other countries (see Box 2). The second most common benefit identified was the ability to network with other ASEAN members. Networking occurs through CABI's regional centre in Malaysia that acts as the Clearing House for ARDN information requests. While this network seemed to work, there were instances of it not generating any response to an inquiry, reflecting the voluntary nature of the network. The AESCP draft Annual Review, 2015, also noted instances of CABI not responding to inquiries. ARDN was noted to focus more on individual capacity strengthening and networking rather than strengthening institutional capacity. This brings into question sustainability of some interventions.

**AECSP-Rules of origin training and accession to the Madrid Protocol:** The training provided to Cambodia's Customs and Excise officials, improved the capacity of government trainers to train custom officials outside of Phnom Penh. The evaluation found this to be a highly effective process representing good value for money. The initial training led to an additional 80 customs officers being trained and the development of an ongoing internal training program. The support provided to Cambodia's Ministry of Commerce to support accession to the Madrid Protocol was successful, although it was more technically focused and less about capacity building. As a result of Australia's strong engagement, accession of other ASEAN countries to the Madrid Protocol is expected.

**TDF-2:** Support for the government's National Implementation Unit (NIU) has resulted in significantly improved capacity to take a leadership role in managing trade related assistance. The improvement has been achieved through a range of factors including leadership, good governance and donor coordination, the technical support provided by the World Bank (WB), and presence of Australian scholarship graduates employed by NIU. While Australia's scholarship program is significant in Laos, the concentration of scholarship recipients on the NIU is even higher with three quarters having graduate degrees from overseas universities and a significant number of those from Australia. The DTIS and EIF have also provided a comprehensive framework for mainstreaming Aft in government and addressing capacity gaps.

The DFAT investments examined in detail were significantly different from each other. It included a variety of trade facilitation aspects, regional and bilateral investments, and an assortment of implementation arrangements. This included those managed through trust funds by multilaterals, by managing contractors and directly by DFAT. Across this diversity of investments, it was possible to identify several common themes:



1. **Need for an integrated capacity development framework.** Supporting capacity development requires a number of different parts to be addressed coherently and systematically, including human resource development, gender equality, institutional development, operational processes and norms. Tools such as the DTIS and EIF, used by TDF-2, could be used or adapted more widely to provide a more systematic approach to capacity development for AfT.
2. **Government to government approaches should be supported by international development technical expertise.** Government to government approaches are highly regarded by recipient and donor governments. Supporting such arrangements with program design and implementation expertise is likely to lead to better outcomes.
3. **Link capacity development to recipient government and private sector priorities.** Trade facilitation investments linked to the recipient government and private sector priorities meant political will and private sector support were more forthcoming and improved the likelihood of success. Providing institutional capacity and facilitating structures, such as those established by PHAMA to address biosecurity issues, enable an ongoing dialogue between the private sector and government to address critical private sector needs.
4. There is an **opportunity to build on established networks and progressive learning.** A significant number of the trade facilitation investments contribute to global or regional organisations, and DFAT can explore synergies and linkages and use global expertise. For example, the Regional Trade Facilitation Program is linked to the PACER Plus agreement and the Oceania Customs Organisation uses the same training institute as PACER Plus training delivered through the Institute of International Trade at the University of Adelaide.

## 3.2 DFAT's capacity to effectively manage Aid for Trade

**Trade and Development skills**—The AusAID-DFAT integration in 2013 brought together the Australian Government's trade policy and aid management capability in one department. The integration provides opportunities for trade and development specialists to share and acquire new skills and knowledge. While there is a small number of staff with deep experience in both aid programming and trade policy, further developing this dual capability will take time and is still evolving within DFAT. This is particularly challenging given the high level of staff turnover and movements within the department. DFAT is unique among OECD foreign ministries in having a dedicated multilateral AfT section which the evaluation considers to be a very useful investment to improve coherence and coordination and in supporting organisational capacity in AfT.

**Cooperation between DFAT's aid and trade sections**—The two regional programs, PACER Plus and AECSP provide two different but effective models of how AfT programs can be managed. In the case of PACER Plus the funding and management are vested in one section of the aid program, whereas for AECSP the management and funding are separated across the trade and geographic divisions of DFAT providing an element of internal contestability. Both programs clearly take an AfT approach (i.e. combining trade imperatives with broader development objectives) in supporting and implementing regional trade agreements.<sup>32</sup>

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32 A 2015 OECD review of Aid for Trade noted: Deepening economic integration via regional co-operation has thus emerged as a key priority in the reform strategies of most developing economies. Source: Lammersen, F. and M. Roberts (2015), *Aid for trade 10 years on: Keeping it effective*, OECD Development Policy Papers, No. 1, OECD Publishing, Paris. <http://dx.doi.org/10.1787/5jrqc6q4xxr5-en>. p 15

**Aid for Trade programs and whole of government approach**—A number of AfT programs are being delivered by various parts of the Australian Government, for example, DFAT trade negotiators direct delivery of training; Department of Agriculture and Water Resources delivering the ASEAN Regional Diagnostic Network (ARDN); IP Australia involvement in the AECSP Madrid protocol; ACCC's Competition Law Implementation Program with ASEAN; and PHAMA linking Pacific Island and Australian biosecurity agencies. These programs are usually highly regarded by both parties for the networking opportunities it provides with their counterparts, sharing of experience, and closer regional cooperation.

However, unlike DFAT, most Australian Government agencies have limited experience in designing, delivering and evaluating international development programs. Interviews with government agencies found that there is great enthusiasm for making such linkages work. These relationships could be enhanced through support provided by DFAT during design, implementation and monitoring stages.

**Coordination between DFAT's regional and bilateral programs**—While program managers were aware of each other's programs they tended to operate with minimal interaction. Post's national country strategy approach and regional managers' focus on thematic issues across several countries tended to limit interaction. For example, links between ARDN regional program support for Cambodia's Department of Plant Protection and SPS which allowed it to prepare an MOU with China on exporting rice and cassava, and the bilateral program Cambodia Agricultural Value Chain Program (CAVAC) focussed on rice, fruit and vegetable value chains, had not been considered. Coordination and cooperation between regional, bilateral and global programs could be improved. DFAT can encourage such cooperation by giving it priority in division, post and individual performance agreements. More broadly, greater attention could be given to exploring links between trade facilitation programs (usually regional programs and often managed by development multilateral partners) and infrastructure development and productive capacity programs (managed as bilateral programs by managing contractors). This would also avoid duplication of efforts and would streamline assistance in some instances.

## 4. Impacting on broader economic and development goals

The ultimate goal of DFAT's investments in trade facilitation and related assistance is to contribute towards sustained economic growth through increases in international trade, and foreign and domestic investment. Indicators of sustained economic growth of partner countries include local business growth, higher household incomes, more jobs, and an increasingly diversified economy.

Economic growth provides the necessary basis for poverty alleviation, however, whether improvements in the economy translate into achieving development goals depends on a range of structural and policy issues, combined with well-targeted interventions. There is also increasing evidence that achieving gender equality and women's empowerment in international trade can help boost exports, increase economic growth and achieve positive development outcomes. From a development perspective increased business ownership and workforce participation by women can lead to improved income generation, employment, improved social status and slower population growth. Increases in women's income tend to correlate with greater expenditure on health and education for the family, unlike similar increases in the income of men.<sup>33</sup> However, increased income for women, or greater female participation in the workforce, does not necessarily lead to women's economic empowerment.

This evaluation looked at whether the DFAT AfT investments had led to positive economic gains, reduced poverty, improved gender equality, and women's economic empowerment. This was supported by a literature review and an assessment of other related DFAT investments.

### 4.1 Attributing impacts to DFAT investments

To determine whether DFAT investments contribute to economic or development gains requires **monitoring and evaluation systems** that provide:

1. Evidence that development or economic gains have occurred against a baseline measurement (or a comparison with an economic environment that has not received similar investments over the same period).
2. Methods<sup>34</sup> that can determine causal attribution by providing a 'direct line of sight' between the intervention occurring and the change (outcome) detected (cause and effect). This is usually based on the results chain or theory of change, taking into account limitations, assumptions, external factors or influences, and other plausible explanations for the change. The preferred method for these types of interventions is contribution analysis.<sup>35</sup>

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33 Hagen von, M. (2014). *Trade and Gender—Exploring a reciprocal relationship: Approaches to mitigate and measure gender related trade impacts*. GlZ.

34 While the preferred method for statistically determining causation is randomised control trials (RCTs) or quasi-experimental variants of RCTs, the cost and difficulty in establishing a controlled environment for AfT initiatives will prohibit these being successfully applied. Instead approaches such as mixed method designs, using case study research and contribution analysis, offer more cost effective ways to explore causality.

35 Bamberger, M, Vaessen, J and Raimondo, R. (eds) (2016) *Dealing with Complexity in Development Evaluation. A Practical Approach*. Sage Thousand Oaks California. p 429

### Evidence of economic and development impact

Demonstrating results and attributing impacts to Aft initiatives is one of the biggest challenges faced by donors and partner countries.<sup>36</sup> The DFAT investments evaluated exemplified this challenge. They demonstrated a range of results that had the potential to generate positive economic and development gains, however, attributing quantifiable impacts to interventions is currently limited. This restricts making value for money judgements.

#### **Box 3. Improving market access through trade facilitation measures reaches poor households (Sanitary and Phytosanitary, Accreditation and Quarantine assistance)**

Ben's Trading, a Fijian exporter of Taro to Australia and New Zealand supermarkets supported through PHAMA, sources its products from around 10,000 producers—from those who supply one or two, to big producers. Assistance was provided in terms of the development of operational procedures to meet quarantine requirements and development of market access offers. Collection centres are located all over the country reaching many poor areas. Ben's Trading is now a multi-million dollar business owned by a husband and wife team who employ about 160 women and 40 men, many of whom come from disadvantaged backgrounds.

Kava is grown by about 60 per cent of people in Fiji and 20,000 households in Vanuatu. To these households it is 'like their ATM'. They just pull up a few plants and sell it when they need cash. Although local demand is high, projects like PHAMA are working on improving the quality in terms of development and publication of kava quality field guide and associated materials so that export markets can expand and prices for quality product will increase to benefit many small households and villages.

#### **Kava root ready for processing.**

Source D. Goodwins



For **PACER Plus** it is premature to be ascertaining trade outcomes and development impacts since the negotiations are still ongoing. The reforms that will follow a successfully negotiated agreement are likely to increase trade outcomes for the PICs in the long term. However, the evaluation found that the benefits and impacts of PACER Plus for the PICs appear to be not well understood by some stakeholders, including some government representatives, despite OCTA's efforts to communicate widely on this issue.<sup>37</sup> It is notable that the program provided AUD65,000 to each of the PICs to conduct research studies on the impact of PACER Plus on

<sup>36</sup> WTO Aid for Trade Review, 2011.

<sup>37</sup> OCTA has produced 'benefits and myths' publication to address misconceptions and inaccuracies and has been proactively communicating the messages around benefits.

their countries. Due to confidentiality reasons, the results of the research studies on impact were not made available for this evaluation, however, they may be useful documents for developing a performance framework following the acceptance of the agreement. The benefits of the agreement need to be clearly defined in terms of economic and development outcomes in order to determine the level of success of the implementation of the final agreement.

#### Box 4. PHAMA supports Fiji ginger exports to Australia

After first being requested in 2003, access for fresh ginger to Australia was gained in early 2014, with the assistance of PHAMA, following extensive technical analysis, trial runs and audits. The 2014–15 Fijian ginger season export comprised five air-freight consignments in total. Three consignments were imported into Sydney, with the other two arriving in Melbourne (from Department of Agriculture—Review of Import Conditions for fresh ginger from Fiji Draft Report, 2015).

Consignment date	Quantity (kg.)
15/09/2014	494
18/09/2014	760
23/10/2014	1000
20/11/2014	2300
9/1/2015	291

Initially the first consignments were found to contain nematodes (a parasitic worm that lives in soil), however, these were not a quarantine pest. Nonetheless this led to a review of import conditions with PHAMA providing technical assistance to the Biosecurity Authority of Fiji (BAF) to prepare submissions.

The majority of the ginger is currently exported in processed form, with annual exports valued at FJD6.5–7.5 million. Many exporters find it hard to maintain the standards required for fresh ginger export. One producer claimed that *‘the Australian market is too difficult. We need to wash the ginger twice and peel off the skin which causes the oil to wash off and spoils the ginger within days’*. However, Sai Yee Foods has recently exported ginger to Sydney and in the upcoming season plans to export 50-100 tonnes.

**Poor quality supplies hamper export of fresh ginger with most ginger being exported in processed form.**

Source D. Goodwins



PHAMA is making contributions to achieving the social and economic goals of PICs by opening up access to new markets for many export businesses including ginger, kava, Tahitian limes, turmeric, watermelons, taro and papaya. The extensive harvesting networks, using intermediaries, reach many small and large producers including poor farmers (see Boxes 3 and 4). Similarly PHAMA is protecting existing markets by improving and maintaining Sanitary and Phytosanitary (SPS) procedures. Some PICs were in danger of losing market access due to contamination e.g. papaya, eggplants, taro and Tahitian limes. However, support from PHAMA on sanitary and phytosanitary measures prevented market closure.

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“When exports are halted because of biosecurity issues it can affect local small holders. For example when eggplants were briefly stopped the price dropped from \$15 to \$2 and some farmers were just dumping their stock.”

**Fiji Market Access Working Group**

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In addition PHAMA is having an impact by improving quality standards of products such as kava to meet international requirements. PHAMA has assisted in producing guidelines and standards to ensure importers are confident goods, such as handicrafts, will not be restricted from entry. This directly impacts on incomes for many households, and particularly women.

PHAMA has also played a valuable role in identifying non-viable market access propositions due to technical issues or market limitations. This has saved on opportunity costs for business and government.

ARDN has been improving capacities in Cambodia and Laos to deal with pest and plant disease which has a significant impact on agriculture production and directly impacts the countries' ability to trade, and on business and household income. Three quarters of the population in the region remain tied to agriculture, and pest identification and the ability to prevent significant loss to trade, has a direct effect on smallholder contract farmers.

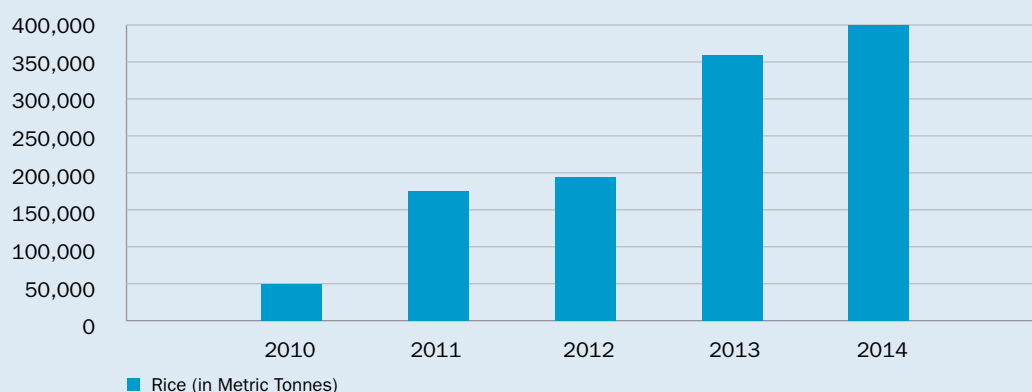


### Box 5. ARDN helps the Department of Plant Protection and SPS with Cambodian Rice Exports

Formal exports of Cambodian rice have increased significantly since 2010. This increase is primarily due to the growth in milled rice exports to the EU and Russia with new investments in modern rice mills and polishing factories contributing to a rapid growth in exports (Cambodian Trade Integration Study 2014-2018).

In May 2014 the China Certificate and Inspection Company (CCIC) signalled traders that Cambodian milled rice could also be imported into China. Imports are subject to a 14.13% import tariff, local transportation costs of \$6 per tonne, and large margins for the importers. In addition, an inspection certificate by CCIC is required for Cambodian rice which costs \$6 per tonne. As such, export prospects for Cambodian rice to China are brightest for fragrant rice. According to CCIC, trial shipments of 600 tons were made in June-July 2014 and at least one exporter reported that its rice had been admitted into China, albeit with considerable delays. (Cambodia Rice Export Potential and Strategies, 2015)

**Cambodian Rice Exports**



In Laos, ARDN helped the Plant Quarantine and Regulatory Divisions, identify a pest outbreak in Cassava exports to Thailand, Cambodia and Vietnam. Cassava is the country's third largest agriculture crop. In 2014, the value of Cassava exports to Vietnam was valued at over AUD7 million. The ARDN training also helped with market access for corn to China and Thailand. Laos tried unofficially in 2002, tried officially in 2004, and tried again with the help of ARDN in 2008 and finally received access. Laos is now exporting Corn to Thailand. Corn is the second largest crop produced, after rice. In 2009 exports of Corn grew by over 70 per cent compared to the previous year and in 2012, exports accounted for over AUD28 million.<sup>38</sup>

In Cambodia the training has helped the Department of Plant Protection and SPS prepare an MOU with China on exporting rice (see Box 5) and cassava. While ARDN has made a difference and appears to have had an impact, significant issues remain. For example, in consignments of vegetables from Laos to Europe, 60 containers were recently rejected due to pest contamination amounting to 50 per cent of total exports to the EU.

38 <http://knoema.com/FAOTSJUL2015/trade-statistics-crops-livestock-products-live-animal-july-2015>

Economic gains through the ARDN identification of pests, and as reflected in the number of trademark inquiries under the Madrid Protocol, have directly benefited segments of the private sector. Cambodia became the first country in ASEAN to accede to the Madrid Protocol. Between March and June 2015, there have been close to 500 inquiries related to trademarks.

**TDF-2** in Laos is laying down the foundation for economic benefits to be achieved. This evaluation found that there is no direct evidence of economic or development impact although mechanisms are in place to assist business to derive benefits. The monitoring and evaluation system focusses on intermediate outcomes such as transaction times (days to clear imports and exports).

The Trade Web Portal developed under TDF1 and 2 is used extensively by the private sector to support trade (see Box 7). It improves transparency in trade facilitation. However, for other benefits to be fully realised a number of reforms in the 'pipeline' need to be implemented by the Laos Government:

- > Approximately 300 Non-Tariff Measures currently listed on the Web Portal need to be reviewed and streamlined. The terms of reference for a pilot project were designed and awaiting Laos Government approval.
- > Telecommunication reforms, including the passing of the regulations currently with government, the implementation of the decree to create a specialist agency (The National Communication Authority) and the capacity building for implementation of the NCA.
- > The new law on insurance services, including capacity development to manage the new role and functions.
- > Professional services Mutual Recognition Agreement (MRA) under the ASEAN MRA framework.

While this evaluation found some anecdotal evidence of potential impacts that could be directly attributed to DFAT interventions, none of the programs had yet established robust monitoring and evaluation systems to address the question of causal attribution with a degree of certainty. It is evident that investments in trade facilitation have the potential to make significant impacts on the broader economic and development goals of partner countries. There is evidence through programs such as PHAMA and AECSP that AfT investments are reaching poorer producers through various agricultural supply chain networks established by exporters (for example the many producers supporting Ben's Trading in Fiji). More needs to be done to strengthen monitoring and evaluation systems to capture this information and determine benefits attributable to specific AfT interventions, and how these benefits make differences to people's lives.

## 4.2 Improving gender equality and women's economic empowerment

Gender has been a strong consideration within the Australian Aid program for almost 20 years<sup>39</sup>, however, it has received renewed prominence with the release of the new aid policy where 'empowering women and girls' is now highlighted as one of the 10 strategic performance targets. The new Aid for Trade Strategy also requires every AfT investment to prioritise the economic empowerment of women.

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39 The Australian Government's Gender and Development Policy (1997) required a gender perspective to be integrated throughout the aid program.

This evaluation found that the question of gender equality and women's economic empowerment in terms of trade facilitation and related assistance received a mixed response. The Asia-Pacific Trade Facilitation Forum (October 2015) lacked any reference to gender equality or women's economic empowerment in trade.<sup>40</sup> There is a common perception among many officials interviewed that trade is gender neutral.

**PACER Plus** negotiators demonstrated limited knowledge about the links between trade negotiations and women's economic empowerment. It was perceived that trade benefits will equally apply to all men, women and children. Gender considerations were not an explicit focus of the original concept or design of PACER Plus negotiations, and therefore not formally monitored or evaluated in OCTA's work plan. However, a large number of PICs were represented by female negotiators, and all PICs tend to encourage women to participate in negotiations. The desired outcome, however, is to ensure women have an influence in policy formulation, decision making and provide alternative perspectives on gender equity.

## Definitions

**Gender Equality:** Gender equality means that women and men enjoy the same status. Gender equality means that women and men have equal conditions for realising their full human rights and potential to contribute to national, political, economic, social and cultural development, and to benefit from the results. Gender equality is therefore the equal valuing by society of both the similarities and differences between women and men, and the varying roles that they play.

**Gender Equity:** Gender equity is the process of being fair to women and men. Gender equity means steps taken to achieve fairness and justice in the distribution of benefits and responsibilities between women and men. It often requires women-specific programs and policies to end existing inequalities. Equity leads to equality.

**Women's Economic Empowerment:** Women's economic empowerment is the capacity of women to participate in, contribute to and benefit from growth processes in ways which recognise the value of their contributions, respect their dignity and make it possible to negotiate a fairer distribution of the benefits of growth.

**Women's Leadership:** A process of women mobilising people and resources in pursuit of shared and negotiated goals within government, private sector and civil society.

Source: DFAT

**PHAMA** has had some positive outcomes for women although these outcomes were not specifically sought or incorporated in the program design. Sectors targeted for support have included those with predominantly female producers such as handicrafts (see Box 6) and small-holder farmers, or predominately female workforces such as fish and horticultural processing. Export development grants have also been approved for enterprises that are owned or managed by women, and women are currently in key decision-making roles as chairpersons on two of the Market Access Working Groups (MAWGs). However, the Chair of the MAWG in Vanuatu noted that no real priority has been given to women, and even though many producers are women, the husband will still be the decision maker on working groups.

<sup>40</sup> Gender was raised only once during a presentation in relation to monitoring NTMs and how they affect men and women differently.

Through TDF-2 and AECSP, the evaluation found that the Laos and Cambodia governments showed good awareness of the need to facilitate women's participation in trade, but this was restricted to the opportunities given to women in urban areas and less in rural areas. The two governments promoted women in training, and were receptive to DFAT's suggestions on promoting more gender inclusion. The Cambodian Department of Plant Protection and SPS reported that on average 40 per cent of those trained were women and that ARDN insisted on good gender representation. While this is commendable, women's participation must lead to greater influence in decision making and increased access to resources for it to affect outcomes.

Although not explicitly in the design, TDF-1 supported significant research into gender and trade in Laos and its relevance to economic development.<sup>41</sup> Its design, however, has a strong focus on gender, including supporting research on trade and gender.

#### **Box 6. Women's financial independence through handicraft market access in Vanuatu**

'Mamas', as they are affectionately termed, are female handicraft producers and sellers in Vanuatu where women make up 88 per cent of the handicrafts industry. Handicrafts are an important source of income for households—almost half of all households (46 per cent) rely on the sale of fish, crops and handicrafts as their main source of income. Each year, Vanuatu receives around 280,000 cruise ship and 110,000 air passengers, mainly from Australia and New Zealand. These tourists spend AUD4 million annually on handicrafts and souvenirs. However, the current sales figure underestimates the potential—many tourists are reluctant to purchase items for fear they will be confiscated by quarantine and border protection due to the lack of clear information about the biosecurity concerns of Australian and New Zealand authorities.

To help tourists make more informed decisions, PHAMA has produced a series of guides and other awareness materials for vendors, operators and tourists about handicrafts quarantine standards. Assistance has also been provided to Biosecurity Vanuatu to enable staff and industry stakeholders to more effectively communicate quarantine risks. Display cabinets and example handicraft materials have been installed on cruise ships which service Vanuatu. These initiatives are helping the Mama's sell more to Australian and New Zealand tourists. Similarly these guidelines have the potential to support other Pacific Island countries in a similar way.

**Handicraft stall owner  
in Vanuatu.**

Source D. Goodwins



41 World Bank, (2012) *Mapping the gender dimensions of trade*. Poverty Reduction and Economic Management Sector Department. East Asia Pacific Region

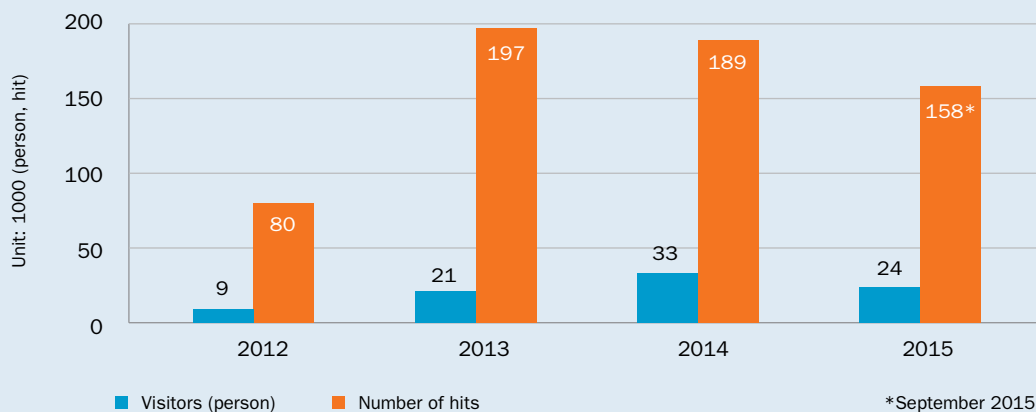
### Box 7. Laos Trade Portal improving the ability for the private sector to effectively trade

The Laos Trade Portal (LTP) ([www.laotradeportal.gov.la](http://www.laotradeportal.gov.la)) is considered one of the major successes of TDF-2 and has been copied by many countries as an example of good practice. Launched in 2012 it contains all trade-related information on tariffs, licenses, measures, laws, regulations and import/export procedures improving transparency of trade regulations for the private sector. As illustrated above it has averaged over 25,000 users per year since 2012.

The Department of Import and Export, Ministry of Industry and Commerce, in consultation with the business community, found that the portal made import and export easier. The business community reported that it allowed importers and exporters to make custom officials at the border aware of what the rules were thereby reducing transaction costs.

Despite its success some government officials were concerned about its sustainability. The Deputy Director, Trade in Services Division, noted that providing ongoing support once the project finishes may be constrained by government staff quotas.

Laos Trade Portal site visits and hits (in thousands)



The World Bank (WB) through its global practices carries out research on trade and gender and has published a number of reports setting out good practice. However, mainstreaming gender and implementation at national level has proven more challenging. Trade officials and WB technical staff are highly skilled in the area of trade but usually less so in gender. As a result of lack of understanding of the linkages between gender and trade, together with limited skills and resources, they tend to focus on their primary objective of facilitating trade reforms which they see as their main priority. Under such circumstances, the approach of mainstreaming and integrating gender tends to become an afterthought, or at best, a secondary objective. There is an opportunity to bring together institutional structures<sup>42</sup> that promote gender equality and women in trade and their organisations, to progress practical action to implement national policies.

42 Such as the Ministry of Industry and Commerce (MOIC), Lao Women's Union (LWU) and the Lao National Committee for the Advancement of Women (NCAW).

Under TDF-2 the International Labour Organization (ILO) executed component with the Ministry of Labour and Social Welfare, to improve working conditions in the garment sector scores well on reaching women (who make up the majority of workers) and addressing their needs. The Business Assistance Facility (BAF) also reaches women but does not specifically target them. Integrating gender was a specific focus of TDF-2 and funds from the gender equality fund of TDF 2 will further strengthen gender outcomes.

In **summary**, gender equality and women's economic empowerment have not been strongly factored into DFAT Aft designs nor developed as strategic priorities during implementation of programs. While some of the investments had good, though unintended, results for women's participation this does not necessarily result in gender equality. Of greater importance is providing an increased ability for women to make decisions and influence outcomes, as well as having access to and control over resources. Women's participation in negotiations is important for them to expand their skills and enable them to table a different point of view. While most investments have gender aspects included in their designs, this did not extend beyond measuring participation rates at trainings, and was restricted to only women in urban areas generally with better access to education and other opportunities. More could have been achieved through a purposeful design which identifies gender equality gaps and targets those who are disadvantaged. This finding concurs with the recent review of gender equality in eight Aft investments<sup>43</sup> and further research into the other Aft investments undertaken as part of this evaluation. These reviews noted that the Aft sector is one of the poorest performing in terms of gender equality across the aid program. A review of 13 investments scored as 'less than adequate' or 'adequate' in the Aid Quality Checks (AQC) with another 10 out of the 24 investments having no reference to gender or social objectives.<sup>44</sup>

However, the gender message is being embraced and all respondents said they wanted to improve on gender. While DFAT managers and partners may now be clear about the need to address women's participation, DFAT can now take steps to formulate plans to incentivise partners, especially partner government agencies, to undertake practical steps to address gender inequalities and consider identifying strategies to move beyond the donor-driven approach.

While increasing incomes, managing businesses or more job opportunities for women are not guaranteed to provide economic empowerment, it is a positive first step and builds confidence.

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43 Bysouth, K and Sann, K. (2015) *Review of Gender in Aid Quality Checks: Final Report*. IOD PARC Australia.

44 See ODE (2016) *Aid for Trade: Global and Regional Perspectives: Situation Analysis Report* for a discussion on gender and trade based on a review of literature and DFAT Aft investments.



## 5. Comparing Australia's contribution to international good practice

Good practice examples of AfT interventions related to trade facilitation and related assistance have been drawn from the literature. A detailed description of the lessons learnt from global reviews, other donor experiences and more broadly the literature on AfT is available in a separate report prepared as part of this evaluation.<sup>45</sup> These lessons are briefly summarised in the first part of the chapter and centre around eight themes. The second part of the chapter picks up the eight themes and compares how Australia's investment in trade facilitation measure against them.

### 5.1 Global good practice and lessons learnt

Lessons are taken from the experiences and literature since 2005, when the AfT initiative was launched.<sup>46</sup> Evidence generally shows the impact of AfT to be positive, however, results depend on the type of intervention, the income level and geographical region of the recipient country and the sector to which AfT flows are directed. The political economic context is an important variable influencing outcomes.

Despite these caveats, good practice and lessons can be distilled from a variety of sources and often expressed in different ways. Many of these lessons also apply to the broader aid literature. The intention is not to exhaustively examine all lessons but rather to briefly summarise and present a number of key benchmarks against which we can evaluate Australia's previously identified investments. With this in mind, the **eight benchmarks** derived for this evaluation from the literature are:

1. **Government ownership:** A key lesson identified in several case studies and reviews, is the importance of donor countries' AfT programs' alignment with, and ownership by, recipient country governments. Many reports identify this in terms of aligning AfT with the Paris Declaration on Aid Effectiveness.<sup>47</sup> Ownership seems to be particularly important for AfT programs. The reason for this lies in the nature of AfT, which are often complex and require significant political will and technical expertise. Three elements which enhance recipient government ownership are:
  - a. Feedback loops between government and stakeholders, particularly the private sector.
  - b. Effective intra-government and inter-ministerial consultation and coordination.
  - c. Synthesizing international knowledge and experience with local knowledge.

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45 See ODE (2016) *Aid for Trade: Global and Regional Perspectives: Situation Analysis Report*

46 For a recent review of the AfT experience, see: Lammersen, F. and M. Roberts, 2015. *Aid for trade 10 years on: Keeping it effective*, OECD Development Policy Papers, No. 1, OECD Publishing, Paris. <http://dx.doi.org/10.1787/5jrqc6q4xxr5-en>.

47 Ratnakar Adhikari, 2011. *Evaluating Aid for Trade Effectiveness on the Ground: A Methodological Framework*. Issue Paper No. 20. International Centre for Trade and Sustainable Development (ICTSD), Geneva.

2. **Private sector involvement:** Mobilising the support of the private sector and civil society remains a key to effective implementation of trade related reforms.<sup>48</sup> This is in terms of investment and policy formulation. The design and implementation of AfT activities, particularly related to trade facilitation and related assistance, requires strong support within the private sector.<sup>49</sup> Often significant vested interest within government and the private sector exist to maintain the status quo. The design of effective AfT trade policy and regulations may require initial work with the private sector to mobilise and advocate the changes proposed. In many cases, building a dialogue through public private partnerships, as for example, the IFC has done in the Mekong countries, provide an effective forum for advocating change.<sup>50</sup> The DFAT strategy for Australia's aid investments in private sector development (October 2015) notes 'With the private sector as a partner, AfT initiatives have a greater reach, achieve outcomes sooner, and have more lasting impact'.
3. **Integrated approach:** It is important for various forms of AfT to complement each other in addressing constraints and for trade to be mainstreamed into a country or region's development strategies. Complementarity is especially important for productive capacity and economic infrastructure. In regards to mainstreaming trade, evidence shows that where developing countries have mainstreamed trade into their development strategies they tend to benefit more.<sup>51</sup> Most governments recognise the importance of trade, however, few have operational strategies that attempt to benefit from integration into regional and multilateral trading systems. Where trade is not signalled as a national priority or integrated in national plans, it tends to be neglected and not prioritised.<sup>52</sup>
4. **Regional approach:** Given the cross-border nature of trade facilitation, regional solutions are often required. By its nature trade is regional and production is characterised by global and regional value chains. Regional institutions and solutions are necessary to address constraints to trade and act as agents for change.<sup>53</sup> However, bilateral aid programs can complement regional initiatives by assisting partners to implement trade agreements or unilateral reforms. Solutions often require software (regulatory institutions, policy changes) and hardware (infrastructure to support cross-country flows of goods, services, and people). Global value chains (GVC) provide an opportunity and a challenge for developing countries to participate in global trading systems. Because the increasing importance of production occurring across multiple national boundaries, GVCs need to be considered in AfT designs including within all three major components of AfT and across primary, secondary and tertiary sectors.<sup>54</sup>

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48 Lammersen, F. and M. Roberts, 2015, *Aid for trade 10 years on: Keeping it effective*, OECD Development Policy Papers, No. 1, OECD Publishing, Paris.

49 OECD/WTO, 2013, *Aid for Trade in Action*, ECD Publishing.

50 ODI, 2013, *Focusing on what matters in Aid-for-Trade: Increasing effectiveness and delivering results*, Briefing Paper 79.

51 Ancharaz, Ghisu and Bellmann, 2013, *Assesseing the Effectiveness of Aid for Trade: Lessons from the Ground*, In Razzaque and te Velde, 2013, *Assessing Aid for Trade: Effectiveness, Current Issues and Future direction*, Commonwealth Secretariat and ODI, London.

52 OECD, 2011, *Aid for Trade: is it Working?* See: <http://www.oecd.org/trade/AfT/45581702.pdf>.

53 OECD, 2006, *The Development Dimension Aid for Trade Making it Effective*.

Bernard Hoekman and John S. Wilson, 2010 *Aid for Trade: An Action Agenda Looking Forward*, Poverty Reduction and Economic Management (PREM) Network. Economic Premise No. 25.

54 APEC Policy Support Unit, May 2014, *Integrating SMEs into Global Value Chains: Policy Principles and Best Practices*. ISSUES PAPER No.6.

ADB 2013, *Aid for Trade in Asia and the Pacific: Driving Private Sector Participation in Global Value Chains*, ADB and WTO. Manila.

World Bank, 2013, *What is the World Bank Doing on Aid for Trade?* A report highlighting the World Bank Group's support to address the main constraints which firms in developing countries face in connecting to value chains, Washington.

5. **Addressing key constraints:** Identifying bottlenecks and binding constraints is an important prerequisite for designing successful AfT interventions. Such analysis needs to consider the political will for reform and interest groups that may be mobilised to support reforms as well as those likely to oppose reforms. In the past, AfT programs have often been designed with broad sweeping objectives that do not necessarily map easily to addressing the binding constraint a country faces. The use of the Diagnostic Trade Integration Studies (DTIS) through the Enhanced Integrated Framework (EIF) provides a well-recognised mechanism for country diagnostics and engagement on the key trade reforms needed.
6. **Gender equality and women's empowerment:** As previously noted there is evidence that achieving greater gender equality and women's economic empowerment in international trade can help boost exports, increase economic growth and contribute to positive development outcomes.<sup>55</sup> Trade facilitation measures must address the gender dimension to be considered good practice. This means undertaking gender analysis during design, addressing gender equality during implementation, and monitoring performance in gender equality using indicators that go beyond participation (e.g. influence, self-perception, personal freedom, control of resources, and support from social networks).<sup>56</sup>
7. **Flexibility:** It is important to have clear objectives but maintain flexibility in achieving them. This is particularly important in trade policies and regulations where political and economic events may change priorities or create opportunities. Moreover, governments may have different approaches to addressing the same trade issue, requiring a degree of flexibility in implementation. The need for a flexible approach has been recognised in the WTO Trade Facilitation Agreement (TFA) which allows for special and differential treatment provisions of the TFA for developing countries, depending on their capacity to implement.<sup>57</sup>
8. **Monitoring and evaluation:** Strong monitoring and evaluation is required to assess and establish the impact of AfT activities and their contribution to improved trade and higher level outcomes such as economic growth and poverty reduction. Studies conducted by the World Bank (2014) and OECD (2013) among others, highlighted a number of issues relating to M&E practice on AfT initiatives worldwide, in particular: the lack of evidence-based results chains linking AfT activities to trade-related outcomes; the lack of baseline data, clear indicators or evaluation methods to assess and quantify the impact of activities; the isolation of current M&E activities from partner governments, other donors and the private sector; and the missed opportunities to use monitoring and evaluation to inform program improvement and contribute to broader programming and policy development. Demonstrating the attributable impact is particularly challenging because of the nature of the activities which focus on creating systemic, sector-wide change, the strong influence of external factors beyond the control of programs, and a historical lack of political willingness to invest heavily in M&E. While there have been some examples of using quasi-experimental methods to assess impact, it is generally recognised that theory-based approaches, such as contribution analysis, are more appropriate methods for assessing the attribution question around the impact of AfT initiatives. Table 1 provides a summary of good practice M&E components based on the literature<sup>58</sup> and is used to compare with DFAT investments.

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55 Hagen von, M., 2014, *Trade and Gender—Exploring a reciprocal relationship: Approaches to mitigate and measure gender related trade impacts* (GIZ)

56 See Bishop, D. and K. Bowman, 2014, *Still learning: A critical reflection on three years of measuring women's empowerment in Oxfam*. Gender and Development, 22, 253-269.

57 WTO, 2015 *World Trade Report 2015: Speeding up trade: benefits and challenges of implementing the WTO Trade Facilitation Agreement*.

58 Basnett, Engel, Kennan, Kingombe, Massa and Willem te Velde, *Increasing the effectiveness of Aid for Trade: the circumstances under which it works best*, Working Paper 353.

**Table 1 Good practice criteria for M&E systems to support Aid for Trade investments**

Criteria	Description
<b>Evidence-based results chain / program theory of change (ToC)</b>	This provides a framework for evaluation. There must be a plausible link between the activities funded and the objectives they seek to achieve. Strong M&E systems will also draw on lessons learnt from similar programs to examine plausibility, feasibility and assumptions.
<b>Realistic Objectives</b>	The objectives and end of program outcomes in the results chains should be within the scope, scale and timeframe of the program and evaluation activity. End of program outcomes should be clearly defined and measurable.
<b>Baseline Data</b>	Impact evaluation relies on a detailed understanding of the situation on commencement, preferably quantified in terms of the end of program outcomes.
<b>Indicators and targets</b>	It is important that there are clear qualitative and quantitative measures of success agreed by all stakeholders at program inception, and targets are used to track progress and performance.
<b>Range of Methods</b>	A structured mixed-methods approach (using quantitative and qualitative data) is important for a robust evaluation of impact and causal attribution.
<b>International Measures</b>	There are a number of international measures for trade effectiveness and multilateral monitoring programs that programs should draw on for the sake of efficiency, harmonisation and international benchmarking.
<b>Contextual Factors</b>	Many contextual factors influence the effectiveness of Aft programs. These need to be clearly understood and identified during program design so their influence can be assessed during implementation.
<b>Stakeholder Engagement</b>	Engagement from relevant stakeholders is critical in the design and implementation of M&E systems and in the analysis of results generated. Partner governments and the private sector are important stakeholders in trade facilitation initiatives and their involvement ensures validity of M&E systems.
<b>Program Improvement</b>	Performance data and lessons learnt from program M&E should be used to inform continuous program improvement and enable programs to develop and adapt effectively.
<b>Public Knowledge</b>	Findings and lessons learnt from individual programs should be communicated and disseminated to a wide range of stakeholders to contribute to improving practice in the sector as a whole.

## 5.2 How Australia compares

**Government ownership:** Significant government ownership exists for the investments examined.

- > Investments having substantial political buy in by counterpart governments. Examples include PIC governments need to maximise the benefits from the PACER Plus FTA negotiations and ASEAN Member States being part of the AECSP decision-making process. In Laos under TDF-2, some government urgency has dissipated with accession to the WTO and has allowed existing intra-government difficulties to exert themselves.
- > Several examples exist of implementation drawing on international experience with local knowledge. This includes OCTA hosting secondments, PHAMA using the MAWGs and TDF-2 working through government systems.

**Private sector involvement:** In the investments examined private sector involvement has been mixed.

- > For PHAMA, private sector engagement is a key component of their implementation. It has brought government and private sector closer together in understanding each other's perspective and the process has been a key part of the program's success.
- > TDF-2 has made efforts to engage with the private sector, however developing a public private dialogue has remained challenging.
- > AECSP has primarily focussed on its government to government relationships through the ASEAN Secretariat. Limited effort has been made to engage the private sector across the region.
- > Under PACER Plus, PICs have made some effort to engage the private sector, however, there seems to be limited understanding of the potential benefits.
- > Private sector consultation has proven important for PHAMA. AECSP could benefit from greater private sector engagement as could PACER Plus.

**Integrated Approach:** Australia's aid investments have generally done better at assisting governments to mainstream trade into development strategies than with integrating various forms of AfT.

- > PACER Plus is still being negotiated and therefore it is too early to forecast how PIC governments will mainstream the negotiated agreements.
- > PHAMA has purposely integrated the three aspects of AfT of productive capacity building, trade facilitation and development of trade infrastructure. It has also attempted to mainstream trade through the development of the various working groups.
- > AECSP is primarily driven by the agenda of the AANZFTA and the implementation and utilisation of the agreement. To this extent, it has focussed less on integration of various components for AfT, although opportunities exist to do so. It has been more successful at mainstreaming trade issues through national implementation and linking to ASEAN Member State priorities.
- > TDF-2 was developed through the Diagnostic Trade Integration Studies (DTIS) and Enhanced Integrated Framework (EIF)—tools specifically designed to mainstream trade. As such, they represent the most comprehensive approach to mainstreaming trade and integrating the different aspect of AfT.

**Regional Approach:**

- > PACER Plus and AECSP by their very nature are regional approaches. Moreover, within the AECSP, rules around the utilisation of the fund require that all projects are regional. The ARDN, as an example, is built around regional cooperation. Increasingly, activities under AECSP exhibit peer to peer learning facilitated by third party countries such as Australia.
- > PHAMA also takes a regional approach by working with value chains and across several PICs and linking bio-security agencies in Australia and the PICs.

**Addressing key constraints:**

- > By focussing secondments to OCTA on specific aspects of developing PACER Plus, the intervention focussed on key constraints for government officials being able to participate in the negotiations. While the survey of the Pacific Island trade training program indicated it was well received, the respondents conveyed that 'on going updates of training content to reflect the contemporary developments in regional trade negotiations would be helpful'.
- > PHAMA was originally designed to address market access, however, as the program developed and a key constraint turned out to be capacity to take advantage of the access created, PHAMA was flexible enough to adjust its focus.
- > AECSP through its various committees, including the Economic Cooperation Sub-Committee, has to a significant extent been able to focus its efforts where the greatest demand has been. Individual ASEAN Member States' prominent roles in prioritising AECSP activities can be adversely affected by a lack of intra-government coordination within many countries. The prioritisation of activities according to regional needs and imperatives often depends on the quality of the deliberations of the AANZFTA Committees and governance arrangements. When this fails, it is possible to have activities under the AECSP that do not address key regional constraints.
- > TDF-2 was designed to address key constraints to economic development. However, having acceded to the WTO in February 2013, and given the less urgent government commitment, it's not clear that the current range of activities reflect the governments' top priorities.

**Gender equality and women's economic empowerment:**

- > As discussed (see Section 4.2) gender equality and women's economic empowerment have not been strongly factored into DFAT Aft designs although this is changing. TDF-2 is building on gender research conducted during the first phase of the program and gender equality is incorporated into the design of TDF-2. Similarly PHAMA is placing a greater emphasis on gender issues during its current phase of implementation. It was also noted that monitoring and evaluation systems focus more on women's participation than gender equality outcomes. There was no evidence of reporting on influence, decision making or control of resources by women.

**Flexibility:**

- > PHAMA has demonstrated flexibility to adjust to changing priorities. Similarly, through the committee system, AECSP has the flexibility to adjust to emerging priorities. For example: Competition Law Implementation Program (CLIP) and the ongoing funding for ARDN.
- > PACER Plus activities, because they are largely managed by OCTA and tied to the negotiations, are responsive to PIC needs and have been flexible.
- > TDF-2 was based on the emerging priorities of TDF-1 and the ongoing process of the DTIS Updated Action Matrix that has been integrated into the Roadmap for Trade and Private Sector Development. However, because of the long time lag and the rigorous procurement system, multiple components under TDF-2, the use of trust fund requiring consultation with multiple partners, and working through government counterpart systems, the implementation process lacks the flexibility of smaller agile development activities.



**Monitoring and Evaluation:** As noted monitoring and evaluation systems for Aft continue to evolve.

- > The systems assessed as part of this evaluation are typical of the global situation where attributing impacts remains one of the biggest challenges. Table 2 compares the M&E systems and processes of the programs reviewed in this evaluation with good practice.<sup>59</sup> With the exception of PHAMA, there is little evidence of strong program logic underpinning the programs reviewed; or M&E systems which draw on a range of methods to make robust assessments of program performance and take into account contextual factors. As such, the extent to which DFAT has been able to evidence its contribution to higher level trade facilitation objectives has been limited. Further investment in monitoring and evaluation from program design and inception phases, and substantial engagement with stakeholders including partner governments and the private sector, are necessary to contribute to improved robust evidence of outcomes and the contribution of investments to impacts.
- > PHAMA now recognises the need to shift the focus away from reporting on technical outputs and towards explaining what these technical achievements mean for exports, jobs and producer incomes. This is evident by their adoption of a new monitoring and evaluation framework and updated program logic model. The results are expected to be seen in coming months and the next 6 monthly progress report.

**Table 2 Comparison of the M&E systems of the four Aft investments with global good practice**

Good Practice Criteria	PHAMA	AECSP	TDF-2	PACER Plus
Results Chain	✓		✓	
Realistic Objectives	✓	✓	✓	✓
Baseline Data			✓	
Indicators	✓		✓	
Range of Methods	✓		✓	
International Measures			✓	
Contextual Factors				
Stakeholder Engagement	✓	✓	✓	
Program Improvement	✓			✓
Public Knowledge	✓	✓		

Annex 2 provides a more detailed review of the M&E systems listed in Table 2 against good practice criteria.

59 NB: It should also be noted that data is lacking for many of the programs. Efforts will be made to obtain and analyse this data prior to the publication of the second draft report.

## 6. Key findings and recommendations

**DFAT investments in trade facilitation have been effective in addressing capacity issues, have the potential to make significant impacts to poverty reduction, and contain many elements of good global practice.**

1. Australia's trade facilitation investments have assisted partner countries in Asia and the Pacific to advance their trade liberalisation and domestic economic reform objectives to better integrate with regional and global economies. These investments work best when they:
  - a. Are responsive to partner government priorities (recognising that trade liberalisation is a complex political and technical process);
  - b. Complement and assist developing countries own efforts to boost economic growth; and
  - c. Enable an environment for innovation and competition.
2. The evaluation found that DFAT's investments have been effective in addressing capacity issues across a diverse range of areas. The flexibility in designs has enabled programs to be responsive to emerging needs. There are some good examples of well-targeted capacity development activities, such as customs training in Cambodia, that have demonstrated impressive multiplier effects and become institutionalised with minimal investment. However, others lack requisite institutional support to be sustained due to limited resources, particularly in the area of biosecurity for some ASEAN members.
3. In terms of broader economic and development outcomes the evaluation found that investments in trade facilitation have the potential to make significant impacts. There is evidence, through programs such as PHAMA in the Pacific and AECSP in South East Asia, that trade facilitation investments are reaching the poor by assisting local farmers and businesses to more efficiently trade. The supply chain networks established by exporters and intermediaries demonstrate potential to help women suppliers and business owners. The challenge is to establish causal attribution to the extent that outcomes can be quantified and programs can be optimised to deliver maximum impact.
4. DFAT investments were also found to contain many elements of good global practice although not all were embodied in any one investment. The evaluation developed criteria from eight themes of good practice discussed in the literature: (1) Government ownership; (2) Private sector engagement; (3) Integrated approach; (4) Regional approach; (5) Addressing key constraints; (6) Gender equality and women's economic empowerment; (7) Flexibility; and (8) Monitoring and Evaluation. Overall DFAT trade facilitation investments performed well in most areas with improvements identified in: adopting a more integrated approach; greater private sector engagement; placing a greater focus on the gender dimension; and strengthening monitoring and evaluation systems.
5. The evaluation noted that the integration of DFAT with AusAID in 2013 has brought together a range of aid and trade skill sets that when combined could effectively bring increased capacity to deliver innovative and effective trade facilitation initiatives.

6. The Australian Government's commitment to improving gender equality and women's economic empowerment provides an opportunity to influence trade facilitation program designs and implementation for better development outcomes.
7. The evaluation noted that the assessed investments were designed prior to Aid for Trade becoming a strategic aid program priority in 2014 and the release of the Aid for Trade Strategy in 2015. However, the evaluation found that with increasing knowledge and guidance within the department, this trend is shifting and notable progress is being made to address some of the findings and recommendations for trade facilitation investments more broadly.

**There is a need for an integrated framework which applies to a trade facilitation investment.**

8. An integrated framework includes a technical and political economy analysis, design and program logic and a performance framework:
  - a. Clearly articulated program logic model, showing the relationships between the resources, activities, outputs and outcomes or desired impact.
  - b. Strategies on how capacities built during the program would be sustained.
  - c. Adequate institutional strengthening support to complement the capacity building efforts.
  - d. Consideration of the time frames required for trade reforms, level of political commitment, and other ODA activities.
  - e. Coordination with other donors and other areas of trade facilitation—recognising that the binding constraints to increasing trade and economic growth may be deficiencies in productive capacity and economic infrastructure.
  - f. There should be focus on improving analysis of investment impacts, but recognising it may be more realistic to focus on 'contribution' than 'attribution'. International indicators should be adopted where applicable given the regional and global nature of trade facilitation interventions.
  - g. Identification of gender specific challenges and practical strategies to address those challenges (going beyond collecting numbers for attendances but focussing on leadership abilities obtained by women, or economic gains experienced).
  - h. Strong monitoring and evaluation which assesses and establishes the impact of trade facilitation activities and their contribution to improved trade and higher level outcomes such as economic growth and poverty reduction. M&E systems of the assessed interventions need strengthening in order to measure program impacts and enable causal attribution to the investments.

#### Recommendation 1

Investment in capacity development for trade facilitation initiatives should be guided by an integrated framework that promotes sustainable outcomes, including institutional strengthening, and without compromising flexible and responsive approaches to address emerging constraints and opportunities. An integrated framework includes a technical and political economy analysis, design and program logic and a performance framework.

#### Recommendation 2

DFAT should continue to build on its experience in incorporating gender and trade in its programs, and ensure all future trade facilitation program designs adequately consider gender dimensions and an analysis of gender gaps. Gender equality and women's empowerment objectives should be explicitly stated as development goals in the designs, identified in the program logic models, and monitored and evaluated using gender indicators and sex-disaggregation of data related to people. Good international practice should be followed around analysis of gender equality gaps.

#### **Trade facilitation investments need to be flexible, linked to government priorities, private sector priorities and require partner government ownership to be successful.**

9. Trade facilitation interventions require flexible approaches as trade facilitation is a complex long-term process. Lack of capacity, political and economic events, use of different approaches by different countries to address the same trade issues, requires flexibility in implementation. Furthermore, capacity building and gender aspects can take many years to develop and translate into practices and reformed attitudes.
10. Government to government approaches are critical in maintaining political ownership and continuing economic engagement, while recognising the resource intensive nature of such engagement.
11. Political will, commitment and ownership by the partner government is another critical factor. Partner governments need to be committed to introduce or continue reforms and ultimately support and sustain trade facilitation projects. While it is acknowledged that governments generally lack the capacity and resources for such reforms, donors can make use of the Diagnostic Trade Integration Studies (DTIS) through the Enhanced Integrated Framework (EIF)<sup>60</sup>, which provide a well-recognised mechanism for country diagnostics and engagement on the key trade reforms needed.
12. Design and implementation of trade facilitation activities, particularly related to trade facilitation, requires strong support within the private sector. Governments and the private sector need to work closely together to identify viable opportunities and address barriers to trade. This is particularly relevant to sanitary and phytosanitary (SPS) measures that can restrict market access. It is acknowledged that some parts of the private sector may not support international trade liberalisation and that governments have different levels of incentives in interacting with private sector representatives.

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<sup>60</sup> EIF DTIS Framework is only available for LDCs to draw upon at this stage, however others could seek to adopt a similar framework or approach but cannot access it in the same way.

### Recommendation 3

DFAT trade facilitation initiatives should include private sector engagement considerations throughout key stages, including planning and design. The investments should include an element of strong public-private dialogue particularly in partner countries.

**Internal coordination and communication between Australia's bilateral, regional and global programs needs to be strengthened. This can be done by introducing shared values and implementable incentives for cooperation across regional and bilateral programs.**

13. Given the cross-border nature of trade facilitation, regional approaches are often required. By its nature trade is regional and production characterised by global and regional value chains. Bilateral aid programs can complement regional initiatives by assisting partners to implement trade agreements or unilateral reforms.
14. Improving communication and coordination between bilateral, regional and global program managers as well as with other government bodies (e.g. Australia Centre for International Agricultural Research (ACIAR), Department of Agriculture, Customs) is required to minimise overlap and maximise opportunities for effective cooperation. There is a role for DFAT's Office of Trade Negotiations to work with DFAT's geographic divisions and posts to build understanding of trade facilitation and identify how existing and future investments can work more effectively together and avoid duplication.
15. DFAT's aid investment plans, designs and agreements should also be used to identify areas of duplication, complementarities and linkages. The DFAT Aid Quality Check template currently requires staff to rate how well investments are harmonised with other donors. This requirement should be broadened to include harmonisation with other Australian investments.
16. In regards to PACER Plus, there is an opportunity for the Office of the Chief Trade Adviser (OCTA) or its successor body, to enhance linkages and build synergies between its programs and other DFAT-funded activities through WTO (Global Trust Fund and Services program) and WIPO (World Intellectual Property Organisation). This collaboration would also enable the officials to receive up-to-date trade training in regional and WTO context, Institute for International Trade (University of Adelaide) and International Centre for Trade and Sustainable Development (ICTSD). These training initiatives are also helping developing countries build their capacity for trade negotiations, so synergies between programs and activities can be explored.
17. Linkages existing between trade facilitation reforms, infrastructure development, and productive capacity need to be strengthened. The programs need to be flexible and adapt to emerging needs and demands in these three areas during implementation.
18. DFAT needs to continue its efforts in developing a mix of trade and aid skill sets for its staff. Post integration DFAT is better placed to develop staff skill sets in both areas, which is essential for the success of trade facilitation investments.

#### Recommendation 4

DFAT should improve communication and coordination between regional, bilateral and global programs working on aid for trade by requiring its investment managers to identify synergies in DFAT's Aid Investment Plans, design and contracting processes, and Aid Quality Checks



**Textiles in Laos.**  
Source: D. Goodwins



# Acronyms

<b>AANZFTA</b>	ASEAN–Australia New Zealand Free Trade Agreement
<b>ACIAR</b>	Australian Centre for International Agricultural Research
<b>ADB</b>	Asian Development Bank
<b>AfT</b>	Aid for Trade
<b>AECSP</b>	AANZFTA Economic Cooperation Support Program
<b>AMS</b>	ASEAM Member States
<b>APTFF</b>	Asia-Pacific Trade Facilitation Forum
<b>AQC</b>	Aid Quality Checks
<b>ARDN</b>	ASEAN Regional Diagnostics Network
<b>ASEAN</b>	Association of Southeast Asian Nations
<b>B2B</b>	Business to Business
<b>BAF</b>	Business Assistance Facility
<b>CABI</b>	Centre for Agriculture and Biosciences
<b>CEO</b>	Chief Executive Officer
<b>DAC</b>	Development Assistance Committee
<b>DFAT</b>	Department of Foreign Affairs and Trade
<b>DIMEX</b>	Department of Import and Export
<b>DTIS</b>	Diagnostic Trade Integration Studies
<b>ECWP</b>	Economic Cooperation Work Program
<b>EIF</b>	Enhanced Integrated Framework
<b>EPA</b>	Economic Partnership Agreement
<b>EU</b>	Economic Union
<b>FTA</b>	Free Trade Agreement
<b>FTDP</b>	Foreign Trade Policy Department
<b>G2B</b>	Government to Business
<b>GATT</b>	General Agreement on Tariffs and Trade
<b>GVC</b>	Global value chain
<b>ICTSD</b>	International Centre for Trade and Sustainable Development

<b>IEC</b>	Independent Evaluation Committee
<b>ILO</b>	International Labour Organization
<b>INGO</b>	International Non-Government Organisations
<b>IP</b>	Intellectual Property
<b>IWG</b>	Industry Working Group
<b>KEQ</b>	Key Evaluation Question
<b>MAWGs</b>	Market Access Working Groups
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MoIC</b>	Ministry of Industry and Commerce
<b>MOU</b>	Memorandum of Understanding
<b>MRA</b>	Mutual Recognition Agreement
<b>MSG</b>	Melanesian Spearhead Group
<b>MTEC</b>	Micronesian Trade and Economic Committee
<b>MTR</b>	Mid-Term Review
<b>NCA</b>	National Communications Authority
<b>NMAC</b>	National Market Access Coordinator
<b>NSEDP</b>	National Socio-Economic Development Plan
<b>NGO</b>	Non-Governmental Organisation
<b>NIU</b>	National Implementation Unit
<b>NTM</b>	Non-Tariff Measures
<b>OCTA</b>	Office of the Chief Trade Adviser
<b>ODA</b>	Official Development Assistance

<b>ODE</b>	Office of Development Effectiveness
<b>OECD</b>	Office for Economic Cooperation and Development
<b>PACER</b>	Pacific Agreement on Closer Economic Relations
<b>PCS</b>	Port Community System
<b>PHAMA</b>	Pacific Horticultural and Agricultural Market Access
<b>PIC</b>	Pacific Island Country
<b>PICTA</b>	Pacific Island Country Trade Agreement
<b>PICTS</b>	Pacific Island Countries and Territories
<b>PLMAM</b>	Pacific Labour Mobility Annual Meeting
<b>PNG</b>	Papua New Guinea
<b>PSD</b>	Private Sector Development
<b>QAI</b>	Quality at Implementation
<b>ROO</b>	Rules of Origin
<b>SDG</b>	Sustainable Development Goals
<b>SME</b>	Small to Medium Enterprises
<b>SPS</b>	Sanitary and Phytosanitary
<b>TBT</b>	Technical Barriers to Trade
<b>TDF</b>	Trade Development Facility
<b>TFA</b>	Trade Facilitation Agreement
<b>ToR</b>	Terms of Reference
<b>USAID</b>	United States Agency for International Development
<b>WBG</b>	World Bank Group
<b>WIPO</b>	World Intellectual Property Organisation
<b>WTO</b>	World Trade Organisation

# Annex 1: PACER Plus Survey Results and Analysis

## Survey Report on the Pacific Island Trade Training Program

16 November 2015

### Executive Summary

From 2008 till 2013, the Institute for International Trade (IIT) at the University of Adelaide, was funded by AusAID/DFAT to manage two comprehensive trade training programs aimed at building the capacity of Pacific Island officials to develop trade policy, build their negotiation skills and understand the nature of contemporary trade agreements, including PACER Plus. Of the 27 Pacific Island participants who completed the training programs, 17 responded to a survey focussed on the effectiveness of the training and the application of skills and knowledge gained.

The responses from the survey indicate the positive impact of this AfT program. 82% of participants perceived the trainings to have been effective in increasing their trade knowledge and understanding of trade issues and trade agreements for the Pacific. Of note, 94% considered the training to have effectively increased their understanding of how to negotiate and implement a PACER Plus Agreement, which is significant given the training was not specifically focused on PACER Plus. None of the respondents surveyed, perceived the trainings to have been ineffective.

Of interest, skills acquired by participants were not only applied to PACER Plus negotiations only but also to other ongoing regional trade negotiations such as to the Economic Partnership Agreements with the European Union. 94% said they had passed on their newly acquired skills by conducting capacity building training programs and policy briefings on their return home as well as by maintaining trade policy networks with other participants - which augurs well for the sustainability of the program.

Two-thirds of respondents have been promoted subsequent to their participation in one of the trade training programs. A number reported that they have been promoted to more senior positions including one who is now the advisor to the President, while two others have been appointed to head the trade department in their respective countries. 82% of respondents indicated that the training increased their awareness of the impacts of trade on women. All of the eight female respondents to the survey have been promoted subsequent to the training and all of the three respondents who have pursued further education after the training are women. These academic pursuits should enhance the contribution of these participants to inclusive trade development in the region.

To improve similar aid for trade training programs in the future, there was wide-spread agreement expressed on the need for ‘ongoing training’ to reach an increased number of Pacific officials so as to help replenish the loss of capacity resulting from the high staff turnover in the Pacific. Extension of the training to include officials from relevant line departments, for example agriculture, as well as representatives from the private sector, was reinforced. The importance of having Pacific Islander and Australian program facilitators was valued for both political and cultural reasons, while a number also suggested stronger involvement of relevant regional bodies such as the Pacific Island Forum Secretariat, OCO and OCTA. It was suggested that some of these organisations as well as current PACER Plus negotiators from Pacific Island Countries might be consulted in the selection of appropriate participants for any future trade training programs in the Pacific.

## **Introduction**

Designed by IIT in consultation with DFAT and Pacific Island trade negotiators, each training program was conducted through 10 one week modules spread over a period of 18 months allowing officials to return home to official duties between each module. Topics covered included an overview of the multilateral trading system, regional trade agreements and specific modules on typical chapters in a regional trade agreement from agriculture through to investment and labour mobility issues.

AusAID invited all 14 Forum Island Countries to nominate one representative per program but due to staff turn-over and change of responsibilities, a total of 27 participants completed the two programs. The following evaluates the effectiveness of the training programs based on a survey disseminated to participants. The first section outlines the methodology employed, followed by a succinct analysis of the findings including strengths and weaknesses of the activity, before concluding remarks.

## **Methodology**

The information discussed in this report was collected through an online survey designed to facilitate effective and efficient data collection from 27 training participants from across the 14 Pacific Forum Island Countries. In order to effectively evaluate the Pacific Trade Training Program from the perspective of these participants, a semi-structured survey questionnaire was adopted to collect both qualitative and quantitative data. The final survey questionnaire is attached at Annex 1.

The survey was conducted over a period of two weeks via email and phone interviews. Responses were received from 17 of the 27 participants or 63 per cent of those who completed one of the two training programs. The email addresses used were those obtained during the course of the IIT trainings in 2008-2013. However some of the training participants had moved on to new work areas or careers and some had therefore changed their contact addresses. As a result, a total of eight participants were not reachable despite follow up communications via telephone and social media while two others did not respond within the survey time-frame.

<b>Total Number of respondents</b>	<b>17</b>
<b>Gender</b>	
Male	9
Female	8
<b>Age group</b>	
18-29	1
30-39	9
40-49	7

As provided in the table above, 17 participants submitted their responses within the survey timeframe. The respondents comprised of a near equal share of both genders, with 53% being male and 47% female. The majority of respondents were aged 30 and over, with 53% in the 30-39 age group and 41% in the 40-49 age group.

## Analysis

### 1. Perceptions of the effectiveness of the Pacific Trade Training Program in capacity building

In order to gauge participants' evaluation of the primary objectives of the Pacific trade training programs, they were asked to rate the effectiveness of the trade training in four specific areas:

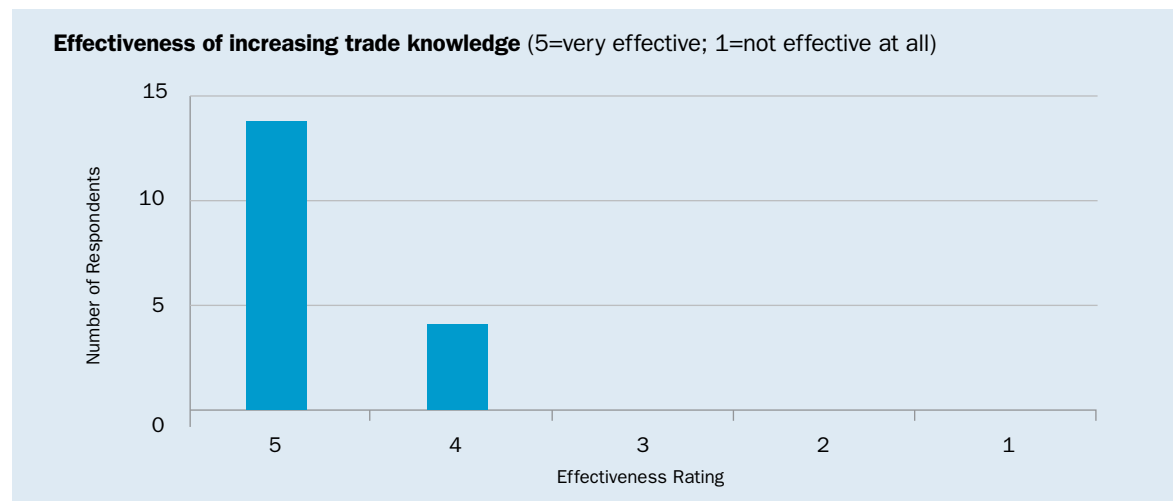
- I. Effectiveness in increasing their knowledge and understanding of trade policy and trade agreements
- II. Effectiveness in developing their trade negotiation skills
- III. Effectiveness in building their capacity to develop and implement trade policies
- IV. Effectiveness in directly contributing to their understanding of how to negotiate and implement the PACER Plus agreement.

Using a ranking of 1 to 5, with 5 being very effective and 1 not effective at all, the perceptions of the effectiveness of the training in achieving these objectives were investigated. 82% of participants perceived the trainings to have been very effective in increasing their trade knowledge and understanding of trade issues and trade agreements. 59% considered the training to have been very effective in developing their trade negotiation skills and 53% perceived the training to have been very effective in building their capacity to develop or contribute to the development of trade policies. The lowest ranking given by respondents in any of these areas was a 3 which suggests that none of the respondents perceive the trainings to have been ineffective in achieving their objectives.

Of note, 94% considered the training to have effectively increased their understanding of how to negotiate and implement the PACER Plus Agreement. The use of trade negotiation simulations and practical trainings on trade data analysis were particularly useful in building participants' capacity to contribute to preparations for the negotiations including the development of country negotiation positions and offers. Respondents also considered the discussion of PACER Plus in the context of Australia and New Zealand's other trade agreements to have helped increase their understanding of the importance of PACER Plus as a stepping stone for the Pacific to increase their economic gains from greater trade integration.



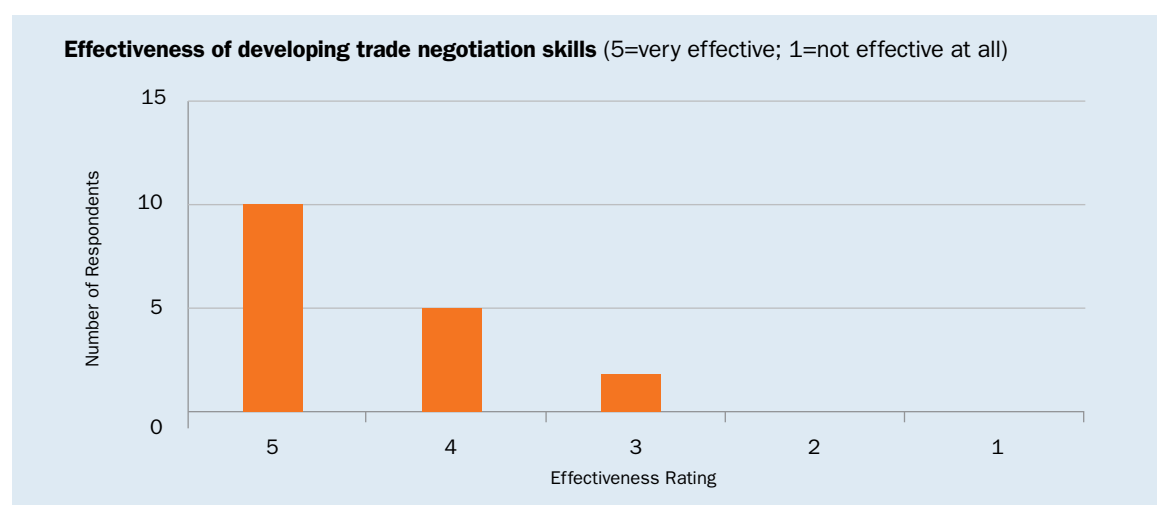
## 2. Perceptions of the effectiveness of the Pacific Trade Training Program in developing participants' careers



According to the survey, 65% or two-thirds of respondents have been promoted subsequent to their participation in the trade training. Many have been promoted to higher or more reputable positions in their countries including one who is now the adviser to the President while two have been appointed to head the trade department in their respective countries. One has also found employment in a regional organisation that is directly involved in the PACER Plus negotiations.<sup>61</sup>

In addition to these career developments, 18% have pursued further education since their participation in the trainings including one who is pursuing a PhD (labour mobility), another pursued a Masters in Economics and Public Policy and one is pursuing a Bachelor of Commerce. These academic pursuits are expected to enhance the contribution of these participants to trade development in their respective countries as well as in the region as a whole.

## 3. Gender implications

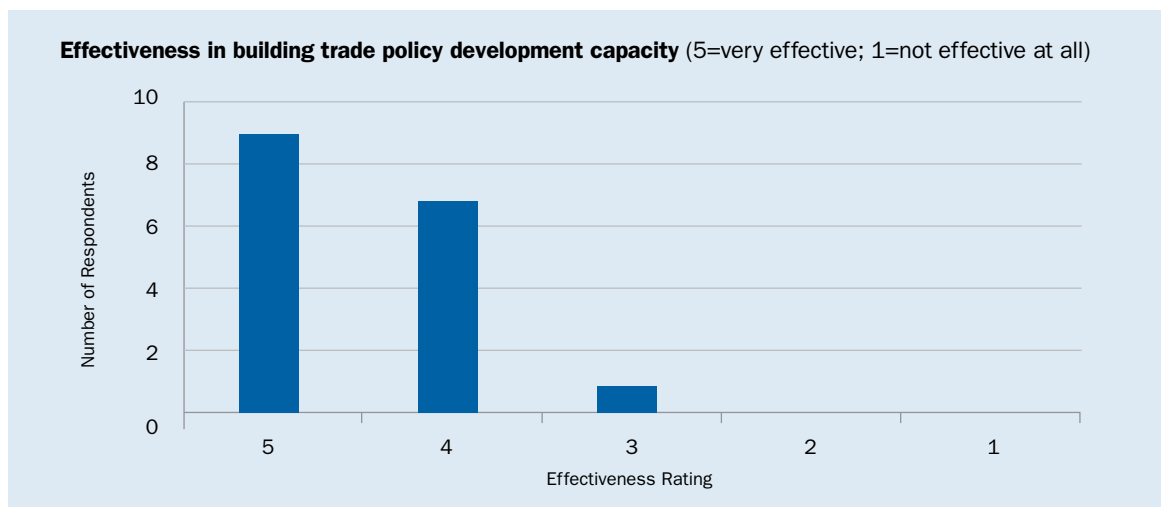


61. Anecdotal evidence identifies that a further three participants have since found employment in regional organizations.

82% of respondents indicated that the training increased their awareness of the impacts of trade on women. In addition, the training was also considered effective in building the capacity of female trade officials to contribute to trade development in their respective countries. All of the 8 female respondents were promoted subsequent to the training and all of the three respondents who have pursued further education after the training are women. One of the female respondents expressed the effectiveness of training by stating that:

“If it was not for the training, I would not have the level of skills and knowledge that I have now to help lead negotiations from my country.”

#### 4. Application of acquired trade knowledge and skills



In terms of the application of acquired trade knowledge and skills, 59% indicated that they have applied newly acquired skills to trade negotiations and to the development of offers both in Trade in Goods and in Trade in Services. It is important to note that the skills acquired were applied to PACER Plus negotiations only but also to other ongoing regional trade negotiations such as the intra-regional Pacific Island Countries Trade Agreement (PICTA) and the Economic Partnership Agreement (EPA) with the European Union. This reflects the objective of the training to build trade knowledge and skills for the negotiation of regional trade agreements in general and not just for PACER Plus.

Others have also indicated application of acquired trade knowledge and skills to other trade development priorities in the region. 18% indicated that they have applied their acquired knowledge to the development of trade policy advice including policy papers to trade ministers and submissions to cabinet. Others have used their acquired knowledge in the negotiation of Aft funding as well as consultations and negotiations with non-state partners.

In addition, 94% of respondents indicated that they have engaged in capacity building forums to transfer their acquired knowledge and skills to those that have not participated in the training. These forums included training workshops and advisory meetings to both government officials and non-state parties.

## **5. Strengths and weaknesses of the training**

### ***Strengths***

The three key strengths identified from the survey were:

- I. Its ability to deliver a good balance of both theory and practice. Respondents appreciated that the training was facilitated by a Pacific Islander together with an Australian senior lecturer and included both theoretical lectures by academics, as well as simulations, field trips and talks from private sector speakers who were actively engaged in trade.
- II. Its extensive scope of the training - which covered all trade issues in Trade in Goods and Trade in Services with examples from the region.
- III. It enabled the establishment of networks amongst participants and facilitated information sharing well after the formal IIT training program was completed.

Some participants also appreciated the division of the training into one-week modules over the course of two years. They expressed that due to the capacity limitations in their respective countries, this structure enabled them to not compromise their commitment to their jobs at home.

### ***Weaknesses***

The three key weaknesses of the training were:

- I. The lack of continuity to the training—respondents expressed the need for an alumni follow up program to facilitate information sharing and to provide technical assistance on recent trade developments that were not covered in the trainings. Others also expressed the need for ongoing trainings for more trade officials so as to help replenish the loss of capacity resulting from the high staff turnover that is characteristic of the Pacific.
- II. The lack of updated trade information and data from the region—respondents indicated that the training could have been more effective if it engaged more regional trade organisations. This engagement was considered crucial so as to provide more updated information on trade issues in the region and therefore better develop the capacities of participants to effectively contribute to trade negotiations
- III. The duration of the trainings—whilst many were pleased with the existing structure of the modules, many indicated that one week was not long enough as it consequently resulted in the modules being rushed. There was no recommendation however of an alternative duration.

In addition, the following key improvements were also recommended:

- I. Ongoing updates of training content to reflect the developments in regional trade negotiations as well as developments at the multilateral level. This can be done through the engagement of experts from the region particularly those with experience and knowledge of Pacific Island Countries
- II. Extension of the training to include officials from line departments, particularly in modules which are applicable to their fields for example: agriculture officials to participate in modules relating to Agriculture and from the private sector. Involve or consult more with the Pacific Island Forum Secretariat, OCTA, other regional bodies and current negotiators in the selection of the most appropriate participants for future trainings.
- III. Provision of ongoing programs to complement the trade negotiations and to facilitate the implementation of trade agreements at the national level

## **Conclusion**

The responses from the survey strongly indicate that the Pacific Trade Training Program has been an effective capacity building program for Pacific Island Countries. The training program has not only effectively developed the trade negotiation capacities of Pacific Island Countries across all ongoing regional trade negotiations but through the transfer of trade knowledge and skills. The high rate of female participation in the training as well as the gender content covered have also contributed to building the capacity of Pacific Island Country women to benefit from trade. In view of the ripple effects of the training, it can be said that this Aft capacity building program has been an important stepping stone for Pacific Island Countries to increase their gains from international trade.

A significant number of those surveyed conveyed their gratitude to the Australian Government and IIT for the program. There was equally strong endorsement for the extension of such trade training programs to a broader Pacific audience in the future.

## Annex 2: Assessment of M&E Systems

### DFAT Investments subject to the field visits

#### AECSP

The process of developing and implementing an M&E system for the AECSP has been complex. The 2013 Independent Progress Report provided a number of recommendations in relation to M&E, but this evaluation team has not been provided with any material to demonstrate whether or how these recommendations have been taken up in line with the management response.

Characteristic	Comment	Source
<b>Results chains</b>	One of the major issues raised by the 2013 Independent Progress Report is the lack of clarity around how program level activities are contributing to higher level outcomes. One of the recommendations of Report was to better document and disseminate evidence-based arguments linking the supported activities to development outcomes.  No evidence of the program logic or results chains has been accessed by this evaluation team.	Independent Progress Report, 2013
<b>Realistic objectives</b>	The outputs and objectives set out in the program design are reasonably broad—it was anticipated that these would be defined and operationalised during the inception phase. The objectives have been interpreted and reported against in the Independent Progress review, but there is no evidence that this has been reflected in an updated M&E framework.	AECSP Design, 2009
<b>Baseline data</b>	No information available to date.	
<b>Indicators</b>	Indicators are briefly mentioned in the AECSP Strategic Overview—but there are no details provided on whether or how they might be operationalised or how they relate to program activity.	AECSP Strategic Overview, 2011
<b>Range of methods</b>	No information available to date.	
<b>International measures</b>	No information available to date.	
<b>Contextual factors</b>	No information available to date.	

Characteristic	Comment	Source
<b>Stakeholder engagement</b>	The Independent Progress Report suggested that all stakeholders have access to and are using the reports providing an overview of program activities and outputs and that the methodologies employed are adapting to stakeholder needs. It is not clear whether or to what extent stakeholders have been engaged in data analysis or see the relevance of outcome reporting. The IPR does note the variability in stakeholders' perspectives and priorities on the use of performance data.	Independent Progress Report, 2013
<b>Informs program improvement</b>	The Independent Progress Report notes that the M&E system is not linked to a learning or communication strategy and that there are no systems in place to inform a continuous improvement agenda.	Independent Progress Report, 2013
<b>Contributes to public knowledge</b>	The Independent Progress Report notes that stakeholders are using program reports, but these seem to be focussed on program activity rather than lessons learnt or analysis of factors influencing program performance. The Report recommends that better communication mechanisms would improve the utility of program reporting.	Independent Progress Report, 2013

## PHAMA

The Monitoring, Evaluation, Reporting and Improvement (MERI) System for the program was completed in May 2014 and has since been subject to ongoing revisions. The assessment of the MERI is based on details provided in the program strategic plans and progress reports. The evaluation did not have a copy of the MERI Framework at the time of writing this first draft evaluation report.

Characteristic	Comment	Source
<b>Results chains</b>	<p>The MERI contains a logic model which illustrates the program's results hierarchy and the relationship between results.</p> <p>It has been proposed that Sustainability Road Maps be developed for the Market Access Working Groups (MAWGs). Based on the Framework for MAWGs published in August 2015, these road maps would effectively serve as results chains for interventions. This evaluation has not reviewed any completed road maps to be able to comment on their quality or utility.</p>	<p>2014-2015 Strategic Plan</p> <p>6-Monthly Progress Report, Dec 2014</p> <p>2015-2016 Strategic Plan</p> <p>Framework for MAWG and IWG Sustainability Roadmaps</p> <p>PHAMA program logic diagram</p>
<b>Realistic objectives</b>	The MERI contains objectives at both the regional and national level to ensure the relevance of the framework for all stakeholders.	2014-2015 Strategic Plan



Characteristic	Comment	Source
<b>Baseline data</b>	<p>The MERI contains provisions to collect and use baseline data for performance monitoring and reporting.</p> <p>Baseline data was collected for all of the qualitative studies reviewed.</p>	<p>PHAMA Qualitative Impact Case Studies, 2013</p> <p>MAWG Case Studies—Midterm and Final, 2013</p>
<b>Indicators</b>	Assumed to be present in the MERI Framework.	
<b>Range of methods</b>	<p>The MERI includes a range of methods, both quantitative and qualitative to assess program performance.</p> <p>Qualitative Impact Case Studies were carried out in 2012 and again in 2013 to assess changes in the economic circumstances of selected exporters and producers as a result of PHAMA. The case studies are based on interviews with key suppliers—the case studies could be strengthened if they were to triangulate information given by individuals with other evidence. At the program level, the qualitative studies complement quantitative data gathered by the program.</p> <p>Market Access Working Group (MAWG) Case studies were also reviewed and present the findings of interviews with various stakeholders on the MAWGs—the methodology for undertaking these case studies is unclear.</p>	<p>2014-2015 Strategic Plan</p> <p>PHAMA Qualitative Impact Case Studies, 2013</p> <p>MAWG Case Studies—Midterm and Final, 2013</p>
<b>International measures</b>	No information available to date.	
<b>Contextual factors</b>	PHAMA has completed comprehensive scoping studies and market analysis in a number of sectors, but it is unclear to what extent these factors will be monitored and assessed as part of the performance assessment.	Example—Feasibility Study On Selected Horticultural Exports From Fiji To Australia, 2012
<b>Stakeholder engagement</b>	The MERI links the program logic to the national priorities of partner countries and regional development initiatives and as far as possible seeks to align with existing strategic plans and monitoring arrangements.	2014-2015 Strategic Plan
<b>Informs program improvement</b>	The MERI is designed to be a flexible and adaptive system that is able to respond to changes in stakeholder priorities and in the operating environment.	2014-2015 Strategic Plan

Characteristic	Comment	Source
<b>Contributes to public knowledge</b>	<p>The MERI sets out plans to distribute reports to a wide range of stakeholders. Program reporting suggests that there is a high degree of cooperation between PHAMA and other programs and this is supported by frequent references to PHAMA in documentation produced by programs such as PARDI. While the programs clearly work together, reporting does not detail how or to what extent they have learned from each other.</p> <p>URS prepared a submission to the Joint Standing Committee on Foreign Affairs Defence and Trade which drew on some of the lessons learnt from implementing PHAMA.</p>	<p>2014-2015 Strategic Plan</p> <p>6-Monthly Progress Report, Dec 2014</p> <p>URS submission to the inquiry into the role of the private sector in promoting economic growth and reducing poverty in the Asia-Pacific region, 2014</p>

### PACER Plus

The program documentation relating to Pacer Plus that has been made available to the evaluation team does not provide any information relating to M&E systems or performance assessment.

Characteristic	Comment	Source
<b>Results chains</b>	No information available to date.	
<b>Realistic objectives</b>	No information available to date.	
<b>Baseline data</b>	No information available to date.	
<b>Indicators</b>	No information available to date.	
<b>Range of methods</b>	No information available to date.	
<b>International measures</b>	No information available to date.	
<b>Contextual factors</b>	No information available to date.	
<b>Stakeholder Engagement</b>	No information available to date although it was noted during field work that the program engages well with stakeholders, but to a limited extent on performance issues.	
<b>Informs program improvement</b>	No documented information available to date although it was noted during field work that the program has adapted in response to performance.	
<b>Contributes to public knowledge</b>	No information available to date.	

## TDF-2

The evaluation examined over 23 TDF project documents—most of the information on the M&E system and approach was drawn from the project appraisal and results framework. There were also some details provided on M&E approaches in individual program documents such as the inception report for developing the regulatory and supervisory framework for the insurance sector, however these generally did not link the overarching results framework.

There was no M&E Plan available at the time of writing which detailed how the M&E and performance assessment would be undertaken ie data collection, collation, storage, analysis and reporting. The mid-term review of the program carried out in 2015 raised a number of concerns with the program M&E which were welcomed by DFAT, namely:

- > 'The performance framework does not hold the project accountable for lack of progress on reform passage and implementation.
- > The framework currently focuses too heavily on process and non-meaningful outputs, and therefore is not well placed to capture development impact going forward.
- > The aim of TDF-2 is trade facilitation but the overall project development level indicator currently captures customs clearing time but not trade facilitated.

The TDF-2 is said to have a pro-poor orientation, yet available documentation does not clarify strategies that are utilised to implement these pro-poor focus or explain the results to date.<sup>62</sup>

Characteristic	Comment	Source
<b>Results chains</b>	No information available to date.	
<b>Realistic objectives</b>	<p>The project appraisal contextualises the project in terms of the broader growth and poverty alleviation objectives and also provides details of trade-related outcomes. The mid-term review noted a disconnect between the performance indicators related to customs clearing time, while the project objectives are focussed on trade facilitation.</p> <p>The results framework lists indicators against certain key objective areas set out in the project appraisal, but does not cover all of the objectives. There is no detail about how these objectives will be tracked and reported against.</p>	<p>Project appraisal document</p> <p>M&amp;E framework</p> <p>TDF-2 Mid-term Review, 2015</p>
<b>Baseline data</b>	<p>Baseline data has been provided against the majority of indicators in the results framework, however most of this data is from 2009 which is very dated and is unlikely to be helpful in assessing the attributable effects of the program.</p> <p>There were studies completed under the previous program, such as the Labour Standards, which could provide useful baseline information, however it is unclear whether and how this information might be used to inform the TDF-2—both in terms of implementation and performance assessment.</p>	<p>M&amp;E framework</p> <p>Labour standards and productivity in the garments export sector, 2012</p>

62 Mid-term review of Lao PDR Trade Development Facility Phase 2, DFAT Mission Members Report, September 2015

Characteristic	Comment	Source
<b>Indicators</b>	The indicators in the results framework draw on both primary research and secondary data. The mid-term review noted that output indicators are overly process focussed and are not meaningful to the program or adequate to capture development impact. It is notable that 16 out of the 18 indicators are quantitative. While quantitative performance measures are encouraged, to be able to understand program performance and learn lessons, it is important that there also be qualitative indicators or at least a process to draw on qualitative data to understand the quantitative results. Progress reports contain only reporting against indicators and no text to qualify the figures or their relevance.	M&E framework TDF Program Status Report, 2014 TDF2 Mid-term Review, 2015
<b>Range of methods</b>	A range of methods are discussed in the project appraisal such as analysis of secondary data progress reviews, mid-term and end-term surveys and an independent mid-term review and program completion review. The program Mid-Term Review was completed in September 2015. There is also evidence of impact assessments employing a range of methods which relate to discrete components of the program (i.e. the BAF Mid-term Impact Assessment). There is no detail on the methodologies or analytical framework that will be applied or how result of individual components will be considered at the program level.	Project appraisal document TDF2 Mid-term Review, 2015 BAF Mid-term Impact Assessment
<b>International measures</b>	The M&E framework references the Logistics Performance Index and World Bank Enterprise Survey.	M&E framework
<b>Contextual factors</b>	The project appraisal notes that there are many micro and macro drivers or change which are likely to influence performance indicators, however it does not detail how these will be monitored or accounted for in performance assessment.	Project appraisal document
<b>Stakeholder engagement</b>	The TDF is a pooled fund involving multiple donors and various government departments. No detail is provided in relation to how these stakeholders will participate in ongoing M&E and performance assessment processes.	Project appraisal document
<b>Informs program improvement</b>	No detail provided on how M&E will inform project management. Progress reports contain only reporting against indicators and no text to qualify the figures or their relevance.	TDF Program Status Report, 2014



**Garment stall in Laos.**

Source: D. Goodwins

Characteristic	Comment	Source
<b>Contributes to public knowledge</b>	<p>The project appraisal describes how the program design has drawn on lessons learned, but does not detail how the program will contribute to public knowledge. There is some evidence of lessons learning and sharing—for example, a presentation on lessons learnt from the program were made in Manila in 2014 and Geneva in 2015—however it is not clear how these lessons were generated or how they fit into broader program M&amp;E.</p> <p>Under the previous program, there were documents produced which share evidence generated from the program such as the World Bank Briefing Note on gender and entrepreneurship and the OECD Case Study on the TDF (which contains sections on lessons learnt and applicability to other programs). There is no clear link between these documents and a program M&amp;E framework or strategy.</p>	<p>Project appraisal document</p> <p>Trade Development Briefing Note</p> <p>OECD Case Study, 2010</p> <p>Trade Facilitation Committee and Trade Portal In Lao PDR, 2014</p> <p>Trade Facilitation Secretariat (TFS): Lao PDR, 2015</p>

## Annex 3: Consultations

Interview group	Australia	Fiji	Vanuatu	Samoa	Tonga	Papua New Guinea	Solomon Islands	Tuvalu	Federated States of Micronesia	Laos	Cambodia	TOTAL *
DFAT Canberra	12											12
DFAT Post		2	2							4		8
PACER Plus Negotiators				2	4	1	2	1	1			11
Office of the Chief Trade Adviser (OCTA)			2									2
Australian Government, Department of Agriculture	2											2
Australian Competition and Consumer Commission	2											2
Australian Government Border Protection	1											1
Private Sector representatives	2	13	2							2		19
Chamber of Commerce			1									1
Counterpart Government Officials		1	2							13	9	25
Managing Contractor		4	2							3		9
Pacific Island Forum		2										2
Universities	1									2	1	4
<b>Total</b>	<b>20</b>	<b>22</b>	<b>11</b>	<b>2</b>	<b>4</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>24</b>	<b>10</b>	<b>98</b>

\*Shows number of persons consulted





