Independent Evaluation

Switzerland’s economic development cooperation in sustainable trade promotion and its contribution to "Aid for Trade"

Quality and Resources Unit (WEQA)

October 2013
Independent Evaluation

Switzerland’s economic development cooperation in sustainable trade promotion and its contribution to “Aid for Trade”

Commissioned by the Quality and Resources (WEQA),
Economic Cooperation and Development Division at the State Secretariat for Economic Affairs (SECO)

Bern, October 2013

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I. Foreword
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Foreword

With the purpose of learning and accountability, the Economic Cooperation and Development Division at the State Secretariat for Economic Affairs (SECO) undertakes regular and systematic assessments of on-going and/or completed projects, programs or policies in order to identify and to disseminate results. The aim is to determine the relevance, the development effectiveness and the efficiency, the impact and the sustainability of its different modalities of interventions in partner countries. Based on credible and useful information, evaluations should also enable the incorporation of lessons learned into the decision-making process of both recipients and donors, in order to foster continuous improvements of development support.

The Economic Cooperation and Development Division distinguishes and undertakes three different types of evaluations, namely internal reviews, external evaluations and independent evaluations. While internal reviews and external evaluations are under the direct responsibility of the operational units, independent evaluations are commissioned and managed by the Evaluation Function – an independent unit from the operations - and are submitted for discussion to an external Committee on Evaluation, composed of 5 members external to SECO. Independent evaluations focus on assessment of sectors, programs, strategies, instruments, country assistance strategies, cross-cutting issues or themes and impact evaluations. On average, the Evaluation Function commissions one to three independent evaluations per year, which can be undertaken jointly with other donors or partner organizations, in line with our commitment to the Paris Declaration. SECO expects evaluations of its development interventions to adhere to the DAC/OECD standards and to the Swiss Evaluation Society (SEVAL) standards.

This report presents the results of the independent evaluation of WE’s sustainable trade promotion: The study evaluated the relevance of the strategic approach of SECO Trade Promotion Unit (WEHU), its operational effectiveness as well as its contribution to the Aid for Trade (AfT) Initiative. WEHU’s performance was evaluated according to the OECD-DAC standards. The evaluation covers the period 2002 to 2012 and bases on desk reviews and semi-structured interviews with stakeholders and beneficiaries of WEHU projects. To underpin findings from a country program and project perspective, country case studies in Vietnam and Peru were undertaken. The purpose of the evaluation is twofold: On the one hand, it aims at generating lessons and recommendations on how to improve WEHU’s strategic orientation and the effectiveness of its current and future interventions. On the other hand, it aims at accounting for results achieved under the Message on Switzerland’s International Cooperation 2013-2016.

The evaluation report was used as reference for the formulation of SECO’s management response. The results, recommendations of the report, as well as SECO’s management response were first presented to and discussed with the Evaluation Committee, who then formulated its position. The management response and the position of the Evaluation Committee are published jointly with the final evaluators’ report on SECO’s website and on the DAC/OECD Evaluation network.

Process:

Conduct of the evaluation and elaboration of the Report  January 2013 – June 2013
Discussion of the Report with the Evaluation Committee  June 2013
Management Response  August 2013
Position of the Evaluation Committee  October 2013
Management Response

Independent Evaluation on Switzerland's economic development cooperation in sustainable trade promotion and its contribution to "Aid for Trade"

By Como Consult GmbH (Hamburg)

August 2013

1) Introduction

The Report provides a timely and useful assessment of the overall operations of WEHU. WE management is pleased about the evaluators' finding that WEHU's comprehensive sustainable trade promotion approach is relevant, innovative and unique. This approach has allowed WEHU to adapt to the new realities of the global economy and trends in international trade. For instance, the Report notes WEHU's flexibility to adapt to new concepts, such as global value chains, while maintaining a "presence" on important themes, such as WTO-Singapore-issues as well as social and environmental challenges, the latter of which are a reflection of Swiss concerns and values.

With regard to objectives and intended impact, WEHU's results model is well-structured. Its intervention logic is coherent and its three business lines complement each other. The Report also confirms that, despite the challenges of designing a coherent strategic approach, WEHU's approach is appropriate to tackle the relevant issues to promote sustainable trade. The capacity building approach appropriately targets all relevant levels (policy, institutions and companies).

Other positive elements noted include WEHU's positioning as a front runner in development partnerships with individual companies and in supporting multi-stakeholder initiatives related to the development of private voluntary sustainability standards. At the operational level and in comparison to other donors, the report notes that WEHU has an outstanding track record in donor coordination.

WE management is pleased to learn that WEHU's sustainable trade promotion approach is in line and coherent with SECO's overall trade policy and that WEHU's cooperation projects in sustainable trade have encouraged innovative approaches to trade policy in developing partner countries such as the tabling of their own initiatives on biodiversity issues in free trade negotiations. In light of the rapidly-changing nature of trade and the interface with sustainability issues, maintaining coherency in strategy can be a challenge, which, the report notes, WEHU has met with success.

With regard to cooperation with multinational organizations, WEHU has successfully developed effective collaboration through its significant and long-standing financial support,
its input on content (ensuring coherency) and its management of strategic partnerships. According to the report, the orientation of WEHU's work is in line with that of multilateral institutions, which allows it to play a driving role in the strategic agenda of partner institutions.

The majority of WEHU's cooperation projects are linked to Aid for Trade categories, for example market access for sustainably produced goods and services, which underpin the holistic nature of WEHU's intervention approach. WEHU's cooperation projects thus importantly contribute to Aid for Trade, and the synergies and complementarities between its projects and the cooperation programs of other donors substantially enhance WEHU's effectiveness. In short, WEHU's work contributes to the shaping of pro-development, environmentally-friendly and socially-responsible globalization.

The evaluators also identified a number of areas for further improvement faced by WEHU including:

- the need for portfolio development based more closely on WEHU's strategic orientation: the Report recommends the redefining of WEHU's business lines, *inter alia*, with a view to allowing portfolio development on the basis of clear and coherent business lines (see point 2 under chapter 5 below);

- the exploration of opportunities to reduce the number of projects and perhaps partners: the Report notes the large number of projects undertaken by WEHU and relationships with partners in comparison to WEHU's personnel resources. It recommends revisiting whether consolidation is possible, and gives concrete ways forward in this regard (points 3 and 4, chapter 5 below);

- risks associated with under-steering: the Report observes a certain number of cases where project implementers were not sufficiently monitored leading to sub-optimal outcomes. The Report proposes that monitoring be strengthened, e.g. through a more systematic use of country offices (point 9.v, chapter 5 below);

- need for improved linkages between WE-units (WEHU, WEIN, WEIF): the Report notes the complementarities between the work of WE sectors, however, it recommends a strengthening of the coordination and communication among sectors to better exploit inherent synergies (points 1 and 12, chapter 5 below);

- varying project quality and varying impact level of results: in addition to points preceding, the Report recommends a number of concrete operational changes in order to improve the quality and impact of WEHU's projects. These recommendations can be grouped. In terms of project conception, earlier involvement of country offices in developing projects and the creation of a "cooperation landscape" by better mapping out stakeholders (points 8.i and 8.ii, chapter 5 below). In terms of project implementation, the establishment of stakeholder platforms, the identification of main intervention areas and the reinforcement of collaboration between public and private domains (points 8.iii, 9.ii, 10, chapter 5 below). In terms of project monitoring, greater use of evaluations, results-based monitoring, qualitative indicators related to business lines and yearly retreats among in-country key partners (points 9.iii, 9.iv, 9.i, chapter 5 below).

We further note that WEHU's collaborators have welcomed the thought-provoking analysis and findings contained in the Report. The findings it contains will be useful as a basis for channeling further discussion and reflection on WEHU's strategic orientation and operational
functioning. Also, as this is the first time the operations of a whole sector were evaluated, we note the usefulness of such a review, as compared to project or sectorial evaluations, in that it provides information on the interrelation and interdependence of the whole project portfolio.

2) Report Structure

Generally, the Report is well structured based on a logical table of contents. It also addresses most of the domains and questions identified in the approach paper.

The Report outlines the approach used by Como and the methodologies applied, including the use of the OECD/DAC evaluation criteria. It also notes the limitations in data gathering in a meta-evaluation and the means through which Como sought to overcome these limitations.

Furthermore, the Report provides an interesting and robust presentation of the current thinking on the on-going international discussion about the Aid for Trade Initiative. It also notes the Initiative's limitations in terms of being a strong internationally agreed framework against which donors can evaluate their contribution to the implementation of Aid for Trade.

3) Report Findings

The Report provides a comprehensive, informed, realistic and balanced opinion about SECO-WEHU’s strategic approach and positioning, as well as its performance regarding sustainable trade promotion and its contribution to the implementation of Aid for Trade.

We note the Report's overall assessment regarding the relevance (highly satisfied), effectiveness (satisfied), efficiency (satisfied) and sustainability (satisfied) of WEHU's development services. The discussion and analysis in the Report highlight the economic complexity of sustainable trade promotion and the challenges faced in terms of methodology in measuring evaluation criteria and gathering the expertise and experience required on the part of the implementing partners. While the ratings are generally positive, we take note with interest of the possible room for improvements which are taken up in chapter 5.

Concerning Vietnam, we are satisfied of the finding that SECO-WEHU’s program is effectively contributing to the national and the international trade integration agenda. The recommendation to improve WEHU's program strategy in Vietnam by building on the recently established result model and by involving more strongly program stakeholders and actors in program development is well taken. A concise country result model would also help to step up visibility and understanding of WEHU’s program, another aspect which we deem highly important.

With regard to Peru, we are content with the very positive assessment of SECO-WEHU's trade portfolio, which is fully aligned to the national trade strategy. We welcome the evaluators' recommendation to continue the on-going support to the establishment of public-private dialogue, consultation and management platforms. We also concur with the evaluators that capacity-building at sub-national level is of key importance, especially in the context of Peru's on-going decentralization process. We note the evaluators' positive assessment of flexible aid provision mechanism, such as the Rapid Response Facility, and will consider how such mechanisms can be integrated into future programs.
4) Report Shortcomings and other Important Considerations

The Report is extremely rich in its findings. However, we would have liked to have received some more concrete information regarding projects which could be phased out as well as partners which could be critically assessed. We regretted at times the lack of a clear derivation between analysis and recommendations as well as a clear full-fledged listing of all recommendations in a prioritized manner. Finally, WE management notes that the Report at times makes recommendations which go beyond the scope of its terms of reference (point 1, chapter 5 below).
5) Report Recommendations

**Strategic Level**

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<th>Recommendation</th>
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<th>Responsibility</th>
<th>Date</th>
<th>Priority</th>
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<tr>
<td>1) Establish WE as sustainable trade promotion department and use trade as its overall strategic priority theme</td>
<td>WE management is pleased to see that WE's trade-related instruments are judged as highly relevant and appropriately placed at the heart of the international aid agenda as an important pillar of Switzerland's foreign economic policy. WE management, however, does not agree with this recommendation, since it is not built on a substantial assessment of all operational units and their inter-linkages within WE and SECO, which would have gone beyond the agreed Terms of Reference of this independent evaluation. However, WE management is planning to engage in a strategic reflection on the relative importance of WE's instruments, as well as related resource implications, in preparation of the new framework credit 2017-2020.</td>
<td>MG-WE</td>
<td>From 2014 onward</td>
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<td>2) Redefining the WEHU Business Lines: the new and evolving trade agenda, the needs identified in the case studies of Peru and Vietnam, and current WEHU activities show that a redefinition and development of WEHU business lines is needed. A merger of the existing</td>
<td>WE management does not agree with this recommendation. Given that WE is nearing the half-way mark in its implementation of the current frame work credit, a redefinition of business lines would not be appropriate. However, WE management agrees that this recommendation can be used to better amplify the storylines behind WEHU's current business lines. We welcome WEHU's plan to organize a work-shop with Como Consult in October 2013 in the context of its yearly strategic planning. This workshop should be used in order to identify how better to render these story lines and begin internal reflections on the necessity and desirability of a revision of WEHU's business lines in view of the next framework credit. Considering the outcomes of the Report, WEHU will also re-weigh the priorities and structuring of projects within the business</td>
<td>WEHU</td>
<td>October 29th., 2013</td>
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| 3) Reduce the number of partner executing agencies | WE management welcomes this recommendation and will task WEHU to further analyze the pros and cons of focusing its work with a reduced number of partner agencies. Further efforts in this regard could be explored, for instance, by defining projects under one executing agency (as has been done with voluntary standards), or under one implementing agency subcontracting to specialists; by bundling similar project activities with other donors in order to increase impact in the field and even contribute to structural changes (as has been done in cooperation with the Dutch Sustainable Trade Initiative promoting sustainable production of renewable commodities such as soy, palm oil, cotton and coffee).

Nevertheless, we note the importance of maintaining a certain flexibility for possible collaboration with new partners in order to continue to be able offer dynamic, needs-oriented and innovative services to partner countries. WEHU should continuously balance the flexibility and innovation possible through smaller initiatives (that have greater targeted value added) and larger, tested structures with further outreach (which may be less flexible). A systematic stakeholder mapping before any intervention will be of utmost importance (see point 8.ii, Chapter 5 below). | WEHU | Systematically taken up from Sept. 2013 onward |
<p>| 4) Reducing the engagement with SIPPO: although trade fairs remain a highly important instrument to foster trade, the support SIPPO provides in priority countries is less and less justifiable due to new local competence centers for export promotion and other | WE management acknowledges the challenges raised by new developments, particularly with respect to global value chains, in the field of export promotion. The recommendation of revisiting SECO’s support to the SIPPO program will be taken up. WE has an established Project Cycle Management process that can further contribute and elaborate on the SIPPO-challenges mentioned in the report. Therefore, WEHU will start with an assessment of further needs for SECO-supported import promotion activities/programs in 2014. This assessment of the needs for further import promotion activities and the evaluation of the current SIPPO-Mandate should be finalized by October 2014 in order to be able to provide timely indications on further development of SIPPO-activities before the end of 2014. | WEHU | From January 2014 onward |</p>
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| 5) **Consider engaging the Swiss business sector more proactively** | WE management welcomes this recommendation. However, the Report notes that WEHU is already a front-runner in developing partnerships with individual companies. WEHU has already established several public private development partnerships with chocolate producing or cocoa trading companies like Felchlin, GEBANA, Berrmain or Pakka Trade in its promotion of sustainable cocoa production. In addition, in the textiles sector partnerships have been established with Migros and Coop, and in the development of new commodities (for example, Allanblackia nuts) SECO is implementing projects together with multinationals such as Nestlé and Unilever. Furthermore, SECO has recently joined forces with the Dutch Sustainable Trade Initiative (IDH) in order to structure the collaboration with the private sector and increase impact in the field. IDH supports the development of public private development partnerships for the development of sustainable value chains of soft commodities.

In the collaboration with the private sector, activities must create public goods and not provide unwarranted subsidies. WEHU to actively participate in the further elaboration of WE's strategy paper on cooperation with the private sector. | WEHU | Ongoing | B |
| 6) **Take up additional topics such as chemical management and increase intervention in the area of greenhouse gas mitigation to benefit from possible synergies with BAFU and SECO/DPUDE** | WE management partially agrees. There appears to be a conflict with recommendations 3 and 7. WEHU already has a quite substantial portfolio in the area of climate mitigation, as well as in the area of sustainable recycling. The opportunity of increasing such interventions has to be assessed on a case-by-case basis and against the backdrop of concrete alternatives. With regard to the strengthening of its collaboration with DPUE, WEHU is already working closely on developing a common understanding for sustainable value chains from developing countries to Switzerland in the framework of its Green Economy policy. | WEHU in collaboration with WEMF | Ongoing | C |
| 7) **Thematic development and consolidation of the** | WE management generally concurs with this recommendation but notes at the same time that measures to address this issue have already been taken up | WEHU | Start Oct. | A |
**project portfolio** in order to reduce portfolio fragmentation (See also point 9.v)

showing concrete results. Portfolio composition occurs on the basis of WEHU's overall strategy and business lines, although the point is well taken that portfolio coherence can be further strengthened. With a view to situating additional new projects within the WEHU project portfolio, WEHU will show in future project proposals at the concept stage how these are interlinked with ongoing activities in a country or globally. In addition WEHU will establish for all priority countries an intervention logic regarding the interrelation of WEHU-projects and eventually with other Units of WE. The first country will be Peru (December 2013) followed by Vietnam (first quarter 2014).

WE management does agree that communication on the positioning of individual products within WEHU’s business lines should be strengthened, notably to better indicate the aid-for-trade links between individual projects and country programs.

**Operational Level**

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<th>Recommendation</th>
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<td>8) Definition of Country Intervention Logic</td>
<td>WE management agrees it is important to more clearly define WEHU's intervention logic on a country level. This will not only ensure a more programmatic approach, but will also help SECO representatives in-country to better understand WEHU’s country portfolio and the complementarities that exist between different programs and projects. WEHU to undertake efforts in this regard after the independent evaluation under its current yearly program (see also point 7).</td>
<td>WEHU</td>
<td>Dec. 2013</td>
<td>A</td>
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<tr>
<td>1. Earlier involvement of SECO country offices in development of global/regional projects with specific country components</td>
<td>WE management agrees with the importance of consulting and involving country offices in the development of global/regional projects. However, country contexts being often very different, it should be borne in mind that not every detail can be planned from the very beginning and that adaption of the general intervention logic to the specific country context is needed at the implementation stage. WEHU to consult on the project proposal at an early concept stage with the country offices and project implementers, particularly with regard to regional</td>
<td>WEHU</td>
<td>Ongoing</td>
<td>A</td>
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<td>ii. Assess cooperation landscape through stakeholder mapping</td>
<td>WE management agrees with the recommendation that WEHU shall strive to more systematically undertake stakeholder mapping in the project development process. In particular, chapter 3 of the credit proposal to include complementary information on other donors’ activities the assessment of the cooperation landscape.</td>
<td>WEHU</td>
<td>From Sept. onward for new projects</td>
<td>A</td>
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<td>iii. Strengthening of procedural and trade governance issues: establish specific mechanisms/platforms for consultation and coordination between public and private sector stakeholders</td>
<td>WE management welcomes this recommendation. WEHU will build upon the positive experience in Peru with country specific public - private stakeholder platforms and will strive to further implement and strengthen this approach in future projects in the different partner countries being cognizant of contextual differences. A first follow-up to the experiences of Peru will be done with Vietnam in the framework of the support of the green growth strategy through sustainable trade measures in order to promote and coordinate Green Economy issues where a public-private stakeholder platform is envisaged.</td>
<td>WEHU</td>
<td>First quarter 2014</td>
<td>B</td>
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<td>iv. Systemic approach to capacity building</td>
<td>WE management agrees with this recommendation. WEHU to engage with WEQA on the application of the forthcoming &quot;Manual on the inclusion of capacity development in projects and programs&quot;.</td>
<td>WEHU in collaboration with WEQA</td>
<td>From 2014 onward</td>
<td>B</td>
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<td>v. Rapid Response Mechanism to allow partner governments to address small but important trade issues and bottlenecks more quickly and with greater flexibility.</td>
<td>WE management welcomes this point, although attention will have to be paid with regard to portfolio fragmentation (point 7 and 9.v). WEHU will take up the recommendation through well-targeted and selective allocation of funds. In order to prepare next steps an external evaluation of the IDB AFT-Trust Fund is planned for April 2014.</td>
<td>WEHU</td>
<td>May 2014</td>
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9) Management and
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<th>Steering Structures</th>
<th>WEU management agrees partially. As it has proven to be a successful instrumental tool used by other WE sections or donors, WEHU will assess the possibility to undertake bi-annual strategy retreats in project countries with key partners. Based on the recommendations under 7) WEHU to structure and describe the different inter-linkages among the sustainable trade promotion projects and begin a strategic communication with country offices. It is foreseen to have bi-annual strategy retreats with the project experts to discuss collaboration modalities and emerging international, regional and national topics as part of the regular WEHU missions to partner countries. WEHU will first check this approach in Peru, Vietnam and Indonesia. After internal assessment of the outcomes of such meetings, WEHU together with WEOP will decide on how to continue with this approach in WE-partner countries.</th>
<th>WEHU</th>
<th>Start from Dec. 2013</th>
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<td>i. Yearly strategy retreats: strategy retreats in the project countries with key partners</td>
<td>WEHU to take up this recommendation of presenting project strategies and log-frames in a compact and visualized manner. The recommendation will be taken up with WEQA.</td>
<td>WEHU in collaboration with WEQA</td>
<td>From 2014 onward</td>
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<td>ii. Project Strategy: project strategies of individual projects should be broken down into few major intervention areas, ideally in a visualized results model</td>
<td>WE management agrees with the recommendation that there is room for further improvement in monitoring and evaluation. WEQA in collaboration with WEHU and other concerned operational divisions will approach this challenge on the following levels:</td>
<td>WEQA in collaboration with WEHU and other concerned operational divisions</td>
<td>Logframe: ongoing. Reporting standards: 4 Q 2013. ROM: Nov. 2013 Strategy retreats:</td>
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<td>iii. Monitoring and Evaluation: regularly undertaken as a joint effort between core project partners. Refine and use a Results Oriented Monitoring (ROM)</td>
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|   | **Oriented Monitoring (ROM) for complex projects (Brown Bag Lunch on ROM foreseen in November 2013; Serbia as second example); (2) The organization of yearly strategy retreats (see recommendation 9.i);**  
|   | - The substantial use of evaluations as a tool for learning and accountability will be continuously used. | 2014 Evaluations: ongoing |
| 4. **Indicators: consider formation of qualitative indicators for business line framework conditions** | WE management welcomes this recommendation as a complement to the recommendations on monitoring and evaluation. WEHU will take up this recommendation with WEQA in order to develop suitable indicators to be introduced in current and future projects. | WEHU in collaboration with WEQA | 4 Q 2013 | A |
| 5. **Thematic development and consolidation of the project portfolio in order to address the tendency of under-steering owing to a portfolio comprised of too many small projects. (see also point 7)** | WE management agrees with this recommendation, but notes that measures have already been undertaken in order to address this issue, e.g. through the developed of so-called flagship programs (Bio-Trade, Private Voluntary Standards, Resource Efficient and Cleaner Production etc.) on a global level. The recent reorganization of WE and the increased resources available at headquarters and in country offices, as well as the strengthening of focal points at unit level should substantively contribute to improved monitoring and steering of projects and programs. | WEHU | 1 Q 2014 | A |
| 10) **Reinforce collaboration between public-private-education domains** | WE management welcomes this recommendation and agrees that greater efforts should be made to integrate all stakeholders, including universities, at the project identification and implementation stage. | WEHU | Ongoing | B |
| 11) **Better knowledge management among WE sectors: improved information and experience sharing** | WE management welcomes this recommendation and is in the process of strengthening WEPO’s knowledge management capacity as part of the reorganization of WE. WEHU will establish a virtual learning and exchange group with the responsible project officers in the field and send them thematic articles as well as evaluation reports and stimulate discussions among them. This has been done previously and will be taken up again. | WEHU in collaboration with WEPO | 1 Q 2014 | B |
| 12) **Greater Thematic coordination and exploitation of synergies within WE** | WE management welcomes this recommendation. WEHU, in close coordination with WELG, will assess opportunities for creating/exploiting synergy potential with other operational divisions. However, it should be mentioned that the reorganization of WE have already brought improvements | WEHU in collaboration with WELG | 1 Q 2014 | B |
| 13) Yearly exchange of experiences and information among country offices | WE management welcomes this recommendation. WEHU will take up internal discussions on this topic coordinated by WELG. A key moment are WE retreats and NPO training events where such issues can be taken up. | WEHU in collaboration with WELG | Next WE retreat / NPO training | A |

Berne, October 2013

Beatrice Maser Mallor
Head, Economic Cooperation and Development Department

Ivo Germann
Head, Operations
Position of the External Committee on the
Independent Evaluation on Switzerland’s economic development cooperation in
Sustainable trade promotion and its contribution to “Aid for Trade”, and
SECO/WE Management Response

1. Members of the External Committee on Evaluation (the Committee) discussed on June 24, 2013 the public report by Como Consult GmbH (Hamburg) the independent evaluation report on Switzerland's economic development cooperation in sustainable trade promotion and its contribution for “Aid for Trade”(AfT) as well as the Response by SECO/WE’s Management to its main findings and recommendations.

2. The Committee very much welcomes this strategic evaluation. It is the first time that an independent evaluation decided by SECO/WE assesses the overall relevance and performance of one of its main operational units, namely the Trade Promotion Unit (WEHU), in promoting sustainable trade and the new trade agenda. The Committee welcomes the highly satisfactory rating of the evaluation on WEHU’s relevance, in particular that: (i) WEHU’s services are well aligned with the needs of partner countries; (ii) from a global policy perspective WEHU’s activities reflect the core priorities in terms of the new trade agenda and complementary AfT policies; (iii) from the view of multilateral institutions WEHU is a reliable partner through significant longstanding financial support and strategic input in the different thematic fields; and, (iv) WEHU contributes to both Swiss foreign economic and international cooperation policies, creating important synergies between the two fields.

3. The Committee stresses that, beyond that key strategic focus, the evaluation report includes a complementary focus on the relevance, effectiveness, efficiency and sustainability of SECO/WE’s specific contribution to AfT. AfT was launched in 2005 at the Ministerial Conference of the World Trade Organization (WTO) in Hong Kong. Since then it has become a key element of the policy discussion of both the trade and development communities. “Its premise was a relatively simple one. Market access was not enough and there needed to be a more holistic approach to the negotiation of multilateral trade rules. (...) A missing link between trade and development and between market access and market presence was identified.” (Pascal Lamy, 2013) Over the following years some positive outputs and outcomes of AfT have become evident. But some questions remain unanswered as fine-tuning this causal linkage remains especially challenging. In particular, how the impact of AfT in general and SECO/WE’s contribution to this agenda in particular can be measured on the ground? What quantifiable evidence can be gathered to show the impact of AfT on growth, development and poverty reduction? The independent evaluation by Como Consult GmbH provides some interesting findings and partial responses to these challenging questions. It also highlights the important contribution that WEHU has done to AfT.

4. The Committee underlines that, when assessing performance through the analytical framework, the evaluation report has utilized the same standard indicators that are an integral part of the Message to the Parliament on Swiss international cooperation for 2013-2016. This is noteworthy as it reinforces overall
SECO/WE accountability and improves its own transparency. Moreover, the accuracy of the main findings and recommendations evaluation report has been enhanced by the capitalization workshop between the evaluation team and WEHU’s staff that was organized in May 2013.

5. The Committee believes that the evaluation report includes some findings and recommendations that could be relevant when looking ahead and defining the future SECO/WE sustainable trade promotion program as well as its further contribution to AFT. The main orientation of sustainable trade promotion in general and AFT in particular should evolve and become more responsive and flexible to the changing conditions of the multilateral trading system, in particular: (i) the increasing role and responsibilities of emerging economies; (ii) the expansion of regional and global value chains; (iii) the impact of new technologies and transportation costs. The development community and SECO/WE are already facing and will continue to face this challenge.

6. The Committee is pleased by the good analytical quality and the very informative structure of the evaluation report which is backed by two complementary and useful country case studies related to SECO/WE’s activities on sustainable trade promotion and its contribution to AFT in Peru and Vietnam. The Committee notes the generally very positive assessments of WEHU’s activities according to internationally recognized DAC evaluation criteria and clear result indicators. It congratulates SECO’s Management and WEHU’s staff on their remarkable performance. Looking specifically at WEHU’s perspective, the Committee stresses a note of caution as the report rightly mentions on page 6 that “Compared to the situation a decade ago WEHU’s capacities are, however, far more stretched, running a much larger portfolio of activities with a higher complexity in its approach and objectives, with only little increase in human resources”. The Committee asks SECO/WE Management to monitor regularly this aspect as it could impact negatively on the quality of projects and program management and monitoring.

7. Committees’ members made the following remarks on the evaluation methodology and findings: (i) because of the lack of quantitative financial data on disbursements in the field of WE trade promotion, it is difficult to assess the efficiency (“value for money”) of WEHU’s interventions. The two country studies are very helpful as they provide more reliable and country-specific data. But each country situation is very specific and one cannot generalize specific findings; (ii) the evaluation report should have deepened the analysis on the impact of sustainable trade promotion on poverty reduction and inclusiveness; (iii) the report recognizes generally the positive influence of Switzerland on the policies and approaches of multilateral partner institutions such as WTO, ITC, UNCTAD). It would have been useful to get more information on this important aspect; (iv) the report’s analysis of the strategic relevance of WEHU’s interventions could have been linked more specifically to current geo-politics trends (BRICS, new emerging economies, etc.) and global value chain; and, (v) the report’s analysis of “Swissness” as a set of Swiss values and competences as well as the impact of Swiss concerns on WEHU’s interventions – for instance in the crucial area of international trade on mineral resources – is welcome. It shows vividly that the link of WEHU’s activities to domestic public discussion and policy institutions is important and can contribute to public opinion acceptance of Swiss development cooperation.

8. The Committee generally agrees with the very detailed, open and constructive Response to the evaluation findings and recommendations. It notes that the Response is very detailed along seven strategic and five operational evaluation recommendations. Considering that some of those broad recommendations include a sub-set of specific recommendations there is a clear risk of SECO/WE overload inasmuch as the implementation of some of them will be especially labor intensive and time-consuming. The Committee recognizes that SECO/WE Management did establish clear priorities (A, B, and C) and recommends
Management to stick to them. The approach that "less could be more" seems particularly appropriate in this case. Finally, on the recommendations no. 1 (Establish SECO/WE as sustainable trade promotion Department) and 2 (Redefining the WEHU Business Line), the Committee shares the view of Management as a formal redefinition of WEHU's business lines is not appropriate at this juncture and could happen in preparation of the new framework credit 2017-2020. In this regard, the involvement and the additional experience of the newly established SECO country offices would be very helpful. On the recommendation no. 3 (Reduce the number of partner executing agencies) the Committee agrees on the merits of focusing WEHU work on a reduced number of partner agencies but recommends Management to maintain flexibility not only for possible collaboration with new partners but also for pilot- and especially innovative projects.

9. In conclusion: the Committee recommends the disclosure of the Public Report by Como Consult GmbH (Hamburg) as well as the accompanying SECO/WE Management Response and the Response by the Committee on SECO internet website.

Pietro Veglio
Chairman of the External Committee on Evaluation

Members of the Committee:

Gilles Carbonnier
Susanne Grossmann
Felix Gutzwiller
Christoph Stückelberger
Final report

Independent Evaluation
Switzerland’s economic development cooperation in sustainable trade promotion and its contribution to “Aid for Trade”

Submitted to: Staatsekretariat für Wirtschaft, SECO
# Imprint

| Title             | Final report  
|-------------------|-----------------|------------------|------------------|
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|                   | Switzerland’s economic development cooperation in sustainable trade promotion and its contribution to “Aid for Trade”  
| Commissioned by   | Staatsssekretariat für Wirtschaft SECO  
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| Date              | Hamburg, June 17, 2013  

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<th>Description</th>
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<tr>
<td>AF</td>
<td>Analytical Framework</td>
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<tr>
<td>AfT</td>
<td>Aid for Trade</td>
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<td>CPC</td>
<td>Cleaner Production Center</td>
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<td>CSIR</td>
<td>Country Strategy Implementation Report</td>
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<td>DAC</td>
<td>Development Assistance Committee</td>
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<td>DDA</td>
<td>Doha Development Agenda</td>
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<td>DFID</td>
<td>Department for international development</td>
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<td>DPUE</td>
<td>Environment and energy policy department, SECO</td>
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<td>FO</td>
<td>Field office</td>
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<td>HQ</td>
<td>Headquarter</td>
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<td>ILO</td>
<td>International Labor Organization</td>
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<td>KPI</td>
<td>Key Performance Indicators</td>
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<td>LDC</td>
<td>Least Developed Country</td>
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<td>MIC</td>
<td>Middle Income Country</td>
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<td>NGO</td>
<td>Non-Governmental Organization</td>
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<tr>
<td>OECD</td>
<td>Organization for Economic Cooperation and Development</td>
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<td>PVS</td>
<td>Private Voluntary Standards</td>
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<td>SECO</td>
<td>Swiss State Secretariat for Economics and Labor</td>
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<td>SDC</td>
<td>Swiss Development Cooperation</td>
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<td>SIPPO</td>
<td>Swiss Import Promotion Program</td>
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<td>SME</td>
<td>Small and Medium Enterprise</td>
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<td>ToR</td>
<td>Terms of Reference</td>
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<td>TPI</td>
<td>Trade Policy Institutions</td>
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<td>TRTA</td>
<td>Trade Related Technical Assistance</td>
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<td>TSI</td>
<td>Trade Support Institutions</td>
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<tr>
<td>WE</td>
<td>Economic Cooperation and Development Division</td>
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<tr>
<td>WEHU</td>
<td>Trade Promotion</td>
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<td>WEIF</td>
<td>Private Sector Development</td>
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<td>WELG</td>
<td>Countries and Global Portfolio</td>
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<tr>
<td>WEMU</td>
<td>Macroeconomic Support</td>
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<tr>
<td>WEIN</td>
<td>Infrastructure Financing</td>
</tr>
<tr>
<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
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<tr>
<td>UNIDO</td>
<td>United Nations Industrial Development Organization</td>
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Executive summary

Within SECO’s Economic Cooperation and Development Division (WE), Switzerland’s sustainable trade promotion department’s (WEHU) objectives are

- to promote socially responsible, inclusive and environmental friendly trade, and to
- strengthen the trade and competitive position of SMEs in WE partner countries.

In order to achieve the objectives WEHU carries out interventions in the three business lines international competitiveness, framework conditions and market access. It manages a technical assistance (capacity building) program and project portfolio worldwide, with a concentration on 17 priority countries. Programs and projects are implemented globally through strategic multilateral partners like UNIDO, UNCTAD, ILO and ITC and bilaterally through other implementers ranging from NGOs to private consultants.

SECO mandated Como Consult with this independent evaluation to assess the relevance of WEHU’s strategic approach as well as WEHU’s performance according to the OECD-DAC criteria effectiveness, efficiency and sustainability and its contribution to the AfT-Initiative in the period from 2002 to 2012.

The evaluation was structured according to the DAC criteria, to the research questions from the approach paper and to principles of management and monitoring as a reference framework to assess WEHU’s approach and results. The main instrument used was semi-structured interviews with stakeholders and beneficiaries of WEHU’s projects. In order to underpin findings from a country program and project perspective two country case studies, Vietnam and Peru, were undertaken.

WEHU’s approach and results model

Through establishing trade as an own field of economic development WEHU has – in contrast to many other bilateral donors – a clear trade related assistance profile. Its approach within the three business lines is well chosen and appropriate to tackle the relevant issues to promote sustainable trade. WEHU’s capacity building approach appropriately targets all relevant levels (policy, institutions and companies) in order to achieve the intended change. The three perspectives on global value chains, international agreements and Swiss concerns allow WEHU to develop a comprehensive sustainable trade promotion approach which is unique in its focus on niche topics like the Singapore issues as well as social and environmental challenges. With regard to objectives and intended impact WEHU’s results model is well structured. Its intervention logic is coherent and the three business lines nicely complement each other. In order to keep track with the ongoing fast development of its priority countries, WEHU’s approach has been further developed with a corresponding shift in the priority of topics that could be made more explicit in WEHU’s strategy and results model.

WEHU’s relevance

The evaluators assess WEHU’s relevance as highly satisfactory. On country level, WEHU services are well aligned with the needs of partner countries. From a global policy perspective WEHU’s activities reflect the core priorities in terms of the new trade agenda and complementary AfT policies. From the view of multilateral institutions WEHU is a reliable partner through significant longstanding financial support and strategic input in the different thematic fields. Last but not least, WEHU contributes to both Swiss foreign economic and international cooperation policies, creating important synergies between the two fields. Looking at the future, the focus on environmental issues can be further enhanced through a new business line on inclusive green trade, allowing WEHU to align to the green growth agenda that many partner countries pursue.

WEHU’s effectiveness

The evaluators assess WEHU’s effectiveness as satisfactory. Within the scope of the evaluation the evaluators found that intended and planned outputs have been achieved and fit into WEHU’s results model. In terms of outcomes the evaluators found on average satisfactory achievements in the three business lines in the case study countries:

- WEHU’s activities had to a considerable extent effects on Peru’s and Vietnam’s government capacities to negotiate trade agreements and the capacities to implement obligations under these agreements.
- WEHU’s activities helped improve to a large extend companies’ competitiveness, compliance with social and environmental standards and the application of international standards and norms.
- WEHU projects valuably contributed to market and export development of local companies in Peru and very plausible also in Vietnam.

Project quality, however, was varying. Among the reasons are the challenges related to the institutional and business environment in a one party
system like in Vietnam. Important success factors that were identified are the selection of partners, sufficient capacities for planning, analyzing needs and stakeholder’s interests and project management. It is furthermore important to mention that WEHU positively contributed to the intended impact. Available data show significant job creation and a strengthened competitiveness of SMEs as well as improved framework conditions. However, an attribution gap between projects and impact on growth and export figures on country level exists. Interview with think tanks in charge of macroeconomic modeling and analysis in the countries, however, hinted at the plausibility of a WEHU impact also on this level.

In terms of WEHU’s contribution to the AfT-Initiative, the relatively high emphasis placed by WEHU on the category trade policy and regulation through its interventions to create an enabling framework for sustainable trade, is supported by the findings of this evaluation as well as general empirical analysis which attaches a relatively high degree of effectiveness to this AfT category. Other AfT sub-categories such as “competitiveness” or “export diversification”, are nicely reflected in WEHU’s business line on international competitiveness, where WEHU achieved significant results in Peru and Vietnam. At the same time, the majority of WEHU projects are linked to several AfT categories, also including foreign market access for sustainably produced goods and services, which underlines the holistic nature of WEHU’s intervention approach. WEHU’s cooperation projects thus importantly contribute to AfT, while synergies and complementarities between its projects and with cooperation programs of other donors substantially enhance WEHU’s effectiveness.

WEHU’s sustainability
The evaluators assess WEHU’s sustainability as satisfactory. They confirm that supported institutions in the case study countries increasingly developed positions in international trade negotiations independently and without direct support of WE and / or the international community and both Peru and Vietnam strengthened their perception of using trade promotion as an instrument for sustainable growth and poverty alleviation. Furthermore successful reform processes for an easier market access are increasingly implemented without direct intervention of WEHU and / or the international community and SME continuously improved their competitiveness and diversification. However, sectoral and regional organizations and trade support mechanisms and platforms still need support to make efforts last. Also, enforcement with regard to regulations supported by WEHU is still a challenge. Finally, more linkages between WE departments in trade related assistance, especially with regard to infrastructure and private sector development would improve sustainability of WEHU interventions.

WEHU’s steering and efficiency
The evaluators assess WEHU’s efficiency as satisfactory, with some challenges concerning resource endowment and results based project management and monitoring on country level. The WE / WEHU steering model is appropriate and the flexibility of WEHU was highly appreciated by partners. The collaborative approach WEHU has chosen to implement its portfolio of projects is, however, resource intensive with a high degree of coordination and quality control requirements of external implementers. Mostly due to the large portfolio growth in the last decade these steering resources were not always sufficiently provided. In case of further growth this too low endowment can lead to under-steering.

In general, WEHU extensively evaluates its projects and carries out regular impact assessments of larger projects and sector approaches. Still, monitoring is a challenge. The challenges arise from the fact that WEHU works with a vast group of implementers that have own monitoring models that cannot easily be influenced. Also, monitoring needs to be operationalized on project level, country level and WEHU level and the three levels need to be linked to each other, making monitoring even more complex.

Compared to other donors WEHU has an outstanding track record in donor coordination, achieving a good degree of efficiency. This is due to WEHU’s modus operandi of collaboration in implementation and its strong strategic approach to work with multilateral donors.

Options for the future development of WEHU
The recent organizational development and attribution of more resources for WEHU have already addressed main challenges. A further adjustment of (i) WEHU’s strategic approach and results model, (ii) a better integration of trade promotion issues into other WE thematic fields, (iii) a more strategic portfolio development on country level, also in terms of selection of implementation partners and number as well as size of projects and (iv) an improved quality management, steering and learning are options to further enhance WEHU’s and WE’s work.
1 Background and context of the evaluation

1.1 SECO’s sustainable trade promotion – WEHU

Two of the strategic goals Switzerland pursues with SECO interventions in the framework of economic cooperation are to foster the integration of selected developing and transition countries in the global economy and to strengthen the competitiveness of domestic economies. At the same time, this is intended to

- contribute to overarching objectives of Swiss development policy like poverty reduction and to
- be coherent with overarching objectives of the Swiss economic foreign policy.¹

In this context, SECO’s division for Economic Cooperation and Development Division (WE) offers support in the following areas of economic development:

- macroeconomic reform and stabilization (responsibility: WEMU)
- development and financing of urban infrastructure (responsibility: WEIN)
- private sector development (responsibility: WEIF)
- sustainable trade promotion (responsibility: WEHU)
- stimulation of climate friendly growth (coordinated by WEMF)

WEHU’s overall objectives are to promote socially responsible, inclusive and environmental friendly trade and to strengthen the export and competitive position of small and medium enterprises (SMEs), including farmers, in WE partner countries.

1.2 Mandate and objective of the evaluation

Against this background SECO mandated Como Consult with an independent evaluation to assess its priority domain sustainable trade promotion in the context of WE’s strategic approach and according to the OECD-DAC criteria relevance, effectiveness, efficiency and sustainability.

The overall objective of this evaluation is to assess the relevance of WE strategic approach to sustainable trade promotion, its results and effectiveness and its contribution to the Aid for Trade (AfT) initiative from 2002 to 2012 on a strategic/programmatic as well as on a portfolio level in two case study countries – Vietnam and Peru. Conclusions and recommendations from the consolidated findings and analysis shall

- inform and support WE’s strategy and approach with regard to the coherence and appropriateness of WEHU’s approach and intervention logic,
- contribute to the development of WE’s portfolio as well as its operational set up of instruments and interventions under the new framework credit 2013 - 2016 and
- feed into SECO’s internal as well as the international discussion on AfT and thus contribute to sharing of good practices and lessons learnt.

1.3 Evaluation design

The points of reference for any evaluation of an institution, program or project in the field of development cooperation are

¹ Although it is mentioned in the bill to the parliament 2013-2016 that a coherent foreign relation of Switzerland with regard to global sustainable development contribute to the effectiveness of development cooperation, the coherence of WE activities with other interventions in the field of Swiss economic foreign policy fall beyond the scope of this evaluation.
the original objectives formulated for the institution, program or project to be evaluated (ideally in the form of a results model) and the indicators that underpin these objectives,

- the OECD-DAC evaluation criteria relevance, effectiveness, efficiency and sustainability and
- the additional evaluation questions formulated by the commissioning institution (for SECO: approach paper).

Thereby a lot of the analytical framework (AF) of the evaluation of WEHU was already predefined. Nevertheless, it was necessary to establish a WEHU results model and formulate (additional) indicators and questions where gaps existed in order to arrive at a cohesive picture. This was done during the inception phase and the result of this work was presented in the inception report. As it was comprehensively discussed in the inception report, details are not repeated here.

While the AF outlines the dimensions and questions the evaluation focuses on, the evaluation design describes the methodology and the survey instruments that were used to create the necessary data.

<table>
<thead>
<tr>
<th>SURVEY INSTRUMENTS</th>
<th>DIMENSIONS OF THE ANALYTICAL FRAMEWORK</th>
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<tbody>
<tr>
<td>Document analysis</td>
<td>E1 Approach and Design (Strategy) E2 Relevance E 6 Effectiveness E 4 Efficiency E7 Sustainability E 3 Strategic Steering E 5 Project Management and Monitoring</td>
</tr>
<tr>
<td>Interviews with SECO (WE)</td>
<td>XX XX XX XX XX XX XX</td>
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<td>Interviews with other bilateral donors</td>
<td>XX XX X X X XX XX</td>
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<tr>
<td>Interviews with multilateral donors</td>
<td>XX XX X X XX</td>
</tr>
<tr>
<td>Interviews with cooperation and implementation partners</td>
<td>XX XX XX XX XX XX XX</td>
</tr>
<tr>
<td>Interviews with civil society, academia, experts</td>
<td>XX XX XX X XX</td>
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<tr>
<td>Analysis of KPI monitoring data</td>
<td>XX X XX XX</td>
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<tr>
<td><strong>Field trips</strong>: Data sheets, semi-structured interviews with SECO representatives, relevant stakeholder and beneficiaries on achievements</td>
<td>XX XX XX XX XX XX XX XX</td>
</tr>
<tr>
<td>Focus group discussions (with SME, Private Sector Associations, Ministries)</td>
<td>X XX XX X XX XX</td>
</tr>
<tr>
<td>Interviews with resource persons</td>
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Figure 1: Evaluation design; Source: Como inception report

Additionally to the instrument results model, these survey instruments are self-explanatory and/or detailed through the AF that contains the corresponding sub-dimensions and research questions that were used in interviews with the various stakeholder groups. Main milestones to gather all perspectives and information for an assessment were the inception report, interviews with stakeholders outside case study countries and the country case studies.
Inception report
The inception report was requested by SECO and served the following purposes: It
- gave an overview over the status and adapted planning of the evaluation process,
- presented the evaluation methodology to allow SECO feedbacks and adaptations before the actual data collection on field trips took place,
- discussed risks of the evaluation and possible mitigation measures,
- presented and briefly discussed WEHU’s results model,
- presented an overview on the current discussion and insights on trade as a driver for development that should serve as a point of reference to assess WEHU’s approach and
- presented first issues for discussion to allow an exchange between SECO and the evaluators to take place in due course.

Stakeholder groups
Different types of stakeholders were interviewed to gather the respective perspective on WEHU’s results model and concrete interventions:
- beneficiaries of WEHU projects on micro, meso and macro level in the two countries,
- policy institutions that are concerned with trade issues – i.e. ministries of trade, finance, labor etc.
- multilateral or bilateral donor organizations that work with WEHU and implement WEHU projects,
- other consulting firms or organizations that implement WEHU projects,
- SECO staff at headquarters and in selected priority countries,
- additional resource persons in the selected priority countries and
- staff of other Swiss institutions that have regular working relations with WEHU.

Country studies
Following the inception report the focus shifted to the country studies. In order to carry them out, the following steps were undertaken:
- desk study of SECO’s projects on sustainable trade promotion in Peru and Vietnam,
- discussion of the list of projects with SECO headquarters (HQ) and field offices (FO),
- selection of projects to be evaluated in Peru and Vietnam together with SECO HQ and FO,
- elaboration of agendas for the field trips together with SECO HQ and FO,
- elaboration of questionnaires for the different stakeholder groups based on the AF,
- elaboration of a data sheet with the SECO standard indicators to show the projects’ contribution to them,
- update of the log frames of the projects that were to be evaluated in the countries, highlighting their progress with regard to what was planned in the beginning.

With this preparatory work completed, the field missions took place from March 11 to 22 in Peru and from April 8 to 19 in Vietnam. Through the interviews and focus group discussions evidence was systematically gathered in both countries that allowed an appreciation of the relevance, sustainability, effectiveness and efficiency of WEHUs work and that also allowed answering all other questions of the AF. In order to complete the evaluators’ picture, additional interviews were held after the field trips with stakeholders as listed above (see list in annex in chapter 6.3).

1.4 Limitations and constraints to the evaluation
During the inception phase the evaluators identified risks to achieve the outputs of this evaluation requested by SECO especially with regard to the criteria effectiveness. These were, first, mainly related to the data situation on strategic and operational level.
- Overall objectives and expected outcomes are defined on WEHU level. However, no results model that aggregates project level outcomes into a coherent country level results model and a corresponding monitoring system that measures WEHU’s interventions on a country level has been developed so far, despite the fact that the country reports and the corresponding Country Strategy Implementation Reports (CSIR) are an attempt to do this.
Furthermore there is some complexity on the formation of WEHU’s strategy. Different papers exist that describe WEHU’s strategic direction, but often there is a mix up between different levels of results and objectives.

With regard to the project level, the evaluators recognized that the situations in the two case study countries differ: While in Peru most of the projects that were evaluated are endowed with a log frame, this is not the case in Vietnam.

In addition, a standardized reporting that links project outcomes to country level outcomes and global WEHU outcomes (standard indicators) has not been introduced.

Second, since WEHU works with a vast range of actors on different levels, many target groups of the projects exist. In-depth surveys to collect data on every target group regarding the different evaluation criteria were, however, not fully possible due to time and budget restrictions of this evaluation.

The resulting risk from these two aspects was therefore the difficulty to gather representative data from the different target groups in order to aggregate and conclude on the results.

Risk mitigation
Considering the above, the evaluators undertook the following main risk mitigations:

- use the WE standard indicators introduced by SECO in 2012 as well as additional standard indicators introduced during the course as basis for the evaluation on outcome level,
- scrutinize as deep as possible on WEHU’s approach, build respective causal hypothesis in the results model and compare these to qualitative statements on attribution of WEHU’s interventions in order to best possibly link SECO’s contribution to positive changes in the target group,
- triangulate every perspective – by interviewing different actors on the same evaluation dimension,
- request from projects an estimation of their contribution to WE standard indicators and
- request from projects a current measure of indicator achievement on project level (update on achievements according to the project log frame).

With this, the evaluators were – despite some data availability limitations as explained in this report – able to come up with sound findings in order to judge the overall effectiveness and contribution of WEHU especially in the two countries as highlighted.

Last but not least it needs to be mentioned that the time available for the evaluation of the different projects in Peru and Vietnam averaged 1.7 days per project (more for larger and complex projects and less for smaller projects). Therefore, in the evaluation of the individual projects the evaluators focused on the most important aspects relevant for being able to answer the questions in the approach paper.

1.5 Structure of this report
The report is structured in line with the dimensions of the analytical framework:

- In chapter 2 we look at the origin and development of WEHU over time, analyze its intervention logic and results model, describe its regional focus and implementation mechanisms and evaluate the coherence and appropriateness of its approach.
- In chapter 3 we assess the relevance, effectiveness and sustainability of WEHU’s work.
- In chapter 4 we discuss WEHU’s program steering and efficiency.
- In chapter 5 we provide options for WEHU’s strategy and approach, portfolio development and quality management and learning in WEHU projects and programs.

2 Despite the fact that the WE standard indicators were only recently introduced, and earlier projects did not even have a log frame, the WE standard indicators represent the major intervention areas of WEHU projects (with indicators on outcome level in all three intervention areas / business lines of WEHU) and all WEHU projects should be able to at least estimate their contributions to them.
2 WEHU’s strategic approach

2.1 Origin and development of WEHU

Back in the year 2000 WEHU was called HUET (Trade and Clean Technology Co-operation Division). The mandate of HUET was the following:\(^3\)
- contribute to the aims of assuring the functioning of world markets,
- extend and strengthen the multilateral trade system,
- improve Swiss relations with regional economic blocs,
- better integrate developing and transition countries in the world economy and
- strengthen the Swiss economy.

The objectives of HUET for its operational work were derived from this mandate:
- strengthen international rules through support of developing and transition countries …. to comply with trade rules in international agreements and
- strengthen sustainable growth …. by supporting these countries to benefit from the integration into the world trade system.

At this time HUET focused especially on three issues:
- international framework on trade (compliance with Uruguay round obligations, IPR, special and preferential treatment, zero tariffs),
- the Swiss Import Promotion Program (SIPPO) and
- the transfer of clean technology – mainly by working on Cleaner Production Centers (CPC).

A full-fledged technical assistance / capacity building approach as WEHU has today had at that time just started. In 2000 HUET’s budget was CHF 29 million. However, in line with the growing trade and development agenda and as a result of a substantial increase in budget, WEHU has in recent years on-boarded ever more topics associated to sustainable trade promotion with only a small increase in human resources. Additionally, WEHU changed its modus operandi to a programmatic and more development oriented approach that includes the set up and steering of larger technical assistance (TA) projects. Currently the budget of WEHU is above 80 million per year.

Organizational approach to deliver TRTA

For donors there are basically two ways to approach trade related assistance (TRTA). It can be delivered as an own field in economic development cooperation or as a cross cutting theme that needs to be mainstreamed into economic cooperation and market development. Most donors treat trade rather as a cross-cutting issue and mainstream it into other thematic programs. Either way, however, the issue of linking TRTA to other fields of development cooperation grew ever more prevalent over the years due to different evolving trends:
- the continuous enlargement of the international trade agenda (see e.g. the Doha Development Round (DDA) with its complex “behind the border” issues),
- the mushrooming of regional and bilateral Free Trade Agreements (FTA) where development issues increasingly play an important role (partly due to the stalled WTO/DDA process),
- the fast growing complexity (in geographical, technical as well as economical terms) of global value chains – i.e. the growing importance of the private sector as an agent for development and
- the evolvement of middle income countries that – from a perspective of policy coherency (e.g. with regard to foreign economic policy of Switzerland) – play an increasing role as trading partners.

SECO decided from the beginning to treat trade as an own field in economic development cooperation. Subsequently WEHU is thematically also linked to the other WE departments. Besides the contributions in its own thematic area “promotion of sustainable trade”, WEHU also contributes significantly

\(^3\) Annual Work Plan HUET 2001
to the thematic area “providing stimulus for climate friendly growth”. Together with the Private Sector Development unit of WE (WEIF), it also contributes to reaching the objectives within the priority theme “support to private sector development and entrepreneurship”.

**Conclusion on WEHU’s organizational development**

Establishing trade as an own field in economic development has been an excellent decision: WEHU was able to develop a clear profile and address the issues relevant to promote sustainable trade through direct projects and initiatives. Over the past decade it has rigorously expanded its trade related assistance according to the above mentioned trends.

Compared to the situation a decade ago WEHU’s capacitates are, however, far more stretched, running a much larger portfolio of activities with a higher complexity in its approach and objectives with only little increase in human resources. This can have implications on the quality of project and program management and monitoring, which will be further discussed in chapter 4.

### 2.2 WEHU intervention logic and results model

Today, WEHU builds its assistance based on the following – in comparison to the HUET mandate in 2000 more development oriented – arguments:

- Developing and transition countries profit most from international trade if they have a non-discriminating and free access to international trade of goods, services and commodities.
- Trade contributes to an efficient global division of labor, creates employment and supports poverty reduction.
- Demand from industrialized countries is increasingly moving towards products which are, apart from their technical quality, sustainably produced (environmentally, socially, and economically).

These arguments are well founded. However, especially the second one only holds true if trade liberalization is accompanied by „behind the border” policies and other complementary measures by Governments to promote economic and social development. In line with this, WEHU derives its interventions from three perspectives, as explained in the next sub-chapters.

#### 2.2.1 Perspective I: Global value chains

When describing its own intervention logic, WEHU’s strategy papers explain that interventions take place along global value chains. With this perspective WEHU rightly follows the much proved evidence that limitations to match value chain actors’ and market requirements constitute obstacles to trade especially for developing countries and their SMEs, including farmers. Through this perspective, the core services of WEHU are targeted towards government institutions and private sector organizations in order to improve the institutional and framework conditions for sustainable trade in specific sectors / value chains. They are also directly targeted towards SMEs and producers in these sectors / value chains through service providers which enable them to participate in and make use of opportunities in local and international markets for sustainably produced goods and services.

WEHU typically illustrates this logic based on figure 1, showing the interventions in its three business lines (international competitiveness for producers and SMEs, enabling framework conditions for sustainable trade, market access for sustainably produced goods and services) along a simplified value chain:
Within the three business lines concrete interventions are implemented (see WEHU results model in fig. 3 below). Interventions take place through projects that are designed for one country or through global programs that replicate concepts and interventions in different countries (see chap. 2.3 below). In many cases, projects and programs cover interventions in all three business lines, well reflecting on the need to carry out systemic approaches in order to achieve the desired impact.

2.2.2 Perspective II: International agreements and processes

Additionally to the perspective on global value chains, WEHU also derives its interventions in sustainable trade promotion from the international agenda. Following this perspective, interventions have been strongly driven by
- the Doha Development Round,
- the decent work agenda.
- international environment conventions on climate, biodiversity, etc.

All of these agreements set a framework for specific subjects, e.g. on labor standards, environmental sustainability, intellectual property rights, competition law, procurement policies, etc. that are highly relevant for sustainable trade promotion. In analogy to the perspective of global value chains, these international frameworks thus rightly determine WEHU’s interventions, as can be followed-up in the different WEHU strategy, policy and concept papers. The portfolio of projects in Peru and Vietnam also demonstrate that these are the important drivers of WEHU’s work (see chapter 3 for details). What received more emphasis over the past years are interventions that directly contribute to WE thematic priority theme 5, providing stimulus for climate friendly growth. This is due to the fact that the above mentioned driver, environment and climate conventions, is becoming stronger and stronger in terms of relevance and urgency. In this regard it is not only the public sector that has realized that
current business practices are not sustainable and will undermine the competitiveness and thus the potential trade performance of companies (including farmers) in the medium to long run. An ever growing number of companies also realize that unsustainable practices are eroding the very basis of their business models. Others have long realized that resource efficiency is a business case, a means to improve competitiveness. And finally there are more and more companies that offer products and services that help prevent environmental degradation and climate change. WEHU has therefore increased its efforts to engage with these companies as a means to increase the trade of sustainably produced products and services. It led the internal discussions on climate change issues and built up respective projects over the years. It even ventured into the new market of emissions trading, which is well justified, as emissions per se are also a product and emission markets are one of the key instruments to mitigate greenhouse gas emissions and thus a contributor to climate friendly growth.

Additionally, the development and implementation of social and environmental standards as an important element to promote sustainable trade has become a focus area of WEHU interventions over the past decade. WEHU’s focus here has been on private voluntary standards (PVS), nicely filling the gap that has been left by the multilateral trade and the social and environmental regimes. WEHU’s rational for its work on PVS is it’s believe that although PVS hold significant benefits for developing countries, the outcome cannot be taken for granted. In order to ensure that PVS contribute positively to sustainable development and lead to meaningful improvements in the wellbeing of developing country partners, public and private actors must proactively invest in processes to ensure that the special needs of developing countries are met in the development and implementation of standards. As PVS are considered a private issue WEHU has focused on improving respective framework conditions and removing dysfunctions. Moreover, WEHU has supported initiatives of the private sector with specific instruments (information and awareness raising, consulting, harmonization of standards, mutual recognition of governmental labels, certification, public procurement, financial support of voluntary labels, improvement of framework conditions and impact measurement).

### 2.2.3 Perspective III – Swissness and Swiss concerns

The two international perspectives are completed by domestic perspectives that guide activities and interventions of WEHU. **Swissness** represents core Swiss values and competences and according to WEHU includes:

- Social and ecological responsibility.
- Technology transfer with a focus on energies and resource efficient technology.
- Quality consciousness.
- Honest broker in issues of multilateral trade regulation and legislation.
- Destination management in tourism.

Although these issues are on different levels, they basically match the direction WEHU’s intervention take according to the two international perspectives.

In addition to this, **Swiss concerns** – coming e.g. from public discussion and policy institutions – impact WEHU’s interventions and subsequently its portfolio. A good example is resources. Switzerland is a focal trading platform for mineral resources as well as resources from cash crops. This has been increasingly recognized by the public in Switzerland and is subject to intensive debate. Against this background WEHU focuses e.g. on the framework conditions for resources trade in view to governance and transparency issues. The engagement of WEHU in the international cotton council or the international coffee and cocoa organizations as well as in the Extractive Industry Transparency Initiative (EITI) initiative can be related to this background.
2.2.4 WEHU results model according to its intervention logic

In its total, the interventions that WEHU derives from the above explained perspectives are:

**Figure 3: WEHU results model 2012; Source: Como, based on SECO documents**

This results model is based on the three business lines that WEHU currently uses to describe its approach. In many cases, projects and programs cover interventions in all three business lines as well as on the macro, meso and micro level in a systemic approach. It nicely reflects on the focus WEHU has developed over the past on niche topics like the “Singapore Issues” such as intellectual property and competition law within the business line framework conditions or social and environmental standards within the business lines competitiveness and market access.

**Conclusions on WEHU’s intervention logic and results model**

The three perspectives on global value chains, international agreements and processes as well as Swiss concerns allow WEHU to develop a comprehensive sustainable trade promotion approach which is unique in its focus on niche topics as well as social and environmental concerns. With regard to objectives and intended impact WEHU’s results model is well structured. Its intervention logic is coherent and the three fields of intervention nicely complement each other.

WEHU has nicely reacted to the changes in the international trade agenda described above. Additionally, environmental concerns have been increasingly addressed by WEHU. Regarding this, the results model as introduced above does reflect to some extend the new focus of many WEHU projects on the priority theme climate friendly growth. However, this could be made more explicit in the results model by introducing a new business line as we will further recommend in chapter 5, thus making it more visible and easier to communicate to third parties.
2.3 WEHU regional focus and implementation mechanisms

WEHU’s geographic focus is as follows:

- The framework credit 2009-12 on economic and trading policy measures for development cooperation determines the regional focus of SECO on middle income countries (MiCs) that are Egypt, Ghana, South Africa, Indonesia, Vietnam, Colombia and Peru. As of the new framework credit 2013-16 this list also includes Tunisia.
- Additionally, SECO complements the Swiss Agency for Development (SDC) in selected low income countries, making its expertise available on demand also to the countries SDC focusses on.
- In the framework of SECO’s cooperation with the East, it has joint offices with SDC and a common cooperation strategy, but mainly implements its own projects and programs in the Western Balkans, Eastern Europe and Central Asia.4

WEHU finances both bilateral projects in individual countries as well as global programs that work in several countries, with the global projects also being mostly executed in the above mentioned priority countries. Global programs are supposed to be strategically linked to the country portfolio and complement the bilateral projects.

In the last decade WEHU has established several strategic partnerships with specialized multilateral partners to implement its trade promotion agenda, among them ITC, UNIDO, ILO, UNCTAD, World Bank, IFC and regional development banks. The idea behind these strategic partnerships is that WEHU – being a small player – needs strong partners. It therefore works on specific topics with the institution that has the most technical expertise and / or leverage (e.g. with ILO on labor standards, UNCTAD on BioTrade, World Bank on climate change, etc.). The work with the strategic multilateral partners thus takes place on 3 levels:

- being an active member SECO tries to influence the overall development (leadership, resources, etc.) of the multilateral institutions,
- it actively involves in the strategic orientation and programming of the institutions and
- it engages in operational project work by financing projects that the institution implement.

A considerable number of programs are also implemented through six further actor groups:

- Consulting companies or other bilateral donors.
- Swiss national institutions like the Competition Authority (COMCO), the Intellectual Property Rights Body (IGE) and EMPA (the Swiss Federal Laboratories for Materials Science and Technology).
- Other SECO divisions like World Trade and Environment and Energy Policy.
- Specialized national and international NGOs.
- Based on the fact that development partnerships with the private sector often constitute an effective way of project implementation, WEHU works closely with industry, retailers and traders as well as other private sector partners in cooperation with NGOs or experts.
- Last but not least, the Enhanced Integrated Framework and complementary implementation schemes such as the UN Interagency Cluster on Trade and Productive Capacities that are supported by SECO constitute a firm foundation to strategically and operationally work together with for the coordinated delivery of AfT.5

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4 Albania, Serbia, Kosovo, Macedonia, Bosnia and Herzegovina; Kirgizstan, Tadzhikistan, Uzbekistan; Armenia, Azerbaidzhan, Georgia, Moldova and Ukraine
5 See Switzerland contribution to AfT, page 3
2.4 Coherence and appropriateness of the approach

2.4.1 Coherence of the overall approach

As concluded in chapter 2.2, the three perspectives on global value chains, international agreements and processes as well as Swiss concerns allow WEHU to develop a comprehensive sustainable trade promotion approach which is unique.

With regard to objectives and intended impact WEHU’s results model is well structured. As introduced in chapter 2.2, the concept of WEHU focuses on three business lines. These address the bottlenecks in international trade for developing countries in terms of domestic and international challenges. WEHU services are coherently arranged within the three lines and nicely complement each other in order to overcome these bottlenecks and achieve the intended objectives.

In order to achieve the overall desired outcome and impact, however, it is also necessary that projects are implemented which consistently work in all three lines in parallel. Looking at the portfolio of projects especially in the 8 priority countries in the South that have the largest WEHU portfolios, this is definitely the case. Furthermore, as the cases of Peru and Vietnam show (see chapter 3 for details), a lot of individual projects work on the three business lines simultaneously. More so, many projects work in a systemic way on the macro, meso and micro level: setting the right policies and legislative and regulatory framework conditions (macro), building the necessary institutional strategies and capacities (meso) and supporting companies (including farmers) through improved services of service providers like trade support institutions (micro). In countries that do not have the volume and broadness of the activities that WEHU has in Peru und Vietnam, i.e. where interventions are reduced to one or two business lines, the overall results on outcome and impact level would surely be limited.

2.4.2 Appropriateness of the overall approach

The perspective on value chains introduced above allows integrating different topics of concern to SECO and its partners that are being derived from the other drivers also mentioned above (Doha Development Round, decent work agenda and environment conventions) into a sectoral or value chain approach. With this sectorial or value chain focus the possibility of achieving impact is a lot bigger, as projects and institutions build up specific knowledge and networks and can tailor-make the needed improvements on macro, meso and micro level. This is very much in line with the current practice in development cooperation, where a shift from general Business Development Service (BDS) market development projects and general business and investment climate projects was undertaken in the middle of the last decade towards value chain projects, a trend that has maintained its value due to the improved impact achieved through this approach.
With regard to the global activities of WEHU in international and multilateral organizations and initiatives, it can be said that these activities fully comply with and address appropriateness criteria like outreach, up-scaling potential and process orientation.

With regard to the intervention line market access as it is designed today, the appropriateness is questionable. The support SIPPO provides in the priority countries is less and less justifiable, as many partner countries have built up own, competent capacities and have sufficient resources to assist their companies in trade fair participation (see chapter 5 for a further discussion on this).

2.4.3 Appropriateness of the approach on country level

To translate the approach into country programs is a challenge and an especially significant step in the actual WEHU program implementation. Apart from the guiding framework of the above illustrated approach, further – strategically relevant – perspectives have to be addressed in order to establish a country program. For this purpose country strategies have been introduced that outline inter alia WEHU’s objective for the respective countries.

**Peru**

Viewing the project portfolio of WEHU in Peru and its contents, we observe that the three business lines are complementarily dealt with. Additionally, just like at international level, also in Peru projects and programs with interventions in the priority theme climate friendly growth received more importance over the past years. The number and size of projects working in the WEHU-business lines – or rather the mix of interventions in each project which often work in the three lines simultaneously – are well matched, allowing WEHU to achieve results which together contribute to the intended results on output, outcome and impact level. Many synergies are being created among the projects (see also chapter 3.2.4. below).

Added to this is the fact that most projects work from micro to macro level in a systemic way, increasing the likelihood of achieving the desired outcomes and impact. The interventions have been well harmonized with similar initiatives of other donors and sometimes co-financed with other donors.

**Vietnam**

The country strategy Vietnam (2009-2012) is a well elaborated document that gives relevant insights into the direction and needs of the country. Furthermore SECO’s objectives for the country are consistently derived from these insights. With regard to WEHU’s approach the country strategy broadly addresses two of three business lines. However, the country strategy does not provide more specific information on trade issues so that the WEHU portfolio cannot be traced back clearly to the established strategy.

The largest part of the portfolio consists of global projects. The actual portfolio covers all three business lines; additionally an upcoming intervention field is environmental friendly growth. Some of the projects are linked to each other to explore synergies (e.g. CPC and Standards). There are also projects where the different activities address several fields of intervention simultaneously.

**Conclusions on coherence and appropriateness of WEHU’s approach**

In terms of coherency WEHU’s three business lines are well chosen and appropriate to tackle the relevant issues to promote sustainable trade. In Peru, WEHU was able to set up a very coherent and appropriate portfolio, with a lot of synergies and complementarities between the different projects. In Vietnam, the country strategy is well elaborated in addressing SECO’s objectives and the country’s needs. However, as the fields of intervention are broad and the country strategy does not provide a specific link to the actual project portfolio, the challenge remains to translate the approach into a consistent country portfolio (see chapter 4).
3 Evaluation according to relevant criteria

3.1 Relevance

In this chapter we discuss if WEHU does the right things, looking at this question from different perspectives: global policies on trade, Swiss foreign policy, other donors and partner countries, with the focus on the latter.

3.1.1 Perspective of international trade policies and Aid for Trade

**Development of trade policies**

It is widely recognized that international trade and trade policies, including the new focus on trade issues within the AfT-initiative, have a sizeable impact on income growth and the distribution of income between regions, industries and households in developing countries, which also involves a significant incidence on poverty. The same holds for the impact of trade and trade policies on the environment. Meanwhile, international trade – done by companies – and international trade policies, which are the responsibility of governments, are closely intertwined. SECO and WEHU play an important role in this nexus, which is true for their overall trade strategy as well as for WEHU’s cooperation projects in the area of sustainable trade promotion.

The international division of labor has undergone fundamental change in recent time, the salient characteristic of which is the “verticalization” of international trade. Nowadays, the bulk of international trade is exchange of goods and services across different production stages located in different countries. About 60% of global merchandise trade is now in intermediate products. In a growing measure, goods producers and services providers in developing countries take part in such value chains which have a regional, cross-regional and even global dimension. From a policy perspective, the spread of **international value chains** has major implications for both the export and import side of foreign trade in developing countries: participating developing country firms need free access to foreign markets for their goods and services (**foreign trade liberalization**); at the same time, they have a strong interest in their foreign suppliers’ free access to the domestic market, which is crucial for their own international competitiveness (**own trade liberalization**).

Global trade policy responded to such challenges at various levels which interact in a complex way: Multilateral trade policy, i.e. basically the trade policy defined in the WTO, provides binding rules and standards for national trade policy as well as for bilateral and plurilateral (intra- and inter-regional) trade agreements. The latter also constrain national trade policy by themselves. However, national trade policymakers are the main agents in **negotiating** the trade agreements, including the multilateral ones in the WTO, in which the liberalization and regulation of trade is laid down. For the sake of better bargaining clout, the partners of bilateral and plurilateral trade agreements increasingly also act jointly in WTO negotiations.

A common feature of the complex institutional machinery of global trade policymaking is the broad range of policy issues which are at stake in the regulation of trade. The modern trade agenda goes far beyond conventional “border” trade themes like the removal of tariffs and quantitative barriers to trade. At its core are domestic ("behind-the-border") policy matters, which nevertheless may have a powerful bearing on foreign trade.

At the **multilateral** level, major areas of internal policies governed by WTO rules and procedures include the **Services sector**, represented in the **General Agreement on Trade in Services** (GATS), which is the prototype of “deep integration” through regulatory alignment among different national jurisdic-

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tions; the Knowledge sector with the agreement on Trade-Related Intellectual Property Rights (TRIPs), which is the model case of non-trade issues dealt with in trade agreements; Government procurement with rules on foreign access to domestic procurement markets; Subsidization, where the WTO limits the policy space of its member countries to support domestic industries in international competition; and, finally, Technical Barriers to Trade (TBTs) and Sanitary and Phytosanitary (SPS) measures, the regulation of which involves rules on standard-setting as well as on compliance with product and production standards.

At the bilateral and plurilateral levels of trade policy, the emphasis on behind-the-border issues is even stronger than in the WTO. The corresponding Preferential Trade Agreements (PTAs) are all of the “new generation” type, i.e. they are “WTO plus” in two respects:

- In specific areas the PTA regulations go deeper, i.e. they are more “intrusive” regarding domestic policies than the respective WTO regulations. This is in particular the case in the services sector, with intellectual property and in government procurement.
- The PTAs contain regulations in policy areas which are not covered at all in the WTO agreements and thus go wider than these agreements. Examples are the three “Singapore issues” of competition, foreign direct investment and trade facilitation as well as environmental and labor standards, e-commerce and taxation.

At the unilateral or national level, the main challenge of the new trade agenda is to effectively coordinate trade policies among the various ministries and other (regulatory) state agencies concerned with trade-related issues (given that there is no longer one ministry – the trade ministry – with exclusive trade responsibility. In a number of areas, such as government procurement, sub-national entities like regional governments and administrations are also involved in the process. Moreover, the widening and deepening of the trade agenda entails a more profound dialogue with stakeholders from the private sector and from civil society, with donor countries and international organizations.

In addition to the trade and trade-related policies outlined above, further political action is called for, in order to make foreign trade effective for domestic development, i.e. promote sustainable economic growth that is socially inclusive and friendly to the environment. Such complementary policies are the centerpiece of the AfT initiative with a fourfold rationale:

- To make freer trade in recipient countries politically feasible, i.e. remove political or specific-interest related obstacles to the liberalization of trade.
- To help recipient countries with the formulation, negotiation and implementation of trade policies.
- To enable firms in recipient countries exploit opportunities created by trade liberalization. This involves the removal of domestic supply-side constraints to export trade (as a complement to foreign liberalization) and an improved import logistics for goods, services and knowledge from abroad (as a complement to own liberalization). Indirectly, the latter would also strengthen the international competitiveness of domestic firms and thereby promote exports. In many developing countries, such “natural” impediments to trade exceed tariff and other “political” trade barriers by a multiple.

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7 Deep integration stands in contrast to “shallow integration” happening in the case of tariff liberalization. The distinction between the two types goes back to Robert Lawrence: Regionalism, multilateralism, and deeper integration, Washington, DC 1995.
8 In contrast to the “standard” (multilateral) WTO agreements, which is binding to all WTO member countries (thereby reflecting the WTO as a “single undertaking” among its members), the Agreement on Government Procurement is a “plurilateral” WTO agreement to which not all WTO member countries are signatories.
9 Both areas are highly contentious among WTO members as numerous multilateral dispute-settlement cases in the WTO (on hormones, genetically-modified organisms, hygiene in slaughterhouses, etc.) demonstrate.
10 “Preferential Trade Agreements” appears to be an appropriate generic term for Free Trade Agreements, Regional Trade Agreements, Bilateral Trade Agreements, Economic Partnership Agreements, etc., as it highlights the main difference of all these agreements relative to Multilateral Trade Agreements; they discriminate against non-partner third countries and thus violate the most-favoured-nation principle enshrined in the WTO.
To assist countries in adjusting to new competitive conditions due to trade liberalization. This includes support to import-competing industries as well as to export-oriented industries affected by preference erosion. It also involves social protection measures to cushion trade shocks.

The ultimate objective is to align the trade agenda with the domestic policy agenda, i.e. to “mainstream” trade into domestic development and thus promote sustainable economic growth that is socially inclusive and friendly to the environment. At the same time, with complementary policies “on board”, the procedural challenge of coordinating – and sequencing – policies in the right way even grows. In particular, the timing of a country’s own trade liberalization and the selection of products eligible for liberalization must be tuned to the sequence of institutional development in this country (on implications for the different institutions and thus for development cooperation with regard to institutional building see footnote 11).

**WEHU’s response in this context**

SECO’s overall international trade strategy is highly relevant in global trade policy, as is WEHU’s strategy of sustainable trade promotion. Together, SECO and WEHU importantly contribute to international trade policies and to the AfT initiative. In what follows, this will be explained in greater detail, using the policy framework outlined above.

At the **multilateral** level, the backbone of WEHU’s trade strategy still is the WTO’s Doha Development Agenda, in conjunction with the AfT agenda, which derives from the DDA. However, as pointed out below, AfT mainly operates at the national level. Evidence of WEHU’s DDA engagement in sustainable trade is its persistent support of the Cotton Four Initiative (CFI). The CFI, launched in the Doha Round by the four West African cotton producing countries of Benin, Burkina Faso, Chad and Mali stands out as a fundamental change of attitude on the side of least-developed countries in multilateral trade negotiations, from a passive posture towards a pro-active stance. It has a lasting impact on the DDA which goes beyond the narrow aim of removing the heavy distortions in cotton trade caused by massive state subsidies, mainly in the United States. WEHU’s support has been instrumental in these achievements. In the WTO, WEHU tabled the issue of private voluntary standards, in order to make sure that such standards “contribute positively to sustainable development and do not operate as unnecessary barriers to trade.” This also involves assistance to suppliers from developing countries in complying with the standards. Another WTO issue with a high measure of “Swissness” is ecological and socially inclusive tourism. Alongside a number of bilateral cooperation projects in this area, Switzerland also promotes this matter in the multilateral services negotiations under the GATS.

Other trade-related **multilateral** activities, **outside the WTO** but equally relevant for sustainable trade, in which WEHU is engaged concern labor standards (“decent work agenda”), environmental standards in international conventions (on climate change, biodiversity, waste management, etc.), bio-trade, “cleaner production” and resource efficiency, fair trade and competition policy. In addition to such initiatives, private voluntary standards in specific sectors like cocoa, coffee and palm oil are high on the WEHU multilateral agenda. WEHU also is a strong advocate of comprehensive CSR (Corporate Social Responsibility) standards in a multilateral frame.

At the **bilateral** level, Switzerland – typically in collaboration with its EFTA partners – pushes for “WTO plus” standards in Free Trade Agreements with third countries. This holds for EFTA’s FTAs with Peru (in force since July 2011) and Vietnam (in negotiation since July 2012) as well as with other SECO partners.

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11 Institutional development mainly involves the establishment of market-creating, market-regulating, market-stabilizing and market-legitimizing institutions. Accordingly, **market-creating institutions** would enforce property rights and secure the rule of law; **market-regulating institutions** would correct market failure; **market-stabilising institutions** would help to promote price stability, smooth business cycles and prevent financial crises; and **market-legitimising institutions** would care for social security etc., in order to maintain the basic economic system. See, Hans-Rimbert Hemmer and Andreas Lorenz: Grundlagen der Wirtschaftsempirie, Munich 2004.

priority countries and with non-priority countries. The “new generation” EFTA/Swiss FTAs not only provide for regulatory harmonization – or mutual recognition – in common “behind-the-border” policy fields like services, TBT and SPS, and intellectual property, but also cover ecological and social policies and emphasize sustainability in the area of government contracts and purchases (“green” public procurement). To a growing extent, TRTA is becoming part of these agreements as well. Where possible WEHU supports the implementation requirements that spring from these agreements.

What is more, WEHU’s cooperation projects in sustainable trade have prompted governments in partner countries to develop their own agenda in bilateral – and plurilateral – trade negotiations. For instance, Peru has made bio-trade and the preservation of biodiversity core themes of negotiations with regional and extra-regional trading partners. Cooperation projects like Peru Biodiversity and Thematic Fund in Aid for Trade certainly have inspired this innovative approach.

At the national level, WEHU assists partner countries with the institutionalization, coordination and sequencing of trade policies and complementary policies to trade, mainly in the AfT frame. In fact, the national level is the domain of AfT activities. In this area, Switzerland is an important donor country, even though its effective contribution to AfT doesn’t show up in the global figures. As demonstrated in the table below, the Swiss share of total AfT flows is small and has even declined over time, from 1.3% in the 2002-05 base period to 1.0% in 2011. The small share is largely a reflection of Swiss AfT concentrating on “soft” AfT transactions, in contrast to AfT “hardware”, such as investment in the physical trade-related infrastructure that has been propped up by other donors. Moreover, a considerable part of this investment actually is not trade-related which is due to a grave data attribution problem. In the case of Switzerland, this leads to a significant understatement of its true overall AfT share.

<table>
<thead>
<tr>
<th>AfT Category</th>
<th>Share (%) of Swiss Total</th>
<th>Share (%) of World per Category</th>
</tr>
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<tbody>
<tr>
<td>Trade Policy and Regulations</td>
<td>12.5</td>
<td>10.7</td>
</tr>
<tr>
<td>Policy and Administration</td>
<td>9.8</td>
<td>1.8</td>
</tr>
<tr>
<td>Trade Facilitation</td>
<td>1.9</td>
<td>7.6</td>
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<td>Trade Negotiation</td>
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<td>Trade Education</td>
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<td>Productive Capacity Building</td>
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<tr>
<td>Trade Adjustment</td>
<td>9.0</td>
<td>9.0</td>
</tr>
<tr>
<td>Total (million $ and %)</td>
<td>338.6</td>
<td>439.8</td>
</tr>
</tbody>
</table>

Figure 4: AfT by Switzerland (commitments); Source: OECD CRS Database / own calculation

A closer look at the figures, with a breakdown by major AfT categories, reveals that Swiss AfT is focused on Productive Capacity Building with a wide range of measures to create an enabling business environment and support the private sector exploiting comparative advantages and diversifying exports. Within this broad category, the emphasis is on Banking/Finance and Agriculture, while Tourism is the most dynamic sector. In these sectors, Switzerland’s share of global AfT is significantly higher than its overall share, indicating a “comparative advantage”. This also holds, to an even greater extent, for the AfT category Trade Policy and Regulations (which is WEHU’s domain) which includes the development of trade strategies, the negotiation and implementation of trade agreements as well as trade education and training. In contrast, in Economic Infrastructure (not confined to trade-related infrastructure, as noted) Switzerland holds a tiny share of global AfT, with less than one-third of its
average share, while this category has also lost weight within Switzerland’s own AfT portfolio. However, trade-related infrastructure (with a focus on energy) still forms a substantial part of total Swiss AfT.

Conclusions on relevance in global trade policies
SECO’s overall trade strategy and WEHU’s sustainable trade promotion program are highly relevant in international trade and AfT policies. Its focus on connecting producers and service providers from partner countries to international value chains stands out. To this purpose, WEHU in particular seeks to remove institutional barriers to foreign market access faced by agricultural producers and SMEs. A major aim has been to assure compliance with the norms and standards requested by trading partners. Last but not least, strengthening the connection between product and production standards in value chains is another focal and highly relevant point of WEHU’s trade strategy.

Switzerland is also a “driver” of the new trade agenda in all relevant policy levels. At the bilateral level, SECO is a pioneer in introducing TRTA elements into FTAs with developing countries. Importantly, it seeks to match the obligations imposed on these countries through the new trade agenda, which are often difficult – and costly – to comply with (e.g. in the area of intellectual property), with binding assistance commitments. This is a valuable contribution to bridging the two gaps – compliance gap and commitment gap – which have arisen since the conclusion of the multilateral Uruguay Round in the mid-1990s. Moreover, WEHU’s cooperation projects in sustainable trade have encouraged innovative approaches to trade policy in developing partner countries, such as the tabling on their own initiative of biodiversity issues in FTA negotiations.

In AfT, WEHU reveals “comparative advantages” in trade policy advice and training as well as in productive capacity building in sectors like agriculture and tourism.

In sum, WEHU’s own description as being an “innovative actor” in global trade policy through its focus on sustainable trade promotion is justified. A remaining challenge is to further emphasise on the coordination and sequencing of trade and AfT policies between state agencies, different state levels, governments, the private sector and civil society, and among donor countries.

3.1.2 Perspective of Swiss foreign economic and international cooperation policies
Institutionally, SECO’s division for Economic Cooperation and Development to which WEHU belongs is supposed to contribute to both policy strategies: Swiss foreign economic policy and the international cooperation policy. Figure 5 in the following illustrates the interface:

![Figure 5: Institutional arrangement WE; Source: Message on International Cooperation 2013 - 2016](image-url)
WEHU’s contribution to international cooperation goals

WEHU contributes to three of the five goals Switzerland pursues with its strategy for international cooperation:

- Promoting sustainable economic growth.
- Supporting the transition to democratic, free-market systems.
- Helping to shape pro-development, environmentally friendly and socially responsible globalization.

Regarding the promotion of sustainable economic growth, WEHU’s work in developing countries is highly relevant. All WEHU projects directly assist partner countries to achieve sustainable economic growth through its efforts to setting the right policies and legislative and regulatory framework conditions for sustainable trade, building the necessary institutional strategies and capacities and supporting companies improve their competitiveness and have better market access.

Regarding the transition of developing countries to democratic and free-market systems, WEHU’s work is also relevant. Providing jobs and income opportunities is extremely important for building the foundations of democratic, free market systems and the trust of the population in them. Here, WEHU’s efforts especially for creating opportunities for SME and producers also in lesser developed regions within its partner countries (see for example the project Export Region in Peru which focusses on the lesser developed northern regions) is of high relevance, as well as WEHU’s efforts to make value chains more inclusive (see for example the project Destination Peru where the development of inclusive tourism products is one of the key activities of the Destination Management Boards that were established in the framework of the project and which are now part of the national policy framework).

Regarding the shaping of a pro-development, environmentally friendly and socially responsible globalization, WEHU’s work again is highly relevant. Additionally to the efforts mentioned regarding the first two objectives, WEHU’s focus on fair trade and environmental standards is a clear contribution to achieving this third objective. Also, its long support for bio-trade together with UNCTAD is a good example of how WEHU contributes to a pro-development, environmentally friendly and socially responsible globalization, as bio-trade helps create job and income opportunities for marginalized people and at the same protects biodiversity (see for example the project Biodiversity Peru).

Further examples of WEHU’s coherency with regard to this objective are its cooperation with SECO DPUE and in concrete projects with the Swiss Federal Office for the Environment (BaFu).

- BaFu is involved in international negotiations and discussions within the framework of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Dispos- al. WEHU’s work with developing countries regarding proper recycling and disposal of e-waste strengthens the negotiation power of BaFu, as Switzerland is thus not only seen as a country pushing for stricter compliance, but also as a partner assisting developing countries to comply. Similar synergies with BaFu are created through WEHU’s work on clean technology.
- Joint efforts on green public procurement: BaFu developed a methodology for making public procurement more sustainable, and - within the framework of a new UN program – WEHU is now providing technical assistance for developing countries to implement the methodology.
- Cooperation between BaFu and WEHU on two of the measures of the Swiss Green Economy Action Plan (grüne Wirtschaft Aktionsplan). The nature of cooperation that changed from complementarity to real partnership over the recent past is highly esteemed and appreciated by BaFu.

WEHU’s contribution to foreign economic policy goals

Apart from WEHU’s direct and obvious contribution to the integration of developing countries in the world economy (see chapter 2), WEHU does indirectly also contribute to a second goal of foreign economic policy: foreign market access of Swiss companies and sound international framework conditions. If collaboration with Swiss companies supports WEHU objectives, WEHU can create synergies between the two policy fields foreign economic policy and economic cooperation. Good cases in point are the many public private partnerships it engages in, e.g. the partnerships with Swiss chocolate producers within its cocoa projects or the partnership with gold refiners in Switzerland within the newly started Better Gold Initiative. Even less explicit are examples like the business opportunities it creates for Swiss SME through the Resource Efficient and Cleaner Production (RECP) Program of UNIDO that WEHU is financing in selected priority countries. If politically wanted, WEHU could even more
intensely create these kinds of synergies. With these activities, WEHU e.g. complements efforts of Swiss export promotion as OSEC business hubs are not present in middle income countries.

On the interface between foreign economic policy and economic cooperation and thus creating important synergies between the two policy fields is yet another focus area of WEHU’s work: its support for sustainable trade in raw materials, including renewable agricultural raw materials, non-renewable raw materials as well as secondary raw materials from recycled materials. In all three cases, WEHU engages in global programs and bilateral projects that significantly contribute both to the development goals of partner countries and Switzerland’s goals in international cooperation, as well as to an increase in ecologically and socially sustainable supply of raw materials to Swiss importing companies. In addition WEHU’s efforts with regard to the EITI serves from a strategic perspective also the Swiss economy since EITI provides transparency in natural resource markets and thus is a factor to level the playing field for Swiss (western) companies with regard to international resource markets.

Conclusions on relevance to Swiss foreign economic and international cooperation policy
Besides WEHU’s mandate to contribute to the strategic goals of international cooperation and to integrate developing countries into the world economy, WEHU’s work also addresses objectives of the Swiss economic foreign policy beyond the integration objective. In fact, coming from its development mandate, WEHU indirectly touches the strategic goal of providing access for Swiss companies to foreign markets as well as pushing and implementing international rules.

3.1.3 Perspective of multilateral donors / partners
As described in chap. 2.3 WEHU collaborates with different multilateral donors. Most prominently are partnerships with UNIDO, ITC, ILO and UNCTAD. However, further collaborations have been set up with World Bank, IFC and others. Comparing the development objectives and mandates of these institutions in their specific areas with the WEHU it is clear that the respective objectives and mandates do correspond with each other. This makes collaboration a relevant step.

Looking at the nature of the partnerships it becomes clear that quality aspects, besides funding aspects, are relevant from the perspective of multilateral institutions. In their view the collaboration approach of WEHU is a constructive process to critically accompany, support and complement multilateral organizations’ activities. WEHU engages on a strategic level to contribute to the design of the approaches of the organizations, hereby leveraging its voice through long term support and good working relations, contrary to other donors that often prefer a more ad hoc funding approach.

Regarding the relevance of WEHU’s contributions from their perspective, below are a few examples that are – amongst others – highly valued by the organizations:

- WEHU actively engages in the program development of multilateral donors which is perceived as relevant for the services offered by them. E.g. WEHU’s contribution to the CPC-program is of long-standing nature where important content contributions through linkages to international reference centers and expert input to the further development of project components are provided.
- WEHU supports to establish projects in countries were access sometime is difficult for multilateral organizations. This applies for ITC that perceives Central Asia an important region and were WEHU strongly supports and collaborates to set up projects – whereas other donors focus more on LDCs e.g. in Sub-Saharan Africa and Southeast Asia.
- Funding is also relevant as organizations like ITC and UNIDO have restrictions in funding sources and are only able to provide services with a certain outreach through support from bilateral donors.
- WEHU being located in a ministry of economics is also relevant for multilateral organizations, since WEHU can provide (through other SECO departments or related organizations, like BAFU, IGE etc.) expertise in business issues and has a pragmatic approach to economic development and promotion. This is perceived as a factor that positively differentiates WEHU from other donors.
- The organizations also valued WEHU’s advice on program management and strategic issues, since not all multilaterals have a field office network with relevant experience in the regions.
With regard to ITC, WEHU complements ITC’s focus on trade promotion on micro and meso level with its policy advice which is not so much in focus of ITC.

Conclusions on relevance to multilateral donor
WEHU intensively collaborates with multilateral donors through significant longstanding financial support and strategic input on content and management in the different fields of engagement. Its direction of work is well adjusted to the directions of the multilateral institutions and often plays a driving role in the strategic agenda of the institutions.

3.1.4 Perspective of partner countries and beneficiaries
This chapter looks at the relevance of WEHU’s work from the perspective of partner countries and the beneficiaries, with a focus on Peru and Vietnam. Looking at the other priority countries of WEHU in the South, a similar relevance can be attested, as the type of projects is similar to those in Peru and Vietnam and the needs to set the right policies and legislative and regulatory framework conditions, building the necessary institutional strategies and capacities and support companies through improved services – although surely varying to a certain degree – are also similar.

3.1.4.1 Relevance of WEHU in Peru
General relevance
All persons interviewed confirmed the high relevance that WEHU’s work has had for Peru in the last decade. Switzerland is considered a "serious" donor that has closely accompanied actors with valuable technical assistance during a time of many reforms processes, from free trade negotiations and agreements to institutional changes such as the creation of the Ministry of Trade and Tourism (MINCETUR). A project like the Thematic Strategic Fund Aid for Trade with the Inter-American Development Bank (IDB) which had a rapid response mechanism to quickly and flexibly address specific needs of counterparts with a duration of only two years stands out just as much as the Trade Cooperation Program (which today is carried out in 2 differentiated projects: Exporting Region and Destinations of Peru) with significant capacity building in the MINCETUR and other trade related stakeholders over many years. As such, interventions of the projects promoted by WEHU have been properly aligned with the needs of direct and indirect beneficiaries. They have also been well adjusted to the specific factors that influenced successful trade reforms in Peru in the course of time.

Another example of the high relevance of WEHU’s work in Peru is that it significantly contributed to making Peru become one of the leading countries in the world that takes the issue of biodiversity in trade serious. Internationally it continually strives to place the issue on the agenda of negotiations and bilaterally it fought to make the biodiversity theme an integral part of free trade agreements. Without the program Biodiversity Peru that WEHU co-finances with GIZ, the nontraditional products from Peru’s vast biodiversity would not be on the Government’s export promoting agenda, at least not as prominently. These products play an important role in creating income and employment opportunities in little privileged communities and also in the protection of the biodiversity and the environment.

3.1.4.2 Relevance of WEHU in Vietnam
General relevance
After the Vietnamese economic opening in 1986 key milestones of Vietnam’s integration into the world trade system were the ASEAN membership in 1995, the normalization with the US resulting in the bilateral Free Trade Agreement (FTA) in 2000/01 and the WTO membership in 2007.

13 For more details on the trade related development of Peru over the last decade refer to chap. 2 of the country study report.
With regard to policy advice and the international trade policy implementation obligations, these milestones basically defined the evolving needs and priorities of the country. Since the underlying condition to achieve these milestones has been quite a radical change in Vietnam’s system of economic management (within a persisting “one party” system and its implications for government steering), the priorities at the beginning of international integration have been twofold: Strategy formation for enacting the system change as well as institutional change and implementation in order to install new economic management structures.

In the light of Vietnam’s integration milestones, the WEHU portfolio developed accordingly. With a starting point in 1996/97 WEHU’s project portfolio basically matches the period these milestones cover. Three (overlapping) WEHU portfolio development stages in this period can be identified.

- **In a first phase** WEHU’s trade related portfolio focused on high level policy advice in 1997 for WTO Accession and in 1998 with first steps to verify feasibility of improving competitiveness of Vietnamese companies with regard to efficient production (Cleaner Production in 1998).
- **In a second phase** (beginning of the new millennium) WEHU continuously expanded its portfolio into further trade related areas. The portfolio’s focus shifted in from high level policy advice to capacitate trade related institutions in implementing obligations under the respective trade agreements and strengthening domestic companies’ competitiveness. In 2008 the portfolio comprised 11 projects (number of pipeline projects at this point in time not known; table, see country report).
- **A third phase** (since of about 2008) in which WEHU kept its focus to capacitate trade related institutions, like the National Office of Intellectual Property (NOIP), the Directorate for Standards, Metrology and Quality (STAMEQ), etc. but widened its scope to value chain related projects and deepened its portfolio with regard to support companies in e.g. on labor and energy efficiency issues. In 2012 the portfolio comprised 14 projects with 7 projects in the pipeline (table, see country report).

With regard to the above mentioned priorities WEHU’s approach in its first stage was well aligned to the needs of the country. The WTO accession project stands out in this respect, since it was also about to support the government of Vietnam on formatting a strategy on how to change economic management in order to be able to adapt to international trade rules. Major milestones to this change were later the introduction of a commercial law, an investment law, IPR legislation and regulation as well as a law on enterprises. In this respect WEHU’s contributions (2nd stage of WEHU portfolio development) can also be shown as fully aligned to the government priorities. Good examples are the IPR-project and the support to the competition authorities. In terms of relevant sequencing over time the bigger projects in institution building were mainly driven by the obligations under the different FTAs and the WTO accession in 2007, i.e. the portfolio development was well sequenced and according to the strategic priorities and specific factors of the country.

With regard to the achievements in the period of the upcoming WTO accession, in recent years the priorities of the government naturally shifted towards an even stronger focus on “behind the border issues” and a better alignment of the national development agenda with the international integration agenda. These issues comprise basically the following priorities:

- Improvement of trade infrastructure.
- Set up and design complementary policies and industrial development (also with a strong focus on SMEs)- like (social) safety nets, change management with regard to State Owned Enterprises (SOE), etc.
- Improvement of the consultation and coordination process between different government bodies concerned with trade issues, the private sector as well as the civil society, and subsequently formatting a strategy on national interest in order to derive a sound negotiation strategy for second generation Free Trade Agreements.

By looking at these current priorities in trade issues - for WEHU two issues stand out:

- industrial development (especially complementary policies and SME development), and
- the improvement of coordination and consultation in order to align national development priorities with international integration.
While industrial development (in terms of SME support) is well addressed in a systemic way through the strengthened value chain approach, the issue of alignment with “new challenges”, i.e. the procedural challenges in coordination within the government and between government and private sector as well as civil society will need to be enhanced by WEHU in the future. This will allow WEHU to stay highly relevant as these aspects are important for the continued socio-economic development of Vietnam. In general, by looking at the evaluation period, WEHU’s portfolio can be rated as highly relevant.

3.1.5 Overall assessment of WEHU’s relevance

Based on the findings and conclusions WEHU’s relevance from the perspectives of (1) the international trade policies and the AfT initiative, (2) Swiss foreign economic and international cooperation policies, (3) multilateral donors and (4) partner countries and beneficiaries can be rated as highly satisfactory. Additionally, the scores of individual projects in Peru and Vietnam regarding relevance are as follows:

<table>
<thead>
<tr>
<th>Peru</th>
<th>Vietnam</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade Cooperation Program (Export Region, Phase III)</td>
<td>Trade Promotion (Vietrade)</td>
</tr>
<tr>
<td>Strengthening of Cocoa cooperatives</td>
<td>Cleaner Production Center</td>
</tr>
<tr>
<td>Destinations of Peru</td>
<td>Intellectual Property Rights</td>
</tr>
<tr>
<td>Perú Biodiversity / Bio-trade, (Phase II)</td>
<td>Competition Policy and Consumer Protection</td>
</tr>
<tr>
<td>Trade Law and Policy</td>
<td>Better Work</td>
</tr>
<tr>
<td>E-Waste Recycling</td>
<td>Standards Vietnam</td>
</tr>
<tr>
<td>Better Gold Initiative</td>
<td>WTO accession</td>
</tr>
<tr>
<td>Highly satisfactory</td>
<td>Highly satisfactory</td>
</tr>
<tr>
<td>Satisfactory</td>
<td>Highly satisfactory</td>
</tr>
<tr>
<td>Highly satisfactory</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Highly satisfactory</td>
<td>Satisfactory</td>
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<td>Highly satisfactory</td>
<td>Highly satisfactory</td>
</tr>
<tr>
<td>Highly satisfactory</td>
<td>Highly satisfactory</td>
</tr>
</tbody>
</table>

In summarizing the findings it can be stated that WEHU fully focuses key issues relevant to support sustainable trade development, aligns its strategy according to the needs of partner countries, is consistent with SECO priorities and coordinates its activities well, especially with multilateral donors.

3.2 Effectiveness

Effectiveness describes the extent to which the development intervention’s objectives on output, outcome and impact level were achieved, or are expected to be achieved.

For WEHU, these objectives are defined in different documents, ranging from the message of international cooperation to WEHU’s yearly programs, the different country strategies and the objectives of global programs and bilateral projects. Project achievements were extensively measured on program or project level through midterm and/or final project evaluations (see e.g. the UNIDO evaluation on the CPC program that was used to further develop the CPC approach). However, in the past these objectives were on outcome level not systematically underpinned with WE- or WEHU-Standard Indicators. WEHU also undertook efforts to measure its impact in different sectors / on different topics (biodiverse, standards, etc.). And finally, WEHU started to develop a Results Oriented Monitoring. As this has so far not been introduced on a larger scale, the evaluators could not include it into the assessment, however very much commend these efforts.

More recently WE introduced standard indicators on outcome level in order to make achievements more directly measurable on WE-level. This evaluation, however, examines the results on output- (chapter 3.2.1), outcome- (chapter 3.2.2) and impact- (chapter 3.2.3) level of the implementation
phases 2002 to 2012 mainly for Vietnam and Peru as case study countries. During this period the standard indicators were not applied and measured yet. However, the standard indicators well reflect on the important aspects of WEHU’s results model and serve well to measure the respective outcomes. As both the country portfolio in Peru and Vietnam and also that in other priority countries are following the overall WEHU results model through a balanced mix of projects in all three business lines, the standard indicators can therefore serve as reference to assess WEHU’s past performance.

3.2.1 Outputs

The evaluation focuses on outcomes in order to assess WEHU’s effectiveness implementing its strategic approach as well as its contribution to SECO’s objectives and to the AfT-initiative. Therefore, WEHU’s services outputs are discussed only briefly in this chapter

- to provide an orientation on WEHU’s services direction that should at a later stage – through the use of the outputs by counterparts – lead to outcomes, and
- to generally verify if outputs listed in the results model have actually been generated

The three WEHU business lines provide orientation for interventions of programs and projects and accordingly for the specific WEHU services. The WEHU results model makes these intended outputs, respective services more tangible (fig. 5)

![Figure 6: WEHU services; Source: Como Consult, Inception Report February 28, 2013](image)

With regard to WEHU services on global level interviews with external actors and FO’s as well as project documents confirmed that outputs were generated in all of the above listed service fields in all relevant categories of TA (HR development, organizational development, policy field and network development) a well-balanced way. For the evaluators it was not possible, however, to verify whether these outputs have been achieved in the right quality and whether they have been used by counterparts and beneficiaries.

With regard to WEHU services in Vietnam and Peru, site visits and interviews on the assessed projects showed that outputs have, according to the project log frames and documents, mainly been achieved and used by counterparts and beneficiaries (or are on track for the more recently started projects). These outputs, through the use of them by counterparts and project beneficiaries, lead to the respective outcomes described in the following chapter.
3.2.2 Outcomes

Outcomes are likely or achieved short and medium term effects of a development measure’s outputs. WEHU’s intended outcomes in its three lines of business are illustrated in the figure 7:

![Figure 7: WEHU outcomes; Source: Como Consult, Inception Report February 28. 2013](image)

To compare WEHU’s actual outcomes with the intended outcomes and to thus assess the effectiveness, FO and WEHU monitoring data and project documentation was analyzed and own data was generated through field trips and interviews. With regard to the achievements in the three business lines findings are presented in chapter 3.2.2.1 to 3.2.2.4. For more detailed information on these findings and a thorough discussion on the individual projects, please refer to the country reports. The findings presented here refer to the evaluated projects only and not to all of WEHU’s country portfolios.

It is important to mention that the findings build on the numbers and information obtained during field trips, through project reports and updated log-frames. As there are certain gaps in the reporting and monitoring of the projects, the findings do not reflect on all results of WEHU’s work. Furthermore spill-overs are plausible and also WE standard indicators do not cover the whole field of possible effects. Thus, WEHU’s contribution surely goes way beyond the figures presented below.

3.2.2.1 Business line “Framework conditions”

This line of business targets three outcomes:

- reduced administrative cost for the private sector to trade,
- improved trade policy regimes and,
- a better understanding of stakeholders on trade related issues.

For measuring success in this business line the following standard indicators were formatted by WE:

- Number of successful reform measures for facilitating access
- Number of set / improved framework conditions
- Increased capacities to set priorities and participate in negotiations

Reduced administration costs

With regard to costs for the private sector to access markets, the evaluation finds the following WEHU project outcomes that had an effect on changes in trade facilitation:

- Support introduction and implementation of food safety norms to prepare the sacha inchi application to access European market (novel food barrier) \(\text{Peru Biodiversity / PBD, phase II}\). While this effort has been tremendous and time consuming, the process is now in place and helps SME involved in bio trade to have easier access to the European market. The involved institutions have built up respective knowledge and can now replicate similar efforts easier and quicker for other products.
- Support to produce and implement a procedure manual for multiple certifications for coffee associations. As the amount of private voluntary standards has increased over the years, this measure reduces the cost for farmers and their associations to prepare for different certifications (SCAN)\textsuperscript{14}.
- Support establishment of 6 laboratories and the respective procedures for companies in Vietnam to test quality and certify products for export purposes; one laboratory received international accreditation (STAMEQ, phase I & II). The results enable companies to have their products tested within the country without having to buy more expensive services from abroad. Over 1,700 domestic companies have been served in the last two years. However, outcomes have been slightly flawed due to the project design (not taking all of the value chains into consideration – see country report for details) and due to administrative requirements mainly in the government administration of Vietnam. So, some of the laboratories did not achieve international accreditation yet.

**Improved trade policy regimes**

With regard to improved trade policy regimes, the evaluation finds the following outcomes that affected changes in the framework conditions for trade of the case study countries and that are directly attributable to WEHU interventions:

- National Export Plan (PENX 2003-2013). This important government policy was elaborated in close consultation with the private sector and significantly helped guide policies, strategies and programs for the promotion of sustainable trade over the years (Trade Cooperation Program / TPC, phase I).
- 8 Regional Export Plans (PERXs). As the government’s goal is to achieve a regionally more balanced growth, the PERXs are a key policy and strategy that help to increase exports from lagging regions (TCP, phase I & II).
- Revision of the PENX 2003-2013. WEHU’s efforts to not only assist in the development of the plan, but also to build the capacities of the Ministry of Commerce and Tourism to regularly monitor the implementation of the plan and revise it accordingly are extremely valuable (TCP, transition phase from phase II to III = now called Export Region Peru / ER).
- National Export Plan 2014-2021. This new policy and strategy will give further orientation to continue Peru’s export success, especially with regard to non-traditional exports (TCP phase III / ER).
- National Tourism Plan (PENTUR 2013-2021). Same importance as the PENX. Important to mention is that the plan strongly builds on the concept of Destination Management Organizations as the role model for tourism development and management at regional level which was introduced in Peru through WEHU (Destinations of Peru / DP, phase II).
- 6 Regional Tourism Plans (PERTURs). Same importance as the PERXs (DP, phase II).
- Regulation Proposal of Law 27811 on access to genetic resources. This law introduces access benefit sharing schemes, a major breakthrough to make bio trade more just (PBD, phase II).
- E-waste regulation for management and use of e-waste (approved in 2012). This regulation was elaborated in close consultation and involvement with the effected private sector, which increases the probability of effective enforcement with its expected positive ecological as well as socio-economic benefits (E-waste).
- 2 technical norms to regulate e-waste management (approved in 2012). These norms specify in more detail the implementation of the e-waste regulation (E-waste).
- Trade promotion in Vietnam (Support for Vietrade phase I & II). Results of this project are the establishment of national export-import strategies for different sectors and governmental trade promotion structures.
- Building capacities at the National Office of Intellectual Property in Vietnam, introduction of an IPR Law, adjustment of the customs law with regard to better enforcement, building capacities of the copyright office and accession to the relevant international conventions (Intellectual Property Rights in Vietnam / IPR phase I & II).
- Building capacities at the Vietnam Competition Authority (VCA). A result of this project is the opening of the kerosene market to a second supplier in the country (Competition, Consumer protection phase I & II).

\textsuperscript{14} SCAN (Sustainable Commodity Assistance Network) is part of a global WEHU program with activities also in Peru; this project was not evaluated but the numbers provided by the field office.
The Better Work program in Vietnam provided inputs to the new labor regulation.

Apart from the observable results e.g. in terms of existing policies, strategies, laws and regulations, also from the viewpoint of stakeholders these project outcomes have contributed to an improved trade policy regime in both countries. Flawed outcomes can, however be observed for the competition and the trade promotion projects in Vietnam. The capacities of the VCA in competition are still quite weak, while the mandate of the institution is overloaded with other tasks that are not necessarily part of a competition authority. The challenge lies primarily in the lack of autonomy and linked to this the impossibility to develop and implement its own strategy. Furthermore, although Vietrade is implementing the national trade promotion agenda, services to sectors according to sector strategies are still weak. This holds also true for the public-private dialogue that was set up in phase II and ceased when this phase ended in 2007.

Understanding of stakeholders on trade related issues
The above mentioned outcomes on improved trade policy regimes obviously also helped improve the understanding of stakeholders on trade related issues. Additionally to this, the evaluation finds the following project outcomes that affected the capacities to set priorities and participate in negotiations:

- 326 people from public institutions and SME in 7 regions (Lima, Lambayeque, Piura, Arequipa, Cusco, Loreto y Junín) were sensitized regarding environmental requirements to export (IDB AfT Fund)
- Revised curricula of the Master Program International Economic Law of the Pontificia Universidad Catolica del Peru to include new trends in negotiation issues (Regional Competence Centers for Trade Law and Policies).
- Improved trade negotiation capacities in the government administration in Vietnam (WTO Accession project, phase I & II).
- Improved public-private consultation and cooperation mechanisms and platforms that were established through which policies are discussed, strategies built and sustainable trade promotion support programs developed (TCP phase I & II).
- Working round tables (mesas técnicas) that were established for different agricultural and bio trade products where public and private stakeholders elaborate sector strategies and design support activities (PBD, phase I & II).
- 8 Destination Management Organizations were established where public and private stakeholders elaborate strategies and design support activities for developing and marketing of the respective regional tourism sector (DP, phase I & II).

From different stakeholder perspectives these projects were commended for their usefulness and contribution to the respective country’s trade policy development and implementation of concrete export development policies, strategies and support activities. With regard to the WTI project in Vietnam the implementation of the Master Curriculum was delayed due to administrative reasons on side of the government considerably, thus the intended outcome has not been reached yet. The WTO Accession project in Vietnam was considered as especially effective since it contributed significantly to develop a political will for WTO accession which in turn required the country to kick-off further measures to comply with international rules and standards.

Assessment of the business line “Framework Conditions”
The findings show that WEHU’s activities each had to a considerable extent a direct impact (outcome) on both governments’ capacities to negotiate trade agreements and the capacities to implement obligations under these agreements. This outcome was underpinned by an effective sequencing of measures that was appropriate to the respective country’s situation and need (see also chapter 3.1). The contributions of the projects to the WE standard indicators are therefore significant.

3.2.2.2 Business line “International competitiveness”
The intended outcomes of this line of business are

- Improved productivity, competitiveness and diversification of SME
- Improved resource efficiency and social & environmental practices of producers and SME
Producers and SME comply with international standards

For measuring success in this business line the following standard indicators were formatted by WE:
- Number of companies that have improved their resource efficiency
- Number of companies that have improved their compliance with social standards
- Number of jobs created and retained through market access
- Number of producers that have newly applied international norms and standards

The evaluators followed up on these indicators and can provide the following picture for the three different outcomes.

**Improved productivity, competitiveness and diversification**

In terms of jobs and local economic development in Peru more than 5,000 jobs were created and, additionally, tourism as a relevant factor for economic development increased considerably:
- 757 new fixed jobs and 12,748 posts for non-permanent laborers created among SME that were supported by Prosur (a trade support institution / TSI) between 2005 and 2008 (TCP, phase II).
- 3,144 new fixed jobs created through the support received from Ampex (another TSI) between 2005 and 2008 (TCP, phase II).
- Nº of families in San Martin participating in adventure tourism services increased by 10% between 2008 and 2009 (DP, phase I).
- In Puno, Colca and San Martin (Peru), a total of 85 small scale businesses benefitted from newly developed tourism products (DP, phase II)
- 1,902 new jobs created between 2010 and 2012 (PBD, phase II).

Several thousand companies in Vietnam and Peru profited from WEHU induced services in standards and certification:
- 6,123 producers (organized in 14 associations) implemented international standards (organic, fair-trade) between 2005 and 2008 (TCP, phase II).
- 25 organizations (SME or producers association) implemented the principles and criteria of bio trade (PBD, phase I & II).
- 2,907 new ha. of certified cocoa (organic and UTZ) of 5 cocoa associations (TCP phase III / ER).
- 1,344 producers implemented international standards (organic, good agricultural practices), and 6 enterprises implemented HACCP, between 2010 and 2012 (PBD, phase II).
- 15,410 coffee producers belonging to 7 associations of the National Board of Coffee, implemented international standards between 2010 and 2011 (SCAN).
- Over 1,700 domestic Vietnamese companies use the newly established offer for testing and certifying at an internationally accredited laboratory (STAMEQ).
- 81 tourism companies increased their competitiveness in 2011 and 2012 through improved quality and environmental management training and advisory programs (DP, Phase II)

A few hundred companies improved resource efficiency and at the same time raised competitiveness through savings and investments in resource efficient technology:
- 43 enterprises participated in the “ecoparque” projects to improve resource efficiency, between 2008 and 2012 (Centro de Ecoeficiencia y Responsibilidad Social / CER15, phase I & II).
- 19 enterprises participated in the “ecopyme” projects to improve resource efficiency, between 2010 and 2012 (CER, phase II).
- 4 enterprises participated in the “ecohoteles” project to improve resource efficiency, in 2011 (CER, phase II).

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15 This project was not evaluated but the numbers provided by the field office.
17 enterprises improved resource efficiency, between 2007 and 2012 by using the green credit line (CER, phase I & II).

330 companies in Vietnam used the service of the cleaner production center. In average every company saved energy amounting to USD 75,000 and invested in energy and resource efficient measures amounting to USD 110,000 (Vietnam Cleaner Production Center / VNCPC phase I & II).

A significant amount of companies introduced and comply with social standards due to WEHU projects:

- 85 enterprises improved their compliance with social standards between 2002 and 2012 (CER, phase I & II).
- 4 enterprises participated in the carbon balance seal project to improve their compliance with social standards, between 2008 and 2009 (CER, phase I & II).
- 80 enterprises exist nowadays that recycle e-waste in 2012 (compared to 30 in 2011, 10 in 2010 and 5 in 2009 (E-waste).
- 197 textile companies (affecting more 200,000 workers, mostly women) comply with decent work standards through participating in the Better Work program funded by WEHU.

The results show a considerable effectiveness of the respective programs. This was also the view of actors and stakeholders with that those figures where shared and discussed. However, it is still difficult to put the results into a full picture and relate them to further changes since e.g. base line data was not available for every project, i.e. the comparison of “actual” and “planned” situation was only to a limited degree possible.

### Assessment of the business line “International Competitiveness”

The findings show that WEHU’s activities had to a large extend direct impact (outcome) on companies’ competitiveness, compliance with social, environmental and other international standards and norms. In the light of the observable outcomes it is apparent that for companies the interventions clearly achieved intended outcomes and significantly contributed to the WE standard indicators.

#### 3.2.2.3 Business line “Market access”

This line of business targets the following two outcomes:

- Producers and SME establish stable trading relations with Swiss and EU buyers
- Producers and SME have better access to Swiss and EU markets

For measuring success in this business line the following standard indicators were formatted by WE:

- Increase of exports (value) of companies in the target sector or region
- Number of producers that access new international markets

**Establishment of stable trading relations**

Thousands of companies or producers that have been supported through WEHU projects accessed new markets and / or supplied new products to export markets. Based on monitoring information, the following numbers were presented:

- 61 SME newly exported directly or indirectly to international markets between 2004 and 2007 (TCP, phase I & II – SIPPO).
- 6,123 producers newly exported directly or indirectly to international markets between 2005 and 2008 (TCP, phase II).
- 9 new products exported directly to international markets due to the project between 2005 and 2008 (TCP, phase II).
- 1,202 producers access new international markets between 2010 and 2012 (PBD, phase II).

In Vietnam different WEHU projects targeted the support of SME’s to export, like e.g. the project with Vietrade and the project on Biotrade – concrete figures however have not been collected.
Better access to Swiss and EU markets

With regard to export volume it became clear that WEHU also contributed to the growth in sales and exports:

- Export value (USD FOB) was more than tripled: from USD 15 mio. to USD 48.8 mio. among the members of Ampex and the SME that were supported by Prosur between 2008 and 2008 (TCP, phase II).
- Export value increased by 40%, 461% and 222% for tara (producers association of tara), sacha inchi (producers association of sacha inchi and the enterprise Roda Selva) and maca (enterprise Kolken) value chains respectively between 2006 and 2009 (PBD, Phase I).
- 25 companies (or producers association) have increased their exports by 33% between 2010 and 2012 (PBD, phase II).
- 8 bio-trade related enterprises have participated in 4 trade fairs and have reported sales based on the trade fair participation for an amount of USD 1.76 mio. approx., between 10/2010 and 07/2012 (PBD – SIPPO, phase II).
- The number of overnight stays in the supported 6 tourist destinations increased on average 140 % between 2005 and 2008 (TCP Tourism, phase I).
- Export value (USD), from 5 cocoa associations, increased by 84% in approx.. one year (TCP, phase III).
- Approx. 1,153 tons of e-waste were exported in 2012 (compared to 948 in 2011 and 963 in 2010 (E-waste).
- USD 887 mio. export among coffee associations of the National Board of Coffee in 2010 and USD 1,560 mio. in 2011 (SCAN).

Assessment of the business line “Market Access”

The findings of the evaluation show that in the business line “market access” WEHU projects contributed to market and export development of local companies in Peru and plausible also in Vietnam. Trade and trade relations were deepened between these two countries and the EU / Swiss markets. Especially in Peru exporters were increasingly supported by trade support institutions that in turn were capacitated by WEHU projects. The interventions achieved outcomes and contributed to WE standard indicators. However, the WEHU instruments for “Market Access” especially with regard to export promotion are very much focused on the micro level. Due to the rapid development in the focus countries in the south, many domestic institutions have become strong players with sufficient knowledge and resources and can more and more provide these services for companies without external support.

3.2.2.4 Outcomes of WEHU on a global level

WEHU had eight focus countries in the south 2012 and further projects in other countries in Central Asia and Central Europe, Africa, Southeast Asia and Latin America.

With regard to the focus countries in the south, the bigger part of WEHU projects are global programs that are replicated with globally operating strategic partners (see chap. 2.3). These programs follow the same structures and intervention logic as the programs assessed in Vietnam and Peru and are complemented by bilateral projects. The global projects also apply a systemic approach with activities on macro, meso and micro level, just like in Peru and Vietnam. Global programs are however aligned to country needs and priorities, thus not always global program like CPC and others are being implemented in every focus country.

In total, in the other six priority countries in the South, WEHU is thus also implementing a well balanced mix of projects that work on all three business lines. Using the WEHU results model and basic intervention logic as a starting point and drawing from interviews led with representatives of implementing organizations and the FOs in Ghana, South Africa and Indonesia, the evaluators therefore conclude that it is plausible to assume that these programs and projects have similar effects in the
other six priority countries in the South, despite the fact that there are many factors that influence the outcome of projects as differences within the two case study countries and between the two countries show.

With regard to WEHU’s contributions to LDC’s the evaluators cannot make a qualified statement as the assessment of these was beyond the scope of the evaluation.

3.2.3 Impact

The impact of a development intervention can be defined as the changes produced in the medium and long term. WEHU intended impacts based on the three business lines are illustrated in the figure 7:

![Figure 8: WEHU impacts; Source: Como inception report](image)

For the time being WE did not define standard indicators on impact level. However, some of the intended impacts are already addressed by the standard indicators on outcome level. This especially refers to job creation and also higher export volumes. This holds also true for strengthening competitiveness and integration in the world economy: The improved capacities of trade policy institutions and trade support institutions in designing and implementing laws and regulations especially with regard to the requirements of free trade agreements can also be assessed as achieved impact. The respective results of WEHU have been shown in the preceding chapters.

Assessing long term impact of WEHU’s interventions in terms of more macroeconomic and policy developments is more difficult due to the widening attribution gap between aggregated project outcomes and impacts on the macro-level. The evaluators approach to assess the long term impact was to review the perspectives of resource persons, e.g. from economic think tanks that are familiar with WEHU projects and that are in charge of economic policy assessment. In addition interviews were led with government officials that are in charge of economic management of the country. These interviews were led against the background of the economic development of the respective country - especially with regard to the development of trade and trade policy. Furthermore, the interviews took into account the AfT categories that are recognized as building blocks that enable growth through trade. As main findings from this approach the evaluators note the following:

- In both countries the sequencing of interventions has been aligned to the needs of the countries.
- The intended outputs and outcomes of the portfolio were targeted to major milestones of the two countries for developing trade – e.g. Vietnam’s WTO accession or the FTA of Peru with the US.
- Project outcomes especially with regard to trade policies and building trade institutions as well as achieved policy coordination and public-private dialog are recognized within the AfT categories as fundamental to trigger growth through trade.
- Interviews showed that the perspectives of think tanks associate WEHU projects with progress in economic management – be it the underlying economic policy agenda to implement the requirements under the free trade agreements or individual regulations that have been introduced and which were perceived as key to unbundle economic dynamics like the enterprise law in Vietnam.
- Interviews with government officials brought about the same assessment. Emphasis was especially put on the side effects of negotiation support, namely the change of mindset of key persons in economic policy towards a more liberal approach to international trade.
Thus, stakeholders associate WEHU’s interventions with economic growth of the respective countries, although direct linkages can due to methodological limitations not be established.

### 3.2.4 Effectiveness of WEHU’s contribution to Aid for Trade

The rationale underlying the global AfT initiative and the relevance of Swiss interventions in this area were explained in chap. 2.1.1. Accordingly, AfT strategies have two main thrusts:

- In **quantitative** terms, AfT aims to expand both the export and import trade of recipient developing countries. It seeks to help companies in these countries to effectively take advantage of the opportunities that the liberalization of trade abroad and at home offers. Key challenges here are to remove supply-side constraints to trade (i.e. strengthen the international competitiveness of domestic firms) and to improve the logistics of trade (i.e. trade facilitation).
- **Qualitatively** – and ultimately – the objective is to make foreign trade effective for domestic development (“mainstreaming of trade”). Trade should therefore promote sustainable economic growth that is socially inclusive and friendly to the environment. The key challenge here is to design trade policies and policies complementary to trade which are conducive to this goal.

WEHU’s AfT strategy has a bearing on both dimensions of AfT and thus on its effectiveness. This is shown in the following analysis which proceeds in three steps:

- First, the main AfT categories or intervention fields are briefly characterized and possible AfT actions identified that might help reduce poverty or promote inclusive growth.
- Secondly, an overview is provided of contributions by WEHU cooperation projects in Peru and Vietnam to individual components of those AfT categories that correspond to WEHU’s own intervention fields.
- Finally, the effectiveness of WEHU AfT is assessed against the questions raised in the approach paper for the evaluation, mainly using the evidence gained from the country case studies.

#### AfT Categories and according interventions

The first broad AfT category – **Trade Policy and Regulations** – provides for measures like training of trade officials, analysis of policy proposals and positions and their impact, support for national stakeholders to articulate commercial interests and identify trade-offs, and institutional and technical support to facilitate the implementation of trade agreements and to adapt to and comply with rules and standards. It would also involve assistance in ex-ante, disaggregated trade policy analysis to identify how changes in trade would impact different economic and social groups, which would be an example of AfT action directly supporting a country’s poverty reduction efforts.

The second and third AfT categories – **Trade Development** and **Building Productive Capacity** –, which are typically joined, cover AfT activities linked to the financing of foreign trade; the provision of trade information; the analysis of foreign markets and development of strategies to conquer those markets; the creation of an enabling business environment; public-private sector networking; development of SMEs; investment promotion in specific industries, in order to diversify production and export; support to agricultural producers and traders to harness untapped export potential and ‘move up’ the value chain; and support to education and health improvements. The latter can translate directly into heightened productivity and lead to positive trade outcomes and better income for the poor.

The fourth AfT category – **Trade-related Infrastructure** – is critical for trade facilitation in general and more specifically for the smooth delivery of exports and imports within border-crossing production networks or value chains. AfT measures under this category would support the development of the infrastructure hard- and software (in transport, telecommunications and energy, in particular) necessary to connect domestic markets to the global economy. This would also include the extension of such infrastructure (roads, telecommunication services and power supply) to poorer trading groups (for example, smallholders, informal traders and micro-entrepreneurs).
The fifth AfT category – **Trade-related Adjustment** – addresses the structural adjustment needs and costs in developing countries arising from trade liberalization, for instance in import-competing industries. Possible AfT policy responses here include compensation for the adverse impacts of phasing out uncompetitive or unproductive sectors by supporting the provision of basic education and vocational training to enable workers and entrepreneurs to diversify their income streams and shift to sectors with export potential; contribution to technological support and training programs to build competitive production structures and improve professional qualifications; and support for social protection measures (e.g. targeted household cash transfers) to help reduce vulnerability to changes in trade and trade-related shocks. Such measures would also help to alleviate – or avoid – poverty and further socially inclusive development.16

**Contributions by WEHU cooperation projects in Peru and Vietnam**

A synopsis of **contributions by WEHU cooperation projects** in Peru and Vietnam to Trade Policy and Regulations, Trade Development and Building Productive Capacity is provided in annex 2. These are the three “mirror” AfT categories to the three fields of activity in which WEHU supports its partner countries, i.e. creating an enabling framework for sustainable trade, strengthening the international competitiveness of local producers and SMEs, and improving foreign market access for sustainably produced goods and services. Trade-related Infrastructure and Trade-related Adjustment, on the other hand, are the responsibility of other WE divisions (WEIN and WEMU, respectively), while Trade Finance (a component of Trade Development) belongs to WEIF.

For the present analysis, it is particularly important to stress the **synergies and complementarities** that exist between the WEHU projects in each of the two countries and with projects of other donors in these countries. An example of intra-WEHU synergies are the three trade policy focused projects **Thematic Fund in Aid for Trade**, **Trade Law and Policy** and **Competition in Latin America** in Peru. Another example is **Peru Export Region** and **Competition in Latin America**. In this case, the synergies also affect other AfT categories than trade policy and regulations. An example of inter-donor synergies are SECO’s, the EU’s and the US’s projects on Vietnam’s WTO accession. Synergies likewise arise among identical WEHU projects in neighbouring countries. A case in point is **Trade Law and Policy** in Latin America, where close links exist between the respective projects in Peru, Colombia and Chile. In Southeast Asia, this apparently holds to a lesser extent, with Vietnam forming the weak link.

Such synergies and complementarities significantly enhance the **effectiveness** – in terms of outcomes and impacts – of WEHU’s AfT activities in its three core fields of intervention. Several projects are primarily related to creating an **enabling framework** for sustainable trade which is also the centrepiece of the first broad AfT category: to improve trade conditions through capacity-building in trade policy and in the regulation of trade. This involves the development and improvement of human resources in trade policy and regulation as well as the creation and refinement of effective trade-related institutions.

In a number of instances, WEHU has developed leverage to get such processes started and also has provided follow-up assistance. A case in point is the accession of Vietnam to the WTO. WEHU’s **Vietnam WTO Accession** project has delivered valuable advice to Vietnamese government officials involved in the WTO accession negotiations through the provision of analytical information, identification of options, preparation of argumentation in favour of Vietnamese interests, etc. It has likewise helped to launch fundamental domestic reforms, such as the Commercial Law, Enterprise Law, Investment Law, Intellectual Property Law, Competition Law and Consumer Protection Law, which to a major extent are also trade-related. Follow-up assistance, mainly concerned with institution-building and implementation issues, has been offered through the **Protection of Intellectual Property Rights** and **Competition Policy and Consumer Protection** projects.

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16 For an overview of possible AfT measures to reduce poverty, see, *Kate Higgins* and *Susan Prowse*: *Trade, growth and poverty: making Aid for Trade work for inclusive growth and poverty reduction*, London 2010.
Outputs and outcomes of these projects are shown in the preceding sections of this chapter. With regard to the noted legislation - and its implementation – as a whole, it is fair to say that it has importantly contributed to improve the enabling framework for trade in Vietnam and thus - indirectly - to Vietnam’s dynamic trade development in the last decade. However, it is difficult to quantify such effects - and concomitant positive income growth and distribution effects - and attribute them pro rata to WEHU’s cooperation projects. Moreover, cooperation projects of other donor countries have been involved in the accession issue as well, such as the USAID’s Support for Trade Acceleration (STAR) project and the EU’s Multilateral Trade Assistance Project (MUTRAP). WEHU’s projects have been, however, well-tuned to these concurrent efforts. This has generated substantial synergies, as noted above, while making the attribution problem even harder.

In Peru, WEHU’s focus on creating an enabling framework for sustainable trade through capacity-building in trade policy and the regulation of trade is even stronger. In its centre are the three projects highlighted above for the synergies they create and the complementarities among them:

- The **Thematic Fund in Aid for Trade**, a joint WEHU project with the Inter-American Development Bank, has substantially strengthened the capacity of the Peruvian government to negotiate and implement trade agreements with other countries, with Peru (and Colombia, the second beneficiary) making use of the “rapid response mechanism” built into the project on Swiss initiative. In this case, the capacity-building has concentrated on “behind-the-border” trade issues (services, intellectual property rights, public procurement, standards and technical regulations, sanitary and phytosanitary measures, competition and consumer protection) and on sustainability issues (biodiversity, environment, labor) in trade negotiations. Notably, the sustainability issues have been perceived by the beneficiary countries as “offensive interests” in those negotiations.

- The **Trade Law and Policy** project, implemented by the World Trade Institute, created valuable knowledge in these fields. As a side effect, it also facilitated the active participation of Peru in the first three Global AfT Reviews in Geneva and the Regional Review which took place in Lima in 2006.

- **Competition in Latin America**, with UNCTAD as implementer, is dedicated to the deepening of knowledge and institution-building in two specific areas of the new trade agenda: competition policies (including anti-dumping and consumer protection) and intellectual property protection.

The wider impact of the three projects on the economy, the environment and on social issues, beyond the outputs and outcomes indicated above, is hard to establish; it critically depends on how the government policies, to which the cooperation gives rise, are actually designed and implemented and how effective the institutions created prove to be.

**Effectiveness of WEHU AfT**

Overall, the relatively high emphasis that WEHU places on policy advice and training in AfT, and thus on improving the framework conditions for sustainable trade, appears to be a good choice. It is well founded in general empirical analysis which attaches a high degree of effectiveness, in terms of the trade flows created, to AfT in trade policy and regulation as compared to AfT categories like infrastructure development. From this, it is concluded that relatively small additions to the aid flows directed toward the trade policy and regulatory reform agenda could significantly increase the trade of recipient countries and thereby also stimulate economic growth.\(^{17}\)

However, some other AfT categories - or sub-categories - have gained relatively high effectiveness scores as well.\(^{18}\) This in particular holds for sub-categories like “competitiveness”, “export diversification” and trade developments in specific agricultural, industrial or service sectors. These sub-categories belong to the Trade Development and Building Productive Capacity AfT categories and fit well into

\(^{17}\) For instance, it has been estimated that a one per cent increase in aid directed toward trade policies and regulatory reform could generate an increase in global trade of more than US$ 800 million. See, *Matthias Helble, Catherine Mann and John S. Wilson: Aid for Trade Facilitation*, Washington, DC, 2009.

\(^{18}\) For details, see the OECD’s and WTO’s joint “Aid for Trade at a Glance 2009” report.
WEHU’s international competitiveness business line. A number of WEHU cooperation projects evaluated in this report chiefly relate to this intervention field and the corresponding AfT categories. At the same time, as can be seen from the synopsis above, the majority of the projects are linked to several categories or intervention fields, with the latter also including foreign market access for sustainably produced goods and services, which points to the holistic nature of WEHU’s intervention approach.

This is very much the case with the competitiveness-centred projects such as Peru Biodiversity or Peru Export Region, where interventions typically occur along the different stages of value chains - comprising the whole product cycle from the raw material up to the finished good - and at the micro level of individual firms or persons, the meso level of producer associations and (private and public) trade support institutions and the macro – policy – level. A focal point of WEHU’s intervention logic in such value chains is to strengthen the connection between production or process standards, on the one hand, and product standards on the other. Through the former it is sought to secure good management practices and “decent” labour conditions, protect the environment and preserve biodiversity, while assistance in compliance with the latter shall remove technical barriers to foreign market access. At the same time, helping producers in value chains to develop their own or unique product standards or product marks is crucial to increasing their international competitiveness.

Detailed evidence on outputs and outcomes of WEHU’s competitiveness-centred cooperation projects, in line with WE’s recently introduced standard indicators, is provided in the preceding sections of this chapter. It mainly refers to the performance of these projects in terms of resource efficiency; jobs created and retained; exports generated and diversified by products and trading partners; compliance of producers with norms and standards; and influence on framework conditions for trade. From this, it is fair to conclude that the cooperation projects have importantly contributed to the integration of producers and SMEs in partner countries into international value chains and thus opened new opportunities. The interventions have also produced positive effects on the economy as a whole. An example is the promotion of agro-industrial value chains in Peru which stand out due to their favourable technological, social and ecological impact. The focus of the cooperation on the promotion of non-traditional exports based on natural resources and traditional knowledge, while preserving their variety and stressing social inclusiveness, has proved to be a successful niche strategy.

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19 This also fits well in the Fourth Global Review of Aid for Trade in Geneva in July 2013, which has a similar focus, as it aims to “examine strategies to connect developing country and LDC firms to international value chains, how to move up the value chain and discuss the associated development benefits in the context of the debate about the post-2015 development agenda.” See, World Trade Organization at http://www.wto.org/english/tratop_e/develop_e/a4t_e/global_review13_e.htm
Conclusions on Aid for Trade effectiveness

The rationality of AfT rests on four principles: (1) making trade liberalization politically feasible; (2) supporting governments in trade policy; (3) enabling firms to exhaust the opportunities created by trade liberalization; and (4) helping firms and households to adjust to trade shocks. Its ultimate objective is to “mainstream” foreign trade into sustainable domestic development. WEHU’s cooperation projects in sustainable trade promotion importantly contribute to AfT in the three core business lines of WEHU, while synergies and complementarities between these projects and with cooperation programs of other donors in partner countries substantially enhance the effectiveness of WEHU’s AfT interventions.

The relatively high emphasis placed by WEHU on policy advice and training in AfT, through its interventions to create an enabling framework for sustainable trade, is a good choice. It is supported by general empirical analysis, which attaches a relatively high degree of effectiveness to this AfT category. Other AfT categories or sub-categories such as “competitiveness” or “export diversification”, also gain good effectiveness scores. They fit well in WEHU’s international competitiveness intervention field. At the same time, the majority of WEHU projects are linked to several categories or business lines, with the latter also including foreign market access for sustainably produced goods and services, which underlines the holistic nature of WEHU’s intervention approach.

The cooperation projects have importantly contributed to improve the enabling framework for international trade and to the dynamics of trade development in the partner countries. Moreover, they have pushed the integration of producers and SMEs in these countries into international value chains and thus opened new opportunities. Altogether, the focus of the cooperation on the promotion of non-traditional exports based on natural resources and traditional knowledge, while preserving variety and stressing social inclusiveness, has proved to be a successful niche strategy.

3.2.5 Overall assessment of WEHU’s effectiveness

Based on the above made findings and conclusions with regard to WEHU’s outputs, outcomes and impact as well as its contribution to Aid for Trade, WEHU’s effectiveness can be rated as satisfactory. The scores of individual projects in Peru and Vietnam are as follows:

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<td>Trade Promotion (Viettrade)</td>
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<td>Strengthening of Cocoa cooperatives</td>
<td>Cleaner Production Center</td>
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<td>Destinations of Peru</td>
<td>Intellectual Property Rights</td>
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<td>Perú Biodiversity / Bio-trade, (Phase II)</td>
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<td>E-Waste Recycling</td>
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<td>Better Gold Initiative</td>
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20 The project started just recently and can thus not be evaluated regarding to effectiveness, efficiency and sustainability
3.3 Sustainability

The OECD-DAC criterion sustainability aims at the question whether results achieved through the development measure will last after support has ceased.

3.3.1 Aspects of sustainability applicable to WEHU’s interventions

Lasting results in the fields WEHU operates in can be achieved if the interventions are successful in:

- contributing to changes in framework conditions that have impeded trade development
- capacitating TSIs to deliver better and / or previously not available services,
- improving public-private consultation and coordination platforms for the design of policies, strategies and support programs
- establishing successful approaches that can be replicated and further developed by beneficiaries especially in terms of trade negotiations and implementation and enforcement capacities,
- establishing mechanisms (market linkages, partnerships, know-how and technology transfer schemes, etc.) on company or producer association level to integrate changes and innovations into the organization (in process and structures) through which the upgrading process is sustained.

Such sustainable changes induced through a development measure also enhance its outreach and thereby positively affect its efficiency.

3.3.2 Assessment of the sustainability on WEHU’s strategic level

Against the background of SECO’s long term development objectives sustainability is rightfully a major concern. This concern has been taken up by WEHU’s strategic and capacity building approaches which are major strengths:

- As elaborated in chap. 2 WEHU’s approach is designed to address the different system levels – i.e. the macro-, meso- and micro level. Such an approach represents an important prerequisite to achieve sustainability since it targets changes in the whole system. Only through policy changes and changes on sector level as well as changes on a company level that occur in parallel a country system can be sustainably altered.
- The capacity building approach on project level in most cases sufficiently balances between all relevant levels to empower individuals, organizations, networks and the policy field to live over ceased support. In general this was achieved through a sound project set-up, feedback cycles, process orientation, ownership creation, stakeholder participation and network development.

In line with the analysis on effectiveness, in the following we judge the sustainability of WEHU interventions in Peru and Vietnam along the three business lines and in general on global level.

3.3.3 Assessment of the sustainability of WEHU’s interventions in Peru and Vietnam

3.3.3.1 Sustainability regarding improved framework conditions

As the findings on effectiveness indicate, the projects in Peru and Vietnam created relevant, lasting institutional capacities of major trade related stakeholders that helped them design and implement sound policies and strategies. In both countries projects built capacities on the four levels needed to cause lasting change: individual, organization, network and policy field with results that last beyond project support. They built the right individual and institutional capacities in order for counterparts to be able to prepare laws and regulations that foster sustainable trade. On the network level, the functioning of public-private consultation and coordination mechanisms and platforms is becoming ever more important to achieve lasting results on sustainable trade. Here, especially the projects in Peru helped establish relevant mechanisms and platforms.

Important for achieving sustainability especially on the level of framework conditions is the identification of the different interests in the cooperation system of an intended change project. The IPR project
in Vietnam is a good example: IPR was high on the political agenda in Vietnam for a system change in economic management at the same time when companies and the science community perceived IPR as elementary for development and innovation. Sequencing the intervention as such that high level stakeholders from the national assembly would be convinced that an independent institution is best suited to watch over IPR in the country was an essential ingredient to establish NOIP. The same holds true for the WTO accession. The project was able to create a political will to change the system and the roadmap to WTO accession provided a good strategy to do this – i.e. WTO accession was thus a side effect of the underlying agenda.

Looking at the structural changes WEHU intends in framework conditions, the evaluators find an increasingly independent approach by these countries.

3.3.3.2 Sustainability regarding improved international competitiveness

As the findings on effectiveness indicate, the projects in Peru and Vietnam contributed significantly to the competitiveness of companies. Interviewed companies that benefited from WEHU interventions e.g. over CPC services or other services like consulting on social standards clearly articulated that these services triggered new processes and changed structures and the usual way of doing business. Thus, the evaluators conclude that interventions on company level have been sustainable to a degree that these companies will further improve their competitiveness in a continuous improvement effort. In order for this to be successful, the companies will need to access services from public and private institutions. Some of the changes needed for the institutions to constantly improve their service provision have been achieved through the interventions in the business line framework conditions and this work has been mostly sustainable. Additionally to this, in the business line international competitiveness, especially the service provision from TSIs is relevant to allow companies constantly improve their competitiveness. Here, in both countries significant capacities were developed in TSI that allowed them improve their services in quality and quantity. In the project Export Region in Peru, the organizational development of more than 10 TSI is one of the key intervention areas that had significant impact on the performance of TSI in the past. The current support to TSI in the northern regions is still ongoing, but the organizational development processes initiated seem promising.

3.3.3.3 Sustainability regarding improved market access

Also for the access of SME and producers to new markets, services from TSI are crucial and were sustainably built up in many WEHU projects. Promperú is definitely at the stage where it can further develop its portfolio and quality of services without additional assistance from outside. Being part of the Ministry of Trade and Tourism, it is well embedded into the countries system to implement and support trade and is equipped with sound financing. Vietrade, on the other hand, has built and maintained structures that are, however, concerned with many different tasks and thus has quite low resource endowment for its core mandate. In Vietnam, the work with individual business associations like the handicraft association was therefore probably more important regarding the establishment of services to assist companies in accessing new markets. The services these organizations provide regarding trade fair participation are sufficient in terms of quality and financial resources through government programs increasingly exist.

The support to the organizational development of producer groups and associations is also important to provide farmers with better access to markets. Here, sustainably and professionally managed groups were established, e.g. in the cacao subcomponent of the Export Region project in Peru, where 5 associations are now offering valuable services to its members.

Another crucial point in access to markets is the establishment of stable trading relations between local suppliers and their (international) buyers. Here, many WEHU projects helped create stable buying relations not only through supporting trade fair participation through service providers such as Promperú as mentioned above, but also through development partnerships (PPP) in which buyers engage in partnerships with WEHU and its counterparts to improve the competitiveness as well as social and environmental practices of their suppliers. The relationships established through these partnerships are sustainable and will provide an easier access to markets for the SME and producers
also in the years to come. As in many value chains knowledge and technology transfer takes place directly between buyers and suppliers, these partnerships are not only an ideal tool to establish sustainable trading relations, but also to improve the international competitiveness of local suppliers through lasting business linkages.

3.3.4 Sustainability of WEHU on global level

Most of the sustainability of WEHU’s work takes place through the project interventions on country level as highlighted for Peru and Vietnam. Nevertheless, WEHU also contributes to the promotion of sustainable trade beyond the concrete project work on country level.

On the one hand, it finances global projects that foster initiatives or institutions that have all left behind policies, institutions and platforms that have an impact on trade and that last beyond the original support. On WTO level WEHU’s efforts to support cotton producing countries (cotton 4 – see example in chap 3.1.1) has produced a changed modus of how these countries would approach and defend their interests in the sector.

Over the past decade WEHU has also supported plenty of private voluntary standards initiatives that have global outreach and that created sustainable platforms and mechanisms to promote sustainable trade. It co-financed the initial work of the Common Code for the Coffee Community (4C) initiative (nowadays the 4C Association) which aims at improving social and environmental standards in the mainstream coffee sector. It also supported the work of other multi stakeholder initiatives like the Round Table for Sustainable Palm Oil. In cocoa, it pushed forward sustainability issues in the framework of the International Cocoa Organization (ICCO), a work that is directly linked to its bilateral cocoa projects in Peru and Indonesia and PPPs like that with the company Gebana in Togo. The important unrestricted funding that WEHU provides to Fairtrade International is also a case in point, as it helps to strengthen the organization, broaden its scope and enhance its impact. Last but not least, within its global programs on voluntary standards and Corporate Social Responsibility (CSR), WEHU helps build up the capacities and / or outreach of initiatives like the Global Compact Reporting Initiative, the Trade for Sustainable Development database located at the ITC, the Committee on Sustainability Assessment (COSA), the Sustainability Commodity Assistance Network (SCAN) and the State of Sustainability Initiatives (SSI) and the Kompass Nachhaltigkeit. Last but not least, WEHU helped launch a new UNCTAD program UN Forum on Sustainability Standards (UNFSS), a platform to exchange knowledge and experience on private voluntary standards initiatives. All this work helped establish and sustainably manage platforms and initiatives that push forward the spreading of social and environmental good practices in the production and trade of goods and services. It is obvious that the issues these organizations bring to the board and push forward are more and more core values with regard to the promotion of sustainable trade in many economic activities. Therefore it is fair to say that WEHU contributed to this lasting change.

In the larger framework on trying to foster green economic development and decoupling growth from resource consumption, WEHU has – amongst other initiatives – significantly contributed to the new 10 Year Framework of Programs on Sustainable Consumption and Production (10YFP) under the secretariat of the UNEP and will most probably be the Swiss representative in the board of the program. One of the thematic areas which WEHU will support is sustainable public procurement, an extremely important trigger for creating demand for suitably produced products and services (see also link to the work of BaFu above). Additionally, Switzerland supported the establishment of the World Resource Forum, an independent, multinational platform for debate and innovation on resource efficiency and a spin-off of WEHU’s long term partner EMPA on the topic of e-waste and – nowadays – the Sustainable Recycling Industries program. This international platform will contribute to pushing ahead the research on resource efficiency and sustainable production practices as well as the cooperation between research and industry on these topics.
3.3.5 Challenges in achieving sustainability

Some challenges regarding sustainability remain, as illustrated in the following points:

- Although programs and projects in Peru and Vietnam focus also on a regional and sectoral level, in both countries the platforms and mechanisms with regard to the development of regional and sectoral strategies and their implementation are still not sustainable (e.g. regional and local round tables on export in Peru).
- The same holds true for the DMOs in the tourism sector in Peru, as their long term funding mechanism is not guaranteed yet and a public-private co-funding model still needs to be put in place.
- A lasting effect in some of the projects can only be achieved if enforcement of implemented issues is ensured – however, enforcement in some areas like IPR and competition as well as consumer protection is still a difficult issue.
- The analysis of the dynamics of underlying agendas and interests of stakeholders can also help to generate greater sustainability. For example, more awareness raising on and lobbying, etc. for an independent competition authority in Vietnam instead of focusing on technical issues could have been considered a more prominent strategic option.
- Sustainability in trade issues has also to do with the results of other policy fields. Linkages with projects of other WE thematic fields have been created to some extent but could still be further enhanced. It can e.g. be argued that the linkages between WEIN, WEHU and WEIF projects can be stronger and more balanced towards a common purpose (e.g. infrastructure projects in Peru can be better aligned with trade related issues, etc.)
- Individual challenges remain regarding the sustainability of certain aspects of some projects, as success factors exist that differentiate projects in terms of sustainability.

3.3.6 Overall assessment of WEHU’s sustainability

In both its strategic approach and project implementations WEHU takes sustainability rightfully up as a major issue. Based on the assessment of achievements and challenges with regard to sustainability of WEHU’s interventions, its overall sustainability can be rated as **satisfactory**. The described challenges are possible to overcome. The scores of individual projects in Peru and Vietnam are as follows:

<table>
<thead>
<tr>
<th>Peru</th>
<th></th>
<th>Destinations of Peru</th>
<th>Peru Biodiversity / Bio-trade, (Phase II)</th>
<th>Trade Law and Policy</th>
<th>E-Waste Recycling</th>
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<tbody>
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<td>Satisfactory</td>
<td>Satisfactory</td>
<td>Satisfactory</td>
<td>Not demonstrated</td>
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</tbody>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade Promotion (Vietrade)</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unsatisfactory</td>
<td>Satisfactory</td>
<td>Satisfactory</td>
<td>Unsatisfactory</td>
<td>Satisfactory</td>
<td>Satisfactory</td>
<td>Highly satisfactory</td>
<td>Highly satisfactory</td>
<td></td>
</tr>
</tbody>
</table>

Regarding specific questions in the approach paper it can be confirmed that supported institutions in the case-study countries increasingly developed positions in international trade negotiations independently and without direct support of WE / the international community and both Peru and Vietnam strengthened their perception of using trade promotion as an instrument for sustainable growth and poverty alleviation. Successful reform-processes for an easier market access are increasingly implemented without direct intervention of WE / the international community and SME continuously improved their productivity, competition and diversification.
4 Program steering and efficiency

Strategy formations of WEHU in terms of objectives and intended outcomes have been conclusively considered in chapter 2.2.4. The following chapter 4 focuses on how the formatted strategy is steered, implemented and monitored and how efficient the use of resources is.

4.1 Program steering and implementation

Portfolio development

SECO applies a semi-decentralized program steering organized in the following work processes:21

- The area of “country specific and global programs” focuses on the process to set up and maintain the (country) programmatic framework (i.e. alignment to country priorities, donor coordination, country strategy development and implementation reporting) and the process of project development up to implementation and monitoring (i.e. identification, preparation, implementation, evaluation, completion).
- The work process "strategic level" concentrates on the overall strategy of WE(HU) like guideline documents from the PolCom and the QualCom, sector strategies and policy papers, minutes from sector head meetings and results from further strategic discussions.

While these roughly described work processes are well elaborated, some critical comments seem appropriate:

- **Resources**: Looking at the WEHU organizational chart and organizational growth (see chapter 2.1) it becomes clear that steering resources with view to the large amount of WEHU projects and programs (each itself with complex implementation structures) as well as interfaces with implementing agencies worldwide must be thinly stretched. In addition, WEHU desk officers have multiple responsibilities. They are on the one hand country coordinators and on the other hand project managers and responsible for subject issues (there is no responsibility defined for methodological issues), i.e. have major responsibilities in several work processes in parallel. Within countries WEHU has had limited resources, especially in the earlier phase of this evaluation period, before the FOs were established. Additionally the steering model (in-between HQ and FO as well as externally with partners) roots on cooperation which takes an extra amount of resources in order not to cause under-steering. Taken all together (multiple responsibilities, large resource requirements for steering and scarce resources at FO/HQ level, the risk of under steering become real.

- **Country programmatic framework**: As already discussed in the inception report, the country strategies22, although well elaborated, are not (trade) specific enough to give a strategic orientation and a close reference for developing the country project portfolio of WEHU. Basically one cannot talk about a country programmatic framework. This holds the risk of portfolio fragmentation which can only be overcome by an excellent knowledge on trade related issues of both field office and country coordinator. In Peru, the situation is very fortunate as the expat in the field office worked at WEHU HQ before his assignment in Peru and is a trade expert, and also the country coordinator at HQ is from WEHU. In other countries, also in Vietnam, the situation is not as fortunate, making it more difficult to develop an adequate country project portfolio with the appropriate strategic orientation.

- **Project development and management**: Projects are born by ideas, either from within WE(HU) and FOs or from outside through an implementer or other (multilateral) partner. This holds the risk that the strategy implementation is rather short term oriented (i.e. through an articulated idea / need) and the midterm strategic approach shifts out of site. However, as WEHU interventions are constantly evolving often in ongoing discussion with external cooperation partners as well as counterparts in the countries, this also holds advantages: the development of country project portfolios

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21 See SECO document on PCM responsibilities at Head Office and Field Offices.
22 Although very well elaborated, country strategies seems to fulfill rather public relation purposes – i.e. seem to be more for external use.
allows for a fast adjustment to the needs of counterparts as well as a grabbing of opportunities with external cooperation partners. If processes are quick and WEHU is able to respond fast to both needs and opportunities, this nicely contrasts to other donors who are sometimes locked into clearly defined agreements with partner countries that cannot be changed easily and have processes that are lengthy for developing new projects. This flexibility of WEHU was highly appreciated by partners both in Peru and Vietnam.

- **Global programs:** WEHU is responsible for a large portfolio of global programs that it implements with strategic partners. These partners carry out feasibility and project design missions to WEHU partner countries. In these countries, FOs are responsible to steer the whole WE project portfolio, including the global programs. FOs nevertheless feel that they are not always sufficiently involved when it comes to designing and steering global programs and that not enough resources are spent in analyzing the economic, political and institutional situation in their country prior to launching national activities within the programs.

**Project implementation**

The described work processes take quite a strong administrative or formal perspective especially with regard to project implementation and evaluations. There is no reference to quality issues and knowledge management in the description. E.g. monitoring is reduced to check on the implementation of the work plan and the fulfillment of indicators. Reference to qualitative guidelines in project development like how to engage partners or how to undertake capacity development is not provided. However, the described work processes make reference to the official ISO certified processes only, and guidelines for e.g. capacity development at project level exist apart from the formalized processes.

WEHU is implementing projects with a vast variety of partners and implementers. It is clear that installing a standard implementation and monitoring model becomes tricky in such a situation. Taking from the findings and analysis of chapter 3, we can summarize that WEHU projects vary in quality, despite the fact that they are often implemented by the same partner organization in the respective countries. From the brief discussions we had with the FOs in Ghana, Indonesia and South Africa, this is also the case there. We therefore need to ask what the factors are that lead to a good project performance or a difficult one.

Among successful projects are the ones where WEHU works with technically qualified executing agencies that have been in the country for some time or at least have in-depth knowledge of the economic, political and institutional landscape, are capable of organizing sound, process oriented project management and monitoring and have the right project strategy in place. In case the project implementation strategy is not followed adequately, the executing agency must be monitored and steered closely by SECO in order to put project implementation on track. The project *Destinations of Peru* is a good case in point. When the FO was established it was not happy how Swisscontact was implementing the project on behalf of WEHU. Only through constant strategy meetings with the implementer, the FO was able to put the project on track and make sure that Swisscontact follows the desired strategy.

In turn, most problematic appear to be the projects in which there is:

- insufficient analysis of the economic, political and institutional landscape
- insufficient active participation and ownership of relevant stakeholders
- not enough project management capacities at the executing agency
- too little resources for project planning and management
- not enough emphasis on project monitoring
- unclear competences between HQ and FO for the preparation and steering of the project
- insufficient steering of the executing agency on behalf of SECO
- wrong selection of partner / executing agency (competences, capacity development and institutional development approaches, etc.)
- an overburden on the side of FOs (complexity of projects and topics, amount of projects)

In terms of success factors in steering the following findings can be made: WEHU works in Peru together with a range of strategic multilateral partners (such as ITC, UNCTAD and IFC), other bilateral donors (such as GIZ), Swiss institutions (such as EMPA), consulting companies (such as Technoserve and Projekt Consult) or international and national NGO (such as Swisscontact or Minka...
In principle, this diversity of implementers may create the risk of problems of coordination and follow-up that may lead to inefficiency. However, what was found in the process of gathering information and during interviews with different actors, with the rare exception of a single project, in most cases the situation is quite the opposite. The field office in Lima undertakes great efforts to maintain close links and proper coordination with all parties, leading to a trustful cooperation, a close monitoring of projects and a rather efficient utilization of resources. In the project design the main actors from the public, private and civil society were properly identified and involved in the process, increasing ownership and efficiency in project implementation at a later stage. And although many projects implemented in Peru are part of global programs, in the design of the activities the political, institutional and socio-economic context in Peru was always taken well into account, contributing to an efficient project implementation with the right partners on board.

**Conclusions on steering and implementation**

The WE / WEHU steering model is appropriate and the flexibility of WEHU appreciated by partners. The collaborative approach WE has chosen to implement its projects needs more resources for steering than an e.g. a hierarchical model. Steering resources at WEHU are scarce, however, mostly due to the large portfolio growth in the last decade that was not matched by an adequate growth in human resources. Although the evaluators commend WEHU’s approaches and projects it becomes clear that WEHU thus runs the risk of under-steering, unless team constellations are established like in the case of Peru where both expat and country coordinator come from WEHU and the team has the right understanding regarding its steering role and responsibilities.

**4.2 Program monitoring**

Monitoring and impact measurement takes place at project level, country strategy level and – as foreseen for the future – WE standard indicator level to which global programs and bilateral projects are supposed to contribute to.

Since 2007 all projects are supposed to have corresponding log frames with indicators at output, outcome and impact level. Project executing agencies report on the progress on a yearly or half year basis. At the moment, there is no standard reporting system in place, which is why content and quality of reports vary significantly between projects. Strategic monitoring outside the often formal steering committee meetings is actively taking place in Peru, where the FO regularly meets with the relevant counterparts and implementing partners and even beneficiaries to get a better understanding projects’ progress and to discuss the implementation strategy. In Vietnam, this strategic monitoring does not take place in the same manner. While in Peru the evaluators also received updates on the project log-frames which were elaborated on behalf of this evaluation, this did not happen in Vietnam.

Overall, there is a set of indicators which was developed in late 2011. Some of these indicators were cited within the framework credit to the parliament. Furthermore another selection from this complete list was used for the country strategy and is therefore part of the CSIR report. Additionally to the project level monitoring, FOs thus yearly report on the progress regarding these indicators that are set in the country strategies. These indicators are formulated at outcome level of the objectives set in the country strategy. However, according to the FOs, it is not sure if anybody makes use of the information they provide through CSIRs.

Last but not least, WE standard indicators were established only in 2012 as an attempt to measure outcomes that can be aggregated to show the impact on WE level. In order to see whether all objectives formulated in the WEHU results model are also covered by a standard indicator, the evaluators attached the available WE standard indicators provided in the approach paper to the different outputs, outcomes and impacts of the results model. In general, it should be noted that the WE standard indicators are well constructed; however, some parts of the results model are not covered by an indicator, while others like the indicator on capacity increase does not allow for measuring results. Before the missions to Peru and Vietnam took place, additional WE standard indicators were therefore developed.
in a joint effort between evaluators and SECO in order to more systematically cover the outcome level of the results model. As described in chap. 3 on effectiveness, an attempt was made to highlight the contributions of the individual projects to these standard indicators.

**Conclusions on monitoring**

As already elaborated in chap. 3.2, WEHU project achievements were extensively measured on program or project level through midterm and/or final project evaluations (see e.g. the UNIDO evaluation on the CPC program that was used to further develop the CPC approach). However, in the past these objectives were on outcome level not systematically underpinned with WE- or WEHU- Standard Indicators. WEHU also undertook valuable efforts to measure its impact in different sectors / on different topics (biotrade, standards, etc.) and the respective findings were used to design future intervention strategies together with key partners. Last but not least, WEHU started to develop a Results Oriented Monitoring.

Nevertheless monitoring remains a challenge. The challenge arises from the fact that WEHU works with a vast group of implementers that have own monitoring models that cannot easily be influenced. Also, monitoring needs to be operationalized on project level, country level and WEHU level and the three levels need to be linked to each other, making monitoring even more complex.

The monitoring quality varies between projects and countries. Although the evaluators recognize the fact that data availability and thus monitoring might be trickier in Vietnam than in Peru, the way the FO in Peru undertakes this task and helped the evaluators collect relevant data on project’s performance and standard indicators (see below) clearly show that the project steering and monitoring task is carried out with a different understanding of its importance.

The WE standard indicators are an important step in order to be able to aggregate WEHU’s impact on country as well as on global level. Nevertheless, they do not reflect on all the important changes and results that WEHU creates in its partner countries and on global level, which is why different levels of reporting and measuring impact need to be kept in place, including the more qualitative aspects covered in the project log-frames. While we recognize the fact that the standard indicators were only recently introduced, the team in Peru still underwent efforts to list project’s contributions to them. The same should have been possible in Vietnam.

Regarding the country level reporting, the CSIR are quite difficult to assemble. As the value of the CSIR for overall WEHU steering is questionable, the possibility to drop this reporting level or at least replace the indicators with the WEHU standard indicators should be considered.

**4.3 Efficient use of resources**

According to the annual work plans of the last decade WEHU has experienced a significant growth of its budget. In case the budget reporting is not adjusted to this growth it can hold challenges for an efficient use of means. The budget plans, attached to the respective annual work plans, however, are always referenced with the purpose of funding. All projects and funding for projects as well as additional external services are registered in SAP and can be tracked and followed-up. The budget has, according to the annual work plans of recent years, been executed as planned. Additionally, WEHU was in many years able to absorb budget that other WE resorts did not spent during the course of the years. On project level and on WEHU level a budget monitoring is in place (i.e. WEHU requires implementers to report on budgetary issues - FO follow-up budget execution and report back to project managers). This provides the relevant information on spending and possible deviations and thus makes budget steering according to efficiency criteria possible.

WEHU’s budget is mainly allocated to implementers. These are specialized multilateral partners (e.g. UNIDO, ITC, etc.), NGOs, consultant companies, other Swiss institutions, etc. These partners implement projects on behalf of WEHU. Using specialized partners to implement its projects holds an ad-
vantage of profiting from economies of scale (especially in view to global programs) if these partners are effective. So, in view to the above made findings on effectiveness, in general funds are wisely spent. The alternative would be to set up an own implementation agency – however this would create up-front high costs as well as other (organizational) challenges and therefore it is questionable if this were a real alternative to the current modus operandi.

The projects that are implemented are full-fledged TA-projects that require budget for advisory services, trainings, study tours, dialog and network events, long term and short terms experts, training materials, equipment – especially for technical facilities e.g. for laboratories. All of these budgetary expenses appear in the programs showing that there is no bias towards a certain kind of budgetary expenditure. As already mentioned WEHU donor coordination is outstanding that is important to avoid duplicity and therefore misallocation of funds. The sustainability of WEHU projects have been described in chap. 3 and are in general good. Especially with regard to sustainability this means that the used funds have contributed to trigger lasting effects that is in financial terms an efficient outcome. Efficiency consideration on Vietnam and Peru are summarized below.

**Efficiency through donor coordination and cooperation**

Another key element of efficiency in TA projects is donor coordination and cooperation. Due to its implementation mechanism described in chap. 2.3, WEHU automatically cooperates and coordinates well with other donors, as it – amongst others – finances projects implemented by multilateral agencies and also co-finances projects of bilateral donors. This contributes to the overall efficiency of TA that a country receives. Additionally to this programmatic aspect of efficiency, WEHU also contributes to a good efficiency at project level through donor coordination mechanisms and instruments that help avoid double work and help increase synergies between different donor projects. In Peru, it assisted the Ministry of Commerce and Tourism to develop a matrix that describes the reform needs and efforts regarding trade promotion and the contributions of the different donors to them, in order to better analyze support gaps and as an instrument for better aligning and coordinating donor support to its strategies. In Vietnam, donor working groups exist through which the Government also tries to use for better aligning and coordinating donor support. There, like in Peru, a donor landscape in the trade sector exists which is used as a coordination instrument.

**Efficiency through mobilization of private sector contributions**

Finally, another key element of efficiency in TA projects is the cooperation with the private sector. As a result of its focus on private voluntary standards initiatives and integration of SMEs of partner countries into global value chains, WEHU strongly works with the international private sector. This is done not only through the multi-stakeholder platforms of the different sustainability initiatives like the Round Table for Sustainable Palm Oil or the 4C Association, but also through partnerships with individual companies in selected value chain projects, like with Sumaquao in the cacao value chain in Peru. Here again WEHU builds on international buyers of products and services as the main driver for change, supporting multi stakeholder platforms and the related voluntary standard schemes.

### 4.4 Overall assessment of WEHU’s efficiency

Based on the findings and conclusions in the light of program steering and monitoring as well as the findings regarding efficient use of resources though donor coordination and cooperation, mobilization of private sector contributions and other aspects, WEHU’s efficiency can be assessed as **satisfactory**. The scores of individual projects in Peru and Vietnam are as follows:

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<td>Highly satisfactory</td>
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<td>Satisfactory</td>
<td>Satisfactory</td>
<td>Not demonstrated</td>
</tr>
</tbody>
</table>
Compared to other donors WEHU has an outstanding track record in donor coordination, making it very efficient. This is due to the fact that WEHU’s modus operandi is based on collaboration in implementation and its strong strategic approach to work with multilateral donors.

WEHU engages intensively with the private sector to achieve its goals, mobilizing significant private sector contributions to its projects, which again increases efficiency. If politically wanted, it could even more proactively engage with the Swiss private sector in order to increase synergies between the policy field’s foreign economic policy and economic cooperation.

Efficiency might, however, be impaired through the potential under steering of the portfolio. In Peru, this is definitely not the case. The great efforts of the field office definitely pay off. In Vietnam though, due to a flawed monitoring and sometimes long decision making periods on WE level, the evaluators assume that through missing management information the probability of a belated adjustment of projects rises and might produce costs in terms of lower effectiveness and / or missed opportunities.
5 Options for WEHU’s further development

WEHU services in sustainable trade promotion are – in the light of the international agenda, the needs of the developing countries as well as policy goals of Switzerland – highly relevant. The country case studies confirm this assessment and concluded that the effectiveness of WEHU projects, their sustainability and efficiency are on average satisfactory. The direction of WEHU to further

- emphasize on environmental and social concerns (green inclusive growth),
- focus on the verticalisation of value chains,
- promote the integration of partner countries into the world economy by further using the pull factors from the market as well as
- assist establishing the mechanisms and platforms for the consultation and coordination of sustainable trade promotion policies, strategies and programs in the partner countries

is highly appropriate and coherent. WEHU’s future work in the above mentioned direction and the setting up and management of sound project portfolios in the partner countries can be further enhanced through “options for development” that the evaluators see in the three areas:

- WEHU strategic direction (5.1),
- the project portfolio (5.2), and
- the quality management of projects (5.3).

In the following the evaluators present these options for the further development of WEHU in these areas. These options build on the findings and conclusions from the country case studies, discussions with WEHU and additional interviews with key stakeholders. They were discussed during the capitalization workshop in Bern on May 21 and completed during the course of finishing the final report.

5.1 Strategic direction of WEHU

In contrast to SECO, most donors treat trade as a cross cutting issues (see chap. 2.1) and consequently do not have a clearly elaborated profile in TRTA. Since trade as an issue is linked to a great deal of topics along the value chain and since the trade agenda underwent fast changes in the past decade (see chap. 2.2) it is only natural that by making trade a core support theme it is not easy to design a coherent strategic approach. Nevertheless, WEHU was able to do so. The evaluators’ review with regard to (1) the issues on the dynamically evolving trade agenda (see chap. 3.1.1), (2) the needs of the two case study countries (see chap. 3.1.4), and (3) the activities of WEHU showed that WEHU’s strategic approach can be further developed and adjusted in a “next evolutionary step” by:

- creating a new business line (“inclusive green trade”),
- merging the business lines “market access” and “international competitiveness” into the business line “integration into regional and global value chains”, and in this context
- reducing the engagement with the SIPPO program as well as
- re-weighing the priorities within the business lines.

Additionally, considering the broad range of issues and linkages in trade it is obvious that steering the implementation of the whole portfolio is resource intensive (see chap. 2.3). With regard to overcome steering and coordination challenges (see chap. 2.1 and chap 4.1), the evaluators see an option for WE to better link the different priority schemes, thus improving synergies especially between WEHU, WEIF and WEIN.

As a consequence of, the evaluators developed the following options:

**WEHU’s approach and strategic objectives**

Regarding the thematic focus of interventions, WEHU has nicely reacted to the changes in the international trade as described in chapter 2. Also, environmental concerns have been increasingly addressed by WEHU. Regarding the latter, the results model as introduced in the does reflect to some extend this new and highly relevant focus of many WEHU projects on the priority theme climate friendly growth. However, it could be made more explicit in the results model by introducing a new business
line. Making its contribution to climate friendly growth more explicit would allow WEHU to align with the green growth agenda that many countries pursue. In this regard, concepts like the greening of value chains that help identify environmental hot spots and provide solutions to overcome the environmental challenges are worthwhile considering for the future work of SECO in sustainable trade promotion. This could be worked on within the conceptual framework of a new business line that establishes a systemic approach towards inclusive green trade. Thematic topics to be worked on in this business line are, amongst others,

- push, pull and enable companies in industry, services and agriculture to become resource efficient and make their business environmental friendly through respective laws, regulations and services,
- build institutional capacities to promote inclusive green trade and to tackle climate change and other environmental challenges, and
- support trade mechanisms for Co2 certificates and other instruments to reduce greenhouse gases.

With regard to the business line market access the evaluators see the following option:

- Assisting SME and farmer groups to participate in trade fairs do remain a highly important instrument to foster trade. The support SIPPO provides in the priority countries is, however, less and less justifiable. Many partner countries have built up own, competent export promotion agencies and other service providers. They also have sufficient resources to subsidize the participation of SME and farmer groups in trade fairs in case this is necessary.
- The work on social and environmental standards and the work on preferred access to the Swiss market can be put into a business line with the suggested new title “integration into (regional and global) value chains as a merger of the former business lines on international competitiveness and market access. This new title would better reflect WEHU’s work on strategic and operational level to integrate countries and their SMEs, including farmers, into value chains.

The business line framework conditions still is highly relevant and should be maintained. In order to align with the current needs especially of the priority countries, the focus should shift towards beyond the border and trade facilitation topics, which partly are part of the project portfolio already. Additionally, topics related to quality infrastructure (as already addressed in some projects like those with UNIDO) and innovation systems are becoming ever more important. Here, WEHU could, among other interventions, assist in building the institutional capacities and – regarding innovation – foster the linkages between academia and the public and private sector. Finally, a new focus should be laid on the support of public-private consultation and coordination mechanisms and platforms for policy making, strategy building and setting up of sustainable trade promotion programs as it is already happening in the Peru portfolio. To build trade negation capacities and knowledge on sectoral issues is still valid, although to a lesser extend as before.

Against this background the evaluators suggest the following new results model for WEHU, building on the three highly connected and complementary business lines integration into (global and regional) value chains, inclusive green trade and framework conditions. The three business lines build a coherent and relevant approach to address the needs and challenges of partner countries.
The Doha Development Agenda and Aft-Initiative started to innovatively link trade with development in the past decade. Through this linkage traditional fields of development policy like private sector development, governance, infrastructure etc. have become more trade related. Most donors treat trade as a cross cutting issue. SECO decided from the beginning to treat trade as an own field in economic development cooperation. Establishing trade as an own field in economic development has been an excellent decision. WEHU was able to develop a clear profile and address the important issues relevant to promote sustainable trade through direct projects and initiatives. As already discussed in the inception report and again in the final report, quite an amount of resources are nevertheless needed to coordinate all the new interfaces within WE and beyond. Observations from the two missions and interviews with the other FOs manifest the challenges of FOs to consistently coordinate four portfolios and strategies (WEHU, WEIF, WEIN, WEMU). Hence, an option for SECO to address these challenges is to establish WE as sustainable trade promotion department and use trade as its overall strategic priority theme in which infrastructure and private sector development as well as macroeconomic support are cross cutting issues that directly complement trade. Evaluators see this as a consistent step that would reap effectiveness gains in terms of impacts in all portfolios. Projects from WEIF, WEIN, WEMU would also gain in profile, as their direct contribution to SECO’s objectives (to foster the integration of selected developing and transition countries in the global economy and to strengthen the competitiveness of domestic economies) would have to become more explicit, especially those of WEIN. Additionally, this would enable SECO to differentiate its assistance more explicitly from that of SDC. Further advantages are:

- One trade related project portfolio on country level (instead of four) would be of higher consistency and therefore easier to explain and steer for FOs.
- The negotiation power with partners and implementers would be higher.
- The concentration on trade would make SECO an even more valued partner and would raise visibility considerably (especially towards its contribution to the AfT-agenda) without giving up on donor coordination and partnership with multilateral organizations.
- Coordination within WE and with FOs would need fewer resources, since only one portfolio would exist; this also implies a more coherent and consistent strategy development process within WE.
- A trade related WE organization would give WE within SECO an even higher justification since WEHU contributes more than other thematic themes also to other SECO and Swiss objectives (see chap. 2.2.3 and 3.3).
- Such a trade centered WE approach is a unique selling proposition to other donors especially as many already noted that WEHU being based in a Ministry of Economics has a competent and pragmatic way of working with regard to economic development and trade issues.

5.2 WEHU project portfolio and implementing partners

WEHU’s effectiveness and sustainability is commended by the evaluators (see country case studies and chap. 3). The following options with regard to project portfolio development, selection of implementing partners and size and number of projects can be considered by WEHU to further optimize its work.

**Thematic development of the project portfolio**

Findings of the evaluation show that the step from strategic level to portfolio development is challenging (see chap. 2.4 and chap. 4.1). The country report Vietnam finds in addition potential signs of portfolio fragmentation (see chap. 3.1 country report). Country strategies at the same time give only little orientation for a thematic portfolio development (see chap. 4). Apart from the strategic adjustment and consolidation as suggested in chapter 5.1, the following options can apply to more consistently develop a country portfolio:

- In the design of WEHU projects, the emphasis on procedural and governance issues of sustainable trade promotion policies, strategies and programs in the partner countries should be further strengthened. As the case of Peru has shown, projects like *Export Region* have successfully worked on the establishment of consultation and coordination mechanisms and platforms between public and private sector. Further improving their performance is actually more important than getting the last detail right from a thematic point of few in the new National Export Promotion Plan.

- Regarding global projects, in their design the socio-economic and political as well as institutional situation in the partner countries should be analyzed in depths. As the feedback from FOs has shown, this is not always the case. A better understanding of the local situation would allow the global programs better align with the needs of partner countries. To allow for this, FO should be more involved from the first steps of planning global programs to implementing them in the respective country.

- One interesting option for WEHU is to allow third parties (besides SECO and counterparts from partner countries) come up with project proposals through regular thematic calls on specific topics within the three business lines. This would enable WEHU to tap into the ideas of others for innovative new project ideas.

- Regarding the synergies with Bafu, it would be highly important if WEHU could work on additional topics such as chemical management (as Switzerland has a strong chemical industry and BaFu is internationally very much involved in this topic) and increase its amount of projects that help mitigate greenhouse gas emissions, thus further underpinning BaFu’s responsibility in international negotiations and dialogue on climate change.

- For DPUE it would also be good if WEHU could deepen its support to mitigating greenhouse gases through a trade related climate friendly growth support, as well as underpin DPUE’s work on the Swiss green economy by showing concrete cases on how to make a business case out of environmental friendly measures.
Implementing partners
WEHU is working with many different implementing partners and has a large number of interfaces with different organizations (see chap. 2.1 and chap. 4). While this modus operandi of working through many implementing partners is a potentially successful way in terms of efficiency and (thematic) leverage, it has its challenges in terms of resource requirements and management capacities to steer complex partnerships (see chap 2.4 and 4.1).

Therefore, for WEHU to keep track an option is to prioritize collaborations in order to avoid future fragmentation of working relations and projects. The criterion for prioritizing partners should be the shift in relevance of topics (as discussed in the chapters 3 and 5.1) as well as the degree to which WEHU can influence the project strategy, management, monitoring and reporting performance of partners according to the quality expectations of SECO. The shift in topics will automatically lead to a reduction of partners in some areas and an increase of partners in others. The scope of this evaluation was not deep enough in this respect as to suggest concrete exclusion of individual organizations from WEHU's cooperation list. However, a critical internal review of implementing partners could lead to a fruitful streamlining of implementing partners.

One specific case where a priorization is needed of topics to jointly work on is ITC. Similar as it has delineated intervention areas with other strategic multilateral partners, WEHU should define these areas together with ITC. One potential area is the provision of “public goods” such as information on markets or standards. Another area is the assistance to partner countries to develop export strategies, although the first area appears to be more relevant for SME and producers.

WEHU's work addresses important areas and objectives of the Swiss economic foreign policy as elaborated in chap. 3. Although the evaluators recognize the fact that it is not within WEHU’s mandate to promote Swiss companies and market access of Swiss companies in partner countries is not the driver, WEHU could consider engaging the Swiss business sector more proactively in its projects where the collaboration can contribute to achieve WEHU’s development objectives (see chap. 3.3). As companies have a long term interest in business relations in partner countries, this would not only enrich the projects through their contributions (know-how, technology, financial resources, market pull factor, etc.) but also increase sustainability of projects. The engagement could be strengthened through instruments such as the ones other donors successfully use (e.g. BMZ: develoPPP, USAID: Global Development Alliances, DFID: Challenge Funds, etc.).

Number and size of projects
Number and project sizes are important parameters to shape a portfolio. In extreme, a portfolio comprises one large project like the Trade Cooperation Programs in some Eastern countries or many small ones.

A scenario for WEHU to better keep track of its projects in light of increasing budgets is to develop fewer and larger projects, thus avoiding under-steering due to a too big portfolio of small projects. These bigger projects could be built upon innovative topics and solutions that are worked upon in pilot phases of smaller projects, i.e. bigger projects would pick up successful approaches of smaller projects and roll them out / scale them up nationwide or regionally. As a consequence, a typical country project portfolio would be a mix of larger projects scaling up successful approaches and a few smaller projects that work on new topics and innovative approaches.

In line with fast changing needs of partners is the possibility to increase the number of projects that offer counterparts to tap into a pool of expertise that they can draw from very flexible when needs arise on very specific issues. In Peru the rapid response mechanism established under the IDB Thematic Fund on AfT project was highly appreciated by counterparts and effective. In light of the further development especially of WEHU’s priority countries, their need for expertise on highly specific topics will surely increase, making the rapid response mechanism an attractive instrument, despite the fact that this causes more administrative work on the side of WEHU and the FOs.
5.3 Quality management and learning issues of WEHU

The evaluators are impressed by the project outcomes and the innovative work of WEHU with regard to sustainable trade promotion (see chap. 3). Nevertheless, chap. 2.1 shows the strong growth of WEHU in recent years with its corresponding challenges and chap. 4 addresses the risks that can arise from under-steering. Many factors can contribute to an unsatisfying project outcome; however, the under-steering issues of WEHU with regard to a results-based project management and monitoring appear to be crucial for the variations of project outcome quality that the evaluators found. Despite having been introduced in 2007, during the missions it became clear that monitoring systems with baselines, clear cut impact logics, etc. are not always in place. The recent efforts of WEHU to develop and pilot a Results Oriented Monitoring (ROM) are a good step and should be pushed forward.

In addition, steering of projects seems also to be flawed in some projects, impairing project outcomes. Hence, WEHU might want to consider the introduction of a comprehensive results based project management and monitoring system. Besides enhancing the probability of improved effectiveness and sustainability of projects, this would allow WEHU to better capture achieved results and enable institutional learning.

Based on a reference model on high quality technical assistance projects, the following components of such a model are of utmost importance:

- A systemic approach to capacity building that addresses change processes on the levels of individuals, organizations, networks and the policy field. When designing and managing projects, WEHU should make sure that project strategies address capacity building needs on all 4 levels. The “Manual on the inclusion of capacity development in projects and programs” appears to be the right response and should be introduced along with the corresponding capacity development of staff.

- The project strategy of individual projects should be broken down into major intervention areas (representing the areas in which the project will deliver outputs), ideally reflected in a visualized results model. This visualization allows a better discussion with counterparts and implementing agencies on the different strategy options and the change processes that the project should work on through its interventions.

- Since WEHU projects take place in a cooperative system, a cooperation landscape should be drawn when designing the project in order to identify key stakeholders. Missing elements in the cooperation system can thus be nicely identified. The landscape should be revisited regularly and the cooperation management of the project adjusted accordingly.

- An appropriate steering structure needs to be designed that covers the core functions, roles and responsibilities of project partners. While project steering is covered in most WEHU project descriptions, project steering elements need to go beyond classical steering committee meetings and the description of administrative issues. Here, yearly “strategy retreats” in the countries with key project partners have proven to be an instrumental tool used by other donors. Also, FOs should undertake regular informal meetings with key project partners to discuss the projects progress and challenges.

- The monitoring and evaluation of the project should be undertaken on a regular basis as a joint effort between core project partners. During the monitoring sessions (which can be incorporated in the “strategy retreats”), the partners should not only focus on the achievement of indicators on outcome level, but also on the equally important progress made regarding project outputs and the use of outputs. While doing so, necessary adjustments to the project implementation strategy can be jointly decided. This process of continuously reflecting on the progress and challenges will improve the project’s performance and consequently the likelihood of achieving the expected outcomes and impacts.

- Regarding the formulation of project indicators the evaluation found that most projects nowadays have good indicators to measure results. It is also possible to demonstrate that most projects have also significantly contributed to the WE standard indicators that were introduced in 2012. WEHU should, however, consider the formation of some qualitative indicators for the business line framework conditions as WEHU has created capacities on a wide range of issues relevant to sustainable trade like improved public and private consultation and coordination mechanisms which
are currently not reflected enough in the standard indicators. This would allow better capturing these positive effects of WEHU’s work.

Some WEHU projects are better performing with respect to these core components of a sound results-based management and monitoring system than others. The two field missions confirmed that approaches to project implementation differ substantially. While this is pragmatic, no standard methodology appears to exist in a wider sense on how to trigger change through a well-designed TA approach. Thus WE could consider the possibility to introduce a standard methodology model. GIZ for example has made good experiences with the introduction of a standard model on how to manage complex cooperation projects called Capacity WORKS. It is quite an effective tool to structure and manage TA-interventions that allows project managers to better steer the projects. WE would not need to invest heavily in the development and introduction of an own model, but could rather capacitate and sensitize its staff at headquarters and especially in the FOs on the key success factors of a sound results based project management and monitoring system described above. The pilot initiative of WEHU to introduce ROM appears to be a good step in this regard.

Additionally, the evaluators suggest enhancing the exchange of experiences among FOs through a yearly peer learning mechanism. Last but not least, WE should communicate its expectations regarding the quality aspects of project management and monitoring to its implementing partners and key counterparts in the projects.
## 6 Annexes

### 6.1 Synopsis of contributions to Aid for Trade of WEHU projects in Peru and Vietnam

<table>
<thead>
<tr>
<th>AfT categories</th>
<th>Trade policy and regulations</th>
<th>Trade development and building productive capacity</th>
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<tbody>
<tr>
<td><strong>Peru</strong></td>
<td></td>
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<tr>
<td><strong>Biodiversity</strong></td>
<td>▪ Removal of access barriers to foreign markets (e.g. Novel Food in EU)</td>
<td>▪ Promotion of value chains for products and services related to biodiversity in Peru</td>
</tr>
<tr>
<td></td>
<td>▪ Regulation Proposal of Law 27811 on access to genetic resources</td>
<td>▪ Strengthening the academic-educational, technological and institutional bases of these value chains</td>
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<td><strong>Export Region</strong></td>
<td>▪ National Export Plan PENX 2003-13 and PERXs (regional level) – follow-up and monitoring</td>
<td>▪ Capacity-building at Trade Support Institutions (TSIs) and institutional strengthening of TSIs for the creation and invigoration of agro-industrial value chains</td>
</tr>
<tr>
<td></td>
<td>▪ Elaboration of PENX 2014-21</td>
<td>Support to:</td>
</tr>
<tr>
<td></td>
<td>▪ Establishment of public-private consultation and coordination platforms and mechanisms for policy making, strategy development and building of support programs</td>
<td>▪ Agro industrial research and technological development</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Compliance with international norms and standards</td>
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<td></td>
<td></td>
<td>▪ Participation in international fairs</td>
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<tr>
<td><strong>Destination Peru</strong></td>
<td>Support to:</td>
<td>▪ Public-private institution-building through Destination Management Organizations for strategic planning of tourism development and its branding</td>
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<tr>
<td></td>
<td>▪ Creation of a strategic model of tourism</td>
<td>Support to:</td>
</tr>
<tr>
<td></td>
<td>▪ Elaboration of PENTUR 2013-2021</td>
<td>▪ Development of inclusive tourism products</td>
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<tr>
<td><strong>E-Waste Management</strong></td>
<td>▪ Development of the regulatory and institutional frame for the sector’s industries</td>
<td>▪ Improvement of recycling processes at company level in line with international standards</td>
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<td></td>
<td></td>
<td>▪ Facilitation of foreign trade with secondary resources derived from e-waste</td>
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<tr>
<td><strong>Better Gold Initiative</strong></td>
<td>▪ Institutionalization of public-private policy dialogue on small scale mining</td>
<td>▪ Build-up of sustainable gold value chains</td>
</tr>
<tr>
<td></td>
<td>▪ Establishment of an international multi-stakeholder platform</td>
<td>▪ Promotion – and formalization – of SMEs in the gold sector</td>
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<tr>
<td></td>
<td>▪ Strengthening of certification schemes</td>
<td>▪ Increase of gold exports based on environmentally and socially sustainable production</td>
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<tr>
<td><strong>Trade Law and Policy</strong></td>
<td>Generation of basic knowledge for the elaboration of trade policy and its regulatory framework</td>
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<tr>
<td><strong>Competition in Latin America</strong></td>
<td>Deepening of knowledge and support to the institutionalization and reform of policies in the areas of competition, consumer protection, anti-dumping and protection of intellectual property policies</td>
<td>Compliance by exporting companies in Peru with international norms and standards</td>
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<td>--------------------------------</td>
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<tr>
<td><strong>Thematic Fund in Aid for Trade</strong></td>
<td>Strengthening government capacities for the negotiation and implementation of trade agreements, with emphasis on the new trade agenda</td>
<td></td>
</tr>
<tr>
<td><strong>Vietnam</strong></td>
<td></td>
<td></td>
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</tbody>
</table>
| **Trade Law and Policy** | - Generation of basic knowledge for trade policy analysis  
- Training of trade officials; research on trade issues; design of curricula in trade law and policy  
- Master of International Trade Policy and Law program | |
| **Vietnam WTO Accession** | Advice to the negotiation of Vietnam’s WTO accession:  
- Provision of analytical information  
- Identification of negotiating options  
- Preparation of argumentation in favor of Vietnamese interests | Assistance to producers and their associations in registering geographic indications for products with export potential, including from disadvantaged regions in the country |
| **Protection of Intellectual Property Rights** | - Establishment, implementation and enforcement of TRIPs-compliant IPR regime and related institutions in Vietnam  
- Novel approach of triangular cooperation with Laos and Cambodia | |
| **Competition Policy and Consumer Protection** | Enhanced institution-building in competition policy and consumer protection | More conducive business environment for private-sector development and export competitiveness |
| **Trade Promotion in Vietnam** | Compliance with norms and standards requested by trading partners | - Improved institutional infrastructure for trade  
- Provision of trade supporting services, such as market research and information |
| **Cleaner Production Centre** | Contribution to cleaner production strategy and regulation on national level | - Integration of Vietnamese industry into global supply chains on a competitive production basis friendly to the environment and CSR compliant  
- Improved policy framework for cleaner production |
| **Better Work** | - Compliance with labor standards in garments and textiles industries  
- Contribution to labor law reform | Increasing competitiveness in garments and textiles industries |
| **Standards Vietnam** | Enhanced institutional infrastructure for compliance with technical standards, in order to remove technical barriers to export trade for Vietnamese firms | Increasing competitiveness of companies through domestic institutions that are internationally accredited; quicker market access |
6.2 List of additional interviews outside Peru and Vietnam

<table>
<thead>
<tr>
<th>Contact / Organisation</th>
<th>Contact Details</th>
<th>Reference / Project</th>
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<td>SECO WTO</td>
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<td>SECO Environment and Energy Policy</td>
<td>SECO, DPUE</td>
<td>Green Economy</td>
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<td>SIPPO</td>
<td>Head, Swiss Import Promotion Program Stampfenbacherstraße, Zürich</td>
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