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EAST AFRICA TRADE HUB (EATH) 2009-2014

FINAL EVALUATION REPORT

August 14, 2015

This publication was produced at the request of the United States Agency for International Development. It was prepared independently by The Pragma Corporation.

Contracted Under AID-OAA-M-13-00012; USAID Management Support and Technical Analysis Services Project

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ACRONYMS

ACTIF	African Cotton & Textile Industries Federation
AFCA	African Fine Coffees Association
AGCI	African Growth and Competitiveness Initiative
AGOA	African Growth and Opportunity Act
ATI	African Trade Insurance Agency
CMA	Customs Management Act
COI	College of Insurance
COMPETE	Competitiveness and Trade Expansion program
EAC	East Africa Community
EAGC	Eastern Africa Grain Council
EATH	East Africa Trade Hub
EATIH	East Africa Trade and Investment Hub
EATSC	East African Technical Standards Committee
ECA	East and Central Africa
FCI	Farm Concern International
FEAFFA	Federation of East African Freight Forwarders Associations
GFSR	Global Food Security Response
IEHA	Initiative to End Hunger in Africa
ICT	Information and Communications Technology
JBCs	Joint border committees
JICA	Japanese International Cooperation Agency
LAPSSET	Lamu Port Southern Sudan-Ethiopia Transport
NFRA	National Food Reserve Agency
NOGAMU	National Organic Agricultural Movement of Uganda
NTB	Non-tariff barriers
OSBP	One Stop Border Posts
OSC	One Stop Center
PO	Project Objective
PIRs	Project intermediate results
PRA	Pest Risk Assessment
RECs	Regional Economic Communities
RADDEx	Revenue Authorities Digital Data Exchange
RATIN	Regional Agricultural Trade Intelligence Network
RFBS	Regional Food Balance Sheets

RRA	Rwanda Revenue Authority
RUDI	Rural Urban Development Initiative
SAD	Single Administrative Document
SCO	Simplified certificate of origin
SCT	Single Customs Territory
SIDA	Swedish International Development Cooperation Agency
SO	Strategic objective
SPS	Sanitary and Phytosanitary Standards
TAHA	Tanzania Horticulture Association
TFA	Trade Facilitation Agreement
TMEA	TradeMark East Africa
TPA	Tanzania Port Authority
USAID	U.S. Agency for International Development
USG	United States Government
VC	Value chain
VPN	Virtual Private Network
WTO	World Trade Organization

EXECUTIVE SUMMARY

Evaluation Purpose and Questions

The purpose of the East Africa Trade Hub (EATH) performance evaluation is to provide USAID/EA and its partners with an independent assessment of the “Program” project performance, highlighting the major achievements, strengths and weaknesses in order to learn from it and use the lessons for future regional programming. The evaluation should provide useful lessons for current and future programming in USAID/EA.

The Evaluation Questions

1. **Relevance:** Are the project activities in line with priorities set forth in the project objectives and do they address the key areas of integration as prioritized by EATH’s partners?
2. **Effectiveness and efficiency:** Have the project activities achieved their objectives and intended results? What were the factors influencing the achievement and non-achievement of the objectives?
3. **Outcomes and Impact:** What changes (positive and negative; intended and unintended) have occurred as a result of project interventions? What difference has the project made to the target groups/beneficiaries? How have these outcomes contributed to longer-term impact and benefits for the target groups?
4. **Sustainability:** What mechanisms have been put in place to ensure sustainability of the program achievements and to what extent will benefits realized, be replicated in the long term by partners?

In addressing the four key evaluation questions, the evaluators assessed the performance of the three major components of the EATH Program in relation to those questions, specifically:

Component I: Reduce the barriers to regional and international trade

Component II: Facilitate the efficiency and competitiveness of key value chains

Component III: Ramp up trade and investment between the United States and East Africa

Project Background

EATH, initially named the Competitiveness and Trade Expansion (COMPETE) Program, was implemented by Chemonics International Inc., with a group of partners during the 2009-14 period (contract No. EEM-I-05-07-00008-00; a task order under the Global Business, Trade, and Investment II indefinite quantity contract No.: EEM-I-00-07-00008-00). The regional project began activities in February 2009, was officially launched on April 15, 2009, and ended in August 2014. The Program was tasked with promoting regional growth and integration in EAC affiliated countries, as well as expanding East African exports to the United States under the AGOA Trade Preference Program through activities in Burundi, Rwanda, Uganda, Kenya, Tanzania, and Ethiopia and with limited assistance to South Sudan, Mauritius and Madagascar. This was to be achieved via a combination of technical/training and institutional strengthening support to targeted public and private sector organizations to promote critical trade-related policy/institutional reforms; and through technical/training and market outreach/linkage support to sector associations and (largely through them) to individual firms to expand the competitiveness of key agricultural value chains, and to expand the exports of selected value chains to the United States. The Program’s primary partner in working to reduce trade barriers through improved policies was the EAC, though the project began its trade policy work by conducting an extensive assessment of key policy barriers to regional integration and trade for both the EAC and COMESA. The assessment formed the basis for all subsequent work on improving trade policy, streamlining transit and cross-border trade, supporting structured trading systems to increase trade in targeted value chains, and expanding trade under AGOA.

Evaluation Design, Methods and Limitations

The evaluation design relied heavily on two approaches: a review of all relevant documentation about the project; and key informant interviews on site in Kenya, Tanzania, Rwanda, Uganda, and Ethiopia. For the latter, 77 interviews were conducted with USAID Officials, former Hub staff, partner governments, other international organizations, other development partners, and relevant stakeholders. Key analytical methods used to analyze the data collected from project documents and other sources included planned/actual comparisons, pattern/content analysis, and trend analysis, and divergence/convergence analysis when interviewee statements disagreed with those

of other relevant participants. Numerous sources of bias are possible with this approach, including mistakes in recall, biases of interviewees, and failure to identify potential candidates for interview. The team attempted to address these problems by cross-checking informant reports with those of others and with the written record.

General Findings and Conclusions

The evaluation team reviewed the activities under each of three main project components, providing major findings and conclusions. Each is concisely summarized below, followed by answers to the four evaluation major questions, elaborated by component. Much more detail is included in the full report, including recommendations specifically tailored to each component.

Component I: Reduce Barriers to Regional and International Trade

EATH focused strategically on helping to create an enabling environment for competitiveness and trade that would streamline/reduce major rigidities in the regional trade policy and regulatory framework, and thereby spur higher volumes of intra-regional trade and international exports. EATH support under this component focused on reducing the various key trade barriers. This goal was pursued through a combination of targeted policy dialogue and follow-on reform support actions with national governments, regional and international trade related institutions; strengthening the private sector's capacity (including through key sectoral associative entities) to address major trade integration/liberalization challenges; promoting the efficient utilization of Information and Communications Technology (ICT) solutions; and introduction/dissemination of best practice consistent policy reform guidelines and institutional strengthening models in critical trade reform areas.

Relevance: The assistance provided to reduce barriers to regional and international trade was found by the evaluation team to be highly relevant to a wide range of stakeholders, including the EAC, the private sector, and National Revenue Authorities. The three harmonized customs manuals developed by EATH reinforced regional priority customs reform harmonization initiatives and goals, particularly the EAC Development Strategies for 2006—10 and 2011/12—2015/16, completion of the Customs Union Protocol, and consolidation of the Customs Union. Further, the EAC Secretariat noted that this support has proven relevant to establishing a solid foundation for implementation of the WTO Agreement on Technical Barriers to Trade and the recently adopted WTO Trade Facilitation Agreement (TFA). Key trade-related private sector associations receiving support from EATH who were contacted by the evaluation team also expressed their satisfaction with the relevance and applicability of the institutional strengthening support provided by EATH in streamlining transit and cross-border trade. In that area, a broad range of institutional interlocutors confirmed that these represented highly relevant programmatic and well-targeted support initiatives. Finally, National Revenue Authorities contacted by the evaluation team emphasized that the multilateral customs connectivity offered by RADDEX 2.0 was relevant for the national, regional and international agenda for the reduction of trade barriers, advancing regional integration, enhancing compliance with regional protocols and improving the regional business environment.

Effectiveness/Efficiency: Several of EATH's pivotal customs and trade facilitation projects encountered institutional and policy challenges that reduced overall effectiveness. For example, the implementation of the Single Customs Territory (SCT) in late 2013 effectively bypassed RADDEX 2.0, which had already been hampered by staffing challenges and technological coordination issues. With a few exceptions, JBCs have lacked visible support from national governments, and a lack of shared vision between various border agencies has hampered progress toward standardized border management, inhibiting the full realization of potential benefits. However, several customs-related activities were efficient and effective. Targeted technical/institution-building support to EATH's major associative partners has enhanced the visibility of these private sector associations and facilitated targeted coordination with National Revenue Authorities, which has become institutionalized and continues to progress with ongoing constructive dialogue, enhancing accountability for all stakeholders, promoting trade transit streamlining and encouraging improved compliance. In addition, those interviewed reported that the Trade Helpdesk enabled improvements in trade data reporting and accessibility and further increased data transparency and accuracy, facilitating harmonization of reporting and verification of data among EAC member states.

Outcomes and Impact: In a number of areas, the gains that have resulted from EATH trade and transit interventions are quite striking. One area of improvement is port clearance procedures. In this regard for the Port

of Mombasa, the World Bank's 2012 Doing Business Report found that dwell times had fallen from 11.3 days to 5.3 days. The Port of Dar es Salaam, with EATH support, streamlined cargo clearance times from several days to several hours, thereby moving from clearing the paperwork of about 25 agents a day to more than 100. In most instances, the JBCs pioneered by EATH have had a significant impact on the time and cost of border clearance at the sites they operate in (highlighted by a 69 percent reduction in transit clearance times along the Northern Corridor, which resulted in estimated cost savings of between \$44.2 million to \$58.3 million per year.) These efforts have tangibly streamlined trade transit procedures in key 'chokepoints' in the region.

Sustainability: Major trade facilitation reforms achieved under EATH (e.g., RADDEx, and WCO-consistent Customs Procedures) had not reached a final implementation or 'rollout' stage when EATH wrapped up. Even though the RADDEx system was found to be beneficial by EAC member states, they have not been willing to fully staff and pay the cost of maintaining the service. In addition, the SCO regime has essentially not taken hold outside of narrowly defined border crossing areas. These findings reinforce that the ultimate success and sustainability of these initiatives will be dependent on the political will within the EAC Secretariat and its member states to support the provision of additional staff, training, and/or budgetary resources.

The JBC concept remains voluntary in nature; however, the evaluation team noted broad support for continuing these efforts. Major donors are reinforcing the operation of JBCs at key borders in the region, building on the platform established by EATH for cooperation and coordination between national agencies at the border, and the improved collaboration between customs and the private sector also engendered by EATH's support. In addition, the Government of Tanzania has been delegated responsibility for their management, effectively institutionalizing JBCs in that country. Donor support for JBCs also extends to the EAC Secretariat, in the form of capacity building, IT technical support, and advisory services for the development of One Stop Border Posts (OSBPs).

Component II: Facilitate the Efficiency and Competitiveness of Key Value Chains

EATH launched a network of inter-related technical/training support, organizational strengthening, and outreach activities designed to promote regional linkages and increase sales and exports in key high potential agriculture-related value chains (staple foods, coffee, specialty foods, and cotton/textiles/apparel). Major activity streams included targeted support for key regional policy and institutional reforms to address critical non-tariff barriers (NTBs) and promote trade expansion; as well as firm-level assistance (often delivered through key associate partner entities) designed to improve productivity and enhance market linkages. Many of the program's institutional outreach and market development support activities were buttressed by the EATH Partnership Fund, which served as a catalyst for both regional and national policy dialogue and pilot institutional strengthening and market linkage initiatives designed to bolster the competitiveness of targeted value chains.

Relevance: Stakeholders indicated that EATH support to facilitate the efficiency and competitiveness of key value chains was highly relevant to policy goals targeted at increasing regional trade in agricultural commodities. A range of stakeholders in agricultural organizations along the entire production chain indicated that the EATH intervention approaches were cogently geared towards major institutional, policy, and market structure constraints that need to be addressed to effectively promote the development of a functioning structured trading system at the regional and national levels. The strategic mix of institutional interventions (including promulgation of harmonized standards for 22 priority basic agricultural products and harmonization of sanitary and phytosanitary (SPS) standards among EAC member countries) was effectively conceptualized in a manner which has helped lay the groundwork for effectively linking staple food quality standards, enforcement standards/systems, and related trade flow opportunities at the regional level, with more work to be done in the implementation phase. Stakeholders indicated that EATH support in this regard was highly relevant to policy goals targeted at increasing regional trade in agricultural commodities. Likewise, improvements to the Regional Agricultural Trade Intelligence Network (RATIN) system to add functionality and expand geographical reach were designed to satisfy goals—providing better knowledge of regional food availability to inform food security policy decisions and to help traders identify market opportunities—that are highly relevant to EATH's objectives and the aims of regional stakeholders. The evaluation team also found that EATH had considerable success in targeting qualified and ambitious associative organizations and firms in the non-traditional agricultural sectors (including fine coffee and fruits/vegetables). Stakeholders characterized such efforts as highly relevant to expanding exports and sales of such products and promoting increased competitiveness.

Effectiveness/Efficiency: Actual implementation of lynchpin initiatives in value chain competitiveness remains in almost all cases at an incipient stage, with limited progress in leveraging commitment at the member state level to effectively disseminate and enforce the standards, processes and/or methodological procedures adopted by the relevant EAC regulatory body. Given the complexity of the EAC policymaking process, which often requires several years for legislation to be finalized and adopted, the progress made under EATH (toward adoption of harmonized standards for priority agricultural commodities, for example) realistically fulfills the project objectives. While EATH helped transform RATIN to the point where it has the potential to become a regionally integrated platform with enhanced real-time functionality, the system has not yet been effectively rolled out in a comprehensive manner due to a combination of ongoing uncertainties regarding the precision and continuity of product pricing, data quality, and electronic interfacing issues. In the case of RFBS, a commitment by both the public and private sector has been inconsistent, which effectively leaves its utility as an open question.

However, EATH's approach to rationalizing value chain operations and empowering groups of smallholders was particularly effective in increasing trade opportunities and raising incomes in Tanzania under Rural Urban Development Initiatives (RUDI) and in Kenya and Uganda under Farm Concern International (FCI). RUDI's CEO emphasized that EATH interventions had been more successful than previous attempts (by the government and other development organizations) to improve farmers' livelihoods because of the emphasis on ownership that required active participation by the farmers and the approach that followed trainings with concrete measures that allowed farmers to improve the quality of their products and therefore secure higher prices.

Outcomes and Impact: EATH's interventions to empower smallholder farmers through its grant-financed Partnership Fund were largely successful, resulting in significant increases in trade of selected agricultural goods, better post-harvest practices, increased productivity, and higher family incomes for local farmers. As a result of targeted trade facilitation measures supported by EATH, beneficiary farmers experienced a significant increase in the value of traded beans and maize between 2010 and 2011.¹ Over the LOP, organizations working with nascent farmer groups in vulnerable areas in Kenya, Uganda and Tanzania effectively applied EATH funds to integrate 46,000 smallholders into the structured trading system. Between 2009 and 2013, the value of intra-regional trade in staple foods in the EAC increased by 145 percent.

Through a combination of technical/training support, buyer missions, sponsorship at major international trade shows/fairs, and effective branding/rebranding of major regional outreach events, EATH has succeeded in significantly enhancing the competitiveness and raising the market profile and visibility of a range of export firms in key agricultural value chains; particularly the fine coffees sector (where exports have risen by about 25 percent annually over the past few years). Overall, EATH helped transform the African Fine Coffees Association (AFCA) from a small organization to a thriving regional player with more than \$1 million in savings. In the fruits/vegetables sector, the EATH support program with the National Organic Agricultural Movement of Uganda (NOGAMU) helped leverage an increase in exports from \$30.1 million to \$44.6 million between 2009 and 2014.

However, the full and effective implementation of the first wave of harmonized staple food standards across the region remains effectively constrained by the lack of agreement at the national level to mutually recognized quality and safety control monitoring and assurance mechanisms and systems. In this regard, EATH developed with the East Africa Grain Council (EAGC) a detailed implementation guide which should help promote progress on agreement on consistent testing/grading protocols, which the evaluation team learned had proven effective in enhancing regional trade, in turn allowing local growers to attain premium prices not possible previously.

Sustainability: Overall, EATH did not appear to enter into its core staple foods policy and institutional reform and capacity upgrading initiatives with a clear sustainability strategy in mind; but rather sought to promote 'jumpstart' adoption and implementation with longer-term sustainability considerations left in the background. Vast

¹ Between 2010 and 2011, the value of traded maize and beans for farmers working with Farm Concern International increased from US \$ 11,911,200 to US\$ 19, 084,147 (FCI, July 2015).

hurdles seem to remain in facilitating harmonized national level buy-in and roll-out of reform initiatives that were in the approval/implementation stage when EATH ended. These interventions are significantly policy-dependent, and therefore rely on securing political will and building the capacity of EAC member states to accurately report agricultural output data (in the case of RATIN) and track product surpluses (in the case of the RFBS). Full dissemination and implementation of the adopted harmonized staple food standards will require fuller national level buy-in from relevant policymaking authorities, along with ongoing coordination at the regional level. Similarly, the scalability and expanded application of pilot PRA initiatives, and the extension of these to harmonized testing and mitigation protocols and systems across the region, remains a fundamentally open question. In addition, the policy interventions under component one (reducing barriers to regional trade) were at times disconnected from value chain interventions, which did not allow for a transfer of momentum as part of a broader plan to move forward on reducing trade barriers and develop policies favorable for the expansion of agricultural value chains.

Component III: Ramp Up Trade and Investment Between the U.S. and East Africa

EATH initiatives targeted a wide range of both private and public entities in its efforts to develop market linkages and expand exports under AGOA, among them: private firms with interest in the selected commodities (textiles/apparel, cut flowers, home décor, fashion accessories and specialty foods); regional trade associations; relevant government ministries and departments/agencies; and, regional economic bodies, notably the EAC. EATH provided technical/training and market-matching support to over 200 companies and to major associative entities across the four targeted sectors in the five EAC countries, as well as Ethiopia and Mauritius. The program designed a number of targeted capacity building activities to empower private associations and their members: providing targeted firm-level technical assistance; participating in international trade shows; organizing Origin Africa outreach events; facilitating inward buyer missions; expanding the Friends of Africa Board of Advisors; building organizational capacity of partners; and leveraging intra-project synergies and collaboration.

Relevance: To enhance trade and investment linkages under AGOA, EATH worked in collaboration with a wide array of regional trade associations, providing analysis and advisory support and knowledge management designed to improve the supply response in key sectors to the opportunities associated with AGOA. Stakeholders in these areas consistently indicated to the evaluation team that the technical/training and outreach support provided by EATH experts in these areas was timely, relevant and responsive to organizational needs. In particular, the project's combination of branding/market-matching and enterprise level productivity enhancement and quality control interventions were seen as highly relevant and focused by firm-level and sectoral associative counterpart institutions.

Effectiveness/Efficiency: In the trade and export promotion area, EATH shifted focus mid-stream from firm-level assistance to sector level association-based support, reflecting both the fact that it was not cost-effective to assist a select few firms and a related desire to concentrate on strategic intervention activities that could yield wider impact. At the same time some beneficiaries/stakeholders that were contacted expressed concerns regarding the short-term or sporadic nature of technical/training support received through EATH. This resulted in uncertainty regarding their capacity to effectively follow through on and further expand market linkages generated through the EATH program. More broadly, stakeholders across all sectors agreed that the effectiveness of EATH interventions might have been further strengthened had the program conducted more research and/or consensus-building activities before work began.

Outcomes and Impact: EATH appears to have had considerable impact across a number of non-traditional export sectors in helping forge initial contacts and market linkages for African exporters, through a combination of targeted outreach campaigns and trade show events (both regional and international). EATH facilitated approximately \$151 million in exports of textiles and apparel, \$18 million in home décor and fashion accessories, \$12.5 million in cut flowers and \$12 million in footwear under AGOA.² However, export targets seem to have

² Hub-facilitated export totals are provided by sector, as reported in the USAID East Africa Trade Hub Final Report, August 2014.

been set very low, at an average of approximately \$17 million per year, which constitutes between 2% and 5% of annual AGOA exports from the EAC countries, Ethiopia and Mauritius over that period.³ This inevitably raises questions regarding the developmental relevance and impact of significantly exceeding those targets.

At the associative level, most organizations reviewed by the evaluation team were very clear that EATH technical and resource support had played a lynchpin role in allowing them to help their members build awareness of AGOA benefits and related market access requirements and helped them to identify critical trade integration policy/regulatory issues that limited their members' capacity to respond to AGOA opportunities. However, while EATH provided strong tangible institution building support to a significant number of regional representative institutions in key targeted sectors, it appears that significant additional progress needs to be made to truly transform many of them into self-sustaining bodies.

Sustainability: EATH had a significant impact on the capacity of a large number of African firms to increase sales/exports and compete more effectively on U.S. and other export markets. However, although the project's combination of branding/market-matching and enterprise level productivity enhancement and quality control interventions were clearly impactful, a legitimate question remains as to whether the intervention strategy will yield sustainable and widely replicable benefits – particularly given the intensity and depth of international competition in the non-traditional sectors chosen for support.

Long-term benefits in the form of greater financial autonomy and organizational capacity have accrued to a number of key local organizations in critical East African value chains that EATH provided intensive support to through its Partnership Fund, particularly the African Fine Coffees Association (AFCA) and the African Cotton and Textile Industries Federation (ACTIF). Despite this progress towards enhanced organizational efficiency and autonomy for a few high-profile organizations, most associative organizations which received project support continue to remain heavily dependent on a combination of member's annual fees, levies on produce deliveries, and substantial external support.

PROJECT BACKGROUND

EATH, initially named the Competitiveness and Trade Expansion (COMPETE) program, was implemented¹ by Chemonics International Inc. with a group of partners during the 2009-14 period (contract No. EEM-I-05-07-00008-00; a task order under the Global Business, Trade, and Investment II indefinite quantity contract No.: EEM-I-00-07-00008-00). The regional project began activities in February 2009 and was officially launched on April 15, 2009. The project ended in August 2014; with activities in Burundi, Rwanda, Uganda, Kenya, Tanzania, Ethiopia, and with limited assistance to South Sudan, Mauritius and Madagascar. The program contained three major program components: (1) reduce barriers to trade; (2) support the growth of key sectors through a targeted value chain (VC) competitiveness enhancement approach; and (3) increasing trade and investment with the United States under the African Growth and Opportunity Act (AGOA). The project was expected to adhere to the following guiding principles:

- Value chain driven approach
- Private sector led interventions
- African led solutions
- Strong public-private sector partnerships
- Innovative use of technology

EATH was designed to support USAID East Africa's strategic objective (SO) 10 - Increased Regional Economic Growth and Integration. Under SO 10, the project was expected to contribute to two results areas; result one – Effectiveness of African Trade Institutions Improved and result two – Productivity of Agricultural and Natural

³ EATH targets for the value of exports facilitated under AGOA were: \$15 million (2010); \$20 million (2011); \$20 million (2012); \$20 million (2013); and \$10 million (2014).

Management Resources Enhanced. To reach threshold Project Objective (PO) – Economic Growth and Food Security Enhanced, the project was expected to focus on contributing to three specific project intermediate results (PIRs):

- PIR 1 Reduced Barriers to Trade
- PIR 2 Increased Competitiveness and Trade in Select Regional Value Chains
- PIR 3 Increased Trade and Investment between the U.S. and East and Central Africa

The project was initially designed to facilitate an integrated approach to two high-level United States Government (USG) priorities: the Initiative to End Hunger in Africa (IEHA), and the African Growth and Competitiveness Initiative (AGCI). It was also designed to act as one of three USG Trade Hubs in Sub-Saharan Africa to assist firms to export commodities and products to the United States under AGOA, and to provide "Aid-for-Trade" assistance as mandated by USG commitments under the Doha round of negotiations at the World Trade Organization.

The project had 11 modifications. It was also granted two separate 6-month extensions by USAID which extended its implementation from Aug. 2013 to August 2014. The first project amendment in June 2009 raised the funding ceiling for the project from \$40,848,809 to \$78,848,809, and also mandated the establishment of a Partnership Grant Fund for approximately \$24 million. This was designed to facilitate the development of relationships with a network of relevant regional and national organizational entities that could effectively become co-implementers of the program; and who as 'legacy' institutions could promote sustainability of progress under the project. A mid-term evaluation of the project resulted in a decision to streamline/reduce the breadth of project intervention foci and activities, starting in 2012. This resulted in the discontinuation of some activities (e.g., financial sector training and regulatory reform interventions, streamlining of some customs activities); and a more concentrated focus on core trade integration, value chain growth and AGOA utilization-focused interventions. It also resulted in the elimination of reporting requirements for over 20 performance indicators.

EVALUATION DESIGN, METHODOLOGY AND LIMITATIONS

The project evaluation team employed a non-experimental approach focused on the three major components of the COMPETE program, gathering primary and secondary data for analysis. The primary data was collected through field research during July-August 2015. In this regard, the evaluation team conducted 77 key informant interviews (KIIs) with beneficiaries and other stakeholders, and undertook 19 site visits to render objective observations. Subjects of KIIs comprised COMPETE beneficiaries, the EAC Secretariat, bilateral customs/trade officials, AGOA and agricultural policy officials, relevant trade, transit and value chain associations, beneficiary enterprises, and other African organizations receiving assistance and/or funding through COMPETE. The team visited the following countries to conduct field research: Kenya, Uganda, Tanzania, Rwanda, and Ethiopia. Secondary data collection primarily entailed a detailed desk review drawn from USAID and COMPETE reports, relevant stakeholder documents, and national and international trade statistics.

Key analytical methods used to analyze the data collected from project documents and other sources included planned/actual comparisons, pattern/content analysis, trend analysis, and divergence/convergence analysis when interviewee statements disagreed with those of other relevant participants. Numerous sources of bias are possible with this approach, including mistakes in recall, biases of interviewees, and failure to identify potential candidates for interview. The team attempted to address these problems by cross-checking informant reports with those of others and with the written record.

EVALUATION PURPOSE AND QUESTIONS

The purpose of the performance evaluation is to provide USAID/EA and its partners with an independent assessment of the project performance, highlighting the major achievements, strengths and weaknesses in order to learn from it and use the lessons for future regional programming. The evaluation will provide useful lessons for current and future programming in USAID/EA. Specifically, the evaluation will:

- Enable USAID/EA to determine to what extent EATH's objectives have been achieved;

- Assess the overall relevance of the project with respect to design, objectives, outcomes, and impact, the level of satisfaction of the partners/beneficiaries, the efficiency of implementation and the management of the project;
- Evaluate donor coordination on strategy and achieving shared objectives;
- Identify factors that influenced the performance and success of the project;
- Highlight lessons learned and best practices that will contribute towards the future sustainability of the project interventions; and
- Provide a basis for decisions about future programming.

The Evaluation Questions

1. **Relevance:** Are the project activities in line with priorities set forth in the project objectives and do they address the key areas of integration as prioritized by EATH's partners?
2. **Effectiveness and efficiency:** Have the project activities achieved their objectives and intended results? What were the factors influencing the achievement and non-achievement of the objectives?
3. **Outcomes and Impact:** What changes (positive and negative; intended and unintended) have occurred as a result of project interventions? What difference has the project made to the target groups/beneficiaries? How have these outcomes contributed to longer-term impact and benefits for the target groups?
4. **Sustainability:** What mechanisms have been put in place to ensure sustainability of the program achievements and to what extent will benefits realized, be replicated in the long term by partners?

COMPONENT I: REDUCE THE BARRIERS TO REGIONAL AND INTERNATIONAL TRADE

BACKGROUND

EATH focused strategically on helping create an enabling environment for competitiveness and trade that would streamline/reduce major rigidities in the regional trade policy/regulatory framework, and thereby spur higher volumes of intra-regional trade and international exports. EATH support under this component focused on reducing the various key trade barriers. This goal was pursued through a combination of targeted policy dialogue and follow-on reform support actions with national governments, regional and international trade related institutions; strengthening the private sector's capacity (including through key sectoral associative entities) to address major trade integration/liberalization challenges; promoting the efficient utilization of Information and Communications Technology (ICT) solutions; and introduction/dissemination of best practice consistent policy reform guidelines and institutional strengthening models in critical trade reform areas.

FINDINGS/RESPONSES TO KEY QUESTIONS

I. Customs connectivity of the region's revenue administrations through the development, installation, training and roll out of RADDEX⁴, including the development of user manuals.

Introduction: Prior to the development and rollout of RADDEX 1.0, each customs administration in the region had their own customs management IT system—and these various systems could not effectively communicate with each other, resulting in major delays for cross-border trade transactions. RADDEX 1.0 was developed by a predecessor

⁴ RADDEX 2.0 is a software platform for customs and transit data exchange, management and reporting. The system collects data from the point of entry of a good into the EAC and tracks it to the final destination.

support program⁵ to enable the various countries to manage trade and transit of goods efficiently. The system facilitated shared trade and border management information between regional customs administration and clearing agents and in so doing streamlined/accelerated the flow of cargo, resulting in significant savings in transit time and costs. However, the system operated bilaterally only between several pairs of regional countries without any cross-links.

Relevance

In order to address the lack of interconnectivity issues that had arisen under RADDEx 1.0, an updated system (RADDEx 2.0) was developed under EATH in order to connect national customs administrations under the Customs Directorate of the EAC Secretariat. The updated version also included a specific risk management function. RADDEx 2.0 was piloted with national customs revenue offices in late 2010, with \$75,000 in financial support from EATH for software. Further support was provided through the provision of technical assistance to the EAC Customs Directorate to facilitate effective implementation. Support was also provided to enable the National Revenue Authorities of Uganda, Rwanda and Burundi to operate effectively with RADDEx 2.0 and to revenue offices to intensify the utilization of the system by clearing agents.

National Revenue Authorities contacted by the evaluation team emphasized that the multilateral customs connectivity offered by RADDEx 2.0 was relevant for the national, regional and international agenda for the reduction of trade barriers, advancing regional integration, enhancing compliance with regional protocols, and improving the regional business environment.

Effectiveness and Efficiency

EATH achieved initial implementation milestones during the early stages of the EATH Program, which greatly exceeded implementation targets for RADDEx. In FY 2010, the target for some declarations processed with RADDEx or better technology at selected border posts was 25 percent, while the project achieved a 91.2 percent increase.⁶ No other actual results were recorded in subsequent years after the PMP was revised in 2011.

In fact, RADDEx 2.0 subsequently encountered several challenges that considerably reduced its effectiveness. Officially launched at the Summit of the Heads of State of the EAC in 2012, RADDEx 2.0 is now in a testing phase subsequent to the launch of the Single Customs Territory (SCT) in Kenya, Uganda, and Rwanda in late 2013. The SCT employs a Virtual Private Network (VPN) connection to transmit shipping manifests from Mombasa to the destination country—bypassing RADDEx. A May 2014 impact assessment found that RADDEx usage dropped “substantially,” after the introduction of the SCT and was being used primarily to track exports between the initial SCT countries and Burundi/Tanzania. Further obstacles remain for the EAC Customs Directorate as it seeks to modify the system to enable it to facilitate the operationalization of the SCT, maintain centralized authorized economic operator data, and operate pre-clearance audit procedures. Key remaining challenges include the need to interface RADDEx with the current cargo tracking systems being used in the region, and the expansion of the EAC to include Southern Sudan through the LAPSET corridor. Additionally, RADDEx faced staffing challenges at the national and regional levels that limited the efficiency with which it could be implemented.

A 2014 impact evaluation calculated that full and reliable operation of RADDEx 2.0 along the Northern Corridor was estimated to yield a reduction in business and compliance costs of at least \$6.4 million to \$10.625 million per year, with savings estimated at one-third of that amount after full implementation of the SCT customs and tax system.

⁵ According to the EATH Final Report (August 2014), “EATH’s work on RADDEx 2.0 built on the efforts of a predecessor project, the East and Central Africa Trade Hub, which developed and launched what is now called RADDEx 1.0 in 2010,” 11, 12.

⁶ As RADDEx ceased to be a focus for EATH, all RADDEx-related indicators were removed from the PMP once it was updated in March 2012.

Outcomes and Impact

The evaluation team found that considerable effort is being made to retain RADDEx 2.0 as a platform for customs and transit data exchange in East Africa under the SCT system. In support of the RADDEx/SCT transition process at the national level, EATH supported intensive SCT awareness campaigns, work which has continued more recently under the East Africa Trade and Investment Hub (EATIH). RADDEx in fact effectively spurred a platform for the development of IT systems to enhance the operationalization of the SCT. EATH also supported the development of a monitoring and evaluation system for the SCT, allowing agencies to monitor its implementation, funding technical working group sessions, and supporting the modification of RADDEx to facilitate compatibility with the SCT. The full impact of this outreach and monitoring support will likely take significant additional time to determine; though it seems clear that significant ongoing efforts will be required to adequately inform the huge numbers of small-scale informal traders who can potential benefit from this mechanism. In terms of tangible impact on communications efficiency, the first President of FEAFFA stated clearly that RADDEx was particularly effective in improving communication between the regional customs administrations; this assertion is further supported by comparative WB trade transit data in the “Doing Business” reports of 2012, 2013, and 2014. The Tanzania Revenue Authority also attested to the improved clearance of goods by RADDEx, which provided advance information to customs and for bond cancellation, which in turn improved the efficiency of the department.

Sustainability

The evaluation team determined that USAID is currently supporting a Customs IT Expert at the EAC Secretariat to configure some aspects of RADDEx to facilitate implementation of the SCT. An impact evaluation conducted in 2014 found that several RADDEx features – particularly prevention of Value Added Tax (VAT) fraud and trade facilitation of cargo traveling beyond the EAC – continue to be useful even as the SCT is being implemented. However, even though the RADDEX system was found to be beneficial by member states, they have not been willing to fully staff and pay for the cost of maintaining the service; in spite of the clear understanding on the part of the EAC Secretariat officers that additional staff is needed to cover efficiently the day-to-day operations and to provide field support as required within the broader context of the ongoing transition process. And at present the whole system thus depended on a small number of individuals to keep it running properly, as indicated by EAC and national transit authority personnel. This underscores the importance of incorporating a sustainability/focus as expeditiously and as clearly as possible under this type of initiative; understanding the dynamic complexity of the multi-tiered institutional decision-making environment within the EAC.

2. Simplifying Trade through Harmonized Regional Customs Processes

Introduction: A critical focus of EATH work in the trade reform area entailed targeted technical/training support for simplifying trade through harmonized regional customs procedures consistent with global standards. This covered harmonization of core customs procedural, customs valuation and post-clearance audit requirements across EAC member states – a challenging and ambitious agenda.

Relevance

Customs officials at the EAC Secretariat in Arusha indicated that EATH’s support in this area effectively reinforced core EAC-mandated customs harmonization goals, including the EAC Development Strategies for 2006—10 and 2011/12—2015/16, completion of the Customs Union Protocol, and the consolidation of the Customs Union. Moreover, EATH helped provide effective technical support and guidance to the partner states in the development and implementation of EAC customs-related policies and procedures. Further, the EAC Secretariat noted that support provided by EATH through introduction of international best practices in critical customs procedural areas (such as post-clearance audit) has laid a solid foundation for implementation of the WTO Agreement on Technical Barriers to Trade and the recently adopted WTO Trade Facilitation Agreement (TFA). In general, the assistance was found to be highly relevant to the EAC’s priority customs reform harmonization agenda and goals.

Effectiveness and Efficiency

EATH facilitated the development and publication of three WCO compliant user manuals on customs procedures, customs valuation and post clearance audit for the EAC Secretariat, and intended for use by both the customs administration units and private sector players. These manuals were the first of their kind in the EAC and they effectively enabled customs administrations in the region to initiate implementation the EAC Customs Management Act (CMA). They were intended not only as reference handbooks, but as legal documents accurately reflecting the

core compliance requirements of the CMA. EATH helped the EAC to print and widely disseminate all three manuals to customs officers, clearing and forwarding agents, and importers and exporters in Kenya, Tanzania, Burundi, Rwanda, and Uganda. Subsequently, 20 to 25 customs officials in each Member State were trained to use these manuals. Coordinating the numerous stakeholders from all five countries was difficult, and progress was often slow and incremental—the three customs manuals were approved and gazetted in early 2013 after more than three years.

Overall EATH achieved mixed results in relation to its core customs-related performance indicators. Over the life of the project, it exceeded the target for customs harmonization procedures implemented in accordance with internationally accepted standards as a result of USG assistance - the total target was 21 and the project achieved 24. In addition, the project carried out over 21,000 person hours of training in the trade and investment area, far exceeding the LOP target of 11,900. However, the number of policies, regulations, and administrative procedures in development, passed, or being implemented as a result of USG assistance fell well below the LOP target of 30; only 17 such policies were in development, passed or being implemented. This indicates that the program was not able to leverage sufficient political buy-in to reach the targeted number of policy reforms. The numerical nature of the indicator complicates attempts to interpret the results in a way that illuminates the institutional rigidities encountered in trying to reach the target. The challenges of providing adequate policy dialogue focus with key national level institutions, within the context of a regional support program, certainly appear to have complicated achievement of this goal, as it did the full-scale roll-out of core customs reforms. It certainly appears that the support has as indicated above helped key EAC member countries move in the right direction by transporting goods somewhat faster and more cheaply within the region, as discussed in the effectiveness/efficiency and outcomes/impact sections for RADDEX, streamlining transit and cross-border trade, and gender-relevant trade reform measures, all discussed under component one.

Outcomes and Impact

Customs procedural harmonization is an on-going process where several key EATH-proposed concepts, regulations, and logistic changes are being implemented. This was underscored in the launch of the G-Soko platform by the East Africa Grain Council (EAGC). G-Soko is an online trading service that links smallholder farmers to grain buyers through a networked and structured market trading mechanism. The Chairman of the EAGC publicly acknowledged EATH's critical role in leveraging development of this innovative trading platform, which is one example of what at times 'lies behind' the training and harmonization guideline indicators established under the EATH Program.

Overall EATH technical and training support has enhanced the institutional capacity of customs administration offices. It has also provided a network of experienced trainers able to further build out the capacity and efficiency of customs offices. EATH has also carried out a regional training program for clearing and forwarding agents, thereby improving their capacity to implement streamlined trade transit procedures. This regional approach has enabled the customs officers and agents to work anywhere in the region, thus facilitating the effective implementation of the SCT.

At the same time there does continue to be wide variation in the actual implementation of the CMA across EAC members, reflecting the importance of continuing to accelerate progress towards fuller harmonization of core customs policies/procedures at the national level. Moreover, at times widely differing requirements and conditions for licensing and clearing agents across the region also continue to inhibit streamlined trade flows. Tanzania and Kenya have moved ahead most effectively while Burundi is systematically the country with the lowest gains. These findings are again effectively illustrated by the comparative trade/transit data in the WB "Doing Business" reports of 2012-2014 for the targeted countries.

It should be noted that the heavy emphasis on indicators tracking person hours of training is somewhat problematical. It is difficult to determine what the content and goals of the training programs behind this type of indicator are intended to be. The indicator specifies that the training was for trade and investment enabling environment reform purposes, but there is no clear link established to particular EATH support themes/activities. Likewise, the policies, regulations, and administrative procedures indicator could cover a wide range of EATH

interventions, making the application of the indicator results difficult to pinpoint. Overall it is quite clear that there is still considerable progress remaining to be made to ensure that the regionally harmonized customs practices promulgated through EATH support are in fact systematically followed in practice.

Sustainability

Interviews with the EAC Secretariat and national transit agencies underscored stakeholder interest in working to effectively ‘institutionalize’ WCO consistent customs training modules for customs officials, and for clearing and forwarding agents; as well as establishing broader dissemination vehicles for better informing the public. These are all initiatives that were spearheaded by EATH. It needs to be emphasized that up until now the manualized procedures have been approved and implemented on a pilot basis, but not yet applied in a consistent and comprehensive manner. The EAC is currently seeking to cost-share the initial capital investment among donors, the private sector, and countries interested in expanding regional trading linkages. It appears that there is strong stakeholder interest in establishing a regional center of excellence for this purpose. This would clearly represent a long-term initiative, and would benefit from a public/private partnership focused strategy and game-plan in order to gain traction, and to leverage sufficient funding resources to take off.

3. Streamlining Transit and Cross-Border Trade

Introduction: EATH efforts to promote streamlining of transit and cross-border trade activities focused on three key areas: facilitating entry of goods through East Africa’s major ports in Mombasa and Dar es Salaam; speeding the movement of goods along transit corridors by improving border management through joint border committees (JBCs); and building the capacity of local transit associations to improve the quality of logistics services. This strategic agenda was pursued through a range of technical support and consensus-building initiatives at the regional and national level.

Relevance

The establishment of the One Stop Center (OSC) at the Tanzania Port Authority (TPA), the extension of 24-hour service at the Kenya Port Authority, the ratification of the WCO Revised Kyoto Convention by the Rwanda Revenue Authority (RRA), the development of the RRA website, and the establishment of sixteen Joint Border Committees represent core intervention modalities pursued under the EATH Program. The evaluation team confirmed with a broad range of institutional interlocutors that these represented highly relevant programmatic and well-targeted support initiatives; which have in fact streamlined trade transit procedures in key ‘chokepoints’ in the region.

EATH also participated in the strengthening of key trade-related private sector associations, including the Secretariats of FEAFFA, the Uganda Shippers Council, the Kenya Shippers Council, and the Tanzania Freight Forwarders Association. All of these major associative entities were established prior to the EATH Program – EATH’s core objective was to raise their profile and institutional capacity to both represent their membership and drive enhanced value chain competitiveness; while at the same time enhancing their operational and financial sustainability. The associative entities targeted who were contacted by the evaluation team, in general, expressed their satisfaction with the relevance and applicability of the institutional strengthening support provided by EATH.

The EAC Secretariat reported that EATH support, particularly strengthening FEAFFA and support to the national customs agencies, for example, was consistent with priorities identified in the EAC Development Strategy for 2011/12-2015/16.

Effectiveness and Efficiency

EATH tracked several general context indicators for measuring the impact of core trade/transit streamlining interventions—number of documents required to import/export, time to export/import, and cost to export/import—as reported by the World Bank “Trading Across Borders” section of the annual “Doing Business” Reports. Because these are context indicators, the project did not set targets but reported the actual values. As a result, within the context of a performance evaluation it is quite complex to define/infer the level of project success based on the actual values established from the World Bank studies and other reported trade/transit information from relevant national and regional entities. Overall EATH reported the following major LOP results: 16 JBCs

established, 14 borders with efficiency metrics benchmarked, and a 69 percent reduction in transit clearance times along the Northern Corridor.

EATH’s work on domestic border post integration focused on JBCs as a first step in the eventual formation of One Stop Border Posts. JBCs were established relatively quickly after the concept was piloted at the Malaba border in 2010, with a total of 16 operationalized during FY 2011 at border posts along the Northern Corridor, Central Corridor and Dar es Salaam Corridor (two of which later closed).⁷ An additional 2 JBCs were established in FY 2013. The establishment of a target number of JBCs is not included in the original or updated PMP documents, so it is difficult to determine whether these efforts met the project’s timeline. However, the fact that the majority were established in a time-effective manner early in the project’s operations allowed EATH several years to fully reap the benefits of the joint border operations. The FY 2012 Work Plan indicated that EATH aimed at achieving 14 fully institutionalized JBCs at 7 borders that year; however, with the exception of Tanzania, the JBCs have yet to become effectively institutionalized.

Table I: Context Indicators for East African Cross-Border Trade

	2009		2010		2011		2012		2013	
	Target	Actual								
Number of documents	-	16	16	15	15	16	15	16	14	17
Time to export/import (days)	-	E: 34.0 I: 31.3	-	E: 32.7 I: 30.7	-	E: 30.7 I: 29.7	-	E: 29.3 I: 30.0	-	E: 27.3 I: 29.7
Cost to export/import (U.S. \$)	-	E: 2,840 I: 3,550	-	E: 2,703 I: 3,373	-	E: 2,736 I: 3,398	-	E: 2,850 I: 3,378	-	E: 2,767 I: 3,878

Source: World Bank, “Trading Across Borders.”

In addition, targeted technical/institution-building support to EATH’s associative partners has enhanced the visibility of these private sector associations, and facilitated targeted cooperation and coordination with National Revenue Authorities. This cooperation has become institutionalized and continues to progress with ongoing constructive dialogue, enhancing accountability for all stakeholders, promoting trade transit streamlining measures and encouraging improved compliance. This is evident in the improved efficiency and reduced delays in clearance of goods, attributable in large part to improved technical skills and knowledge derived from EATH’s capacity building activities. Clearing and forwarding agents, as well as customs officers, interviewed by the evaluation team, cited shorter port dwell times and faster clearance of documents due to improved accessibility and customer service as a result of EATH interventions.

Outcomes and Impact

In a number of areas, the gains that have resulted from EATH trade/transit interventions – for instance with regard to port clearance procedures - are quite striking. Thus according to the 2013 East Africa Logistics Performance Survey on Cost, Time and Complexity of the East African Logistics Chain, TPA previously cleared the paperwork of about 25 agents per day at the Dar Port, but now clears more than 100 per day. An industry source noted that the time for clearing goods at Dar decreased from 20 days to 7 days through EATH assistance. Likewise, cargo dwell time at Mombasa diminished from 11.3 days to 5.3 days over the LOP. At the same time, however, full implementation of these reforms remains a challenging longer-term objective. Although the coordination between different agencies has improved at the port of Dar, the lack of a lead agency and an institutionalized structure at the OSC poses a threat to its efficient operation. This is exacerbated by a shortage of staff, with employees having to

⁷ USAID, COMPETE Annual Report FY2011, 2 and USAID, COMPETE Annual Report FY2013, 6. JBCs were set up at the Sirari (Tanzania) and Isebania (Kenya) borders in 2013. Two JBCs at the Mutukula border (between Uganda and Tanzania) are listed as operational in the FY 2011 report, but are no longer reported in FY2012, which states that 14 JBCs were established in the region; and the pair of JBCs is excluded from the list of 16 in the FY2013 Annual Report.

leave their desks at the OSC to go to warehouses inland to clear goods. This in turn causes unnecessary delays and is inconsistent with the basic operating concept of an OSC, as reported by the Tanzania Revenue Authority.

Regarding JBCs, their adoption has clearly introduced greater efficiency and transparency to the operations of targeted border points. At East Africa's busiest border post, the Malaba border between Kenya and Uganda, the JBC helped reduce clearance times from as much as four days to as little as two hours. Thus according to the 2013 East Africa Logistics Performance Survey, "the Malaba border crossing times have significantly improved with average border crossing time reduced from 27 hours in 2011 to 3 hours in 2012 and from 3.2 hours to an average of 1 hour at Katuna border post (Uganda – Rwanda)." Following the implementation of the JBCs, the trip between Mombasa and Kigali was reduced by between 10 and 14 hours. The resulting cost savings of these interventions for truck operators on the Northern Corridor were estimated to total \$44.2 million to \$58.3 million per year.⁸ In addition WB working Paper No. 69 prepared by Mike Fitzmaurice and Olivier Hartmann undertook a comprehensive analysis of transit times of Northern Corridor border posts using data from transporters who operate real-time, web-based cargo tracking platforms. It also showed a dramatic reduction in transit times at the Malaba, Busia, and Katuna borders between 2009 and 2013. This reduction principally reflects the combined impact of changes in customs procedures, the roll-out of 24/7 operations, joint inspection of cargo, and enhanced coordination of stakeholders at the border through the JBCs, all initiatives supported by EATH.

The JBCs appear to have functioned particularly well when coupled with direct technical support from EATH consultants. At the Malaba border, effective cooperation and coordination between the private sector and implementing agencies was established, grew, and became effective, mainly due to the well qualified EATH consultant involved. The referenced expert reportedly had detailed knowledge of relevant trade facilitation issues, the dynamics of the region, and the situation at the borders. His hands-on approach and inclusivity in engaging an array of stakeholders from the public and private sectors leveraged strong visibility and consensus regarding trade facilitation priorities.

Sustainability

The progress attained at a 'localized' site-specific level in increasing trade/transit efficiency and cost-effectiveness through EATH interventions has been deeply impressive. At the same time a key question appears to remain – how best to sustain the progress currently being achieved in those locations where they have been established; and how to replicate the 'localized' progress on trade transit reform achieved through JBCs to the national and regional levels. While support to JBCs strengthened the coordination and cooperation between border agencies and the private sector, sustainability has proven an elusive objective, due in part to a deficient institutional commitment at the national level. In general, JBCs have lacked visible support from national governments in the capital. A related obstacle is the lack of a shared vision for reform between various border agencies, which has in turn hampered progress towards standardized border management at the national level; thus inhibiting the full realization of the potential streamlining benefits of JBCs.

While signed TORs between border agencies provide a viable basis for effective coordination, in the end the voluntary nature of the agreements inevitably places some constraints on the impact/sustainability of the streamlining interventions undertaken. Interviews with selected officials at JBCs and national customs agencies revealed that many redundant processes were still being replicated once cargo crossed the border and at subsequent border posts. The processes for each JBC were developed independently, and while generally efficient, this has in and of itself resulted in diverse and unpredictable practices in different border posts. In addition, the long-term sustainability of the existing JBCs is an extant issue. At the same time major donors (including TradeMark East Africa (TMEA) and the Japanese International Cooperation Agency (JICA)) are reinforcing the operation of JBCs at key borders in the region, building on the platform established by EATH for cooperation and coordination between national agencies at the border, and the improved collaboration between customs and the private sector

⁸ USAID, East Africa Trade Hub Final Report, August 2014.

also engendered by EATH's support.⁹ This support also extends to the EAC Secretariat, in the form of capacity building, IT technical support, and advisory services for the development of One Stop Border Posts (OSBP). This should contribute to the long-term sustainability of EATH interventions in these areas; although the transition process for this "off-loading" of support to other donors has at times created discontinuities in pilot JBC operations.

In the related area of associative institutional strengthening, most of the transit associations interviewed by the EATH team again expressed strong appreciation for EATH's inclusive approach, through which they were proactively engaged in defining and prioritizing support activities. This enabled the associations to develop a sense of ownership over the process and sustain critical outcomes. For example, in the case of the Kenya Shippers Council, the benefits of collaboration with EATH included enhanced visibility, the development of revenue-generating activities, development of strategic and operational manuals, and facilitation of enhanced coordination between relevant agencies (including the Kenya Port Authority, the Kenya Revenue Authority, etc.). Most particularly, it was noted by key stakeholders that FEAFFA significantly improved its organizational effectiveness and outreach capacity as a direct result of EATH institutional strengthening support. FEAFFA also indicated that EATH technical assistance and partnership support helped strengthen member organizations and came at a crucial time when the EAC was moving to consolidate its regional integration agenda. Moreover, national associations (like the Tanzania Freight Forwarders Association) reported that EATH helped them find their voice, improving relations with government agencies and resulting in regular meetings with Revenue Authority officials to advance the interests of their membership. At the same time, most of these institutions appear to require additional progress to meet their long-term sustainability goals of operational and financial autonomy.

National Revenue Authorities also emphasized the importance of support to the private sector, which improved compliance and enhanced collaboration and dialogue between the public and private sectors. It should be noted however that several institutions commented that greater progress in putting in place mandatory systems/compliance structures for streamlining transit and cross-border trade would have helped promote enhanced sustainability and replicability of the localized efficiencies realized through EATH support activities. It was emphasized in this regard that while targeted capacity building activities (including training) are important, they are not necessarily sufficient to catalyze sustainable change in the core regulatory processes for regulating transit and cross-border trade. According to several interviews with national transit agency officials, they felt strongly that key institutional barriers to trade needed to be effectively prioritized and addressed if the full benefits of capacity building support are to be realized. Moreover, in their absence, it was noted the sustainability of improvements at specific locations achieved thus far may be uncertain.

4. EAC Trade Helpdesk

Introduction: A core focus of EATH efforts was on facilitating access to trade-related information for relevant private and public sector counterparts. EATH collaborated with the EAC Secretariat to create the EAC Trade Helpdesk, a web-based tool to deliver such information to the public.

Relevance

The Trade Helpdesk offers relevant information on EAC trade statistics and tariffs levied on products originating from EAC countries and outside the community, as well as product-specific requirements and taxes (such as applicable standards, customs procedures, SPS regulations, health requirements, transit requirements and valuation). Compiling this information into a central repository provides a wealth of useful information to private sector actors conducting trade with EAC countries; and was clearly viewed as a highly relevant support tool by public and private sector interlocutors interviewed by the evaluation team. The conceptualization of the Trade Helpdesk tool satisfied EATH's objective to enable access to trade-related information for business and policymakers.

⁹ In August 2015, JICA supported the ongoing operations of two JBCs: at Rusumo (on the Tanzania/Rwanda border) and at Namanga (at the Kenya/Tanzania border).

Effectiveness and Efficiency

The Trade Helpdesk is fundamentally a tool for users to query EAC trade statistics (imports and exports) by country of origin and destination, and to assess applicable tariff and trade regulatory requirements (applicable rules of origin and non-tariff requirements). The time series started in 2004 and the data is updated on a monthly and annual basis based on submissions from the EAC Partner States. Those interviewed reported that the EAC experienced improvements in trade data reporting and accessibility as the Trade Helpdesk replaced the manual compilation of trade reports. It further increased data transparency and accuracy, facilitated harmonization of reporting and verification of data among partner states, and enabled measurement of the effects of trade policies.

Outcomes and Impact

Immediately after enactment, the Helpdesk facilitated time-effective and robust dissemination of trade policy measures (including revisions of import tariff schedules). Examples of the type of additional trading information now being facilitated through EAC Trade Desk operations are indicated below:

Table 2: Examples of EAC Intra-regional Agricultural Trade Data

Product	Value (USD)	Quantity (Kg)
Onions, shallots, garlic, leeks and other alliaceous vegetables, fresh or chilled	496,805	6,629,708
Coffee, whether or not roasted or decaffeinated; coffee husks and skins; coffee substitutes	16,076,683	15,450,966
Wheat and meslin	1,269,030	21,412,740
Soya beans, whether or not broken	759,650	3,101,947

Source: EAC Trade Helpdesk, www.tradehelpdesk.eac.int.

At the same time the more robust utilization of this potentially important trade data generation/sharing mechanism is hampered by the lack of consensus at the EAC Secretariat and national levels regarding the provision of adequate staffing and financial resources to support its more robust and comprehensive operation.

Sustainability

Ultimately the sustainability and scalability of the Trade Helpdesk facility will be dependent on the political will within the EAC Secretariat and its member states to support the provision of additional staff training and budgetary resources to support its expanded operation. This will likely prove indispensable for purposes of further enhancing and sustaining the role of the Helpdesk in promoting greater awareness of and compliance with harmonized customs and trade transit policies and procedures within the EAC. This will likely require reinvigorated efforts on the part of EATH to develop fresh consensus-building momentum if the utilization of the system is to be expanded/further invigorated.

5. Gender-Relevant Trade Reform Measures

Introduction: The major EATH trade reform intervention area of focus with regard to expanding gender opportunity was the introduction of the Simplified Certificate of Origin (SCO). This is a customs document that can be used for duty-free clearance of goods with a commercial value of less than \$2,000 that were grown or produced in the five EAC partner states.

Relevance

The SCO was designed to reduce the high level of informal EAC cross-border trade, most of which involves small, irregular consignments of staple foods, livestock and consumer goods. To bring informal traders into the formal economy, EATH helped the EAC to further simplify the SCO and to raise the artificially low threshold from \$500

to \$2,000 (thereby covering a much larger volume of small-scale traders, many of whom are women).¹⁰ Given the massive role played by women in informal cross-border trade and their heightened vulnerability to extra-legal restrictive barriers, this reform support initiative (which was also designed to address improved food security objectives) was clearly highly relevant from the perspective of enhancing gender opportunity to participate in and benefit from expanded cross-border trading activities.

Effectiveness and Efficiency

To increase efficient uptake of the SCO, EATH helped the EAC train Customs officials on the document and developed and disseminated the SCO user guide. Through JBCs at some of the region's borders, EATH organized seminars for officials, traders, and the private sector. It is worth noting that while SCO coverage was gradually expanded through EATH, overall dissemination has remained somewhat limited. As noted in a 2014 impact evaluation, this is particularly true for traders remote from the busiest border posts, where interventions were concentrated.

Outcomes and Impact

EATH has estimated that SCOs save small businesses \$1.75 million to \$7 million annually.¹¹ This largely reflects the fact that traders no longer have to pay for clearing agents to lodge declarations on their behalf, government charges normally levied to validate a conventional certificate of origin and customs declaration no longer apply to small shipments eligible for the SCO procedure, and wait times at borders have been reduced. No systematic verification of these cost savings amounts was planned or undertaken under this performance evaluation exercise.

It should be noted that the aforementioned cost savings estimates are in fact based on a comparison with trades completed using the Single Administrative Document (SAD). However, many informal traders outside of the immediate border post area may never have paid the full costs of using the SAD for formal trading activities. There is in this regard significant anecdotal evidence, including interviews done by this evaluation team, indicating that the SCO system is much less widely known and understood by informal traders operating beyond 50 miles or so of the border. As a result, many cross-border traders continued to smuggle, and officials away from borders reportedly refuse to acknowledge the validity/applicability of SCO documentation. Thus, the EATH savings estimate may be somewhat exaggerated.

Sustainability

In response to the adverse sustainability implications of the SCO coverage issue, EATH targeted outreach activities designed to broaden the dissemination of knowledge regarding the SCO system. An official at the Malaba JBC underscored in this regard that EATH support to the Cross Border Traders Association and to small and medium traders 'gave them a voice', and significantly improved their ability to leverage cooperation with the border implementing agencies; while providing a forum for effectively spotlighting extra-legal enforcement barriers and non-compliance behavior, and incentivizing border agencies to promote stronger compliance. This cooperation between traders and border agencies increased mutual understanding and information-sharing, thus improving compliance and leading to a reduction in small trader incentives for utilizing illegal routes. That being said, clearly establishing a more robust and sustainable SCO coverage network remains a key longer-term objective.

OVERALL CONCLUSIONS

- I. While EATH successfully promoted adoption of critical trade policy/regulatory reforms (customs procedures, customs valuation, post-clearance audit) at the EAC Secretariat level, actual implementation of

¹⁰ According to the 2014 Impact Analysis of JBCs, SCOs, and RADDEx conducted by the Trade Hub, a large part of the informal trade targeted by the SCO Initiative is aimed at women, who constitute the majority of informal traders at EAC border posts. Between Mozambique and South Africa, 70 percent of traders are women, and 65 percent of traders between Zimbabwe and South Africa are women. The percentages for the EAC are thought to be similar.

¹¹ USAID East Africa Trade Hub, "Impact Analysis: Joint Border Committees, Simplified Certificates of Origin and RADDEx," May 2014.

the reforms at the national level has essentially been on a pilot basis. Substantial follow-through progress on systemic implementation of these reforms across the EAC remains a priority.

2. Limited technical support was provided at the national level in key counterpart ministries in EAC countries (e.g., customs, trade) to leverage full implementation of trade reforms supported under EATH. This in large part reflected the difficult technical resource allocation decisions to be made under a regional program.
3. The Joint Border Committee (JBC) concept has yielded significant procedural and cost streamlining benefits across a network of border posts/locations. At the same time, most JBCs remain essentially voluntary arrangements, raising questions regarding the sustainability of the progress achieved through them. It appears in a number of instances that other donor organizations are moving to reinforce the operations of JBC units originally supported through EATH.
4. EATH significantly enhanced the capacity of a range of regional representative organizations to engage in effectively informed and focused public/private dialogue on critical trade policy and trade/transit legal and regulatory reform issues. At the same time, virtually all of these organizations remain dependent on external financial and technical support for their operations, which leaves the sustainability of these improvements as an open question.
5. National Revenue Authorities within EAC member states have emphasized that the multilateral customs connectivity offered by RADDEx 2.0 effectively supported the national, regional and international agenda for the reduction of trade barriers, advancing regional integration, enhancing compliance with regional protocols, and improving the regional business environment. At the same time, the rollout of RADDEx 2.0 has been complicated by the transition to the SCT system; while member states have not been willing to fully staff and pay for the cost of maintaining the service. This in spite of the clear understanding on the part of the EAC Secretariat officers that additional staff is needed to cover efficiently the day-to-day operations, and to provide field support as required within the broader context of the ongoing SCT transition process.
6. Technical support and policy dialogue interventions drove significant time and cost savings at specific regional hub port sites (e.g., Dar and Mombasa). These are being reinforced now through coordinated follow-on donor efforts. These successful institutional and procedural streamlining efforts, while requiring major follow-up/deepening with donor support, demonstrate the benefits of steady ongoing institutional engagement with tightly focused outcome objectives in promoting major trade/transit reforms.
7. The EATH-supported Trade Helpdesk has facilitated time-effective and robust dissemination of trade policy measures (including revisions of import tariff schedules). At the same time, full utilization of this facility as a robust trade data generation/sharing mechanism remains hampered by the lack of consensus at the EAC Secretariat and national levels regarding the provision of adequate staffing and financial resources.

RECOMMENDATIONS

Based on the above findings and conclusions, the evaluation team makes the following recommendations:

1. EATH successfully drove improvement in key aspects of the regional policy and regulatory environment for trade through the EAC Secretariat. While considerable progress has been made in harmonizing methodological approaches under the EAC Customs Management Act, the actual implementation of core procedures has remained at a pilot stage of implementation. As these procedures begin to be fully implemented, it will be very important to ensure that implementation practices in these areas (customs procedures, customs valuation and post-clearance audit) are being widely and consistently applied across the EAC member states.
2. Future Trade Hub initiatives could effectively capitalize on the momentum EATH generated in this area through a strong emphasis on EAC-level interventions that promote fuller administrative compliance with mandatory harmonized customs procedures. This support could also build EAC institutional capacity to move towards compliance with key customs-related provisions of the recent World Trade Organization (WTO) Trade Facilitation Agreement. Accelerated progress towards regionalization of customs procedures/practices

will also facilitate expanded trade flows under AGOA, by helping reduce trade transit costs and improving information and technological resource flows across the region.

3. The results of some stakeholder interviews indicated that partners in other countries at times perceived a lack of hands-on technical support at the national level in key counterpart ministries, technical ministries, and strong reliance on peripatetic consultants from the Nairobi headquarters. Future programs may want to consider the advantages of embedding national advisors in each focus country, in order to further strengthen the trade policy and institutional reform dialogue and consensus-building process with stakeholders. We understand that the East Africa Trade and Investment Hub (EATIH) has already taken positive steps in this direction.
4. It may be useful for future programs to look at strengthening harmonized border procedures with trading countries outside of the EAC (given the important facilitative role this could play in further expanding trading opportunities for EAC countries and encouraging cross-regional harmonization of core trade and transit procedures). In particular, with Southern Sudan coming on board as a partner state and the establishment of the Lamu Port-South Sudan Ethiopia Transport Corridor (LAPSSET), these countries represent an important target for technical/training support.
5. The JBC concept has amply demonstrated its effectiveness in driving improved border management practices at important border crossing locations. With the exception of the Government of Tanzania, which formalized JBCs within their government structure by transferring responsibilities to TANTRADE and providing them budgetary support, many JBCs in other countries remain essentially voluntary bodies whose main authority emanates from moral suasion, which they have in general applied quite effectively. There may however be an opportunity to leverage that momentum into support for fuller institutionalization of best practice standards for border management at the regional level through the EAC and at the national level as well (and to effectively coordinate this within the context of the reinvigorated support for selected JBCs that other donor institutions are now providing). This could entail, for instance, targeted technical support for the transition to/implementation of One Stop Border Posts which further accelerate and expand adoption of streamlined trade transit procedures in a legally binding manner.
6. EATH successfully increased public-private sector dialogue on key regional trade and integration issues, in many cases building capacity of national membership-based transit organizations to continue to engage with relevant government entities and successfully advocate on behalf of their members. However, most of these organizations remain dependent to some degree on external technical and financial support. It is worth considering the possibility of targeting a further round of intensive organizational and incentive-based financial support for selected partner associations that USAID feels can serve as a robust and independent long-term voice for trade integration/liberalization. This support should be tied to clear operational and financial sustainability goals to be met within defined timeframes.
7. A broad range of private sector representatives should be proactively included in the process of reviewing RADDEx; in order to help ensure that key technical and operational features of the system are fine-tuned in a manner that facilitates more robust coverage of the SCT system. Key modifications to RADDEx which would encourage expanded SCT usage would include: (1) a functioning interface with electronic cargo trading systems, (2) maintenance of a centralized database of authorized economic operators, and (3) a feature tracking post-audit clearance times. Provision of intensive IT technical support to the EAC Secretariat in this area would also build momentum for fuller utilization of the RADDEx system.

COMPONENT 2: FACILITATE THE EFFICIENCY AND COMPETITIVENESS OF KEY VALUE CHAINS

BACKGROUND

The East African Trade Hub launched a network of inter-related technical/training support, organizational strengthening, and outreach activities designed to promote regional linkages and increase sales and exports in key high potential value chains (staple foods, coffee, and cotton/textiles/apparel). This included targeted support for key regional policy and institutional reforms to address critical non-tariff barriers and promote trade expansion; as well as firm-level assistance (often delivered through key associative partner entities) designed to improve productivity and enhance market linkages. Many of the program's institutional outreach and market development support activities were buttressed by the EATH Partnership Fund, which served as a catalyst for both regional and national policy dialogue and pilot institutional strengthening and market linkage initiatives designed to bolster the competitiveness of targeted value chains.

EATH interventions in the staple foods area were initially targeted through a series of diagnostic analyses which focused on the core policy, institutional, informational and firm-level constraints limiting increased productivity and enhanced regional sales in key basic grain sub-sectors. This resulted in the development of a multi-dimensional strategy which focused on addressing three binding constraints to value chain expansion and increased regional trade: (1) lack of development of structured trading systems, (2) grossly inadequate market information systems; and (3) key distortive agricultural policies.

FINDINGS/RESPONSES TO KEY QUESTIONS

I. Strengthening Structured Trading Systems

Introduction: The traditional absence of structured basic grain trading systems, anchored on a robust network of efficient warehousing operators and a functioning warehouse receipts system, has created endemic informational asymmetries for private sector actors and governments alike. This, in particular, has dramatically constrained the capacity of emerging commercial and smallholder farmers to minimize post-harvest losses, maintain quality, and become effectively integrated into regional trading networks. As a result of the endemic uncertainties and quality control constraints associated with the absence of storage facilities and fragmented downstream markets, price transmission mechanisms do not function effectively and smallholders, in particular, are constantly faced with unfavorable sales terms.

In response to this key constraint to efficient basic grain storage and trading activities, EATH focused on building sponsorship relationships with key regional and national associative institutions under its Partnership Fund to jumpstart development of structured trade instruments, facilities and trading systems. This strategy and related support program focused at multiple levels. First, EATH worked with the EAGC to raise awareness of the benefits associated with the emergence of structured trading systems, and the critical policy/regulatory, institutional strengthening, infrastructural and market monitoring requirements for its implementation (embodied in a related EAGC guidebook on structured trading systems co-sponsored by EATH). Second, EATH worked with key progressive intermediary organizations such as Farm Concern International (FCI) in Kenya and Uganda, and Rural Development Initiative (RUDI) in Tanzania, to organize farmers into viable commercial production units or commercial villages/zones. These groups then received support to promote improved post-harvest handling and quality assurance support, bulk purchasing of small-holder production, and sub-regional commodity collection centers to attract large volume buyers. The third pillar of the intervention strategy focused on the introduction of a warehouse receipt system (WHRS), developed in partnership with two agricultural commodity exchanges in Malawi and Zambia (supported through the EATH Partnership program), which are in turn linked to the aforementioned warehousing networks. EATH also provided train-the-trainer programs in collaboration with the EAGC across four EAC countries; and developed manuals covering all major operational and legal/regulatory aspects of the operation of structured trading systems.

Relevance

A range of stakeholders in agricultural organizations indicated that the EATH intervention approaches were cogently geared towards major institutional, policy, and market structure constraints that need to be addressed to effectively promote development of a functioning structured trading system at the regional and national levels. The EATH approach effectively targeted support to farmers, associations, and agricultural commodity exchanges to engage the entire production chain in removing barriers to more efficient grain storage and trading.

Effectiveness and Efficiency

This approach to rationalizing value chain operation and empowering groups of smallholders has been effective in Tanzania under RUDI and in Kenya and Uganda under FCI. In this regard EATH worked with RUDI to improve post-harvest techniques of farmer groups and then subsequently link them to viable grain markets, including marketing output to the National Food Reserve Agency (NFRA), Nairobi-based buyers and the World Food Program - buyers hitherto inaccessible due insufficient quality grain attributed to inefficient post-harvest handling practices. RUDI thus promoted entrepreneurship in low-income, rural areas of the EAC, creating employment and income-generating opportunities by establishing small- and medium-sized agricultural enterprises with an enhanced focus on gender integration. According to the CEO, RUDI assisted small and medium entrepreneurs at the grassroots level to become competitive and profitable, while improving livelihoods for families as a result of EATH support. RUDI's CEO also emphasized that EATH interventions have been more successful than previous attempts (by the government and other development organizations) to improve farmers' livelihoods in two key areas. First, the training farmers received were followed by concrete measures to help them improve the quality of their products and, therefore, secure higher prices (in the form of milling machines). He noted that another extremely effective feature of EATH support was the emphasis on ownership, which required active participation by the farmers—they had to construct a building for their milling machine, rather than having it built by outsiders. This led the farmers to become invested in the success of the project, and resulted in a successful and sustainable outcome. The Norwegian Agency for Development Cooperation and Oxfam have also installed milling machines in Tanzania following on the success of EATH's support to RUDI. In the same vein maize and bean farmers in targeted areas in Kenya and Uganda adopted better post-harvest technologies (cribs¹² and stores) and integrated effectively with localized grain storage warehousing operations through technical/training outreach support provided by the EATH-supported FCI.

While initiatives for smallholders through associative organizations were successful, the combination of legal/regulatory ambiguities at the national and regional levels, informational uncertainties and market structure rigidities continue to limit the utilization of warehouse receipts as a scale-able mechanism for integrating farmers into downstream value chains. While EATH made initial progress a pilot basis, extensive application of the WHRS has yet to be realized. Based on the overall experience under EATH, localized storage facility development and bulk purchase arrangements seem to have been the most effective near-term approach for stabilizing purchase prices and encouraging greater standardization of quality for small farmers. At the same time, more intensive work at the national and regional level to address the need for harmonized design and mutual recognition of WHRS instruments may have been useful in promoting more intensive utilization of this mechanism than has resulted thus far.

For the relevant agricultural indicators, while overall performance targets significantly exceeded LOP targets, the tangible impact is not readily apparent. More than 1,500 food security enterprises, women's groups, and trade associations entities benefitted directly from EATH interventions, exceeding the LOP goal by nearly 40 percent. However, the long-term effectiveness of such assistance is difficult to diagnose. The characteristics of the assistance are not clear from the indicator, nor is there any meaningful distinction made for varying levels of funding granted to organizations as part of the assistance. Likewise, the number of agricultural sector technologies or management practices in one of the phases of development (51), also exceed the target (42), but again there is ambiguity about

¹² The evaluation team determined that with a capacity of roughly 5,000 kilograms, cribs are meant for smallholder farmers to use exclusively or in small groups. At a cost of about \$270, this has proven to be a cost-effective way to help farmers reduce post-harvest losses in Kenya and Uganda.

the appropriateness of the target without more insight into which phase of development each practice reached and what these new practices were intended to accomplish.

Performance in relation to the target for percent change in the value of intra-regional trade for targeted commodities—a fixed annual target of 7 percent from 2010-13, was very inconsistent. The value of intra-regional trade varied widely from year to year, likely the result of a range of factors outside of EATH control impacting regional trade flows. The trade fluctuations also likely reflect severe constraints on the availability of reliable data on intra-regionally traded commodities.

Outcomes and Impact

EATH’s interventions to empower smallholder farmers through its grant-financed Partnership Fund were largely successful, resulting in significant increases in trade of selected agricultural goods, better post-harvest practices, increased productivity, and higher family incomes for local farmers. Over the LOP, organizations working with nascent farmer groups in vulnerable areas in Kenya, Uganda and Tanzania effectively applied EATH funds to integrate 46,000 smallholders into the structured trading system. Between 2009 and 2013, the value of intra-regional trade in staple foods in the EAC increased by 145 percent.

Beneficiary farmers experienced a significant increase in the value of traded maize and beans between 2010 and 2011, as a result of the introduction of targeted trade facilitation measures (including the harmonized staple food standards) sponsored by EATH.¹³ According to FAO sources, these smallholder support initiatives reportedly improved storage periods from two weeks to four weeks and enabled these farmers to secure better farm-gate prices. These programs in effect reached down the value chain to enhance the capacity of smallholders to better link to local and even sub-regional markets, and to augment the supply of grains traded through structured trading mechanisms; while increasing productivity and raising family incomes. This is illustrated in the following table, generated by the EAC Trade Helpdesk. While the value of maize exports peaked in 2012, the value is still 67 percent higher in 2013 than the 2011 total.

Table 3: EAC Domestic Export Data, Maize, 2011—13¹⁴

Product	USD Value	Quantity	Unit	Year
Maize (corn)	21,301,452	95,914,454	Kg	2011
Maize (corn)	66,383,682	87,314,441	Kg	2012
Maize (corn)	35,663,545	74,001,875	Kg	2013

Source: EAC Trade Helpdesk, www.tradehelpdesk.eac.int.

Sustainability

EATH’s primary partner in implementing staple foods activities was the EAGC, which was founded under EATH’s predecessor project, the Regional Agricultural Trade Expansion Program. Throughout its period of operation, EATH directed significant efforts to benefit the EAGC and ensure its sustainability. For example, EATH provided strategic and technical assistance that allowed the organization to identify and develop services valued by its membership. EATH further supported the EAGC to launch regional agricultural expos as a means of generating revenue. Finally, EATH worked with the EAGC to develop a comprehensive, structured trade training program and training manual on important agricultural topics, including warehouse receipts, storage and aggregation, and grades and standards. These materials were subsequently applied in train-the-trainers workshops held in Kenya, Uganda, Tanzania, and Rwanda. The workshop participants were drawn from key national and regional organizations and are expected to leverage their positions to disseminate knowledge on the building blocks of organized and structured grain trading systems across the region. These trainings and information on structured trading systems have drawn

¹³ Between 2010 and 2011, the value of traded maize and beans for farmers working with Farm Concern International increased from US \$ 11,911,200 to US\$ 19,084,147 (FCI, July 2015).

¹⁴ Data for 2014 are not currently available on the EAC Trade Helpdesk website.

more attention to warehouse management and grain quality, which have not received adequate consideration in East Africa.

At this point the robust rollout of the WHRS system remains elusive due in part to limited progress on developing a transparent and regionally recognized and enforceable warehouse receipts certification system, as well as uncertainties related to the legal status of warehouse receipts as collateral. These factors in turn have at times led to the very high application, storage fee and financing charges for WHRS (a major issue, for instance, in Tanzania). In order to ensure sustainability of the mechanism in the EAC, legal/regulatory requirements must be put in place at both the regional and national levels to facilitate greater confidence and enforceability in grain trading instruments. To help spur additional utilization, follow-on programs should consider the development of credit inducement instruments to facilitate broader utilization of WHRS mechanisms once the proper enabling environment is established.

2. Enhanced Market Information

Introduction: Agricultural information systems in the EAC are fragmented, discontinuous, unreliable and not supported at the national level with strong political commitments. This imposes a severe constraint on the development of robust regional trading systems and creates massive information asymmetries that often lead to distortive policy decisions by national governments.

Relevance

To address this critical institutional constraint, EATH worked in partnership with the EAGC to expand and upgrade the Regional Agricultural Trade Intelligence Network (RATIN), which had been developed initially under a predecessor Trade Hub program. This intervention was designed to facilitate development of an urgently needed regionally integrated pricing/volume/quality informational platform effectively operating on a real-time basis, thus addressing a critical agricultural market data gathering/collation need; in partnership with a leading regional associative institution. The additional functionality and greater geographical reach were expected to satisfy goals—providing better knowledge of regional food availability to inform food security policy decisions and to help traders identify market opportunities—that are highly relevant to EATH’s objectives and the aims of regional stakeholders.

Effectiveness and Efficiency

EATH helped transform RATIN to the point where it has the potential to become a regionally integrated platform, with enhanced real-time functionality (incorporating smartphone usage) and new price tracking, warehouse volume and cross-border trade flow applications. These in turn can drive more efficient agricultural investment and trade flows at the *national* and regional level by agricultural value chain participants; as well as putting governments in a stronger position to monitor basic grain stocks and avoid precipitate determinations about the need to intervene in grain markets through trade restrictions and/or distortive pricing measures. EATH in fact helped link the RATIN portal to a number of international commodity exchanges (including the Chicago Board of Trade), as well as to the EAC Regional Food Balance Sheet electronic monitoring system (although this is reportedly not being updated on a time-effective basis). As a result of EATH’s support for the expansion of RATIN, usage grew impressively after the launch of the updated system in April 2012. However, the system has not yet been effectively ‘rolled out’ in a comprehensive manner due to a combination of ongoing uncertainties regarding the precision and continuity of product pricing, quality and trade flow data, and electronic interfacing issues.

Outcomes and Impact

The EAGC currently operates the RATIN system, but overall market demand is somewhat limited. This again in large part results from ongoing uncertainties regarding data accuracy and quality, along with the lack of public outreach channels to reach users who are not already hooked into the network electronically. Together these factors appear to continue to constrain willingness to pay for the service on the part of agricultural value chain actors; although this has not been explicitly/systematically tested. Overall this has severely muted the impact of the system on enhancing the robustness of agricultural trading networks for agricultural commodities.

Sustainability

At this point, the sustainability of the RATIN system remains very much an open question. An enhanced market outreach and sustainability strategy may be required to promote robust utilization of this potentially important tool

for both the efficient agricultural production and trading decisions and sound public policy determinations. The sustainability strategy should include an assessment of market demand by agricultural value chain actors and should provide recommendations on features that users would be willing to pay for, thus ensuring the longevity of the system.

3. Trade-Facilitating Agricultural Reforms

Introduction: EATH has supported targeted policy and institutional reforms designed to promote enhanced regional trade flows of agricultural commodities. This was achieved through a combination of policy dialogue, technical/training support, and support for advocacy through key partner organizations. These reform support efforts were principally focused on the design and introduction of Harmonized Staple Food Standards, the Regional Food Balance Sheet system, and enhanced SPS standards in the Pest Risk Assessment (PRA) area. These technical/training outreach efforts have in general been sponsored through regional partner institutions in the public and private sectors, and with relevant sectoral policy/regulatory bodies and private sector entities at the national level.

Relevance

The program worked intensively with the EAGC, as well as with other key regional stakeholder organizations and national bureaus of standards, to promote promulgation of harmonized standards for 22 priority basic agricultural commodity products. This entailed extensive stakeholder outreach activities at the national and regional level, accompanied by technical support for the development of the harmonized standards under the aegis of the EAGC and the East African Technical Standards Committee (EATSC).

In complementary fashion EATH focused assistance on the development of an RFBS system with the EAC and EAGC, as a critical mechanism for eliminating informational uncertainties regarding basic grain demand/supply gaps at the national and regional level, thereby facilitating more effective and well-informed agricultural trade policy decision-making at the EAC and member country levels. This is particularly important given the long tradition of import/export bans and related distortive interventions exercised by EAC governments under the banner of protecting food security.

In addition, EATH focused on addressing critical SPS harmonization standards – an area of fundamental importance for purposes of expanding regional agricultural trade flows within the EAC. In this regard, SPS barriers have long stifled regional and external competition. They continue to represent one of the most important NTB categories across the region and are extensively utilized by EAC countries to insulate themselves from the regional and international competition. EATH addressed this challenge by focusing predominantly on working towards harmonization of EAC member country Pest Risk Assessment (PRA) systems for agricultural commodities in collaboration with the Centre for Phytosanitary Excellence and the East African Phytosanitary Information Committee.

Overall this strategic matrix of institutional intervention targets was effectively conceptualized by EATH in a manner which has helped lay the groundwork for effectively linking staple food quality standards, enforcement standards/systems, and related trade flow opportunities at the regional level, with more work to be done in the implementation phase. Stakeholders indicated that EATH support in this regard was highly relevant to policy goals targeted at increasing regional trade in agricultural commodities.

Effectiveness and Efficiency

After a lengthy EAC member country review period (due primarily to detailed negotiations with Kenya regarding moisture standards for cereals and grains), harmonized standards for 22 food commodities were adopted in 2014. At this point, the implementation focus has effectively shifted to the national level, as divergent testing/grading protocols need be standardized across the EAC countries. Given the complexity of the EAC policymaking process, which often requires several years for legislation to be finalized and adopted, the progress made under EATH realistically fulfills the project objectives. It should be noted that at EATH's direction, the private sector—critical to ensuring that standards are followed in practice—was fully involved in the process of standards harmonization from the beginning. The approach taken by EATH, which incorporated incremental buy-in from stakeholders, should,

therefore, ease the implementation process and ensure thorough compliance with the standards once they are fully adopted by all EAC member states.

With support from EATH, the design of the RFBS was successfully conceptualized. In relation to adoption/implementation of the system, the project adapted a standard FAO food balance sheet methodological approach for consistency purposes; and worked in partnership with EAGC to advocate for its adoption by the EAC, while also consulting with and generating support for the approach with EAC member governments. As a result, the EAC Council of Ministers adopted the RFBS approach and monitoring system; and user and training manuals promulgated and related training provided to data analysts. The strongest response at the national level has been from the governments of Uganda and Tanzania, each of whom has allocated funding for RFBS from their respective ministries of agriculture and employed a significant number of EATH-trained technicians to collect/monitor RFBS relevant data. The collection of data from the private sector has been spearheaded by EAGC with partnership funding support from EATH; with data collection activities focused on firms heavily engaged in staple food trading activities. At this point the maintenance of the RFBS system has been transferred to the EAC, where the main challenge (not surprisingly) is to try to ensure the regularized flow of relevant grain trade flow and stock data from the large network of private and public institutions covered by the database. However, commitment to the RFBS by both the public and private sector has been inconsistent. The system critically depends on regular reporting of data to keep it up-to-date, and until that can be ensured, the utility of the RFBS remains unproven.

EATH advocacy and technical outreach efforts in the SPS area helped spur approval and adoption by the EAC Council of a harmonized regional SPS Protocol, which according to the EAC Agricultural Office, is currently being ratified by member states. Embedded in annexes to the protocol are common/harmonized systems for Pest Risk Analysis, which were developed with technical and financial support from the EATH program. To facilitate progress in this area, EATH supported the process of regional pest list development, surveillance, and national validation workshops led by National Plant Protection Organizations (NPPOs). The program also provided related training to nearly 200 representatives across the EAC from NPPOs, governments, universities and the private sector.

With regard to overall performance in providing agricultural trade-related training programs, EATH significantly exceeded its targets. Over 6,000 individuals received USG-supported short-term agricultural enabling environment training over the LOP, exceeding the cumulative target in this area by almost 50%. In addition, more than 16,650 individuals received USG-supported agricultural productivity or food security training, far above the LOP goal of 12,200. The evaluation team's interviews were consistent with these findings. However, as these indicators do not appear to have been tied tangibly to meaningful outcome indicators, it is difficult to establish/interpret their tangible significance. As with other training-related indicators, the impact of these trainings, and the relevance/effectiveness of their content is difficult to evaluate. To assess whether the targets were adequate, it would be important to understand the magnitude of the intended audiences for such trainings in order to determine whether the actual number of participants represented a significant proportion of the population they are intended to serve.

It should also be noted that the overall target for expanded intra-regional trade for relevant agricultural commodities – an intended combined result of both targeted policy/institutional reforms and value chain strengthening initiatives designed to improve agricultural trading systems, was missed in the 3 of the 4 years for which targets were established.

Outcomes and Impact

The full and effective implementation of the first wave of harmonized staple food standards across the region remains effectively constrained by the lack of agreement at the national level to mutually recognized quality and safety control monitoring and assurance mechanisms and systems. In this regard, EATH developed with EAGC a detailed implementation guide for the new harmonized standards which should help promote progress towards an agreement on consistent testing/grading protocols across the region. Anecdotal information received by the evaluation team indicates that the detailed implementation guide for the new harmonized standards has proven effective in enhancing regional trade, which has in turn allowed local growers to attain premium prices not possible previously.

With regard to the implementation of the RFBS system, the EAC Secretariat indicated to the evaluation team that the initial implementation phase of RFBS revealed a number of structural and operational factors that have in turn constrained its broad application and impact:

- Food product coverage was incomplete, as the system did not include key food components like livestock products and fish. In fact, initial coverage was limited to maize and beans.
- The RFBS experienced significant technical complications during its initial phase of adaptation. According to EAC counterparts this emanated from major data gaps from member states who did not agree from the outset on a harmonized RFBS approach to data definition and data collation (again appearing to reflect consultation gaps at the national level from some partner states, as opposed to the EAC Secretariat level), as well as training shortfalls. The database lacked adequate geo-locational and enterprise ownership information and, therefore, could not optimally assist traders to rapidly locate supply sources.

These gaps indicate that the approach used in the development of the RFBS could have been more effective had consultations extended to the national level for all partner states and streamlined initial food product coverage and data definitions from the beginning.

Overall it should be noted that EATH technical analysis and institution-building support for local advocacy organizations has yielded clear dividends on significant agricultural trade policy reform issues. For instance, in Tanzania, maize export bans have been removed following farmer advocacy spearheaded by the EATH-supported Rural Urban Development Initiative (RUDI). In addition, a Rice Council has also been formed to help guide government policy on external trade in rice in a pro-market direction although the rice trading system remains highly sensitive across the region.

Sustainability

Full dissemination and implementation of the adopted harmonized staple food standards will require fuller national level buy-in from relevant national policy-making authorities, along with ongoing coordination at the regional level with EAGC – this is a clear follow-on priority. Future interventions should be designed to support the adoption of harmonized standards as a first (though lengthy) step, and subsequently include provisions for securing national level support that can effectively be coordinated at the regional level.

Several organizations have supported the continued development of the RFBS. As detailed previously, the agricultural ministries in both Tanzania and Uganda have allocated budgets for these activities and hired technicians to collect and monitor relevant data. In addition, the evaluation team learned that the World Food Program has appointed a national RFBS focal point in all five EAC countries. Still, promoting sustainability and further expansion of the RFBS system remains a significant challenge. The EATH objective was never to continuously fund EAC staff. Nonetheless, the reality is that the part-time nature of EATH's technical support – given the magnitude of technical and outreach responsibilities – may have been a critical constraint to developing a fluidly functioning RFBS-related data management system. Up until now, the EAC member states have not demonstrated the political will to pick up the needed follow-through technical support costs, and no effective transition plan was put in place as EATH phased out.

In this regard EAGC leadership expressed its strong interest in seeing RFBS working with greater efficiency and accuracy, noting that the robust operation of the system could help trigger not only higher trade volumes but also additional and more efficient private sector investment flows. The EAC is currently reviewing the RFBS activity with the goal of improving its coverage and further fine-tuning its technical design and related data collection and analysis approaches. Further expansion and standardization of the RFBS system across the EAC countries remain longer-term goals, the accomplishment of which will ultimately be tied to EAC member state readiness and capacity to financially support maintenance and upgrading of the system, while working with EAGC to foment a sound user-fee mechanism as well. Ultimately, the system will not be self-sustainable in the absence of further donor support until the user-fee mechanism is fully functional, and data collection is standardized across a network of institutions.

Similarly, the scalability and expanded application of pilot PRA initiatives, and the extension of these to harmonized testing and mitigation protocols and systems across the region, remains a fundamentally open question. Overall the EATH Program did not appear to enter into its core staple food policy and institutional reform and capacity

upgrading initiatives with a clear sustainability strategy in mind; but rather sought to promote ‘jumpstart’ adoption and implementation, with longer-term sustainability considerations fundamentally left in the background.

4. Strengthening Non-traditional Agricultural Sectors (Specialty Coffee and Fruits/Vegetables)

Introduction: EATH provided targeted technical/training outreach and market linkage support to enhance competitiveness and expand/strengthen trading networks in critical non-traditional agricultural sectors, including specialty coffee and fruits and vegetables. This support was largely channeled through regional and national associative entities, particularly following the mid-project shift from predominantly firm level towards a sector-level assistance to expand coverage and potential impact.

Relevance

EATH supported the expansion of fine coffee exports principally through targeted technical and institution-building collaboration with the Africa Fine Coffees Association (AFCA). The visibility and commercialization awareness/capacity of AFCA, as well as its strong regional networking linkages, clearly established it as an appropriate key counterpart institution for the program, and relevant to achieving its objectives in expanding exports. In the fruits and vegetables sector, EATH provided targeted technical/training, market linkage and partnership grant assistance to promote development of organic fruit/vegetable sales and export markets in EAC countries through selected associative organizations, local farmer groups and individual firms. Notably in 2009, EATH provided financial and technical support to the National Organic Agricultural Movement of Uganda (NOGAMU) to expand organic production of fruits and vegetables. At the mid-way point of EATH, a determination was made to shift support more comprehensively towards sectoral associations and away from individual firms and local farmer groups, who had been receiving much of the technical/training and financial support in the fruits/vegetables sector. The evaluation team found that EATH had considerable success in targeting qualified and ambitious associative organizations and firms in non-traditional agricultural sectors and that stakeholders characterized such efforts as highly relevant to expanding exports and sales of such products.

Effectiveness and Efficiency

In the specialty coffee area, the project provided through AFCA targeted technical/training outreach support in key quality control and productivity enhancement areas (e.g., coffee roasting/blending techniques, post-harvest processing), including a targeted “Know Your Cup” portable training program. EATH also focused intensively on branding/outreach activities with AFCA through a combination of high-profile regional competition events (including the annual Taste of Harvest showcase event) and AFCA’s annual Africa Fine Coffee Conference and Exhibition, a regional showcase which has become a major international event for coffee industry participants with robust international buyer participation. The Exhibition also generates revenues that fund AFCA’s operations. EATH further helped AFCA to develop a marketing portal that was presented at the 24th Annual Specialty Coffee Association of America Conference in Seattle – a transformational market outreach event and moment for AFCA. Overall, EATH helped transform AFCA from a small organization to a thriving regional player with more than \$1 million in savings.

In the organic fruits/vegetables sector, EATH worked successfully with NOGAMU to help their associated farmers attain accreditation for organic production of fruits and vegetables. In Kenya, farmers supplying macadamia nuts to exporting firm Ten Senses (an EATH partner firm and Partnership Grant recipient) received \$130,000 in technical/financial support for initial organic and Fair Trade certifications - a critical branding tool.

Outcomes and Impact

EATH has clearly and significantly enhanced ACFA’s capacity to promote its coffee effectively in the U.S. market and in other non-traditional markets, particularly in the Middle East and the Far East. EATH support has also effectively leveraged support from other development partners:

- World Coffee Research Foundation – supports mapping of fine coffee varieties, to better link research to farm production and introduction of new varieties. The foundation is currently running the program, “Taste of the Harvest—Know your Cup”, which involves cupping at the farm level, and working with coffee hunters and farmers produce and get good prices for high quality coffee.

- SIDA – supports Know your Cup activities.
- Common Fund for Commodities – supports extension and training for certification at the farm level.
- World Bank – Price Risk Management – know your market technical/training support.

Each of these specialty sectors has achieved impressive increases in employment and exports as a result of EATH assistance. Overall specialty coffee exports have increased at an annual rate of 25 percent in recent years, which in part reflects the significant impact of EATH financial and technical/market linkage outreach support with and through AFCA. In the fruits/vegetables sector, the EATH support program with NOGAMU helped leverage an increase in exports from \$30.1 million to \$44.6 million between 2009 and 2014 (NOGAMU report, p.28). As a result of the technical and financial support program with Ten Senses, the firm has dramatically expanded its farmer supply network in Kenya and is also expanding to Uganda and Rwanda. Currently, it spends \$20,000—\$25,000 per month on farmer training activities. At the time of the evaluation team field visit (July 30, 2015), Ten Senses employed 40 extension agents (farm advisors) distributed among 4,000 beneficiary farmers, with a target of reaching 10,000 farmers. At the processing plant, the firm employed 270 in July 2015, an increase from 35 employees two years prior, which led to a significant increase in exports—from \$230,000 in 2013 to \$1,000,000 in 2014.

Sustainability

EATH has supported AFCA in making significant progress towards financial and operational self-sufficiency; although it could not be fully verified that this status has been achieved. It does appear that the network of Partnership Grants made in the specialty coffee and fruits/vegetables sector has had a buoyant long-term impact on the capacity of associative organizations and key member firms and farmer groups to significantly enhance their market linkages and expand their sales/exports – in the case of both NOGAMU and Ten Senses, in the absence of follow-on support since the early stages of the EATH program – an impressive accomplishment.

OVERALL CONCLUSIONS

1. EATH has significantly raised stakeholder consciousness, generated EAC Secretariat level support in critical areas (e.g., RFBS and Harmonized Staple Food Standards) and launched important pilot implementation initiatives supporting key staple food related policy and regulatory reforms. At the same time, comprehensive implementation of key reforms will require greater coordinated buy-in on the part of key national level policy institutions.
2. EATH achieved targeted progress on the pilot introduction of WHRS-related products. In particular, localized warehousing and bulk purchasing solutions seemed to have had an impact for significant numbers of small-holder beneficiaries under EATH. However systemic progress on mass introduction of WHRS products/trading mechanisms was stymied by informational asymmetries that limited the readiness of warehouses and financial institutions to assume risk; as well as related legal/regulatory rigidities at the national and regional level.
3. EATH has had considerable impact across a number of non-traditional export sectors in helping forge initial contacts and market linkages for African exporters through a combination of targeted outreach campaigns and trade show events (both regional and international). At the same time a number of partner firms interviewed indicated that they felt at times that the program ‘rested’ to some degree after helping make the initial contact with a buyer or buyer network; as opposed to seeing through via an integrated action plan joint efforts to maximize the capacity of the local exporter to finalize and move forward on export deals.
4. EATH made impressive progress under very complex and challenging political and bureaucratic circumstances in driving progress on harmonized staple food standards at the EAC and national levels. At the same time, the progress attained under EATH has essentially set the stage for an implementation phase that has only just recently begun.

5. Significant progress has also been made in driving towards harmonization of PRA standards. What is far less clear is how this momentum can and will be translated in a next phase to the broader spectrum of phytosanitary regulatory compliance issues (e.g., pest risk mitigation, traceability, and inspection standards). The lack of progress in these areas continues to present a major ongoing barrier to intra-regional agricultural trade.
6. The RFBS serves as an extremely helpful data tracking/analysis tool, as well as a sound trade facilitation platform that can help target unwarranted trade restrictions for removal. At the same time, a number of structural and operational factors have constrained its broad application and impact. Among the most important of these were a lack of comprehensive food product coverage; lack of a consistent data definition/collation standards; and lack of adequate geo-locational and enterprise ownership information.
7. The RATIN System links to some international commodity exchanges (including the Chicago Board of Trade) and is also linked to the EAC Regional Food Balance Sheet electronic monitoring system. However, it will require a major additional implementation push at the EAC and national implementer level to follow-through on the initial institutional platform established under EATH.

RECOMMENDATIONS

Based on the above findings and conclusions, the evaluation team makes the following recommendations:

1. While EATH has significantly raised stakeholder consciousness, generated Secretariat level support in critical areas (e.g., RFBS and Harmonized Staple Food Standards) and launched important pilot implementation initiatives, comprehensive implementation of key reforms will require greater coordinated buy-in on the part of key national level policy institutions. Full implementation of EATH-sponsored reforms in critical staple food policy/institutional reform areas will require a major recalibration of support strategy – with greater targeted emphasis on technical/policy dialogue support in key national-level sector ministries. The placement of new EATH project representatives at the national level may represent a key part of the solution to better addressing these needs.
2. The support strategy for the systemic implementation of structured trading systems will need to be revamped. Leveraging systemic WHRS progress across EAC member states will require deeper analysis and effective prioritization and targeting of WHRS legal/regulatory constraints at the national level; as well as a corollary focus on promoting harmonization of these requirements at the EAC level. Thus, it could prove useful for EATH to undertake a cohesive constraints analysis in this regard, building off of the results of the demonstration projects implemented under the prior EATH Program. Within the same context, it may be important to consider more strategically focused warehousing and bulk purchasing solutions that can impact larger numbers of small-holder beneficiaries.
3. As the EATH competitiveness enhancement focus shifted from enterprise-specific to value chain level assistance—a direct consequence of trying to focus on more systemic impact within the context of a regional as opposed to bilateral program—the depth of productivity enhancement and quality upgrading engagement declined even as industry-level market linkage enhancement efforts intensified. It is worth considering whether this approach might be “modulated” moving ahead under EATH, to focus on more intensive firm-level support for key ‘anchor’ firms whose growth may have strong ripple effects for overall value chain development for those sub-sectors in which EATH is predominantly focused. This could help maximize the productivity enhancement and investment leveraging impact of Trade Hub support, even while limiting the number of firm-level technical assistance engagements.
4. It will be important to see through the sound implementation of the EAC implementation guide on harmonized standards at the national level if the progress achieved on harmonized staple food standards through EATH is to be reinforced, and actual regional trade flows in basic grains permanently increased. This should entail joint technical collaboration/policy dialogue at the EAC Secretariat and in key national level policy-making units to promote effective harmonization of follow-through operational guidelines. It should also entail the effective application of these guidelines through detailed action plans for adoption and implementation by key private

sector actors at the national level. Implementation of this follow-on support approach through EATHI will help avoid the gradual ‘petering out’ of the pilot progress thus far achieved.

5. USAID and EATHI should utilize the recent WTO Trade Facilitation Agreement as a policy dialogue and technical engagement lever to promote follow-through implementation progress across EAC member states on key phytosanitary compliance themes (e.g., joint protocols on pest risk mitigation, traceability, and inspection processes); building off of the institutional momentum achieved in the PRA standards area through EATH.
6. USAID and EATHI should work with the EAC and national level implementers to refine key technical parameters of the RATIN system, and develop and approve a clear sustainability plan; in order to fully institutionalize the system and to maximize its benefits to value chain user networks and agricultural policy-makers. This should be preceded by a focused outreach effort, to determine whether robust stakeholder demand for system refinement/roll-out and related willingness to financially support further investments in the system exists.
7. USAID and EATHI should assess the readiness of EAC member state capacity to support financially maintenance and upgrading of the RFBS system. EATHI should also work with EAGC to articulate a sound user-fee mechanism that could be effectively utilized to promote upgrading and sustainability of the system as well.

COMPONENT 3: RAMP UP TRADE AND INVESTMENT BETWEEN THE UNITED STATES AND EAST AFRICA UNDER AGOA

BACKGROUND

The East African Trade Hub (EATH) initiatives targeted a wide range of both private and public entities in its efforts to develop market linkages and expand exports under AGOA. These prominently included private firms with interest in the selected commodities (textiles/apparel, cut flowers, home décor, fashion accessories and specialty foods); regional trade associations; relevant government ministries and departments/agencies; and, regional economic bodies, notably the East African Community (EAC).

FINDINGS/RESPONSES TO KEY QUESTIONS

1. Targeted Trade/Investment Ramp Up Support Under AGOA for Critical Value Chains

Introduction: EATH provided technical/training and market-matching support to over 200 companies and to major associative entities across four targeted sectors: textiles/apparel, home décor/fashion accessories, cut flowers, and specialty foods. These support efforts covered the five EAC countries, as well as Ethiopia and Mauritius. The program designed a number of targeted capacity building activities to empower private associations and their members: providing targeted firm-level technical assistance; participating in international trade shows; organizing Origin Africa outreach events; facilitating inward buyer missions; expanding the Friends of Africa Board of Advisors; building organizational capacity of partners; and leveraging intra-project synergies and collaboration.

In this regard the evaluation team reviewed EATH AGOA-related support activities and interviewed several relevant regional trade associations and NGOs: EAGC, CGA, RUDI, Farm Concern International (in Uganda and Kenya), FEAFFA, AGMARK, ACTIF, Ethiopian Textiles and Garments Manufacturers Association, Ethiopian Leather Industries Association, AFCA, TAHA, NOGAMU and CAWEE. The associations received grants to support selected value chain activities, and a number of them had mandates that were directly targeting trade expansion to the AGOA market. EATH provided analysis and advisory support and knowledge management and sharing. It also provided long-term support to EAGC, ACTIF and AFCA under the Partnership Fund.

Relevance

In all countries visited (Kenya, Tanzania, Rwanda, Uganda and Ethiopia), the following constraints were identified as critically important to address across the targeted value chains in order to improve firm-level export performance:

- 1) **Lack of scale economies:** unreliable supply of raw materials that in turn influence product supply timeliness; high cost of capital and utilities; and in the case of the U.S. market, there were additional cost issues due to distance and lack of cargo freight (virtual absence of direct flights).
- 2) **Lack of competitive cost and quality performance:** influenced by low volumes of production (high per unit production costs) but also a reflection of inadequate labor skills and inappropriate technologies; low purchasing power in the regional market; inadequate quality control; and lack of cost-competitiveness with external sources of garment materials.
- 3) **Poor market linkages:** due to lack of contacts in the United States; lack of adequate and timely market information; lack of skills for analyzing price/demand trends; poor product development, branding, packaging and promotion; lack of knowledge about foreign customs clearing procedures; and lack of capacity to manage market risks.
- 4) **Obstacles to cross-border trade:** a range of NTBs which hinder firms from sourcing exportable products from within EAC, and also reflect inward-looking trade policies aimed at protecting domestic industries, while in fact inhibiting their long-run sales and employment growth potential/performance.
- 5) **Niche markets** for high-end textiles/leather products and for specialty and organic foods are challenging to access on a sustainable basis; are highly price and quality sensitive and require both high quality standards and tight integration into regional and international market information and branding channels, with limited opportunities for major scaling-up of production in the near-term.

The project's combination of branding/market-matching and enterprise level productivity enhancement and quality control interventions were in general seen as highly relevant and tangibly focused by firm-level and sectoral associative counterpart institutions. Thus, EATH interventions effectively addressed the limitations described in category three, above (poor market linkages), and to some extent also addressed category two (lack of competitive cost and quality performance) and category five (niche markets). In at least one instance, EATH effectively facilitated a new, cost-effective pathway for smallholder exports of cut flowers to the United States, addressing category one (lack of scale economies; see the description of collaboration with Sun Kissed Flowers in the following section on "Effectiveness and Efficiency").

The principal challenges faced by most partner trade associations included: limited human capital and resource capacity; including managerial and senior administrative staff, equipment, office space, training facilities, and communication. Financial constraints have often hindered them from scaling up their services geographically and across a wider spectrum of membership. EATH responded by assisting a targeted group of 18 associative entities with the rigorous Institutional Sustainability Maturity Model assessment tool and in many instances provided follow-up grant assistance and related institutional support designed improve the strategic/business planning, financial management, governance, and market outreach capacity of key sectoral organizations. It should be emphasized that all the organizations interviewed, without exception, stated that the support they received from EATH was timely and relevant to their needs.

Effectiveness and Efficiency

Textiles and Apparel:¹⁵ EATH sponsored enterprise participation across a range of high profile trade shows; including the organization of Origin Africa pavilions at trade shows in North America, Europe and Asia. EATH focused on ensuring regular presence at major events (e.g., MAGIC, TexWorld, Interstoff, and the Ethical Fashion Show); in a manner designed to continuously raise the Origin Africa profile and brand and help leverage finalization of contractual arrangements. Market-matching and related firm-level technical support encompassed three primary market segments: (1) traditional work-wear/corporate uniform sales, which are purchased by individual firms and generate relatively little value-added; (2) retail sector and private labor sales for higher value added apparel

¹⁵ Results in terms of exports facilitated by sector are reported in the following "Outcomes and Impact" section.

products; and (3) high value-added fashion products for high-end brands and labels. The latter represents an increasingly buoyant market segment that EATH successfully focused on in both market-matching and firm-level technical support efforts.

Home Décor and Fashion Accessories: In this international high growth sector, EATH focused intensively on branding/outreach and related technical support efforts designed to help export firms meet increasingly demanding quality requirements, as well as standards required for accessing markets for ethically made products. This again included sponsorship of African fashion designers at major Origin Africa events under the aegis of the innovative Designer Showcase Program, through which designers were able to present their programs to a panel of judges and link up with U.S. buyers; as well as participation in the EATH-supported Africa Fashion Week New York. In addition, the project sponsored participation of local fashion apparel and home décor/fashion accessory producers in major U.S. trade shows, including the San Francisco-based International Gift Fair (sponsoring participation and significantly boosting sales for Indego Africa, a Rwanda-based women's Cooperative), as well as a sponsoring participation in a number of consumer goods fairs.

Cut Flowers: EATH provided market linkage support designed to help penetrate the extraordinarily competitive time-sensitive cut flower market through continuous sponsorship of origin Africa pavilions at major cut flower international trade shows; including the International Floriculture Expo. The project also worked directly with a major U.S. buyer, Sun Kissed Flowers, to help link them with viable Ethiopian cut flower producers and to help leverage the initiation of a pilot program to export flowers via direct flight from Addis Ababa to the U.S. In addition, EATH worked with the Tanzania Horticulture Association (TAHA) on targeted market linkage support activities. The key entry point in this regard was the Miami Trade Show in which TAHA members linked up with external buyers. The trade-show triggered a round of additional sales of cut flowers to the United States in 2010.

Specialty Foods: EATH supported the efforts of local exporters to penetrate the multi-tiered and extremely demanding U.S. specialty foods market through a combination of targeted supply/demand analyses designed to better target high potential specialty food sub-sectors and through related firm-level technical support designed to promote compliance with quality standards and U.S. market demand specifications/trends. These efforts were supplemented by branding/market-linkage support through preparation for and participation in major U.S. Trade Fairs (including the Fancy Food Shows).

At the associative level effective institution building support was provided to AFCA, which has significantly improved its operational and financial autonomy through EATH's targeted institutional strengthening support program. In addition, EATH played a critical role in helping build ACTIF's organizational capacity (including recruitment of a full-time Senior Director and development of its strategic plan and vision). ACTIF has, in fact, become a major regional institutional player in CTA development strategy and policy reform discussions and is playing an increasingly prominent direct role in the sponsorship/management of Origin Africa trade shows. At the same time, a number of EATH-supported associative organizations continue to survive on a combination of members' annual fees, levies on produce deliveries and substantial external support.

Overall EATH helped generate over \$200 million in total exports across the key sectoral support areas; more than double the LOP target of \$85 million. The LOP target seems fairly low, given that the average over five years is approximately \$17 million per year.¹⁶ This constitutes between two percent and five percent of annual exports from the EAC countries, Ethiopia, and Mauritius under AGOA over that period. Especially when considering that exports under the AGOA program accounted for approximately half of total exports to the U.S. market in those years, if the export targets aimed to demonstrate a transformational change as a result of EATH assistance, they could have been more ambitious.¹⁷

¹⁶ EATH targets for the value of exports facilitated under AGOA were: \$15 million (2010); \$20 million (2011); \$20 million (2012); \$20 million (2013); and \$10 million (2014).

¹⁷ United States International Trade Commission, Dataweb (accessed September 30, 2015).

EATH easily exceeded other targets, for number of trade show outreach activities and firms provided with technical training and support (868), which vastly exceeded the target for the number of firms supported to increase exports under AGOA. The adequacy of these targets is more difficult to judge in the absence of clear evidence of meaningful outcomes directly resulting from these activities.

Outcomes and Impact

Textiles and Apparel: EATH provided targeted high impact technical and market development support to local firms attempting to expand value chain linkages and move into higher value-added production stages. A successful example is Southern Range Nyanza Ltd (SRN), based in Uganda. EATH provided technical restructuring and market development support which helped SRN extend its operations from cotton processing to clothing production/sales, with an enhanced regional market focus. As a result, the firm's exports increased from \$1.4 million in 2010 to \$4.1 million in 2013. Overall EATH helped generate approximately \$151 million in textile and apparel exports and approximately \$12 million in footwear exports under AGOA.

Home Décor and Fashion Accessories: EATH helped significantly increase the visibility and enhance commercialization channels for selected beneficiary firms in the home décor and fashion accessory sphere. For example, EATH worked with Indego Africa in Rwanda to strengthen production capacity and product quality and brought the company to the San Francisco International Gift Fair. These interventions resulted in a sales increase of 25 percent for the company. Overall the program helped leverage approximately \$18 million in home décor and fashion accessory exports under AGOA.

Cut Flowers: EATH technical outreach and commercialization support has permanently enhanced market linkage channels for the East African cut flower industry. For instance, today Tanzania exports over 50 flower varieties composed of cut flowers and chrysanthemum cuttings to the EU and the U.S., with the former accounting for about 93 percent of total exports and the latter about 7 percent, much of which was catalyzed through strategic EATH technical/market outreach interventions. In addition, EATH support activities culminated in the establishment by TAHA of a business company - TAHA Logistics, which handles industry promotion, perishable produce, clearing and forwarding, tracking of shipments, airfreight and sea freight booking. TAHA has a total membership of 15,000 farmers serviced with market-oriented extension services. Finally, the market outreach support provided by EATH helped leverage an expansion of TAHA's export base; with member firms diversifying into exports of garlic and ginger to the United States under the fair trade regime, which helps growers leverage premium prices and raises farm family incomes. Overall EATH market-matching and quality enhancement support initiatives helped drive approximately \$12.5 million in cut flower exports under AGOA.

At the same time many of the enterprises interviewed (across all sectors) indicated that they felt the assistance from EATH may have been spread too thin, in the sense that there was a predominant focus on short-term training initiatives and not enough focus on in-depth technical support to address key productivity enhancement, cost control, quality management and input supply challenges. This may in turn have been driven in part by the heavily input-focused nature of the indicators that EATH was attempting to satisfy (e.g., number of companies reached and number of participants trained); as well as the mid-project shift in emphasis away from firm level and towards sector-level assistance in order to augment 'systemic' spill-over benefits within the context of limited programmatic resources.

While EATH certainly had a significant impact on the capacity of a large number of African firms to increase sales/exports and compete more effectively in the U.S. and other export markets, it had a much more limited impact on helping firms systematically "move up" the value chain across the key sectors which the program focused on. In this regard a related point meriting consideration is whether or not the program could have – and successor programs such as EATH should – place significantly greater focus on the *pull* or *non-traditional stages* of the value chain (stages focusing on design and garmenting), which offer more returns to value addition. This was, for instance, specifically suggested to the team by Tim Armstrong, senior advisor to the Tanzania Textiles Development Unit.

At the associative level, most organizations reviewed by the evaluation team were very clear that EATH technical and resource support had played a lynchpin role in allowing them to help their members build awareness of AGOA

benefits and related market access requirements and helped them to identify critical trade integration policy/regulatory issues that limited their members' capacity to respond to AGOA opportunities. It had also helped them effectively prioritize and conduct group outreach/training sessions (e.g., a series of targeted AGOA Information Workshops), designed to address key productivity enhancement and informational constraints hindering their members from increasing exports under AGOA.

Moreover, EATH provided strong tangible institution-building support to a significant number of regional representative institutions in key targeted sectors. This had major benefits from a sectoral AGOA awareness-raising, market-matching, and policy dialogue capacity perspective. At the same time, it appears that significant additional progress needs to be made to transform truly many of these key sector representational entities into self-sustaining associative bodies, both financially and from a technical and organizational resource empowerment perspective.

Sustainability

For exporters in targeted value chains, the experience gained from trade fairs led to permanent changes in adopting innovations and marketing strategies. Many firms managed to secure buyers and other partners during and after EATH support. However, although the project's combination of branding/market-matching and enterprise level productivity enhancement and quality control interventions were clearly impactful, a legitimate question remains as to whether the intervention strategy will yield sustainable and widely-replicable benefits – particularly given the intensity and depth of international competition in the non-traditional sectors selected for support. In this regard some beneficiaries expressed concerns that the market linkage and related enterprise level interventions were sporadic and short-term in nature; and that more continuous support for securing buyer contracts and/or addressing key productivity enhancement constraints might have yielded more sizeable and sustainable sales and export results at the firm level. To a certain degree such observations reflect the inevitable tension between providing deep-dive technical support at the enterprise level and broader support at the sector level that reaches much larger numbers of economic agents—the perception of many of the contacted beneficiaries was that this trade-off was handled in a manner that did not necessarily optimize sustainability prospects. Similarly to the approach described in component 2, a potential 'hybrid' approach for addressing this type of issue in future could entail a heightened focus on identification of and intensified support for lynchpin 'anchor firms' whose enhanced competitiveness and market integration can generate sustainable ripple effects across an entire national or regional supply chain.

Despite the progress which a few high-profile EATH-supported associative organizations (e.g., AFCA and ACTIF) made towards enhanced organizational efficiency and autonomy, most associative organizations which received project support continue to survive on a combination of members' annual fees, levies on produce deliveries and substantial external support. Those associations supporting their members to reach the AGOA market face, in general, the same core constraints enumerated above. As noted above, most remain far removed from operational and financial self-sustainability.

In the end, it appears that the core goals set for AGOA outreach were relatively modest and achieving them was not necessarily commensurate with placing the main beneficiary countries on a sustainable pathway to robust export growth under AGOA and by extension to other external markets. This is broadly consistent with the findings of the 2013 SSA-wide AGOA impact evaluation undertaken by Social Impact, which concluded that the depth and sustainability of EATH impact on export growth and diversification for targeted value chains remained an open question for the aforementioned reasons (pp. 45-6).

2. Targeted Trade/Investment Ramp Up Support for Regional and National Public Institutions

Introduction: Key public sector institutions, including national governments, selected regional trade associations and the EAC were expected to benefit from two categories of the EATH program's activities, namely:

- 1) *Analysis and Advisory Support:* conducting end-market analyses; undertaking AGOA competitiveness strategies; and, providing ad-hoc advice to national governments and institutions on AGOA implementation.

- 2) *Knowledge Management and Sharing*: updating the website and disseminating information; developing an AGOA toolkit DVD; sharing Origin Africa fact sheets; leading Origin Africa sector-specific workshops; and, expanding awareness about AGOA and U.S. foreign assistance.

Relevance

EATH supported a number of national public sector institutions; with the majority comprising organizations dealing with regional food security and intra-regional trade issues such as customs, standards, trade policy reform and coordination. In addition to line ministries such as Agriculture/Food Security, MINEAC, revenue authorities/customs and bureaus of standards and statistics, the evaluation team also interviewed a few organizations that played direct roles in promoting exports to the U.S. market: EPZ/Kenya, the Ethiopian Textiles Industry Development Institute, and national/regional AGOA coordinators. The main interventions that EATH supported focused on developing national AGOA strategies, providing ad-hoc advice and building the organizational capacity of partners. The evaluation team found that the support provided in these areas was viewed as highly relevant and tangibly focused by most institutional counterparts.

EATH also supported a number of activities at the EAC Secretariat including the Food Security Action Plan, Regional Food Balance Sheet and Trade Helpdesk that have already been discussed under Components 1 and 2. However between 2009 and 2014, there was no direct support to the Department that deals with the export promotion and coordination of AGOA activities. The Department is tasked with coordinating the development of regional policy documents (e.g., policy papers on special economic zones) and coordination of a regional AGOA strategy.

Effectiveness and Efficiency

EATH's AGOA strategy support activities cogently analyzed and addressed both key constraints and opportunities facing national governments as they sought to improve the policy framework for and better organize awareness of AGOA benefits.

The strategies identified key competitiveness and policy/regulatory challenges that needed to be faced to promote export expansion under AGOA, as well as to define prime sectoral export push opportunities. As referenced above, joint workshops with the private sector were launched to facilitate collaborative discussion of strategic approaches, and to jumpstart the dissemination of information regarding AGOA benefits, opportunities and requirements. Overall nine AGOA strategies were developed or updated during the project, slightly under the LOP target of 11. The countries covered included Kenya, Burundi, Ethiopia and Mauritius.

Those interviewed stated that the activities were generally effective in focusing the public and private sector on AGOA benefits and related market access requirements, as well as facilitating public-private dialogue on sectoral targets of opportunity and challenges to be addressed to take fullest advantage of them. They also indirectly but importantly contributed towards building capacity to help formulate improved food security and poverty reduction strategies. However, it appeared to a number of interviewees that the focused development of national strategies has yet to build the institutional momentum required to effectively address key weaknesses in the trade policy legal/regulatory framework (at the national and/or regional level). Nor have these strategies impacted significantly on the critical overarching institutional constraints (e.g., human capital and financial outreach capacity) that have hitherto hindered full exploitation of market opportunities under AGOA.

Outcomes and Impact

According to a number of EAC interviewees, no clear vision was established under EATH for moving towards a harmonized enabling and institutional/policy environment in key customs and trade policy areas. This appears in turn to have adversely impacted on the dynamism associated with implementation and visibility of the AGOA export strategies (as noted above). This regional perspective was at times not clearly defined as part of the EATH implementation strategy. Ultimately the inability to help translate national-level AGOA policy/regulatory reform and institutional strengthening strategies onto a regional plane effectively represents a missed opportunity for EATH. It is absolutely the case that it is ultimately the EAC's responsibility to design such a strategic vision. At the same time, EATH seemed unable to guide its dialogue with the EAC and member countries in a manner which would have enabled the program to play a proactive role in helping shape a strategy-setting and regional consensus-building

process. Playing such a role would have enabled EATH to help prioritize key trade reforms from the vantage point of their impact on the region's export growth performance under AGOA. This, unfortunately, appears to have indirectly but tangibly constrained export growth under AGOA for member states.

Sustainability

EATH has helped to develop significant public/private institutional capacity at the national level in EAC countries to review and upgrade national-level AGOA utilization strategies. At the same time the lack of follow-through on development of a viable regional AGOA Utilization strategy, which is in turn cross-linked to national level strategies, has hampered sustainable progress towards critical trade-related policy and institutional reforms required to maximize the EAC supply response to opportunities under AGOA. While certainly not a panacea, additional progress in this area may have further accelerated sustainable momentum for expanded exports of non-traditional products in key sectors under AGOA; which constitute roughly half of overall EAC exports to the United States and therefore represent an opportunity for continued growth. It should be noted that the recent passage of the path-breaking EAC Act on Non-Tariff Barriers this past spring establishes for the first time a binding regional legal framework for elimination of NTBs. The legal framework will become mandatory at the EAC level after the legislation is ratified by each member state at the Parliamentary level. This should reinforce the impact of AGOA renewal, and the recent WTO Trade Facilitation Agreement, in establishing fresh momentum for the promotion of policy/regulatory harmonization measures at the EAC Secretariat level which expand trade and investment both regionally and under AGOA.

OVERALL CONCLUSIONS

1. EATH performed very effectively in sector-level export outreach activities and event/trade fair promotion; significantly raising the profile of African exporters within the U.S. in key sectors (e.g., textiles/apparel, fashion accessories, cut flowers). This is a truly notable achievement.
2. EATH performed very strongly in terms of numbers of companies reached and numbers of persons trained on driving increased exports under AGOA. Targets in these areas and overall export growth targets were easily met. However, many participants felt at the same time that in certain areas of support – detailed firm-level support for productivity enhancement, cost control, quality management, accessing external inputs – the assistance provided was shallow and not always sustainably impactful.
3. EATH had a significant impact on the capacity of a large number of African firms to increase sales/exports and compete more effectively on U.S. and other export markets. At the same time, it had a much more limited impact on helping firms systematically “move up” the value chain across the key sectors which the program focused on. In this regard although the program did have notable successes in moving some vanguard exporters upstream, including in the apparel and apparel accessories sphere, most of the beneficiaries – including in the textile/apparel sector – remained in late stage low value-added segments.
4. Expansion of FDI linkages is key to penetration of higher-end market segments under AGOA, and maximizing its ripple effect on other export markets. This is critical for purposes of both facilitating the technical know-how and market linkages which will facilitate penetration of higher-end market niches, as well as helping address the financing constraints facing domestic companies supported by USAID programs. This was not an explicit area of focus of the EATH program, which significantly constrained the program's capacity to drive a robust increase in (particularly) higher-end exports in key sectors.
5. Key EAC interviewees expressed the view that EATH support efforts to help design AGOA promotion strategies were essentially focused on national authorities. At the same time, it appears that during the early stages of the project EATH staff made efforts to engage the EAC AGOA Promotion Office, but that relevant EAC officials indicated little practical follow-up interest. It remains possible – though by no means certain – that more proactive/persistent engagement of EAC counterparts by EATH may have facilitated greater attention on critical intra-regional policy reforms needed to promote export growth under AGOA.
6. EATH provided strong tangible institution-building support to a significant number of regional representative institutions in key targeted sectors. This has had major benefits from an AGOA awareness-

raising, market-matching, and policy dialogue perspective. At the same time, it appears that significant additional progress needs to be made to truly transform many of these key sector partner organizations into self-sustaining associative bodies, from a financial, operational and market outreach perspective.

RECOMMENDATIONS

Based on the above findings and conclusions, the evaluation team makes the following recommendations:

1. Follow-on export promotion programs should be in a position to take EATH's export outreach support activities to the "next level". This can be achieved both by significantly scaling up the projected purchasing volumes that are expected to emerge from these market-making initiatives; and by promoting a sustainable plan for direct self-sustaining sponsorship over time of this participation by regional sectoral partner organizations (along the lines achieved with ACTIF and AFCA). This could reasonably become a key explicit conditionality feature of future outreach support to key partner entities under follow-on Trade Hub support initiatives.
2. Future export promotion programs would benefit from focusing to a lesser degree than did EATH on input/output-based targets, and more on sustainable impacts on both firm and sub-sector level outputs/outcomes. This, for instance, could include a hybrid-focus on critical 'anchor firms' whose enhanced competitiveness can drive improved branding and supply chain competitiveness impacts across the value chain. It would prove useful to express such targets in percentage export growth terms in relation to historic AGOA export performance, since it appears that the dollar volume targets set for export expansion under EATH were not particularly ambitious given (1) the relative magnitude of overall export and non-traditional export volumes for the region; and (2) the substantial support efforts already implemented under prior regional programs in this area.
3. In the interest of promoting movement towards higher value-added segments of key value chains, it would prove useful to set explicit goals for the new EATH Program for increasing the value-added content of sales at the firm and even the value chain level. Alternatively, the program could set a more qualitative goal of significant increasing the number of firms that are undertaking higher value-added activities (e.g., through integrated processing/distribution systems); and/or set targets for expanding total sales and exports in "high-end" segments of a particular sector.
4. It is very important that the EATH Program focuses intensively on attracting FDI in key export sectors. This could be through targeting potential investment sources from outside the region who could partner with and/or develop supply chain relationships with high potential local firms in key value chains (many of which can be readily identified among prior EATH beneficiaries). In the textile and apparel sector it could also entail building stronger regional linkages between East African and Southern African value chain participants in a manner which could expand cross-regional investment and foster the emergence of a truly regional value chain. The recent expansion of AGOA benefits to include liberalized third country sourcing provisions in the cotton, textile, and apparel sector creates new opportunities for the emergence of a vibrant regional South-East value chain nexus. Targeted technical support to promote stronger cross-regional value chain trading ties and investment flows could leverage significant increases in regional trade flows and AGOA exports. It is also important that investment leveraging performance goals be defined in a manner that implies a meaningful impact on the total volume of sectoral investment over the LOP.
5. The recent renewal of AGOA, the pending implementation of the WTO Trade Facilitation Agreement, and the recent passage of binding EAC legislation designed to eliminate NTBs across EAC member states, may provide a unique opportunity to engage the EAC effectively on an AGOA-related regional trade reform agenda. This in turn could help leverage priority trade policy harmonization actions needed to maximize the impact of AGOA on export and employment growth across member states.
6. Explicit financial and operational autonomy goals for key regional representative organizations should be established under follow-on trade-related support programs, including EATH.

CROSS-CUTTING AREAS OF FOCUS: ACCESS TO FINANCE

Introduction: Inadequate access to finance is a major constraint to regional trade, value chain competitiveness, and economic development in East Africa, even for medium and large agribusinesses, producers' organizations, processors, lead firms, and traders. EATH worked to increase access to financial services throughout the region as a means of creating direct access to end markets and enabling value chain participants to increase production volumes and incomes through two primary mechanisms: a certificate of agricultural finance and a regional certificate in agricultural insurance.

FINDINGS AND CONCLUSIONS

Banks and other financial institutions are often reluctant to lend to farmers and agribusinesses because of the perceived risk inherent in such activities, agriculture's seasonal nature, uncontrollable weather-related events, product perishability and high market volatility of agricultural goods. EATH worked with the Kenya School of Monetary Studies (KSMS) to design a certificate in agricultural finance to strengthen human resource capacity in regional lending institutions, facilitate improved risk analysis/management policies and facilitate additional agricultural sector lending on a sustainable basis. While the majority of participants were drawn from commercial banks, other financial sector institutions, particularly microfinance institutions and agricultural savings and credit cooperatives, also benefitted from the training. EATH, therefore, enabled KSMS to strengthen its capacity building mandate by targeting financial sector institutions historically lacking in human resource capacity to undertake effectively best practice compliant agricultural lending activities.

Most of the 204 graduates of the program are now key decision makers in EAC financial institutions. Their presence within these institutions has enabled KSMS to continue to engage productively with the industry and promote progress towards improved lending practices. KSMS staff credit the EATH project with making a demonstrable contribution in terms of increased finance for agricultural sector activities, and with deepening the culture of good lending practices within a number of commercial finance institutions in the EAC and in some countries of Southern Africa. Though EATH support ended in 2012, the program's strong reputation appears to have helped leverage follow-on funding from other donors (including GIZ and Financial Access). Other sustainability mechanisms that have allowed the program to operate effectively post-EATH include continued co-funding of participants by the school and major financial sector institutions, and demand-side resource leveraging through the KSMS alumni association.

EATH also targeted strategic institutional-strengthening needs in the nascent East African insurance industry, particularly with regards to the development of urgently needed agricultural risk assessment and agricultural insurance products. To build institutional capacity in the insurance industry and raise the level and penetration of viable agricultural insurance products across East Africa, EATH worked with the Kenya College of Insurance (KCI) to create a regional certificate of agricultural insurance. The program trained 142 financial and insurance professionals to design viable and affordable crop insurance vehicles and develop efficient claims procedures. Ultimately, the program is intended to mitigate effectively risk for farmers on a large scale, thereby increasing their ability to access financing and improve their nutritional status, and their production and family income outcomes. Since EATH support ended in 2012, at least 25 additional individuals have been trained, and KCI has partnered with the World Bank and the Kenya School of Monetary Studies to continue program activities. However, the certificate is currently offered only at the local campus in Nairobi, Kenya. It has not yet been established at educational/training institutions in other EAC countries which currently limits the replicability and scalability of the initiative.

RECOMMENDATIONS

1. The EATH agricultural finance training programs reached large numbers of trainees and have leveraged in both cases spurred follow-on sponsorship support, as well as direct budgetary support from the sponsoring academic institutions – remarkable sustainability performance. The stakeholders interviewed clearly spoke to

the high quality of the training courses proffered and their impact on developing a cadre of agricultural finance professionals ready and able to advocate for and implement innovative agricultural lending and agricultural insurance products and related risk analysis approaches. It might be worth exploring whether the current EATIH initiative, with its major investment leveraging and loan origination focus, might benefit from tapping into the organizational goodwill and alumni contact network created through these training programs, as it operationalizes its financial outreach strategy and prospects for top tier loan origination consultants.

2. Major resource-leveraging risk mitigation benefits could be leveraged for EATIH stakeholders in key agricultural value chains; if effectively structured and disseminated crop insurance and warehouse receipts related financial products could be effectively applied. It may in this regard be worth exploring the opportunities and constraints (including current EAC legal/regulatory harmonization requirements) for developing/applying well-structured insurance instruments to leverage additional value chain finance for participants within one or more EATIH-supported agricultural sectors; and for in major agricultural finance product areas, such as crop insurance and credit enhancement mechanisms for WHRS instruments.

KEY LESSONS LEARNED

- Impressive progress was made by EATH across a number of key policy/institutional reform areas in (1) dramatically raising institutional awareness of the need for a harmonized policy/institutional planning framework, and (2) reaching agreement at the regional level on basic harmonization requirements/standards. At the same time, this ongoing 'balancing act' between a regional and national level focus limited the capacity of EATH to drive comprehensive implementation of reforms at the national level. In the majority of trade-related policy/institutional reform areas which the EATH Program touched upon, the dissemination process had not moved far beyond the pilot level. In this regard, much of the coordination work at the national level seems to have been focused on the EAC ministerial coordination units. In retrospect, a greater focus on driving consensus and building implementation capacity within key national level technical counterpart units (e.g., customs, trade, and agriculture) may have yielded greater/more systemic implementation progress at the national level. This should be taken effectively into account in the allocation of technical assistance/training resources under the follow-on EATIH Program.
- The lack of ongoing engagement with the EAC AGOA Office (caused essentially by lack of capacity/interest on the part of that office when EATH started) limited the impact which the EATH Program was able to have in promoting a shared regional vision on trade integration policy/institutional reform; and promoting integrated AGOA strategies across EAC countries. There should in this regard be significantly greater follow-through under EATIH in working with the EAC AGOA Office. This should be focused on efforts to build a shared cross-national vision of how to maximize the benefits of AGOA renewal through targeted regional integration reforms, and on actions to promote the emergence of selected regional value chains.
- The EATH Program shifted its focus in 2012 significantly. It essentially changed its export promotion efforts in targeted value chains from firm-level to sectoral level interventions. Overall this shift led to a greater concentration of trade and export expansion support efforts on regional and national associative bodies, as conduits for strengthening the capacity of priority value chains to enhance their competitiveness and expand sales/exports. At the same time, as the focus shifted from enterprise-specific to value chain level assistance, the depth of productivity enhancement and quality upgrading engagement at the firm level declined. In light of this, future programs should consider building in stronger performance incentives with associative partner institutions that encourage more intensive support to high potential firms. This could, for instance, entail a focus on concentrated support to critical anchor firms in key sectors, whose growth can spur supply chain development at the national/regional level.
- There were no meaningful synergies developed between the successful (though truncated) agricultural finance training program, and agricultural value chain development efforts. The skilled and committed human resource base generated through these training programs could have become more effectively engaged in development

of innovative credit enhancement mechanisms (e.g., crop insurance vehicles and WHRS guarantee instruments); which could in turn have enhanced the scalability and impact of EATH technical/financial support efforts in key agricultural value chains. This network of agricultural finance professionals should be integrated more effectively into the current EATH Program's efforts to broaden access to commercial finance in critical value chains.

- The absence of a tangible focus on investment leveraging under EATH inevitably limited its overall impact on increasing sales/exports at the value chain level. Attracting FDI partners for local firms in key value chains can and should play a critical role in promoting transformational value chain development and export impact under AGOA. This is an area that should be given priority emphasis under the EATH program, in a time-framed manner with tangible annual performance targets across key value chains.
- EATH did not adopt a strategic/cohesive approach to achieving a significant net reduction in non-tariff trade barriers within the EAC. While the program focused effectively on driving reductions in trade barriers at networks of localized border sites (JBCs) and key nodal transport hubs, there appears to have been no overall strategic focus on working towards a net reduction in the number and impact of overall barriers across major NTB categories. EATH should adopt a more systemic approach to addressing and tracking net reduction in major categories of NTBs; in coordination with the EAC Secretariat, as well as with key national level policy-making bodies across the EAC.
- EATH did not place a strong focus overall on the sustainability of its intervention strategies. While human institutional capacity development support was provided to a significant number of local associative organizations under the program, very few seem to have gotten anywhere close to operational and financial sustainability as of the end-date of the program. Future programs should establish a clear and well-defined set of sustainability objectives in the PMP, and related institutional autonomy/viability related performance targets for key partner institutions.
- The EATH Program had an implicit annual export revenue growth target that did not incentivize ambitious export promotion interventions by the project. The target represented between two percent and five percent of AGOA exports from the EAC countries, Ethiopia and Mauritius during 2010—14, the years for which the program set export targets. Such exports (under the AGOA program) constituted only half of the total exports to the U.S. market over the period, further indicating that such targets were set at a very low level. Future programs should establish more transformational performance targets for export growth that are directly tied to projected percentage growth in AGOA export revenues over the prior year's performance, or in relation to a multi-year average.

ANNEXES