



**USAID**  
FROM THE AMERICAN PEOPLE

# From Aid To Trade: Delivering Results

A Cross-Country Evaluation of USAID Trade Capacity Building

## Summary

**NOVEMBER 24, 2010**

This publication was produced for review by the United States Agency for International Development. It was prepared by Molly Hageboeck, Management Systems International.



# From Aid to Trade: Delivering Results

A Cross-Country Evaluation of USAID Trade Capacity Building

## Summary

 **Management  
Systems  
International**  
A Subsidiary of Coffey International, Ltd.  
**Management Systems International**  
**Corporate Offices**  
600 Water Street, SW  
Washington, DC 20024

 **coffey**  
international  
development

Contracted under DFD-I-00-04-00228-00, task order 11

Prepared by Molly Hageboeck, Principal Investigator, with Stephanie Monschein, Logan Clark, Steve Huneke, Micah Frumkin and Emily Kearney at MSI; David H. Bearce, Associate Professor, Steven E. Finkel, Daniel H. Wallace Professor, and Aníbal S. Pérez-Liñán, Associate Professor, Department of Political Science, University of Pittsburgh; and support from Trade Advisers Stephen Creskoff and James W. Fox. Cathy Dutchak, Craig Anthony Rychel, Kristy Bohling, Luciana Harrington, Marissa Jacobus, Jitka Sladka, and Mark Sevier at MSI also contributed to the development of this report.

### **DISCLAIMER**

The views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States government.



# Contents

**Preface..... i**

**Summary ..... 1**

    U.S. Trade Capacity Building Assistance To Developing  
    countries..... 1

    Defining U.S. Trade Capacity Building Assistance ..... 3

    Evaluation Purpose..... 5

    Evaluation Methodology..... 6

    Evaluation Findings..... 9

    Recommendations ..... 33



# Preface

The United States government provides trade capacity building (TCB) assistance covering a range of programs with the common aim of furthering economic opportunities through global trade and investment. TCB is defined as assistance to help countries negotiate and implement trade agreements and build the physical, human, and institutional capacity to benefit from trade and investment opportunities.

This report presents the findings of a three-phase, cross-country evaluation of U.S. government trade capacity building, with a special focus on the segment of this portfolio that the U.S. Agency for International Development (USAID) administers. The evaluation was carried out for USAID by Management Systems International (MSI). MSI designed the evaluation, analyzed the U.S. government (and particularly USAID) trade capacity building portfolio, collected USAID project and program data, carried out basic statistical and qualitative analysis, and wrote the evaluation report. Invaluable assistance in this effort was provided by MSI's partner on this evaluation, a team of professors and researchers from the University of Pittsburgh who designed and implemented the cross-country regression analysis upon which the report draws.

The evaluation team offers special thanks to Brinton Bohling, Senior Advisor, Trade and Investment Programs, in USAID's Economic Growth Office, whose oversight of this evaluation has included significant and much appreciated substantive contributions. The evaluation also thanks the gracious staff in USAID missions, U.S. firms, and U.S. private voluntary organizations who took time out of their busy schedules to locate hundreds of USAID TCB project documents that served as a key data source for the evaluation.





# Summary

## U.S. TRADE CAPACITY BUILDING ASSISTANCE TO DEVELOPING COUNTRIES

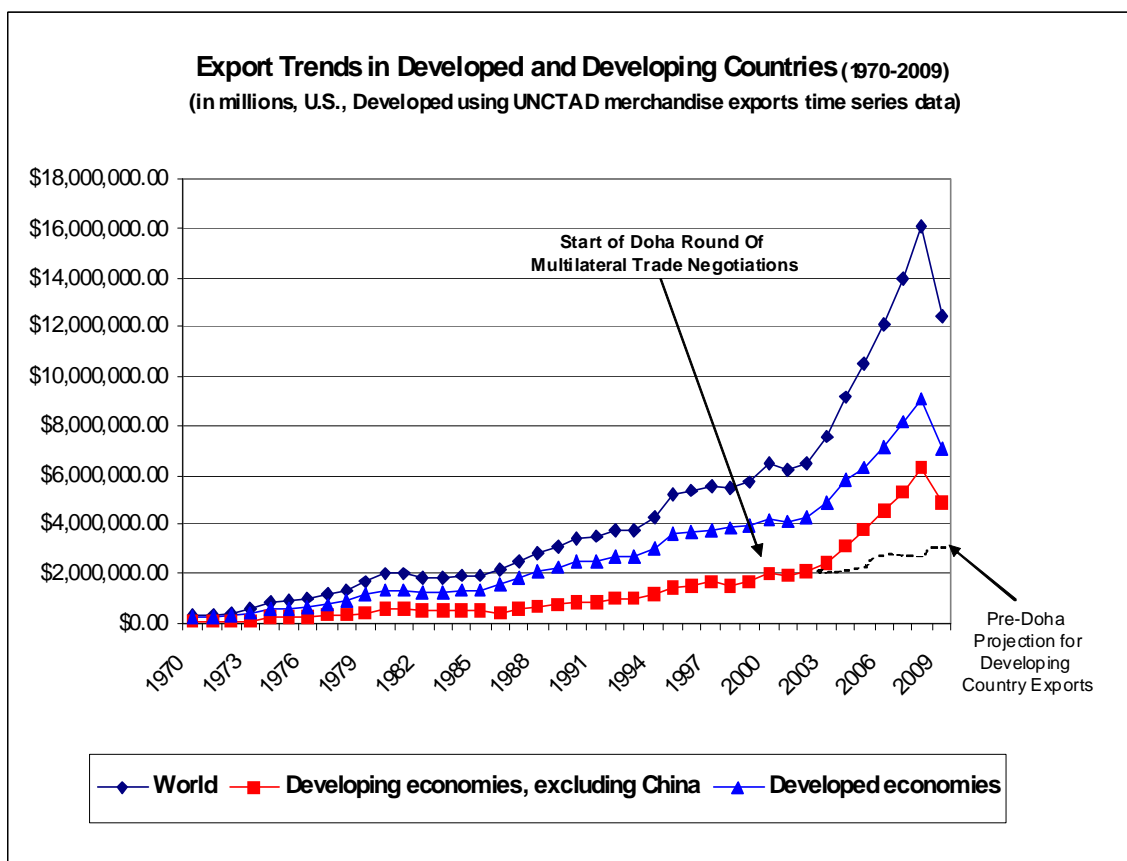
World trade has undergone a dramatic expansion over the last thirty years. Growth rates for international commerce have surpassed those for both population and production. Coupled with revolutions in transportation and communications, cooperation among governments to open markets and lower trade barriers has enabled this historic expansion. Most remarkably, the share of world trade from developing countries has surpassed that of industrial countries, mirroring a parallel rise in income and purchasing power in the developing world. Even so, not all countries have participated equally in these advances. Many poor countries still strive to fully benefit from integration into global markets. Trade capacity building (TCB) assistance seeks partnerships with these countries and leverages the opportunities presented by trends in technology, market access, and expanding global demand. The ultimate goal of this assistance is to expand the number of people that benefit from global trade.

Overall, this evaluation concludes that USAID and U.S. government programs have contributed substantively toward this goal. Project documents detail a range of successful USAID strategies that help firms and governments meet the demands of the international marketplace, improve the policy environment for trade, and enable countries' trade and logistics systems to function more efficiently. The evaluation found U.S. assistance to be significantly associated with increases in the value of recipient countries' exports, after controlling for a wide range of factors that have influenced international trade flows over the last decade.

Other investigative techniques revealed assistance synergies that can improve the results of TCB assistance. Important among these strategies is working toward more competitive public and private sector practices simultaneously. Synergies are also found in combining training, analysis, technical advice, and equipment to deliver an integrated assistance package. Further analysis revealed the critical

importance of strong relations with counterparts and the coordination of assistance with counterparts' own reform processes.

In short, this evaluation found that U.S. TCB assistance since the launch of WTO negotiations in 2001 has had a positive impact in developing countries. The report highlights a number of key opportunities to improve monitoring and evaluation of trade capacity building assistance. These include establishing a framework of intended USAID TCB results and appropriate measures of those results.



## DEFINING U.S. TRADE CAPACITY BUILDING ASSISTANCE

The United States defines trade capacity building assistance, or “aid for trade,” as assistance to help countries negotiate and implement trade agreements and build the physical, human, and institutional capacity to benefit from trade and investment opportunities. Trade capacity building assistance covers a wide range of programs. For example, TCB programs may assist development partners in implementing the provisions of existing trade agreements, participating in new agreements, undertaking trade policy reform, or improving the functioning of government agencies involved in trade—particularly those that affect the time and cost of moving goods across borders. Equally important is the TCB assistance the United States provides to private sector firms, industry associations, farmers, and farmer groups to increase local firms’ understanding of and ability to compete in international markets. Often this is accomplished by improving the processes used to produce, package, market, and transport goods. TCB programs work with firms to increase their ability to attract investment or tourism; they also work with partner firms to meet health, safety, and other product requirements of foreign markets.

TCB assistance to developing countries is not new: the U.S. government and USAID have supported trade policy improvements and fostered export development in the countries they assist for many years. With the launch of WTO negotiations and the Doha Development Agenda in 2001, however, discussions about TCB assistance to developing countries took on an increasingly prominent role within the donor community. Developing countries articulated a need for this type of aid, and donor responsiveness to these needs was reaffirmed when the United States and other WTO members supported an aid for trade initiative at the Hong Kong Ministerial in 2005.

Since the start of the Doha Round, the United States has been an important provider of this international development assistance. The United States aid for trade commitment for 2007, reported in the 2009 edition of the WTO–OECD *Aid for Trade at a Glance* report, represented 29 percent of the total commitments of the OECD



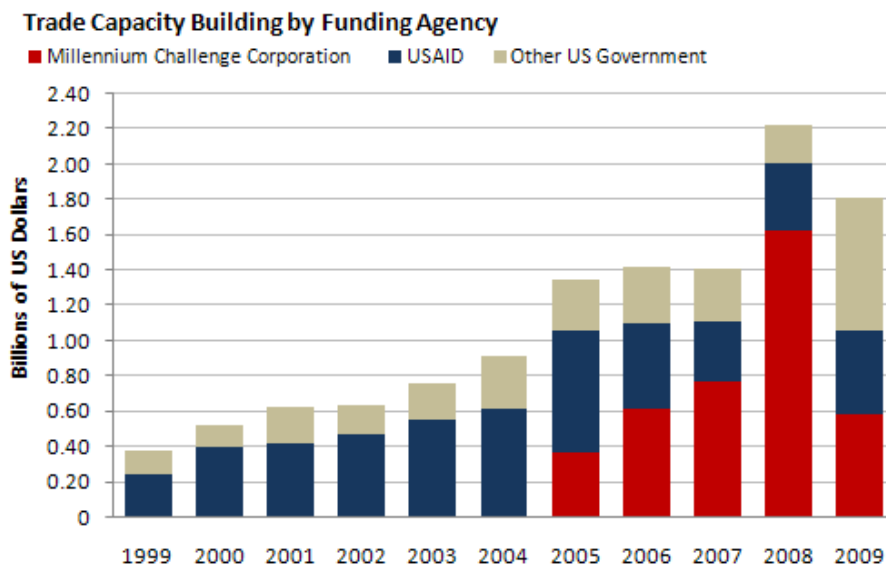
**USAID assistance helped the Senegalese fish processing industry participate in international trade shows.**

Source: USAID.

Development Assistance Committee members. Multilateral funding for aid for trade is an increasingly important component of the total. When all bilateral and multilateral commitments for 2007 were totaled, the United States contribution represented 18 percent of worldwide funding for TCB.

Between 1999 and 2009, the U.S. government obligated over \$12 billion for TCB assistance to developing countries. The vast majority of these funds, or \$8.7 billion, were obligated between 2002 and 2008, as illustrated in the figure below.

During these years, the largest provider of TCB assistance was USAID, which accounted for 42 percent of U.S. trade capacity building obligations. Its level of investment in TCB programs was recently surpassed by the Millennium Challenge Corporation (MCC), which began funding TCB assistance in 2005. In addition to USAID and MCC, more than 20 other U.S. government departments and agencies contribute to this effort. In collaboration with other donors, the United States has given particular attention when programming its TCB funds to those countries participating in the multilateral Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries, initiated in 1997.



Source: U.S. Trade Capacity Building Database

## EVALUATION PURPOSE

This evaluation examines the results and impact of trade capacity building activities funded and implemented since 2002 by USAID and other U.S. government agencies for the purpose of learning from experience to improve the design and implementation of this assistance. The evaluation also aims to inform USAID and the Office of the U.S. Trade Representative, as co-chairs of the TCB working group, in their efforts to develop an interagency strategy to systematically monitor results and evaluate the effectiveness of TCB assistance.

The evaluation addresses six questions about the impact of the U.S. trade capacity building programs that examine the extent to which USAID trade capacity building projects have achieved their objectives, the factors that contribute to or impede project success, and the means by which performance monitoring and evaluation can be improved.

### EVALUATION QUESTIONS

1. To what extent have USAID programs of this type contributed in a measurable way to improved trade capacity in the target countries?
2. What impact have USAID TCB projects had on the firms, individuals, associations, sectors, economies, and government agencies targeted by the interventions?
3. Which activities have been more successful in achieving their objectives, and what were the primary factors responsible for their relative success?
4. What combinations of activities or interventions were more successful and sustainable than others, and what were the primary synergies that contributed to that success?
5. To what extent have the interventions funded by USAID since 2002 succeeded in accomplishing the program's objectives?
6. How can USAID integrate monitoring and evaluation into the design and implementation of TCB programs more systematically?

## EVALUATION METHODOLOGY

For this evaluation, the MSI team began by gathering TCB funding and activity descriptions reported in the annual TCB survey of U.S. government agencies; this survey is managed by the Economic Growth Office in the USAID Economic Growth, Agriculture, and Trade (EGAT) Bureau, and the data collected are reported online.<sup>1</sup> TCB is often described as an “umbrella” of activities that work through a number of channels to improve recipients’ capacity to engage in international trade. The results of the evaluation team’s initial review of government-wide TCB activities are available online.<sup>2</sup>

To analyze the impact of USAID TCB projects, the evaluation team developed a Results Framework model that depicts how TCB assistance is hypothesized to improve trade performance. This Results Framework includes USAID’s economic growth goal—*rapid, sustained, broad-based economic growth in target countries* (coded as RF 0.0 in the summary Results Framework diagram shown below)—as the result to which *improved trade and investment performance in target countries* (coded as RF 1.1) contributes. International trade is crucial in encouraging investments in technology and spurring competition that lead to greater productivity and create opportunities for incomes to rise. Support for this proposition exists in economic theory dating from the work of David Ricardo, who used the concept of comparative advantage to explain why buying and selling nations both gain from trade; contemporary empirical studies substantiate this theory. Within USAID, *improved trade and investment performance* (RF 1.1) results visibly demonstrate TCB program successes that justify this assistance.

The evaluation identified three clusters of intermediate results, or pathways that are hypothesized to yield improvements in trade performance. The highest result in each of these clusters is shown below in the summary version of the evaluation’s TCB Results Framework diagram.

The first of these clusters, coded as RF 2.1, focuses on the results of improvements in private sector trade-related practices. This results cluster includes assistance aimed at enhancing the capacity of firms and farmer groups to successfully engage in trade. In this evaluation, observable results such as export contracts being signed, new export

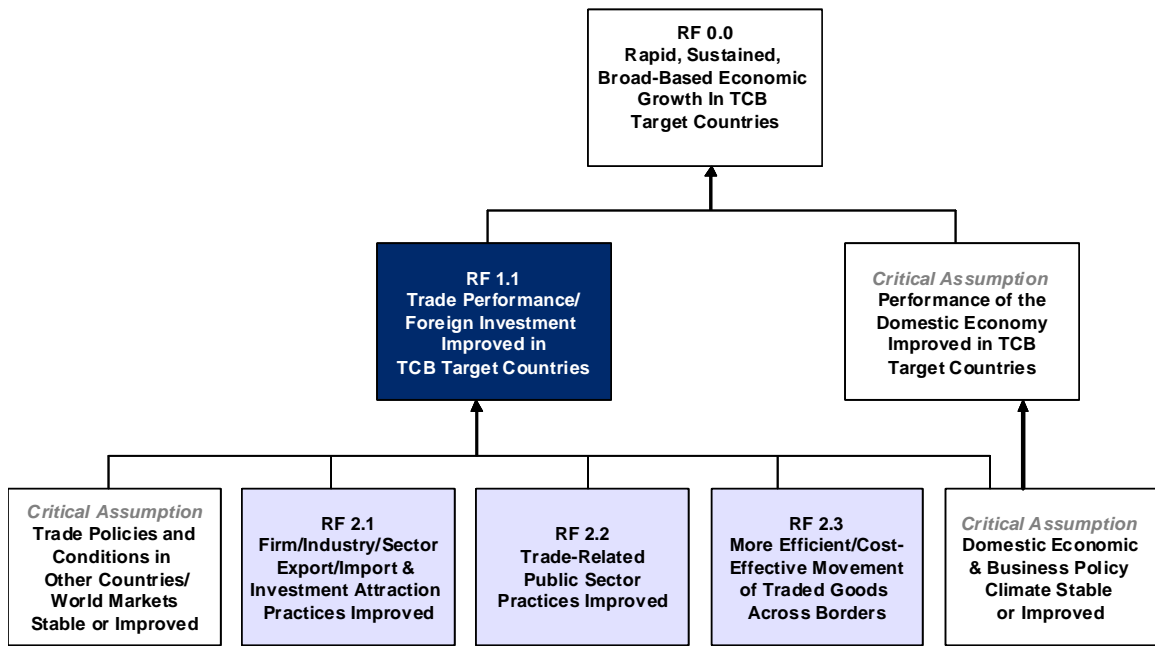
---

<sup>1</sup> Accessible at <http://tcb.eads.usaidallnet.gov>

<sup>2</sup> Accessible at [http://pdf.usaid.gov/pdf\\_docs/PNADS401.pdf](http://pdf.usaid.gov/pdf_docs/PNADS401.pdf)

products being shipped, or new markets being accessed are used to monitor whether firm and farmer group practices have improved. Projects focused on private sector practices include sector-specific assistance, such as support for the improvement of irrigation methods. USAID also assists developing country entrepreneurs in developing basic business skills that help them increase productivity, control quality, identify potential markets, contact potential buyers, and modify products in response to market signals.

**RESULTS FRAMEWORK – SUMMARY VERSION**



In the middle of the diagram above, a second results cluster, coded as RF 2.2, focuses on the results of improved public sector trade-related practices. This cluster includes assistance that supports more open markets and lower tariff rates, commitments by countries to reduce or eliminate non-tariff barriers, and actions taken to improve the efficiency of various licensing and approval processes. It is on this segment of the Results Framework that the literature on the impact of trade liberalization converges, and empirical studies have demonstrated a direct impact on trade performance from more open and liberal markets.

The third results cluster, shown as RF 2.3, focuses on a hybrid result to which the private and public sectors both contribute, namely the *more efficient and cost-effective movement of traded goods across borders*, measured in terms of both time and cost. While others might construct a logic model for TCB without including this segment separately, the evaluation team's decision to highlight this hybrid result came in direct response to the emergence of a new segment of the trade capacity development literature—widely associated with the World Bank Policy Research Working Paper, *Trading on Time* (Djankov, Freund, and Pham 2008)—which demonstrates that improvements in trade facilitation that reduce shipment time and cost have a direct impact on trade performance. Such improvements may include the modernization of customs administrations, application of information technology, enhancements to trade-related infrastructure, and improvements in trade facilitation services provided by the private sector, such as transportation services and trade finance.

Flanking these three clusters in the Results Framework summary diagram are two critical assumptions: one, about external factors that influence trade performance, is shown on the left side of the diagram, and the other, about macroeconomic and business policies, is shown on the right. Trade projects treat both assumptions as being beyond their direct control, even though USAID also funds projects that foster improvements in macroeconomic and business policies in some countries.

To examine the effectiveness of USAID and wider U.S. government TCB assistance, the evaluation team analyzed documentation for 256 USAID TCB projects carried out in 78 countries that, taken together, represent 70 percent of total USAID TCB obligations for projects with a distinct trade focus between 2002 and 2006. The evaluation examined both ongoing and completed projects that represented the full range of funding amounts, scopes, and durations. Drawing upon international trade data for 188 countries and controlling for external factors such as the size of the recipient country's economy, world economic growth, and other donor TCB assistance, MSI's partner, a University of Pittsburgh team, used regression analysis to examine the impact of U.S. government and USAID TCB obligations on a cross-country basis. The MSI evaluation team expanded this analysis by identifying patterns of domestic and external factors that appear to have an impact on trade performance at the country level in USAID recipient countries and in countries to which USAID did not provide TCB assistance.

USAID/Washington and the evaluation team made the evaluation's initial findings available to USAID missions and implementing



partners. During a stakeholder consultation period, the evaluation team met with implementing partners and USAID/Washington staff and sent out an e-survey to USAID mission staff to solicit their comments and benefit from their first-hand experience.

## EVALUATION FINDINGS

The six evaluation questions on which the evaluation focused are answered below. The conclusions reached are supported by evaluation findings.

**Question 1: To what extent have USAID programs of this type contributed in a measurable way to improved trade capacity in the target countries?**

To answer this question, the evaluation focused on trade transactions and related results that demonstrate improved trade capacity. The most ambitious trade-specific result in this regard is shown in RF 1.1 in the Results Framework, *improved trade and investment performance in TCB target countries*. In this evaluation, changes in the levels of developing country exports, imports, and foreign direct investment served as measures of RF 1.1 improvements in trade performance. The selection of these indicators to demonstrate improved trade capacity is consistent with USAID's TCB strategy and project aims, as well as with discussions held with USAID at the start of this evaluation.

### Conclusions:

- USAID TCB projects have a positive effect on developing country exports, even in very poor countries and those dealing with conflict within their borders. At the national level, the statistical association found by the evaluation between export gains and TCB assistance varies depending on the status of a number of critical external and domestic factors that are known to significantly influence developing country export performance.
- Export gains associated with USAID TCB projects stem from modest investments directed at trade facilitation and improvements in government practices, as well as from larger investments in projects that work directly with exporters. There are synergies among these three pathways to improved trade performance.

Findings that support these conclusions are discussed below.

**Finding: USAID TCB projects have a positive effect on developing country exports.**



Exports from Africa to the U.S. have grown under the African Growth and Opportunity Act (AGOA) with USAID trade hub assistance. Source: Smart Aid.

The evaluation found evidence of exports valued in millions of dollars in project performance reports from 97 USAID projects carried out in 60 developing countries. These projects varied as to how they reported on exports, but all provided quantitative data on exports in project documentation. Some focused on the value of export deals facilitated by USAID; for example: *127 export trade deals worth of \$21,556,129 to supply goods to 20 countries.* Less frequently encountered, but more indicative of the impact of these exports, were reports that placed project exports in a country-specific context; for example: *\$21.2 million over the past 2.5 years represented 63% of the overall increase in exports to the United States in the following sectors: wood manufactures; textiles and clothing; leather; and jewelry.* Supplementary data from national statistics and third-party reports yielded examples of other USAID project exports that have had a discernable national-level impact, including trout and artichokes from Peru, flowers and vanilla from Uganda, software from Egypt, certified forest products from Bolivia, and upscale coffee from Rwanda.

**Finding: Agricultural products dominate the USAID TCB project portfolio.**

Agricultural products dominated in 78 percent of the projects that focused on specific products/services, some of which were traditional exports. Products exported with support from USAID TCB projects included more than 18 types of agricultural products at the two-digit SITC level and more than 12 types of manufactured products. Another nine projects reported tourism earnings or an increase in the number of tourists visiting each year. During the stakeholder consultation phase of the evaluation, USAID staff and implementing partners suggested that a high level of investment in agriculture was consistent with their view of how the development process evolves and seemed to fit well with conditions in the countries in which they worked. In their view, agricultural products had a more direct link to poverty reduction than did products in other sectors.

Complementing these project-specific results, the regression analysis the evaluation carried out showed a statistically significant association between USAID TCB obligations and export gains in assisted countries when exports were lagged by two years. This association is temporally consistent with USAID’s development hypothesis about the impact of TCB projects. The regression also showed that, while there was a positive and significant association with exports measured in terms of value, the same did not apply to export volumes. This suggests, among other things, that developing country exporters are earning more for the same volume of production they shipped in the past. Discussions with USAID implementing partners highlighted explicit efforts made in projects to tailor production for upscale and niche markets that yield high returns, such as coffee targeted to Starbucks customers, sliced packaged fruits, fruit juices, and specialty vegetables.

**Finding: On a predictive basis, the results of the regression show that an additional \$1 of USAID TCB assistance is associated with a \$42 increase in the value of developing country exports two years hence.**

The regression analysis found a statistically significant relationship between USAID TCB obligations and developing country exports which, on a predictive basis, indicates that each additional \$1 invested by USAID is associated with a \$42 increase in the value of developing country exports two years later. This analysis was carried out a second time, switching the focus from USAID investments to total U.S. government investments in TCB (including those made by USAID). This government-wide version of the analysis showed that, on a predictive basis, each additional \$1 invested is associated with a \$53 increase in the value of developing country exports two years later. In the second analysis, USAID TCB assistance accounts for close to 80 percent of the higher government-wide return.

The regression analysis also showed that the relationship between USAID TCB obligations and developing country exports is strong in countries that are challenging from an export expansion perspective. These include countries with a higher-than-average need for aid for trade assistance (based on a GDP proxy for “need”), landlocked countries, countries that are distant from the center of the world trading system, and countries that participate in the multi-donor Integrated Framework process for providing trade assistance to least developed countries. Project-level information also suggests that export success is achievable even in countries that are dealing with

conflict within their borders. In Afghanistan, for example, a USAID TCB project produced exports of *dry vegetables and fruits, fresh fruits, and nuts during 2005 and in the first six months of 2006, valued at US\$1.37 million, which shipped to Western Europe, Russia, Ukraine, India, and the Gulf countries.* Destinations listed in this example are consistent with the regression finding that the relationship between USAID TCB obligations was stronger for exports to countries other than the United States, as a group, than it was for exports to the United States.



First shipment of apples from Afghanistan to India, September 2009. Source: defenseforum.in

While a positive and significant association was found for exports, the regression did not find a significant relationship between TCB obligations and imports, foreign direct investment, or the status of assisted countries on an international measure of export concentration, nor did the evaluation team's review of changes on an international measure of export diversification suggest a strong connection to TCB obligations. Country case information indicates that the export effects of USAID-supported projects are sometimes obscured by national export patterns.

For example, the Philippines experienced poor export earnings between 2002 and 2008 due to weak sales of electronics products, the country's top export; however, when disaggregated, export statistics showed the country had in fact made gains for other products, including seaweed—the focus of a USAID export project in the southern Philippines. Similarly, in Bolivia, USAID projects contributed to non-traditional export gains, but these gains were overshadowed by a sharp increase in the export of oil and gas that made Bolivia's UNCTAD export concentration rating higher at the end of this period than at the beginning.

**Finding: USAID TCB programs act along several pathways that contribute both individually and collectively to improving developing country trade performance.**

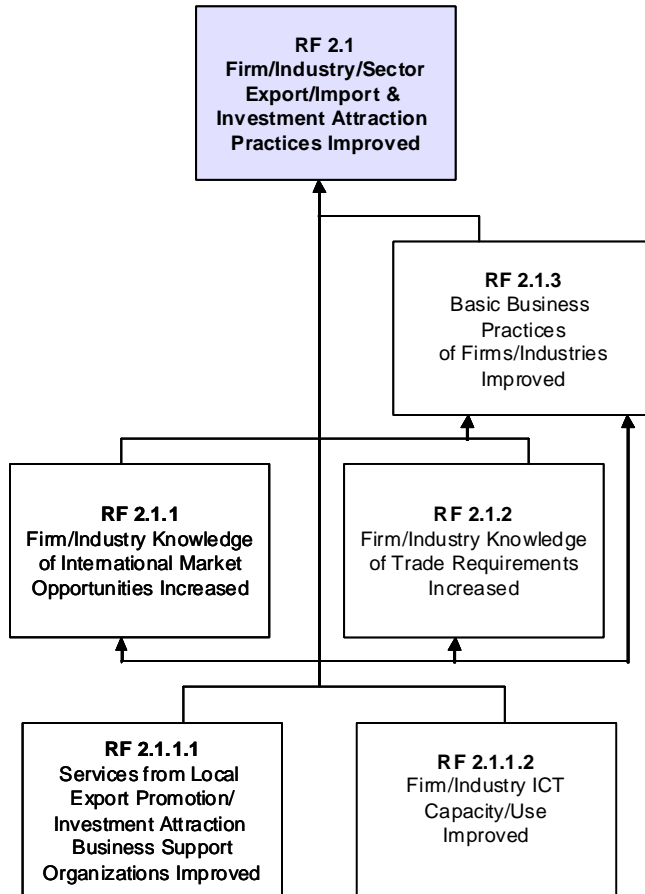
In some USAID TCB projects, synergistic effects were evident among the three results clusters or pathways that lead to improved trade performance, as described above. For example, one project report noted that success was *due to the integration and synergy achieved between the policy and agribusiness components, which worked through numerous alliances with producers' organizations, NGOs, and education and research institutions.* The evaluation found that projects that deliberately integrated activities along these pathways were more likely to achieve their objectives and

meet their performance targets than projects that focused on only one of these pathways. Results in each of the three results clusters identified in the summary Results Framework diagram are described in the following paragraphs.

*Improvements in Private Sector Trade-Related Practices*

USAID RF 2.1 (private sector practices) is a cluster that encompasses private sector gains in knowledge about international markets and technical requirements for exporting, as well as improvements in production, management, and marketing. All of the results in this cluster are shown in the RF 2.1 (private sector practices) diagram below.

**RESULTS FRAMEWORK – RF 2.1 (PRIVATE SECTOR PRACTICES)**



Technical assistance and training services provided to exporters, along with assistance that improves their access to and use of communications technologies, help to change private sector practices. Such changes are most effectively demonstrated by their results: export contracts signed, more timely delivery of goods, new products sold internationally, or new markets accessed.

The evaluation found that 72 percent of USAID TCB obligations for projects with a distinct trade focus flow along this private sector practices improvement pathway and result in new or expanded contracts for the export of developing country goods. In 18 USAID TCB projects new export products ranging from specialty vegetables to surgical instruments were shipped to new or existing export markets. While USAID project performance reports document new products developed and sold in international markets, the way in which they define new products is not aligned with product classifications as defined by the harmonized tariff classification system. This difference limits USAID's ability to trace the effect of project exports to the national level.

For 28 USAID projects, improvements in private sector practices resulted in products meeting international standards that enhanced their competitiveness in international markets. Intermediate results along this pathway demonstrated the adoption of new technologies and technical practices among firms and farmer groups, including such techniques as raised-bed planting and the introduction of conservation practices in agricultural areas. Some projects traced direct linkages between training provided by projects and increased earnings; for example, a report from one project indicated that *results from milling trainings have seen production of class 1 and 2 lumber rise from 17 percent to 54 percent, which allows the community to receive a higher market price for its board wood*. Production and productivity improvements that increase the competitiveness of developing country products were reported by 37 USAID TCB projects; for example: *firm productivity in the design phase has increased by 26 percent—it now takes on average four fewer days to complete an order*.

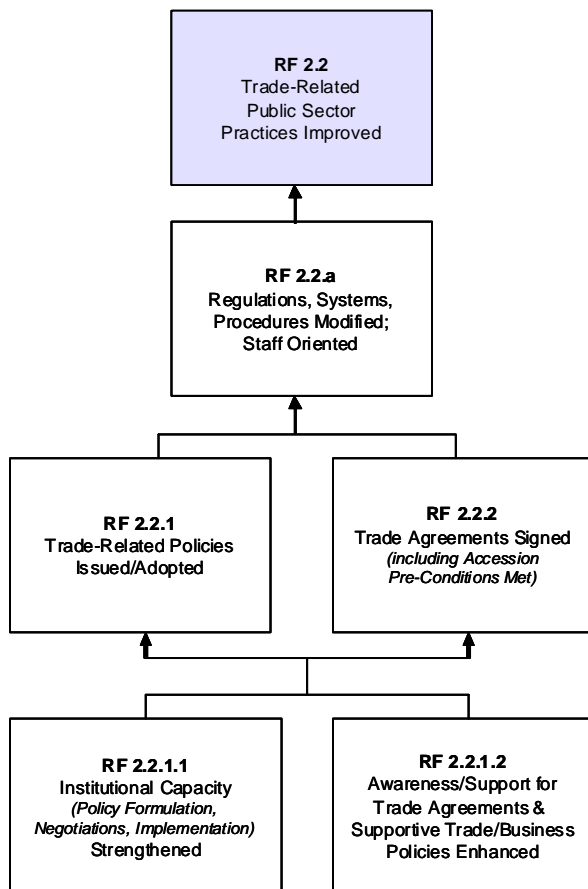
The regression analysis carried out by the evaluation found RF 2.1 (private sector practices) obligations to be associated with increases in developing country exports at a statistically significant level, independent of other USAID and U.S. government TCB obligations. Intermediate outcomes along this pathway enhance developing country responsiveness to market opportunities. The regression analysis also found that TCB obligations for RF 2.1 (private sector practices) were associated with a statistically significant increase in the number of

products countries exported at the SITC three-digit level, as were USAID TCB obligations for e-commerce.

*Improvements in Public Sector Trade-Related Practices*

Results of improvements in the RF 2.2 (public sector practices) cluster, including trade policy reforms and actions taken to implement the terms of trade agreements, contribute to enhanced trade performance by improving market access for developing country products, lowering the cost of imported inputs, improving a country’s terms of trade, and enhancing the attractiveness of countries as investment and tourism destinations. Results along this pathway are shown in the RF 2.2 (public sector practices) cluster diagram below.

**RESULTS FRAMEWORK – RF 2.2 (PUBLIC SECTOR PRACTICES)**



Fifteen percent of directly trade-related USAID TCB obligations flow along the RF 2.2 (public sector practices) pathway. In stakeholder consultations, USAID staff and USAID implementing partners characterized projects that focus on public sector practices—including trade agreements, trade policies, and their implementation—as being cost-effective relative to projects that work with large numbers of producers to improve and increase their exports.

The regression analysis for this pathway found a statistically significant association between USAID TCB obligations dedicated to RF 2.2 (public sector practices) and applied tariff weighted averages in assisted countries, as well as for the number of duty-free lines in tariff schedules and country scores on the Heritage Foundation’s Trade Freedom Index. Changes in the Heritage Foundation Trade Freedom Index may reflect the elimination of barriers to investment and export controls that can have a direct bearing on assisted country export earnings.

Projects in this cluster that foster trade agreements contribute to improved market access. Project reports showed that 23 USAID TCB projects provided assistance to countries on WTO accession and the implementation of WTO agreements. Between 2002 and 2008, seven countries that USAID assisted acceded to the WTO, and another four initiated their applications. Since the WTO’s establishment, USAID has helped 12 countries join this multilateral institution.

Through 10 other projects, USAID assisted countries in implementing regional trade agreements; it also provided support for four bilateral free trade agreements that were signed in those years. In addition to these market-opening agreements, 15 USAID TCB projects assisted countries in adopting new trade-related policies and laws outside of the context of a trade agreement.

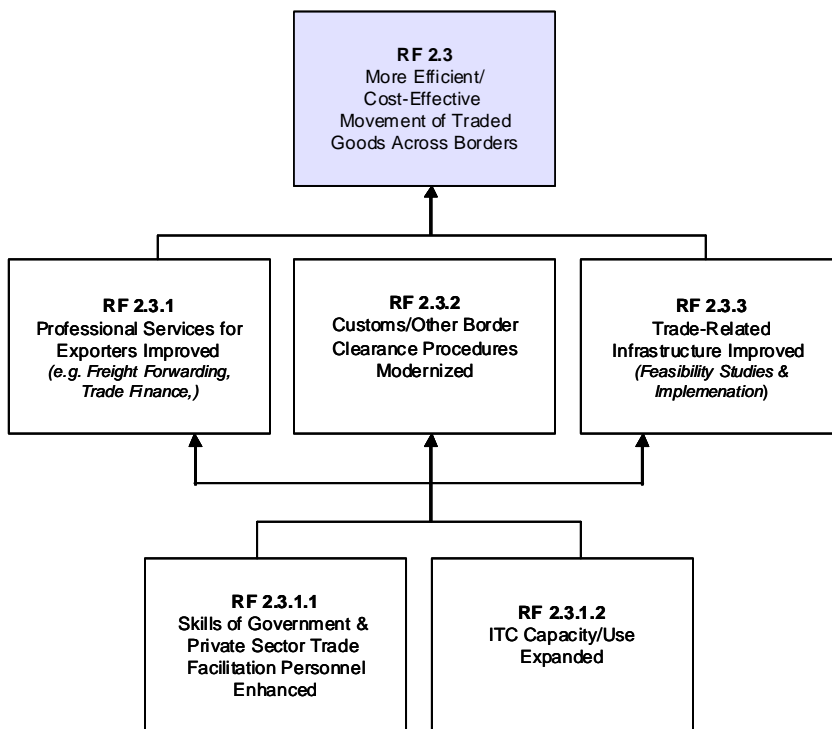
Legislative drafting and the simplification of administrative forms at the RF 2.2.a level of the Results Framework (improved regulations, systems and procedures) play a role in enhancing the competitiveness of a country. Most projects focused on improving public sector trade-related practices reported achieving their intended results. The evaluation also found, however, that, at the RF 2.2.1.1. level, TCB projects focused on strengthening trade ministries and other trade agencies sometimes failed to articulate specific milestones and results that could demonstrate whether these institutions had actually been strengthened.



*More Efficient/Cost Effective Movement of Traded Goods across Borders*

Recent research, including *Trading on Time* (cited above), has drawn attention to the detrimental effect of the high costs, in terms of both time and resources, of moving goods across borders in developing countries. A wide range of factors contribute to this problem, including inadequate trade-related infrastructure, lengthy and complicated customs and border crossing procedures, high domestic transport costs (associated with inefficiencies and, in some cases, monopolistic practices), and gaps in the availability of trade-related services to exporters. Such trade-related services include trade finance, which is particularly critical for small- and medium-scale businesses, and freight forwarding services, such as warehousing and cold storage transport. Results in all of these areas are included in the RF 2.3 (trade facilitation) cluster diagram below.

**RESULTS FRAMEWORK – RF 2.3 (TRADE FACILITATION)**



The evaluation found that 13 percent of USAID TCB obligations flow through RF 2.3 (trade facilitation) projects between 2002 and 2006, making this the smallest of the three results clusters.

At the project level, the evaluation found 28 USAID TCB projects that worked with customs administrations in developing countries to reduce the customs portion of the time and cost required to ship goods. For 11 of these projects, performance reports showed that the



USAID assistance helped a Jordanian biomedical firm specializing in wound care expand its exports.  
Source: Jordan Business Development Center.

time to clear customs had been reduced; for example, one report stated that *by introducing e-payments, the project reduced the time for processing duty payments from 2-3 days to 1-2 hours*. USAID programs to streamline customs documentation also contributed to reductions in transport time. Along the Trans-Kalahari Corridor that cuts across Namibia, Botswana, and South Africa, USAID TCB assistance helped *reduce more than a dozen customs forms to a single customs document, which has reduced costs as well as the time required to move goods along these regional frontiers*. While limited in number, USAID also funded TCB projects aimed at improving the efficiency of ports and air transport, and projects that improved the

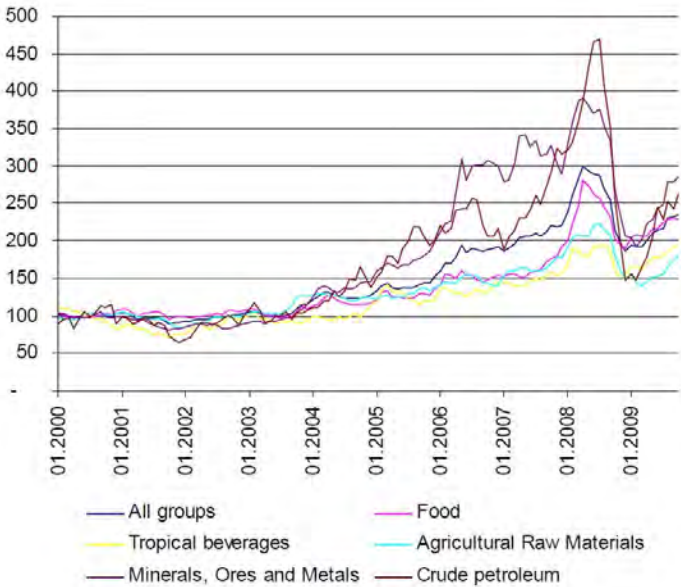
tracking of shipments. In several projects, USAID was able to facilitate the movement of goods by introducing purchase orders as a mechanism to supply trade finance to small-scale exporters.

The regression for RF 2.3 (trade facilitation) examined USAID TCB obligations in relation to both the World Bank Logistics Performance Index (LPI)—an international time series introduced in 2007—and to a customs factor developed by the evaluation team. This analysis did not yield statistically significant results, although country-level case materials show that the customs sub-factor of the LPI did improve in five countries that received USAID TCB assistance. Notably, the regression found a statistically significant association between RF 2.3 (trade facilitation) obligations and Heritage Trade Freedom Index scores that were also used as an RF 2.2 (public sector practices) outcome measure. This linkage appears to reflect changes in the customs component of the Heritage Index.

**Finding: A number of critical factors are known to significantly influence developing country export performance, including world prices and economic growth rates and domestic economic and business policies. USAID TCB assistance contributes within this broader context.**

As indicated above, TCB assistance is one of many factors that have an influence on developing country export performance. Recent empirical studies classify those factors that influence export growth as either external or internal factors. On the external side, studies have found foreign market access and world prices to be significant determinants of export growth. On the internal (or domestic) side, studies have shown that a country’s GDP, export growth in recent quarters, terms of trade, real exchange rate, macroeconomic environment, internal transport infrastructure (as captured by the percentage of paved roads), and the size of a country’s domestic market are significant determinants of export growth. Conversely, an overvalued currency negatively affected export growth, while a country’s total population does not appear to have a significant impact on export growth. Findings from the evaluation’s regression analysis are consistent with the results of these studies.

**Commodity Price Indices in Current U.S. Dollar Terms  
January 2001–October 2009 (2000=100)**



Source: UNCTAD Commodity Price Statistics.

The evaluation team examined the status of several of the domestic and external factors listed above in TCB recipient and non-recipient countries to help explain why countries with roughly the same levels of USAID TCB assistance realized very different levels of export gains, as well as why countries that received little or no USAID TCB assistance sometimes did well on measures of export performance. Evaluation findings reveal that high levels of export gains were somewhat more likely among TCB recipients, with similar levels of USAID TCB funding, in countries that are involved in trade agreements or have recently improved their micro-economic, trade, or macro-economic policies. Many of these characteristics appear to be absent in countries with low export gains, including countries that received high levels of USAID TCB assistance. The analysis also showed that commodity prices, which rose for agricultural commodities and extractives between 2002 and 2008, appear to influence export levels, regardless of whether countries receive high or low levels of USAID TCB assistance, or none at all.

**Question 2: What impacts have USAID TCB projects had on the firms, individuals, associations, sectors, economies, and government agencies targeted by the interventions?**

The impact of TCB assistance can be discerned for individuals involved with USAID projects and their families, and to some extent for institutions and products. Less easy to identify are impacts at the sector level, or for economies as a whole, with the exception of export gains as described above. With respect to this question, two conclusions emerged.

**Conclusions:**

- Involvement in USAID TCB projects affects how people, businesses, and governments understand, interact with, and benefit from the global economy.
- The full impact of USAID TCB assistance on individuals, institutions, sectors, and economies is not visible in project-level reports. Impacts that are easily observed and quantified, such as jobs created by projects, may in some instances be less significant than those that are more difficult to observe and measure, such as the impact of a transparent and predictable policy process in developing countries.

Evaluation findings that contribute these conclusions are summarized below.

### *Impact on Individuals and Families*

**Finding: USAID TCB projects have discernable employment and income impacts on individuals and families**

Jobs created by projects and higher incomes earned by project participants are the most visible impacts of USAID TCB assistance on individuals and families. In the TCB Results Framework, such outcomes are associated with USAID's goal of *rapid, broad-based economic growth* (RF 0.0). Project reports indicate that new jobs were created in 25 percent of the USAID TCB projects examined. Some projects reported full-time jobs while others described part-time jobs created in firms and on farms that received USAID assistance; 12% of these projects provided gender-specific information on male and female employment gains. For eight percent of the projects examined, reports described income gains at the individual or household level; for example, one report stated that *coffee growers participating in the project increased their average net income from \$240 to \$945*. For another project, a project evaluation described income gains at the family level, estimating that *for every project participant whose income rose, the welfare of an additional three to six other individuals improved*.



Exporting okra to the U.S. with USAID assistance has raised family incomes in Nicaragua. Source: USAID.

While easily observed and measured, such job and income improvements affect only those individuals directly reached by specific USAID TCB projects. The evaluation did not find instances where broader measures of the impact of TCB assistance on people were used; for example, no project reports were found that attempted to calculate the effect of jobs created by USAID TCB projects on net employment or poverty rates at a regional or national level. Other impacts of USAID trade assistance that are difficult to capture include, for example, the effect on families of a decline in prices for imported goods that results from tariff reductions realized when TCB projects facilitate trade agreements. Tariff changes generally benefit a much larger number of people than do export promotion projects that work with a limited number of firms. Similarly, in countries where export gains have a clear impact on the country's economic growth rate, the

impact of this economic growth is felt by many people but is not documented in project performance reports.

### *Impact on Firms, Farmer Groups and Associations*

**Finding: Firms and farmer groups are the primary beneficiaries of most USAID TCB projects.**

The number of USAID TCB projects that focused on firms and farmer groups engaged in exporting (154) under RF 2.1 (private sector practices) was more than double the number of those that focused on government agencies (71). The impact that firms and farmer groups experienced as a result of TCB projects is largely a function of technology and productivity improvements and enhanced international marketing skills that translate into revenue gains. As reported in documents for 52 projects, firms also benefited from improvements in electronic communications. While the number of projects reporting specific business improvements in firms was relatively high (130), only a few of these projects (18) collected and reported data on revenue gains from valued-added export production.

Private sector firms also have an important role to play under RF 2.3 (trade facilitation), providing transport, storage, trade finance, and other services associated with moving exports from their point of production to a country's borders. However, from 2002 through 2008, very few USAID TCB projects were undertaken that focused on improving private sector provision of these types of trade facilitation services.

Little information on the sustainability of exporting firms and farmer groups was found in project performance reports or evaluations. Such reports are produced before USAID funding ends, and thus can only comment on sustainability plans and expectations. During the evaluation's stakeholder consultation sessions, USAID implementing partners suggested that, barring significant disruptions in international markets, sustainability in exporting was not likely to be an issue for firms and farmer groups that were successfully exporting by the end of a USAID project.

In addition to exporters, USAID TCB projects worked with both private sector service firms and non-profit organizations that provided business services and specialized assistance to exporters, including assistance in entering international markets and complying with technical requirements associated with exporting. Project records show that a small number these service providers were associations, and, in

six instances, USAID worked with government agencies to enhance the exporting skills of firms. Project-level reports provided little information about the sustainability of service organizations and associations assisted by TCB projects. The evaluation team did, however, find evidence in recent press reports and on organization websites indicating that many of the service organizations with which USAID projects worked are continuing to provide the kinds of services to exporters that they provided under USAID TCB projects. For example, internet searches revealed that, among the associations with which USAID worked, the Uganda Flower Exporters Association and the Egyptian Exporters Association were still active in 2010, as was the Association of Apparel and Textile Exporters in Bulgaria. The Maraba Coffee Growers Association that USAID worked with in Rwanda is now a cooperative and is currently working with a local coffee marketing company on exporting Rwanda's Café de Maraba to London.

During stakeholder consultations at the end of the evaluation, USAID implementing partners indicated that not every service firm that receives USAID assistance should be expected to survive: even if some do not survive, these partners ventured, the country still benefits from their improved skills when they shift to new or more viable local organizations. Greater confidence was expressed concerning the sustainability of trade support services offered by government agencies that USAID has assisted and by associations that were already relatively strong by the time USAID TCB projects ended.

### *Impact on Government Agencies*

Relative to the number of firms assisted, government agencies were a small beneficiary group, even when customs administrations were included. With the exception of customs administrations and several export and import support agencies that USAID projects assisted, for which quantitative results were reported, the outcome-level results of TCB assistance to trade ministries tends to be reported in qualitative and sometimes anecdotal terms.

In customs administration projects, intended outcomes were often clear, such as paperwork reduced, processing time decreased, and, in some projects, revenue increased. Intermediate results measured for customs projects were clearly related to those objectives: new inspectors hired, staff trained, or study tours completed. These projects also had clear measures of the outcomes to be realized based on changes in knowledge and skills, e.g., forms modified, tariff schedules updated, or public awareness of customs rules and fees increased.



Similarly, with trade support agencies, intended outcomes of program efforts (for example, increased volume of exports or level of foreign direct investment) are also reasonably clear, but are not necessarily fully attributable to assisted agencies. Several projects reported that the export promotion or investment offices or agencies they worked with had been created with USAID TCB assistance

In projects aimed at strengthening trade ministries, numbers of training events held and numbers of staff trained were frequently used as proxy indicators of capacity improvement; however, such indicators do not capture what government officials actually learn nor the extent to which they apply the knowledge and skills that training programs seek to impart. In other ministry support projects, performance measures focused on the assistance provided by USAID implementing partners, such as laws drafted or regulations reviewed, rather than on changes in the ministries they assisted. These findings are consistent with aid for trade evaluations conducted by other donors that suggest that direct measures of government agency capacity improvement are not well developed. This problem is not specific to trade: projects that assist ministries of agriculture, health, and education face similar challenges.

### *Impact on Products, Sectors, and Economies*

USAID TCB assistance most often focused on products rather than sectors, though some projects did include assistance on sector-specific policies, primarily in agriculture. An exception in this regard may be tourism in Eastern Europe, where USAID TCB projects provided early support for tourism, which has since grown into an important sector in countries such as Croatia.



USAID support for ecotourism and cultural tourism income in rural villages in Peru. Source: Tara Sabre.

With respect to the impact of USAID TCB assistance on whole economies, the most significant quantifiable effects detected were those on exports. Less observable were the economy-wide effects of trade agreements and other trade policy reforms adopted by governments and encouraged by TCB projects.



**Question 3: Which activities have been more successful in achieving their objectives, and what were the primary factors for their relative success?**

Following an extensive search for USAID TCB project documents and a systematic review of those projects for which performance records were located, the evaluation reached the following conclusions:

**Conclusions:**

- USAID TCB projects reported on achievements at the outcome as well as the output level, though not necessarily against predefined performance targets.
- Where performance targets were present, TCB projects generally achieved all or most of the targets established: no more than 10 percent of projects appear to have had faced significant problems in this regard. Some TCB projects were negatively affected by start-up problems and problems with partner organizations that are typical of development projects in all sectors.

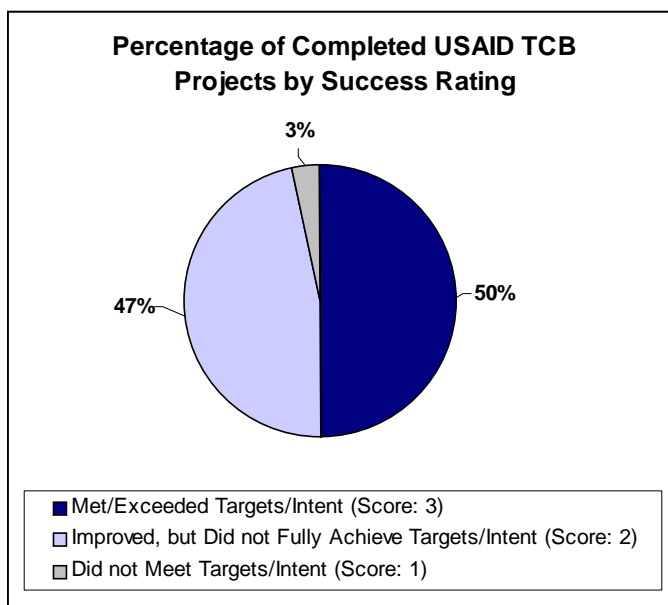
Among the 30 percent of directly trade-related USAID TCB projects for which documents were located, it was clear that performance monitoring is a well-accepted practice.

Virtually all of these projects identified intended results and performance indicators and reported on achievements, though not necessarily against predetermined performance targets on indicators for which baseline data had been collected. The majority of USAID TCB projects examined in this evaluation lacked performance targets (56 percent) and baseline data (80 percent).

**Finding: On a USAID performance scale, USAID TCB projects received an average score of 2.7 out of 3.**

The evaluation rated project success using an existing three-point performance scale that was developed by USAID and adapted by the evaluation team for the purposes of this evaluation. The average score for TCB projects on this performance scale was 2.737 out of a maximum possible score of 3.0. Of 213 projects scored using this system, 74 percent scored at or above this average.

When scores for USAID TCB projects that ended in 2008 or earlier were rounded to the nearest whole number, 50 percent received the highest possible rating (a score of three) meaning they “met or exceeded” their targets or objectives, as illustrated in the figure below. Another 47 percent were given a score of two for progress that did not fully meet project targets—which, in a number of cases, meant that projects nevertheless produced strong results. A final three percent received a score of one, meaning that they had failed to meet, or even come to close to meeting, their targets.



Less than 10 percent of the projects scored received scores of two or lower and were considered to have serious problems. Among projects that received low success scores, problems with project startup and problems with partners were statistically significant, though typical for development projects in all sectors. Other frequently mentioned problems that did not negatively affect project scores to the same degree were those related to modifications to the project design or budget (through which USAID sometimes lowered the funding level available for the project), weaknesses in project design, and weaknesses in critical assumptions, each of which was noted in at least 12 percent of the projects scored. Conversely, factors frequently cited as being conducive to project success included strong collaboration among partners, good management, and beneficiaries’ recognition of their role in ensuring project success.

When the scoring system described above was used to compare the success of projects with various characteristics to each other, it revealed the following:

- Agriculture projects and projects that focused on services scored higher than TCB projects that focused on manufacturing. In manufacturing projects, it was not unusual to see that targets were met for some, but not all, of the products on which a project focused. In stakeholder consultation sessions, implementing partners described manufacturing projects as taking longer to achieve results and costing more than agriculture projects that yield returns in a single growing season.
- Projects that involved a public-private sector dialogue in the RF 2.2 cluster (public sector practices) and those that used a value chain or cluster approach to export projects in the RF 2.1 cluster (private sector practices) all scored better than the average.
- Similarly, projects with an explicit focus on women or the poor scored better than the average.

As noted above, these scores do not represent all USAID TCB projects. Given the difficulties the evaluation team encountered when trying to locate project documents, MSI identified the absence of complete, centralized documentation on TCB projects within USAID as problem.



USAID assistance helped people in a poor community in Bosnia find work with an agricultural export firm.  
Source: USAID.

**Question 4: What combinations of activities or interventions were more successful and sustainable than others, and what were the primary synergies that contributed to that success?**

Findings about combinations of project elements that were more and less effective draw on information from the project scoring system discussed above. With respect to this question, the evaluation team reached the following conclusions:

**Conclusions:**

- Synergies among USAID TCB project elements (such as the modalities through which assistance is delivered) and synergies between projects and the environment in which they operate contribute to the achievement of project objectives.
- Improvements realized with USAID TCB project assistance are most likely to be sustained when future funding sources are clear: for example, when revenues from export earnings will sustain improved private sector practices, or when government investments will sustain support services to exporters or the implementation of trade policies and agreements.

A key finding in relation to this evaluation question was that most projects involved a combination of elements along at least one project dimension. The term dimension refers to results clusters, modes of delivering assistance, institutional beneficiaries, or sectors. On the results cluster dimension (RF 2.1, RF 2.2 and RF 2.3), 58 percent of projects focused on results in more than one of these clusters. On the assistance modality dimension, 79 percent of projects used more than one approach to deliver assistance, e.g., provided both training and advisory services; and 59 percent involved more than one type of institutional beneficiary, i.e., firms engaged in exporting, business support organizations, or government agencies. On the sector dimension, 31 percent of projects involved products from more than one sector or included services as well as products.

**Finding: Projects that combined assistance modalities (technical assistance, training, equipment) and those that combined efforts to expand exporting with policy improvements were synergistic in ways that raised project success scores, but this was not true for projects that focused on exports from multiple sectors.**

Projects that involved combinations of elements on one or more of the dimensions described above generally achieved higher success scores than projects that did not.

- Projects aimed at achieving results in more than one results cluster scored higher than did projects focused on a single results cluster.
- Similarly, projects that delivered TCB assistance through several modalities (such as technical assistance, training, or equipment) consistently scored higher than those that used only one modality.

The fact that projects that combined efforts to improve public and private sector trade-related practices scored well on the evaluation's success measure appears to confirm the importance of achieving synergy between the public and private sectors on trade initiatives.

Combinations involving multiple sectors were not as effective as other types of project combinations. Some projects that focused on a mix of agricultural, manufactured and service products did well, but the overall pattern was for projects involving products from multiple sectors to receive lower scores than those focused on a single sector. Findings were similar for projects that focused on multiple institutional beneficiaries. While it may be synergistic to focus on private sector firms engaged in exporting and on policies that affect those firms, focusing on the institutional capacity and wellbeing of both government agencies and firms may not be.



Inspecting shoes prior to export in a firm in Macedonia. Source: USAID.

Such synergies were not frequently discussed in project reports or evaluations. Where such descriptions were found, they tended to confirm the value of focusing on both the public and private sector in export-oriented projects; for example, one project indicated that its *success was also due to the integration and synergy achieved between the policy and agribusiness components, which worked through numerous alliances with producers' organizations, NGOs, and education and research institutions.* Narrative reports of this type are consistent with interactions described in empirical literature and depicted in the Results Framework diagrams shown earlier: that is, progress along each of the pathways to improved trade performance is important, but a focus on multiple pathways may yield stronger results than a focus on a single pathway.

**Question 5: To what extent have the interventions funded by USAID since 2002 succeeded in accomplishing the program's objectives?**

In this evaluation, the program objectives examined were those identified by USAID in its 2003 Trade Capacity Building Strategy Paper. This strategy paper explained that investments in trade capacity building aim to increase the number of developing countries that are harnessing global economic forces, namely trade and investment, to accelerate growth and increase incomes. It identified three priorities for action—*(a) trade agreements, (b) their implementation, and (c) taking advantage of trade opportunities, primarily through the private sector*—and explicitly stated that the bulk of TCB attention should be focused on the private sector. The evaluation team examined USAID mission strategy statements and the USAID TCB project portfolio to determine whether they were aligned with these priorities and what results they had yielded.

**Conclusions:**

- USAID's 2003 TCB Strategy Paper was highly influential in shaping the USAID TCB portfolio. Results were achieved on each of the strategy's priorities.
- The usefulness of this strategy paper as a guide to action diminishes as time passes and the base of empirical literature on trade capacity building and U.S. development assistance policy evolves.

The evaluation found USAID's TCB portfolio to be highly consistent with its 2003 TCB Strategy Paper in a number of regards.

**Finding: USAID's TCB project portfolio reflects the objectives and action priorities found in the 2003 strategy paper.**

The Results Framework used in the evaluation incorporates the priorities established in USAID's 2003 TCB strategy paper and helps document the extent of that paper's influence on the portfolio. The first two priorities identified in the strategy paper fall under RF 2.2 (public sector practices), and the third—where the bulk of USAID TCB attention was to be focused—falls under RF 2.1 (private sector practices). Data from the evaluation show that 72 percent of USAID's TCB obligations between 2002 and 2006 flowed to RF 2.1, which is consistent with the intent expressed in the strategy paper. Additionally, mission strategies developed between 2004 and 2006, which the evaluation team located in USAID's Development Experience Clearinghouse, reflect an awareness of the 2003 strategy paper, as evidenced through the language they used and the priorities they established. Some, including the USAID/Jordan trade strategy from this era, directly adopted the 2003 strategy paper's three priorities as their objectives.

The 2003 TCB Strategy Paper did not establish priorities with respect to sectors, but it did mention agriculture frequently. Some language in this paper linked investments in agriculture to poverty reduction, primarily in terms of creating immediate jobs and income for project participants. Whether in response to the agriculture–poverty linkage expressed in the strategy paper or not, agricultural products were found to dominate USAID's TCB export development portfolio under RF 2.1 (private sector practices). Furthermore, as noted above, stakeholder consultation sessions and e-survey responses indicated that agricultural projects are considered by USAID staff and implementing partners to be well suited for the countries in which USAID works. This emphasis on agriculture is not entirely consistent with empirical studies on trade performance that associate high developing country export growth rates with manufactured exports.



The USAID-funded ECA trade hub helped Rwanda close a deal with Macy's. Source: USAID.

Since the strategy paper was issued in 2003, new information has become available and new policies have been adopted that appear to have implications for USAID's TCB strategy. Empirical studies have emerged which suggest that trade facilitation

improvements that lower the time and cost of moving goods across borders have a measurable effect on total trade in developing countries. In addition, the recently issued Presidential Directive on Global Development, which includes a challenge to invest in “game changing innovations” and to strengthen the linkage between U.S. assistance programs and country development plans, may also have implications for USAID’s TCB strategy.

**Question 6: How can USAID integrate monitoring and evaluation into the design and implementation of TCB programs more systematically?**

To provide a basis for recommendations aimed at improving USAID’s monitoring and evaluation of TCB projects and programs, the evaluation team examined current USAID TCB performance monitoring and evaluation practices and reached two conclusions:

**Conclusions:**

- TCB performance management practices would benefit from fuller implementation of USAID guidance on developing Results Frameworks, setting performance targets, and collecting baseline data.
- TCB evaluations are limited in number, as well as in the strength of the evidence they bring to bear. In this regard, current evaluation practice for TCB resembles current evaluation practice elsewhere in the Agency.

While the evaluation found some gaps in current TCB performance monitoring and evaluation practice, such as the absence of performance targets and baselines in a large proportion of the projects examined, none of the gaps identified were a function of the program’s trade focus. These problems are also found in other sectors in which USAID works.

Similarly, weaknesses the evaluation found in the measurement of institutional change in government ministries, while problematic, are not unique to trade projects. With regard to this challenge, the evaluation’s findings suggest that greater clarity about the intended outcome-level results of institutional strengthening activities is



warranted; achieving such clarity would also facilitate the development of more specific indicators of institutional change.

On the evaluation side, 15 percent of USAID TCB projects were found to have been independently evaluated. Available information on USAID evaluations Agency-wide does not indicate whether this percentage is higher or lower than for other fields in which USAID works. Most of these TCB project evaluations were of short duration; about half were undertaken partway through the project implementation period and the rest were end-of-project evaluations.

## RECOMMENDATIONS

Based on the findings of this evaluation, which the evaluation team judged to be largely positive, MSI's recommendations for the future center upon incremental changes USAID can make in the guidance and tools it provides to staff and implementing partners who work on TCB projects. Two broad recommendations flow from the conclusions of this evaluation and the findings that support them.

### Recommendations:

- Develop tools that will help missions implement USAID performance management guidelines, including a TCB Results Framework and indicators that support monitoring and evaluation at all results levels.
- Update the USAID TCB Strategy Paper, incorporating a Results Framework, as recommended above, to serve as flexible guide for the design of future field TCB programs and projects.

The evaluation includes suggested steps for implementing each of these recommendations.

With respect to the first recommendation, the evaluation suggests steps for creating a consensus within USAID and the U.S. government on the intended results of TCB assistance, expressed through a Results Framework that can be adapted to missions' circumstances, and appropriate performance indicators for all levels of that framework. These steps might include, for example, constituting a working group

of USAID staff and implementing partners with experience in trade the design and monitoring of TCB programs and projects to review and advise USAID/EGAT on the elements of a comprehensive, Agency-wide TCB Results Framework and the most valid and feasible performance indicators for each level of that framework. It is also suggested that greater attention be paid to whether performance management plans (PMPs) developed at the start of USAID programs and projects are consistent with existing USAID guidance with respect to being complete, i.e., including performance targets and baseline data. Movement in this direction might be fostered, for example, by using various communication channels to highlight the importance USAID/EGAT attaches to implementing USAID performance management guidance for TCB programs and projects, and adding a segment on this topic to the technical activities section of USAID TCBoost website. Such communications might also stress the importance of considering, at the program and project design stage, what types of evaluations would best complement performance monitoring. USAID training programs that include a monitoring and evaluation focus, which staff working on trade could be encouraged to attend, and a broad literature from related disciplines can help USAID staff and implementing partners improve TCB monitoring and evaluation.

With respect to the second recommendation, the evaluation offers suggestions for aligning the process for developing a TCB Results Framework with work on an updated TCB Strategy Paper. This might be accomplished by incorporating members of a Results Framework working group into the team tasked with developing an updated strategy paper. The evaluation also suggests systematically integrating recent empirical findings on trade facilitation and other determinants of developing country export performance into an updated strategy paper, USAID trainings, Economic Sector Council meetings, and economic growth officer conferences.

## **USAID Performance Management System Elements**

- 1. Establish a performance management framework**—a Results Framework for a program or a Logical Framework for a project.
- 2. Prepare a complete Performance Management Plan (PMP):**
  - State the full set of performance indicators.
  - Provide baseline values and targeted values for each performance indicator.
  - Disaggregate indicators by sex wherever possible.
  - Specify the source of the data and the method for data collection.
  - Specify the schedule for data collection.
  - Describe known data limitations.
  - Describe the data quality assessment procedures that will be used to verify and validate the measured values of actual performance of all the performance information.
  - Estimate the costs of collecting, analyzing, and reporting performance data, and plan how these will be financed.
  - Identify possible evaluation efforts to complement the performance monitoring effort.
  - Include a calendar of performance management tasks.
- 3. Implement the PMP:**
  - Review partner reports.
  - Conduct Portfolio Reviews.
  - Assess data quality.
  - Revise the PMP as needed.
  - Prepare the annual Performance Report.
  - Design and conduct evaluations as needed.
- 4. Use performance information to influence decision-making and resource allocation.**
- 5. Communicate results. Share key USAID-managed AO documents with the Development Experience Clearinghouse, including:**
  - Contractor/grantee technical reports, publications, and final reports;
  - USAID-funded conference/workshop proceedings and reports;
  - Evaluation reports, assessments, studies, and close-out reports.

U.S. Agency for International Development  
Bureau for Economic Growth, Agriculture and Trade  
Office of Economic Growth  
1300 Pennsylvania Avenue, NW  
Washington, D.C. 20523