

Australian Government

Department of Foreign Affairs and Trade



Global and Regional Perspectives: Situation Analysis Report

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1 Global context and shifts

Since the November 2001 launch of the Doha trade negotiations at the World Trade Organization's (WTO) Fourth Ministerial Conference in Doha, Qatar, the global geo-political context has changed considerably. Since 2008, trade negotiations talks have stalled. Major disagreements centre on agriculture, industrial tariffs and non-tariff barriers, services and dispute resolution mechanisms. The most significant differences are between developed nations led by the European Union (EU), the United States (USA), Japan and the major developing countries led and represented mainly by India, Brazil, China and South Africa. There are also considerable differences between the EU and the USA over the EU's agricultural subsidies.

The proliferation of regional trade agreements continues as progress on the Doha Round has stalled. In 2008, the WTO recorded over 220 Regional Trade Agreement (RTAs).¹ The pace of RTA has also increased, from 3 per year during the General Agreement on Tariffs and Trade (GATT) negotiations to an average of 24 notifications per year. The complexity of the RTAs has increased shifting from bilateral arrangements to more complex and broader regional agreements. Examples of recent regional and more comprehensive agreements include the Association of South East Asian Nations (ASEAN), Australia and New Zealand Free Trade Agreement (AANZFTA) and the currently being negotiated Regional Comprehensive Economic Partnership (RCEP) and Trans-Pacific Partnership (TPP). Australia is party to all three RTAs.

Underlying and driving these agreements are the changing nature of the global economy. Extensive literature has reported on the rise of China as an economic power and its increasing integration with the global economy.² India and South East Asia are also growing economic centres, increasingly integrated into the global economy. Part of this can be explained by changing geo-political outlook by countries and regions. For example, India has in the last decade taken a more outward looking economic approach.³ While at the end of 2015, ASEAN will complete its ASEAN Economic Community (AEC) blueprint for regional economic integration. It has already begun on a post-2015 plan for closer economic cooperation among its member states.

Advances in technology have enabled the closer integration and growing trade across countries. The rise in containerisation, global and regional transport networks, improvements in cold storage and above all the growth and developments in Information and Communication Technologies (ICT) has improved logistics by reducing transport costs, delivery times and improved access to relevant and timely information.⁴

¹ See: https://www.wto.org/english/tratop_e/region_e/eif_e.xls.

² Rumbaugh, Thomas and Blancher, Nicolas, China: International Trade and WTO Accession (March 2004). IMF Working Paper No. 04/36.

³ Rodrik, Dani & Subramanian, Arvind, 2004. "From "Hindu Growth" to Productivity Surge: The Mystery of the Indian Growth Transition," Working Paper Series rwp04-013, Harvard University, John F. Kennedy School of Government.

⁴ Baliamoune, Mina N. (2002). The new economy and developing countries: Assessing the role of ICT diffusion. WIDER Discussion Papers // World Institute for Development Economics (UNU-WIDER) 2002/77.

Bringing goods to market increasingly requires the coordination of production across multiple economies. Global Value Chains (GVCs) have come to characterise much of modern production, frequently linking together developed and developing economies. GVCs not only characterise the production of high technology goods but also the production of more basic agricultural products, ranging from fresh fruits and vegetables to cut flowers. The growth of GVCs also extends to the service sector, with call centres, back office and software development representing only some of the GVCs in services. The increasing integration of production across multiple national boundaries signifies that at-the-border issues, and more generally trade policy, regulations and trade facilitation are critical issues for enabling developing countries' participation.

The private sector is seen as key dialogue partner in the Aid for Trade (AfT) debates. Increasingly the private sector is part of a public private partnership, valued not only for the financial contribution but also for their policy contribution. A significant concern for the private sector is the costs at the border. This is both in time and money. The increasing importance of GVCs that span several national boundaries make this a key issue. For small and medium enterprises (SMEs) this issue is also one of access to information and procedural obstacles.

The changing global context also plays out differently across regions. The island states of the Pacific have small populations and local markets. For example, except for Papua New Guinea (PNG), all the other 13 Pacific states have populations less than one million; in contrast the largest state in ASEAN has more than 230 million people. The Pacific island states are also more remote from other markets and geographically more dispersed than South East Asia. The Pacific economies tend to be dominated by the state and reliant on official development assistance (ODA) and remittances. The Pacific islands' high cost investment climate create barriers to participation in GVCs and RTAs. In contrast, the ASEAN group of economies, while quite diverse, tend to have much more dynamic private sectors and are actively pursuing a range of RTAs.

The increase in the number of RTAs, the importance of GVCs, and the enhancement of the multilateral trading system through advances in technology each have implications for developing countries' participation. Developing countries require significant capacity to successfully negotiate and participate in RTAs. Moreover, RTAs and the growth of GVCs have implications for the poor and women in particular. "Behind the border" policies and reforms are important for enabling economies to benefit from RTAs and GVCs and ensure that the poor and particularly women benefit.⁵ Donor agencies are seeking new ways of using development resources and tools to strategically leverage the private sector role in contributing to positive development outcomes.

⁵ See for example case studies in: 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, U.K.

2 Australia's investments in Aid for Trade

The Australian Government has set itself a target of increasing AfT expenditure to 20 per cent of Australia's aid budget by 2020. This will help implement the Government's development policy of promoting economic growth and reducing poverty in the Indo-Pacific region. The target positions Australia as a key provider of AfT in line with other major donors.

In WTO's *Aid for Trade at a Glance* report, Australia is rated as one of the top 20 AfT donors. Between 2002 and 2005 it contributed an average of USD248.6 million per year. By 2013 this had increased to USD452.1 million (see Box 2 and also Figure 1 below). From 2002 to 2013, the largest part of Australia's AfT investment went to building productive capacity. Approximately 50 to 60 per cent of all AfT disbursements went to this category. Between 2002 and 2013, economic infrastructure accounted for approximately a third to close to half of disbursements. Trade policy and regulations

Box 2: Australia's Aid for Trade				
2006-08	avg. USD305.8			
2009-11	avg. USD472.6			
2012	USD534.6			
2013	USD452.1			
Actual disbursemen	t in USD (millions)			

constant 2013 prices.

accounted for only two to five per cent of disbursements.⁶

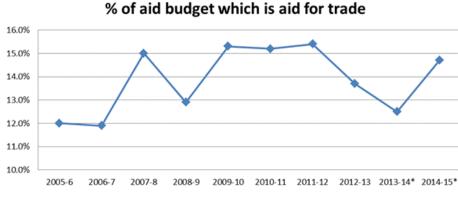
This pattern was similar for the most recent data available. In 2013-14 the majority of Australia's estimated AUD630 million in AfT expenditure was directed towards global or multi-country initiatives (35 per cent), projects in East Asia (31 per cent), and projects in the Pacific — including in Papua New Guinea (17 per cent). Approximately 54 per cent was directed towards building productive capacity — including in agriculture, 42 per cent towards improving economic infrastructure including transport and storage, and 4 per cent towards streamlining trade policy and regulation. See Figure 1 below.⁷ The estimated budget for Australia's AfT investments in 2014/15 is AUD742

million (Source: <a href="http://dfat.gov.au/aid/topics/development-issues/aid-for-trade/Pages/aid-for-trade/P

Australia's disbursement across the three broad categories of AfT is similar to other Organisation for Economic Co-operation and Development (OECD) countries and when compared to the multilateral organisations. For most OECD countries and the multilaterals, economic infrastructure and building productive capacity accounted for more than 90 per cent of expenditure.

⁶ WTO and OECD, 2015 Aid for Trade at a Glance 2015: Reducing Trade Costs for Inclusive, Sustainable Growth. ⁷ See: <u>http://dfat.gov.au/about-us/publications/trade-investment/trade-at-a-glance/trade-at-a-glance-</u> 2014/Pages/performance-07-aid-for-trade.aspx.





Source: DFAT intranet

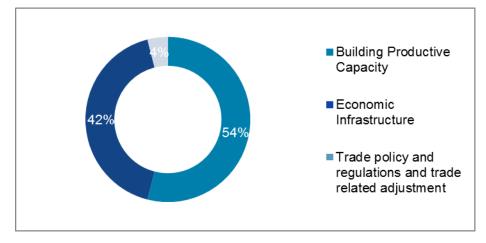


Figure 2: Australia's Aid for Trade by Sector and Region, 2013 - 2014

Source: <u>http://dfat.gov.au/about-us/publications/trade-investment/trade-at-a-glance/trade-at-a-glance-2014/Pages/performance-07-aid-for-trade.aspx</u>.

Focussing on Australia's investments in Trade Policy, Regulations & Trade-Related Adjustment, Table 2 shows DFAT's current investments (2005 to 2020) in this area.⁸ There are 24 investments identified and listed in Table 2, valued at a total of AUD542.5 million. Of these, several are current versions of much longer running programs. For example, AADCP 2, as the number implies, had a previous iteration with much the same objective and functions. Similarly, AIPEG is a long running program which previously was named the Technical Assistance Management Facility (TAMF) and included a trade component.

Investment Name	AUD million (AfT part of program)	Coverage / Dates	Description and Rationale	
AECSP	20	Asia Regional 2010-15	AANZFTA Economic Cooperation Support Program (AECSP) is a five-year program that helps build the capacity of ASEAN countries to access the benefits of the AANZFTA negotiated in 2010.The ASU is located in the ASEAN Secretariat.	
Asia(AADCP) Phase II is a seven-yearAADCP II60Regional2008-19program supports improvements		ASEAN-Australia Development Cooperation Program (AADCP) Phase II is a seven-year program helping ASEAN establish a regional Economic Community by 2015. The program supports improvements in investment, trade in services and consumer protection in the region.		
GMS Trade and Transport Facilitation	5	Laos 2011-16	Australia is helping to streamline border procedures and reduce the time required to process and clear goods through customs in the Greater Mekong Subregion. Funding was provided to ADB to address the most significant constraints to efficient cross-border trade in the Mekong.	
Trade Development Facility	8.7	Laos 2013-17	The TDF provided support across five components: trade facilitation, sanitary and phyto-sanitary rules and technical barriers to trade, export competitiveness, business environment, trade policy, trade agreements and global opportunities, and strengthening the National Implementation Unit.	
PNG Strongim Gavman Program (SGP)	18	PNG 2009-15	Program to strengthen public sector performance and accountability in PNG. Senior Australian customs officials are deployed to PNG on two to three year placements to provide capacity building and advice to PNG. Only three out of a total of 34 officials are deployed in the PNG Customs under the SGP/Twinning arrangement.	
PNG- Australia Customs Twinning Phase 2	2.3	PNG 2010-15	This is part of the Strongim Gavman Program to deliver jointly agreed short-term (less than 12 months) activities to provide PNG customs officers with first hand public policy and technical experience from their Australian counterparts.	

Table 2: Australia's Aid for Trade Policy and Regulation Investments, 2005 to 2020

Investment Name	AUD million (AfT part of program)	Coverage / Dates	Description and Rationale	
RAMSI	211	Solomon Islands 200-13	Program to improve economic and public sector governance through support to central agencies. Includes small-scale support to modernise and strengthen customs management, including the introduction of ASYCUDA	
Customs ICT Automation System - ASYCUDA (SI)	64	Solomon Islands 201-162	Part of Solomon Islands Governance program (SIGOV). It is a program to modernise and strengthen customs management, including the introduction of ASYCUDA (Customs automation system) for SI Custom and Excise division.	
Oceania Customs Organisation	1.8	Pacific Island Countries and Territories 2014-16	The grant supports the Oceania Customs Organisation (OCO). The mission of the OCO is to promote efficiency and effectiveness in all aspects of Customs administration in Oceania, with particular emphasis on the needs of Customs administrations of developing countries.	
PHAMA	32.2	Pacific Island Countries and Territories 2009-17	PHAMA is a DFAT trade facilitation program to assist the Pacific Island Countries and Territories (PICTs) to address market access issues. PHAMA (Phase 2) assists Samoa, Tonga, Solomon Islands, Vanuatu and Fiji by addressing the quarantine, sanitary, phyto-sanitary and other market access requirements.	
PACER Plus	17.9	Pacific Island Countries and Territories 2007-16	Support Forum Island Countries through greater regional trade and economic integration. It's helping Forum Island Countries to participate and engage effectively in PACER Plus negotiations and includes funding for the World Customs Organisation (WCO), and for trade facilitation initiative development.	
Solomon Islands Biosecurity Development Program	1.5	Solomon Islands 2013-16	Australia is strengthening the country's agriculture and quarantine services, and improving the country's market access and trade opportunities	

Investment Name	AUD million (AfT part of program)	Coverage / Dates	Description and Rationale	
Regional Trade Facilitation Program	2.5	Pacific Island Countries and Territories 2005-09	Providing support for capacity building and institutional strengthening to improve Pacific Island Countries' ability to operate effectively in the multilateral trading environment. Linked to the PACER Plus agreement.	
Pacific Regional Customs Support	1.8	Pacific Island Countries and Territories 2014-16	The Pacific Regional Customs Support initiative supports the Oceania Customs Organisation (OCO). The OCO mission is to promote efficiency and effectiveness in all aspects of regional customs administrations. The OCO provides technical assistance to help with revenue collection and trade facilitation.	
Beyond World Trade Organisation (WTO) Ph. II	7.6	Vietnam 2009-14	Helping Vietnam implement key economic reforms and meet their WTO membership obligations	
Australian Global Trade Integration Facility	6	Global 2014-18	The Facility will support projects on trade policy and regulations, as well as private sector development and research. A new investment under the Facility is Australia's contribution over three years to the World Bank's Trade Facilitation Support Program.	
GoA-PIFS Partnership	21.6	Pacific Island Countries and Territories 2014-19	Addressing major regional development issues in line with Pacific Island Forum Secretariat (PIFS) mandate.	
WTO Global Global Global Global Cou Trust Fund 2012-17 neg			Australia's contribution to WTO Doha Development Agenda Global Trust Fund. This program helps development countries engage more effectively in multilateral trade negotiations and implement their WTO membership commitments. It is a grant agreement.	

Investment Name	AUD million (AfT part of program)	Coverage / Dates	Description and Rationale	
Enhanced Integrated Framework	3	LDCs 2012-15	Helping the Enhanced Integrated Framework (EIF) identify constraints to trade in Least Developed Countries (LDCs). It also assists Enhanced Integrated Development (EID) to implement capacity building activities and integrate trade into the national policy process.	
International Trade Centre	3	Global 2013-16	The funding is to support the economic development of women in the Pacific region. Through the International Trade Centre's Women and Trade Program, the project will link women entrepreneurs from the Pacific to regional and international markets, enabling them to increase their exports.	
World Intellectual Property Organisation	2	Global20 12-15	The World Intellectual Property Organisation is supported through IP Australia. This initiative helps developing countries strengthen their intellectual property systems for increased innovation and investment.	
APEC Support Fund Contribution	7.8	Regional 2011-15	APEC Support Fund (ASF) complements WTO Agreement on Government Procurement (GPA) and Trade and Investment Liberalisation and Facilitation (TILF) to meet capacity building needs for APEC developing economies in agreed high-priority areas for economic and technical cooperation. The ASF and its sub-funds are sourced from voluntary member contributions.	
SEA Trade Facilitation Program (SARTFP)	25	South Asia 2015-19	DFAT-World Bank partnership for South Asia. SARTFP is an AfT investment that specifically focuses on supporting gender-sensitive initiatives (trade facilitation, infrastructure connectivity, livelihood and enterprise development).	
AIPEG Australian Indonesian Partnership for Economic Governance	13.9	Indonesia 2009-15	AIPEG provides technical and capacity building support to selected economic agencies in the Government of Indonesia. Trade component includes assistance on international trade in services, licensing reform and stakeholder engagement with Ministry of Trade. It accounts for 21% of total activity budget.	

Source: DFAT.

As shown in Figure 3, of the AUD542.5 million Trade Policy and Regulation Investments, four are Asia regional programs with a value of AUD112.8 million and account for 21 per cent of the total. Six are Pacific regional rograms valued at AUD77.8 million and making up just over 14 per cent. Global programs account for five investments valued at AUD20 million and just under 4 per cent. Asia

country programs make up four investments valued at AUD35.2 million and 6.5 per cent, while Pacific country programs consists of five investments valued at AUD296.8 million or 55 per cent of the total.

In reading these figures some caveats should be noted. First, the dollar values are allocated funding and do not represent actual expenditure. Second, not all investments fitted neatly into one of the five categories and some judgement calls were made. For example, the APEC investment was listed in the Asia regional category as best fit. Third, some programs are recent investment designs, while others represent various versions of long running investments. This matters, if we are interested in impacts. Fourth, regional and global programs often leverage other contributions that are not captured in the current figures. For example, the AANZFTA investment directly leverages and determines New Zealand's contribution to the program. Fifth, some programs are standalone designs while others are components of larger projects. Finally, the investment in Pacific country programs is distorted by the RAMSI (and ASYCUDA) investment, identified in the Investment Framework are specific components related to trade, but form part of a much larger program valued at over AUD2.6 billion, and represent a unique geo-political situation where the investment is driven by other considerations than AfT.

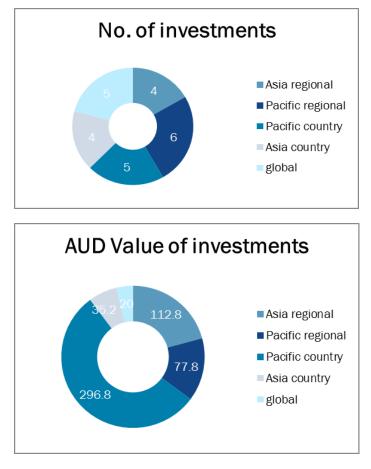


Figure 3: Australia's Investment in Trade Policy and Regulations, 2005 to 2020

Source: DFAT

In terms of categorising the 24 investments by sector, three broad Trade Policy and Regulations categories were initially used. These consisted of "at the border", "behind the border" and more general capacity building.⁹ There was no discernible pattern across the 24 investments. All four Asia regional programs were classified as capacity building. The Pacific regional programs were more diversified, with two categorised as general capacity building, two as "at the border" investments and two complementary "behind the border" policies. In terms of Pacific countries, and excluding the RAMSI and ASYCUDA investments, two remaining of the five investments were in PNG and considered as "at the border" programs. The third remaining program is in the Solomon Islands and is a "behind the border" program. The four Asia country investments consisted of two projects in Laos that included elements of "at the border" and "behind the border" activities and the two remaining Asia country investments were in Vietnam and Indonesia, and both were classified as general capacity building in trade related areas. The final category of global investments consisted of five programs all focused on some aspect of capacity building.

For the 24 investments, available DFAT evaluations were examined to identify what lessons could be learnt to help guide the scope and focus of the AfT evaluation. DFAT's Quality at Implementation (QAI), Aid Quality Check (AQC) reports and Independent Progress Reports (IPR), as well as other internal documents were reviewed. Not all investments had the same level of reports available. Moreover, the documents were primarily focused on operational level details and assessing quality of outputs. Where impact or outcomes were recorded, the focus was often on what was achieved at the individual activity level rather than an analysis of how and why it contributed to the broader program goals. For our analysis, both questions are informative. The "what" helps with considering what can be assess and the how and why helps with lessons learnt in terms of what works best where. The following are important themes emerging from the review of the quality assessment documents.

From the investment projects' quality assessment documents, it was clear that in most instances detailed monitoring and reporting of activities occurred. Activities were often assessed for their impact and achieving outcomes as stated in their individual activity design. Project managers and independent assessors provided good coverage of activities and how they performed. However, less often were the individual activities' successes tied back to the broader program goals. For example, the IPR for AADCP II noted that it "delivered some impressive and ambitions projects" but that it was "harder to judge the ... program as a whole".¹⁰

Regional investments as opposed to country investments tended to perform differently in terms of efficiency. Very few country program documents' identified high transaction costs as an issue. However, regional programs often identified the complex nature of stakeholders and governance arrangements as raising transactions costs. This is an interesting issue, as later in the report, when we cover international lessons learnt, it identifies regional approaches as important for AfT programs.

Integrated approach to measure an individual country's priorities

In terms of evaluating AfT programs, an important consideration will be how we take an integrated approach to measure individual a country's priorities. The regional versus country program is interesting because the Australia aid program, while having regional and global strategies and

 ⁹ There exists some overlap between capacity building and the behind the border category. However, the capacity building category usually had a much wider scope and in several cases identified capacity building as their primary objective.
¹⁰ Bob Warner, Graham Rady and Colin Reynolds, May 2012. ASEAN Australia Development Cooperation Program Phase II, AidWorks Initiative Number INH857. Independent Progress Report.

initiatives, is primarily operationalised on a country program basis. For example, in Indonesia, country programs such as AIPEG support the AfT agenda, as do regional programs such as the AADCP 2 and the AECSP. However, as is clear from the lack of mention in any documentation, there is often little coordination or leveraging off each other.

Government ownership and alignment

The quality assessment documents noted that government ownership and alignment with government priorities were important elements for success. Where programs were seen to be aligned and helping governments achieve their goals, ownership was often greater. Ownership and alignment were strengthened by government participation in the design of programs and activities. However, for government counterparts to participate as an active partner, they require capacity to do so. While most government counterparts have the ability to engage, limited resources, particularly in some of the CLMV (Cambodia, Laos, Myanmar and Vietnam economies) and PICs, means that human resources are often prioritised elsewhere. An example from the investments is the Laos TDF-2 where substantial project resources were committed to building capacity to allow the Laos Government greater ownership of the program.

Political commitment for reform

A related issue identified in the quality assessment documents is the importance of supporting political commitment for reform. Several reports noted that, within government, there are often senior officials who are champions and make political commitment to specific reforms or a cross section of political will exists at times for specific reforms. In such cases, supporting these reforms or reformist is important to gain traction. For example, the AIPEG design partly relies on identifying key reform champions. While this lesson applies to many aid projects, it is particularly salient for trade related reforms where significant vested interests may exist.

The use of partnership models — such as the AADCP 2 where DFAT directly liaises with ASEAN Secretariat (ASEC) and the AECSP where the ASU reports to the FTA Joint Committee — relies on significant Australian Government officials' involvement, primarily from DFAT, but can include other departments. Partnership models' requirements for Australian Government officials' involvement cannot be handed over to contractors. Such models, while placing greater demands on DFAT, also appear to lead to significant ownership by their counterparts and enhanced outcomes.

3 Gender dimensions of Aid for Trade

3.1 Gender equality and women's empowerment

There is an increasing consensus around why gender equality in trade investments matters. From an economic point of view, scientific evidence shows that removing the internal impediments to trade faced by women and proactively promoting the participation of women in exporting would help boost exports and hence economic development of a country. From a development perspective, increased entrepreneurship and labour force participation by women leads to income generation, employment, improved social status of women in the home and society, wealth creation and slower population growth. It is also shown that increases in women's income tend to correlate with greater expenditure of children and family welfare, unlike similar increases in the income of men.¹¹ From a human rights perspective, governments are committed to protecting and promoting internationally agreed principles that all human beings are born free and equal in dignity and rights.

Gender has always been a consideration within the Australian aid program, however a renewed and targeted focus gradually and more prominently took place from 2015 with the new aid policy. 'Empowering women and girls' is now highlighted as one of the 10 strategic performance targets. The current policy framework 'Making Performance Count' establishes a requirement that "more than 80 per cent of investments, regardless of their objectives, will effectively address gender issues in their implementation". The <u>Strategy for Australia's Aid for</u> <u>Trade Investments</u>, which was <u>Jaunched on 30 June 2015</u>, requires every AfT investment to prioritise the empowerment of women. It is estimated that the Asia-Pacific region alone could increase output by up to USD47

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

¹¹ Hagen von, M 2014, Trade and Gender- Exploring a reciprocal relationship: Approaches to mitigate and measure genderrelated trade impacts. GIZ.

billion each year by eliminating barriers for women in the workforce.

Given that gender equality is central to economic and human development and a priority for all investments under the Australian aid program, the evaluation will give particular importance to the extent to which DFAT trade facilitation investments are adequately addressing gender issues and promoting women's empowerment.

3.2 Key gender issues in relation to Trade Facilitation

The literature on gender and trade is limited. The majority of the literature has focused 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 the growing interest in the subject.

There is an increasing evidence base demonstrating that economic policy, including trade policy and trade policy related instruments such as trade negotiations, trade facilitation, trade agreements and, as a result, value chain development, have often impacted and benefited men and women differently. 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 even lowered.

Women face gender-intensified constraints in the multiple roles they play in the economy such as traders, home managers, taxpayers or entrepreneurs. Women traders face constraints when it comes to customs and border management. 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.²⁸ This means that women are not able to fully benefit from the opportunities and efficiencies that border management reform offers. For instance, due to their lower literacy levels, women might find it more difficult to move to paperless customs clearance processes.

Studies suggest that women typically face higher levels of harassment (corruption, sexual harassment, abuses) and longer waiting times at borders than men and are therefore more likely to avoid official border crossings.¹² In fact, vast majority of informal cross-border traders are found to be women. Long waiting times increase health risks, the likeliness of prostitution in border areas and transport hubs, and increased spread of sexually transmitted diseases and HIV and AIDS.²⁹

Moreover, logistical constraints disproportionately affect women when it comes to trade related transport. Women face cultural biases using appropriate modes of transportation to travel long distances. Many women travel on foot and carry head loads, and their control over even simple transportation advances such as draught animals, bicycles and carts is limited.

Higgins (2012)²⁹ identifies some of the major factors that restrict women from benefiting equally from trade openness and related technical assistance as the following:

- Limited access to and control over key assets and productive resources
- · Limited access to education and business related skills development and training
- Limited access to information and business networks
- Restrictions in movement due to reproductive and caring tasks

¹² Higgins, K 2012, Gender Dimensions of Trade Facilitation and Logistics: A Guidance Note. World Bank.

- Limited access to means of transport
- Gendered occupational segregation
- Lack of participation and consultation in trade negotiations.

Whilst these factors are often shaped with cultural, religious and traditional norms, and hence context specific, it is fundamental that the design of Australian trade facilitation investments are well informed by regional and local gender issues to have a lasting effect on gender equality and women's empowerment.

3.3 Performance of DFAT investments

Although gender mainstreaming has been a priority for some time within the Australian aid program as mentioned previously, most aid programs in the economic sector have not integrated gender successfully.

Gender equality clearly forms an integral part of DFAT's quality assessment. The QAI and its replacement the AQC, report on and score gender equality. The AQC asks whether the investment is making a difference to gender equality and empowering women and girls. Table 3 provides the scores for 13 of the 24 investments. Only one rated as good (score of 5); all the others rated either a 3 – less than adequate, or 4 – adequate.

Having reviewed the 24 AfT investments, for 10 of them no information was found relating to the inclusion of gender or social objectives. More work will need to be done to identify if they exist in other related documents. For another eight, no specific mention was made of gender or social objectives although there was mention of gender and social inclusion considerations, , while for the final six, specific mention was made of these objectives. Of the six that included gender and social objectives, half were regional programs (AADCP II, AECSP and PACER Plus).

Investment	Score	Investment	Score
AADCP 2	3	PHAMA	4
AECSP	3	PIFS Partnership	4
APEC	4	RCI - TFI	4
Lao TDF	4	TEP - AQC	5
Lao TTF	4	IFC - PP	4
Pacer Plus	3	AIPEG	4
Beyond WTO II	3		

Table 3: DFAT's Investments'	' QAI and AQC Scoring for Gender Equality, 2	2014 - 15
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Source: DFAT's QAI and AQC Reports, 2014-15

In the 'Review of Gender in Aid Quality Checks' (July 2015) DFAT analysed eight investments purposively selected from the AfT sector in order to identify and report on effective strategies and approaches, innovative ideas and common problems associated with achieving gender equality.¹³ It found the assessment of gender equality gaps and opportunities, strategies and quality standards for implementation were poorly met in design, implementation or monitoring and evaluation of most investments. One of the major findings of the report was investments that perform poorly on M&E also perform poorly on gender equality. The report also found that only 78 per cent of self-assessed ratings awarded by DFAT investment managers for performance on gender equality were robust. According to this report the best performing regions in investments in gender were the Pacific and Timor-Leste, South and West Asia, whilst the poorest performing regions were Africa and Middle East.

The review reported a general lack of understanding among DFAT program managers on data collection (i.e. disaggregation of data by sex), gender related indicators, and key questions that measure the effects of the investment on gender equality. In only one case study reporting to DFAT included reporting on gender equality indicators and discussion on the effects of the investment on gender equality. The report indicated that there was increasing realisation by DFAT managers that the lack of attention to gender equality issues needed to be addressed. The analysis also confirmed that the AfT sector is one of the poorest performers on gender equality across the aid program.

From an analysis of secondary material such as gender specialist reports and anecdotal evidence from previous interviews with several key informants of DFAT's trade programs, some observations can be made. This includes that the nature of trade programs does not always lend itself to easily including gender into the design and implementation. Furthermore, few trade specialists see gender as something that falls within their purview. Although this is changing with work by the World Bank Group (WBG), WTO, and most recently by the Australian Government, championing trade and gender analysis and programming is difficult.

For this evaluation the seven regional programs were reviewed. The gender perspective is provided in Table 3. Of the seven programs selected, two did not have information available on approaches to achieving gender equality.

¹³ Bysouth, K and Sann, K 2015. Review of Gender in Aid Quality Checks: Final Report. IOD PARC Australia.

Investment	Activity /	y / Cross Cutting Themes (Gender Equality / Social Inclusion)				
	Case Study	Program design	Implementation	M&E	Program Throughout	
RAMSI		The program promotes gender equality through advocacy on laws and policies, social mobilisation and behavioural change. The state owned enterprise reform program includes explicit gender objectives, such as encouraging women's representation on state- owned enterprise boards.	Gender is being mainstream contracts for Permanent Sec disaggregated data on staffin Advisers encourage staff to a equality. Staffs are encourag panels are gender balanced. Permanent Secretaries inclue on performance against gene individual ministries. New Human Resource Mana enables the government to a disaggregated data.	retaries, and through ng and payroll. attend workshops on gender ged to ensure all selection de a key performance indicator der mainstreaming within gement Information System	According to DFAT quality checks, the program has achieved a gender score of 5 (out of 5) in 2011 and 4 in 2012.	
APEC Support Fund		The program design includes a guiding booklet on the gender criteria for APEC project proposals. The criteria seek the overseer to demonstrate how their project activities would maximise gender equality. The application process asks the candidates to explain their steps to ensure the participation and engagement of both men and women in project activities, and how the activities will benefit women.	Project impact data reports t The program proposals reque gender impact will be measu			

Investment	Activity /	Cross Cutting Themes (Gender Equality / Social Inclusion)				
	Case Study	Program design	Implementation	M&E	Program Throughout	
SARTFP		N/A				
GMS-TTF		A gender analysis on the impact of transport and trade measures was carried out in 2014 in parallel to the mid-term review.			According to DFAT quality checks, the program has achieved a gender score of 4 (out of 5) in 2012 and 3 in 2013. The 2014 gender analysis has identified ways to improve the programs gender rating.	
Beyond WTO Phase II		Despite being one of the underlying principles, addressing gender equality is only very briefly (but explicitly) included as a statement of intent in the Vietnam country strategy, in a commitment to increasing high-level policy engagement on gender equality. The intent is for program-level initiatives to be designed to take account of the different needs and roles of women and men. The absence of a country program logic with gender integrated into it has led to gender being diluted within the overall programming and implementation process.	include a framework for imple measures. This should includ ensuring gender equality is a implementation; objectives a	e clear accountabilities for ddressed in program nd targets related to gender tnam Government norms and	Hanoi Post's Gender Action Plan (approved in early 2013) allocates a dedicated gender budget (AUD1.2 m) and a gender resource (30% of time) to coordinate the implementation of the Gender Action Plan, including establishing a partnership with UN Women for strategic and technical advice, and capacity building support to key Vietnam Government agencies in charge of gender equality.	

Investment	Activity /	Cross Cutting Themes (Gender Equality / Social Inclusion)				
	Case Study	Program design	Implementation	M&E	Program Throughout	
SGP		The program states that SGP officials will be provided with an understanding and ability to integrate principles of gender equality and gender mainstreaming as part of their capacity development approach. They will be encouraged to have explicit gender mainstreaming objectives within their respective work plans and they will be provided with the opportunity for ongoing professional development focused on issues relating to gender equality and empowerment of women. It was suggested that the SGP redesign will include an explicit focus on gender equality. DFAT will involve its country program and sector gender advisers in the design process to ensure gender equality is mainstreamed through SGP. The redesign will consider gender- specific performance indicators to feed into the M&E framework. As part of the redesign, DFAT will also consider options for assigning 'gender champion' roles to SGP Advisers.	equal opportunities and the program (at least of selection panel). The p have worked in PNG as mentors/contact point The SGP tries to ensure place for any gender-sp travel, OH&S matters, a as child welfare and so The 2013 DFAT manage review agreed to - Ensure a female pane recruitment - Request gender advise SGP advisers in review ensure gender equality - Promote a more coord SGP advisers are integ such as the Economic Community of Practice with gender focal point	gement response to the program el member to participate in joint SGP sers to provide greater support to ing their existing work plans to v is addressed dinated gender effort by ensuring rated into wider sector approaches and Public Sector Program Gender and are aware of and work closely is in their respective agencies efing for inclusion in the pre-	According to DFAT quality checks, the program has achieved a gender score of 4 (out of 5).	
RTFP		N/A				

3.3 Approaches to mitigate and measure gender related trade impacts

A number of recommendations are provided below based on a literature review¹⁴ of reports with good practices in ensuring gender equality in trade. These are categorised in five themes:

1. Measuring gender in trade

Disaggregated data is key within trade impact assessments, AfT programs and national statistics. It is important for development partners to provide support to national statistics offices or other relevant entities, including trade associations to establish monitoring systems that collect and analyse disaggregated data regularly.

A mixed approach needs to be adopted for data collection related to gender and trade. While quantitative data is crucial to describe trends and answer questions in relation to "what", it needs to be complemented by qualitative data in order to understand the factors behind the trends and highlight issues related to "why". A mixed approach to data collection would allow assessments on the effects of increased exports on employment and wages, poverty levels at the household level, intrahousehold spending and the impacts of the spending on self-esteem, social status and power relations.

2. Trade facilitation and gender

Harmonisation and simplification of regulations and procedures would benefit female traders. Female traders constitute a large majority in informal trade. There are a variety of reasons that women are demotivated to enter into formal trade arrangements. In a Liberian study of informal cross-border traders, 40 per cent of women reported purchasing less than ten 50 kilogram bags of food products, in which case it may not be economically viable to follow official documentation procedures. Some governments and free trade zones have begun to address this issue by allowing alternate requirements for small-volume traders. The Common Market for Eastern and Southern Africa (CoMESA) uses a simplified trading regime that allows small-scale traders to import and export small consignments (less than USD500) without paying duty, thereby incentivising these traders to move into formal channels. It is important that the information on customs and border reforms is disseminated adequately and targeted to women, taking into account lower literacy levels (easily understood guidelines and information material) and channels of information available to them.

Single window approaches or one-stop shops need to integrate specific services for female traders. This can be done through disseminating information on simplified procedures, advisory services and training to enhance formal trade among women. Simplified visa processes, inspection methods, and one-stop shops that integrate border institutions are widely beneficial for all traders and can mitigate and regularise time spent at the border, enabling women to travel longer distances and access a greater number of markets.

¹⁴ GIZ, 2014, Trade and Gender – Exploring a reciprocal relationship. Approaches to mitigate and measure gender-related trade impactsHiggins, K., 2013, Gender and Free Trade Agreements: Best Practices and Policy Guidance, The North-South Institute.

Warnecke, T., 2013, Trading Stories: Experiences with Gender and Trade, Review of Social Economy, 71:1, 112-114

United Nations Economic Commission for Europe (UNECE), 2012, Handbook of Best Practices at Border Crossings – A Trade and Transport Facilitation Perspective

USAID, 2012, Women in Cross-Border Agricultural Trade. Policy Brief.

In Costa Rica, the switch towards a simplified, automated single window warehouse clearing, electronic customs declaration, and risk management with automated method of selection made it possible to reduce customs clearance times from an average of six days in 1994 to 12 minutes (115 minutes in the case of physical inspection) in 2000.

When moving to paperless and computer-based procedures as part of one-stop shop services, low literacy levels of women (and men) should be taken into account. Customs intermediaries may be charging a fee for their services and using their position to take advantage of illiterate women, diminishing women's profit margins and reducing their participation in cross-border trade. Governments can limit the need for intermediaries by ensuring the availability of staff who speak local languages and increasing the use of border crossing forms and instructions that use graphics regarding fees and fines by type of product to facilitate access for illiterate traders.

A current World Bank project in the Great Lakes region of Africa facilitates the participation of illiterate cross-border traders by preparing a handout that describes border processes and required fees through the use of illustrations.

Increasing traders' (particularly women) access to and use of information and communication technology can increase transparency on corruption and malpractices (non-tariff barriers) around customs and border management. By expanding the use of computers, internet, and mobile phone infrastructure for trade, governments can limit corruption and (sexual) harassment and improve efficiency in agricultural markets for both men and women. When Ghana computerised custom services related to cross-border taxes and regulations, reports of abuse and sexual harassment decreased, and there was estimated 35 per cent reduction in occurrences of corruption. In India, phone systems have allowed rural women to obtain direct information on the price of food crops, enabling them to better negotiate prices with middlemen. These approaches particularly benefit women and lower their vulnerability for (sexual) harassment and gender-based violence. Border managers need to maintain a zero tolerance policy against harassment. Negligent managers need to be held accountable for harassment perpetrated by their staff. High-risk border areas can adopt fraud and corruption-oriented hotlines that use hotline reports to monitor, investigate, and discipline inappropriate staff conduct. The United Nations Development Program (UNDP) uses a strong anti-fraud reporting system that can serve as a model.

Sexual assault hotlines are heavily used in South Africa and in Haiti, which deals with about 40 cases a month. However, many gender-based violence hotlines focus largely on counselling and referral rather than monitoring and investigation.

Small infrastructure investments can be utilised to increase safety, hygiene, and privacy for women traders. Governments can make several simple investments to mitigate violence in the border environment. Adding lighting and surveillance cameras can help increase transparency and security by reducing the opportunity for officials to exploit women cross-border traders. Well-lit bus stops and transit points have proven very effective in enabling women to safely travel in South Africa and Bangladesh for instance.

It is important to include women's groups in the design process for transportation infrastructure and public transportation. The inability to travel long distances safely and quickly can deter women's participation in cross-border trade. In West Africa, women's travel via poorly designed public transport has been shown to result in frequent delays, missed market days and perished goods. Women in Cambodia are often only able to get the best prices for their goods if they are at the market very early in the morning. Without access to appropriate road infrastructure, the extensive travel time forces

some women to sleep in their market stalls at high risk to their personal safety. Studies have shown that without a deliberate, proactive focus on including women in the consultation and design process for public transportation services and infrastructure, their voices are likely to go unheard and problems would remain.

Governments need to ensure that women's voices and concerns are adequately represented in the formulation of a trade facilitation strategy. This could be achieved through the consultation of women's agricultural trade and business associations, women traders (both informal and formal enterprises of different sizes), representatives from the Ministry of Gender or gender representatives from other ministries (e.g. Ministry of the Economy), chambers of commerce, and civil society organisations that represent women's interests.

3. Trade agreements, trade negotiations and gender

Mitigation of negative gender-related distributional effects from trade starts with trade impact assessments comprehensively covering gender. These assessments need to clearly analyse who will be affected in which way from expanding or possibly shrinking sectors with disaggregated data on employment, wage gap, working conditions and possibilities of professional advancement. They are particularly necessary ex-ante of trade negotiations.

Diagnostic Trade Integration Study (DTIS) -Lao PDR

The Lao PDR DTIS, which outlines the results framework for trade (updated, April 2012), reflects gender comprehensively. The DTIS highlights female intensity and percentages of female labour in key exports and details poverty and gender impacts for sectors and key export sectors, analysing possible gains and losses. (See Fontana 2012 for more details)

Trade negotiations, trade policy and AfT need to reflect and address information gathered from the impact assessments. The response needs to be altered based on expanding and potentially contracting (export) sectors in terms of male/female labour participation as well as social and poverty impacts for different income groups.

Trade-related civil society organisations with gender expertise need to be consulted in Trade Agreement negotiation processes. Negotiators and/or technical staff involved in TA/RTA negotiations need to be trained on gender-differentiated distributional impacts of trade and/or be provided with comprehensive input covering gender issues for trade negotiations in relation to the respective TA/RTA.

4. Value chain development and gender

A gender differentiated value chain analysis can be instrumental in identifying entry points for specific measures to empower women in the value chain. Gender-value chain analysis is also instrumental in identifying areas where skills development and training is required for women entrepreneurs.

Encouragement of women's representation in public and private trade networks is important to establish market linkages and opportunities for women. Private trade networks among women, as well as broad professional networks that include women, can bolster business relationships and generate opportunities in credit, transport of goods, cold storage, trade promotion, and advocacy for better conditions at the border. Trade fairs or direct contact to international buyers with a special emphasis on women can facilitate women's access to (new) export opportunities.

The Malaysia External Trade Development Corporation (MATRADE) has a special programcalled 'Women Exporters Development Programme' to assist women exporters. With a network of 42 offices

worldwide, MATRADE supports women to network with buyers and partners abroad to secure export opportunities (through supporting women to participate in international trade promotion events), and provides advisory and mentoring services (skills development and international marketing support).

Supporting women's inclusion in (female) trade associations, cooperatives and the development of targeted business development services for women can increase their productivity. Women's associations and their networks can provide access to information and contacts that are vital for obtaining credit and gaining access to technology which allow women to take advantage of trade opportunities. These associations can also provide mentoring opportunities for women and increase awareness among female entrepreneurs of policies and programs in place to support them. Better access to information can transform markets and enable them to be sites for cooperation. Mobile phones for example are increasingly used by women farmers in remote areas to learn market prices for inputs and crops. Women's business networks and associations (such as women-led producers groups and cooperatives) need to be supported to raise the profile of women in trade and to promote access to technology and information exchange.

Building women's capacity through skills development and training has an important role in empowering women to secure higher wages and more secure employment. Limited access to skills development and occupational training is a particular barrier for women to advance in the value chains Specific training opportunities with hands-on training curricula covering specific job-related skills as well as business skills can support women entrepreneurs and women-led export firms in becoming competitive in export markets, and women producers in securing higher wages and more secure employment. Skills development and training need to be integrated in existing training institutions and/or trade associations and provided in ways that are accessible to and appropriate for women.

5. Border management reforms

Women gender experts and representatives from women's organisations need to be included in the assessment, design, implementation, monitoring and evaluation of border management reform processes. Border management policies have a different impact on men and women. When gender perspectives are integrated into the policies and procedures, they become more effective by virtue of improving the prevention and detection of human trafficking and smuggling, of strengthening the protection and promotion of human rights, of creating more gender-balanced and representative border management institutions, and of enhancing local ownership, oversight and collaboration. Private trade networks among women, as well as broad professional networks that include women, can bolster business relationships and generate opportunities in credit, transport of goods, cold storage, trade promotion, and advocacy for better conditions at the border.

Governments need to develop institutional mechanisms to ensure participatory reform processes that support the mainstreaming of gender issues and increased recruitment, retention and advancement of women. Policy-planning processes need to be designed to ensure that the voices of women traders are heard and women's rights to security and privacy are protected. Gender training for border management personnel for example can be aimed at enhancing women's and other civil society organisations' capability to engage in the effective monitoring of border guard, customs and immigration services. Comprehensive codes of conduct can be created explicitly and enforced to address sexual harassment and gender-based violence.

Efforts need to focus on increased data gathering and the use of baseline studies for pilots of genderoriented trade interventions. By collecting sex-disaggregated statistics in border processes and throughout public service delivery, governments will be able to better identify gender discrepancies in cross-border agricultural trade.

3.4 Gender considerations for the evaluation

The review of secondary literature revealed a few important recommendations for trade investments to achieve high performance in gender equality. These recommendations have informed the criteria used in the evaluation framework:

- Gender analysis during design: Program designs need to be well informed by analysis of gender equality gaps and opportunities as well as practical approaches that have been successful in the past.
- Gender equality during implementation: It is important to select the right implementing partner and key implementing personnel. DFAT's capacity to control, leverage or influence a development partner to improve performance on gender equality varies according to the nature of the relationship. The culture within counterpart institutions where programs are implemented also has a significant impact on how gender issues are incorporated. It is also generally accepted by development professionals (and supported by the results of numerous evaluations) that the quality of any investment program is largely dependent upon the quality of the team implementing that program. This is no less true in respect of the achievement of gender equality outcomes. Traditionally trade programs have been delivered by DFAT staff who have specific skills and strong focus on enhancing Australia's trade objectives and outcomes. Designing, implementing and evaluating trade capacity building programs requires a different skillset. The integration of AusAID into DFAT has provided a good opportunity for cross-fertilisation of skills of staff. Finally, the development of gender equality strategies is important for ensuring quality standard during implementation.
- Monitoring performance in gender equality: Incorporating a theory of change for gender equality to simply illustrate the likely impact of the investment on gender roles and how investment might be used to promote positive change. Theory of change would allow testing assumptions made in the program design and whether the approach chosen is adequately taking gender into account. DFAT's Gender and Multilateral Aid for Trade teams have been proactive and increased efforts in formulating tools and guidance on how to effectively and practically integrate and monitor gender perspectives in DFAT's trade programs. However, there are still a number of opportunities yet to be explored to bring together the Australian Government's focus on economic diplomacy, coherence between the trade and aid programs, and the priority on the economic empowerment of women.
- Gender considerations throughout project cycle: Being gender sensitive in stakeholder engagement and understanding partner countries' governance and institutional capacities is crucial to customise policy dialogue and engagement to that effect. A generic lesson from reviewing the quality assessment documents of the 24 investments and spot check of Aid Quality reports is the importance of having clear objectives but maintaining flexibility in achieving them. This is particularly important in trade policies and regulations where there is often a prescribed sequencing of actions to be taken related to particular reform programs, for example as in customs reforms and implementation of rules of origin. Given the different stages of development and capacity of Australia's neighbours, it is not always necessary to be dogmatic in prescribing the sequencing of actions for achieving objectives. Moreover, the involvement of Australian Government counterparts, as is the case in partnership models, allow for developing better understanding by both parties and may lead to greater flexibility in achieving objectives.

4 Other donor experiences

The 2015 Aid for Trade at a Glance report shows there are 38 Development Assistance Committee (DAC) donors contributing to the AfT agenda. There are also an additional four non-DAC countries with AfT contributions. In addition, there are more than 22 multilateral organisations with an AfT program. In total there are over 64 entities that self-report their contribution to the global AfT agenda. The focus here is on some of the leading donors as measured by value and influence in relation to the Trade Policy and Regulations sector of AfT.

4.1 Multilateral donors

The WTO, in conjunction with the OECD, has acted as the main international body supporting and coordinating work on the AfT agenda. It uses the Enhanced Integrated Framework (EIF) as the main mechanism through which less developed countries access AfT. The EIF is a multi-donor program, which helps less developed countries play a more active role in the global trading system and promotes economic growth and sustainable development so as to reduce poverty. In 2015, the EIF supported 49 countries using a multi-donor trust fund with a target funding level of USD250 million. The WTO goals are to:

- 1. Encourage additional flows of AfT from bilateral, regional and multilateral donors to support requests for trade-related capacity building from beneficiary countries
- 2. Support improved ways of monitoring and evaluating the initiative
- 3. Encourage mainstreaming of trade into national development strategies by partner countries.

Starting in 2007, the WTO has held every two years a Global Review of AfT. The Global Review is a self-assessment process that culminates in a meeting for the launch of the report and in later years considered specific themes that translated into a work program for the two years. The five AfT Global Reviews are:

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

2009: Aid for Trade: Mobilizing Aid for Trade. The four key objectives for the meeting were: Moving from commitment to implementation; Mainstreaming trade in national and regional development strategies; sustaining aid flows during the global downturn; and Assessing the effectiveness of AfT.

2011: Third Global Review of Aid for Trade: Showing Results. The emphasis was on what AfT is achieving on the ground, and focused 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 maximise its impact?

2013: 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: 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 and two-year work program of Reducing Trade Costs for Inclusive, Sustainable Growth, is the ongoing process of the Trade Facilitation Agreement (TFA). In mid-2015, Australia contributed AUD1 million to the WTO's TFA Facility to help developing countries implement the Agreement. The TFA 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. The TFA will enter into force when two-thirds of WTO members (108 countries) have completed their domestic ratification process. As of mid-2015 eight countries, including Australia, or six per cent, had ratified the agreement.

Using CGE simulations, the predicted export gains from the TFA are estimated to be between USD750 billion and over USD1 trillion dollars per annum. Developing countries have the most to gain from the TFA, as both exports and GDP growth will rise more than in developed countries. Implementing the TFA should create significant export diversification for developing countries, and particularly for LDCs.¹⁵

Box 3: Econometric Studies - Trade Policy & Regulations

Support for Trade Policy, Regulations and Trade Facilitation can reduce trade costs. There are several econometric studies examining their impact (See: Basnett et al., 2012). For example, Bearce et al. (2010) regression analysis found a statistically significant relationship that for every USD1 of additional USAID investment a USD42 to 53 increase in the value of developing country exports occurred two years later. Ferro et.al. (2012) examined the impact of AfT on manufacturing and services sectors. They found that a 10% increase in aid to transportation, information and communications technology, energy, and banking services was associated with increases of 2%, 0.3%, 6.8% and 4.7% respectively in manufacturing exports in receiving countries. Cali and te Velde (2011) examined the impact of AfT on trade costs and exports, and found that a USD1 million increase in AfT facilitation was associated with a 6% reduction in the cost of packing, loading, and shipping to transit hubs. Razzaque and te Velde (2013) concluded that econometric techniques of various type tended to confirm that "AfT can be effective at both the macro and micro level. However, its impact may vary considerably depending on the type of AfT intervention, the income level and geographical region of the recipient country and the sector to which AfT flow are directed" (p. 26).

The World Bank Group (WBG) and the Asia Development Bank (ADB) are leading partners for many Australian aid investments and also important actors in the AfT sector. The WBG is the largest

¹⁵ WTO, 2015, World Trade Report 2015: Speeding up trade: benefits and challenges of implementing the WTO Trade Facilitation Agreement.

multilateral provider of AfT and works closely with the WTO through the EIF.¹⁶ In programing its support, the WBG is increasingly placing emphasis on GVC in terms of analysis and connecting countries and firms to them.¹⁷

The WBG is preparing to update its 2011 Trade Strategy. Its Board reviewed the new strategy in June 2015 and once finalised, it will be posted on the bank's website.¹⁸ The current strategy includes trade liberalisation and infrastructure investments, as well as lowering transport and other trade related costs, improving access to trade finance, and maximising the poverty-reducing and employment impacts of trade and trade policy.¹⁹ Its strategy focuses on four pillars of:

- Trade Competitiveness and Diversification
- Trade Facilitation, Transport Logistics, and Trade Finance
- Support for Market Access and International Trade Cooperation
- Managing Shocks and Promoting Greater Inclusion.

The AfT activities of the WBG are multifaceted, encompassing concessional lending to low-income countries and non-concessional lending to middle-income countries for trade-related projects. Investments by the International Finance Corporation (IFC) include activities such as trade finance, political risk insurance through the Multilateral Investment Guarantee Agency (MIGA) and the provision of policy advice and technical assistance embodied in analytical work such as the Diagnostic Trade Integration Studies (DTIS) and updates to these undertaken in the context of the Enhanced Integrated Framework (EIF).

The ADB is also a leading multilateral with a significant contribution to the WTO AfT process and a specific focus on the Asia-Pacific region. Like the WBG, it has broadened the scope of its AfT activities from trade liberalisation and infrastructure investments to focus in more recent years on GVCs, connectivity and trade facilitation.

The ADB was instrumental in the formation of the Regional Technical Group on AfT for Asia and the Pacific, and serves as its Secretariat. The Regional Technical Group consists of members from recipient and donor countries involved in formulating and implementing AfT policies and development agencies in the region.

The Regional Technical Group provides an informal regional forum for discussing AfT issues and proposals, sharing good practices, taking stock of available analytical work on AfT in the region, and building partnerships among actors and stakeholders. It seeks to formulate an integrated approach to operationalise AfT. In its most recent report, it highlighted the role of GVCs and identified several key lessons to be learnt from the Asia-Pacific experience, which included:²⁰

• AfT has played an important role in helping Asian economies build the productive capacity to integrate further into the global economy

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¹⁶ See: <u>http://www.worldbank.org/en/events/2015/06/23/fifth-global-review-of-aid-for-trade</u>.

¹⁷ World Bank, 2013. What is the World Bank Doing on Aid for Trade? June 2013, International Trade Department, World Bank.

 $^{^{\}mbox{\tiny 18}}$ The WBG Trade Strategy can be found at:

http://siteresources.worldbank.org/TRADE/Resources/WBGTradeStrategyJune1.pdf.

²⁰ ADB and WTO, 2013. Aid for Trade in Asia and the Pacific: Driving Private Sector Participation in Global Value Chains. ADB, Philippines. See: <u>https://www.wto.org/english/tratop_e/devel_e/a4t_e/global_review13prog_e/AfTrtg_asian_e.pdf</u>.

- Domestic development strategies in Asia and the Pacific are increasingly incorporating measures that target improvements in the investment climate
- Effective public-private dialogues are an essential feature of modern development strategies in Asia and the Pacific
- AfT can promote and work together with other financial flows, which together can enhance AfT's positive impacts on trade capacity
- Despite important successes, Asia's challenged states must more actively diversify AfT resources beyond their existing focus on physical infrastructure.

4.2 Country donors

The focus here is on additional lessons, rather than comprehensive coverage, that will assist with the scoping and focus of the evaluation. Since 2006, a number of countries have carried out evaluations of their programs. This includes Sweden²¹, Finland²², Japan²³, and the United Kingdom.²⁴

In terms of the top DAC country donors, as measured by actual disbursement within the category of Trade Policy and Regulations, the box below shows the top 5 countries and for comparison Australia

(ranked 9th). Of the top five United States (3rd), Germany (2nd) and Japan (1st) also ranked in the top five overall AfT contributors as measured by disbursements, while the United Kingdom ranked 6th in overall AfT disbursements and the Netherlands 7th overall.

United States of America

Of the top five, in 2010 the United States completed a cross-country evaluation of trade capacity building programs.²⁵ The review included all AfT portfolio activities and provided a very positive assessment, Given the review took a cross-country statistical approach and included trade related infrastructure and building productive

Box 4: Top AfT DAC Countries: Trade Policy & Regulations		
United States	338.3	
Netherlands	175.1	
Japan	99.3	
United Kingdom	85.1	
Germany	54.5	
Australia	24.3	
Disbursement in 2013 in USD millions. 2015 Aid for Trade at a Glance Report.		

²¹ Goppers, K. and c. lindahl (2009), SIDA's Trade-Related Assistance: Results and Management, SIDA evaluation 2009:01, Swedish International Development Cooperation Agency (SIDA), Department for Evaluation.

²² Bird, K., et al. (2011), Finnish Aid for Trade, evaluation report 2011:4, Ministry of foreign Affairs of the Government of Finland.

²³ Mizuho Information & Research Institute, 2012. Evaluation of Aid for Trade Summary: Third Party Evaluation Report 2011 -The Ministry of Foreign Affairs of Japan.

²⁴ Basnett, Y., Jakob Engel, Jane Kennan, Christian Kingombe, Isabella Massa and Dirk Willem te Velde, 2012. Increasing the Effectiveness of Aid for Trade: the Circumstances under which it Works Best. ODI Working paper 353.

²⁵ Molly Hageboeck et al, 2010. From Aid To Trade: Delivering Results: A Cross-Country Evaluation of USAID Trade Capacity Building. Produced for USAID by Management Systems International Corporate Offices and Coffey International Development.

capacity programs, it made it difficult to extract specific lessons for Trade Policies and Regulations.

Between 1999 and 2009, the US Government disbursed over USD12 billion for trade related assistance to developing countries. The disbursement was primarily through the Millennium Challenge Corporation (MCC) and United States Agency for International Development (USAID). However, a significant proportion of disbursement involved more than 20 other U.S. government departments and agencies. For example, in 2009, over a third of all disbursement by USD value was through government agencies other than the MCC and USAID.

The review noted that the United States gave particular attention when programming its trade activities to those countries participating in the WTO's EIF process. In terms of types of programs, agricultural products dominated the USAID trade projects and these had a positive effect on developing country exports (see Box 3 for statistical evidence). In measuring the impact, the review noted that a number of critical factors significantly influenced developing country export performance, including world prices and economic growth rates and domestic economic and business policies.

Germany

A strong theme across a number of country's AFT portfolios is their focus on collaboration between donor countries domestic trade agenda and their international AfT programs. In a 2015 review of Germany's AfT programs, it was recommended that Germany should follow the example of other European donors and explore and take advantage of the potential synergies between domestic trade and trade-related development.²⁶ It further recommended highlighting the importance of trade promotion for German companies and for the development of partner countries as this would help raise awareness of the AfT initiatives. It also recommended existing trade policy instruments such as the Import Promotion Desk should be integrated into the German AfT approach.

Japan

Similarly, a review in 2011 of the Japanese AfT program, while using a different evaluation approach to that used in the USAID report and the German review, identified a similar outcome. That is, an important aspect of the Japanese AfT program was East Asia's exporting back to Japan.²⁷ The report also highlighted and recommended that future AfT activities should coordinate with emerging regional donors, in this case Korea and China.

United Kingdom

In contrast, DFID's 2013 review of its trade development work in southern Africa came to a different conclusion.²⁸ The review examined two programs: the £100 million TradeMark Southern Africa (TMSA) and the £9 million regional component of the Mozambique Regional Gateway Programme (MRGP). The Independent Commission for Aid Impact (ICAI), a well-respected review agency, found serious deficiencies in TMSA. It gave it a red traffic light score which implied the program performed poorly overall against ICAI's criteria for effectiveness and value for money. It recommended immediate and major changes.

²⁶ Kröger and Voionmaa, 2015. Aid for Trade: Policies and Strategies in German Development Cooperation. German Institute for Development Evaluation (DEval).

²⁷ Mizuho Information & Research Institute, 2012. Evaluation of Aid for Trade Summary: Third Party Evaluation Report 2011 - The Ministry of Foreign Affairs of Japan.

²⁸ Independent Commission for Aid Impact, 2013. DFID's Trade Development Work in Southern Africa. Report No 30 – December 2013.

While the TMSA was an infrastructure finance program for a north-south corridor, there are several implications for Australia's AfT program. The TMSA's design and implementation were based on assumed benefits for the poor rather than causal relationships between activities and impact. There was an inadequate focus on the poor without the necessary mitigating action against short- and medium-term risks. Furthermore, while DFID has over the years developed a significant body of knowledge on trade and poverty, and had access to an increasing body of literature on the subject, it failed to either use the global learning or utilise specific local knowledge in its implementation. Finally, the M&E systems focused only on measuring activities rather than outcomes, whereas both are required.

4.3 ASEAN-AECSP

Australia's AfT involvement with its South East Asia neighbours has been shaped in part through its ASEAN engagement. Of the two programs with the ASEAN Secretariat (ASEC), the AECSP has a unique history. As part of the negotiated AANZFTA treaty, it included a chapter on economic cooperation. This was a first for Australia. By all accounts it has been highly appreciated by its ASEAN member states (AMS) and has proved useful for implementing the RTA.²⁹ ASEAN Secretariat desk officers and AMS officials, acknowledge the AANZFTA model of economic cooperation is the preferred modality and one they would like to see replicated in other FTAs.³⁰

ASEAN has insisted that economic cooperation chapters are included as part of their RTAs. At least two other ASEAN RTAs include such a chapter. These are the ASEAN–China Free Trade Area (ACFTA) and ASEAN JAPAN Comprehensive Economic Partnership (AJCEP). The current negations on the Regional Comprehensive Economic Partnership (RCEP) will also likely include an economic cooperation chapter. Therefore, it is worth considering what lessons can be learnt from the design and implementation of the AECSP.

Several key elements have contributed to the success of the AECSP. This evidence comes from the annual review of the AECSP and anecdotal evidence from key informants. Design features that contribute to the success include, first, oversight by the FTA Joint Committee which gives ownership to all ASEAN and Australia and New Zealand members. Over the life of the project ASEAN members have increasingly become confident in proposing activities. Second, AECSP activities are directly linked to the implementation and achieving benefits from the AANZFTA. The AECSP work program is designed to help member countries operationalise the commitments made under the AANZFTA. Third, the negotiation, design and implementation of programs under the AECSP often occurs through government to government cooperation. While this is often slower and "messier" than outsourcing it to specialist consultants, it creates greater ownership and commitment by parties. Related to this, is activities. Fourth, the day to day management of the program is embedded into the ASEAN Secretariat. This also creates ownership, but just as important, allows it to effectively operationalise activities. Such design features, come at a cost that do not always measure well against aid efficiency measures and relate to the previous mentioned issue of high transaction costs.

Based on the above elements and by comparing anecdotal evidence gathered from the other RTAs, the lessons can be summarised as:

²⁹ Peter van Diermen, 2015. AECSP Annual Review 2014: ASEAN-Australia-New Zealand Free Trade Area Economic Cooperation Support Program (AECSP). EDS. Adelaide.

³⁰ See for example: <u>http://aanzfta.asean.org/uploads/jms/AEM-CER_18.pdf</u>.

- 1. Ownership by government officials' AfT recipients as well as donor officials is important.
- 2. A hands-on approach by both recipient and donor reinforces ownership and tends to lead to activities and decisions that reflect the priorities of the parties involved.
- 3. The use of outside project management expertise and allowing a degree of flexibility in the design helps empower government officials (AfT donor and recipient).

These lessons will need to be tested before greater validity can be given to them, but from an initial investigation of the different RTAs, it seems to explain, at least in part, the difference in outcomes.

5 International good practice – lessons learnt

With the launch in 2005 of the AfT initiative, the literature has grown very quickly over the last decade. A significant body of writing comes from the WTO, OECD, WBG, ADB and other multilateral organisations, as well as from country aid programs, think tanks and academics. For the purpose of this mapping exercise and to provide structure, international best practices are examined under three headings of:

- 1. Lessons in design and implementation
- 2. Lesson for monitoring and evaluation
- 3. Lessons and consideration of poverty impacts.

In identifying lessons learnt, it is important to note that while the literature and econometric evidence generally show the impact of AfT has been positive, results depends on the type of intervention, the income level and geographical region of the recipient country and the sector to which AfT flows are directed.³¹ For example, the WTO 2013 Aid for Trade at a Glance report noted the available evidence is mixed for different types of aid flows. Moreover, it noted in the same report that other studies had found the reverse of what the WTO reported, and that findings depend very much on the methodology used.

Many of the relevant lessons are repeated in several different publications and articulated in different ways. We have synthesised similar findings to make one general observation with relevant references and rationale provided.

The focus on international best practice is on identifying practical and operational issues rather than broader political economy debates that do not lend themselves to solutions likely to be implementable.³²

Across the literature, it is generally recognised that it is difficult to measure results and develop coherent and believable theories of change that allow for measuring outcomes that can be attributed to program activities. As a result, the focus in the international community has been on gathering case study evidence of AfT activities. The WTO and OECD maintain a joint database of AfT case studies. Based on an analysis of 269 such case studies, the WTO identified the 10 most recurring lessons. Table 4 shows the 10 lessons and how frequently they were mentioned by the various agencies from where the case studies came. Several of these lessons are picked up in the following discussion of best practice and lessons learnt.

³¹ See for example: Gallagher, Low and Stoler, 2005. Managing the Challenges of WTO Participation: 45 case Studies. Cambridge Press, Cambridge. See also, Basnett, 2013. Future directions for Aid for trade. ODI Report.

³² For a well-argued political economy approach by a Nobel Prize winner in economics see: Stiglitz and Charlton, 2013. The Right to Trade: Rethinking the Aid for Trade Agenda. Commonwealth Secretariat, London.

Review of international best practice and identification of lessons learnt can provide useful insights and contextual understanding of Australia's aid program. However, it should be noted that the performance of individual investments will be assessed against the objectives that they set out to achieve and not international standards.

Lesson / Author	Recipient Governmentª	Donor Government	UN⁵	MDBs	Private	Total
1 National ownership	56	38	16	8	2	120
2 Increasing local participation (<i>i.e.</i> mobilizing support of private sector)	37	27	21	5	3	93
3 Value of integrated development programmes (<i>i.e.</i> infrastructure studies/ training/field)	23	15	8	4	2	52
4 Adequacy and reliability of external funding	27	8	7	2	3	47
5 Feedback loops between government and stakeholders	19	12	3	1	3	38
6 Flexibility in project design	12	13	6	1	4	36
7 Exogenous factors	8	4	2	2	3	19
8 Sustained interest of donors	5	7	3	3	1	19
9 Multilateral knowledge married with local knowledge	3	5	5	1	1	15
10 Intra-governmental and interministerial	9	2	2	0	1	14
Total Number of Case Stories by Author	106	71	55	25	12	269

Table 4: WTO/OECD AfT Case Stories Database - Recurring Lessons

Note: Columns don't add to the totals because a given story can mention more than one lesson.

Source: WTO/OECD Case Study Database, and as stated in the 2011 Aid for Trade at a Glance 2011: Showing Results report.

5.1 Lessons for designing and implementation

- 1. Consideration should be given to how a country or region is connected into GVC in designing AfT activities and programs. GVCs 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.³³
- 2. It is important for various forms of AfT to complement each other in addressing constraints and be effective. This is especially important for complementing productive capacity and economic infrastructure.

³³ 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. World Bank. Washington.

- 3. Trade should be mainstreamed into a country or region's development strategies. Evidence shows that where developing countries have mainstreamed trade into their development strategies they tend to benefit more.³⁴ 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 is not integrated in national plans, it tends to be neglected and not prioritised.³⁵ Ideally, the AfT recipient government approach to trade should be a whole of government approach.
- 4. A key lesson identified in several case studies and reviews, is the importance of donor countries' AfT programs alignment with, and ownership by, recipient countries existing trade priorities. Many reports identify this in terms of aligning AfT with the Paris Declaration on Aid Effectiveness.³⁶ Experience from country programs, including Australia's investments, show alignment and ownership to be more important in AfT programs than for many other types of aid programs. The reason for this lies in the nature of AfT, which is often complex and requires significant political will and recipient human resources. An example of the additional burden placed on limited human resources is the proliferation of parallel implementation units which create an additional burden for governments and has weakened their capacity by siphoning off competent officials. Recipient countries often have limited capacity and face competing demands, leading to the prioritisation of programs and activities that align best with recipient government's priorities.³⁷
- 5. Mobilising the support of the private sector and civil society remains a key to effective implementation of trade related reforms. The design and implementation of AfT activities, particularly related to Trade Policy and Regulations, requires strong support within the private sector.³⁸ Often significant vested interest within government and the private sector exists 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, provides an effective forum for advocating change.³⁹
- 6. Identifying bottle necks and binding constraints is an important prerequisite for designing successful AfT interventions. Such analysis needs to consider the political will for reform and interests 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 DTIS through the EIF provides a well-recognised mechanism for country diagnostics and engagement on the key trade reforms needed.

³⁴ 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.

³⁵ OECD, 2011. Aid for Trade: is it Working? See: <u>http://www.oecd.org/trade/AfT/45581702.pdf</u>.

³⁶ 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.

 ³⁷ OECD/WTO (World Trade Organization) (2011) Aid-for-Trade at a Glance 2011: Showing Results. Geneva: WTO, Paris: OECD.
³⁸ OECD/WTO, 2013. Aid for Trade in Action. ECD Publishing.

³⁹ ODI, 2013. Focusing on what matters in Aid-for-Trade: Increasing effectiveness and delivering results. Briefing Paper 79.

7. Given the cross-border nature of trade policy and regulations, regional solutions are often required.⁴⁰ Regional institutions that address constraints are well placed to act as agents for change.⁴¹ Such regional solutions should ideally be complemented by bilateral approaches. In the context of Trade Policy and Regulations, solutions often require software (regulatory institutions, policy changes) and hardware (infrastructure to support cross-country flows of goods, services, and people). In terms of Australia's region of interest, both the Pacific and South East Asia present challenges and opportunities for engaging in bilateral approaches complemented with regional solutions. Engagement with ASEAN and the Pacific Islands Forum (PIF) provide institutional structures for such possible engagements. The Trade Facilitation Agreement (TFA), led by the Philippines, provides a different type of regional instrument for engaging on regional integration.

5.2 Lesson for monitoring and evaluation

- 1. Greater attention needs to be given to collecting evidence and methodologies for collecting evidence. Performance Assessment Frameworks (PAF) need clear objectives and explanations of how these will be achieved. Determining the impact on poverty of trade related donor assistance is challenging. This is often the result of a lack of clear and measurable objectives, or not clearly mapping out the channels through which such objectives will be achieved. The 2011 WTO AfT review noted "most pressing question in AfT is how to show results".⁴² It further noted that "for most DAC donors, attributing trade outcomes and impacts to aid-for-trade programmes and projects presents the biggest challenge". A significant number of publications from the WTO and other donors have focused on the difficulty of measuring results and how to overcome this.⁴³
- 2. Evaluations have generally been focused on activities and less so on higher level goals of a program impact on trade and poverty. Where, impact studies have been done, these have used statistical analysis at the country or cross-country level. However, reviews of AfT evaluations show that the definitions, objectives and approaches vary greatly making it difficult to compare results. More work is required in developing result chains in the theory of change of AfT programs.
- 3. The OECD tools developed for measuring AfT should be considered in the design of AfT PAFs. The OECD has developed a logical framework for results-based management of AfT.⁴⁴ The tools are based on a menu of trade-related targets and include indicators to measure their performance.
- 4. The OECD framework provides an overview of a range of indicators for measuring trade capacity.45 These include, among others, the IFC Doing Business Indicators, The World Bank

⁴⁰ Lammersen, F. and M. Roberts (2015), "Aid for trade 10 years on: Keeping it effective", OECD Development Policy Papers, No. 1, OECD Publishing, Paris.

 $^{^{\}rm 41}$ 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.

⁴² Page 174 in OECD/WTO (World Trade Organization) (2011) Aid-for-Trade at a Glance 2011: Showing Results. Geneva: WTO, Paris: OECD.

⁴³ Turner and Rovamaa, undated. Aid for Trade: Reviewing EC and DFID Monitoring and Evaluation Practices. TraidcrAfT Exchange.

See also, chapter 5 of the WTO, 2013. Aid for Trade at a Glance 2013: Connecting To Value Chains. OECD, WTO.

⁴⁴ OECD (2013), Aid for Trade and Development Results: A Management Framework, The Development Dimension, OECD Publishing.

Institutes' World Trade Indicators and the World Economic Forum Global Competiveness and Enabling Trade indexes. It provides details of how these indicators have been mapped against the AfT objectives, and in doing so, provide a possible set of indicators for measuring results. 46

- 5. The primary question that the OECD logical framework addresses is: What are donors and partner countries trying to achieve? It identifies three different levels of possible objectives (i.e. direct, intermediate and final). Trade is treated as an intermediate objective, serving as a transmission mechanism, with an increase in the value for trade (measured in terms of jobs, income, socio-economic upgrading, etc.) as the final objective. The tool is flexible enough to allow for the prioritisation of different projects' objectives in accordance with the trade development strategies of partner country or donor.
- 6. The Enhanced Integrated Framework (EIF) and the diagnostic trade integration study (DTIS) provide an important mechanism for diagnosing countries needs and coordinating donor participation through the use of trust funds. The DTIS process provides a good analytical tool to identify recipient country needs but less so for regional engagements.
- 7. In the area of trade policy and regulations and trade facilitation, the evidence is not yet clear as to what works where. More evidence is needed to be able to make definitive statements of what works best and under what conditions.⁴⁷ For example, Basnett (2013) found that the evidence for the effectiveness of trade policy and regulations improving trade performance was mixed.⁴⁸
- 8. Without overburdening local counterparts, evaluations of outcomes should be more of a joint undertaking with AfT recipients. Monitoring and evaluation of AfT programs are often directed from donor countries. Best practice is where there is a sense of joint ownership and evaluations are carried out in equal partnership between donor and recipient countries.⁴⁹

5.3 Lessons and consideration of poverty impacts

1. Increased and more efficient trade by itself may not be enough for poverty alleviation. The importance of trade for economic growth is well recognised. Trade liberalisation increase a country's ability for economic growth. And, in turn, economic growth is a basic requirement for poverty alleviation.⁵⁰ However while trade, and the growth it generates, are requirements for poverty alleviation, they may not be enough by themselves.⁵¹ As early as 1977, Dasgupata and Stiglitz argued that risks and market imperfections, particularly in developing economies, may

⁴⁸ Basnett, Y. 2013. Future Directions for Aid for trade. ODI Report.

⁴⁵ See also: OECD (undated, 2011?). Getting Results in Aid for Trade: The use of Indicators. <u>http://www.oecd.org/development/aft/46303870.pdf</u>.

⁴⁶ See for example: Elliott, K.A. (2007), "Ensuring that Aid for Trade Promotes Development: Indicators for Measuring the Impact", paper prepared for the Workshop on Monitoring and Evaluation, WTO High-Level Conference on Mobilizing Aid for Trade: A Global Review, 19 November 2007, Geneva. And: Gamberoni, E. and R. Newfarmer (2009), "Aid for Trade: Matching Potential Demand and Supply", World Bank Policy Research Working Paper 4991, World Bank, Washington, D.C.

⁴⁷ Basnett, Y., Jakob Engel, Jane Kennan, Christian Kingombe, Isabella Massa and Dirk Willem te Velde, 2012. Increasing the Effectiveness of Aid for Trade: the Circumstances under which it Works Best. ODI Working paper 353.

⁴⁹ OECD, 2006. Trade Related Assistance: What do Recent Evaluations Tell Us? See also: Yurendra Basnett, Jakob Engel, Jane Kennan, Christian Kingombe, Isabella Massa and Dirk Willem te Velde, 2012. Increasing the effectiveness of Aid for Trade: the circumstances under which it works best. ODI Working paper 353.

⁵⁰ Dollar, D., Kleineberg, T. and Kraay, A. (2013) Growth is still good for the poor, World Bank Policy Research Working Paper No. 6568, Washington, DC: World Bank.

⁵¹ WTO and World Bank Group, 2015 The Role of trade in Ending Poverty. Jiont WTO and WBG Publication.

lead to everyone being worse off.⁵² A more recent and mainstream view was provided by McMillan in a 2009 review of the literature on the economic effects of trade on poverty reduction, where he concluded "essentially, trade has a great potential for alleviating poverty, but its beneficial effects are not guaranteed".⁵³

- 2. Given the potential for the poor to benefit from trade, it is important that AfT initiatives which lower the costs of trade are complemented by programs that address the challenges faced by the poor. The best approach is where improvements in trade policies, regulations and trade facilitation are integrated into a comprehensive approach that ensures the poor benefit.⁵⁴
- 3. AfT Trade Policies, Regulations, and Trade Facilitation need to include gender considerations. Implementing trade policies and regulations affects men and women differently.⁵⁵ For example, Cambodia's export orientated garment sector and the International Labour Organization (ILO) Better Factory Policy, affects mainly women who make up 85 per cent of garment factory workers.⁵⁶ To address this, women should be consulted and gender impact analysis carried out, and, as appropriate, gender specific interventions implemented. Greater poverty impacts can be achieved through improved gender consultation and incorporating lessons into AfT design.⁵⁷ For example, informal cross-border trade in Africa is usually done by women, while the officials managing the borders are predominantly men. By trade facilitation initiatives considering the gender aspects and applying solutions across the board, it can improve trade and have significant impact on poverty.⁵⁸
- 4. Comprehensive impact studies need to be done to determine the specific impact on the poor. The channels through which the poor are affected by trade can be generalised in terms of product prices, wages, employments, government revenue, volatility and economic growth. However how these are played out depends on specific local circumstances. Analysis is required to ascertain the impacts on the poor in terms of capturing benefits and mitigating risks.⁵⁹
- 5. Where trade adjustments negatively impact on the poor, the impacts should be mitigated and governments should provide help for the poor to adjust and provide appropriate safety nets. The

⁵² Dasgupta, P and JE Stiglitz (1977), 'Tariffs Versus Quotas As Revenue Raising Devices Under Uncertainty', American Economic Review, Vol. 67 No. 5, December, 975–981.

⁵³ MacMilland, 2009. The Economic Effects of trade ON Poverty Reduction: Perspectives from the Economic Literature (Page 59) in 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, U.K.

⁵⁴ Higgins and Prowse, 2010. Trade, growth and poverty: making Aid for Trade work for inclusive growth and poverty reduction. ODI Working Paper 313.

⁵⁵ Korinek, J. 2005. Trade and Gender: Issues and Interactions. OECD Trade Policy Working Paper No. 24.

⁵⁶ van Diermen, P., 2009. Cambodia's Textile and Garment Industry, in 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, U.K.

⁵⁷ WTO and World Bank Group, 2015. The Role of Trade in Ending Poverty. Joint publication by the World bank Group and the World Trade Organization.

⁵⁸ Gamberoni and Reis, 2011. Gender-Informing Aid for Trade: Entry Points and Initial Lessons Learned from the World Bank. Poverty Reduction and Economic Management (Prem) Network Number 62.

⁵⁹ See for example, Redden and Duncan, 2009. Trade Strategies for Poverty Reduction in Small and Vulnerable Economies, in in 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, U.K.

impact of trade integration on a particular poor person depends heavily on their gender, which sector the person works in and their consumption of goods and services.⁶⁰

⁶⁰ OECD, 2009. Trading Out of Poverty: How Aid for Trade can Help. OECD Journal on Development Volume 10, No. 1.

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Acronyms

AANZFTA	ASEAN-Australia New Zealand Free Trade Agreement
ACIAR	Australian Centre for International Agricultural Research
ADB	Asian Development Bank
AEC	ASEAN Economic Community
AECSP	AANZFTA Economic Cooperation Support Program
AfT	Aid for Trade
AIPEG	Australia Indonesia Partnership for Economic Governance
AMS	ASEAN Member States
APTFF	Asia-Pacific Trade Facilitation Forum
AQC	Aid Quality Check
ASEAN	Association of South East Asian Nations
ASEC	ASEAN Secretariat
CLMV	Cambodia, Laos, Myanmar and Vietnam
DFAT	Department of Foreign Affairs and Trade
EU	Economic Union
FTA	Free Trade Agreement
GATT	General Agreement on Tariffs and Trade
GPA	WTO Agreement on Government Procurement
GVC	Global Value Chain
M&E	Monitoring and Evaluation
MolC	Ministry of Industry and Commerce
MRA	Mutual Recognition Agreement
ODA	Official Development Assistance
OECD	Office for Economic Co-operation and Development
PACER	Pacific Agreement on Closer Economic Relations
PHAMA	Pacific Horticultural and Agricultural Market Access
PIC	Pacific Island Country
PICTs	Pacific Island Countries and Territories
PNG	Papua New Guinea
QAI	Quality at Implementation
RCEP	Regional Comprehensive Economic Partnership
RTA	Regional Trade Agreement
SME	Small to Medium Enterprises
TDF	Trade Development Facility
TFA	Trade Facilitation Agreement
TILF	Trade and Investment Liberalisation and Facilitation
TPP	Trans-Pacific Partnership
USAID	United States Agency for International Development
WBG	World Bank Group
WEG	World Trade Organization