
Independent Evaluation of TradeMark East Africa Deliverable 6D: Strategy 1 Value for Money Assessment

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COMMERCIAL IN CONFIDENCE

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Acronyms list

AfDB	African Development Bank
BEA	Breakeven Analysis
CBA	Cost-benefit Analysis
CEO	Chief Executive Officer
CGE	Computable General Equilibrium
CSO	Civil Society Organisations
CT	Contribution Tracing
DANIDA	Danish International Development Agency's
DDA	Due Diligence assessment
DDEV	Due Diligence and Expenditure Verification
DFID	Department for International Development
DG	Director General
EAC	East African Community
ERM	Enterprise Risk Management
EU	European Union
FPDRA	Fiduciary and Project Delivery Risk Assessment
FRA	Fiduciary Risk Assessment
GDP	Gross Domestic Product
GoT	Government of Tanzania
ICAI	Independent Commission for Aid Impact
ICT	Information and Communications Technology
KPA	Kenya Ports Authority
KPIs	Key Performance Indicators
M&E	Monitoring and Evaluation
MEL	Monitoring, Evaluation and Learning
MIS	Management Information System
MoU	Memorandum of Understanding
NAO	National Audit Office
NGO	Non-Governmental Organisations
NOC	National Oversight Committee
NPV	Net Present Value
OPM	Oxford Policy Management
OSBP	One-stop Border Post
PAR	Project Appraisal Report
PARs	Project Appraisal Reports
PCM	Project Cycle Management
PD	Portfolio Directors
PEA	Political Economy Analysis
PIO	Programme Intermediate Outcomes
PPO	Predominantly Private Organisations

PRG	Peer Review Group
RI	Regional Integration
S1	Strategy 1
S2	Strategy 2
SDCP	Senior Director for Country Programmes
SGR	Standard Gauge Railway
SMT	Senior Management Team
SO	Strategic Objective
SOL	Strategic Objective Leader
SROI	Social Return on Investment Network's
SSA	Sub-Saharan Africa
TEPP	Senior Director TMEA-EAC Partnership Programme
TMEA	Trademark East Africa
ToC	Theory of Change
ToR	Terms of Reference
VfM	Value for Money
WaT	Women and Trade
WB	World Bank

1 Executive summary

TradeMark East Africa (TMEA) is a high-profile, multi-donor project that seeks to lift existing barriers to trade to bring about positive and sustainable change via regional and national investments of over US\$500 million. TMEA is a large and complex programme, with national and regional dimensions and many sub-projects implemented across a number of countries.¹ TMEA started operations in 2010 as a not-for-profit company limited by guarantee, funded by the UK's Department for International Development (DFID), and cooperation agencies in Belgium, Canada, Denmark, Finland, Netherlands, Sweden, and the US.

DFID commissioned OPM to undertake an independent evaluation of TMEA. The main objective of this evaluation is to assess TMEA processes, results and overall value in an independent and impartial manner consistent with generally accepted principles and standards for professional evaluation, and to identify lessons that can inform the ongoing management and redesign of the TMEA programme, as well as future regional trade integration programmes. The Terms of Reference (ToRs), as at Annex P set out four key objectives:

1. Test the **Theory of Change (ToC)**, assessing all causal links and the robustness of underlying assumptions (including links between trade, growth and poverty reduction), and adjusting the ToC² to serve as a reliable guide to interpret the programme and to make programme improvements.
2. Analyse and, to the extent possible, measure: the regional integration programmes' **impact** on regional trade, growth and poverty (and on the various stakeholders – in particular on men and women separately, poor and vulnerable groups, as well as traders and consumers); and **sustainability**.
3. Assess the **effectiveness** of the TMEA programme, including organisational effectiveness, and whether the programme represents **value for money (VfM)**.
4. Throughout, identify **lessons learnt relevant beyond TMEA**, i.e. insights on enabling and constraining factors, critical actions and gaps which would be generalisable to future programmes or to other contexts.³

The independent evaluation is made up of several, interrelated evaluative studies that together meet the objectives of the ToR. This report draws on findings and insights from the first phase of evaluation work, as well as document review, site visits and interviews from 2018-2019. The VfM assessment is complemented by a Performance Evaluation, a Trade and Growth Impact Study, and a Poverty and Gender Impact Study. The framework also builds on the preliminary VfM assessment undertaken by the external evaluation team in Deliverable 2B (Institution and Organisation Assessment) (revised version February 2018) and TMEA's own VfM framework and reports.

1.1 Objectives and approach to the VfM assessment

The objective of Value for Money (VfM) assessment is to assess the merit, worth or significance of resource use – that is, how well resources are being used, and whether the resource use is justified.⁴

The specific objectives of this VfM assessment were:

1. To provide a complete assessment of VfM for the whole programme under Strategy 1;
2. To examine the costs of key inputs and outputs and the VfM of selected key programme components under Strategy 1, providing independent verification that the resources invested during Strategy 1 were worthwhile;
3. To provide recommendations to enhance VfM, and to strengthen TMEA's own VfM assessment and reporting, during Strategy 2;
4. To provide recommendations for maximising VfM on similar future programmes.

This VfM assessment builds on *DFID's Approach to VfM*.⁵ Accordingly, it examines the "Four Es" of economy, efficiency, effectiveness, and equity. These concepts, as defined in DFID's guidance, are differentiated along the logic chain of an intervention from inputs to impact. We also examine a further dimension of VfM, cost-effectiveness, which relates outcomes and impact to total costs incurred (see Figure 1). We adopt an *evaluation-specific approach* to VfM in this assessment. The approach involves making transparent, evidence-based judgements about *how well* resources are being used, and whether the

¹ This includes text from the Independent Evaluation Inception Report, November, 2016, where information remains the same.

² Now, the Strategy 2 ToC, rather than that of Strategy 1.

³ All four studies identify and discuss lessons learnt (obj. 4). Objective 1 is examined most closely in the PE, while sustainability (obj. 2) and effectiveness (obj. 3) are also objects of focus. The TGIS and PGIS look at impacts (obj. 2) and sustainability, while the VfM assessment focuses on value for money (obj. 3).

⁴ King, J. (2017). Using Economic Methods Evaluatively. *American Journal of Evaluation*.

⁵ DFID (2011). *DFID's Approach to Value for Money (VfM)*. Department for International Development, July 2011.

value derived is *good enough* to justify the investment.⁶ In so doing, the assessment makes use of the rubrics (sub-criteria and standards) in the TMEA VfM framework (see Annex E).⁷ *VfM sub-criteria* for each 'E' identify dimensions of performance that are relevant to the programme and describe, at a broad level, the aspects of performance that need to be evidenced to support an evaluative judgement about VfM. They have been selected based on their ability, collectively, to cover the most important aspects of VfM. *VfM standards* provide defined levels of VfM (i.e., excellent, good, adequate, and poor) for each of the criteria. The approach and the framework were discussed and agreed during a workshop with staff from TMEA and the Department for International Development (DFID) in Nairobi on 21st January 2019 and signed off by DFID in April 2019.

The assessment was undertaken from a donor perspective: it focuses on resources from TMEA's principal donors⁸ channelled directly through TMEA and the achievements of outputs and outcomes by TMEA specified by those donors. It does not explicitly consider what VfM would look like from the perspective of the EAC, relevant East African governments, or the communities and beneficiaries targeted by the programme.

The focus of the VfM assessment is on the corporate level, i.e. for the TMEA programme as a whole. This means we examined data on costs, practices, outputs and results (outcomes and impact) to make judgements on each of the Es primarily for the programme as a whole, rather than disaggregating by country programme, Strategic Objective or project. We did, however, look at variation across country programmes and Strategic Outcomes where relevant to the analysis, and provided the data were available in existing documentation, for example in assessing achievement of outputs and outcomes, and note how those variations affect the overall judgement.

We examined data at a lower level for some key analyses, including consultant fees on a sample of projects (economy criterion), the cost-effectiveness of TMEA-supported OSBPs (cost-effectiveness criterion), and comparative VfM across key programme components. The latter two analyses were used to respond to DEQ5.22 (in which activities/components and countries does the programme achieve higher VfM than others and what are the lessons learnt for driving greater VfM across the board?) and to extract lessons which can help to enhance VfM under Strategy 2.

The VfM assessment was undertaken on the basis of desk review of key documents and analysis of financial data provided by TMEA, and information from OPM Phase 2 Evaluation Studies (Performance Evaluation, Trade and Growth, and Poverty and Gender), supplemented by a small number of interviews and three participatory workshops. The VfM team did not undertake other primary data collection to substantiate costs or results.

The assessment used a mix of methods and data sources and types to provide a comprehensive account of programme performance against a combination of VfM indicators and evidence. The combination of methods and data sources used, described below, allowed us to explore multiple lines of inquiry and to triangulate across findings, thereby strengthening the validity and credibility of the assessment.

It is important to note that the evidence below and our judgements are on VfM in TMEA's Strategy 1. Throughout the report we have indicated where TMEA has taken feedback from evaluations, due diligence assessments and audits on board and made improvements since the end of Strategy 1. Where there were shortcomings in TMEA's VfM performance, in some instances the responsibility for these should be borne by TMEA's donors alongside TMEA, as donors sat on the Board and participated in many strategic and operational decisions

1.2 Main findings

DEQ5.21 Is the programme providing VfM?

The programme met the standards for Adequate for all criteria (as below) and **is therefore judged to have achieved an overall rating of Adequate**. Though it did not meet all expectations/targets, and areas for improvement have been identified, TMEA is fulfilling minimum requirements and showing acceptable progress overall.

VfM criterion	Evaluative Judgement and Summary of evidence
Economy	TMEA is judged to have achieved an overall rating of 'Adequate' for the economy criterion. The assessment found that TMEA followed good practice to manage key economy drivers in some instances but there were also some important shortcomings that led to a judgement that the Adequate standard was partially met for sub-criterion 1:

⁶ King, J. (2017). Using Economic Methods Evaluatively. *American Journal of Evaluation*.

⁷ OPM: Frances Hansford, Esther Namukasa, Julian King and David Vanzetti. TradeMark East Africa (TMEA): Value for Money Framework. April 2019.

⁸ The Governments of the UK, Finland, Denmark, USA, Canada, Belgium and the Netherlands.

VfM criterion	Evaluative Judgement and Summary of evidence
	<ul style="list-style-type: none"> • Sub-criterion 1: staff remuneration policies were in place and salary surveys were conducted every two years, and tighter controls on staff travel helped to reduce travel costs as a share of total expenditure. But TMEA did not establish formal fee rate guidelines, use a benchmarking methodology or maintain records on fees paid to consultants, and although procurement policies dictated the use of multiple selection criteria, thresholds for competitive bidding, partner participation, and review by the Tender Committee, policies were inconsistently implemented, creating the risk of poor VfM on contracts, poor delivery, and conflict of interest and fraud <p>TMEA met the standard for Good against sub-criteria 2 and 3:</p> <ul style="list-style-type: none"> • Sub-criterion 2: Average unit costs for key inputs generally met the agreed benchmarks • Sub-criterion 3: Share of expenditure on indirect costs during the whole of Strategy 1 (13.7%) was just under the agreed cap of 14% approved by the Board in November 2015. <p>The shortcomings against key drivers (sub-criterion 1) are not considered serious enough to bring down the overall judgment against economy to Poor. However, as the agreed VfM framework (2019:22, Annex E) places greater emphasis on management of key drivers than on unit costs per se, the assessment that the Adequate standard was partially met for sub-criterion 1 brings the overall judgement against economy down to Adequate.</p> <p><i>We note that TMEA has undertaken a number of improvements to address these concerns since the beginning of Strategy 2 (but these are not taken into account in our judgment on VfM in Strategy 1).</i></p>
Efficiency	<p>TMEA is judged to have achieved an overall rating of ‘Adequate’ for the efficiency criterion</p> <p>The assessment found that the Adequate standard was partially met for sub-criterion 1, and met for sub-criteria 2, 3 and 4.</p> <ul style="list-style-type: none"> • Sub-criterion 1: TMEA followed good practice to manage key efficiency drivers in some instances: TMEA used multiple criteria to inform decisions around in/outsourcing of key functions, and in relation to project appraisal; and, although staff may have found it hard to relate their projects to the high-level ToC, evidence from OPM evaluations indicates that projects were generally relevant to TMEA ToC and mandate. There were also some important shortcomings: project-level VfM was not adequately addressed in project appraisal, design and implementation and TMEA did not provide guidance on VfM to projects; and while TMEA made efforts to strengthen partner and staff capacity around reporting, and had various mechanisms in place to identify poorly-performing projects, significant problems with project MEL/reporting, and the failure of staff to systematically undertake due diligence checks on grantees and verify partner reports, created a significant risk that some poorly performing projects were not identified and corrected, or terminated, and that resources were not used to best effect to achieve results. • Sub-criterion 2: Programme outputs were generally completed to required quality, timeframe and budget, allowing for reasonable exceptions and emergent strategy, and TMEA provided examples of extra deliverables beyond workplan. • Sub-criterion 3: Cost-benefit Analyses (CBAs) undertaken on key infrastructure projects (and the programme) were of acceptable quality for the time, although assumptions around attribution, the value of time savings, expected induced trade, and traffic flow forecasts can be considered overly optimistic at the time. • Sub-criterion 4: TMEA can demonstrate that it used a systematic process to ensure a balanced portfolio of projects, with guidance on ensuring alignment of projects with TMEA strategy provided in PAR templates and PCM guidelines, and a matrix management system which was designed to ensure strategic coherence across portfolios and countries. <p>TMEA met the standard for Excellent for sub-criterion 5.</p> <ul style="list-style-type: none"> • TMEA enhanced programme performance significantly through adaptive management and provided examples of ways in which this led to better results, despite several constraints on its ability to be adaptive. <p>Some of the shortcomings against sub-criterion 1 were significant, but we do not consider them serious enough to bring down the overall judgment against efficiency to Poor. TMEA met the standard for Excellent for sub-criterion 5, but we judge this to be insufficient to raise the overall judgement above Adequate, due to the serious risk to overall programme VfM posed by the failure to adequately address project-level VfM in project appraisal and monitoring or provide guidance on VfM to projects.</p> <p><i>TMEA has undertaken a number of improvements to address the shortcomings identified since the beginning of Strategy 2 (but these are not taken into account in our judgment on VfM in Strategy 1).</i></p>

VfM criterion	Evaluative Judgement and Summary of evidence
Effectiveness	<p>TMEA is judged to have achieved an overall rating of ‘Adequate’ for the effectiveness criterion.</p> <p>The assessment found that the Adequate standard was partially met for sub-criterion 1.</p> <ul style="list-style-type: none"> • TMEA followed good practice to manage key effectiveness drivers in some instances; evidence indicates that on the whole TMEA was politically astute, which helped it to build trust with partners and remain relevant in the face of changes. • There were processes in place to identify, assess, and manage programme risks, and risk reporting was updated periodically, but insufficient attention to implementation of risk management and mitigation may have left TMEA exposed to significant risk; • TMEA developed programme MEL tools including an overarching ToC, a RF, and an MIS, and staff used information from its own monitoring system and from other sources to inform programming decisions, but the ToC was not updated after 2014 and TMEA did not systematically monitor assumptions, there were serious problems with the conceptualisation and/or measurement of most indicators in the RF and shortcomings in recording data, and poor quality reporting from some partners limited the utility of the information in the MIS; • TMEA put a VfM strategy in place in late 2015 which included programme-level KPIs and guidance on project-level VfM, but significant weaknesses in the strategy made it less than fit-for-purpose for a programme of TMEA’s cost, TMEA did not report against its VfM KPIs until January 2017, and audits conducted after approval of the strategy were not aligned with the strategy. <p>TMEA can demonstrate some progress towards achieving the intended PIOs and strategic outcomes in its RF, and therefore met the standard for Adequate for sub-criterion 2⁹.</p> <ul style="list-style-type: none"> • There were some unintended positive outcomes from TMEA’s interventions, but the OPM Performance Evaluation (2019) concluded that most of these outcomes were not well-substantiated or systemic. • There were some constraints on TMEA’s ability to achieve outcomes, but these could have been anticipated to a greater extent and TMEA should have been learning about and adjusting to these challenges. <p>Although there were shortcomings against sub-criterion 1, we do not consider these to be serious enough to bring down the overall judgment against effectiveness to Poor. <i>TMEA has undertaken a number of improvements to address these concerns since the beginning of Strategy 2 (but these are not considered in our judgment on VfM in Strategy 1)</i></p>
Cost-effectiveness	<p>TMEA is judged to have achieved an overall rating of ‘Adequate’ for the cost-effectiveness criterion.</p> <ul style="list-style-type: none"> • Sub-criterion 1: For cost-effectiveness of time savings (five OSBPs) the programme is judged adequate overall after taking contextual factors into account, in particular qualitative differences between OSBPs and the short-term nature of outcomes to date. If the Kagitumba/Mirama Hills OSBP had not been included in our analysis, the judgement against this sub-criterion would have been moved up to Good. • Sub-criterion 2: Rapid breakeven analysis, comparing donor expenditures to savings from reduced trade times, trade costs and trade risks estimated by the Trade and Growth Impact Study (2019) suggests that TMEA has a strong prospect of breaking even by 2025, and meets the standard of a positive NPV by 2025 ‘beyond reasonable doubt’. On this sub-criterion TMEA therefore meets the breakeven standard for ‘excellent’. These findings are robust to increases in the discount rate, delayed start date of benefits or reduction in benefits. Furthermore, this analysis is likely to be conservative because the time savings represent benefits from approximately half of TMEA’s total portfolio of interventions. TMEA also had a few non-monetised impacts not accounted for in breakeven analysis (e.g. equity effects, gender benefits, and changes at lower levels of the ToC that have not yet flowed through to cause tangible changes in trade costs), though we would not expect these to have a material bearing on the conclusions. TMEA made a distinct contribution to improved trade, which are additional to the contributions of non-TMEA interventions (‘shared effects’) and to outcomes that may have occurred without any intervention (‘deadweight’). • Sub-criterion 3: Sustainability of the outcomes derived from TMEA’s contributions is variable. Some outcomes attained thus far are likely to be sustained (including hard infrastructure, legislation/policy changes and ICT improvements), while others are at greater risk (including soft infrastructure, regional integration, NTB mechanisms, and export capability and logistics). We conclude that reasonable expectations for sustainability have been achieved to an adequate level. <p>TMEA met the standards for Excellent for sub-criterion 2 and Adequate for sub-criteria 1 and 3. The rating of Excellent against sub-criterion 2 is not deemed sufficient to raise the overall judgement above Adequate.</p>

⁹ Our judgement against sub-criterion 2 is partly reflective of the problems with results measurement and availability of evidence reported in the 2017 AR and the OPM Performance Evaluation. We have greater confidence in the Performance Evaluation findings, and have given greater weight to these findings in our judgement on sub-criterion 2.

VfM criterion	Evaluative Judgement and Summary of evidence
Equity	<p>TMEA is judged to have achieved an overall rating of ‘Adequate’ for the equity criterion.</p> <ul style="list-style-type: none"> • Organisational Equity: Equity considerations and staff welfare were visible in TMEA’s corporate policies and practices, including recruitment, promotion and access to training, the workforce as a whole was gender balanced throughout Strategy 1, and gender parity in management positions improved during Strategy 1, and 92% of the workforce were African nationals and 44% of SLT/SMT positions were occupied by Africans at the end of Strategy 1, allowing TMEA to fulfil the standards for Adequate for organisational equity. The team note that further improvements have been made since the beginning of Strategy 2 (although these are not considered in our judgment on VfM in Strategy 1). • Design Equity: TMEA’s support to CSOs and in the Women and Trade (WaT) programme took equity and gender considerations into account, TMEA stipulated that gender and social analysis should form part of project appraisal, and strategies for gender mainstreaming were set out in the 2012 Gender Policy. But gender and equity mainstreaming and ex-ante analysis of winners and losers were weak, although TMEA did not consider proactive mitigation of losses to be within its remit as a trade facilitation programme, and there is no evidence that DFID or other donors expected or requested TMEA to systematically monitor losses across its portfolio and undertake interventions to proactively mitigate for such losses. The programme met the Adequate standard against design equity due to challenges with mainstreaming. • Outcome Equity: TMEA contributed to gains among key vulnerable groups, and benefits were reported among some poor women and their households and among some groups not directly involved in TMEA interventions, and measures to improve accessibility at OSBPs may have improved conditions for traders with disabilities. There is also evidence in OPM evaluations that some vulnerable groups were negatively affected by TMEA-supported interventions (including some poor women, displaced workers and businesses around ports and OSBPs, and smaller businesses). It was not expected that TMEA would systematically monitor and proactively mitigate for such losses. The programme has therefore not been penalised for not mitigating for such losses, and met the Good standard against outcome equity. • Impact Equity: There is insufficient evidence as yet to make a judgement against the impact equity sub-criterion, so it has been removed from the assessment. <p>TMEA met the Good standard against outcome equity and the Adequate standard against organisational equity and design equity, and therefore met the Adequate standard for equity.</p>
Overall judgement on VfM	<p>The programme met the standards for Adequate for all criteria, and is therefore judged to have achieved an overall rating of Adequate because TMEA has only delivered a few non-monetized high level outcomes not accounted for in breakeven analysis, and the sustainability of outcomes is variable.</p>

VfM DEQ 5.22 In which activities/components and countries does the programme achieve higher VfM than others and what are the lessons learnt for driving greater VfM across the board?

Analysis of Cost-effectiveness of TMEA-supported OSBPs

Our analysis shows that OSBPs will be most cost-effective if transit times are high before intervention (so that there is scope to make a significant improvement) and traffic flows are either high to start with (and expected to remain so) or expected to increase significantly. Cost savings will be significant under these conditions. If these conditions do not hold, then an OSBP probably does not represent a worthwhile intervention from an economic perspective and resources could be better deployed on a different OSBP or another intervention. The assessment also takes intervention costs into consideration, but the political capital which may have been built by TMEA’s support for OSBPs is not factored into the analysis and may be an important consideration for TMEA and other similar programmes which require good political will to meet their objectives.

Analysis of comparative VfM of selected Programme Intermediate Outcomes (PIOs)¹⁰.

The assessment of comparative VfM of selected PIOs reflects some factors that are outside the control of TMEA, such as economic and political conditions in each country, and as such should be interpreted as the overall comparative VfM of different PIOs and not an assessment of TMEA’s performance.

Overall, three of the PIOs (Mombasa Port, Busia OSBP, and ICT Single Windows) were assessed as ‘Good’ VfM overall. In these PIOs, both the magnitude and significance of results, and expected sustainability, were medium or better. Two of the PIOs (Strengthening EAC Regional Integration and Private Sector/Civil society-led Policy Formulation) were assessed as ‘Adequate’ VfM. These PIOs achieved results of ‘Medium’ significance but expected sustainability of results was ‘Medium’ or ‘Low’. The remaining three PIOs (Dar Port, Mirama Hills OSBP and Improved Export Capability) were assessed as ‘Poor’ VfM. These PIOs were rated ‘Low’ for both magnitude/significance of results, and expected sustainability, or both.

Comparison of VfM within each SO allowed us to draw the following conclusions and lessons.

¹⁰ PIOs were selected on the basis that they represented the largest share of Strategy 1 budget within the relevant Strategic Objective (SO), and that sufficient information was available on the component to support the assessment. The following criteria were used to judge VfM: (1) Relevance and significance of the project; (2) Magnitude and significance of results and (3) Expected sustainability of results. Overall VfM was assessed by considering all three ratings together.

VFM DEQ 5.22 In which activities/components and countries does the programme achieve higher VFM than others and what are the lessons learnt for driving greater VFM across the board?

- **Mombasa Port represented better VfM than Dar Port.** Dar Port was assessed as being poor VfM due to low magnitude/ significance of results and low expected sustainability. The problems at Dar Port were largely due to particularly complex political economy challenges which were outside TMEA's control and could not necessarily have been foreseen. Improvements to Dar Port were considered necessary to improve transit along the corridor, and initial CBAs indicated a good rate of return at both ports, so the decision to work at Dar Port would seem to be sound, although a CBA would not take into account potential political economy challenges. TMEA was considered in its decision to continue to try to overcome difficulties at the port, and one DFID interviewee felt TMEA was right to persist, and TMEA was generally aware of, and responsive to, the complexities of the political economy in the region. It is also important to note that TMEA spent much less at Dar Port. An important lesson is the extent to which potential political economy challenges can undermine important work, highlighting the importance of political economy analysis. This does not mean that important work should not be attempted in complex political economies.
- **Busia OSBP represented better VfM than Kagitumba/Mirama Hills OSBP.** Mirama Hills was assessed as having medium relevance and low magnitude of results, as opposed to high relevance and medium magnitude of results of the Busia OSBP. Kagitumba/Mirama Hills has not yet been cost-effective because throughput has remained low at Mirama Hills, as truckers have not switched from the Gatuna to the Kagitumba/Mirama Hills route, while it is the highest cost OSBP. That could change if traffic flows increase, but, as the OPM Performance Evaluation (2019) points out, higher traffic flows may threaten the reductions in transit time shown in surveys. The Performance Evaluation (2019) suggests that the investment decision may have been based on a poor feasibility study, and as our assessment of the quality of the Mirama Hills CBA showed, traffic flows were forecast to be four times higher than they have been so far, leading to an overestimation of the benefits in the benefit cost ratio. There were several reasons why expenditure was highest at Kagitumba/Mirama Hills: the design and supervision costs were not covered by the WB as was the case for the other OSBPs, the design and procurement were completed later than other EATIP OSBPs and tender were higher, and design changes on the Rwanda side were responsible for additional costs. TMEA staff reported that political pressures played a role in the decision to select some OSBPs, and one DFID staff member suggested that the Kagitumba/Mirama Hills was of symbolic importance to both governments. An important lesson is that high value investment decisions must be underpinned by a balance of sound technical assessment of multiple factors, including sound forecasting and feasibility studies, alongside relevant political considerations, such as retaining the good will of regional governments, and therefore their support for other important interventions.
- **Among the SO2 and SO3 PIOs included in the assessment, the SWIFTs represented the highest VfM (judged as Good).** The SWIFTs were highly relevant to TMEA's goals and the EAC's regional trade development priorities, they contributed to significant time reductions, and outcomes were judged to be largely sustainable. Users found the system helpful and appreciated the time savings, and some reported benefits such as being able to decrease their working capital as a result, although larger firms benefited more. The export capability projects represented the lowest VfM (judged as Poor), though it is noted that these were pilot projects in Strategy 1. While the PIO was judged to be reasonably relevant to TMEA's remit and EAC priorities, results were variable, with some promising projects results at a pilot level, but overall results were inconsistent and not systemic. The lack of consistent progress across all indicators may have been partly due to political instability which affected export markets, a lack of interest in the adoption of standards and certification among some producers who wished to prioritise productivity, the inability of many producers to bear the costs of certification and of maintaining certification over time, and also because these projects started later than other PIOs and were funded as pilots. Problems with data quality also made it difficult to substantiate results. The likely sustainability of outcomes was judged to be low, largely because smaller producers and firms found it difficult to bear additional costs, and because it is not clear from available data whether the demand for goods would be sustained. An important lesson for TMEA is that it is important to ensure that projects are well-aligned with the interests, priorities, and capabilities of intended beneficiaries.

1.3 Key recommendations

Note that our recommendations take into account improvements made by TMEA since the start of Strategy 2, i.e., we do not make a recommendation where we believe that TMEA has already addressed weaknesses identified in the assessment (for example in the case of political economy analysis and risk management).

Recommendations for TMEA

Recommendations for strengthening TMEA's VfM assessment and reporting during Strategy 2

1. Strengthen TMEA's VfM assessment and reporting during Strategy 2: OPM reviewed TMEA's current (2015) VfM strategy and indicators and provided guidance on VfM and possible indicators for Strategy 2 for the April 2019 Evaluation Committee (OPM Review: Suggested VfM Indicators for TMEA Strategy 2, 14th March 2019). That was a preliminary proposal based on partial review of relevant documents in order to respond to the 2018 AR recommendation in time for the April 2019 Committee meeting. Our general guidance and specific recommendations for Strategy 2 VfM indicators, reproduced in Annex J, remain unchanged, although we have cautioned on benchmarking costs on the basis of the experience of this VfM assessment.

Recommendations for enhancing TMEA's VfM under Strategy 2

Economy:

Costs of key inputs

2. **Continue efforts to improve travel planning and control staff travel costs** through good planning, use of videoconferencing, encouraging staff to undertake tasks for each other where possible, and regular review of spending against budgets, while recognising the value of face-to-face time for building important relationships. We understand that the TRIMS system, when implemented, will facilitate reporting and review of travel costs.
3. **Review the cap of 15% on personnel costs** to ensure that it is appropriate in light of both downward pressures on salaries (the 50th percentile pay policy), and upward pressures on personnel costs (additional hires to strengthen lower levels of the organisation and bring key functions in-house, and greater compliance requirements from donors), since the beginning of Strategy 2.
4. **Develop clearer sight on fees paid to consultants.** This should include introduction of guidance on fee rate negotiation for staff, keeping accurate and detailed records on fee rates actually paid (such as a central register of fee rates actually paid to all consultants), and regularly monitoring and reporting fee rates paid against the new KPI targets for different levels of experience for non-milestone contracts. For milestone contracts, as the use of these is increasing, TMEA should check that overall costs are in line with market rates, which may include verification of fees rates if included in the proposal. Consider if fee rates can be periodically benchmarked against data from comparator programmes, if DFID and/or other donors are able to give access to benchmarking data (see recommendations for donors below). Given our difficulty accessing data from other programmes, we do not recommend that TMEA should spend time trying to get data themselves. In order for fair comparisons to be made, comparator programmes should be similar, for example managing a similar level of fiduciary risk, supporting effective delivery of a large number of projects, and responding to a high-level of compliance to donors.

Procurement practices

5. **Continue to strengthen procurement practices** by ensuring all staff involved in procurement follow guidance provided in training and comply with the 2018 revised regulations, for example by periodically analysing a sample of contracts and/or introducing periodic external audits of procurements. This should include checks that staff are conducting FRAs/DDAs before awards and DDEVs during project implementation, as set out in TMEA policies, including checks that partners and grantees are following acceptable procurement practices, broadly in line with those established by TMEA. We also recommend that TMEA review the upper limit of US\$5k for single source contracts and consider if it can be raised in order to reduce transaction costs without creating undue risk, allowing for exceptions on contracts that make a critical difference to other, higher cost activities/outcomes. The equivalent of DFID's upper limit of £25k for single source contracting in its Smart Rules (DFID, 2019:87) may be more appropriate.

Efficiency:

Technical efficiency (project delivery and support)

6. **Consider if timelines and budgets need to be more realistic on some projects**, after assessment of institutional capacity of partners and potential political economy challenges, in order to improve delivery of outputs against workplan and budget, whilst ensuring partners are still challenged to stretch themselves.
7. **Continue to strengthen project M&E, delivery and reporting** by providing guidance and support to staff and partners on assessing and reporting progress, ensuring that responsibilities for quality assurance of progress reports are clear among TMEA staff, and periodically analysing a sample of reports to ensure that stipulated reporting requirements are met. Ensure that information from partners is of the right type and quality to enable TMEA to identify underperforming projects, intervene where appropriate to get projects on track, and terminate projects that are unlikely to meet their objectives, so that resources can be reallocated to more promising interventions for greater leverage.
8. **Strengthen VfM appraisal during project design and VfM monitoring during project implementation** by ensuring that TMEA staff receive adequate training and guidance, and by providing guidance and support to projects on VfM measurement and monitoring. VfM reporting should be commensurate with the value and complexity of projects, with minimal requirements on lower value and less complex projects, and greater requirements for projects of higher value, complexity and strategic importance.

Allocative efficiency (project appraisal)

9. **Develop a more explicit portfolio-based approach to project appraisal, in agreement with donors, which identifies the trade-offs in the selection of potential projects** (for example, forecasts of high returns on investment and the need to take into account political considerations, including political

feasibility and the political capital that may be built by assisting national governments to meet their priorities) and recognises that in an adaptive portfolio-based approach, with an agreed framework for risk, some investments will fail to generate expected results and returns on investments.

10. **Seek to improve in-house capacity to undertake and interpret CBAs so that they can be reviewed and updated as needed.** CBAs should be used as part of the process of appraising options to inform resource use among sets of alternative interventions. Having in-house capacity would allow TMEA to periodically review forecasts and assumptions as new data become available, as recommended in ICAI's 2018 Review of DFID's Approach to Value for Money. We understand the Impact Model has been designed to facilitate active staff engagement with CBAs during Strategy 2.

Effectiveness:

11. **Programme MEL: Ensure that Strategy 2 MEL systems and tools, including the ToC, RF and MIS, are designed and used to provide timely and reliable information for accurate results measurement and decision-making,** enabling synthesis of results at portfolio level, periodic review of progress against higher-level objectives, and adjustments to projects and portfolios to ensure that outcomes are likely to be met. Improved results measurement and recording during Strategy 2 will also help TMEA, and other evaluators, to better substantiate the achievement of lower level outcomes and contribution to higher level outcomes, including effects on poverty reduction and distributional effects (see more under equity recommendations). We understand that improvements to the MEL strategy and results measurement are being made in response to the OPM evaluations. The OPM Performance Evaluation (2019)¹¹ provides concrete recommendations for further improving the ToC, RF, and results measurement.
12. **Programme VfM: Strengthen programme VfM monitoring and reporting** by developing guidance and training on VfM for staff, adopting an explicit set of VfM criteria and standards as a basis for making explicit and transparent evaluative judgements, including evidence on results-focused indicators (effectiveness, cost-effectiveness and equity), using qualitative evidence to improve management of underlying drivers, determining appropriate reporting frequency on different VfM metrics, and ensuring that lessons learned and actions to improve VfM are identified and implemented (and see further information in Annex J on recommendations for strengthening TMEA's VfM assessment and reporting during Strategy 2). Embed attention to VfM measurement throughout the organisation by ensuring programme-level VfM is highlighted in TMEA's PCM guidelines, giving greater prominence to VfM in PAR guidance, and integrating data on results-focused indicators from the MEL system into VfM reporting. The TRIMS system, once in place, should help with reporting VfM by bringing information on results and costs together in one system; the lack of integration of the MIS and Navison system in Strategy 1 made reporting on costs by outcome a challenge (Deloitte Due Diligence Assessment, 2017:37).

Cost-effectiveness

13. **Use the findings of the OSBP cost-effectiveness assessment to inform future investments at OSBPs.** The assessment shows that investments are likely to be most worthwhile, and better VfM, where transit times are high to start with (so that a noticeable improvement can be made), and where throughput is high, or expected to be high after investment. The latter should be carefully considered given TMEA's experience at Kagitumba/Mirama Hills, as users may not always behave as expected. The opportunity to build political capital and support for trade reforms more broadly by helping political leaders to show high visibility results may also inform OSBP investment decisions.
14. **Consider using breakeven analysis periodically during Strategy 2,** using information provided in the Impact Model, to monitor progress towards breakeven point under different scenarios. Breakeven analysis provides a useful and relatively easy check, using limited data, on the value of the benefits created by the programme relative to the value of the investment at any given point in time. If breakeven analysis is considered useful by TMEA and donors, agreement should be reached on an appropriate date by which Strategy 2 can be expected to break even.

Sustainability

15. **Seek ways to improve the likelihood of sustaining Strategy 1 outcomes** and ensuring Strategy 2 outcomes will be sustained by assessing the risks to sustainability outlined in the OPM evaluations, and putting plans in place to manage and mitigate those that are judged to threaten the sustainability of the outcomes achieved. This might include, for example: continuing work to ensure ownership and commitment among partner governments to maintain hard infrastructure investments, avoid reversal of

¹¹ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

important reforms, and institutionalise new practices through continued capacity-building and transfer of skills for new staff; helping to strengthen the institutional capacity of PSOs and CSOs to effectively absorb funds and implement projects; ensuring transmission of information to populations situated on and around borders about free trade across borders; and strengthening the ability of firms in the region to improve best practice and adopt stronger standards, and to innovate and compete with firms from the rest of the world.

Equity

Organisational equity

16. **Continue to seek ways to ensure women and African nationals have access to equal opportunities at senior levels of the organisation** and monitor the gender and national composition of the workforce in senior positions and the gender pay gap. We suggest that TMEA can seek to further increase the proportion of African nationals in senior management positions as a way to nurture local leadership in the sector, while recognising that it has been difficult to identify suitable candidates. This could be done internally, by identifying and providing additional support to individuals with senior management potential, and externally, by ensuring open positions are advertised widely in forums that are likely to reach potential female and African candidates. Ensure that the Diversity team has the resources and voice to strengthen diversity and inclusion policies and practices. Undertake periodic surveys to assess staff perceptions of the organisation's sensitivity to gender and equity.

Design equity

17. **Continue efforts already started in Strategy 2 to ensure that gender and equity considerations become fully embedded in TMEA programming and are integral to organisational identity.** Ensure that the SIT team has the resources to build staff capacity to mainstream gender and equity across projects and to use the tools available to them. Monitor the use of new processes and tools introduced during Strategy 2 and how effective they are at improving mainstreaming and continue to refine the support available to staff as needed. This includes working with partners to help them to recognise the importance of gender mainstreaming and build capacity to mainstream gender in project design, implementation, M&E (including collection and analysis of sex-disaggregated data) and reporting.
18. **Work with donors to develop a clear position on the role TMEA is expected to play in relation to the potential negative effects of its interventions on vulnerable groups.** This would involve reaching consensus as to whether TMEA should systematically monitor negative effects through project reports and/or its own data collection and work with projects to ensure they adopt measures to mitigate negative effects, and whether TMEA should be directly involved in implementing mitigation measures to protect such groups. If TMEA is to have a more proactive role than it did in S1, it is essential to ensure that it has the resources needed to follow through on its remit.

Outcome equity

19. **Assess whether further improvements can be implemented at OSBPs to ensure that individuals with a range of physical and sensory impairments are able to navigate the border posts.** This may include making signs available in braille, installing audio instruction mechanisms, and ensuring that border post staff receive guidance on assisting traders with physical and sensory impairments.
20. **Develop explicit strategies to help smaller businesses and producers benefit from trade facilitation.** This includes ensuring that projects align with the priorities and capabilities of smaller producers, and ensuring that new systems and processes, and capacity-building initiatives, are appropriate for small business owners, including those that are not computer literate or do not speak dominant languages.

Impact equity

21. **Use data collected through household surveys (if approved) and the poverty and gender indicators in the Impact Model and the Gender Results Framework to monitor the shorter-chain effects posited to come about as a result of trade facilitation** in households on and near the trade corridors and in households in tradeable sectors, while recognising that effects on poverty reduction, especially among the poorest, will require time to materialise. This information may be supplemented by further studies, which could be commissioned rather than undertaken by TMEA, such as those recommended in the OPM Poverty and Gender Impact Study (2019)¹² (for example, investigation of the distribution of benefits of trade within the agriculture sector and examination of the distributional benefits of trade by sector of employment and wealth level). Such data would make a valuable contribution to the evidence base on the links between trade facilitation and poverty reduction.

¹² OPM: Christine Allison, Keri Culver and Sebastian Silva Leander. Deliverable 5B: Poverty and Gender Impact Study. December 2019

Recommendations for DFID and other donors

Economy

22. **Costs of key inputs: Consider ways to facilitate access to data from other similar programmes that can be used for benchmarking costs** such as consultant fees, travel, and indirect costs. This could be data reported anonymously for a panel of suitable comparators funded by donors which are willing to share data.
23. **Indirect costs: Seeks ways in which reporting requirements and evaluations can be better coordinated and harmonised across donors**, to reduce the time and indirect costs associated with compliance incurred by TMEA and other multi-donor programmes. See further recommendations on donor coordination in the OPM Performance Evaluation (2019).¹³

Efficiency

Allocative efficiency

24. **Work with TMEA to develop an explicit portfolio-based approach to project appraisal** which recognises trade-offs between projects which are forecast to generate high returns on investment and the need to take into account political considerations, including political feasibility and the political capital that may be built by assisting national governments to meet their priorities. Ensure that the Board has clear sight over the balance struck on different investment decisions, and recognises that in an adaptive portfolio-based approach, with an agreed framework for risk, some investments will fail to generate expected results and returns on investments.
25. **Work with TMEA to ensure that high quality CBAs (or other forms of economic evaluation) are used to inform programme decision-making** and assess resource use among sets of alternative interventions.

Dynamic efficiency

26. **Consider ways to facilitate and strengthen TMEA's ability to function as an adaptive organisation by enabling appropriate changes to be made to the RF during implementation**, while avoiding downward modification of targets due to anticipated or actual poor performance. Ensure all modifications, and reasons for modifications, are justified and recorded.
27. **Consider ways to facilitate and strengthen TMEA's ability to function as an adaptive organisation by providing a higher proportion of unallocated funding** or putting mechanisms in place to allow appropriate and streamlined reallocation of funds.

Effectiveness

28. **Programme MEL: Work more closely with TMEA to ensure that accurate results measurement is occurring during Strategy 2, and ensure that adequate resources are earmarked for results measurement** to help monitor progress against higher level objectives, and allow timely course corrections. This should include monitoring of indicators in the Impact Model and Gender RF and possibly commissioned studies, such as those recommended in the OPM Poverty and Gender Impact study (2019),¹⁴ to help elucidate the causal links between trade facilitation, economic growth, poverty reduction, and distributional effects among different groups.

Equity

29. **Design Equity: Develop a clear position with TMEA on the role TMEA is expected to play in relation to the potential negative effects of its interventions on vulnerable groups.** This would involve reaching consensus as to whether TMEA should systematically monitor negative effects through project reports and/or its own data collection and work with projects to ensure they adopt measures to mitigate negative effects, and whether TMEA should be directly involved in implementing mitigation measures to protect such groups. It is essential to ensure that TMEA has the resources needed to follow through on its remit.

¹³ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

¹⁴ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019

2 Introduction

2.1 Trade and the EAC: programme context and development issues

The East African Community (EAC) was revived with the Treaty for the Establishment of the East African Community signed in 1999 by Kenya, Uganda, and United Republic of Tanzania. It was further enlarged with the admission of Rwanda and Burundi in July 2007, and the succession of South Sudan in 2016. The EAC Single Customs Territory became operational in July 2014, with further integration to be achieved according to an ambitious calendar. The EAC aims to widen cooperation amongst Partner States in economic, social, and political arenas for their mutual benefit. The aim is to establish a Political Federation of the East African States.

The EAC is home to 172 million citizens with the population expected to grow to around 200 million by the year 2030, and a land area of 2.5 million square kilometres. Its combined Gross Domestic Product (GDP) is of US\$ 172 billion (EAC Statistics for 2017)¹⁵ and it is one of the fastest growing regional economic blocs in the world.

The EAC member countries have diverse features.¹⁶ Kenya is the region's largest economy and is a regional trade, finance, communication and manufacturing hub; the World Bank (WB) says Kenya is comparable to the best economies in Sub-Saharan Africa (SSA) in terms of innovation (World Bank, 2018).¹⁷ Uganda is the region's bread basket and distribution centre. Tanzania has a strong agricultural base and natural resources, and the largest population amongst the EAC economies. Rwanda and Burundi have small economies; Rwanda is famous for its zero-tolerance of corruption, which earned it the continent's highest score on institutional quality from the World Bank's 2018 competitiveness report.¹⁸ Burundi is still recovering from a long civil war but is undertaking significant economic reforms. At present, the EAC Partner States present generous business and investment opportunities in various sectors from agriculture to manufacturing, tourism, financial services and information and communications technology (ICT). EAC is the second largest market in Africa with a growing middle class whose demand for products and services has driven growth on the demand side (AfDB, 2019).¹⁹ In Rwanda and Kenya, the World Bank's Ease of Doing Business Index ranking has improved steadily.²⁰

Despite its major achievements, the EAC still has further to go. A Trademark East Africa (TMEA) strategy document²¹ suggested that issues lie with the competitiveness of the EAC, a problem which has persisted since TMEA drafted that document near the beginning of Strategy 1 (Transport and Economic Corridor Draft Study, n.d.). The WB continues to score SSA as the least competitive region in trading across borders; the score for the EAC subregion across the twelve pillars of the WB rating places it near the bottom of SSA subregions (World Bank, 2018).²² Though there have been improvements since the start of TMEA's Strategy 1 (Strategy 1), there are still significant delays in transport of goods. In a 2017 study, truckers on the Northern Corridor estimated that 64% of their time from Mombasa to Kampala was idle time – either resting time (30%) or waiting to cross borders, be weighed at weighbridges, or other obstacles (34%) (Eberhard-Ruiz and Calabrese, 2017).²³ These times translate into high transport costs for shippers, particularly those in land-locked countries – though Northern Corridor costs, too, have improved by about a third since 2011, as shown in the Shippers' Council of East Africa's 2016 Logistics Performance Survey.²⁴ TMEA's corridor observatory data show these reductions in cost and time through the end of Strategy 1, but since the end of Strategy 1 new costs in terms of time and money have arisen.

The task of improving the competitiveness of the EAC is a generational enterprise. TMEA has sought to choose its focus areas in line with their comparative advantages and those of other relevant actors – national and regional government bodies, development partners, and the private sector. In its Strategy 1, TMEA put forth substantial efforts to support trade and the regional integration (RI) process.

¹⁵ <https://www.eac.int/overview-of-eac>

¹⁶ EAC. 2013. East African investment guidebook published at [https://d3n8a8pro7vhmx.cloudfront.net/eatradehub/pages/948/attachments/original/1434448417/EAC_Investment_Guide_2013_\(1\).pdf?1434448417](https://d3n8a8pro7vhmx.cloudfront.net/eatradehub/pages/948/attachments/original/1434448417/EAC_Investment_Guide_2013_(1).pdf?1434448417)

¹⁷ World Bank. 2018. The Global Competitiveness Report 2018. Available at: <http://reports.weforum.org/global-competitiveness-report-2018/sub-saharan-africa/>

¹⁸ WB 2018 Global Competitiveness

¹⁹ African Development Bank. 2019. East Africa Economic Outlook 2019: Macroeconomic Development and Prospects. Political Economy of Regional Integration. African Development Bank Group. Available at: https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/2019AEO/REO_2019_-_East_Africa_.pdf

²⁰ Source: TradingEconomics.com.

²¹ TMEA n.d. Transport & Economic Corridor Draft Strategy

²² WB 2018 Global Competitiveness

²³ Eberhard-Ruiz, Andreas, and Linda Calabrese. 2017. Trade facilitation, transport costs and the price of trucking in East Africa, at Overseas Development Institute. Available at: <https://www.odi.org/publications/10868-trade-facilitation-transport-costs-and-price-trucking-services-east-africa>

²⁴ African Economic and Social Development Consultants. 2017. Validated Abridged Final Report, Logistics Performance Survey 2016, Shippers' Council of East Africa.

2.2 Trademark East Africa

The Trademark East Africa programme (Trademark, or TMEA) is a high-profile, multi-donor project that seeks to lift existing barriers to trade to bring about positive and sustainable change via a combination of regional and national initiatives and an investment of over US\$500 million. TMEA is a large and complex programme, with national and regional dimensions and many sub-projects implemented across a number of countries.²⁵ During its Strategy 1, from 2010 to 2017, TMEA aimed to increase trade in East Africa through targeted infrastructure and trade facilitation investments to reduce transport time and costs. The programme also worked to enhance the business environment to enable greater use of the improved system. TMEA started operations in 2010 as a not-for-profit company limited by guarantee, funded by the United Kingdom's (UK's) Department for International Development (DFID), which has commissioned the evaluation, and by cooperation agencies in Belgium, Canada, Denmark, Finland, Netherlands, Sweden, and the US. Funding reached US\$ 502million. In 2017, the donors agreed to fund Strategy 2. The programme's high profile is amplified by current events in the UK and Europe around Brexit, highlighting increased interests in continued development work on trade.

2.3 The independent evaluation

DFID contracted OPM for an independent evaluation comprised of a set of studies. Several are completed and available from DFID; earlier deliverables mapped TMEA's 200+ projects,²⁶ examined project-level outputs and outcomes for 60 sampled projects,²⁷ and conducted a number of studies: a formative evaluation of the ports and border posts,²⁸ an institutional and organisational assessment,²⁹ a preliminary poverty assessment,³⁰ and a relevance and sustainability assessment.³¹ Preliminary findings from these deliverables were summarised in a dedicated report.³² These inform the present evaluation deliverables and are cited throughout this report.

2.3.1 Purpose of the evaluation

The overall evaluation has two specific purposes:

- **Accountability:** Assessing TMEA processes, results, and overall value in an independent and impartial manner consistent with generally accepted principles and standards for professional evaluation.
- **Learning:** Identifying and feeding lessons learnt into the management of the remainder of the current programme and the design of any potential continuation of the TMEA programme, as well as future regional trade integration programmes.

In addition, the ToRs (see Annex P) also identify four core evaluation objectives, described here:

1. Test the **Theory of Change (ToC)**, assessing all causal links and the robustness of underlying assumptions (including links between trade, growth and poverty reduction), and adjusting the ToC³³ to serve as a reliable guide to interpret the programme and to make programme improvements.
2. Analyse and, to the extent possible, measure: the regional integration programmes' **impact** on regional trade, growth and poverty (and on the various stakeholders – in particular on men and women separately, poor and vulnerable groups, as well as traders and consumers); and **sustainability**.
3. Assess the **effectiveness** of the TMEA programme, including organisational effectiveness, and whether the programme represents **value for money (VfM)**.
4. Throughout, identify **lessons learnt relevant beyond TMEA**, i.e. insights on enabling and constraining factors, critical actions and gaps which would be generalisable to future programmes or to other contexts.³⁴

In addition, the evaluation contributes to the body of evidence on the effects of trade programming in line with a 2017 Learning Review conducted by the Independent Commission for Aid Impact (ICAI) that

²⁵ This includes text from the Independent Evaluation Inception Report, November, 2016, where information remains the same.

²⁶ OPM: Otter, Thomas and Rasuloova, Saltanat. Workstream 2; Deliverable 2A. Preliminary Output Assessment. 31 October 2017

²⁷ OPM: David G.V Smith, Joel Moktar, Timothy Hobden, Theo Sands, Antony Wahome and Caroline Raes. Workstream 2: Deliverable 2D: Effectiveness and Outcome-level Evaluation SO2 and Deliverable 2E: Effectiveness and Outcome-level Evaluation SO3 Revised Draft. January 2019

²⁸ OPM: Ian Scott, Philip Lacey, Peter Omondi, Godfred Shuma, Thomas Otter, David Smith, Alex Hurrell and Saltanat Rasuloova. Strategic Objective 1. Deliverable 2C: Effectiveness and outcome-level evaluation And Deliverable 3A: Consolidated Formative Evaluation of Ports and OSBP projects. December 2018

²⁹ OPM. Workstream 2 – Deliverable 2B: Institutional and Organisational Assessment. (forthcoming)

³⁰ OPM: Neil McCulloch, Sebastian Silva-Leander, Chris Hearle, Alastair Haynes. Preliminary Poverty Assessment. 7 June 2017

³¹ OPM: Otter et al, Preliminary Relevance and Sustainability Assessment. (forthcoming)

³² OPM: David G.V. Smith, Alex Hurrell, Patrick Ward and Saltanat Rasuloova. Workstream 6: Deliverable 6B/2F. Summary of Preliminary Evaluation Findings. Revised Report (forthcoming)

³³ Now, the Strategy 2 ToC, rather than that of Strategy 1.

³⁴ All four studies identify and discuss lessons learnt (objective 4), while the objective 1 is examined most closely in the Performance Evaluation, where sustainability (objective 2) and effectiveness (objective 3) are also objects of focus. The TGIS and PGIS look at impacts (objective 2) and sustainability, while the VfM assessment focuses on value for money (objective 3).

examined the use of research and evidence-based decision-making to improve outcomes in programming for transformational economic development in Africa. The study reviewed DFID's central and country-level practices and progress in making use of learning, finding strong practices at central DFID levels but calling the quality of in-country diagnostic work variable. The study noted that 'monitoring and evaluation practices were not strong enough to support and learn from the level of experimentation that is underway' across the programmes reviewed. The report also noted that most programmes lack 'an explicit approach to economic inclusion and to monitoring whether marginalised groups were being reached.' The evaluation reports provide important evidence about some of these issues specifically for TMEA's programming, and recommendations for future directions.

While an implicit goal at inception was to provide key inputs for decision-making for follow-on programming, due to a challenging inception phase and the tragic loss of the independent evaluation team lead, the evaluation was unavoidably and significantly delayed. Timing was pushed forward to finish in 2019, with the understanding that deliverables should serve the accountability function and, to the extent possible, the learning purpose also. DFID and other donors decided to continue funding TMEA for an additional six years, from 2018 to 2023. As a result, the evaluation purpose is to capture TMEA processes, results, and value relative to the scope and potential of its original design and funding. Where possible, the evaluation products provide lessons to inform TMEA's ongoing work, and for efforts beyond TMEA in trade and regional integration. The evaluation team acknowledges the significant and important learning that TMEA have already undertaken and put into action for their current Strategy 2 activities.

Given these circumstances, and the focus on accountability, the chief audiences for the evaluation are DFID London, the Africa Regional Department, DFID Country Offices in East Africa, the trade team, and parallel audiences from amongst TMEA donors. TMEA is also an important audience for insights from Strategy 1 for implementing Strategy 2. The report will not be available publicly as it contains sensitive commercial information, but DFID may choose to disseminate lessons for similar future programmes within and/or beyond DFID.

2.3.2 Objectives of the Value for Money assessment

The specific objectives of the VfM assessment were:

1. To provide a complete assessment of VfM for the whole programme under Strategy 1;
2. To examine the costs of key inputs and outputs and the VfM of selected key programme components under Strategy 1, providing independent verification that the resources invested during Strategy 1 were worthwhile;
3. To provide recommendations to enhance VfM, and to strengthen TMEA's own VfM assessment and reporting, during Strategy 2;
4. To provide recommendations for maximising VfM on similar future programmes.

2.4 Evaluation questions

The VfM assessment addresses the following evaluation questions, from HEQ5.

Table 1: DEQs to be answered in the VfM study

HEQ5: How robust and verified are the causal links and assumptions in the ToC? What does this imply for the relevance, coherence, and sustainability of the programme, and what are the lessons learnt that are relevant beyond TMEA?
DEQ5.21 Is the programme providing VfM?
DEQ5.22 In which activities/components and countries does the programme achieve higher VfM than others and what are the lessons learnt for driving greater VfM across the board?

2.5 Timing

The OPM VfM framework (Annex E, 2019)³⁵ was agreed in April 2019. Document and data reviews and interviews were undertaken in the first two quarters of 2019. This was combined with evidence and analysis of outcomes and impact from other OPM evaluations³⁶ during the third and fourth quarter of 2019. As the VfM assessment draws on the OPM evaluation findings, the VfM assessment was finalised after other evaluation deliverables, to ensure coherence and to avoid duplication of effort.

³⁵ OPM: Hansford et al. TMEA VfM April 2019

³⁶ OPM's Deliverable 3B: Performance Evaluation (PE); OPM's Deliverable 5B: Poverty and Gender Impact Study (PGIS); and OPM's Deliverable 4A: Trade and Growth Impact Study (TGIS). Full references are given throughout the report.

3 Approach to the VfM assessment

3.1 Value for Money (VfM)

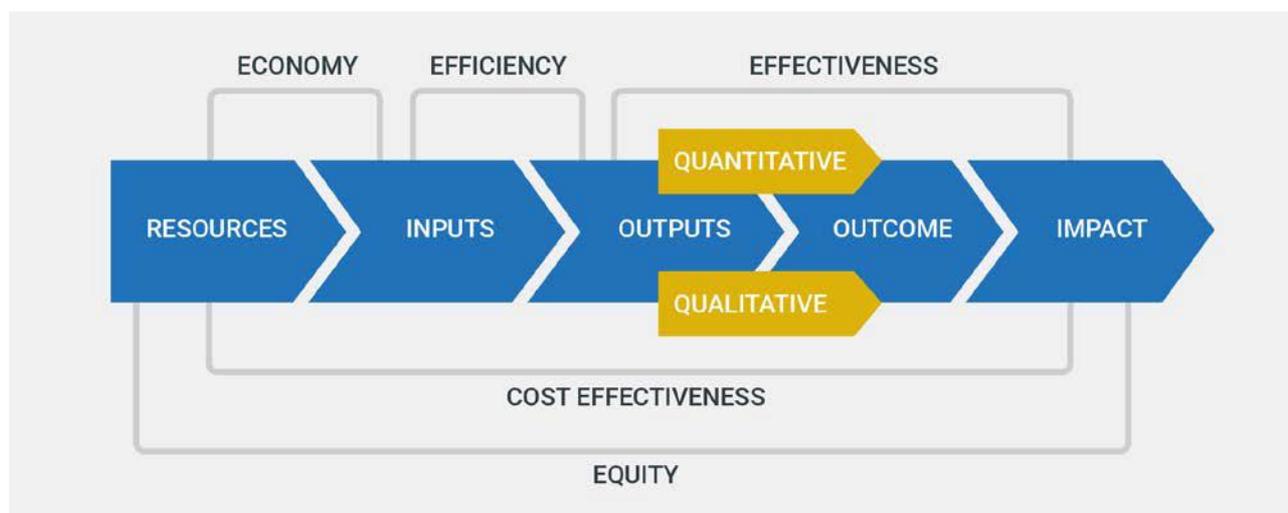
VfM is an evaluative question about the merit, worth or significance of resource use – that is, how well resources are being used, and whether the resource use is justified (King, 2017). The UK Government's National Audit Office (NAO) defines VfM as 'the optimal use of resources to achieve intended outcomes.' DFID (2011) defines VfM in its programmes as 'maximising the impact of each pound spent to improve poor people's lives'. VfM is important because when resources are invested in a programme, the opportunity to use them in some other way is foregone. Economists call this loss of alternatives 'opportunity cost'. Consequently, choices need to be made in resource allocation, with a 'good' choice being one that compares favourably to the next-best alternative use of resources (as well as meeting other requirements).

However, the next-best alternative (which in this case would respond to the question 'could the approximately US\$500 million spent on TMEA Strategy 1 have been better used in another way?') is not always clear or measurable. In lieu of evaluating alternative options, VfM assessments can help to evaluate whether an investment is well managed and worthwhile on the basis of observable features of programme delivery, short/medium/long-term outcomes, and agreed definitions of what 'good' performance would look like.

3.2 Approach to VfM assessment

This VfM assessment builds on *DFID's Approach to VfM (2011)*. Accordingly, it examines the "Four Es" of economy, efficiency, effectiveness, and equity. These concepts, as defined in DFID's guidance, are differentiated along the logic chain of an intervention from inputs to impact. We also examine a further dimension of VfM, cost-effectiveness, which relates outcomes and impact to total costs incurred. Wherever we refer to the 'Es' criteria in our report we are including cost-effectiveness as a criterion.

Figure 1: VfM Conceptual Framework



Source: King & OPM (2018),³⁷ based on DFID (2011)

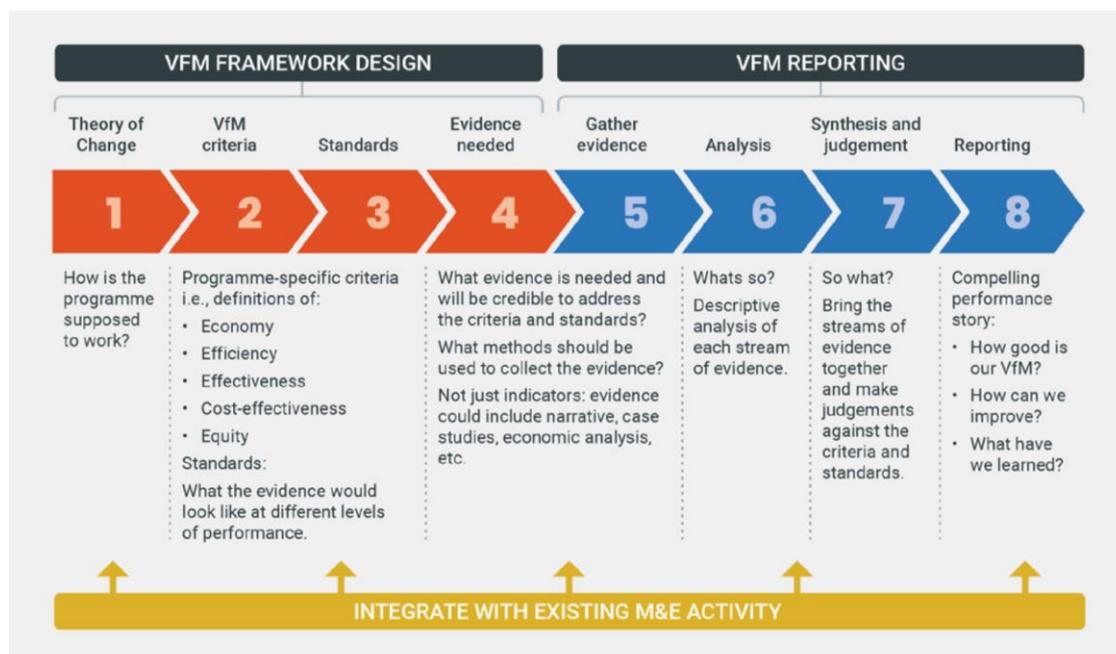
While the Four Es provide a conceptual foundation for systematically assessing and reporting on VfM, their use in a specific programme and setting requires further explanation of how these concepts relate to the programme's design and performance. Furthermore, the Four Es alone do not provide a transparent basis for distinguishing 'good' VfM from 'excellent' or 'poor' VfM. To do this requires agreed definitions for these terms, aligned with the programme ToC, which can support robust judgements and transparency in the assessment and reporting of VfM.

We adopt an *evaluation-specific approach* to VfM in this assessment. The approach involves making transparent, evidence-based judgements about *how well* resources are being used, and whether the value derived is *good enough* to justify the investment (King and OPM, 2018). The discipline of evaluation is underpinned by a logic of evaluative reasoning that enables valid judgements to be made from empirical evidence (Davidson, 2014). Explicit evaluative reasoning enhances the credibility and use of evaluation for

³⁷ King and OPM (2018). *The OPM approach to assessing value for money: A guide*. Oxford: Oxford Policy Management Ltd. available at <https://www.opml.co.uk/files/Publications/opm-approach-assessing-value-for-money.pdf?noredirect=1>

accountability, learning and adaptation, by providing a transparent and agreed basis for making judgements (King, McKegg, Oakden & Wehipeihana).³⁸ The key steps in this process of reasoning are summarised in the diagram and explained below.

Figure 2: Overview of Our Evaluation-specific approach to VfM



Source: King & OPM (2018)³⁹

Step 1 – Theory of Change (ToC). A ToC explains how activities are understood to produce results (e.g., reduced trade costs, improved trade facilitation, enhanced business regulation for trade) that contribute to achieving intended impacts (Rogers, 2014). In VfM assessments, we use the ToC to assist in the identification of sub-criteria, standards and indicators that are relevant to the programme’s results chain, aligning our VfM criteria with programme outputs (for the assessment of efficiency), outcomes (for the assessment of effectiveness) and impacts (for the assessment of cost-effectiveness). TMEA’s ToC is shown in Annex A.⁴⁰

Steps 2-3 – Sub-criteria and Standards: The complexity of development programmes often means their performance cannot be judged solely based on indicators, devoid from any evaluative judgement. Well-reasoned judgements of the quality and value of results are required. Sub-criteria and standards provide a transparent basis for interpreting the evidence and arriving at sound judgements. In this context:

- *VfM sub-criteria* are selected dimensions of performance that are relevant to the programme – i.e., programme-specific definitions of economy, efficiency, effectiveness, equity, and cost-effectiveness. The sub-criteria describe, at a broad level, the aspects of performance that need to be evidenced to support an evaluative judgement about VfM. They have been selected based on their ability, collectively, to cover the most important aspects of VfM.
- *VfM standards* provide defined levels of VfM (i.e., excellent, good, adequate, and poor) for each of the criteria. For this exercise, ‘adequate’ performance is considered just good enough in terms of VfM; ‘poor’ performance represents a ‘fail’ in terms of VfM.

The rubrics (sub-criteria and standards) against which TMEA’s VfM is judged were discussed and agreed in a workshop with TMEA and DFID staff in Nairobi in January 2019.

Step 4 – Identifying evidence required: In a logical and sequential process of evaluation design, we identified the appropriate sources of evidence after defining the rubrics to be used to assess TMEA. The preceding steps were important to help ensure that the evidence is relevant, measures the right changes, and is appropriately nuanced.

³⁸ King, J., McKegg, K., Oakden, J., Wehipeihana, N. (2013). Rubrics: A method for surfacing values and improving the credibility of evaluation. *Journal of MultiDisciplinary Evaluation*, 9(21), 11-20.

³⁹ King and OPM (2018). *The OPM approach to assessing value for money: A guide*. Oxford: Oxford Policy Management Ltd. available at <https://www.opml.co.uk/files/Publications/opm-approach-assessing-value-for-money.pdf?noredirect=1>

⁴⁰ The version shown in the Annex, and that will be used to guide the VfM assessment, is a revised version of the ToC developed by the OPM evaluation team in order to identify pathways between the different levels of outputs and outcomes. The original ToC can be seen in the DFID Business Case (2013:17).

We have used a mix of indicators and other kinds of evidence. Indicator-based measurement makes a valuable contribution to evaluating programme performance and VfM. Indicators alone, however, are insufficient to support well-reasoned evaluative judgments. Indicators by their very nature are narrow and provide individual pieces of measurable evidence. Broader contextual evidence is also important, to provide additional information about performance and support appropriate interpretation of the indicators.

Steps 5-8 – Gathering evidence, analysis, synthesis, and judgements: The documents and data required for the assessment were defined after the January 2019 Nairobi workshop. We met with TMEA staff following the workshop to further discuss details of the proposed analyses and identify the evidence we would need for the assessment. Relevant documents and data were sent by TMEA staff after the visit (see further detail in the section on methodology and sources).

When conducting the VfM analysis, we first analysed the evidence for each criterion (the ‘E’s). We then considered the totality of evidence across the criteria collectively to give an overall assessment of programme VfM. The evidence was discussed in a participatory workshop involving key stakeholders from DFID and TMEA in Nairobi in August 2019, before the report was finalised.

3.3 Perspective of the VfM assessment

This VfM assessment has been commissioned and funded by DFID as part of its provision for the independent evaluation of TMEA Strategy 1 (2010-2017). The assessment is undertaken from a donor perspective: it focuses on resources from TMEA’s principal donors⁴¹ channelled directly through TMEA and the achievements of outputs and outcomes by TMEA specified by those donors.⁴² It does not explicitly consider what VfM would look like from the perspective of the EAC, relevant East African governments, or the communities and beneficiaries targeted by the programme.

3.4 Scope, objectives, audiences, and team

The VfM assessment focuses on VfM under TMEA Strategy 1, which finished in June 2017. Data on costs cover the period from the start of the programme until the end of Strategy 1. Data on outcomes and impact reflect achievements at the end of Strategy 1 in June 2017 or beyond, depending on the reference periods used in other OPM Phase 2 evaluation studies: OPM’s Performance Evaluation⁴³ used data to the end of Strategy 1; OPM’s Trade and Growth Impact Study⁴⁴ (TGIS) used data through to December 2017 for modelling work (transport, Computable General Equilibrium (CGE), and gravity⁴⁵ models) and data through to September 2018 on its analysis of SWIFTS; and OPM’s Poverty and Gender Impact Study (PGIS)⁴⁶ used quantitative datasets spanning the years up to the end of Strategy 1, and provided data on changes from 2016 to the time of fieldwork (early 2019) in its qualitative component.

The focus of the VfM assessment is on the corporate level, i.e. for the TMEA programme, to respond to DEQ5.21 (Is the programme providing VfM?). We examine data on costs, practices, outputs, and results (outcomes and impact) to make judgements on each of the Es primarily for the programme as a whole, rather than disaggregating by country programme, Strategic Objective or project. We do however look at variation across country programmes and Strategic Outcomes where relevant to the analysis, for example in assessing achievement of outputs and outcomes.

We examine data at a lower level for some key analyses, including consultant fees on projects (economy criterion), the cost-effectiveness of One-stop Border Posts (OSBP) (cost-effectiveness criterion), and comparative VfM across key programme components, to respond to DEQ5.22 (In which activities/components and countries does the programme achieve higher VfM than others and what are the lessons learnt for driving greater VfM across the board?) and to extract lessons which can help to enhance VfM under Strategy 2.

The assessment meets accountability and learning objectives. It provides a judgement on VfM achieved during Strategy 1 and provides recommendations for further enhancing VfM under Strategy 2, including recommendations for strengthening TMEA’s own VfM assessment and reporting during Strategy 2. It also highlights recommendations for maximising VfM on other similar future programmes. Accountability for

⁴¹ The Governments of the UK, Finland, Denmark, USA, Canada, Belgium, and the Netherlands.

⁴² Some of the same donors also invested in some of the large infrastructure projects supported by TMEA via other funding mechanisms (e.g. DFID has invested other funds in the development of the Dar es Salaam port), and other donors have also made significant investments in SO1 projects (e.g. the World Bank and the French Development Agency). We focus on the funds spent via TMEA.

⁴³ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

⁴⁴ OPM: Paul R Baker, David Vanzetti, Mohammad Razzaque, Neetish Hurry. Deliverable 4A: Trade and Growth Impact Study. December 2019

⁴⁵ For the gravity model, regressions were made from 2008 to 2015 (which was the last year with a common methodology for Doing Business). The data for 2010 and data for 2017 was extrapolated, to compare the whole of 2017 against 2010.

⁴⁶ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019

achieving VfM during Strategy 1 was the shared responsibility of TMEA and its donors, and the recommendations and lessons learned are valid for TMEA and donors.

The assessment was undertaken by a team of sectoral and evaluation experts with complementary expertise in VfM and economic evaluation:

- Frances Hansford, VfM Expert and Team Leader
- Julian King, VfM Advisor
- David Vanzetti, Trade Economist
- Ozlem Akkurt, OPM Consultant
- Saltanat Rasulova, OPM Senior Consultant
- Esther Namukasa, OPM Consultant.

3.5 Complexity and Emergent Strategy

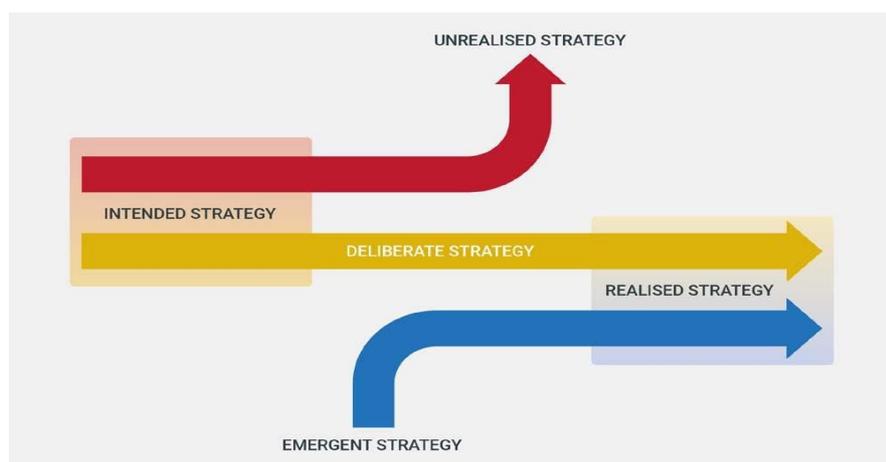
TMEA is a complex programme working to create systems change in a complex political economy. This influences the way we need to look at VfM. It would be inappropriate to draw simple links between activities and outcomes, without consideration of the complexity of the programme.

There is a body of literature on how complexity requires different management approaches. For example, in the context of TMEA:

- The trade sector comprises multiple actors and the behaviour of the system can be unpredictable and uncontrollable (rather than stable, predictable, and controllable)
- Causality tends to be non-linear, with multiple variables and inter-relationships (rather than being linear with every effect traceable to a specific cause).
- Direction-setting, when attempting to bring about system change, requires participatory approaches, often with multiple stakeholder groups (rather than taking a top-down, directive approach)
- Responsiveness to the environment is an important measure of value (with simple concepts of input-output efficiency and reliability being less relevant) (Olson and Eoyang, 2011).⁴⁷

Accordingly, TMEA is expected to be responsive to the evolving context in East Africa. There will be some aspects that are planned ('intended strategy') but do not take place due to the evolving context ('unrealised strategy'). At the same time, new approaches ('emergent strategy') will be adopted. Valid judgements about VfM need to recognise this feature of the programme, determine whether adaptive management is occurring and is effective, and account for unrealised and emergent strategy. We do this in the efficiency section on adaptive management.

Figure 3: Emergent Strategy



Source: King & OPM (2018),⁴⁸ based on Mintzberg and Waters (1985)⁴⁹

⁴⁷ Olson & Eoyang. (2001). *Facilitating Organisational Change: Lessons from Complexity Science*. Jossey-Bass/Pfeiffer.

⁴⁸ King and OPM (2018). *The OPM approach to assessing value for money: A guide*. Oxford: Oxford Policy Management Ltd. available at <https://www.opm.co.uk/files/Publications/opm-approach-assessing-value-for-money.pdf?noredirect=1>

⁴⁹ Mintzberg, H. and Waters, J.A. (1985) 'Of Strategies, Deliberate and Emergent'. *Strategic Management Journal*, Vol. 6, No. 3: 257–272.

3.6 Additionality and contribution analysis

VfM assessments need to consider the counterfactual (i.e. what would have happened if an intervention had not taken place – the ‘do nothing’ scenario) and make a judgement regarding attribution. Attribution is about demonstrating whether the observed outcomes came about because of the programme intervention or due to other factors. In the TMEA context, it is not possible to use an experimental evaluation design (e.g. a randomised control trial) to assess impacts against a measured counterfactual. Instead, some *ex post* ‘detective work’ is necessary to assess the outcomes and impacts of the programme against the evidence of activities, outputs and outcomes specified in the ToC, consider alternative explanations for attribution (e.g. another programme), and present a conclusion based on a transparent, logical, reasoned argument.

Economic concepts, such as those shown in Table 2, which draw on concepts from additionality⁵⁰ as well as the Social Return on Investment Network’s (SROI Network’s) Guide to Social Return on Investment (SROI Network, 2012),⁵¹ are also important in any VfM assessment. Using these concepts helps to facilitate an assessment of the plausible contribution of TMEA whilst avoiding over-claiming the programme’s impact. The VfM study draws on OPM’s Phase 2 evaluation studies (Performance Evaluation, Trade and Growth,, Impact Study and Poverty and Gender Impact Study) to the extent that they address these issues and substantiate, or not, TMEA’s contribution claims.

Table 2: Framework of economic considerations

Factor	Definition	Where it is discussed in the VfM assessment
Deadweight	To what extent would observed outcomes have occurred without any intervention?	Cost-effectiveness section
Shared effects /contribution	To what extent did other (non-TMEA) interventions or programmes also influence changes, e.g. other infrastructure investment by TMEA or other donors?	Cost-effectiveness section
Gains through positive externalities	Did the programme contribute to verifiable indirect benefits, e.g. increased investment/leverage of resources, more effective regional management of resources?	Effectiveness section
Losses through e.g. displacement, substitution, leakage, or negative externalities	Did changes occur that cannot be claimed as programme benefits (e.g. diverted human resources from other relevant work, reduced outputs or outcomes elsewhere, benefitted people outside the intended target groups/areas), or did the programme generate negative effects or costs for other parties?	Cost-effectiveness section
Sustainability	Are results expected to increase, stay the same, or drop off over time?	Cost-effectiveness section

3.7 Methodology and sources

The VfM assessment was undertaken on the basis of a desk review of key documents and analysis of financial data provided by TMEA, and information from OPM Phase 2 Evaluation Studies (Performance Evaluation, Trade and Growth Impact Study, and Poverty and Gender Impact Study), supplemented by a small number of interviews and three participatory workshops. The VfM team did not undertake other primary data collection to substantiate costs or results.

The assessment used a mix of methods and data sources and types to provide a comprehensive account of programme performance against a combination of VfM indicators and evidence. The combination of methods and data sources used, described below, allowed us to explore multiple lines of inquiry and to triangulate across findings, thereby strengthening the validity and credibility of the assessment. The approaches to specific analyses in the assessment are described in the corresponding sections and/or the annexes.

3.7.1 Desk review

The documents reviewed for this assessment are shown in Annex B. Broadly, documents from TMEA fell into the following categories:

- Documents describing organisational strategy, policies, procedures, regulations, and guidelines;

⁵⁰ See, for example, UK Government Homes and Community Agency Additionality Guide 4th edition 2014. <https://www.gov.uk/government/publications/additionality-guide>.

⁵¹ SROI Network (2012), Guide to Social Return on Investment. The Social Return on Investment Network, January 2012.

- Reviews and audits conducted by TMEA or commissioned by donors, including donor-commissioned Annual Reviews, and TMEA responses to review recommendations where relevant;
- TMEA Monitoring, Evaluation and learning (MEL) and VfM documents and data, including the Strategy 1 results framework, formative and summative evaluations, surveys, and Cost-benefit Analyses (CBAs) commissioned by TMEA or donors, and reports on VfM; and
- Project Appraisal Reports (PARs) and progress reports for key relevant projects.

We considered earlier manuals and policy documents as relevant to ensure that the evolution of policies is reflected in our assessment. Where pertinent, we reviewed strategy and policy documents created in the early stages of Strategy 2, in order to capture changes implemented during Strategy 2 and to avoid making redundant recommendations.

Data from TMEA included financial data on expenditure and fee rates paid to consultants hired on TMEA-supported projects during Strategy 1, and quantitative data related to staffing. We did not inspect raw data from TMEA. We also incorporate findings against TMEA's Key Performance Indicators (KPIs), where they are relevant to our framework and data was available from TMEA.

For the benchmarking exercises (consultant fees and OSBP costs), we reviewed data provided by other programmes. For fees, this was data provided by OPM-implemented programmes, as well as guidance on fee rates provided by a trade sector programme in East Africa (more detailed information on benchmarking methodology is available under sub-criterion 2 in the economy section). For the non-TMEA OSBPs, data on costs was sourced from the African Union Development Agency's (NEPAD's) One Stop Border Post Sourcebook (2nd edition, 2016).

We also reviewed the relevant Phase 1 and Phase 2 OPM evaluation reports. One of the VfM team members participated in the OPM Performance Evaluation fieldwork. This allowed us to include occasional reference to material in interviews conducted as part of the OPM Performance Evaluation, which does not appear in the OPM Performance Evaluation report (2019).⁵²

3.7.2 Interviews

We conducted interviews with DFID and TMEA staff in person or by phone/Skype at two points in the assessment. Interviews were conducted with TMEA staff in January 2019 in Nairobi, immediately following the framework workshop. The purpose of these interviews was to meet key TMEA staff relevant to the areas of interest to our study, discuss details on the VfM framework, and identify and discuss relevant evidence, data, and documents. The second round of interviews was conducted in June 2019. These interviews were conducted after our review of documents and data, to fill gaps in evidence and sense-check our findings. We also clarified some details on email or brief calls in the period between the two rounds of interviews.

We conducted 25 interviews with two members of DFID staff and 18 senior members of TMEA staff, including representatives from Transport Infrastructure, Results & Organisational Performance, Human Resources, Sustainable and Inclusive Trade, and Procurement, among others. The sample size was determined by the resources available for the assessment. Interviewees from TMEA were selected purposively by the VfM team according to role and area of competency. They included members of the Senior Management Team (SMT), Strategic objective (SO) leaders, and MEL staff based in TMEA HQ in Nairobi. Interviewees from DFID were identified by the DFID East Africa team responsible for the independent evaluation. We sought, as far as possible, to include staff from TMEA and DFID with good knowledge of Strategy 1, although this was not always possible due to staff turnover in both organisations.

Interviews were semi-structured, with probing to explore areas of interest to the assessment and allowed space for interviewees to expand on their areas of interest. Interviews lasted between 30 and 90 minutes. The 'master' interview guide with the complete list of interview questions, used in June 2019, is shown in Annex D. The questions addressed to each interviewee depended on their area of competence and the time available for the interview. The team reviewed interview notes after each interview to check for consistency and identify emerging themes. Interviewees were assured confidentiality and anonymity. Interview notes were not shared beyond the OPM evaluation team, and interviewees are not identified in the report.

3.7.3 Workshops

We conducted three participatory workshops with TMEA and DFID staff as part of the assessment to encourage high levels of stakeholder involvement.

⁵² OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

Workshop 1: VfM Framework Workshop

A framework design workshop was held in Nairobi on 21st January 2019, with members of TMEA staff, DFID staff, and the OPM evaluation and VfM teams. The purpose of the workshop was to present and discuss OPM's proposed approach to the assessment, to discuss and agree the rubrics (sub-criteria and standards) for each 'E', and to discuss the approach to key analyses in the assessment (analysis and benchmarking of consultant costs, benchmarking of OSBP costs, review of CBA methodologies, and selection of key programme components for the comparative VfM assessment) (DEQ5.22). Some of these discussions continued, and final decisions were made, in the weeks following the workshop. A brief note recording workshop discussions and decisions was circulated to all attendees. The final VfM framework was signed off by DFID in April 2019. The agreed VfM framework is shown in Annex E.

Workshop 2: Review Workshop (PIOs matrix)

We organised a virtual review workshop part way through the assessment (last week of June and first week of July 2019) for review of the comparative VfM of selected PIOs (in response to DEQ5.22). TMEA staff provided comments in a Google Document on the content and proposed judgments prepared by the VfM team based on document review. The VfM team reviewed the comments and updated the matrix as appropriate. Key modifications are detailed in Section 3.8 below.

Workshop 3: Verification/Judgements Workshop

We held a final verification/judgements workshop in Nairobi on 19th-20th August 2019 with members of TMEA staff, DFID staff, and the OPM evaluation and VfM teams. Attendees received a PowerPoint summary with key findings and proposed judgements ahead of the workshop. The purpose of the workshop was to review the evidence against the standards set in the VfM framework (Annex E), and to discuss gaps in our evidence and analyses. We had initially proposed to discuss the judgements against each E, and a summative judgement for the programme, but this discussion was not possible as the OPM reports which provide much of the evidence had not been finalised. Instead, TMEA and DFID staff commented on the proposed judgements during review of the draft report.

3.7.4 VfM report

The VfM report was drafted by the VfM team and reviewed by other members of the OPM evaluation team to check for consistency against other OPM evaluation reports. Quality assurance was conducted by OPM evaluation specialists. The draft report was sent to TMEA and DFID staff for review after the workshop. All comments were reviewed and integrated into the report where relevant, including disagreements on evidence or the judgements. The report was then reviewed by DFID's EQUALS team.

3.8 Modifications to or departures from the agreed VfM framework

The following modifications to or departures from the approach to the VfM assessment laid out in the agreed VfM framework were made during the assessment:

- We have not estimated the value of cost savings achieved by streamlining staff expenses on travel and per diems during Strategy 1, as changes in policy and practice were introduced gradually which did not allow for a pre/post assessment. Instead we show the change in travel costs as a share of total expenditure during Strategy 1. While this does not allow us to attribute savings to particular changes in policy, it does allow us to observe the overall effect of incremental changes in policy and practice on overall spend on staff travel.
- We analysed consultant fee rates on a sample of contracts procured from 2013/14 to 2017. Earlier years were excluded from the analysis as TMEA advised that the records for these years were dispersed across multiple electronic folders, such that significant staff time would be required to pull the records together, and many records were incomplete (see Annex F). We discussed this with TMEA staff and concluded that there was no reason to believe the exclusion of earlier years would introduce bias into the analysis, as staff reported that they did not change the way they negotiated fee rates during these years.
- We did not analyse fee rates in our sample of contracts by the status of the consultant – freelance vs sub-contracted by a firm – as TMEA staff advised they were unable to determine consultant status with any certainty from their records. As we do not know the proportion of each in our sample, we do not know if the mean rate has been pulled down by a preponderance of freelancers (who are likely to receive a lower daily rate) or up by a preponderance of subcontracted consultants (who are likely to receive a higher daily rate).
- Instead of cost per output for the OSBPs, we analysed cost per outcome (the traffic-weighted value of time saved), a measure of cost-effectiveness. This provided better information on the relative

performance of each OSBP in relation to cost. The analysis was moved from the efficiency rubric to the cost-effectiveness rubric.

- At DFID's request during the framework workshop, we included information on the evolution of TMEA's MEL strategy during Strategy 2 as one of the key drivers for sub-criterion 1 on effectiveness, even though other information on Strategy 2 was not used to inform our VfM judgements. In the review process, it was determined that this information should not inform our judgement on Strategy 1 VfM. We therefore moved the information to the end of effectiveness sub-criterion 3, where it is presented as background information on improvements made since the beginning of Strategy 2 and does not inform the judgement on Strategy 1 VfM. The removal of the information from the assessment has not made a difference to the judgement against effectiveness.
- In the VfM framework, we proposed to include Annual Review overall scores as a piece of evidence against the effectiveness criterion. However, as the scores are based on outputs rather than outcomes, we have instead reported them against the efficiency criterion, where they aided mapping of AR output scores against the VfM rubric.
- It was agreed in the VfM framework that cost-effectiveness would have less weight in our overall VfM judgement than the other Es, due to the extended timeframe required to observe measurable impact on trade and economic growth beyond the end of Strategy 1. This was dropped because the cost-effectiveness assessment provides an aggregate, investment-level measure of VfM based on costs and outcomes as they stood at the end of Strategy 1.
- The proposed review of achievement of trade outcomes indicator targets in the TMEA RF in the cost-effectiveness section was no longer necessary, as the OPM Trade and Growth Impact Study (2019)⁵³ provides a comprehensive summary of the achievement of trade outcomes and was used to inform the cost-effectiveness assessment. It was therefore dropped. Removal of the information has not had an impact on the judgement.
- In the original VfM design it was conceived that breakeven analysis (BEA) would be employed to examine whether the assumptions in Pogorelski's 2012 CBA were still reasonable and, if so, whether TMEA's realised outcomes and impacts were sufficient to indicate breakeven. Subsequently, however, it transpired that results of the OPM Trade and Growth Impact Study (2019)⁵⁴ directly estimate benefits of TMEA and represent a better source of evidence to use in BEA. Accordingly, the BEA uses the findings of the OPM Trade and Growth Impact Study (2019)⁵⁵ to project forward and assess the prospect of TMEA showing a positive Net Present Value (NPV).
- We proposed to change the time horizons for BEA in the cost-effectiveness rubric from 2021 to 2025 for excellent, and 2025 to 2030 for adequate and good, as, in retrospect, we consider these timeframes to be unduly and arbitrarily short for a programme of this nature. The proposal was made before we had access to the relevant data from the Trade and Growth Impact Study (2019), and was discussed at the validation workshop and later signed off by DFID.
- The standards for cost-effectiveness were modified to bring together the statements on breakeven analysis and non-monetised outcomes together. This is because the generation of additional non-monetised outcomes is assessed together with the breakeven analysis rather than being an independent requirement. The modification did not make a difference to the judgement against cost-effectiveness.
- In the VfM framework we proposed to assess transition planning undertaken by TMEA in the early stages of Strategy 2 as part of the assessment against cost-effectiveness. In the review process, it was determined that this information should not inform our judgement on Strategy 1 VfM and it was therefore removed. The removal of the information from the assessment did not make a difference to the judgement against cost-effectiveness.
- Explicit standards were introduced at adequate level for design and outcome equity in order to make the reasoning against the equity criterion more transparent. The modification did not make a difference to the judgement against equity.
- In the VfM framework we proposed to assess impact equity based on evidence on long-chain effects in the OPM Poverty and Gender Impact study (2019).⁵⁶ During the assessment, we found that there was insufficient evidence as yet to inform a sound judgement on impact equity. We therefore removed this sub-criterion from the assessment.
- The expert workshop to review information on the comparative VfM of selected PIOs was conducted virtually (participants were given a two-week period to comment on a Google Document) rather than in-

⁵³ OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019

⁵⁴ OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019.

⁵⁵ OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019

⁵⁶ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019

country. The revised approach provided TMEA staff with a longer timeframe to review and deliberate the information and provide comments.

- In the VfM framework we proposed to use the information from the analysis of consultant fee rates in our response to DEQ5.22. In the review process it was decided to drop this from the response to DEQ5.22. This is because the analysis of fee rates considers costs but not outputs or outcomes, which tells us nothing about comparative VfM on different projects.

In addition, the following issues were agreed with DFID during the assessment, after finalising the VfM framework. The approach followed in each case is described in the relevant section indicated below in parenthesis.

1. Approach to analysis of TMEA consultant fee rates (economy)
2. Selection of external benchmarks for consultant fee rates (economy)
3. Selection of external benchmarks for OSBPs costs (cost-effectiveness)
4. Selection of programme components for the VfM matrix (response to DEQ5.22)

3.9 Limitations and potential bias

The team made substantial efforts to ensure that data collected were valid and reliable by collecting data from multiple sources, rigorously triangulating evidence, validating findings with key stakeholders, and discussing findings within the VfM team. There are nevertheless some limitations to the study:

1. Given the time lag between Strategy 1 and the finalisation of this assessment – our interviews were conducted eight years after the start of Strategy 1 and two years after completion of Strategy 1 – interview responses may in some cases be affected by recall bias. We controlled for this as far as possible by asking the same questions to multiple interviewees.
2. Staff at TMEA are the primary source of much of our evidence – financial data, documentary evidence and interviews. This creates the potential for positive bias in our findings. We considered the data presented to us critically, and triangulated data from TMEA against information in annual reviews, audits, due diligence assessments and OPM evaluations, to minimise potential bias.
 - 2.1 Regarding financial data, we did not check raw data, but we cross-checked the data received for different analyses for the assessment and checked the data against reports on expenditure in the 2017 Annual Review.
 - 2.2 Regarding documents, we initially requested that TMEA staff send us all relevant documentation pertaining to the sub-criteria in the framework, and then requested further relevant documentation that became known through our initial document review. However, we cannot be sure that other relevant documents exist of which we have no knowledge.
 - 2.3 Regarding interviews, it was beyond the scope of this assessment to seek other respondents with additional or contrary views, but we cross-checked information provided by different interviewees and by DFID interviewees.
3. The small number of interviews conducted means that the views expressed are in no way representative of all views at TMEA or DFID, and we may have missed other important perspectives (e.g. on how gender-sensitive the organisational culture is) and information (e.g. examples of extra deliverables). In addition, not all questions were addressed to all interviewees. Examples from interviewees cited in the report are therefore illustrative and not exhaustive.
4. The sample of contracts examined for the analysis of consultant fee rates is small (11 contracts, or 1.6% of all contracts for the period). The sample size was limited by the time required of TMEA staff to classify all contracts for the period. Our conclusions around mean fee rates should be treated with caution.
5. The information we received from comparator programmes for benchmarking of consultant fee rates was inadequate to assure us that we were making fair comparisons. We have therefore presented comparisons as background information, but the comparisons did not inform our judgment.
6. The BEA extrapolates cost savings attributed to TMEA in the Trade and Growth Impact Study (2019)⁵⁷ where attribution was estimated on a pro rata basis in proportion to the level of funding for TMEA relative to other relevant interventions. This approach was adopted in the OPM Trade and Growth Impact Study (2019)⁵⁸ in the absence of data to support a stronger approach. In recognition of this, the estimated savings were subjected to scenario and sensitivity analysis in the BEA.
7. Our assessments against the results-focused criteria (effectiveness, cost-effectiveness, equity) draw heavily on OPM's Phase 2 evaluations (Performance Evaluation, Trade and Growth Impact Study and Poverty and Gender Impact Study). Any limitations relative to the quality of evidence or assumptions

⁵⁷ OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019.

⁵⁸ OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019

made, cited in those studies, must be borne in mind when reading the evidence and conclusions of this report.

8. The assessment is undertaken from the perspective of DFID as principal donor and draws on the views of TMEA and DFID staff. It does not reflect the views of the EAC community, relevant East Africa governments, or the communities or beneficiaries targeted by the programme. Inclusion of the perspectives of these stakeholders could lead to a different judgement on programme VfM and whether the investment was justified.
9. Our interpretation of the evidence may be subject to confirmation bias, in which prejudgements about findings caused the team to overlook contrary or unexpected findings. We have attempted to guard against this by combining our sectoral and evaluation experience and discussing in depth our views on the interpretation of the evidence and conclusions on judgements against each E.

4 Answering the evaluation questions: DEQ5.21

This section responds to the following evaluation question:

VfM

DEQ5.21 Is the programme providing VfM?

4.1 Overall judgement against DEQ5.21

Table 3 provides our overall assessment of programme VfM across the five criteria during Strategy 1. The table provides a high-level summary of the evidence against each criterion. Full evidence and an explanation of the evaluative reasoning underpinning each judgment can be found in Section 4.

Our judgements are based on evidence as it pertains to performance during Strategy 1. We have commented on ways in which TMEA has modified its policies and practices during Strategy 2 as part of our detailed evidence, in order to capture improvements made by TMEA since the end of Strategy 1, and to avoid making redundant recommendations. However, it is important to note that this information does not inform the judgements on Strategy 1 VfM.

Table 3: Overall judgement on TMEA programme Strategy 1 VfM (DEQ5.21)

VfM criterion	Evaluative judgement	Evaluative Judgement & Summary of evidence
Economy	Adequate	<p>TMEA is judged to have achieved an overall rating of ‘Adequate’ for the economy criterion.</p> <p>The assessment found that TMEA followed good practice to manage key economy drivers in some instances: staff remuneration policies were in place and salary surveys were conducted every two years, and tighter controls on staff travel helped to reduce travel costs as a share of total expenditure. There were also some important shortcomings: TMEA did not establish formal fee rate guidelines, use a benchmarking methodology or maintain records on fees paid to consultants, and although procurement policies dictated the use of multiple selection criteria, thresholds for competitive bidding, partner participation, and review by the Tender Committee, policies were inconsistently implemented, creating the risk of poor VfM on contracts, poor delivery, and conflict of interest and fraud. This led to a judgement that the Adequate standard was partially met for sub-criterion 1.</p> <p>Average unit costs for key inputs generally met the agreed benchmarks (staff salaries were kept in line with market benchmarks and consultant fee rates reported at the end of Strategy 1 and in our sample were below the agreed KPI target), and share of expenditure on indirect costs during the whole of Strategy 1 (13.7%) was just under the agreed cap of 14% approved by the Board in November 2015. TMEA therefore met the standard for Good against sub-criteria 2 and 3.</p> <p>We do not consider the shortcomings against key drivers (sub-criterion 1) serious enough to bring down the overall judgment against economy to Poor. However, as we agreed in the VfM framework (Annex E)⁵⁹ to place greater emphasis on management of key drivers than on unit costs per se, the assessment that the Adequate standard was partially met for sub-criterion 1 brings the overall judgement against economy down to Adequate.</p>
Efficiency	Adequate	<p>TMEA is judged to have achieved an overall rating of ‘Adequate’ for the efficiency criterion.</p> <p>The assessment found that TMEA followed good practice to manage key efficiency drivers in some instances: TMEA demonstrated that it used multiple criteria to inform decisions around in/outsourcing of key functions, and in relation to project appraisal, although staff may have found it hard to relate their projects to the ToC, given the high-level nature of the ToC, evidence from OPM evaluations indicates that projects were generally relevant to TMEA ToC and mandate. There were also some important shortcomings: project-level VfM was not adequately addressed in project appraisal, design and implementation and TMEA did not provide guidance on VfM to projects; and while TMEA made efforts to strengthen partner and staff capacity around reporting, and had various mechanisms in place to allow it to</p>

⁵⁹ OPM: Hansford et al. TMEA VfM April 2019, p.22

VfM criterion	Evaluative judgement	Evaluative Judgement & Summary of evidence
		<p>identify poorly-performing projects, significant problems with project MEL/reporting, and the failure of staff to systematically undertake due diligence checks on grantees and to verify partner reports, created a significant risk that some poorly performing projects were not identified and corrected, or terminated, and that resources were not used to best effect to achieve results. This led to a judgement that the Adequate standard was partially met for sub-criterion 1.</p> <p>TMEA programme outputs were generally completed to required quality, timeframe and budget, allowing for reasonable exceptions and emergent strategy, and TMEA provided examples of extra deliverables beyond workplan, allowing the programme to meet the Adequate standard against sub-criterion 2.</p> <p>CBAs undertaken on key infrastructure projects (and the programme) were of acceptable quality for the time, although assumptions around attribution, the value of time savings, expected induced trade, and traffic flow forecasts can be considered overly optimistic at the time, and therefore TMEA met the standard for Adequate for sub-criterion 3.</p> <p>TMEA can demonstrate that it used a systematic process to ensure a balanced portfolio of projects, with guidance on ensuring alignment of projects with TMEA strategy provided in PAR templates and PBM guidelines, and a matrix management system which was designed to ensure strategic coherence across portfolios and countries, and TMEA therefore met the standard for Adequate for sub-criterion 4.</p> <p>TMEA can demonstrate that it enhanced programme performance significantly through adaptive management and provided examples of ways in which this led to better results, despite several constraints on its ability to be adaptive, and therefore met the standard for Excellent for sub-criterion 5.</p> <p>Some of the shortcomings against sub-criterion 1 were significant, but we do not consider them serious enough to bring down the overall judgment against efficiency to Poor. TMEA met the standard for Excellent for sub-criterion 5, but we judge this to be insufficient to raise the overall judgement above Adequate, particularly due to the serious risk to overall programme VfM posed by the failure to adequately address project-level VfM in project appraisal and monitoring or provide guidance on VfM to projects.</p>
Effectiveness	Adequate	<p>TMEA is judged to have achieved an overall rating of 'Adequate' for the effectiveness criterion.</p> <p>The assessment found that TMEA followed good practice to manage key effectiveness drivers in some instances: evidence on TMEA's attention to political economy indicates that on the whole TMEA was politically astute, which helped it to build trust with partners and remain relevant in the face of changes. There were also some important shortcomings: there were processes in place to identify, assess, and manage programme risks, and risk reporting was updated periodically, but insufficient attention to implementation of risk management and mitigation may have left TMEA exposed to significant risk; in relation to programme MEL, TMEA developed tools including an overarching ToC, a RF, and an MIS, and staff used information from its own monitoring system and from other sources to inform programming decisions, but the ToC was not updated after 2014 and TMEA did not systematically monitor assumptions, there were serious problems with the conceptualisation and/or measurement of most indicators in the RF and shortcomings in recording data, and poor quality reporting from some partners limited the utility of the information in the MIS; TMEA put a VfM strategy in place in late 2015 which included programme-level KPIs and guidance on project-level VfM, but significant weaknesses in the strategy made it less than fit-for-purpose for a programme of TMEA's cost, TMEA did not report against the its VfM KPIs until January 2017, and audits conducted after approval of the strategy were not aligned with the strategy. This led to a judgement that the Adequate standard was partially met for sub-criterion 1.</p> <p>TMEA can demonstrate some progress towards achieving the intended PIOs and strategic outcomes in its RF, and therefore met the standard for Adequate for sub-criterion 2. There were some unintended positive outcomes from TMEA's interventions, but the OPM Performance Evaluation (2019) concluded that most of these outcomes were not well-substantiated or systemic. There were some</p>

VfM criterion	Evaluative judgement	Evaluative Judgement & Summary of evidence
		<p>constraints on TMEA's ability to achieve outcomes, but these could have been anticipated and TMEA should have been learning about and adjusting to these challenges. Our judgement against sub-criterion 2 is partly reflective of the problems with results measurement and availability of evidence reported in the 2017 AR and the OPM Performance Evaluation (2019)⁶⁰; we have greater confidence in the Performance Evaluation findings, and have given greater weight to these findings in our judgement on sub-criterion 2.</p> <p>Although there were shortcomings against sub-criterion 1, we do not consider these to be serious enough to bring down the overall judgment against effectiveness to Poor.</p>
Cost-effectiveness	Adequate	<p>TMEA is judged to have achieved an overall rating of 'Adequate' for the cost-effectiveness criterion.</p> <p>For cost-effectiveness of time savings (five OSBPs) the programme is judged adequate overall after taking contextual factors into account, in particular qualitative differences between OSBPs and the short-term nature of outcomes to date. If the Kagitumba/Mirama Hills OSBP had not been included in our analysis, the judgement against this sub-criterion would have been moved up to Good.</p> <p>Rapid breakeven analysis, comparing donor expenditures to savings from reduced trade times, trade costs and trade risks estimated by the Trade and Growth Impact Study (2019),⁶¹ suggests that TMEA is likely to break even by 2025. The finding is robust to increases in the discount rate, delayed start date of benefits or reduction in benefits. This analysis is likely to be conservative because the time savings represent benefits from approximately half of TMEA's total portfolio of interventions. Overall, the results of breakeven analysis meet the standard of a positive NPV by 2025 'beyond reasonable doubt' (the breakeven standard for 'excellent'). TMEA also had a few non-monetised impacts not accounted for in breakeven analysis (e.g. equity effects, gender benefits, and changes at lower levels of the ToC that have not yet flowed through to cause tangible changes in trade costs), though we would not expect these to have a material bearing on the conclusions. TMEA made a distinct contribution to improved trade, which are additional to the contributions of non-TMEA interventions ('shared effects') and to outcomes that may have occurred without any intervention ('deadweight').</p> <p>Sustainability of the outcomes derived from TMEA's contributions is variable. Some outcomes attained thus far are likely to be sustained (including hard infrastructure, legislation/policy changes and ICT improvements), while others are at greater risk (including soft infrastructure, regional integration, NTB mechanisms, and export capability and logistics). We conclude that reasonable expectations for sustainability have been achieved to an adequate level.</p> <p>TMEA met the standards for Adequate for sub-criteria 1 and 3 and Excellent for sub-criterion 2. For cost-effectiveness overall, TMEA met the standard for Adequate.</p>
Equity	Adequate	<p>TMEA is judged to have achieved an overall rating of 'Adequate' for the equity criterion.</p> <p>Equity considerations and staff welfare were visible in TMEA's corporate policies and practices, including recruitment, promotion and access to training, the workforce as a whole was gender balanced throughout Strategy 1, and gender parity in management positions improved during Strategy 1, allowing it to fulfil the standards for Adequate for organisational equity. 92% of the workforce were African nationals and 44% of SLT/SMT positions were occupied by Africans at the end of Strategy 1.</p> <p>TMEA's support to CSOs and in the WaT programme took equity and gender considerations into account, TMEA stipulated that gender and social analysis should form part of project appraisal, and strategies for gender mainstreaming were set out in the 2012 Gender Policy. But gender and equity mainstreaming and ex-ante analysis of winners and losers were weak, although TMEA did not consider proactive mitigation of losses to be within its remit as a trade facilitation programme,</p>

⁶⁰ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

⁶¹ OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019

VfM criterion	Evaluative judgement	Evaluative Judgement & Summary of evidence
		<p>and there is no evidence that DFID or other donors expected or requested TMEA to systematically monitor losses across its portfolio and undertake interventions to proactively mitigate for such losses. The programme met the Adequate standard against design equity due to poor mainstreaming.</p> <p>TMEA contributed to gains among key vulnerable groups, and benefits were reported among some poor women and their households and among some groups not directly involved in TMEA interventions, and measures to improve accessibility at OSBPs may have improved conditions for traders with disabilities. There is also evidence in OPM evaluations that some vulnerable groups were negatively affected by TMEA-supported interventions (including some poor women, displaced workers and businesses around ports and OSBPs, and smaller businesses), but as stated in the design equity section, it was not expected that TMEA would systematically monitor and proactively mitigate for such losses, so the programme met the Good standard for outcome equity. .</p> <p>There is insufficient evidence as yet to make a judgement against the impact equity sub-criterion, so it has been removed from the assessment. Evidence in the OPM Poverty and Gender Impact Study (2019)⁶² suggests that some of the gains for key vulnerable groups expected to materialise as a result of trade facilitation and economic growth, based on current theory, have come about during the time period covered by Strategy 1 in terms of poverty alleviation, which was generally greater on the trade corridors than further away from the corridors, and among households in tradeable sectors than in households in non-tradeable sectors, although this cannot be directly attributed to TMEA. Relatively wealthier households seem to have benefitted more than poorer households, and further gains for the poorest may require more time to materialise and to be measurable than the timeframe of the Poverty and Gender Impact Study (2019) data collection, which addressed the period until early 2019.</p> <p>TMEA met the Good standard for outcome equity and the Adequate standard for organisational equity and design equity, and therefore met the Adequate standard for equity.</p>
Overall judgement on VfM	Adequate	The programme met the standards for Adequate for all criteria, and is therefore judged to have achieved an overall rating of Adequate because TMEA has only delivered a few non-monetized high level outcomes not accounted for in breakeven analysis, and the sustainability of outcomes is variable

4.2 How this section is organised

The remainder of this section presents the evidence and judgment against each criterion in turn. For each criterion, we provide:

- The programme-specific definition of the criterion (reproduced from the VfM framework).⁶³
- A set of sub-criteria (dimensions of performance) (reproduced from the VfM framework).⁶⁴
- The performance standards (reproduced from the VfM framework, with some modifications that were agreed during the assessment and outlined in the modifications section).⁶⁵
- A table with the judgement and a summary of the evidence against the sub-criteria (the summaries in each table are not intended to be standalone; the detailed evidence needs to be read in full).
- The detailed evidence (indicators and narrative) against each sub-criterion, and a very brief summary of the evidence (in bold italics), as it supports the judgements on VfM in Strategy 1. We also include information on improvements made during Strategy 2, but this does not inform our judgements.
- A concluding section, which explains the rationale behind the judgement for each criterion.

A key form of evidence under the economy, efficiency, effectiveness and equity criteria is verification of whether TMEA followed good practice in relation to key drivers. The drivers and associated good practices were identified in key programme documents, including the original Business Case and TMEA strategy

⁶² OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019

⁶³ OPM: Hansford et al. TMEA VfM April 2019

⁶⁴ OPM: Hansford et al. TMEA VfM April 2019

⁶⁵ OPM: Hansford et al. TMEA VfM April 2019

documents, which set out normative policies and practices. i.e. we assess whether TMEA followed good practice in relation to policies and expected practices set out by TMEA and/or DFID. The drivers were described in Boxes 1, 2, 3 and 4, under the economy, efficiency, effectiveness, and equity criteria respectively, in the VfM framework, and are reproduced in the blue boxes at the beginning of each sub-criterion on key drivers in this report. We have verified whether good practice was adhered to by examining evidence in relevant documents and seeking the perspectives of key stakeholders via interviews. Where there is evidence that TMEA generally followed good practice, this is judged as 'adequate', as set out in the standards table in each section of the framework. We use the definition of 'Adequate' provided in OPM's VfM assessment Guide (King and OPM, 2018: 25): "Adequate means that the programme, though not meeting all expectations/targets, is fulfilling minimum 'bottom-line' requirements and is showing acceptable progress overall. Significant improvements may be needed".

Where possible, to produce a concise report and ensure good VfM in the process, clear reference is made to relevant narrative evidence in TMEA's documents and OPM's evaluations without repeating large sections of existing documents.

4.3 How we make and report judgements against the Es

We adopt an *evaluation-specific approach* to VfM in this assessment. The approach involves making transparent, evidence-based judgements about *how well* resources are being used, and whether the value derived is *good enough* to justify the investment.⁶⁶ In so doing, the assessment makes use of the rubrics (sub-criteria and standards) in the TMEA VfM framework (see Annex E).⁶⁷ *VfM sub-criteria* for each 'E' identify dimensions of performance that are relevant to the programme and describe, at a broad level, the aspects of performance that need to be evidenced to support an evaluative judgement about VfM. They have been selected based on their ability, collectively, to cover the most important aspects of VfM. *VfM standards* provide defined levels of VfM (i.e., excellent, good, adequate, and poor) for each of the criteria⁶⁸.

Judgements are made holistically based on all the evidence presented for the set of sub-criteria under each criterion (the Es). The VfM rubrics set out in the agreed framework provide a guide to making evaluative judgements and promoting transparency about how judgements are made. We review the evidence for each sub-criterion against the relevant standards in the table of performance standards. In principle, all criteria should be met (for example) at adequate and good levels to reach a judgement of good. However, exceptions may be made, based on the evaluators' professional judgements. Where this is the case, the rationale is clearly explained. To aid transparency, the last column in the performance standards table for each E shows which standards the programme has met and not met, and the first column in the table with the judgement and summary of evidence for each E shows the standard met for each sub-criterion. We then provide a full explanation of the evaluative reasoning behind our judgement against each sub-criterion in turn in the conclusion to each criterion (the Es).

4.4 Economy

4.4.1 Definition, sub-criteria, and standards

According to DFID (2011), *economy* is concerned with the cost and value of inputs:

Are we or our agents buying inputs of the appropriate quality at the right price? (inputs include things such as staff, consultants, raw materials, and capital that are used to produce outputs) (DFID, 2011:4)

The following definition of *economy* is used in the TMEA VfM assessment:

Economy criterion: The TMEA programme manages resources economically, buying inputs of the appropriate quality at the right price.

The VfM assessment looks for value-maximisation rather than a bias toward cost-cutting. Economy is neither a necessary nor sufficient condition for efficiency, effectiveness, or cost-effectiveness. For example, using lower cost staff or consultants may result in economy savings at the input level, but could potentially lead to efficiency losses at the outcome level, and hence lower effectiveness, if, for example, those staff provide lower quality outputs in the allotted time. **Thus, economy is about purchasing an optimal level of inputs, of appropriate quality at the lowest price and sufficient to maximise outcomes and impact.** Potentially, this includes identifying opportunities to invest a little more to secure a disproportionately greater gain in VfM. For this reason, we put greater emphasis in the performance standards on TMEA's efforts to maximise value through good management of key economy drivers, and especially procurement, and less

⁶⁶ King, J. (2017). Using Economic Methods Evaluatively. *American Journal of Evaluation*.

⁶⁷ OPM: Hansford et al. TMEA VfM April 2019

⁶⁸ The approach and the framework were discussed and agreed during a workshop with staff from TMEA and the Department for International Development (DFID) in Nairobi on 21st January 2019 and signed off by DFID in April 2019

on the assessment of unit costs. **Particular attention is paid to TMEA procurement policies and practices** given that around 75% of TMEA's Strategy 1 budget was spent on procured services, consultants, materials, and supplies (Annual Review (AR), 2017:16).

The following **sub-criteria** are used for the economy criterion:⁶⁹

1. **TMEA followed good practices regarding managing key economy drivers** (staff remuneration, consultant procurement and fee setting, and procurement processes, as specified in key documents)
2. **Average costs of key inputs of the right quality compare well with benchmarks** (staff salaries, consultant fees on selected projects); the agreed benchmarks are set out in the evidence table of the VfM framework, and are described in each section under the relevant sub-criteria.
3. **Spend on indirect costs as percentage of total programme costs** compares well with targets.

Where we state in the standards table below that costs 'generally meet agreed benchmarks, this means for the most part, allowing for a few reasonable exceptions. As the purpose of the rubric is to facilitate a transparent and defensible judgement, it would be inappropriate to specify exact thresholds because such thresholds would be arbitrary and would not support meaningful assessment.

Performance standards for these economy sub-criteria were defined as follows:⁷⁰

Performance	Sub-criteria	Standard met?
Excellent	TMEA can demonstrate that it has consistently maximized value in its procurement practices by following international best practice guidelines, drawing on multiple criteria which go beyond price alone, and ensuring that its partners follow the same practices And meets all criteria under 'good' performance	Not met
Good	Average unit costs for key inputs generally meet agreed benchmarks Indirect costs as percentage of total costs generally at or below agreed benchmark And meets all criteria under 'adequate' performance	Met Met
Adequate	Average unit costs for key inputs do not consistently or materially exceed agreed benchmarks Indirect costs as percentage of total costs generally near agreed benchmark TMEA verifiably followed good practice to manage key economy drivers	Met Met Partially met
Poor	Any of the conditions for adequate are not met	

4.4.2 Judgement and summary of evidence

Judgement:	Adequate
Sub-criteria and corresponding judgement	Key evidence as it relates to the standards
Sub-criterion 1: Adequate partially met	TMEA generally followed good practice in relation to staff remuneration and travel expenses. Staff remuneration policy was in place, and comprehensive market-based salary surveys were conducted regularly in line with TMEA's policy. Tighter controls on travel, reduced per diem rates and use of technology, introduced over the course of Strategy 1, helped to reduce staff travel costs as a share of expenditure. We have seen evidence that travel budgets were still exceeded in 2016, and this may have happened in other periods during Strategy 1, but this may indicate a problem with budgeting practices rather than indicating excessive spend on travel. Regarding procurement, important shortcomings indicate that TMEA did not consistently maximise value through its procurement practices. Consultant procurement practices included local and international advertising and comprehensive commercial and technical assessment of bids, fee rates were sometimes benchmarked against the market informally, and TMEA established a KPI towards the end of Strategy 1. But no formal guidelines, fee bands or caps for benchmarking consultant fees were established or monitored. Procurement policies dictated the use of multiple selection criteria, thresholds for competitive bidding, partner participation, and review by the Tender Committee, and the % value of

⁶⁹ OPM: Hansford et al. TMEA VfM April 2019

⁷⁰ OPM: Hansford et al. TMEA VfM April 2019

Sub-criteria and corresponding judgement	Key evidence as it relates to the standards
	<p>procurement subject to open competition was above the KPI target set in 2017, But important shortcomings were identified by DFID's Assurance Review of TMEA (24 January 2018), including unclear guidance, inconsistent implementation, and failure to comply with procurement policies and agreed practice in 70% of a sample of contracts and with policy (but not agreed practice) in the remaining 30%.</p> <p>Policies were in place for TMEA to check partner/grantee procurement practices, but the 2017 Deloitte and Touche Kenya Due Diligence assessment found they were not followed systematically prior to all awards, and checks were not undertaken during project implementation</p>
Sub-criterion 2: Good	<p>Salaries met agreed benchmarks, and the mean daily fee rate paid to consultants in our sample and reported by TMEA at the end of Strategy 1 were below the KPI target of <US\$800/day</p> <p>Staff salaries were revised periodically to ensure they stayed in line with market benchmarks in regional surveys, at the 75th percentile during Strategy 1, and at the 50th percentile at the end of Strategy 1; the latter downward revision led to some higher-level resignations and failed recruitments, but positions have since been filled</p> <p>The average daily fee rates reported at the end of Strategy 1 and in our sample were below the agreed VfM KPI benchmark of US\$800/day. We use this as the basis for our assessment although we note that TMEA's own analysis is for a short period at the end of Strategy 1, and our own analysis is based on fee rates set out in a small sample of contracts, and not on rates actually paid. TMEA average fee rates in our sample exceeded the external benchmarking data to which we had access, but the information provided by comparator programmes and TMEA was inadequate to ensure that we were making like-for-like comparisons, so the comparisons are provided as background information and do not inform our judgment on VfM.</p>
Sub-criterion 3: Good	<p>Indirect costs as a percentage of total costs for Strategy 1 as a whole were just below the agreed target of 14%. The share of expenditure on indirect costs decreased steadily during Strategy 1 from 42% in 2010 to 8% in 2016/17, and was 13.7% during the whole period, just under the cap of 14% approved by the Board in November 2015.</p>

4.4.3 Detailed evidence

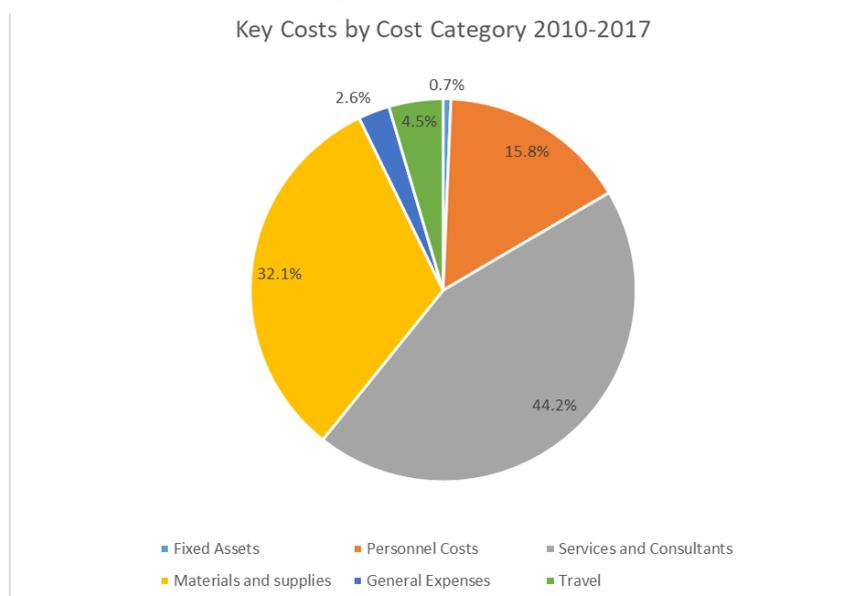
Table 4 shows background information on Strategy 1 expenditure by key cost categories. We refer to this information throughout this section.

Table 4: TMEA Strategy 1 expenditure by key cost categories⁷¹

	Actual costs								Share of total costs							
	2010	2011	2012/13	2013/14	2014/15	2015/16	2016/17	TOTAL 2010-17	2010	2011	2012/13	2013/14	2014/15	2015/16	2016/17	TOTAL 2010-17
	US'000	US'000	US'000	US'000	US'000	US'000	US'000	US'000	%	%	%	%	%	%	%	%
All Costs (Programme Costs, Programme management Costs and Central Overheads)																
Fixed Assets	805	1,228	572	422	111	(70)	205	3,274	9.8%	3.0%	0.6%	0.5%	0.1%	-0.1%	0.3%	0.7%
Personnel Costs	2,236	7,988	18,439	14,601	14,908	12,703	8,666	79,542	27.2%	19.6%	18.2%	17.0%	15.0%	13.7%	11.7%	15.8%
Services and Consultants	3,038	23,400	52,144	38,425	37,655	40,383	27,172	222,216	36.9%	57.4%	51.5%	44.7%	37.8%	43.7%	36.8%	44.2%
Materials and supplies	1,466	4,824	22,423	25,486	39,707	33,669	33,593	161,169	17.8%	11.8%	22.1%	29.6%	39.8%	36.4%	45.5%	32.1%
General Expenses	466	1,298	2,764	2,249	2,486	2,381	1,593	13,236	5.7%	3.2%	2.7%	2.6%	2.5%	2.6%	2.2%	2.6%
Travel	224	2,031	4,934	4,809	4,841	3,373	2,603	22,814	2.7%	5.0%	4.9%	5.6%	4.9%	3.6%	3.5%	4.5%
Total Costs	8,235	40,768	101,275	85,991	99,709	92,440	73,832	502,251	100%	100%	100%	100%	100%	100%	100%	100%

Source: Financial data provided by TMEA

⁷¹ Note that cost data presented throughout this report deviate from that presented in the 2017 AR. Sources of variance include redistribution of the 'unallocated' category, and elimination of Strategy 2 projects already started at the time of the AR, which were included in the AR figures. TMEA have confirmed that the figures provided for our report are accurate based on the General Ledger.

Figure 4: Key cost categories as a share of total costs, 2010-2017

Source: Financial data provided by TMEA and shown in Table 4

Sub-criterion 1: Management of key economy drivers

The following five areas of good practice to manage key economy drivers (1.1-1.5) were identified in the VfM framework (see Annex E). Findings are as follows.

1.1 Staff remuneration policy is in place and TMEA conducts a wide-ranging salary survey regularly and acts on findings

TMEA had staff reward and remuneration policies from 2012. The policies stated that staff remuneration would be in line with salaries in relevant markets: “Remuneration packages will be competitive within relevant markets and sufficiently attractive to draw in suitably qualified staff” (TMEA Rewards Policy 2012:1; TMEA Rewards Policy 2013:1); “Salaries will be adjusted based on job performance, available funding, general economic conditions and comparable salaries in the market” (Human Resources Policies and Procedures Manual 2016:72). Remuneration policies also provided guidance and procedures on payments, adjustments, promotions, and benefits. Changes to the reward and remuneration policy in the 2018 Human Resources Policies and Procedures Manual reflect changes to the pay policy to reduce salaries to the 50th percentile of the market (see sub-criterion 2 below).

Salary surveys were conducted in November 2011, (PricewaterhouseCoopers, 2011), March 2013 (KPMG, 2013a), and June 2015 (Deloitte, 2015), i.e. in line with the policy stated in the 2018 Manual (2018:47) to conduct a survey at least every three years. Each survey reviewed TMEA salaries against the market (similar organisations) in the countries TMEA works in and regional organisations. TMEA’s response to survey findings is described under sub-criterion 2 below.

Summary: Staff remuneration policy was in place, and comprehensive market-based salary surveys were conducted regularly in line with TMEA’s policy.

1.2 TMEA can show significant cost savings from streamlining staff expenses (travel, per diems) in response to VfM audits

VfM audits on travel costs and related expenses during Strategy 1 (KPMG, 2013b; KPMG, 2015, TMEA Internal Audit Review of Travel and Conferencing Costs, 2016; TMEA Internal Audit Report SLMT Expenses & Transactions, 2017) made the following recommendations regarding flight costs: eliminate business class travel that is not in line with policy (2013); avoid cancellation of flights and related charges (2013, 2015); reduce the number of trips to the same destination within a short period (30 days) (2013, 2015); avoid late flight bookings in order to reduce the cost of flights (2013, 2015, 2016). TMEA management accepted the need to improve in response to all but one of these recommendations; TMEA stated that most of the frequent travel to the same destination within a short period was warranted due to the need for site visits and meetings with partners (KPMG, 2015:13). Recommended measures to improve VfM in travel in the audits included better travel planning and timely approval of travel requisitions, improved internal controls, sensitisation of staff of the need to control travel costs and remain within budget, and development of analytics to allow regular review of spend data and identification of potential cost savings.

TMEA staff reported that new or revised travel-related procedures and controls were gradually introduced during Strategy 1 in response to these recommendations. These included the need for clear written justification for changes to flights, formal approval of every travel acquisition in the management system, and Chief Executive Officer (CEO) authorisation for all travel outside East Africa. Interviews with TMEA staff indicated there were also periodic communications to all staff to remind them of the need to control travel costs and to consider how travel could be avoided.

Regarding per diems paid to staff, the 2013 audit observed that staff claims for per diems were within agreed limits, and that expenditure on per diems could be reduced if the number/duration of trips was reduced (KPMG 2013b:11). In January 2016, TMEA reduced its per diem rates from those used by the US State Department, which were in force from the beginning of Strategy 1, to a fixed flat rate of US\$60 across all countries for meals and incidentals (TMEA staff letter to TMEA partners, 18th February 2014). The new rates represented a saving of 40% in Kenya, and 20% in South Sudan, Tanzania, and Uganda. The reduction was in recognition that the rates being paid were high, as well as a measure to avoid the imposition by TMEA's donors of reimbursement of receipted expenses incurred (TMEA staff email, 3rd December 2015). The move to a reduced fixed rate is likely to represent better VfM than a move towards receipted expenses, given the time and costs that would have been borne by programme staff (to submit receipts) and administrative staff (to process expenses). The 2017 audit recognised that TMEA's revised fixed per diems were lower than the US Government's rates, about the same as Danish International Development Agency's (DANIDA's) rates for their implementing partners and slightly above DFID rates for their implementing partners for Nairobi (TMEA 2017:8).

The data in Table 4 shows that travel costs as a share of total expenditure during Strategy 1 were highest in earlier years, from 2011 to 2014/15 (4.9-5.6%), and fell off in 2015/16 and 2016/17 (3.5-3.6%). TMEA staff attributed the fall to the gradual introduction of the tighter controls described above, along with improved videoconferencing and internet connectivity. The 2017 AR attributed decreases in travels costs to greater use of Skype and videoconferencing (AR, 2017:15). There were nevertheless indications of overspend on travel relative to budget even in the later years of Strategy 1. The Deloitte & Touche Kenya Due Diligence audit (2017:25) reported overspend of 46% from July-December 2016, with nine of 13 programmes exceeding their travel budget for the period, while five programmes exceeded the travel allocation for the entire financial year in the six-month period. We have not had access to documentary evidence covering other periods in Strategy 1: it is possible that budgets were exceeded at other times during Strategy 1. This may indicate a problem with budgeting practices rather than indicating excessive spend on travel. TMEA reported in its DFID Due Diligence Review Action Plan (status as at 19 October 2018:3) that a travel expenditure forecasting template has been developed, programme-level caps on travel expenditure have been enforced, budgetary control is implemented through checking of all travel requisitions, and more sophisticated checking will be incorporated into TRIMS. These measures, if correctly followed, should help to reduce travel expenditure during Strategy 2, provided that the budgets and caps put in place in each financial year (FY) ensure that the level of planned travel is appropriate, and sound planning (e.g. considering if tasks can be consolidated into one trip rather than multiple trips, and use of alternatives, including videoconferencing, whenever possible) is encouraged. TMEA staff reported at the validation workshop that TMEA will start to report travel costs separately for programming and central functions at the end of 2019 to further improve travel budgeting. This information on Strategy 2 does not inform the judgement on VfM during Strategy 1.

Summary: Tighter controls on travel, reduced per diem rates and use of technology, introduced over the course of Strategy 1, helped to reduce staff travel costs as a share of expenditure. We have seen evidence that travel budgets were exceeded in 2016, and this may have happened in other periods during Strategy 1, but are conscious that this may indicate a problem with budgeting practices rather than indicating excessive spend on travel.

1.3 Consultant procurement processes are in place to drive quality service delivery and VfM; fee rate guidelines are in place; consultant fees are set using a robust benchmarking methodology, e.g. reflecting years of experience

TMEA participates in procuring consultants under most contracts awarded with TMEA funds, except for consultants hired by grantees, and the few partners which pass TMEA's fiduciary risk assessment (FRA). Medium and large contracts are widely advertised through local and international newspapers and websites (Procurement Manual, 2015:12,14). TMEA's evaluation of bids includes a commercial and technical assessment. For the latter, TMEA considers experience and history of the proposed consultants. According to TMEA staff, if there are changes to personnel when work starts or during implementation, TMEA reviews and approves new CVs. The OPM Effectiveness and Outcome-level Evaluation (2019)⁷² of SO2 and SO3

⁷² OPM: David G.V Smith, Joel Moktar, Timothy Hobden, Theo Sands, Antony Wahome and Caroline Raes. Deliverable 2D/2E: Interim Evaluation: SO2 & SO3. January 2019, p.26

projects reported that projects were generally pleased with the quality and commitment of consultants procured through TMEA.

The 2014 Annual Review observed that ‘normal’ rates indicated by TMEA staff – US\$800 for local and US\$1200 for international consultants⁷³ – were high, and recommended that minimum, maximum, and average fee rates for different categories of expertise should be established, along with a central register of contracts in order to keep track of market price developments (AR, 2014:9). TMEA did not establish formal guidelines, fee bands or caps for fee rates during Strategy 1, although staff indicated during the validation workshop that proposed fee rates were sometimes benchmarked “informally” against a fee rates guide which listed rates by level of experience (number of years) (TMEA Consultancy Fee Rate Guide, 2012). These rates were reviewed in 2013 by KPMG East Africa and confirmed to reflect East African market rates (KPMG, 2013b). TMEA staff stated that guidance provided by AusAid was also used. They also asked DFID for guidance on benchmarks, but DFID were unable to provide data due to the commercially sensitive nature of the data. TMEA did not require that prospective consultants provide information on years of experience and therefore did not systematically benchmark proposed rates against their guide.

TMEA introduced a KPI and target for average daily fee rates in its VfM KPIs, which was approved by the Board, and has reported against this since January 2017. The target is a single figure across all consultants (<US\$800/day), which fails to acknowledge the wide range of fee rates required for different types of expertise and levels of experience, and is therefore limited in its ability to provide diagnostic information on the value achieved in consultant procurement.

TMEA staff reported in the validation workshop that they have introduced, and the Board has approved, KPI targets by level of expertise (junior, senior and expert) since the start of Strategy 2, although the increasing use of milestone contracts in Strategy 2 will diminish TMEA’s tracking of fee rates. This information on Strategy 2 does not inform the judgement on VfM during Strategy 1.

Summary: Consultant procurement practices included local and international advertising and comprehensive commercial and technical assessment of bids, fee rates were sometimes benchmarked against the market informally, and TMEA established a KPI towards the end of Strategy 1. But no formal guidelines, fee bands or caps for benchmarking consultant fees were established or monitored, TMEA did not keep accurate records of fees actually paid to consultants, and TMEA did not start to report against its VfM KPI target until January 2017, even though the KPI was established in 2015.

1.4 TMEA procurement practices reflect international best practice (e.g. WB, European Union (EU)) e.g. TMEA uses a range of sources to establish benchmarks, uses multiple selection criteria beyond price alone, a tender committee reviews all procurement over a given threshold, and bid assessment panels include partners as appropriate; % value of procurement subject to open competition) [TMEA VfM KPI]

Around 76% of TMEA’s Strategy 1 budget was spent on procured services, consultants, materials, and supplies (see Table 4). This means that sound procurement practices are key to controlling costs and driving overall VfM. TMEA has had a procurement strategy in place since 2010; the strategy was revised several times during Strategy 1 to reflect ongoing learning (see TMEA Procurement and Grants Manuals). The procurement strategy states that it was built upon the underlying principles of the EU Commission Directive on Public Procurement (Procurement Manual 2015:7) and was awarded the CIPS Corporate Certification Standard by Chartered Institute of Procurement and Supply in October 2015 (AR, 2017:16). The 2015 Manual, in operation through to early Strategy 2, defines the following thresholds for competitive procurement:

- Single source for contracts up to US\$40,000 (‘small contracts’)
- Restricted competitive bidding (minimum of three quotations, unless there are strong grounds to believe there are fewer than three qualified providers) for contracts over US\$40,000 – US\$150,000 (‘medium contracts’); and
- Open competitive bidding for contracts over US\$150,000 (‘large contracts’); a Tender Committee ensures proper procedures have been followed before award.

Since 2017, TMEA has reported on the percentage value of procurement subject to open competition as one of its VfM KPIs. The percentage value of procurement subject to open competition has remained at 88% since 2017, above the target of 80% (AR 2017:12).

⁷³ The observation appears to be based on approximate information provided by TMEA; see more detailed analysis of fee rates under sub-criterion 2.

Under certain restricted circumstances TMEA can use direct negotiations with one or more suppliers (see Procurement Manual, 2015:25).⁷⁴ Grant awards are also subject to open competition, with two exceptions: design work on innovative unsolicited projects, and for Strategic Partners that TMEA needs to work with to achieve its objectives (2015:29). This covers regional/apex organisations which are registered in Eastern Africa as 'non-profit'; an organisation officially mandated as an essential partner of a national government of a partner state or of the EAC; a unique organisation which is essential to delivering TMEA's ToC and for which there are no viable alternatives (Grant Regulations 28 August 2017:1). Where grants are awarded to a Strategic Partner on a non-competitive basis, justification must be included in the PAR and the decision approved by the Board (Grant Regulations, 28 August 2017:1; TMEA DFID Due Diligence Review Action Plan 19 October 2018:5).

For small contracts the Responsible Director must certify that the provider can offer 'a high quality service and the cost is in line with market rates for the service' (Procurement Manual 2015:11); for medium and large contracts, evaluation criteria must include 'not merely price but other factors, e.g. technical capability, experience, track record etc' (Procurement Manual 2015:12,18). Guidelines state that where procurement is for technical assistance to a partner, it is essential that the partner is part of the bid assessment panel for medium and large contracts, except in exceptional circumstances, which must be defined and justified (Procurement Manual 2015:13,19). The OPM Effectiveness and Outcome-level Evaluation (2019) reported that "stakeholders were generally positive about their level of input into the procurement process, particularly in comparison with other development agencies which offered partners very little input into the selection of expertise".⁷⁵

We found no evidence that TMEA used benchmarks in its procurement. There are challenges to benchmarking contracts for goods and services as each contract is likely to have highly specific and unique requirements. It may be possible to benchmark certain aspects of contracts, such as consultant fees (as discussed above) and travel costs, although benchmarking needs to be done with caution, considering differences in context and accounting methodologies.

OPM's Organisational and Institutional Assessment (2019)⁷⁶ noted that there were significant delays in procurement leading country offices to call for devolution of procurement. The Effectiveness and Outcome-level Evaluation (2019)⁷⁷ reported mixed views from project stakeholders, with some satisfied, whilst others felt it was slow, overly cautious, and subject to delays. Following the validation workshop, DFID staff recognised that the increased requirements related to procurement from DFID and other donors may contribute to delays. The 2017 Annual Report (AR) reported that stakeholder feedback suggested that TMEA procurement was nevertheless faster than that of other donors and governments in the region, and there was a 'high level of satisfaction' with procurement amongst TMEA beneficiaries (AR, 2017:16, 18). The Organisational and Institutional Assessment (2019)⁷⁸ recommended that procurement should remain centralised but should be streamlined through training and capacity strengthening.

DFID's Assurance Review of TMEA (24 January 2018:35-47) identified a number of problems with TMEA's procurement policies and practices and grants awards, including: gaps, contradictions and a lack of clear guidance in the 2015 Procurement Manual (for which examples were cited); failure to save and store policy updates to the Manual centrally; and inconsistent approach to implementation of the policy by staff. The Review pointed to a failure to comply with policy or agreed practice in 70% of sampled procurements (21 of 30) in the period from March 2016-August 2017, and failure to comply with policy (but not agreed practice) in the other nine contracts. The sample represented approximately 10% of all procurements in the period, including ten from each level of procurement. The report did not state how they were selected, so we do not know how representative they may be of wider practice. The non-compliance issues identified ranged from low to high risk. Of the seven issues examined in the procurement section of the report, two had a risk rating of severe, two were major, and three were moderate. TMEA disagreed with one of the severe ratings and argued that the examples of non-compliance were 'on the whole minor' (2018:44), but agreed to take action to address most of the shortcomings. These failures had the potential to reduce VfM on contracts (by failing to select the most competitive bidder), increase the risk of delivery failure and wasted resources (by selecting partners who lacked capacity to implement) and increase the risk of conflict of interest, fraud or corruption. We cannot know what impact these shortcomings actually had on programme VfM, delivery capacity, or fraud (although TMEA staff report that identified levels of fraud were low), but the point is that

⁷⁴ These are: i) where the nature of the services to be provided, or the risks attached to those services, do not permit overall pricing; ii) where, for technical, artistic or exclusive rights reasons, the services can only be supplied by one particular supplier; iii) where a design competition is held which rewards successful contestant(s) with a contract; iv) where, for reasons of extreme unforeseeable urgency, outside TMEA's control (e.g. natural disasters, war etc.) the time limits of an open or restricted procedure cannot be met.

⁷⁵ OPM: Smith et al., Deliverable 2D/2E: Interim Evaluation: SO2 & SO3, January 2019, p.28

⁷⁶ OPM: Deliverable 2B: Institutional and Organisational Assessment., p.20, p.58

⁷⁷ OPM: Smith et al., Deliverable 2D/2E: Interim Evaluation: SO2 & SO3, January 2019, p.28

⁷⁸ OPM: Deliverable 2B: Institutional and Organisational Assessment. (forthcoming), p.58

the failure to adhere to sound procurement practices increased the risk of each of these and their impact on economy, efficiency and cost-effectiveness.

TMEA reported that revised Procurement and Grants Regulations were approved by the Board in February 2018, and a structured communications and training programme on procurement for staff commenced in August 2018 to ensure correct compliance (TMEA DFID Due Diligence Review Action Plan, 19 October 2018:9). Management agreed to reduce the allowance for contract variations to at most 20% of the original contract value (some renewals of up to 100% had previously been allowed) to preserve the competitive nature of procurement (Deloitte & Touche Kenya, 2017:24), and the revised Manual (2018: 16-19) includes competitive negotiation before award of a contract, and the use of 'quality-price weighted scores' in tender evaluations. These improvements are expected to drive further VfM in procurement processes. TMEA also reduced the upper limit for single source contracts to US\$5,000 under Strategy 2 (effective 1 July 2017) to introduce more competitive bidding and reduce the risk of poor procurement. We suggest this should be reviewed, as the transaction costs (to TMEA and suppliers) of a competitive bidding process would likely exceed the value of a US\$5k contract. The process might be justified on VfM grounds in cases where a contract, though low cost, makes a critical difference to other, higher cost activities/outcomes. This information on Strategy 2 does not inform the judgement on VfM during Strategy 1.

Summary: Procurement policies dictated the use of multiple selection criteria, thresholds for competitive bidding, partner participation, and review by the Tender Committee, and the percentage value of procurement subject to open competition was above the KPI target. But important shortcomings were identified by DFID's Assurance Review, including unclear guidance. inconsistent implementation, and failure to comply with procurement policies and agreed practice in 70% of a sample of contracts and with policy (but not agreed practice) in the remaining 30%.

1.5 TMEA ensures that partners undertaking procurement follow TMEA procurement standards to ensure VfM

Procurement with TMEA resources is undertaken by a few partners which pass TMEA's FRA (mainly public sector bodies), and by grantees (predominantly private and civil society organisations (PSOs/CSOs) and non-profit organisations (NGOs)). Grants made up approximately 8% of total expenditure in Strategy 1. The 2015 Procurement Manual stated that partners and grantees must broadly follow TMEA's procurement principles and TMEA's Procurement Director should review their policies and procedures, as part of a due diligence assessment (DDA) or FRA on all grantees prior to award (Procurement Manual 2015:31). The Manual (2015:9) also stated that TMEA had the right to undertake periodic audits (due diligence and expenditure verification (DDEV)) during project implementation.

TMEA staff interviewees clarified that public sector bodies must follow national procurement law, over which TMEA does not have control, while PSOs/CSOs/NGOs are generally free to follow their own procurement policies, which TMEA reviews before award during DDAs/FRAs. The 2017 Deloitte and Touche Kenya Due Diligence Assessment found, however, that DDAs were not conducted systematically on all grantees prior to award (they were missing on 11 of the 40 projects reviewed) (2017:6), and TMEA staff interviewees stated that TMEA did not check if procurement policies were followed in practice during implementation. The failure to verify that partner procurement policies met TMEA standards and were followed correctly during implementation introduced the risk of sub-optimal use of TMEA resources and conflict of interest, fraud or corruption by public sector bodies and grantees, all of which may have reduced VfM in the way resources were used. TMEA staff reported that new requirements have been put in place in Strategy 2 to clarify that DDAs/FRAs need to be conducted before award of all grants and to ensure compliance with the requirement (TMEA DFID Due Diligence Review Action Plan, 19 October 2018:5). This information on Strategy 2 does not inform the judgement on VfM during Strategy 1.

Summary: Policies were in place for TMEA to check partner/grantee procurement practices, but the 2017 Deloitte and Touche Kenya Due Diligence Assessment found they were not followed systematically prior to all awards, and checks were not undertaken during project implementation.

Sub-criterion 2: Costs of key inputs

Staff and consultant costs together accounted for 60% of total costs in Strategy 1. The following analysis (2.1-2.2) assesses TMEA's performance in managing these costs.

2.1 TMEA response to findings of staff salary surveys for different grades, and benchmarked against comparators in June 2015 Remuneration Survey

TMEA's pay policy was set at the 75th percentile of the market at its creation in 2010. Pay levels for different grades were revised periodically during Strategy 1 in response to external market remuneration surveys of

comparator organisations to remain at the 75th percentile (TMEA Revised Rewards Policy July 2017-June 2019, 8 May 2017:1).

The policy was revised to the 50th percentile of the market for salary and non-cash benefits combined (i.e. total cost of employment) (adopting values from the 2015 remuneration survey) for Strategy 2, with effect from 1 July 2017 to 30 June 2020, with a cap on the CEO's basic gross salary equivalent to the gross pay of the UK Prime Minister. This was in response to donor concerns to reduce running costs, and to safeguard funding for Strategy 2. Substantial annual savings of approximately US\$4.3 million were projected, based on the organisational structure at the time (TMEA Revised Rewards Policy July 2017-June 2019, 8 May 2017).⁷⁹

TMEA identified several concerns when the 50th percentile pay policy was introduced:

- (1) Loss of a considerable number of its most talented and dedicated staff over time. Data on staff attrition suggest a small spike in resignations in the two quarters following introduction of new salaries on 1st July 2017 (quarters 3 and 4 in 2017 in Table 5). But annual attrition was higher in three of the six years prior to 2017 than it was in 2017, and attrition has been very low in 2018/19, suggesting the salary cuts did not promote higher than usual attrition. However, three of the nine resignations in the 12-month period following the cuts were at senior level, and all indicated 'enhanced pay and/or benefits package' elsewhere as a reason for leaving, suggesting the cuts may have had a disproportionate effect at higher levels.
- (2) Lower productivity due to low morale. TMEA reported a productivity decline of 20-25% based on reduced working hours by 'most staff' due to demoralisation after initial discussions about the upcoming cuts were held, but did not provide evidence to substantiate the claim of reduced productivity (TMEA Revised Rewards Policy July 2017-June 2019, 8 May 2017:2).
- (3) Difficulty attracting the best candidates, particularly at Director level and above. TMEA indicated that several international recruitments failed immediately after introducing the policy, with candidates stating the salary and benefits package was low (8 May 2017:2),⁸⁰ but all positions have since been filled.

Table 5: Number of staff resignations and attrition rate (resignations only) per quarter

No. of staff resigning per quarter									
	2011	2012	2013	2014	2015	2016	2017	2018	2019
Jan - Mar	1	5	3	2	3	3	0	0	1
Apr - Jun	1	1	3	2	2	8	1	0	
Jul - Sept	0	3	3	1	1	0	5	0	
Oct - Dec	3	1	1	3	2	1	4	2	
Total staff departures	5	10	10	8	8	12	10	2	1
Attrition rate per quarter									
	2011	2012	2013	2014	2015	2016	2017	2018	2019
Jan - Mar	1.5%	5.6%	2.8%	1.7%	2.2%	2.0%	0.0%	0.0%	0.7%
Apr - Jun	1.5%	1.1%	2.7%	1.7%	1.4%	5.6%	0.7%	0.0%	
Jul - Sept	0.0%	3.2%	2.6%	0.8%	0.7%	0.0%	3.5%	0.0%	
Oct - Dec	3.8%	0.9%	0.9%	2.3%	1.3%	0.7%	3.0%	1.5%	
Annual attrition	6.9%	10.9%	9.0%	6.4%	5.6%	8.3%	7.2%	1.5%	0.7%

Source: Authors' calculations based on data supplied by TMEA. Notes to table: attrition rate is number of resignations in given quarter divided by total number of staff at the end of the previous quarter. Staff who left for other reasons (termination, contract ended, redundancy, retirement, deceased) have been removed from the analysis.

In November 2017, TMEA proposed to hire an additional 29 members of staff (an increase of 18%) to strengthen lower levels of the organisation during Strategy 2, in part due to a claimed drop in productivity as a result of the salary cuts, whilst also bringing some key functions in-house at lower cost relative to consultancy services (TMEA 2017/18 Organisational Review, November 2017:10-11). Forecasts showed that the additional cost in salaries would be offset by savings from expanding TMEA's in-house capacity (e.g. in legal advice and ICT for trade) and reducing the cost of consultants, creating an estimated net saving of approximately US\$0.2 million per annum. TMEA also estimated that salary costs would initially be lower than budgeted, given the time required to fill new posts (an estimated savings of around US\$5 million on staff costs in 2017/18, against the new budget, assuming a vacancy rate of 31% in 2017/18). This information on Strategy 2 does not inform the judgement on VfM during Strategy 1.

⁷⁹ As this VfM assessment considers Strategy 1, we have not confirmed if this projection has been realised, and the projected savings do not inform our judgment on Strategy 1 VfM.

⁸⁰ A report to the HR Committee on this issue was being prepared at the time of the validation workshop.

TMEA proposed to cap personnel costs at 15% of total expenditure during Strategy 2 (TMEA 2017/18 Organisational Review, November 2017:11). Expenditure data shows that personnel costs as a share of total spend fell consistently over the course of Strategy 1, from 27% in 2010 (when direct project costs were low) to around 12% in 2016/17, before the salary cuts were introduced (see Table 4). The appropriateness of the cap should be reviewed in light of the policy to set pay at the 50th percentile and the additional hires due to in-sourcing and greater compliance requirements from donors, and should be monitored as part of ongoing VfM assessment.

Summary: Staff salaries were revised periodically to ensure they stayed in line with market benchmarks in regional surveys, at the 75th percentile during Strategy 1, and at the 50th percentile at the end of Strategy 1; the latter downward revision led to some higher-level resignations and failed recruitments in early Strategy 2, but positions have since been filled.

2.2 Mean unit cost of consultant fees by type of contract and type of expertise, benchmarked against TMEA VfM KPI target (<US\$800/day) and other comparable projects in the region, if data are available

We stated in the VfM framework (Annex E, 2019)⁸¹ that we would benchmark average consultant fee rates paid by TMEA during Strategy 1 against (1) TMEA's own VfM KPI target of <US\$800/day, and (2) other comparable projects in the region, if data were available. We used two forms of data for the analysis: (1) data reported by TMEA and the last (2017) AR, and (2) data from a random sample of contracts from the latter four years of Strategy 1.

TMEA reported against its VfM KPIs once before the end of Strategy 1, in January 2017 (TMEA VfM KPIs, 17 January 2017). The 2017 AR also reported against the KPIs with data from August 2017 (AR, 2017:12). Both reported an average daily fee rate for consultants of US\$586 in the last quarter. The fact that the two figures are the same leads us to wonder whether the figure reported in the AR is in fact the January 2017 figure. These reported averages are below the KPI target of US\$800. Without data against the KPI for other quarters, we do not know how well TMEA performed relative to the KPI target for most of Strategy 1.

We calculated weighted mean fee rates for different kinds of consultant expertise on a random sample of contracts during the latter four years of Strategy 1 (2013/14-2016/17). There are 11 TMEA contracts (five of low value, four of medium value and two of high value) and 33 consultants in our randomly selected sample. More detail on our sampling and the approach to the analysis of TMEA's fee rates is described in Annex F. We used fees and number of days stated in the contract and not actual payments; TMEA advised that almost all contracts are paid according to the terms agreed in the contract, and it does not keep records where payments deviate from contract terms. It is important to note that the sample is small (1.6% of the 688 contracts provided from 2013/14-2016/17), and the number of contracts within each category is very low. This means that our findings are not generalisable to TMEA's full set of contracts during Strategy 1, but are nevertheless indicative, given our random sampling process. We do not know the level of seniority of the consultants in the sample, as TMEA does not collect this data systematically: TMEA inspected records for the contracts included in the sample and was able to provide level of seniority for consultants in four of the 11 contracts, but noted that the information was provided ad-hoc, or inferred by staff, and therefore not definitive.

Table 6: Weighted average daily fees rates in a sample of TMEA contracts, by type of expertise

Expertise Category	Total fees (USD)	Number of days	Weighted average (USD)	# consultants	# contracts
Infrastructure	83,595	192	435	4	2
IT/ICT	177,700	186	955	8	1
Capacity building/training	66,335	157	423	8	2
Professional/corporate services	124,000	125	992	2	2
Trade/economic policy advice	17,280	26	665	3	3
Research	242,470	205	1,183	8	1
TOTAL	711,380	891	798	33	11

Source: TMEA. Analysis by the authors

The overall weighted mean daily fee rate for all types of expertise is US\$798 (see Table 6), just below the KPI target of US\$800. There is significant variance by type of expertise. Daily rates on the types of expertise with the highest fee rates – research, professional/corporate services and IT/ICT – are all above the KPI target, while rates on the remaining three – trade/economic policy advice, infrastructure and capacity-building/training – are below the KPI target.

⁸¹ OPM: Hansford et al. TMEA VfM April 2019

Table 7: Weighted average daily fees rates in a sample of TMEA contracts, by contract and expertise type

Type of expertise	Total fees (USD)	# of days	Weighted average (USD)
Contract Type 1 - Infrastructure			
Infrastructure	83,595	192	435
Contract Type 2 - IT/ICT			
IT/ICT	177,700	186	955
Contract Type 3 - Capacity building/training			
Capacity building/training	35,935	119	302
Contract Type 4 - Professional/corporate services			
Professional/corporate services	124,000	125	992
Contract Type 5 - Trade/economic policy advice			
Capacity building/training	30,400	38	800
Research	242,470	205	1,183
Sub-total	272,870	243	1,123
Contract Type 6 - Research			
Trade/economic policy advice	17,280	26	665
TOTAL	711,380	891	798

Source: TMEA. Analysis by the authors

Table 7 shows how type of consultant expertise mapped to type of contract in our sample. The two largely coincide, except for contract type 5 (trade/economic policy advice) and type 6 (research). The table shows that the research consultants were working on a trade/economic policy advice contract, which may explain the high fee rates for research consultants. We also see that capacity-building/training fee rates are higher on the trade/economic policy advice contract than on the capacity-building/training contract.

TMEA fee rates benchmarked against other programmes in the region

Benchmarking provides a useful way to check if costs paid by a programme under assessment are reasonable in relation to those paid in similar programmes, provided that data are available from suitable comparators. For a comparator programme to be suitable, we would expect it to be in the same sector and region and roughly the same time period, to require similar kinds of expertise and seniority among consultants, and to exhibit similar contractual arrangements (e.g. duration of assignment, if fees are paid directly to individual consultants or with a mark-up to a firm).

Our approach to benchmarking TMEA's fee rates is show in Annex G. We approached seven trade sector programmes in East Africa. Of these, three said they could not share their data, one said they had not undertaken analysis of fee rates, two did not respond to an initial and follow-up email from us or requests from DFID, and one provided generic guidance. We describe the generic guidance below. We also asked DFID to share indicative fee rates but were told the information could not be shared. Given the lack of data from similar trade programmes in the region, we approached seven OPM-implemented programmes. These were selected because they are in TMEA countries and in a similar time period. However, none of them are trade sector programmes. Of these, four had not undertaken analysis of fee rates, one did not respond to an initial and follow-up email, and two provided data. All programmes providing data were assured anonymity and are not identified in our analysis.

The data received from these programmes were inadequate for the exercise of benchmarking, for reasons explained below. We draw comparisons with the data we have on TMEA fees in our sample, but these comparisons are provided as background information and do not inform our judgement on TMEA's VfM.

Table 8: Daily fee rate bands on an East African trade programme (Programme A)

Consultant category	Fee rate bands (USD)
Junior	150-350
Mid-level	300-450
Top/international	450-800

Source: East Africa trade programme on the list of comparators. Categories are as defined by the programme

The information on fee rate bands in Table 8 was provided by a similar trade programme in the region (Programme A). These are bands used for guidance rather than fee rates paid. The programme advised that

rates paid vary within each band according to the specialism and specific scope of work, including level of effort, duration of the assignment, and location, and that higher rates may be paid “in some unique circumstances”. The highest rate usually payable (US\$800) is equivalent to TMEA’s average fee rate. However, we do not know how frequently the programme paid higher rates, or whether the guidance rates are for individual consultants or firms, and we do not know the level of seniority in the sample of TMEA contracts. We therefore have insufficient information to ensure we are making like-with-like comparisons with TMEA.

Table 9: Weighted average daily fee rates on an OPM-implemented project (Programme B)

Consultant category	Total fees (USD)	Number of days	Weighted average (USD)
Young professional	439,466	2,156	204
Specialist	739,142	1,761	420
Expert	651,274	1,188	548
Senior Expert	944,116	1,421	664
TOTAL	2,773,998	6,526	425

Source: OPM programme on the list of comparators. Notes to Table: Categories are as defined by the programme. The programme does not distinguish national and international consultants. Data are for May 2018-May 2019.

The two OPM projects provide a mix of research, evaluation, and technical assistance to governments in sectors other than the trade sector⁸² in East Africa (and in the case of programme B, also in Asia-Pacific, and West, Central and South Africa).

In programme B (Table 9), the weighted mean across all levels of expertise is US\$425; the weighted mean in the most senior category is US\$664. TMEA’s weighted mean across all categories (US\$798) exceeded these values. However, the project is not in the trade sector, it involves types of expertise which tend to command lower fee rates (e.g. research and evaluation rather than legal services or IT), these rates are cost to OPM (i.e. they do not include a mark-up), include fees paid in Asia-Pacific, and West, Central and South Africa, involve consultants on long-term assignments, and include a large number of days for young professionals. All of these factors are likely to exert a downward pressure on the weighted mean. In contrast, TMEA staff stated that TMEA typically commissions separate and smaller packages of work, as is apparent in our sample of contracts. The programme doesn’t distinguish between international and national consultants; if a large proportion are national consultants, this would also have a downward effect. In addition, we do not know the level of seniority involved in the sample of TMEA contracts; it is possible that a high proportion of consultants were highly-qualified experts, with high individual fee rates, pushing the mean rate in the TMEA sample up.

Table 10: Weighted average fee rates on an OPM-implemented project (Programme C)

Consultant category	Total fees (USD)	Number of days	Weighted average (USD)
International			
Tier 1 - Super Specialist	179,048	172	1,042
Tier 2 - Principal Consultant	814,071	987	825
Tier 3 - Senior Consultant	185,196	267	695
Tier 4 - Consultant	57,625	109	531
Tier 5 - Assistant Consultant	52,386	178	295
National			
Tier 1 - Super Specialist	40,428	53	757
Tier 2 - Principal Consultant	535,570	961	557
Tier 3 - Senior Consultant	380,242	740	514
Tier 4 - Consultant	11,461	31	373
Tier 5 - Assistant Consultant	98,775	508	195
TOTAL	2,354,802	4,005	588

Source: OPM programme on the list of comparators. Notes to Table: Categories are as defined by the programme. Data are for November 2016 – September 2018. Values were converted from GBP to USD using the average exchange rate

⁸² Asia-Pacific, and West, Central and South Africa. We have not indicated the sectors in order to preserve anonymity.

for the period 1 December 2016 till September 2018 (1.311706): <https://www.ofx.com/en-gb/forex-news/historical-exchange-rates/yearly-average-rates/>

In Programme C (Table 10), the weighted mean across all levels of national and international expertise is US\$588. These rates incorporate a mark-up. TMEA's weighted mean across all categories (US\$798) exceeded this value. The weighted mean in the most senior international category on Programme C is US\$1,042. TMEA's weighted mean for research expertise (US\$1,183) exceeded this value. However, the project is not in the trade sector, and involves types of expertise which tend to command lower fee rates (e.g. research and evaluation rather than legal services or IT). And, as above, we do not know the level of seniority involved in the sample of TMEA contracts; it is possible that a high proportion of consultants were highly-qualified experts, with high individual fee rates, pushing the mean rate in the TMEA sample up.

TMEA's average fee rate in our sample of contracts exceeds the benchmarking data to which we had access. However, data received from the comparator programmes were inadequate to enable us to ensure that comparisons were fair, for the reasons outlined above, and TMEA was unable to provide us with information on the level of seniority - a key form of categorisation used to determine fee rates by the comparators - in its contracts. For these reasons, we have not used the comparisons to inform our judgement on TMEA's VfM. The data provided by TMEA and the 2017 AR provide only a weak basis for our judgment, given that they identify the average fee rate paid at the very end of Strategy 1. Analysis of fee rates in our random sample of contracts provides a stronger basis for our judgement, although this information should also be treated with caution given the small sample size and the fact that we draw on information in contracts rather than rates actually paid.

Summary: The average daily fee rates reported at the end of Strategy 1 and in our sample were below the agreed VfM KPI benchmark of US\$800/day. We use this as the basis for our assessment, although we note that TMEA's own analysis is for a short period at the end of Strategy 1, and our own analysis is based on fee rates set out in a small sample of contracts, and not on rates actually paid. TMEA's average fee rates in our sample exceeded the external benchmarking data to which we had access, but the information provided by comparator programmes and TMEA was inadequate to ensure that we were making like-for-like comparisons, so the comparisons are provided as background information and do not inform our judgement on VfM.

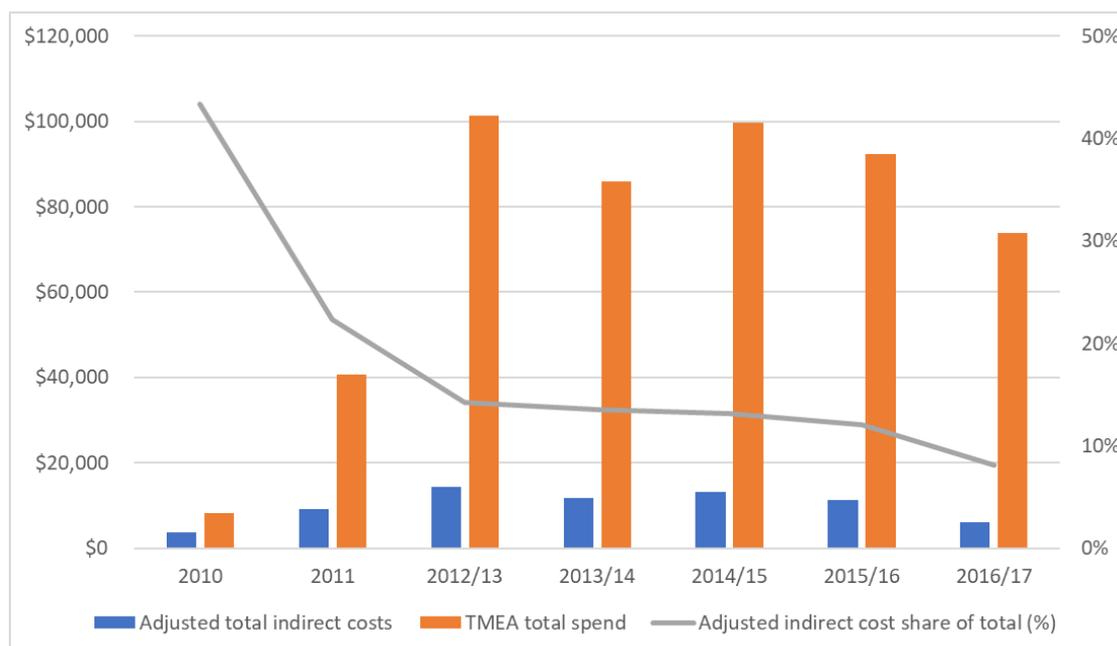
Sub-criterion 3: Spend on indirect costs

3.1 Indirect and programme management costs as percentage of total programme costs, benchmarked against TMEA VfM KPI target of <14%

Table 11: TMEA Strategy 1 indirect costs as a share of total cost

	2010	2011	2012/13	2013/14	2014/15	2015/16	2016/17	TOTAL 2010-17
	US'000	US'000	US'000	US'000	US'000	US'000	US'000	US'000
Direct costs (a)	3,574	25,776	76,098	65,872	77,558	71,931	59,889	380,699
Indirect costs								
Programme management costs	1,719	9,026	13,897	11,030	11,589	12,488	10,959	70,708
Central overheads costs	2,942	5,966	11,280	9,089	10,562	8,021	2,984	50,844
Total, indirect costs (b)	4,661	14,992	25,177	20,119	22,151	20,509	13,943	121,552
Total costs (a + b)	8,235	40,768	101,275	85,991	99,709	92,440	73,832	502,251
Programme management attributable costs	1,035	5,648	10,089	7,971	8,443	8,864	7,920	49,970
Central overheads attributable costs	53	229	724	485	585	493	12	2,582
Total, attributable costs (c)	1,088	5,877	10,813	8,456	9,029	9,357	7,932	52,552
Adjusted direct costs (a + c)	4,662	31,653	86,912	74,328	86,587	81,288	67,820	433,250
Adjusted indirect costs (b - c)	3,573	9,115	14,364	11,663	13,122	11,152	6,011	69,001
Total costs	8,235	40,768	101,275	85,991	99,709	92,440	73,832	502,251
Indirect cost rate	43.38%	22.36%	14.18%	13.56%	13.16%	12.06%	8.14%	13.74%

Source: Financial data provided by TMEA.

Figure 5: TMEA Strategy 1 indirect costs as a share of total cost

Source: Financial data provided by TMEA.

TMEA's indirect costs policy was set out in October 2015, following a preliminary review by KPMG (KPMG, 2014). KPMG proposed a methodology to categorise indirect costs (composed of programme management and central overhead costs⁸³) together with the proportions of indirect costs which could be recharged to projects (i.e. as direct costs), based on a review of expenditure over the 18-month period to June 2013. The proposed methodology, called full absorption costing, drew on KPMG's experience of working with other programmes and on international best practice in overheads management, including reviews carried out by the Independent Commission for Aid Impact (ICAI) (KPMG (2014:3), and is considered to be a legitimate accounting practice. KPMG also proposed a cap of 14% on indirect costs on the basis of analysis of expenditure data over the 18-month period and the proposed allocation methodology. The cap was approved by the Board in November 2015 (TMEA Indirect Costs Policy, 20 April 2017:1).

The share of expenditure on indirect costs during Strategy 1 decreased from 43% in 2010 to 8% in 2016/17 (see Table 11 and Figure 5). The table shows (1) direct and indirect costs before being recharged, (2) indirect costs which can be attributed to projects, and (3) direct and indirect costs after recharging (called adjusted costs). Indirect costs were high at the beginning of Strategy 1, due to substantial set-up costs, including the costs of setting up offices, computer systems and infrastructure, and early appointment of Corporate Services staff, and low direct project costs, but fell rapidly from 2011, initially reflecting the growth in direct project costs and employment of more programme staff (TMEA indirect costs policy, 27 October, 2015:5), and suggestive of incremental efficiency gains from 2011 onwards. The share over the 2010-2017 period was 13.7%, just below the cap of 14%. Spend on indirect costs was not benchmarked against other organisations. TMEA staff reported that TMEA commissioned KPMG to produce a benchmark, but KPMG reported being unable to do so because different organisations account for indirect costs in different ways.

TMEA proposed a cap of 9% on central overheads costs from July 2017 over the life of Strategy 2, i.e. after programme management costs have been recharged to projects (TMEA New Indirect Costs Policy, 20 April 2017:3). The cap of 9% accounts for the costs of increasing compliance requirements from donors (e.g. safeguarding, managing fiduciary risk, financial reporting, VfM analysis); TMEA staff stated that TMEA has, for example, increased the size of its finance team and set up an audit team to respond to these requirements.

Summary: The share of expenditure on indirect costs decreased steadily during Strategy 1 from 43% in 2010 to 8% in 2016/17 and was 13.7% during the whole period, just under the cap of 14% approved by the Board in November 2015.

⁸³ TMEA Indirect Costs Policy 2015 (p7) sets out the categorisation of indirect costs: (1) programme management costs (the costs incurred to ensure effective delivery and management of programmes) include salaries, fixed assets, services and consultants, materials and supplies, general expenses and travel; (2) central overheads costs (costs incurred at corporate level which are difficult or impossible to link to specific projects or programmes) include corporate staff salaries, rent and utilities, internet and ICT, travel, custodian, evaluation fees, research and learning, governance, audit, legal, fixed assets, professional and consultancy services, general expenses.

4.4.4 Conclusion

TMEA is judged to have achieved an overall rating of 'Adequate' for the economy criterion. The assessment found that TMEA followed good practice to manage key economy drivers in some instances, but with shortcomings that, in some cases, were serious, leading to a judgement that the Adequate standard was partially met for sub-criterion 1. TMEA largely followed good practice in relation to staff remuneration and travel costs. TMEA had staff remuneration policies in place and commissioned comprehensive salary surveys to review salaries against similar organisations in the region every two years. Tighter controls on travel, reduced per diem rates and use of technology, introduced in response to VfM audits, helped to reduce staff travel costs as a share of expenditure over the course of Strategy 1. Travel budgets were exceeded by some margin in 2016, and this may have happened in other periods during Strategy 1. However, this may indicate a problem with budgeting practices rather than an indication of excessive spending on travel.

In relation to other key drivers, shortcomings were significant and indicate that significant improvement is required. With regard to consultant procurement and selection, there were processes in place for advertising for consultants and evaluating bids, but TMEA did not establish formal fee rate guidelines, even though it said it would do so in its VfM strategy (2015:7), it did not establish a benchmarking methodology (which would have included checking fee rates for different levels of seniority), and it did not keep accurate records of fees actually paid to consultants, even though recommendations for all these aspects of consultant management were made in the 2014 AR. TMEA set out guidelines by years of experience in 2012 which were sometimes used "informally", but not systematically, as TMEA did not require that consultants provide information on years of experience. TMEA also did not start to report against its VfM KPI target until January 2017, even though the KPI was established in 2015. These shortcomings mean that TMEA was unable to monitor fee rates paid across the organisation and fee rates may in some instances have been above reasonable market rates, representing a material threat to good VfM given that TMEA was involved in procuring consultants under most contracts.

With regard to procurement practices more broadly, procurement policies dictated the use of multiple selection criteria, thresholds for competitive bidding, partner participation, and review by the Tender Committee, and the percentage value of procurement subject to open competition was above the KPI target. But some important shortcomings were identified by DFID's Assurance Review, which demonstrate that TMEA failed to consistently maximise value through its procurement practices. These included unclear guidance, inconsistent implementation, and failure to comply with procurement policies and agreed practice in 70% of a sample of contracts and with policy (but not agreed practice) in the remaining 30%. The Assurance Review awarded risk ratings of severe or major in four of seven areas assessed. We cannot know what impact these shortcomings actually had on programme VfM (by failing to select the most competitive bidder), delivery capacity, or fraud, but the failure to adhere to sound procurement practices increased the risk of each of these and their impact on economy, efficiency and cost-effectiveness, and the potential impact is high given that 70% of TMEA's Strategy 1 budget was spent on services/consultants, and materials/supplies. TMEA also did not systematically follow procedures to ensure that its partners adhered to TMEA procurement standards, introducing the risk of sub-optimal use of TMEA resources and conflict of interest, fraud or corruption by public sector bodies and grantees.

Average unit costs for key inputs (staff salaries and consultant fees) generally met the agreed benchmarks and therefore TMEA met the standard for Good against sub-criterion 2. Staff salaries were revised periodically to ensure they stayed in line with market benchmarks in regional surveys, at the 75th percentile during Strategy 1, and at the 50th percentile from the end of Strategy 1. The average daily fee rates for consultants reported at the end of Strategy 1 and in our sample were below the agreed VfM KPI target of US\$800/day. We use this as the basis for our assessment, although we note that TMEA's own analysis is for a short period at the end of Strategy 1, and our own analysis is based on fee rates set out in a small sample of contracts, and not on rates actually paid, which TMEA does not record. TMEA's average fee rate in our sample of contracts exceeded the external benchmarking data to which we had access but the data used in the analysis were inadequate to enable us ensure that comparisons were fair, so they do not inform our judgement on VfM.

The share of expenditure on indirect costs during the whole of Strategy 1 – 13.7% - was just under the agreed cap of 14% approved by the Board in November 2015 and therefore TMEA met the standard for Good for sub-criterion 3. The cap was established on the basis of analysis of expenditure data for the prior 18-month period and allowed for recharging of some indirect costs, based on international best practice.

TMEA met the standards for Good for the costs of key inputs and indirect costs (sub-criteria 2 and 3), and partially met the standard for Adequate for its management of key cost drivers (sub-criterion 1) due to some important shortcomings. We do not consider the shortcomings serious enough to bring down the overall judgment against economy to Poor, although significant improvements are needed (see recommendations in

section 6). However, as we agreed in the VfM framework (Annex E, 2019)⁸⁴ to place greater emphasis on management of key drivers than on unit costs per se, the assessment that the Adequate standard was partially met for sub-criterion 1 brings the overall judgement against economy down to Adequate. We note that TMEA has undertaken a number of improvements to address these concerns since the beginning of Strategy 2 (but these are not taken into account in our judgment on VfM in Strategy 1).

4.5 Efficiency

4.5.1 Definition, sub-criteria, and standards

DFID's definition of *efficiency* is focused on the relationship between inputs and outputs (i.e., 'technical efficiency'):

How well do we or our agents convert inputs into outputs? (DFID, 2011:4)

The following *efficiency* criterion is used in TMEA's VfM assessment:

Efficiency criterion: The TMEA programme produced the intended quality and quantity of outputs within the available resources and optimised the use of resources by moving resources around for greater leverage.

Important to the VfM assessment is a clear distinction between outputs, which are examined under the efficiency criterion, and outcomes and impacts, which are examined under the effectiveness and cost-effectiveness criteria. In line with good Monitoring and Evaluation (M&E) practice, *outputs* are defined as activities and products which should come about as a direct result of TMEA projects and interventions. They are identified as 'programme outputs' on the TMEA results framework (the pink boxes in the ToC in Annex A). *Outcomes*, in contrast, involve action or behaviour on the part of other actors or stakeholders, after the delivery of an output, and are within the influence, but not the direct control, of TMEA.

DFID's definition of efficiency implies a focus on **technical efficiency** – maximising outputs for a given level of input. We reviewed delivery of programme outputs within budget as the main measure of technical efficiency.⁸⁵

We have also assessed measures of **allocative efficiency** – the way decisions are made to allocate resources to an appropriate mix of interventions to maximise outcomes and impact – and **dynamic efficiency** – the ability of the programme to respond effectively to evolving conditions and ongoing evidence about what works and optimize resource allocation, thereby continually improving allocative and technical efficiency.

The following **sub-criteria** are used for the efficiency criterion and fully aligned with design document:⁸⁶

1. **TMEA followed good practice to manage key efficiency drivers** (staff and consultant management; management of partner/grantee relationships) as specified in key documents (technical efficiency)
2. **Delivery of programme outputs specified on the programme ToC/results framework (RF)** (measured by achievement of output targets), allowing for reasonable exceptions and for adaptive management (see sub-criterion on adaptive management) (technical and dynamic efficiency)
3. **Cost-benefit analysis (CBA) undertaken on key infrastructure projects (ports and OSBPs)** were of high quality and underpinned sound investment decisions (allocative efficiency)
4. **Evidence that TMEA used a systematic process (e.g. project appraisal process) to achieve a balanced portfolio** in which the right mix of projects and activities creates a credible prospect of collectively generating all TMEA's intended strategic outcomes and impacts (allocative efficiency)
5. **Evidence that programme management has been adaptive**, i.e. delivery of programme outputs is responsive to context, opportunities, challenges/risks (including political economy) and ongoing learning and evidence about what works, including moving resources around across programme components, to maximise programme performance and leverage higher returns (dynamic efficiency)

⁸⁴ OPM: Hansford et al. TMEA VfM April 2019, p22

⁸⁵ We originally proposed to examine cost per output of TMEA-supported OSBPs as another measure of technical efficiency. This was replaced by assessment of the cost-effectiveness of the TMEA OSBPs, which is reported in the cost-effectiveness section.

⁸⁶ OPM: Hansford et al. TMEA VfM April 2019

Performance standards for efficiency have been defined as follows and are fully aligned with design document:⁸⁷

Performance	Sub-criteria	Standard met?
Excellent	TMEA programme outputs <i>substantially exceeded</i> required quality and timeliness within allocated budget and provided extra deliverables beyond contract/workplan, allowing for changes against workplans due to adaptive management/emergent strategy	Not met
	TMEA can demonstrate that it enhanced programme performance <i>significantly</i> through adaptive management and provide examples of ways in which this led to better results	Met
	And meets all criteria under 'good' performance	
Good	TMEA programme outputs <i>generally met or exceeded</i> required quality and timeliness within allocated budget, allowing for changes against workplans due to adaptive management/emergent strategy	Not met
	TMEA can demonstrate <i>some</i> examples of enhanced programme performance and better results through adaptive management	Met
	CBA's undertaken on key infrastructure projects were of high quality And meets all criteria under 'adequate' performance	Not met
Adequate	TMEA programme outputs <i>generally completed</i> to required quality, timeframe, and budget, allowing for reasonable exceptions and emergent strategy	Met
	TMEA can demonstrate that it used a systematic process to ensure a balanced portfolio of projects and activities	Met
	CBA's undertaken on key infrastructure projects were of acceptable quality	Met
	TMEA verifiably followed good practice to manage the key efficiency drivers	Partially met
Poor	Any of the criteria for 'adequate' not met	

4.5.2 Judgment and summary of evidence

Judgement:	Adequate
Sub-criteria and corresponding judgement	Key evidence as it relates to the standards
Sub-criterion 1: Adequate partially met	<p>TMEA followed good practice to manage key efficiency drivers in some instances, but with important shortcomings in other cases.</p> <p>TMEA used multiple, robust criteria for in/outsourcing decisions throughout Strategy 1. PAR templates in use from 2010 and PCM Guidelines in use from 2015 set out processes for staff to assess project alignment with the TMEA strategy/the ToC, national priorities and other TMEA projects. Although staff may have found it hard to relate their projects to the ToC, given the high-level nature of the ToC, there is evidence that the appraisal processes used ensured that projects were aligned with the TMEA ToC and objectives: some projects that fell outside TMEA's mandate were stopped when the ToC was updated in 2014, OPM evaluations found projects to be generally relevant to TMEA's ToC and mandate, and assessment of set of PIOs (in response to DEQ5.22) found them to be of high or medium relevance.</p> <p>PAR templates, PCM Guidelines, and TMEA's VfM strategy contained guidance on project-level VfM, but TMEA and DFID staff acknowledged that insufficient attention was paid to VfM in project design and implementation, and there was no evidence that guidelines were distributed to projects TMEA guidelines and manuals set out procedures for project monitoring and conditions under which projects could be terminated. Performance was monitored through several mechanisms, and TMEA took measures to strengthen partner MEL capacity, and some projects were terminated due to poor performance. But problems with partner MEL and reporting, and failure to undertake due diligence checks on grantees and verify reports consistently, mean it is</p>

⁸⁷ OPM: Hansford et al. TMEA VfM April 2019

Sub-criteria and corresponding judgement	Key evidence as it relates to the standards
	possible that some poorly performing projects were not identified, and corrected or terminated.
Sub-criterion 2: Adequate	TMEA programme outputs were generally completed to required quality, timeframe and budget, allowing for reasonable exceptions and emergent strategy due to a realignment of the ToC, reprioritisation with partner governments, challenging project operating environments, and adjustment to political conditions. The 2017 AR demonstrated that on average country programme outputs met expectations, which equates to a VfM standard of Adequate. OPM's Consolidated Formative Evaluation of Ports and OSBP projects ⁸⁸ , and Effectiveness and Outcome-level evaluation ⁸⁹ indicated that SO2 and SO3 outputs were expected to be achieved or exceeded, but there were some concerns on the achievement of SO1 outputs. Along with Deloitte's Due Diligence audit, they also identified delays and cost overruns in some projects.. TMEA provided examples of extra deliverables beyond its original workplans
Sub-criterion 3: Adequate	The CBAs reviewed were of acceptable quality for the time The authors made a concerted effort to examine individual OSBPs and ports, and to assess the programme as a whole. In retrospect, they were let down by inaccurate forecasting of traffic flows and assumptions regarding attribution, discount rates and the time horizon. Some of the assumptions were appropriate at the time and provided in the TOR (the choice of time horizon and discount rate). Others - assumptions around attribution, the value of time savings, expected induced trade, and traffic flow forecasts - were specific to the TMEA interventions, and can be considered overly optimistic at the time.
Sub-criterion 4: Adequate	TMEA can demonstrate that it used a systematic process to ensure a balanced portfolio of projects. There were clear procedures for linking portfolios into programme and corporate level strategy, and the matrix management system was designed to ensure strategic coherence across portfolios and countries.
Sub-criterion 5: Excellent	TMEA can demonstrate that it enhanced programme performance significantly through adaptive management and provided examples of ways in which this led to better results, despite a number of constraints on its ability to be flexible and move resources around (political considerations, the RF, and donor earmarking of funds).

4.5.3 Detailed evidence

Sub-criterion 1: Management of key efficiency drivers

The following four areas of good practice to manage key economy drivers (1.1-1.4) were identified in the VfM framework (Annex E). Findings are as follows.

1.1 TMEA has a system in place for determining which activities are best outsourced and which are best undertaken by staff (e.g. cost, efficiency, need for independence or specialist expertise)

TMEA staff stated in interviews, and at the validation workshop, that whilst they did not draw up a policy or formal set of criteria for making in/out-sourcing decisions during Strategy 1, and were not asked to do so by donors, they used multiple criteria to make such decisions on a continuous basis, and donors were almost always involved in the discussions. These criteria included cost, the opportunity to build internal intellectual capital, the frequency with which expertise was required, the need for independence, and the need to respond to increasing compliance requirements from donors. Functions that were brought in-house over the life of Strategy 1 included internal audit, some ICT for trade expertise, management of the Board of Directors (from KPMG as custodian), and lower level legal advice. High-level legal advice remained outsourced as it was required less frequently. Functions that were outsourced during Strategy 1 included due diligence on partners (to be independent of TMEA), payroll administration, tax advice, external audit (for statutory requirements), travel services, and the Board Secretary. Staff stated in the validation workshop that they do not believe that having a formal policy in place would have resulted in different decisions. We concur with this conclusion based on the examples provided and determine that the system was robust. We reported the net annual savings during Strategy 2 estimated by TMEA from expanding TMEA's in-house capacity under

⁸⁸ OPM: Smith et al. Deliverable 2D/2E: Interim Evaluation: SO2 & SO3: January 2019

⁸⁹ OPM: Smith et al. Deliverable 2D/2E: Interim Evaluation: SO2 & SO3. Revised Draft. January 2019

sub-criteria 2.1 of the Economy section. This information on Strategy 2 does not inform the judgement on VfM during Strategy 1.

Summary: TMEA used multiple, robust criteria for in/outsourcing decisions throughout Strategy 1

1.2 Partner/grantee appraisal, selection, and management: Appraisal process ensures that projects are aligned with the TMEA ToC and there is no unnecessary overlap/duplication across other projects

The first two stages of TMEA's project management cycle are project identification, and project formulation and appraisal (TMEA Programme and Project Cycle Management (PCM) Guidelines, April 2015). The product of the first stage is a concept note. The product of the second stage is a Project Appraisal Report (PAR). The PCM Guidelines state "At TMEA, the corporate strategy is laid out in the ToC which maps out the strategic outcomes and critical causal pathways for achieving these outcomes. This ToC provides an important filter for determining which interventions TMEA should be supporting. All TMEA projects and programmes therefore need to demonstrate a clear line of sight and contribution towards the ToC, the key criterion for determining whether a project is funded by TMEA" (TMEA PCM Guidelines, April 2015:13). TMEA staff confirmed that prior to the development of the PCM guidelines in 2015, TMEA did not have a standard framework for project appraisal, and teams were using different approaches to project appraisal and management. However, there was guidance in place on assessing a prospective project's alignment with TMEA strategy, key themes and country business plans, and on avoiding duplication with other planned projects, from 2010 (PAR Format v5 December 2010). Subsequent PAR guidance, following development of an overarching ToC in 2014, referred explicitly to alignment with TMEA's ToC ((PAR Format for New Templates, October 2014; Revised PAR template, December 2016), as did the 2015 VfM strategy (2015:5). PAR guidance from 2010 onwards also required an indication of the extent to which the project would address cross-cutting issues such as poverty impact, gender, environment and climate change.

Observations on the nature of TMEA's ToC in the OPM Performance Evaluation (2019) indicate that staff may have found it difficult in practice to relate their projects to the ToC. The ToC was conceived at a high-level, as a broad landscape of necessary elements to increase trade in the region and did not necessarily identify which elements TMEA would address, or the intended causal pathways. This meant that staff '...had to relate the projects in their components to the ToC themselves, which TMEA staff reported was an ongoing team process ...' and the causal mechanisms and causal package (which might be a set of activities rather than a simple linear causal mechanism) between the output and outcome levels were not made explicit.⁹⁰

Nevertheless, there is evidence that the appraisal processes used ensured that projects were aligned with the TMEA ToC and objectives. When TMEA updated its overarching ToC in 2014,⁹¹ some projects that fell clearly outside TMEA's mandate were stopped or minimised (OPM Performance Evaluation, 2019⁹²). The estimated value of projects that were cancelled or scaled down during the review was US\$27.8 million, or approximately 5% of the S1 budget (see TMEA spreadsheet 'Budget changes – 2014 portfolio review'). The OPM Effectiveness and Outcome-level Evaluation (2019)⁹³ asserted that SO1 and SO2 projects were generally relevant to TMEA's ToC and mandate, but that *some* SO3 projects fell outside TMEA's mandate, although TMEA staff pointed out in the validation workshop that these projects were agreed by the Board (e.g. expansion into value-chain projects). And our assessment of key programme components (PIOs) undertaken in response to DEQ5.22 found that the PIOs (rather than individual projects) assessed were of high or medium relevance, meaning they were well-aligned with TMEA objectives and ToC and addressed significant barriers to trade facilitation (see section 4 and Annex J).

This sub-criterion considers the appraisal processes. The processes in place to approve PARs and to ensure coherence across TMEA's portfolio of projects and across countries, is further described under sub-criterion 5 below.

Summary: PAR templates in use from 2010 and PCM Guidelines in use from 2015 set out processes for staff to assess project alignment with the TMEA strategy/the ToC, national priorities and other TMEA projects. Although staff may have found it hard to relate their projects to the ToC, given the high-level nature of the ToC, there is evidence that the appraisal processes used ensured that projects were aligned with the TMEA ToC and objectives: some projects that fell outside TMEA's mandate were stopped when the ToC was updated in 2014, OPM evaluations found projects to be generally relevant to TMEA's ToC and mandate, and assessment of set of PIOs (in response to DEQ5.22) found them to be of high or medium relevance.

⁹⁰ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019, p.25

⁹¹ See more information on the ToC under sub-criterion 1 of the Effectiveness section.

⁹² OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019, p.25

⁹³ OPM: Smith et al., Deliverable 2D/2E: Interim Evaluation: SO2 & SO3: January 2019, p.48

1.3 Partner/grantee appraisal, selection, and management: Project-level VfM questions and indicators are incorporated into PARs and reviewed during project implementation and VfM guidelines are distributed to projects

Most of TMEA's resources are expended via projects implemented by third parties, so TMEA can only achieve VfM if most – if not all – of the projects it funds achieve VfM. The first PAR template from 2010 required that staff provide details on the costs and benefits (in monetary terms or qualitatively) on prospective projects, and later templates required an outline of how a prospective project would deliver VfM on the 'Four Es' of economy, efficiency, effectiveness and equity, following the guidance in TMEA's VfM Policy (PAR Format for New Project Revised October 2014; PAR Template December 2016:8). The PCM Guidelines identified VfM as an area to assess during project identification, formulation, and appraisal (April 2015:19, 20, 22). The TMEA VfM Strategy detailed VfM questions and indicators that should be answered during project design (2015:5) and included '% of PARs with good VfM sections' as a KPI (2015:6). The PAR template

However, both Deloitte and Touche Kenya (2017:30, 32) and the OPM Effectiveness and Outcome-level Evaluation (2019)⁹⁴ indicated insufficient attention to VfM in the PARs they reviewed, with no project-specific questions or indicators. TMEA staff interviewees reported that the VfM sections in PARs are weak; instead of proposing VfM indicators, most contain narrative on how VfM will be achieved. DFID staff acknowledged in the validation workshop that donors also did not pay much attention to ensuring VfM was incorporated into project design and monitoring.

We found no guidance in TMEA documents we reviewed indicating that VfM should be monitored and reviewed during project implementation or how this should be done. There is no mention of project-level VfM in the TMEA PCM Guidelines section on project implementation (2015:28-35) or in the various grants regulations and manuals reviewed from Strategy 1 and early Strategy 2 (TMEA Procurement and Grants Manual, 12 March 2015; TMEA Grants Regulations, 28 August 2017; TMEA Procurement Procedures Manual, 1 June 2018; TMEA Regulations, 3 December 2018). We also found no evidence that guidelines on VfM are distributed to projects. TMEA staff confirmed in interviews that project monitoring plans track activities, outputs, and outcomes but not VfM.

TMEA's DFID Due Diligence Review Action Plan stated the PAR format had been revised to enhance monitoring of VfM indicators (19 October 2018:3), but TMEA staff in interviews reported this had not yet been done at the time of the interviews in June 2019. There is ongoing discussion about how to improve project VfM guidance and monitoring. Part of the problem is low capacity to conceptualise and measure VfM in implementing organisations; TMEA staff recognised they need to engage with them more to help them to design and measure VfM indicators (which also requires building capacity among TMEA staff). This information on Strategy 2 does not inform the judgement on VfM during Strategy 1.

Summary: PAR templates, PCM Guidelines, and TMEA's VfM strategy contained guidance on project-level VfM, but TMEA and DFID staff acknowledged that insufficient attention was paid to VfM in project design and implementation, and there was no evidence that guidelines on VfM were distributed to projects.

1.4 Partner/grantee monitoring, evaluation and results management: TMEA monitors and verifies performance of funded projects regularly, and intervenes if there is evidence of poor performance or risk of non-delivery of expected outputs and outcomes; Projects are stopped if they are not gaining traction or performing as expected, so that resources can be reallocated (adaptive management)

The realisation of TMEA's corporate results – and therefore programme VfM – is determined by the performance of its constituent projects. It is therefore important that TMEA monitors its funded projects and, where problems are detected, intervenes to try to get a project back on course. Sound adaptive programme management and good VfM includes terminating projects that are not performing well and cannot be 'corrected' in a timely way, so that resources can be reallocated to other projects that are expected to achieve results. Termination of some projects should not necessarily be seen as a failure if it is part of the process of experimentation and innovation within an agreed framework of risk, and provided lessons are learned about what works and what does not work. TMEA Procurement and Grants Manuals (August 2014:32, 33, 48; 1st April, 2017:6-7) and TMEA's PCM Guidelines (2015:33) () stated that projects could be terminated for various reasons, including: fraud/corruption; non-compliance with key funding or grant agreement conditions; inability to manage, and non-performance; and in cases where the grantee scores a '2' on two consecutive DDEVs, or a single score of '3'. TMEA staff also reported that some larger projects

⁹⁴ OPM: Smith et al., Deliverable 2D/2E: Interim Evaluation: SO2 & SO3: January 2019, p.63

began with a planning and feasibility study before moving to implementation; if the project did not gain traction with the partner during the first phase it was dropped.

In its MEL Approach paper (April 2014:4), TMEA recognised that one of the purposes of its MEL systems and practices was to “have relevant and timely information to assist implementers and decision makers to adjust projects in response to implementation issues, what is working and not working, and improve the chance of success”. The paper set out the following in relation to project monitoring: project monitoring plans are designed to capture baseline information, track progress against outputs and outcomes, identify and manage risks, and adjust implementation strategies; quarterly and annual progress reports provide updates against output and outcome indicators; progress and expenditure traffic lights can be visualised for each project in the Management Information System (MIS); and the information is used to identify performance trends and issues in quarterly internal review meetings. Good M&E data from partners was key to TMEA’s ability to verify performance as laid out in the MEL paper. According to TMEA interviewees, TMEA recognised that the capacity of partners to provide good information was variable and made efforts during Strategy 1 to build that capacity via ‘MEL days’. TMEA interviewees indicated that TMEA also sought to ensure its project managers were equipped to support partner reporting and quality assure the reports, including a How to Note on Reviewing Progress Reports (edited 16/1/13), and a results curriculum.

The Deloitte Due Diligence Assessment (2017:36) found, however, that “the quality of reporting obtained from TMEA partners.....was in some cases lacking” and it was not clear whether they had been quality assured by TMEA staff, and ranked the concern as moderate priority (“findings do not pose unacceptable negative fiduciary and/or reputational risk to DFID but it would be advisable for the partner to improve their systems, processes or procedures”). We have not seen evidence to suggest that the quality of reports was higher in earlier stages of Strategy 1. The Assessment indicated the MEL team was understaffed in relation to supporting staff to monitor projects and TMEA staff in interviews reiterated that the MEL team did not have the capacity to support monitoring across all projects consistently.

OPM’s Institutional and Organisational Assessment⁹⁵ (2019: Annex H) elaborated further on the problems with partner reporting, which included: poorly-chosen indicators and a failure to disaggregate data; inconsistencies amongst PARs, M&E frameworks, and monitoring reports; a lack of evidence to support reported progress; incomplete compilation of records; and the lack of clear paper trails to show agreed changes to targets, milestones and budgets. Problems underlying poor reporting included: limited M&E capacity among partners; delayed or cancelled meetings and comments on quarterly reports with partners; limited consequences for partners which fail to respond to comments; frequent reallocation of monitoring budgets to other uses; failure of TMEA staff to verify and quality assure reports, and unclear processes and responsibilities for following up on quality assurance reports by TMEA.

For grants (which constituted approximately 8% of total spend in Strategy 1), TMEA Grant Regulations (28 August 2017:2,3) stated that a DDEV, including independent confirmation of reported progress, should be undertaken every six months, or annually where a grant achieved the top grade in the Fiduciary and Project Delivery Risk Assessment (FPDRA) undertaken prior to award. The Deloitte Due Diligence Assessment reported, however, that no due diligence assessment had been undertaken in 11 of the 40 projects it reviewed, including two which had received a rating of ‘substantial risk’ prior to award (2017:46).

TMEA staff in interviews indicated that there were other ways in which underperformance could be picked up which did not depend on partner self-reporting and capacity within the MEL team, and which led to intervention on the part of TMEA to try to get projects back on course. These included: quarterly project Steering Committee meetings and quarterly visits to most projects (monthly site visits in the case of the ports); quarterly results assessments chaired by the CEO to review progress on larger portfolios (the ports, OSBPs and ICT for trade (ICT4T)) and draw up action plans to address problems; National Oversight Committee (NOC) review of quarterly progress reports to flag underperformance issues such as delays or underspend, and discussion of concerns with donors in pre-NOC meetings; SOL monitoring of project performance and progress towards the strategic objectives in their SOs; and problems at country and regional level flagged in donor ARs.

TMEA interviewees reported that a few projects were stopped in each SO during Strategy 1 due to poor performance or lack of traction. They also indicated that there were sometimes constraints on their ability to terminate projects, for example, political considerations, or donor pressure to continue, or because no other partner could deliver on the project objectives (in the case for example of national port authorities). These are discussed further under sub-criterion 5. But the poor quality of some partners’ MEL and progress reports, and the failure to undertake DDEVs consistently and to verify partners’ reports, and unclear processes for following up with projects where problems were identified, created a significant risk that some poorly performing projects were not identified and corrected, or terminated if the problems could not be

⁹⁵ OPM. Workstream 2 – Deliverable 2B: Institutional and Organisational Assessment. (forthcoming)

remedied, that resources were not used to best effect to achieve results, and therefore a risk of poor VfM. Measures have been put in place to improve project monitoring since the beginning of Strategy 2. The MEL team has expanded, and the Due Diligence Review Action Plan reported that review of quarterly reports was being enhanced to widen the scope of the reports reviewed and provide for additional review by SOLs and Technical Directors (2018:4). TMEA interviewees stated that there are functions in place in the MIS which help staff more easily identify underperforming projects against spend and outputs, and the MEL team plans to strengthen partner M&E capacity by way of MEL sessions on 'partner days'. TMEA's Due Diligence Review Action Plan stated that revised Regulations approved in February 2018 state more clearly when DDEVs should be conducted, arrangements for ensuring compliance, and the requirement of an approved mitigation plan to address weaknesses (19 October 2018:5). This information on Strategy 2 does not inform the judgement on VfM during Strategy 1.

Summary: TMEA guidelines and manuals set out procedures for project monitoring and conditions under which projects could be terminated. Performance was monitored through several mechanisms, and TMEA took measures to strengthen partner MEL capacity and some projects were terminated due to poor performance. But problems with partner MEL and reporting, and failure to undertake due diligence checks on grantees and verify reports consistently, mean it is possible that some poorly performing projects were not identified, and corrected or terminated.

Sub-criterion 2: Delivery of programme outputs specified on the programme ToC/results framework

2.1 Achievement of results framework output targets (Annual Review output scores) and narrative evidence on achievements (considering adjustments made in agreement with DFID and delays with explanation of any contextual/operational difficulties); TMEA provided extra deliverables beyond contract/workplan

We have collated the scores awarded for achievement of outputs in each donor AR since 2012 (see Table 12). The scores are calculated based on the achievement of targets for each relevant output *at country level* in the RF. Each AR also indicates an average score across all countries in each year. These are shown at the bottom of the table, and then mapped to the VfM standards shown in the rubric below Table 12. The rubric was agreed as part of the VfM framework (see Annex E).⁹⁶

As noted in the 2017 AR (2017:1), the results framework changed during Strategy 1, some outputs were dropped, and there were problems with many RF indicators (described further under sub-criterion 1 of the effectiveness section). Problems with data quality must be borne in mind when interpreting the achievement of output targets.

Table 12: Overall scores for achievement of outputs from donor ARs, 2012-2017

Country	Annual Review output score						2012-2017
	2012 ⁹⁷	2013	2014	2015	2016	2017	
Burundi	A	A	A	A	A	A	
Kenya	A	A	A	A	A	A	
Rwanda	A	A/A+	A	A+	A+	A+	
South Sudan	A	A	B	A	A	A	
Tanzania	A	A	A	A	A	A	
Uganda	A	A	A+	A+	A+	A+	
Regional programmes	A	A	A	A	A	A	
Average score	A	A	A	A	A	A	A
VfM standard met	Adequate	Adequate	Adequate	Adequate	Adequate	Adequate	Adequate

Source: Annual Review 2012, 2013, 2014, 2015, 2016, 2017.

Score	Score description (from donor ARs)	VfM standard (from VfM framework, see Annex E)
A++	Outputs substantially exceeded expectation	Excellent

⁹⁶ OPM: Hansford et al. TMEA VfM April 2019

⁹⁷ 2012 is the first year in which scores were calculated

Score	Score description (from donor ARs)	VfM standard (from VfM framework, see Annex E)
A+	Outputs moderately exceeded expectation	Good
A	Outputs met expectation	Adequate
B	Outputs moderately did not meet expectation	Poor
C	Outputs substantially did not meet expectation	Poor

The average annual scores of A show that TMEA outputs met expectations in every year but missed TMEA's VfM KPI target of A+. This equates to a VfM Adequate. It is important to note that these are average scores across outputs for each country. In each year there are outputs which achieved an A+ and others which achieved a B. The average score also reflects the weightings assigned to outputs, and these weightings changed across the ARs.⁹⁸

The detail in the table shows that outputs in only one country programme and in one year 'moderately did not meet expectations' (B) – South Sudan in 2014. The 2014 Annual Review reported that country staff were evacuated, and all projects were interrupted for political and security reasons (2014:5). These events, and the consequent drop off in outputs, were beyond TMEA's control, and the achievement of B against targets set before the crisis suggests a strong performance and therefore not poor VfM (although changing this score to A or A+ would not raise the average overall score of A for 2014). Outputs in two country programmes – Rwanda and Uganda – moderately exceeded expectations (A+) in multiple years. Outputs in the remaining country programmes and the regional programme met expectations (A). Factors that may have prevented these country programmes from exceeding expectations include: delays in starting the country programmes in South Sudan and Tanzania; significant changes in TMEA staff during 2013-2014; capacity constraints of partners; and political instability, in Burundi and South Sudan in particular, and during presidential elections in Burundi and Kenya (ARs, 2012-2017).

The OPM Interim Evaluation of SO1⁹⁹ and Effectiveness and Outcome-level Evaluation¹⁰⁰ provide insights into the achievements of outputs *by* SO towards the end of Strategy 1. The evaluations assessed delivery of outputs against plans/expectations, timelines, and budgets, and provided information on constraints. The assessment covered both ports, three OSBPs,¹⁰¹ and 20 projects each in SO2 and SO3 (approximately one quarter of all SO2 and SO3 interventions).¹⁰² In terms of delivering outputs, the conclusion against SO2 and SO3 projects was 'outputs expected to be achieved or exceeded' as noted in the OPM Effectiveness and Outcome-level Evaluation.¹⁰³, while for SO1 projects there was 'some concern on the achievement of the outputs'.¹⁰⁴ In all cases, there were delays and cost variations in some projects, but these were not considered to be critical to the overall direction of each project. In terms of constraints, the evaluation notes that the SO1 projects were implemented in 'challenging project operating environments', particularly at the ports, where removal of the Board and top management at KPA due to a possible scandal, and multiple changes in the Board and top management at TPA, made decision-making hard and put timetables back. The SO2 and SO3 projects encountered 'major political constraints', particularly in the fragile states of Burundi and South Sudan along with the change in government in Tanzania, as well as institutional/internal capacity constraints, and the evaluation indicated that TMEA had 'mixed results in addressing the constraints' (see summary in Table 22 in Annex H).

The Deloitte Due Diligence also noted delays and cost overruns in 50% of the sample of projects reviewed and similarly suggested these were due to the limited capacity of partners, bureaucracy in government institutions and factors linked to political economy and government policies, as well as delays in procurement (2017:31). It recommended that political economy considerations should be built into project designs, weaknesses in the procurement process should be addressed, and realistic timelines and budgets should be established at project planning stage. The OPM Effectiveness and Outcome-level Evaluation¹⁰⁵ also suggested there might be a case for setting more realistic timelines to allow room for inevitable delays in the SO2 and SO3 projects.

Some planned outputs were dropped during Strategy 1. In some cases, this was because outputs were considered no longer relevant to TMEA's ToC or because partner governments wanted to prioritise other

⁹⁸ It is beyond the scope of this assessment to review the performance of every output in every country for every year of Strategy 1, and to do so would not change our judgement on VfM for this sub-criterion. Our assessment against the VfM rubric is based on the average score for each year.

⁹⁹ OPM: Scott et al. Deliverable 2C/3A: Interim Evaluation: SO1. December 2018

¹⁰⁰ OPM: Smith et al., Deliverable 2D/2E: Interim Evaluation: SO2 & SO3: January 2019

¹⁰¹ Busia, Malaba and Mirama Hills.

¹⁰² For SO2 and SO3 the sample was composed of a mix of projects selected by TMEA for learning purposes and projects selected through purposive random sampling.

¹⁰³ OPM: Smith et al., Deliverable 2D/2E: Interim Evaluation: SO2 & SO3: January 2019, p.18

¹⁰⁴ OPM: Scott et al. Deliverable 2C/3A: Interim Evaluation: SO1. December 2018, p.11

¹⁰⁵ OPM: Smith et al., Deliverable 2D/2E: Interim Evaluation: SO2 & SO3: January 2019

work. For example, the output on the rating criteria for tourism establishments was dropped as it was considered 'neither a TMEA core area nor supported any longer by partner organisations' (AR, 2014:6), and the ASSET project, which focussed on simplification of customs bonds, was no longer relevant given the EAC's decision to fast-track the Single Customs Territory (AR, 2014:13). Others were dropped because they lacked the required high-level political backing to proceed, such as the business environment reform and the EAC Secretary General forums (AR, 2014:7). Later, in 2015/16, some outputs were dropped for projects that had been suspended due to political instability in South Sudan, and were unlikely to resume, in line with recommendations in the 2015/16 AR (TMEA Strategy 1 RF Revision for the Board, 12 April 2017). Other examples are cited under sub-criterion 6.

TMEA staff in interviews provided examples of extra deliverables achieved beyond the original workplan or contract during Strategy 1 (see Box 1). This list is illustrative rather than exhaustive. These examples were not mentioned in OPM's formative evaluations, but those evaluations did not explicitly seek evidence of extra deliverables.

Box 1: Examples of extra deliverables achieved during Strategy 1 cited by TMEA interviewees

- At Mombasa Port, TMEA commissioned a report on technical and commercial options for integrating the Single Gauge Railway (SGR) into the corridor linking Mombasa port to Nairobi which helped to facilitate the integration of SGR into port operations and achieve a coordinated plan for road and rail along the entire Mombasa-Nairobi corridor
- At Mombasa Port, additional features were incorporated, such as rehabilitation of the G section yard to use for scanning of containers, a desalination plant to provide drinking water for workers; and TMEA initiated removal of asbestos, and Phase 1 of eco-terra facing works, both of which KPA continued.
- At Dar Port, TMEA went beyond the role laid out in the MoU between DFID, WB and TPA by getting involved in the negotiation of other projects
- A number of additional features, beyond the original plans, were incorporated into OSBP designs at government request, including broadening roads (for which additional funds were secured), on-site housing for staff to increase security, cattle holding areas and isolation rooms for Ebola cases
- The integrated single window system was integrated with the Interpol database as a way of ensuring traded goods were legitimate (for example, to help to prevent the import of stolen cars from Europe)
- The single tourist visa set up for Kenya, Rwanda and Uganda was adjusted so that women cross-border traders could cross using their identity cards, rather than needing a passport.

Summary: TMEA programme outputs were generally completed to required quality, timeframe and budget, allowing for reasonable exceptions and emergent strategy due to a realignment of the ToC, reprioritisation with partner governments, challenging project operating environments, and adjustment to political conditions. The 2017 AR demonstrated that on average country programme outputs met expectations, which equates to a VfM standard of Adequate. OPM's Consolidated Formative Evaluation of Ports and OSBP projects¹⁰⁶, and Effectiveness and Outcome-level evaluation¹⁰⁷ indicated that SO2 and SO3 outputs were expected to be achieved or exceeded, but there were some concerns on the achievement of SO1 outputs. These formative evaluations and Deloitte's Due Diligence audit identified delays and cost overruns in some projects. The programme also provided examples of extra deliverables beyond its original workplans

Sub-criterion 3: Cost-benefit analyses undertaken on key infrastructure projects (ports and OSBPs)

3.1 Quality of methodologies used for CBAs on key infrastructure projects (ports and 2 OSBPs): review of assumptions

We examined TMEA's CBA, which was undertaken in 2010 and subsequently in 2012. We assessed whether the assumptions made in the CBA were reasonable at the time, and whether the CBA output was useful in aiding the decision-making process. DFID undertook a preliminary CBA in 2010, covering ports and several OSBPs.¹⁰⁸ This was subsequently revised and updated by Neil Pogorelsky in 2012.¹⁰⁹ The update was to "review, amend and update existing CBA analysis for the target projects in light of updated costs calculations, updated investment figures from TMEA contributors and updated programme outputs" (Pogorelsky, p.1). The consultants had to agree with TMEA on which projects to be included and the data

¹⁰⁶ OPM: Scott et al. Deliverable 2C/3A: Interim Evaluation: SO1. December 2018

¹⁰⁷ OPM: Smith et al., Deliverable 2D/2E: Interim Evaluation: SO2 & SO3: January 2019

¹⁰⁸ This is documented in Annex H of DFID (2010). The spreadsheet model was provided.

¹⁰⁹ Pogorelsky, N. 2012. Cost benefit analysis update for TMEA programmes: Final Report. Prepared for Trademark East Africa, July 17th.

sources to be used. The focus was on developing a Value for Money assessment that was consistent with DFID's reporting requirements. It was not intended to be used as a guide to investment.

TMEA developed the Results Meter based on the 2012 document. This provided a structured framework to gather data and a spreadsheet tool to assess performance.

The ToR was specified by TMEA and the author of the 2012 report made a concerted effort to meet specifications and made significant improvements over the 2010 effort in terms of coverage, detail, and ease of use. The objectives and scope are clearly defined, and the limitations listed. Potential beneficiaries were not clearly defined, but the scope was restricted in the ToR.

Projecting the benefits over the life of the infrastructure was always going to be subject to uncertainty. The author projected benefits out ten years to 2025. This seems to be a little short for infrastructure projects that may last 50 years.¹¹⁰ In this respect the benefits may be understated. However, once again the ToR specified the time horizon.

No alternative projects were mentioned in the CBA. There are other ways to enhance trade and growth instead of implementing OSBPs, such as improving ports, and reducing non-tariff barriers such as roadblocks. Market-based instruments, such as reducing tariffs which are as high as 60%, may provide a better alternative to infrastructure. In this sense, the economic appraisal appears to be a "business case" which promotes a preferred approach. The risk here is that the CBA was used to justify rather than provide useful information to decision makers. The base case/counterfactual was based on trade data and assumed growth of 4.9% per annum. This seems reasonable but takes no account of interactions with other economies that drive exports and imports. The study estimated the baseline delays against which the intervention could be gauged. Time saved was valued at US\$450 per day. In retrospect it seems too high. This suggests the value of time savings and hence benefits were overestimated.

Sensitivity analysis was included to a minimal extent but did not provide sufficient explanation for the variables and range of values used. Further sensitivity analysis should have been conducted on combinations of time savings and value of trade increments. In the risk analysis, each risk is treated as independent, whereas non-implementation is likely to be correlated due to redirection of funds from donors. The benefits are overestimated as a result.

A discount rate of 10% was used in agreement with donors. This was a standard rate used by DFID at the time and beyond the author's, and perhaps TMEA's, control. DFID advised, following the validation workshop, that while 3.5% is the standard rate used for projects in the UK economy, DFID usually works with 10% as it regards poverty reduction as a more urgent issue. Nevertheless, it seems high in retrospect, and would have led to an underestimation of benefits.

Some attribution rates in the CBA document are 100%. This seems unreasonable given there are parallel projects at other border posts that also contribute to time savings and induced trade. There is a risk of attributing all or much of the improvement to the intervention, whereas it may have happened anyway. For example, imports over time tend to follow international growth in trade, suggesting trade is demand-driven to some extent. This level of attribution led to an overstatement of benefits.

Induced trade is the extra trade generated in response to the reduction of the costs to do business, in this case the cost of transport. The trade generation forecast is based on an estimated responsiveness of traders to the declines in transport time achieved through TMEA interventions. On an undiscounted basis, the induced trade benefits represent over 40% of total TMEA benefits. An elasticity of 2.5 is used, based on the Limão and Venables (2001) study. This was being used by other analysts at the time but in retrospect seems too high. Hence the induced trade benefits are too high as is the resulting IRR.

Overall, the benefits within the time horizon to 2025 may have been overstated by 30%. On the other hand, the benefits of hard and soft infrastructure should extend over a longer time horizon. In this respect, the benefits over the longer term were underestimated two or three-fold, depending on assumptions about the appropriate time horizon and discount rate. At the time the CBA was conducted, a 10% discount rate was considered appropriate, and hence distant benefits were discounted away and were less important. We understand that the CBAs, and the assumptions used, were approved by donors.

We looked at two project-specific CBAs, for OSBPs at Busia and Kagitumba/Mirama Hills, the best and worst of the TMEA OSBPs in terms of time saved and traffic flows. Project-specific CBAs have many common assumptions and a similar methodology, so comments applicable to the overall study generally apply to project specific CBAs. An exception is Kagitumba/Mirama Hills. In 2012, traffic flows through

¹¹⁰ In most countries, the national tax office specifies the effective life of an asset for depreciation. The effective life of a commercial building may be as long as 50 years. See EY 2018. *Worldwide Capital and Fixed Assets Guide 2018*. ([https://www.ey.com/Publication/vwLUAssets/ey-2018-worldwide-capital-and-fixed-assets-guide/\\$FILE/ey-2018-worldwide-capital-and-fixed-assets-guide.pdf](https://www.ey.com/Publication/vwLUAssets/ey-2018-worldwide-capital-and-fixed-assets-guide/$FILE/ey-2018-worldwide-capital-and-fixed-assets-guide.pdf))

Kagitumba/Mirama Hills in 2017 were forecast to be four times as great as they turned out to be. The problem was the modellers assumed traffic would be diverted from Gatuna to the straighter Kagitumba/Mirama Hills route. This has not happened. As a result, the benefit cost ratio was overestimated. Traffic flows may improve in the future, as TMEA believes, and the border post has been futureproofed for increased traffic, but so far there is little evidence of that.

For the Port of Dar, the modellers overestimated the growth in traffic but underestimated the reduction in dwell time. In Mombasa, they underestimated the gains in times and traffic. These are understandable errors. However, they may have overestimated the value of the time saved, due to assumptions about the opportunity cost of capital and the value of cargo in a container that seem high.

Details on our approach to the analysis and a fuller account of our findings are provided in Annex I.

Summary: The 2010 and 2012 CBAs were of acceptable quality for the time. The authors made a concerted effort to examine individual OSBPs and ports, and to assess the programme as a whole. In retrospect, they were let down by inaccurate forecasting of traffic flows and assumptions regarding attribution, discount rates and the time horizon. Some of the assumptions were appropriate at the time and provided in the TOR (the choice of time horizon and discount rate). Others - assumptions around attribution, the value of time savings, expected induced trade, and traffic flow forecasts - were specific to the TMEA interventions, and can be considered overly optimistic at the time.

Sub-criterion 4: Evidence that TMEA used a systematic process (e.g. project appraisal process) to achieve a balanced portfolio

4.1 Evidence that TMEA used a systematic process to achieve a balanced portfolio of interventions/projects

Allocative efficiency refers to the way decisions are made to allocate resources to an appropriate mix of interventions to ensure that a programme not only delivers its outputs ('doing things right' or technical efficiency) but also chooses to 'do the right things'. It requires processes to ensure that the combination of interventions is relevant to high-level goals, complement each other, and collectively present a credible prospect of generating all intended strategic outcomes and impacts.

PAR templates in use from 2010 onwards provided guidance on assessing a prospective project's alignment with TMEA's strategy, key themes and country business plans, and on avoiding duplication with other planned projects (PAR Format v5 December 2010; PAR Format for New Project Revised October 2014; PAR Template December 2016). TMEA's also introduced PCM Guidelines in 2015 which provided further guidance to staff on a systematic process for developing and managing a balanced and coherent portfolio of projects. The guidelines described the development of a corporate strategy and business plan (for Strategy 1 and annual) and nested strategies and business plans for 10 programmes or portfolios (six countries, the EAC Secretariat, and three regional portfolios for the three SOs). The programme business plans set out all the projects in the portfolio, the main targets, and the anticipated impact on poverty alleviation and gender. As discussed above (sub-criterion 1.2), the programme ToC was intended to guide all programming and investment decisions, but in practice was too high-level to play this role. The OPM Performance Evaluation (2019)¹¹¹ proposed that TMEA's RF may in some respects have played this role. Portfolio level results were then tracked in quarterly progress reports and reviewed in donor ARs, and portfolio-level formative and summative evaluations, when undertaken, determined the extent to which goals were attained and fed back into programme strategy and design. The processes to ensure alignment of individual projects were described above (sub-criterion 1.2).

The PCM Guidelines (2015:8) also describe the matrix management structure introduced in 2013 to ensure strategic coherence across portfolios and regions. Key to ensuring overall strategic alignment and balance were the introduction at senior management level of a Strategic Objective Leader (SOL) for each of the strategic objectives, a Senior Director for Country Programmes (SDCP), a Senior Director TMEA-EAC Partnership Programme (TEPP) who ensured strategic coherence across portfolios and across the region, and Portfolio Directors (PDs), who ensured "coherence, synergy and balance" within a portfolio and alignment of the portfolio with the corporate ToC and national priorities. . TMEA staff interviewed stated that the Director General (DG) then had overall responsibility for coherence across all portfolios and the region.

SOLs, SDCP, and PDs are involved in reviewing and signing off all PARs, and TMEA's Peer Review Group (PRG), composed of the Senior Leadership Team, the Senior Management Team and members of the MEL team, reviews and provides a recommendation on all new projects and grant proposals over US\$250,000. Approvals of PARs are undertaken by the DG (up to US\$250,000), the CEO (up to US\$1 million), and the

¹¹¹ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

Board (over US\$1 million). DFID and USAID sat on the Board and were therefore involved in approving high value projects, and donors could ... 'step in with their concerns, which carry decision-making weight'.¹¹²

As set out in the VfM framework (Annex E)¹¹³, we have reviewed information in available documentation on the processes used to achieve a balanced portfolio. We have not assessed portfolio composition *per se*, which is outside the scope of this study.

Summary: TMEA can demonstrate that it used a systematic process to ensure a balanced portfolio of projects. There were clear procedures for linking portfolios into programme and corporate level strategy, and the matrix management system was designed to ensure strategic coherence across portfolios and countries.

Sub-criterion 5: Evidence that programme management has been adaptive

5.1 Narrative evidence, and examples, of ways in which the programme enhanced its performance and achieved better results through good adaptive management

A programme is adaptive if it continuously scans the environment in which it works and uses information to review and adapt its approaches to evolving conditions and ongoing learning. Good adaptive management contributes to good dynamic efficiency (improvements in efficiency over time). Dynamic efficiency could include improvements in allocative efficiency – by ensuring that resources are moved around and allocated to interventions with a good chance of achieving the desired results, and technical efficiency – by increasing the likelihood that outputs are delivered within appropriate quality, timeliness and cost parameters.

TMEA reported using research and literature reviews, formative and summative evaluations, regular meetings with partners, quarterly progress reports, fora with stakeholders, and internal learning processes and resources to inform programming during Strategy 1 (Briefing Note for Independent Commission for Aid Impact (ICAI) Team November 2016). The 2016 Briefing Note provided examples of how Strategy 1 evolved in response to learning and political economy analysis, including: a Corridor Diagnostic Study undertaken in 2011-12 helped TMEA to identify the major bottlenecks at ports and borders on which to focus; the Big Results Now initiative undertaken in 2013 by the Government of Tanzania (GoT) identifying priority reforms at Dar Port informed the design of TMEA's Dar Port programme; an IDS study on the benefits of trade facilitation instruments helped to shape TMEA's focus on harmonising standards and eliminating NTBs; and a 2013 WB study on the potential of women to boost trade in Africa underpinned TMEA's focus on cross-border initiatives for women.

The OPM Performance Evaluation (2019) provided evidence that TMEA stakeholders perceived TMEA to be adaptive: "government partners reported their gratitude at TMEA's ability to flexibly address the challenges that emerged, to adjust timelines, to reallocate funding, and even to mitigate problems before they arose" and a donor observed that "project and programme leadership continually reach out to partners, knowledgeable actors and potential beneficiaries about political economy issues."¹¹⁴ (See further information on TMEA's understanding of political economy issues under effectiveness sub-criteria 1). DFID staff interviewed for this study concurred that they consider TMEA to be adaptive; one said it was more adaptive than most other DFID programmes he has worked with (but we did not explore how adaptive those other programmes were considered to be in the interview). They attributed this partly to the operational model with the country offices providing local intelligence to HQ and good local political connections, and HQ providing an umbrella for cross-country learning.

TMEA and DFID staff interviewed for this study provided examples of ways in which TMEA evolved and changed course during Strategy 1, including:

- Expanding work at the ports beyond the improvement of inland container terminals recommended in an original feasibility study.
- A shift away from regional integration and from support to the EAC Secretariat as it became clear that there was little traction with the Secretariat and the emphasis on regional integration was declining in government agendas – the budget for the Arusha regional programme was reduced and greater emphasis was placed on work with national governments.
- Scale-up of electronic cargo tracking from Uganda, to include Kenya and Rwanda, at the request of those governments, and then the whole region, so that cargo could be tracked from Mombasa all the way to the DRC.

¹¹² OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019, p.53

¹¹³ OPM: Hansford et al. TMEA VfM April 2019, p.26

¹¹⁴ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019, p.39 and p.35

- Convening national-level actors in Kenya as the new SGR came on board, and the development of a commercialisation strategy for the GoK.
- The programmes in South Sudan and Burundi were adapted and eventually shrunk in response to political instabilities and donor country sanctions.
- Expanding programming with informal women cross-border traders as the potential impact of the cross-border work became apparent.
- Reallocation of funds away from Dar Port towards other projects (e.g. the Tunduma Border Post (BP) and with the Tanzanian Standards Board) as it became apparent that agreement on work at the Port could not be agreed with the GoT.
- The ASSET project was dropped once the EAC decided to fast-track the SCT, meaning there was no longer a need for multiple bond transactions in transit.
- The TRAC and LIFT challenge funds were dropped because they were no longer considered an appropriate fit with TMEA's remit.
- A shift away from 'trade in services' to focus solely on 'trade in goods' in SO3, as it became apparent that there was little traction in the former.

TMEA staff indicated that in their view these shifts in programming and the attendant reallocation of resources allowed them to focus resources on projects that had traction and were key to extending the programme's results. In particular, work on bottlenecks at the ports was crucial to increasing efficiencies and reducing transit times (albeit with problems at Dar Port – see Annex O on VfM of key PIOs); a regional electronic cargo tracking system was important in speeding up operations; and the work with women in trade contributed to important gains for many women beneficiaries and their households (see outcome equity section).

Deciding when to stop a struggling intervention and when to press on in anticipation of an imminent breakthrough is a perennial dilemma in adaptive programming. Staff indicated that, in hindsight, they could on occasion have pulled out of some interventions earlier than they did, and reallocated resources to other areas of work. These included the TRAC challenge fund (the value of the fund fell considerably with the devaluation of the pound after the Brexit referendum but TMEA continued to pay fixed management fees; it could have saved by pulling out sooner) and the ASSET project. TMEA and DFID staff also indicated that the Dar Port was a difficult case, given the disinterest of the GoT. The port was key to improving efficiencies along the central corridor and there was prolonged debate on whether to stay or pull out. A DFID interviewee believed that it was right for TMEA to continue to try to work on the reforms for as long as it did.

TMEA staff interviewed pointed to several constraints on their capacity to be adaptive. The first was political considerations. Interviewees stated that the need to maintain good relations with governments in the region and the EAC Secretariat meant, for example, that the shift away from support for the Secretariat was slower than it otherwise would have been, the decision to withdraw support from Dar Port was tempered by concern to avoid upsetting the GoT, and some of the OSBP selections and designs were influenced by political pressure rather than technical consideration alone (e.g. the political pressure to develop OSBPs in Uganda and Rwanda).

The second was difficulty changing the RF once it was agreed with donors (also reported in the OPM Performance Evaluation Report, 2019). One DFID staff interviewee stated that they did not believe the RF was a constraint, as changes could be made at each AR, while another acknowledged that the RF was not set up to promote adaptation. TMEA indicated that the RF could feel like a 'straitjacket', as any changes required the agreement of DFID and other donors.

The third was donor earmarking of funds. DFID staff did not perceive this to be a big constraint: one DFID interviewee explained that the rule was that funds could be earmarked by country, but not within a country, leaving room for flexibility (although they were not sure if this changed during Strategy 1). TMEA staff, on the other hand, indicated that some funders earmarked the majority of their funds (they did not indicate which funders, or whether this included DFID), leaving TMEA little room for flexible allocation according to shifting priorities. The problem was also noted in the 2017 AR, which recommended that donors should reassess and restrict their use of earmarked funding (AR, 2017:19). TMEA reported that this has become a greater problem under Strategy 2. This was confirmed by a DFID interviewee, who justified the shift towards greater earmarking of funds on the basis that DFID wants greater line of sight on how funds are spent.

Summary: TMEA is a good example of an adaptive programme. It can demonstrate that it enhanced programme performance significantly through adaptive management and provided examples of ways in which this led to better results, despite a number of constraints on its ability to be flexible and move resources around (political considerations, the RF, and donor earmarking of funds).

4.5.4 Conclusion

TMEA is judged to have achieved an overall rating of 'Adequate' for the efficiency criterion. The assessment found that TMEA followed good practice to manage key efficiency drivers in some instances, but with shortcomings that are important to note in other instances, leading to a judgment that the Adequate standard was partially met for sub-criterion 1. TMEA demonstrated that while it did not have a formalised set of criteria to inform decisions on in/outsourcing key functions, in practice it used multiple criteria to inform such decisions. Regarding project appraisal, various documents from 2010 onwards contained guidance on ensuring projects were well-aligned with TMEA strategy and ToC and were not duplicative, and although staff may have found it hard to relate their projects to the ToC, given the high-level nature of the ToC, evidence from OPM evaluations indicated that projects were generally relevant to TMEA ToC and mandate.

In other areas, shortcomings were more serious and indicated that significant improvement is required. In relation to project-level VfM, the failure to address VfM in project appraisal, design and implementation and to provide guidance on VfM to projects, despite guidance on project VfM in key documents (PAR templates, PCM guidelines and the VfM strategy), constituted a serious risk to overall programme VfM, given that most of TMEA's Strategy 1 resources were allocated to projects implemented by third parties. There were also notable shortcomings in relation to project-level MEL and reporting. TMEA recognised the variable capacity of partners to undertake MEL and provide progress reports and made efforts to strengthen partner and staff capacity around reporting. It also had other mechanisms in place (such as site visits) which would allow it to identify poor performance, and a few projects were stopped due to poor performance. However, significant problems with project MEL/reporting identified by the Deloitte Due Diligence audit and an OPM evaluation, the failure of staff to systematically undertake due diligence checks on grantees and to verify partner reports, and unclear processes for following up with projects where problems were identified, created a significant risk that some poorly performing projects were not identified and corrected, or terminated if the problems could not be remedied, and that resources were not used to best effect to achieve results, constituting further risk to programme VfM.

TMEA programme outputs were generally completed to required quality, timeframe and budget, allowing for reasonable exceptions and emergent strategy, allowing the programme to meet the Adequate standard against sub-criterion 2. Outputs did not exceed, or substantially exceed, required quality and timeliness, which would have been necessary for the programme to achieve a Good or Excellent rating. The 2017 AR output scoring demonstrated that on average country programme outputs met expectations, which equates to a VfM standard of Adequate. OPM's formative evaluations indicated that SO2 and SO3 outputs were expected to be achieved or exceeded, but there were some concerns on the achievement of SO1 outputs, and the formative evaluations and Deloitte's Due Diligence audit identified delays and cost overruns in some projects. The programme also provided examples of extra deliverables beyond workplan, but these do not provide a strong enough case for TMEA to score Excellent or Good against sub-criterion 2, given concerns over the achievement of some outputs.

CBAs undertaken on key infrastructure projects (and the programme) were of acceptable quality for the time, and therefore met the standard for Adequate for sub-criterion 3. The authors made a concerted effort to examine individual OSBPs and ports, and to assess the programme as a whole. In retrospect, they were let down by inaccurate forecasting of traffic flows and assumptions regarding attribution, discount rates and the time horizon. Some of the assumptions were appropriate at the time and provided in the TOR (the choice of time horizon and discount rate). Others – assumptions around attribution, the value of time savings, expected induced trade, and traffic flow forecasts – were specific to the TMEA interventions, and can be considered overly optimistic at the time. We understand that the CBAs, and the underlying assumptions, were approved by donors.

TMEA can demonstrate that it used a systematic process to ensure a balanced portfolio of projects and therefore met the standard for Adequate for sub-criterion 4. The matrix management system introduced in 2013, which included new senior management posts, was designed to ensure strategic coherence across portfolios and countries, PAR templates provided guidance on ensuring alignment with TMEA strategy, and PCM guidelines provided guidance on linking portfolios into programme and corporate level strategy

TMEA can demonstrate that it enhanced programme performance significantly through adaptive management and provided examples of ways in which this led to better results, and therefore met the standard for Excellent for sub-criterion 5. TMEA stakeholders perceived TMEA to be adaptive, and despite several constraints on TMEA's ability to be adaptive (political considerations, the RF, and donor earmarking of funds), shifts in programming and reallocation of resources allowed the programme to focus on projects with traction and extend programme results.

TMEA met the standards for Adequate for sub-criteria 1, 2, 3 and 4. Some of the shortcomings against sub-criterion 1 were significant and require significant improvements, but we do not consider them serious

enough to bring down the overall judgment against efficiency to Poor. TMEA met the standard for Excellent for sub-criterion 5, but we judge this to be insufficient to raise the overall judgement above Adequate, particularly due to the serious risk to overall programme VfM posed by the failure to adequately address project-level VfM in project appraisal and monitoring or provide guidance on VfM to projects. TMEA has undertaken a number of improvements to address the shortcomings identified since the beginning of Strategy 2 (but these are not taken into account in our judgment on VfM in Strategy 1), and recommendations for further improvement are made in section 6.

4.6 Effectiveness

4.6.1 Definition, sub-criteria, and standards

In DFID's approach to VfM, *effectiveness* is the achievement of outcomes:

How well are the outputs from an intervention achieving the desired outcome on poverty reduction? (Note that in contrast to outputs, we or our agents do not exercise direct control over outcomes) (DFID, 2011, p.4)

The following definition of *effectiveness* will be used:

Effectiveness criterion: The TMEA programme contributes to its intended 'programme intermediate outcomes' and Strategic Outcomes in trade and regional integration in East Africa (detailed under Strategic Objectives SO1, SO2 and SO3) within the available resources

Assessment of performance at the effectiveness level requires looking beyond *outputs*, to identify evidence of achievement of the intended *outcomes* identified in the results framework. For the purposes of this assessment, we assess TMEA's achievement of its intermediate programme outcomes and contribution to Strategic Outcomes under the Effectiveness criterion. TMEA's contribution to its intended higher-level outcomes (trade outcomes and impact on economic growth and poverty) are assessed under the cost-effectiveness and equity criteria. We also consider how contextual constraints may have hindered achievement of outcomes.

The VfM assessment does not undertake independent analysis of achievement of outcomes. Instead it draws on findings in OPM evaluation studies and the extent to which they are able to illuminate if/how TMEA achieved its intermediate and Strategic Outcomes, and how these contributed to higher-level outcomes and impacts alongside other contributing actors and factors (shared effects).

We also review the extent to which TMEA followed good practice in relation to key drivers of effectiveness at the programme level.

The following **sub-criteria** are used for the effectiveness criterion and fully aligned with design document¹¹⁵:

1. **TMEA followed good practice to manage key effectiveness drivers** (political economy analysis (PEA), identifying and managing risk, monitoring and results management, VfM management) as specified in key documents
2. **Degree to which TMEA achieved its intended intermediate programme outcomes and Strategic Outcomes targets**, as specified on the programme results framework, taking into account any contextual difficulties and additional efforts and costs to meet equity outcomes

Performance standards for effectiveness have been defined as follows and are fully aligned with design document:¹¹⁶

Performance	Sub-criteria	Standard met?
Excellent	TMEA exceeded the intended intermediate programme outcomes and Strategic Outcomes in its results framework by generating additional unplanned positive outcomes And meets criteria for 'good'	Not met
Good	TMEA generally met or exceeded its intended intermediate programme outcomes and can demonstrate some progress towards achieving the Strategic Outcomes in its results framework And meets criteria for 'adequate'	Not met

¹¹⁵ OPM: Hansford et al. TMEA VfM April 2019 Note that in the framework we said that we would address issues of additionality under both the effectiveness and the cost-effectiveness criterion (see Table 2 in the VfM framework). As the concepts of additionality are more relevant to the higher-level outcomes assessed under cost-effectiveness, we report on those concepts in the cost-effectiveness section. The reference to shared effects and deadweight has been removed from effectiveness sub-criterion 2. The exception is unplanned positive outcomes, as these form part of the standards for assessing effectiveness.

¹¹⁶ OPM: Hansford et al. TMEA VfM April 2019.

Performance	Sub-criteria	Standard met?
Adequate	TMEA can demonstrate some progress towards achieving the intended intermediate programme outcomes and Strategic Outcomes in its results framework	Met
	TMEA verifiably followed good practice to manage the key effectiveness drivers	Partially met
Poor	Any of the conditions for 'adequate' not met	

4.6.2 Judgment and summary of evidence

Judgement:	Adequate
Sub-criteria and corresponding judgement	Key evidence as it relates to the standards
Sub-criterion 1: Adequate partially met	<p>TMEA followed good practice to manage key effectiveness drivers in some instances, but shortcomings that in some cases were serious.</p> <p>The programme was generally aware of and responsive to PEA challenges, which helped it to build trust with partners and remain relevant in the face of changes, although, according to OPM evaluations a Due Diligence review by Deloitte and Touche Kenya, the lack of systematic tracking and updating of political economy issues identified in PARs, country strategies and the ToC caused delays and may have limited impact in some projects.</p> <p>There were processes in place to identify, assess, and manage programme risks, and risk reporting was updated periodically, but there was insufficient attention to implementation of risk management and mitigation, particularly at 'enterprise' levels. TMEA's ToC, RF and other strategy/evidence documents together provided an evidence-based programme ToC. But these were not regularly reviewed or updated, and TMEA did not systematically check underlying assumptions. ToCs and related processes were not widely used when TMEA launched in 2011, but a greater body of evidence and guidance on how to develop and monitor ToCs was available by the middle of Strategy 1.</p> <p>The MIS was overall fit-for-purpose and used for monitoring progress, although poor quality data from partners may in some instances have undermined its ability to provide timely information. The RF also provided information for decision-making, but its utility was limited by difficulty making changes to the RF, serious problems with the conceptualisation and/or measurement of most indicators, shortcomings in recording data, and failure to systematically monitor assumptions. There is evidence that staff used information from other external sources, including evaluations and other research, to inform programming decisions. TMEA's VfM strategy was approved by the Board in the 2015/16 FY, and TMEA conducted periodic VfM audits. But significant weaknesses in the strategy made it less than fit-for-purpose for a programme of TMEA's cost, TMEA did not report against the KPIs until January 2017, and audits conducted after approval of the strategy were not aligned with the strategy.</p>
Sub-criterion 2: Adequate	<p>TMEA can demonstrate some progress towards achieving the intended PIOs and strategic outcomes in its RF, despite some significant constraints. The 2017 AR suggested that two country programmes met the standard for Excellent VfM, but overall TMEA just met the Good standard, and in three of seven cases, the programme just met the Adequate standard, and it is possible these findings are inflated by the removal from the analysis of 28% of indicators which were found to be 'non-measurable'. The OPM Performance Evaluation CT of outcomes which were most mature and likely to have achieved impact substantiated contribution claims for five cases, including reduced time and costs on the Northern Corridor, and the Trade and Growth Impact Study (2019) suggested that there was a corresponding increase in trade on the Northern Corridor. But the Performance Evaluation could not substantiate the claims in three cases and was therefore unable to demonstrate TMEA's contribution towards ease of trading across borders or increased exports of goods in target sectors. There were constraints on TMEA's ability to achieve outcomes, but these could have been anticipated. Our conclusion is partly reflective of the problems with results measurement and availability</p>

Sub-criteria and corresponding judgement	Key evidence as it relates to the standards
	<p>of evidence reported in the 2017 AR and the OPM Performance Evaluation Report (2019).¹¹⁷</p> <p>OPM evaluations and TMEA interviewees identified some unintended positive outcomes from TMEA's interventions, but the OPM Performance Evaluation (2019)¹¹⁸ concluded that most of these outcomes were not well-substantiated or systemic.</p>

4.6.3 Detailed evidence

Sub-criteria 1: Management of key effectiveness drivers

The following five areas of good practice to manage key economy drivers (1.1-1.5) were identified in the VfM framework (see Annex E). Findings are as follows.

1.1 Developing a good understanding of the PEA: the programme has a good understanding of the political economy in which it is intervening; this understanding is updated on a regular basis, to remain relevant and reflect changes in the operating environment

The PEA context in which TMEA works is continuously evolving and as such the programme's understanding of context must continue to evolve. OPM evaluations indicate that TMEA was aware of and responsive to PEA challenges, enabling the programme to build trust among its partners. The OPM Performance Evaluation (2019) noted that 'TMEA leadership was wary of documenting political challenges, for fear they would fall into the hands of partners, potential partners, or spoilers' (2019: 35). Although this made tracking attention to political economy more challenging, "respondents demonstrated political savvy in many evaluation interviews and site visits".¹¹⁹ The evaluation cited examples of ways in which TMEA responded to political economy challenges, some of which are reported in the Efficiency section and concluded that "TMEA is as relevant in the light of these challenges as ever".¹²⁰ The OPM Effectiveness and Outcome-level Evaluation (2019) of SO2 and SO3 projects noted that "TMEA has adapted to the unstable political environment well by being flexible and adaptive".¹²¹ TMEA staff interviewees emphasised that PEA was closely integrated into the design phase of key facets of programming, such as the work at the ports, in order to understand the political risks and the chances of success before starting, and that country directors think and work politically every day to navigate their contexts and shift programme priorities accordingly, and provided an annual update on PEA at country portfolio level.

OPM evaluations also pointed to some circumstances in which TMEA missed opportunities to understand, update, and respond fully to political economy challenges. The OPM Effectiveness and Outcome-level Evaluation (2019) of SO2 and SO3 projects noted that TMEA's strict policy of neutrality and non-interference caused significant delays and may have limited the impact of some projects in the face of political constraints, and suggested TMEA could have done more to try to lift political constraints on projects without compromising its position as an independent body. The evaluation found it "surprising to note that the Country Strategieshave, in a number of cases, not been updated", for example, in Tanzania when the change in government in 2015 put on hold most of the SO2 activities leading to "significant delays".¹²² The OPM Performance Evaluation (2019) observed that TMEA did not pay systematic attention to how assumptions in its ToC, which included assumptions around political economy, played out through Strategy 1, including the collection of relevant data, and discussing and documenting how TMEA responded when assumptions were not met. The Deloitte Due Diligence suggested that factors linked to political economy and government policies were one of several causes of delays on some projects and recommended that project designs should include detailed consideration of the political and economy environments.¹²³ PARs did, at times, discuss these issues, especially on major efforts, but there is no documentation of political economy constraints and opportunities being systematically updated as they evolved.

TMEA's Due Diligence Review Action Plan stated that revision of the PAR to include a section on political economy has been implemented since the start of Strategy 2 (9 October 2018:3). TMEA programme staff confirmed that they have found the risk matrix and mitigation plans in the revised PAR useful in project design and implementation, particularly if problems arise, although others stated that there are insufficient

¹¹⁷ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

¹¹⁸ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

¹¹⁹ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019, p.35

¹²⁰ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019, p.40

¹²¹ OPM: Smith et al., Deliverable 2D/2E: Interim Evaluation: SO2 & SO3: January 2019, p.27

¹²² OPM: Smith et al., Deliverable 2D/2E: Interim Evaluation: SO2 & SO3: January 2019, p.36

¹²³ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019, p.28 and p.31

resources to do detailed PEA for every project. TMEA staff reported during the validation workshop that a political economy toolkit is being developed to help staff undertake more systematic PEA. This information on Strategy 2 does not inform the judgement on VfM during Strategy 1.

Summary: The programme was generally aware of and responsive to PEA challenges, which helped it to build trust with partners and remain relevant in the face of changes, although, according to OPM evaluations and the Deloitte Due Diligence review, the lack of systematic tracking and updating of political economy issues identified in PARs, country strategies and the ToC caused delays and may have limited impact in some projects.

1.2 Identifying and managing risk: there are processes in place to identify, assess and manage programme risks; the risk management process is updated on a regular basis and risk mitigation strategies and processes are implemented effectively

TMEA's risk management policies (Draft Risk Management Policy 12 Feb 2013; TMEA's risk management policy, February 2015) outlined the organisation's approach to risk management and discussed processes to identify, assess and manage and report programme risks. They detailed the information to be included in the risk register, including risk likelihood, risk impact, risk heat-map, risk response and risk reporting. A risk management framework was also developed to assist the Council, the Board and management determine the risk appetite and tolerance, and to communicate these throughout TMEA. The PAR templates in use during Strategy 1 (2010, 2014 and 2016) had a section on risk management for partner organisations requiring inclusion of a risk management plan and actions to mitigate risks.

The Deloitte Due Diligence Assessment reported that "the Board exercise conducted in August 2017 indicated that there has not been a lot of focus on risk and that this should be included in Strategy 2". The Deloitte report pointed to a number of weaknesses in the risk management policy and system, including lack of a comprehensive Enterprise Risk Management (ERM) Framework to guide risk management across different departments/functions, lack of functional and country level risk registers, failure to update risk registers (e.g. the procurement register was last updated in 2014), no scheduled training on risk management (based on review of the 2016/17 learning and development projections), and bi-annual risk reporting to the Board, rather than the quarterly reporting stipulated in the risk management policy (2017:16-18, 19). However, TMEA staff stated, during the validation workshop in August 2019, that there was light touch quarterly risk reporting. OPM's Organisational and Institutional Assessment (2019)¹²⁴ concurred that while TMEA focused on project and investment level risks, it needed to devote more attention to identifying and monitoring risks at 'enterprise' level, and the 2016 AR (2016:29) recommended a more "proactive, dynamic and coherent (across the whole organisation) approach towards mitigating risks".

TMEA has taken measures to improve risk management under Strategy 2. The TMEA Due Diligence Review Action Plan (19 October 2018:2) stated that a revised risk management policy was approved by the Board, and training for risk champions was delivered, in August 2018, and training for other staff was to be rolled out. It also reported that the risk analysis section was improved in the revised PAR template (2018:3). OPM's Organisational and Institutional Assessment (2019)¹²⁵ reported that "the risk matrix is updated every three months and a risk mitigation system is in place and being used, as a part of financial management, and internal audit process. Processes for the management of risks related to the implementation of Strategy 2 are proactive, dynamic, and coherent". TMEA staff reported during the validation workshop that a Risk and Compliance Unit was established at the start of Strategy 2. This information on Strategy 2 does not inform the judgement on VfM during Strategy 1.
Summary: There were processes in place to identify, assess, and manage programme risks, and risk reporting was updated periodically, but there was insufficient attention to implementation of risk management and mitigation, particularly at 'enterprise' level, i.e. linking departments, functions and countries.

1.3 TMEA programme monitoring, evaluation, learning and results management: TMEA has a clear ToC, which is evidence-based, plausible, and logical and the stated outputs and outcomes of the programme are regularly reviewed and updated

TMEA was launched before ToCs were widely accepted as an integral part of programme planning in international development. TMEA developed strategy documents and an Evidence Library during Strategy 1 and put in place an explicit overarching ToC, comprising a visual representation (see diagram in Annex J¹²⁶) and a narrative, in 2014.¹²⁷ This was a learning process for TMEA, as there was a limited body of literature

¹²⁴ OPM. Workstream 2 – Deliverable 2B: Institutional and Organisational Assessment. (forthcoming), p.10

¹²⁵ OPM. Workstream 2 – Deliverable 2B: Institutional and Organisational Assessment. (forthcoming), p.31

¹²⁶ Note that this is different to the ToC diagram shown in Annex A. The diagram in Annex A was assembled by the OPM PE team based on the implicit ToC provided in the TMEA Results Framework

¹²⁷ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019, p.24

on how to develop ToCs. There was also limited evidence on what works to facilitate trade for economic growth and poverty reduction.

As discussed under sub-criterion 1.2 in the Efficiency section, the OPM Performance Evaluation (2019) found that the ToC laid out a broad landscape of weak elements that needed to be addressed in the sectoral space to increase trade in the region, which had the benefit of making the wider set of system needs explicit. However, it did not identify which elements TMEA would address, or the results logic, from projects, to clusters of projects, to outputs and outcomes leading to impacts, nor did it indicate how projects at the bottom of the results chain would contribute to programme level goals at the top of the results chain.¹²⁸ The ToC was not reviewed and updated after 2014.

The OPM Performance Evaluation (2019)¹²⁹ indicated that the TMEA RF “provides clearer and more concrete ToC type information”, showing outputs, outcomes, and impacts at country and corporate levels and “somewhat bridges the gap between the high-level ToC and the project-level results chains created for Project Appraisal Reviews (PARs)”, with the RF indicator targets acting as a “driver for how TMEA team members interpreted their roles and acted to fulfil their responsibilities”, although indicator and data quality were highly problematic (see sub-criterion 1.4 below). The OPM Performance Evaluation (2019) also noted that TMEA’s strategy documents and Evidence Library “can be said to serve some of the same purposes for the programme as a ToC – laying out the programme’s intentions and logic in context and making assumptions more explicit. However, they were not treated as living documents or updated”, nor did TMEA systematically check assumptions in its ToC.¹³⁰ ToCs and related processes were not widely used when TMEA launched in 2011, but a greater body of evidence and guidance on how to develop and monitor ToCs was available by the middle of Strategy 1. The OPM Performance Evaluation (2019)¹³¹ observed that there was no evidence that donors insisted on processes to monitor assumptions.

TMEA staff reported that lessons learned around MEL during Strategy 1 have been applied in Strategy 2,¹³² including in the formulation of the ToC and results measurement: the number of indicators has been reduced and target-setting has improved, thereby making measurement less of a challenge. The Impact Model has been developed as an ex-ante forecasting tool for estimating results. It models trade-related costs (e.g. transport costs and times), trade flows and market prices with and without TMEA interventions. According to TMEA staff, the Impact Model enables TMEA to diagnose, understand and respond strategically to the intricacies of the relationship between intermediate trade facilitation factors (e.g. transport or logistics) on market prices and their potential associated effects on poverty and welfare of Eastern African citizens. It is expected to be useful for forecasting and generating targets and entering time series data for evaluation purposes and has a built-in counterfactual through to 2023. The tool is also intended to enable the teams to undertake their own CBA. We have not verified whether the Impact Model meets the specifications described by staff.

TMEA is also discussing with donors the possibility of undertaking household surveys to better assess poverty impacts of the programme over time, by tracking changes in consumption, assets, and spending on core commodities in order to see if changes in prices feed through to household budgets and welfare. TMEA considers the household surveys to be important as existing household data from TMEA focus countries are not designed or timed to fully meet TMEA’s needs, and tailored data collected by TMEA would provide the opportunity to specifically understand the impact of trade interventions on poverty. The OPM Poverty and Gender impact Study (2019)¹³³ recommends additional studies which may help support further project learning (see more information in Section 6 of this report).

TMEA staff indicated that during Strategy 2 they are taking measures to get programme teams and partners more engaged with MEL and to strengthen their capacity to undertake MEL functions, in order both to improve MEL across projects and programmes, and to reduce the pressure on the MEL team.

This information on Strategy 2 does not inform the judgement on VfM during Strategy 1.

Summary: TMEA’s ToC, RF and other strategy/evidence documents together provided an evidence-based programme ToC. But these were not regularly reviewed or updated, RF indicator and data quality were highly problematic and TMEA did not systematically check underlying assumptions. ToCs and related processes were not widely used when TMEA launched in 2011, but a greater body

¹²⁸ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019, p.24

¹²⁹ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019, p.25

¹³⁰ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019, p.25 and p.28

¹³¹ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

¹³² This information was originally collected in order to reported against Effectiveness sub-criterion 1.5 (see more information in ‘Departures from the VfM framework’ in section 2).

¹³³ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019, pp. 6-7

of evidence and guidance on how to develop and monitor ToCs was available by the middle of Strategy 1.

1.4 TMEA programme monitoring, evaluation, learning and results management: TMEA has a fit-for-purpose MIS in place with capacity to provide timely information for decision-making, and TMEA staff analyse MEL information from its own system and external evaluations in a timely way to review and adjust portfolios/pathways of projects and higher-level programme objectives

TMEA's MIS was designed to enable monitoring of progress at project, programme, country, and corporate level. The Deloitte Due Diligence Assessment (2017:35) described how the MIS works: project managers enter baseline project information from PARs and then input quarterly progress information from implementers' reports; this information is aggregated to country and programme level and presented to the NOCs; and the MEL team creates a corporate quarterly report with information on progress against outputs and outcomes and actual against planned expenditure. The MIS had a traffic light system to identify performance trends and issues relative to projects' progress and expenditure (TMEA MEL Approach, April 2014:11). The system would seem overall to be fit-for-purpose and was used to monitor progress. However, as discussed under sub-criterion 1.4 of the Efficiency section, the data provided by some partners was of poor quality. Poor quality data in the MIS system may have in some instances undermined its function to provide timely information for decision-making and review of portfolio and programme objectives.

The TMEA RF also provided information for decision-making. However, there were serious drawbacks which limited its utility for decision-making.¹³⁴ First, once agreed with donors, it was difficult to amend the RF, undermining the programme's capacity to respond flexibly to changes in the context and its own learning. Second, there were serious problems with the conceptualisation and/or measurement of most indicators (identified in the AR 2017: 25-26), and in recording data. Poor quality data against indicators would have made it hard to assess progress, or lack of, and the need to adjust portfolios. There is no evidence that donors insisted on improvements to TMEA's results measurement. Third, as noted above, the OPM Performance Evaluation (2019)¹³⁵ found that TMEA did not systematically collect data to monitor whether assumptions materialised during Strategy 1, at least at the general levels implied by the assumptions (TMEA staff may have been attentive to the issues at a lower level - components, countries or projects – but this was not systematic or documented). Monitoring assumptions is key to understanding potential barriers to progress against outcomes and adjusting when necessary. The OPM Performance Evaluation (2019)¹³⁶ observed that there was no evidence that donors insisted on processes to monitor assumptions.

Evidence presented under sub-criterion 6 in the Efficiency section indicates that TMEA staff used information from external sources – evaluations and other research, including a Corridor Diagnostic Study, the Big Results Now initiative, an IDS study on standards and NTBs, and a WB study on women traders – to inform programming decisions during Strategy 1.

TMEA reported that it took measures to improve the review of quarterly reports at the beginning of Strategy 2 (TMEA Due Diligence Review Action Plan, 2018:4), and that there are plans to improve use of the RF as a decision-making tool, by bringing in 'quarterly strategic reviews' of progress against key milestones in the country-level and corporate RFs and adjusting programming and the RFs as needed. In addition, the new TRIMS system is designed to overcome some of the shortcomings of the Strategy 1 MIS: it is a modular system, allowing for changes to its component parts as TMEA's information needs change, and it will allow for better aggregation of project-level results to portfolio and programme level. This information on Strategy 2 does not inform the judgement on VfM during Strategy 1.

Summary: the MIS was overall fit-for-purpose and used for monitoring progress, although poor quality data from partners may in some instances have undermined its ability to provide timely information. The RF also provided information for decision-making, but its utility was limited by difficulty making changes to the RF, serious problems with the conceptualisation and/or measurement of most indicators, shortcomings in recording data, and failure to systematically monitor assumptions. There is evidence that staff used information from other external sources, including evaluations and other research, to inform programming decisions.

1.5 TMEA VfM evaluation: TMEA has a fit-for-purpose VfM strategy/framework and targets approved by the Board and conducts regular VfM assessments

TMEA first formally set out its VfM strategy in October 2015 (TMEA VfM Strategy, 7 October 2015), and added further information around the approach to equity and VfM audits in November 2015 (TMEA VfM Strategy, 2 November 2015). The strategy and the KPIs were approved by the Board in the 2015/16 FY and

¹³⁴ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019, pp26-27

¹³⁵ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019, p.28

¹³⁶ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019, p.28

targets were added later. The strategy set out an action plan to identify ways in which staff could promote VfM, a set of programme-level VfM KPIs, and project-level VfM questions and indicators which should be incorporated into all PARs. These were mapped to the DFID VfM framework of four Es, although the Strategy did not make explicit reference to the DFID framework. It also set out a set of questions against ICAI's VfM guiding criteria and framework.

Several weaknesses made the strategy less than fit-for-purpose for a programme of TMEA's cost. The majority of KPIs focus on economy and efficiency, with little attention to effectiveness and cost-effectiveness (the AR score included as a measure of effectiveness provides little real evidence on effectiveness, given that the ARs focus largely on delivery of outputs (which is largely about efficiency), and no equity indicators. The Strategy included only quantitative indicators, even though it stated that it would adopt a holistic view and avoid focusing only on areas which can be quantified (November 2015:1). The Strategy stated that it would be useful to benchmark TMEA data against data from other organisations (November 2015:1), but this was only completed in relation to staff salaries (in the three salary surveys conducted) and per diems (TMEA Internal Audit Report SLMT Expenses and Transactions, 2017:8). The Strategy acknowledged that addressing VfM in the design stage of projects was key to ensuring VfM in TMEA's activities and operations (November 2015:2), but as reported under sub-criterion 1.3 in the Efficiency section, this has not been sufficiently embedded in the project management cycle and the development of PARs.

The VfM Strategy stipulated that TMEA would monitor its KPIs regularly and report on them quarterly to the Board, and that TMEA would commission a full VfM audit every three years (November 2015:6). TMEA did not start reporting to the Board on VfM KPIs until January 2017, and then only on a subset of the KPIs set out in the VfM Action Plan (seven of the 15) (see VfM KPIs 2018/19 (Q1 and Q2), 23 January 2019). TMEA staff in interviews confirmed that updates against a sub-set of KPI targets have been provided to the Board most quarters since January 2017. VfM TMEA commissioned or undertook four VfM audits during Strategy 1 (KPMG, 2013c; KPMG, 2015; TMEA Internal Audit Review of Travel and Conferencing Costs August 2016; TMEA Internal Audit Report SLMT Expenses & Transactions August 2017). These focussed on Economy (spend on travel, workshops, conferences, accommodation, per diems, and administrative costs), and those that were undertaken after the VfM Strategy was approved were not aligned with the Strategy and KPIs.

TMEA and DFID staff interviewees acknowledged that VfM measurement was weak in Strategy 1 and confirmed they are in the process of updating the VfM strategy and KPIs for Strategy 2, including the introduction of KPIs for effectiveness and equity, and cost per outcome measures (such as the cost of time reductions). The OPM review of TMEA's VfM framework and indicators (2019)¹³⁷ submitted to the April 2019 Evaluation Committee meeting provides general guidance on VfM measurement and possible indicators for Strategy 2 (see Annex K). This information on Strategy 2 does not inform the judgement on VfM during Strategy 1.

Summary: TMEA's VfM strategy was approved by the Board in the 2015/16 FY, and TMEA conducted periodic VfM audits. But significant weaknesses in the strategy made it less than fit-for-purpose for a programme of TMEA's cost, TMEA did not report against its VfM KPIs until January 2017, and then only a sub-set of the KPIs outlined in its VfM strategy, and audits conducted after approval of the strategy were not aligned with the strategy.

Sub-criterion 2: Degree to which TMEA achieved its intended intermediate programme outcomes and Strategic Outcomes targets

2.1 Achievement of results framework intermediate and Strategic Outcomes indicator targets (%) and narrative evidence on achievement of intended intermediate programme outcomes and Strategic Outcomes, with explanation of any contextual/operational difficulties that hindered delivery and additional efforts and costs to meet equity outcomes

As stated in the introduction to the effectiveness section, here we examine evidence on the degree to which TMEA achieved its PIOs and strategic outcomes. Later, in the cost-effectiveness section, we look higher up the results chain at TMEA's contribution to trade and economic growth and relate this to the cost of the programme. We use two sources of evidence, the 2017 AR and the OPM Performance Evaluation (2019).¹³⁸ The former provides evidence on the achievement of outcomes at country level. The latter provides evidence on achievement of outcomes in key PIOs and on the Northern Corridor. In our assessment of PIOs for DEQ5.22 (see section 5 and Annex O), we provide further nuance on the results achieved in some of the PIOs.

¹³⁷ OPM: Hansford et al. TMEA VfM April 2019

¹³⁸ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

Progress towards TMEA's programme intermediate outcomes (PIOs) and strategic outcomes was tracked in the programme RF based on defined indicators. Table 13 below shows the level of achievement against the June 2017 targets (i.e. at the end of Strategy 1) for each PIO and strategic outcome by country, as reported in the 2017 AR. The outcome achievement rate indicates the percentage of targets which were "largely or fully achieved or exceeded"¹³⁹ after non-measurable indicators were removed. We have mapped the scores to the VfM standards shown in the rubric below the table. This rubric was agreed as part of the VfM framework (see Annex E).¹⁴⁰

Table 13: Achievement of outcome targets at end of S1 (June 2017)

	Annual Review outcome achievement rate (%) June 2017							
	Regional	Burundi	Kenya	Rwanda	South Sudan	Tanzania	Uganda	Total
SO1	0%		25%	50%	33%	50%	75%	43%
1.1	25%	40%	60%	75%	100%	25%	75%	52%
SO2	0%	0%	100%	100%	100%	0%		50%
2.1	100%		100%	100%	0%	100%	100%	86%
2.2	50%			0%	100%	0%	88%	71%
2.3	0%		0%	100%			100%	50%
2.4	50%		0%	100%	100%		100%	75%
SO3.1	50%	100%	100%	100%	0%	0%	100%	64%
3.1.1	50%	100%	50%	100%	100%	100%	100%	83%
3.1.2	100%	0%	100%	100%		50%	100%	85%
SO3.2	50%	100%	0%	100%	0%		0%	44%
3.2.1	-	100%		100%			100%	100%
3.2.2	50%	100%		0%	100%			50%
3.2.3	-	100%	100%	100%				100%
SO3.3	0%		0%					0%
3.3.1	0%		0%					0%
Intermediate outcomes	48%	67%	47%	82%	88%	50%	90%	71%
Strategic outcomes	25%	75%	38%	78%	33%	29%	57%	47%
All outcomes	42%	69%	44%	81%	64%	41%	82%	64%
VfM standard met	Adequate	Good	Adequate	Excellent	Good	Adequate	Excellent	Good

Source: TMEA Annual Review 2017 (p11)

Outcome achievement rate	VfM standard
80-100%	Excellent
60-79%	Good
40-59%	Adequate
0-39%	Poor

The overall score on all outcomes is 64%. The Annual Review (2017:10) team states that this is 'fully satisfactory'. The score puts TMEA at the lower end of 'Good' in our VfM rubric. The percentage of outcomes achieved varies significantly by country programme. Rwanda and Uganda scored highest (both above 80%) and met the standard for excellent VfM on our rubric. Burundi and South Sudan both scored in the 60s and met the standard for good VfM on our rubric. Kenya, Tanzania, and the regional programme scored lowest – in the low 40s – and only just met the standard for adequate VfM. This is consistent with the output scoring

¹³⁹ The remainder were 'partially or not achieved'. The reviewers do not state how they classified outcomes into these two categories. Further detail on the calculation of the targets is available in Annex E of the 2017 Annual Review.

¹⁴⁰ OPM: Hansford et al. TMEA VfM April 2019

shown under sub-criterion 2 of the efficiency section (the lower achievement of outputs in 2014 in South Sudan (score of B) did not lower the country programme's achievement of outcomes over Strategy 1).

Achievement of PIO outcomes were higher than strategic outcomes (71% vs 47%), and this holds systematically across all countries except Burundi. This may be for various reasons, including that the SOs require longer to be realised, and that they are affected by external factors which may not be in TMEA's control, or are only partially in TMEA's control. Across the 3 SOs, SO2 had the highest level of achievement (50%), followed by SO1 (43%). SO3 had the lowest level of achievement at 36% (average of the three scores for SO3.1, SO3.2 and SO3.3), although this is largely due to the 0% in all countries which have outcomes against SO3.3 – SO3.1 attained a higher score than SO1 and SO2. Below we consider constraints which may have limited achievement of outcomes.

The 2017 AR indicated problems with results measurement during Strategy 1, including unclear target-setting, inappropriate conceptualisation of indicators, unclear methodology for measurement for some indicators, missing data or failure to disaggregate, and counter-intuitive weightings. Sixty of the total 217 indicators in the result framework (28%) were removed from the analysis as 'non-measurable'. The poor quality of the data reported in the RF must be kept in mind when interpreting the achievement of outcome targets as reported in the AR. The removal of problematic indicators raises the possibility that the achievement rate is inflated: achievement may have been lower on those indicators not included in the analysis. In addition, the percentages used in the AR must be interpreted with caution because the nature and magnitude of denominators may vary for each percentage. For example, meeting one out of one indicator could yield a score of 100%, which would then get undue weighting in the total (average) percentage score. The information is nevertheless helpful in understanding achievement of outcomes at country level.

The OPM Performance Evaluation (2019)¹⁴¹ provides additional information on the achievement of outcomes from six of TMEA's PIOs,¹⁴² and from the Northern Corridor.¹⁴³ The outcomes selected were those where TMEA claimed results that would best answer each of the three SO-related DEQs (under HEQ2); related TMEA activities, outputs and outcomes were largely successfully implemented; there was sufficient maturity and potential scale of the impact to demonstrate outcome gains and overall potential impact due to TMEA; the evaluation would be able to detect effects; and data were likely to be accessible.¹⁴⁴ They usually included the outcomes on the Strategy 1 RF (although a few were not included, as justified in the OPM Performance Evaluation)¹⁴⁵, and with some additional outcomes that were claimed by TMEA although they did not appear in the RF.

The OPM Performance Evaluation (2019)¹⁴⁶ adopted a Contribution Tracing (CT) methodology to test the degree to which outcomes claims could be attributed to TMEA, by tracing causal mechanisms along results chains (from activities to outputs to outcomes), testing the strength of the evidence presented on each link of the results chain. The evaluation also assessed when other factors contributed to the outcomes in a 'joint causal package', thereby avoiding overclaiming TMEA's contribution. The evidence was collected using a mix of methods: document review, site visits and interviews.¹⁴⁷

Table 14 and Table 15 show evidence on the extent to which outcomes contribution claims have materialised, and TMEA's contribution towards those claims. Claims were substantiated for four cases as well as across the Northern Corridor. Claims for three cases were not substantiated.

¹⁴¹ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

¹⁴² The two OSBPs included in the sample belong to the same PIO.

¹⁴³ See OPM Performance Evaluation report (2019) Annex G for detail on the sample selection.

¹⁴⁴ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019, p.68

¹⁴⁵ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

¹⁴⁶ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

¹⁴⁷ See OPM Performance Evaluation (2019) report Annex F for more detail on the CT methodology.

Table 14: Achievement of intended PIOs and SOs (claims substantiated)

Contribution claim substantiated		
SO/PIO	Evidence of outcome	Evidence that TMEA caused/contributed to outcomes
SO1: Mombasa port	Reduced time to import: virtually certain Reduced time to export: as likely as not (no data to confirm or disprove)	Virtually certain As likely as not
SO1: Busia OSBP	Reduced average time to cross border: virtually certain	Virtually certain
SO1: Kagitumba/Mirama Hills OSBP	Reduced average time to cross border: likely <i>BUT capacity created is underutilised, unclear if time reduction would be maintained with higher traffic levels</i>	Virtually certain
SO2: ICT for trade	Reduced time and costs for traders: very likely	Very likely
SO1 and SO2: Northern corridor	Reduced times across: 'node' times – port and OSBP – improved, as above, and time to transport on the corridor improved, however, there was no finding of increased trade as a result Reduced costs: likely	Likely Likely

Source: Authors' own table based on OPM Performance Evaluation report¹⁴⁸ (2019), section on HEQ2.

Table 15: Achievement of intended PIOs and SOs (claims not substantiated)

Contribution claim not substantiated		
SO/PIO	Evidence of outcome	Evidence that TMEA caused/contributed to outcomes
SO2: NTBs	Reduced times and costs: Claim cannot be substantiated (<i>costs or time saved as a result cannot be quantified</i>) <i>Number of NTBs eliminated is insufficient as a standalone outcome that would contribute to ease of trading across borders (though with the 'high priority' standard and the outstanding NTBs denominator in the original indicator might have been sufficient)</i>	Virtually Certain that TMEA contributed to ease of trading across borders through eliminated NTBs
SO2: Harmonised standards	Reduced times and costs: Claim cannot be substantiated There is insufficient data from borders to determine the effect on time and cost reductions.	Virtually Certain that TMEA contributed to ease of trading across borders through harmonised standards
SO3: export capability	Increased exports of goods in target sectors: Claim cannot be substantiated <i>Some positive results (increased export revenue, improved market access, reduction in rejections) but evidence mixed and not systematic; data on volume of exports not available</i>	Virtually Certain that TMEA contributed to increase in exports but no steady baseline against which to measure increased exports across the component

Source: Authors' own table based on OPM Performance Evaluation¹⁴⁹ (2019), section on HEQ2.

TMEA's SO1 goals focused on achieving reductions in time and cost for trade. Table 14 and Table 15 above show that the selected PIOs in SO1 were more successful than the other selected PIOs in terms of achieving contribution claims. The OPM Performance Evaluation (2019)¹⁵⁰ found significant time reductions in trade transport and processes and that TMEA's contribution to these was central: reduced time to import at Mombasa Port was virtually certain, although reduction in time to export could not be confirmed or disproved due to lack of evidence; average crossing time at the Busia border into Uganda dropped (from 14 to 3 hours); and it is 'likely' that border crossing times fell at Kagitumba/Mirama Hills, although traffic volumes have been low, and whether the reduced crossing times would be maintained if volume were to increase is uncertain. Overall, there were variable reductions in 'node' times and time to transport on the Northern Corridor:

- Reduction in average transit time from Mombasa to Malaba and Busia was 'Very Likely' and TMEA's contribution was 'Likely';
- Reduction in average time to transport goods from Rwanda to Mombasa Port was 'As Likely As Not' and so was TMEA's contribution;
- Reduction in average time to transport goods from Mombasa Port to Rwanda was 'Likely' and TMEA's contribution was also 'Likely';
- Reduction in costs of trade and TMEA's contribution were 'Likely'

The results along the Northern Corridor are not based entirely on SO1 outcomes at nodes (Mombasa Port and the OSBPs), but also include reductions in time and cost from eliminating escorts and NTBs on corridor transit. Given that the data support overall corridor time reductions, the OPM Performance Evaluation

¹⁴⁸ See OPM Performance Evaluation (2019) report Annex F for more detail on the CT methodology.

¹⁴⁹ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

¹⁵⁰ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019.

(2019)¹⁵¹ found 'Likely' a parallel result in reduced transport costs, which is supported by NCTTCA data suggesting decreased transport costs from 2010 to 2018 along the Corridor. The Performance Evaluation (2019)¹⁵² did not find increased trade as a result of time and cost reductions; however, the Trade and Growth Impact Study (2019)¹⁵³ indicated an increase in trade (see cost-effectiveness sub-criterion 2).

In SO2, the OPM Performance Evaluation (2019)¹⁵⁴ suggests that TMEA's contribution claim of time and cost savings resulting from ICT4T intervention is 'Very Likely', and that TMEA was central to the outcome. In particular, the evaluation found reduced time for permit processing and standards inspections; and there is strong data suggesting that TMEA contributed to the elimination of NTBs (Virtually Certain), but the Performance Evaluation (2019)¹⁵⁵ found that the de-facto indicator of 'number of NTBs eliminated' was insufficient, as a standalone outcome, to contribute to ease of trading across borders. Moreover, despite strong data that TMEA's work to harmonise standards supported a reduction in the cost of testing for traders, there was insufficient data to determine the effect on time and cost reductions. Overall, the Performance Evaluation (2019)¹⁵⁶ could not confirm the amount of cost reductions across the component or that TMEA impacted trade.

For SO3, the heterogeneity of projects and the insufficiency of indicators made the export capability projects less well suited as CT case studies. The OPM Performance Evaluation (2019)¹⁵⁷ found some positive project-level results, e.g. there were increases in export revenue, improved access or re-access to markets, reduction in the rejection of goods, trading standards implemented, and entities certified in some projects. But the results were not systematic across all projects, RF data were unclear on some indicators, and TMEA's contribution was not always clear-cut. The key contribution claim of increased exports could therefore not be substantiated,

It is important for VfM assessments that we consider how contextual constraints and challenges may have hindered TMEA's achievement of outcomes. When we asked TMEA and DFID interviewees to identify the major constraints, those most frequently identified were those that have also been identified in OPM evaluations (see sub-criterion 2 in the Efficiency section): lack of political will, particularly in Tanzania after the change in government; political instability, particularly in South Sudan and Burundi; delays due to bureaucracy in political agencies; and the limited capacity of many partners to manage funds and implement projects. Other constraints cited by TMEA staff interviewees included: the lack of a pool of qualified human capital in the region for more senior posts; and funding conditions - the relatively short-term commitments made by some donors meant TMEA expended considerable time and energy securing future funding, and the prolonged uncertainty around funding for Strategy 2 in 2016/17 meant some decisions went on hold. These constraints and challenges no doubt hindered TMEA's ability to deliver outputs and achieve outcomes. However, they could have been anticipated in a programme dependent on aid funding and working in East Africa countries, including two fragile states, and as an adaptive programme, TMEA should have been learning about and adjusting to these challenges.

As part of sub-criterion 2, we take into account if additional efforts or costs incurred to meet equity outcomes may have affected TMEA's ability to achieve its intended outcomes. In some programmes the ability to achieve outcomes as initially set out may need to be reassessed if additional efforts and costs are incurred in reaching disadvantaged groups or populations to ensure that they accrue some of the benefits. This might occur for example in a health programme, if there are unexpected difficulties and costs of getting staff and resources to distant communities. We do not believe that TMEA incurred unexpected additional costs to meet equity outcomes beyond the activities in its workplan (e.g. the Women and Trade (WaT) programme, working with civil society organisations (CSOs)); see further information in the Equity section).

TMEA can demonstrate some progress towards achieving the intended PIOs and strategic outcomes in its RF. Evidence from the 2017 AR shows that while two country programmes met the standard for Excellent VfM, overall TMEA just met the Good standard, and in three of seven cases (Kenya, Tanzania and the regional programme), the programme just met the Adequate standard (scores in the low 40s). In addition, those scores may be inflated by the elimination of a significant number of indicators. Evidence from the Performance Evaluation (2019) shows that TMEA made significant contributions to reductions in trade times and costs and ease of trading across borders through work on ICT4T and NTBs, which likely contributed to reduced times across the Northern Corridor, and the Trade and Growth Impact Study suggests that there was a corresponding increase in trade on the Northern Corridor. But among the outcomes selected in conjunction with TMEA as most likely to demonstrate outcome claims and impact, three of seven claims

¹⁵¹ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

¹⁵² OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

¹⁵³ OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019

¹⁵⁴ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019.

¹⁵⁵ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

¹⁵⁶ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

¹⁵⁷ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

were not met, and TMEA data could not demonstrate its contribution to ease of trading across borders or increased exports of goods in target sectors. Thus we cannot affirm that TMEA ‘generally met or exceeded its intended PIOs’, which would be required to meet a judgement of Good VfM. It is important to note that in some cases this is because TMEA did not measure and record data that would allow it, and the Performance Evaluation, to substantiate its claims. The constraints which TMEA faced were sometimes significant but could have been anticipated to a greater extent and TMEA could have been learning about and adjusting to these challenges.

Summary: TMEA can demonstrate some progress towards achieving the intended PIOs and strategic outcomes in its RF. The 2017 AR suggested that two country programmes met the standard for Excellent VfM, but overall TMEA just met the Good standard, and in three of seven cases, the programme just met the Adequate standard, , and it is possible these findings are inflated by the removal from the analysis of 28% of indicators which were found to be ‘non-measurable’. The OPM Performance Evaluation(2019)¹⁵⁸ CT of outcomes which were most mature and likely to have achieved impact substantiated contribution claims for five cases, including reduced time and costs on the Northern Corridor, and the Trade and Growth Impact Study suggested that there was a corresponding increase in trade on the Northern Corridor. But the Performance Evaluation could not substantiate the claims in three cases and was therefore unable to demonstrate TMEA’s contribution towards ease of trading across borders or increased exports of goods in target sectors. There were constraints on TMEA’s ability to achieve outcomes, but these could have been anticipated. Our judgement is partly reflective of the problems with results measurement and availability of evidence reported in the 2017 AR and the OPM PE.

2.2 Narrative evidence of additional unplanned positive outcomes

The table below illustrates unintended positive outcomes¹⁵⁹ stemming from TMEA projects and activities. These are relevant as they inform our assessment of effectiveness against the standard for ‘excellent’ VfM. By unintended outcomes, we mean indirect externalities and spillovers at the outcome level (rather than as extra deliverables, which are reported under the Efficiency criterion) that came about because of TMEA interventions, but were not planned for in the ToC and RF or otherwise anticipated in TMEA strategy. The first two bullet points below are from interviews with TMEA and DFID staff by the VfM team, the remainder are from the OPM PE. The OPM Performance Evaluation (2019)¹⁶⁰ found few unintended outcomes among beneficiaries, partners and TMEA responses in evaluation interviews, and those that were found were not well-substantiated or systemic. The list is not exhaustive and, as set out in the VfM framework (see Annex E), we do not seek to prove the links between TMEA’s activities and these effects, rather to document possible outcomes indicated by stakeholders. A fuller discussion of unintended outcomes can be found in the OPM Performance Evaluation DEQ2.4.

Key illustrative ‘unintended’ positive outcomes

Leveraging additional resources:

- TMEA staff interviewed claimed to have leveraged additional resources for trade in the region, e.g. WB, EIB, French and private sector investment at Mombasa Port, partly due to TMEA’s advocacy work, and WB funds at Dar Port following a feasibility study commissioned through TMEA and TMEA’s work to help the WB and GoT reach an MoU
- According to the OPM Performance Evaluation (2019)¹⁶¹, as part of TMEA’s rehabilitation of container storage space at Mombasa Port, it was able to leverage KPA’s purchase of cranes to make container handling more efficient in that space. Together, the two investments increased port capacity in a way that neither would have done alone and in a way unforeseen by the ToC.
- The OPM Performance Evaluation (2019)¹⁶² suggests that at Mombasa Port, the expanded Port Reitz road created a fast link to Mombasa’s Moi international airport, resulting in time savings, facilitating tourism growth, and reducing vehicular emissions due to faster average traffic speeds.

Business growth:

- TMEA staff reported business growth at border posts including petrol stations, construction workshops and shops to the Performance Evaluation team but did not provide evidence in the form of satellite imagery to substantiate their claims at Busia OSBP.
- TMEA staff reported growing markets for raw materials, such as sand and stones, and for food and accommodation, new hotels and restaurants, bars, transport businesses, financial services and

¹⁵⁸ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

¹⁵⁹ Unintended *negative* effects are considered under the cost-effectiveness criterion.

¹⁶⁰ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

¹⁶¹ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

¹⁶² OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

Key illustrative ‘unintended’ positive outcomes

markets, and an influx of construction workers from other countries to meet labour demand to the Performance Evaluation team; but as the Performance Evaluation (2019)¹⁶³ points out, evidence on changes in employment in the OPM Poverty and Gender Impact Study (2019)¹⁶⁴ does not support the claim of increased businesses, who would have needed to hire workers.

Benefits to local communities

- The OPM Performance Evaluation (2019)¹⁶⁵ found that the OSBP dispensaries supported local communities and introduced HIV testing in at least two OSBPs; in one, TMEA staff reported the dispensary was used by nearby communities, and at another, the OPM Performance Evaluation report (2019)¹⁶⁶ some OPM Poverty and Gender Impact Study (2019)¹⁶⁷ respondents reported health services were available, but the level of uptake was not recorded.

Empowerment benefits for women

- As suggested by the Performance Evaluation¹⁶⁸ (and supported by the Poverty and Gender Impact Study), some women reported improved relationships at home due to their increased income

Sources: OPM Performance Evaluation¹⁶⁹ (2019:95), and interviews with TMEA staff. Notes to table: we have not included reduced opportunities for corruption: although reduced corruption was not explicit in the ToC or RF, it was a ‘fully intended outcome’ (OPM PE, 2019:96).

Summary: OPM evaluations and TMEA interviewees identified some unintended positive outcomes from TMEA’s interventions, but the OPM Performance Evaluation (2019)¹⁷⁰ concluded that most of these outcomes were not well-substantiated or systemic.

4.6.4 Conclusion

TMEA is judged to have achieved an overall rating of ‘Adequate’ for the effectiveness criterion. The assessment found that TMEA followed good practice to manage key effectiveness drivers in some instances, but with shortcomings that, in some cases, were serious, leading to a judgement that the Adequate standard was partially met for sub-criterion 1. Evidence on TMEA’s attention to political economy indicates that on the whole TMEA was politically astute, which helped it to build trust with partners and remain relevant in the face of changes, although the lack of systematic tracking and updating of political economy issues identified in PARs, country strategies and the ToC caused delays and may have limited impact in some projects. Other shortcomings were more serious and indicate that significant improvement is required. There were processes in place to identify, assess, and manage programme risks, and risk reporting was updated periodically, but the insufficient attention to implementation of risk management and mitigation, particularly at ‘enterprise’ level, may have left TMEA exposed to significant risk.

In terms of programme MEL, TMEA developed tools including an overarching ToC, a RF, and an MIS, and staff used information from its own monitoring system and from other sources to inform programming decisions. But the ToC was not updated after 2014, nor were the strategy and evidence documents that supplemented the ToC; there were serious problems with the conceptualisation and/or measurement of most indicators in the RF and shortcomings in recording data; poor quality reporting from some partners limited the utility of the information in the MIS; and TMEA did not systematically monitor assumptions. ToCs were not widely used when TMEA launched in 2011, but a greater body of evidence and guidance on how to develop and monitor ToCs was available by the middle of Strategy 1. These shortcomings limited TMEA’s ability to track and assess the performance of its projects and adjust its portfolios in line with MEL information and to demonstrate its own progress towards intermediate and strategic outcomes and impact.

TMEA put a VfM strategy in place in late 2015 which included an action plan to promote VfM, programme-level KPIs and project-level guidance. But significant weaknesses in the strategy made it less than fit-for-purpose for a programme of TMEA’s cost, TMEA did not report against the its VfM KPIs until January 2017, and then only a sub-set of the KPIs outlined in its VfM strategy, and audits conducted after approval of the strategy were not aligned with the strategy. These shortcomings indicate that TMEA did not adequately monitor VfM or identify ways that it could have enhanced VfM.

TMEA can demonstrate some progress towards achieving the intended PIOs and strategic outcomes in its RF, and therefore met the standard for Adequate for sub-criterion 2. It did not meet all intended PIOs and

¹⁶³ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

¹⁶⁴ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019

¹⁶⁵ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

¹⁶⁶ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019

¹⁶⁷ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019

¹⁶⁸ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

¹⁶⁹ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019

¹⁷⁰ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019

strategic outcomes in its RF, or exceed the intended outcomes in its RF, which would have been necessary for the programme to achieve a 'Good' or 'Excellent' rating respectively. The 2017 AR suggested that two country programmes met the standard for Excellent VfM, but overall TMEA just met the Good standard, and in three of seven cases, the programme just met the Adequate standard. It is possible these findings are inflated by the removal from the analysis of 28% of indicators which were found to be 'non-measurable'.

The OPM Performance Evaluation (2019), which used Contribution Tracing to evaluate outcomes which were most mature and likely to have achieved impact, substantiated contribution claims for five cases, and demonstrated that TMEA made significant contributions to reductions in trade times and costs and ease of trading across borders through work on ICT4T and NTBs, which likely contributed to reduced times across the Northern Corridor. The Trade and Growth Impact Study (2019) suggested that there was a corresponding increase in trade on the Northern Corridor. But the Performance Evaluation could not substantiate the claims in three cases and was therefore unable to demonstrate TMEA's contribution towards ease of trading across borders or increased exports of goods in target sectors. There were some unintended positive outcomes from TMEA's interventions, but the OPM Performance Evaluation (2019)¹⁷¹ concluded that most of these outcomes were not well-substantiated or systemic. There were some constraints on TMEA's ability to achieve outcomes, but these could have been anticipated and TMEA should have been learning about and adjusting to these challenges. Our judgement against sub-criterion 2 is partly reflective of the problems with results measurement and availability of evidence reported in the 2017 AR and the OPM Performance Evaluation (2019);¹⁷² we have greater confidence in the Performance Evaluation findings, and have given greater weight to these findings in our judgment on sub-criterion 2. Improved results measurement under Strategy 2 should help TMEA to better support its results claims.

TMEA partially met the standard for Adequate against sub-criterion 1 and met the standard for Adequate against sub-criterion 2. Although there were important shortcomings against sub-criterion 1, we do not consider these to be serious enough to bring down the overall judgment against effectiveness to Poor. TMEA has undertaken a number of improvements to address these concerns since the beginning of Strategy 2 (but these are not considered in our judgment on VfM in Strategy 1). In Section 6 we provide recommendations for further improvements.

4.7 Cost-effectiveness

4.7.1 Definition, sub-criteria, and standards

According to DFID (2011) cost-effectiveness considers the relationship between impact and total costs incurred:

How much impact on poverty reduction does an intervention achieve relative to the inputs that we or our agents invest in it? (DFID, 2011:4)

The following definition of cost-effectiveness is used:

Cost-effectiveness criterion: The impacts on trade and economic growth generated by the TMEA programme are commensurate with the level of investment

The key principle underlying the cost-effectiveness criterion is that the programme should create more value than it consumes, or that sufficient impact is achieved to justify the investment. This requires examination of the nature and extent of TMEA's contribution to the highest-level outcomes and impacts indicated in its ToC and results framework and comparing these impacts with programme costs. We look at TMEA's contribution to growth in regional trade and economic growth under the cost-effectiveness criterion (effects of the programme on poverty reduction, equity and gender are assessed under the equity criterion).

Available data and resources do not permit a comprehensive cost-benefit analysis (CBA) of TMEA's impacts as part of the VfM assessment. Instead, we have undertaken breakeven analysis (BEA), drawing on the latest impact evidence in the Trade and Growth Impact Study (2019).¹⁷³ The objective of the breakeven analysis was to determine, based on available information, the prospect of programme benefits exceeding costs within a reasonable time frame. We also identify additional outcomes for which benefits cannot be quantified and monetised in the BEA.

The following **sub-criteria** are used for the cost-effectiveness criterion:

1. **Cost-effectiveness of time savings for five OSBPs compare well with suitable benchmarks, considering contextual factors which may account for differences (this is also used as evidence for DEQ5.22)**

¹⁷¹ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

¹⁷² OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

¹⁷³ OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019

2. **Rapid breakeven analysis demonstrates that TMEA is on course to create more value than it has consumed (in terms of trade and economic growth generated), while also generating additional non-monetised high-level outcomes** which are not accounted for in the breakeven analysis.
3. **Outcomes and impact attained thus far are judged to be sustainable and expected to continue to grow** (e.g. transport infrastructure in place, transport laws passed, trading standards institutionalised, enhanced business environment for trade, ongoing private sector and civil society engagement).

Performance standards for cost-effectiveness have been defined as follows

Performance	Sub-criteria	Standards met?
Excellent	Cost-effectiveness of time savings (five OSBPs) <i>compares favourably</i> with suitable benchmarks after taking contextual factors into account	Not met
	Evidence on TMEA's contribution to sustainable impacts is sufficient to establish 'beyond reasonable doubt' that TMEA will provide a positive NPV by 2025 ¹⁷⁴	Met
Good	Cost-effectiveness of time savings (five OSBPs) <i>are similar</i> to suitable benchmarks after taking contextual factors into account	Not met
	Evidence on TMEA's contribution to sustainable impacts is sufficient to suggest 'on balance of probabilities' that TMEA will provide a positive NPV by 2030, bearing in mind any non-monetised outcomes not accounted for in breakeven analysis	Met
Adequate	Cost-effectiveness of time savings (five OSBPs) <i>are moderately lower than</i> suitable benchmarks after taking contextual factors into account	Met
	Evidence on TMEA's contribution to outcomes or impacts to date is sufficient to suggest that TMEA has a credible prospect of breaking even by 2030, bearing in mind any non-monetised outcomes not accounted for in breakeven analysis'	Met
	Outcomes realised to-date are likely to be sustained and expected to continue to grow	Met
Poor	Cost-effectiveness of time savings (five OSBPs) <i>are substantially lower than</i> suitable benchmarks after taking contextual factors into account	
	Outcomes to-date suggest TMEA has little or no credible prospect of breaking even by 2030 <i>or</i>	
	It is unclear if and how the outcomes and impacts achieved will be sustained beyond the programme	

4.7.2 Judgement and summary of evidence

Judgement:	Adequate
Sub-criteria and corresponding judgement	Key evidence as it relates to the standards
Sub-criterion 1: Adequate	<p>Cost-effectiveness of time savings (five OSBPs) are moderately lower than suitable benchmarks after taking contextual factors into account.</p> <p>Cost-effectiveness of time savings are variable between among the OSBPs. Comparing the five TMEA-supported OSBPs completed in Strategy 1, Busia (Uganda), Mutukula (Uganda) and Holili are the best performing OSBPs in terms of the annual benefits (time saved weighted by traffic flow) relative to total expenditure and so far represent better VfM. Kagitumba and Mirama Hills are worst performing at current traffic flows. Some OSBPs appear to represent VfM, others do not at the current time, but may do so in future as traffic flows shift to anticipated patterns.</p> <p>Comparison of the TMEA-supported OSBPs with OSBPs supported by others shows that cost-effectiveness is higher in one of the TMEA OSBPs, similar at one pair,</p>

¹⁷⁴ CBA in the DFID Business Case (2013:36) projected benefits to 2025. The VfM framework proposed to use the same time horizon for BEA against good, adequate and poor performance, and a slightly shorter timeframe of 2021 (the end of Strategy 2) for excellent performance. However, in retrospect we consider these timeframes to be unduly and arbitrarily short for a programme of this nature. Instead, the performance standards consider benefits out to 2030 (20 years from the start of TMEA Strategy 1 – still a conservative time horizon) for good, adequate and poor performance, and the Business Case time frame of 2025 for excellent performance. BEA also includes scenarios involving longer time horizons of 2035 and 2040.

Sub-criteria and corresponding judgement	Key evidence as it relates to the standards
	moderately lower at two of the TMEA OSBPs, and substantially lower at two of the TMEA OSBPs. However, there are differences in the physical conditions and facilities at each post which influenced expenditure patterns, and the non-TMEA OSBPs sit on busier routes which creates a bias in favour of those posts. If the Kagitumba/Mirama Hills OSBP had not been included in our analysis, we would have concluded that the cost-effectiveness of the OSBPs was similar to non-TMEA OSBPs, which would have moved the judgement against this sub-criterion up to Good.
Sub-criterion 2: Excellent	<p>Outcomes to date suggest that TMEA is likely to break even by 2025. Rapid breakeven analysis, comparing donor expenditures to savings from reduced trade times, trade costs and trade risks estimated by the Trade and Growth Impact Study (2019)¹⁷⁵ suggests that TMEA has a strong prospect of breaking even by 2025. These findings are robust to increases in the discount rate, delayed start date of benefits or reduction in benefits. Bearing in mind that the estimated time savings represent the benefits of approximately half of TMEA's portfolio of interventions, they are likely to be a conservative estimate of total TMEA benefits. Overall, the results of breakeven analysis meet the standard of a positive NPV by 2025 'beyond reasonable doubt'. On this sub-criterion TMEA therefore meets the breakeven standard for 'excellent'.</p> <p>TMEA also had a few non-monetisable impacts not accounted for in BEA (e.g. equity effects, gender benefits, and changes at lower levels of the ToC that have not yet flowed through to cause tangible changes in trade costs), though we would not expect these to have a material bearing on the conclusions of the BEA.</p> <p>TMEA made a distinct contribution to improved trade, which are additional to the contributions of non-TMEA interventions ('shared effects') and to outcomes that may have occurred without any intervention ('deadweight'). Anecdotal evidence suggests TMEA generated some unplanned positive and negative outcomes.</p>
Sub-criterion 3: Adequate	<p>Sustainability of the outcomes derived from TMEA's contributions is variable. Some outcomes attained thus far are likely to be sustained (e.g. hard infrastructure, legislation/policy changes and ICT improvements); others are at greater risk (e.g. soft infrastructure, regional integration, NTB mechanisms, export capability and logistics). We conclude that reasonable expectations for sustainability have been achieved to an adequate level.</p>

4.7.3 Detailed evidence

Background information: Total cost of TMEA programme under Strategy 1 and spend per Strategic Outcome

Overall, donors contributed US\$502 million in funding for TMEA Strategy 1, between 2010-17 (Table 16), of which US\$331.84m (66%) was DFID funding.

Table 16: TMEA Strategy 1 total expenditure by Strategic Outcome

Strategic Outcome (SO)	2010	2011	2012/13	2013/14	2014/15	2015/16	2016/17	TOTAL 2010-2016/17
	US'000	US'000	US'000	US'000	US'000	US'000	US'000	US'000
SO1 (Increased market access)	25	3,928	19,312	25,948	45,418	38,030	25,076	157,737
SO2 (Enhanced trade environment)	3,391	19,026	44,788	31,790	23,522	22,514	26,980	172,011
SO3 (Increased business competitiveness)	155	2,822	11,995	8,135	8,618	11,386	7,833	50,945
Sub-total	3,571	25,777	76,096	65,872	77,558	71,931	59,888	380,693

¹⁷⁵ OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019

Strategic Outcome (SO)	2010	2011	2012/13	2013/14	2014/15	2015/16	2016/17	TOTAL 2010-2016/17
SO0 (Programme management and central overheads)	4,666	14,995	25,177	20,119	22,151	20,509	13,943	121,560
Total	8,236	40,772	101,273	85,991	99,709	92,440	73,831	\$502,252

Source: Financial data provided by TMEA Notes: SO1 = Increased market access, SO2 = Enhanced trade environment, SO3 = Increased business competitiveness, SO0 = indirect costs (Programme Management and Central Overheads).

Sub-criterion 1: Cost-effectiveness of time savings for 5 OSBPs compare well with suitable benchmarks

1.1 Cost-effectiveness ratios for construction and set-up costs for five OSBPs benchmarked against comparable projects in the region if data available [also evidence for DEQ5.22]¹⁷⁶

To assess cost-effectiveness, we looked at TMEA internal expenditure data where we specifically analysed shares, variations in expenditure and compared those expenditures against outputs and outcomes identified by the programme. We also compared expenditure with the apparent cost savings and found while some OSBPs provided significant cost savings relative to expenditure, others did not.

Details on the approach and a fuller account of the analysis are provided in Annex L.

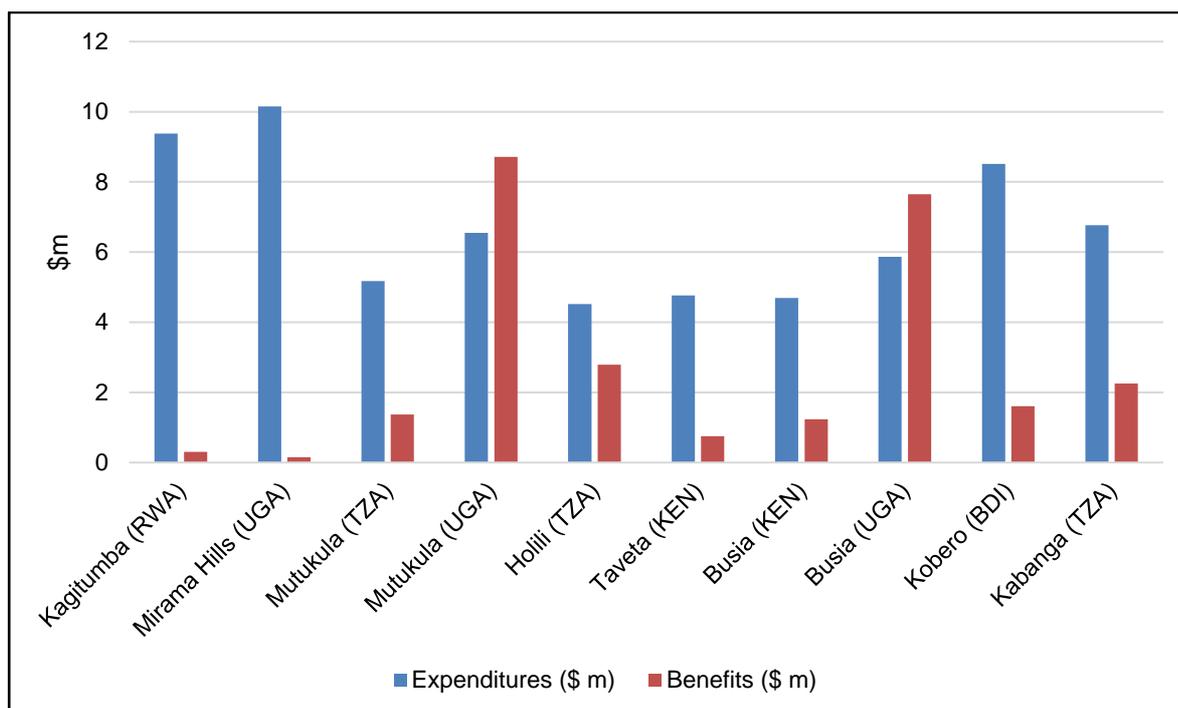
The key unit of analysis is the first five pairs of TMEA OSBPs that were completed and operational (i.e. one on each side of each border): Kagitumba (Rwanda) and Mirama Hills (Uganda); Mutukula (Tanzania) and Mutukula (Uganda); Holili (Tanzania) and Taveta (Kenya); Busia (Kenya) and Busia (Uganda); Kobero (Burundi) and Kabanga (Tanzania). The main source of expenditure data was TMEA's own accounts. TMEA has detailed expenditure records for 4,600 items from June 2011 to June 2017. Total expenditure amounts to US\$80 million for all TMEA's OSBPs, including US\$66 million for the five posts in our analysis. The bulk of the expenditure was on infrastructure, with transport and consultants accounting for sizeable proportions. We measured outcomes in terms of cost-savings from transit time and traffic surveys.

The overall analysis shows some unusual spending patterns across the OSBPs. There are variations in consultants' fees and travel. The investigation into the details of resource allocations shows that there are cases when budget was not allocated as specified. There are also negative items across all the projects where the money was returned or reallocated to another code, possibly due to underspend, or due to coding errors. Furthermore, there are cases of corrections, some of which are for considerable amounts. It is not possible to judge whether or not these discrepancies were due to poor management or necessary adjustments which can be expected as implementation progressed.

Comparing OSBP expenditures against their performance (traffic volumes, total traffic count, dwelling time, and time savings), it is clear that high expenditure does not necessarily deliver the best performance. Some of the variation in both expenditure and performance may be influenced by unanticipated events, such as border closures for security reasons. The relationship between expenditure and performance can be seen in Figure 5, which shows the time saved in one year, weighted by traffic flows, relative to total expenditure. Time is valued at US\$210 per day, as calculated in the Trade and Growth Impact Study (2019) report. The benefits are shown for one year but can be expected to continue for many years.

Time saved is worth little unless there is a significant traffic flow to take advantage of it. It is clear that Mutukula (Uganda), Busia (Uganda), and Holili are the most cost-effective OSBPs. OSBPs dealing with imports deals with more traffic and a greater range of cargo, which needs inspection. Taveta and Busia (Kenya) are moderately performing, but Mirama Hills and Kagitumba are poorly ranked because of low throughput. Expenditures are much the same regardless of traffic flow. Total cost savings per year are estimated at US\$27 million for the five listed OSBPs. This compares with estimated expenditure of US\$66 million up to 2017. If the benefits extend for ten years or more, the returns exceed cost by a wide margin, but this is driven by just two posts, Mutukula and Busia.

¹⁷⁶ This analysis provides evidence to answer DEQ5.22. Evidence against DEQ5.22 is brought together in Section 4.

Figure 5: Total costs and annual benefits (time saved weighted by traffic flow for 2017)

Source: Authors' estimates.

The return on investment is likely to be negative where: (i) transit times are already quite low, as in Busia (Kenya); or (ii) throughput is low, as in Kagitumba. There are unlikely to be any gains where both these conditions hold, as in Mirama Hills.

1.2: Comparison of costs per hour time savings at TMEA and non-TMEA OSBPs

As part of an assessment of cost-effectiveness, we compared the ratio of costs of constructing the OSBPs to hours of time saved of the TMEA-facilitated OSBPs with other OSBPs in the region, where comparable costs for construction and set-up can be found in published studies. There are five completed TMEA-supported OSBPs in East Africa. There are also several OSBPs funded and managed by other organisations, including JICA, the WB and AfDB. The aim of the exercise is to compare the performance of the five TMEA OSBPs with a selection of others, looking at the growth in traffic in TMEA OSBPs and that in non-TMEA OSBPs to isolate and identify TMEA's contribution. Comparisons are difficult because there are external factors that influence traffic in both TMEA and non-TMEA OSBPs. For a more meaningful comparison, it is helpful to compare like with like.

There are 25 OSBPs in East Africa. It would be ideal to compare two OSBPs side-by-side with similar expenditure and traffic flows, with similar facilities and management types, located on an open accessible road, where the only difference is the funding body. Unfortunately, this is not possible. The only criterion in common is the management type. All OSBPs we consider are publicly funded. Physical facilities are somewhat similar, although some OSBPs involved expenditure on roads and bridges.

To remove some variation, we considered only OSBPs in the EAC region, and excluded posts in South Sudan and DRC (Elegu/Nimule), due to data considerations and lack of progress. The five TMEA OSBPs are on diverse borders, so there is some value in selecting comparisons on similar borders. Our selections are paired, to remove some of the variation due to distance to ports and other factors relating to demand for imported products. Nonetheless, not all pairs had the same volume of initial traffic, and since the busy routes on which non-TMEA OSBPs sit (the main transit routes between Kenya and Tanzania (Namanga), Rwanda and Uganda (Gatuba/Katuna), and Tanzania and Rwanda (Rusumo) gain more from reduced transit times, our results are biased in favour of the more popular routes. The selection process was entirely independent of TMEA involvement. TMEA was not asked nor provided advice on suitable comparisons.

We selected the following three OSBPs: Namanga/Namanga, Gatuna/Katuna and Rusumo/ Rusumo, and examined the performance of the three corresponding TMEA-supported OSBPs to see how they compare (Annex L provides information on performance criteria.) Performance is rated in terms of the increase in throughput and the time saved. We estimate the amount of the time saved per year at each post and relate it to the total expenditure. From this we will get an indication of how well the TMEA OSBPs are performing.

Table 17: Time savings comparison for TMEA and non-TMEA OSBPs

Post	Cost for 1 hour saving per year (\$)	Post	Cost for 1 hour saving per year (\$)
Non-TMEA		TMEA	
Namanga (Kenya)	221	Taveta (Kenya)	277
Namanga (Tanzania)	291	Holili (Tanzania)	71
Rusumo (Tanzania)	64	Kabanga (Tanzania)	131
Rusumo (Rwanda)	64	Kobero (Burundi)	232
Katuna (Uganda)	95	Kagitumba (Rwanda)	1,342
Gatuna (Rwanda)	95	Mirama Hills (Uganda)	2,887

Source: Authors' estimates.

If cost-effectiveness is measured in terms of time saved against expenditure, TMEA's performance is variable: cost-effectiveness is higher in one of the TMEA OSBPs, similar at one pair, moderately lower at two of the TMEA OSBPs, and substantially lower at two of the TMEA OSBPs. Where performance is comparatively poor, this is because of low traffic flows, fast initial transit times, or a combination of both, at TMEA-supported OSBPs. Certainly, TMEA has avoided the undue construction delays experienced at Gatuna, but the traffic is so meagre at Kagitumba/Mirama Hills that it does not currently justify the initial expenditure. Our assessment must be qualified by the observation that we cannot compare exact like-for-like border posts, and there is a great deal of individual variability in both TMEA and non-TMEA expenditure and performance. Our selection sought to minimise differences between the TMEA and non-TMEA OSBPs, but there are differences in the physical conditions and facilities at each post which influenced expenditure patterns, and the non-TMEA OSBPs sit on busier routes and tended to have greater initial traffic flows, which enables them to gain more from reduced transit times and creates a bias in favour of those posts. Furthermore, the Kagitumba/Mirama Hills OSBP was included in the analysis due to the availability of a comparator (Gatuna/Katuna). This is the poorest performing of TMEA-supported OSBPs, for reasons elaborated above under 1.1, and is on a secondary route with low initial traffic and fast transit times, providing limited scope for improvement. If the Kagitumba/Mirama Hills OSBP had not been included in our analysis, we would have concluded that the cost-effectiveness of the OSBPs was similar to non-TMEA OSBPs, which would have moved the judgement against this sub-criterion up to Good.

Summary: Cost-effectiveness of time savings are variable among the OSBPs. Comparing the five TMEA-supported OSBPs completed in Strategy 1, Busia (Uganda), Mutukula (Uganda) and Holili are the best performing OSBPs in terms of the annual benefits (time saved weighted by traffic flow) relative to total expenditure and so far represent better VfM. Kagitumba and Mirama Hills are worst performing at current traffic flows. Comparison of the TMEA-supported OSBPs with OSBPs supported by others shows that cost-effectiveness is higher in one of the TMEA OSBPs, similar at one pair, moderately lower at two of the TMEA OSBPs, and substantially lower at two of the TMEA OSBPs. However, there are differences in the physical conditions and facilities at each post which influenced expenditure patterns, and the non-TMEA OSBPs sit on busier routes which creates a bias in favour of those posts. If the Kagitumba/Mirama Hills OSBP had not been included in our analysis, we would have concluded that the cost-effectiveness of the OSBPs was similar to non-TMEA OSBPs, which would have moved the judgement against this sub-criterion up to Good.

Sub-criterion 2: Rapid breakeven analysis demonstrates that TMEA is on course to create more value than it has consumed (in terms of trade and economic growth generated) while also generating additional non-monetised high-level outcomes not accounted for in the BEA.

2.1 Background information: Trade and Growth Impact Study (2019)¹⁷⁷ findings

The OPM Trade and Growth Impact Study (2019)¹⁷⁸ examines whether outcomes of TMEA interventions have led to trade impacts, using a range of economic data, econometric modelling, and qualitative analyses. More specifically, the study determines the extent to which TMEA contributed to the reduction in trade costs in Strategy 1 (2010-2017), and whether such reduction led to an increase in trade flows and economic growth. The Trade and Growth Impact Study (2019)¹⁷⁹ places particular emphasis on the work conducted by TMEA on the Ports, Northern and Central Corridors, ICT for Trade, and the efforts around trade policy

¹⁷⁷ OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019

¹⁷⁸ OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019

¹⁷⁹ OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019

reforms. According to economic literature, “*poor [physical] connectivity is one of the factors keeping people in poverty*”.¹⁸⁰ As such, improving soft and hard infrastructure to facilitate trade is expected to remove a constraint for poverty reduction. The OPM Trade and Growth Impact Study (2019)¹⁸¹ suggests that the impact of easing trade facilitation processes on trade flows has been well documented in the literature: reducing trade transaction costs through tackling the existing non-tariff measures (NTMs) and streamlining customs processes is particularly key to trade facilitation.

The empirical relationship between trade facilitation and outcomes comes in two forms: (1) computable general equilibrium (CGE) for predictions of ex-ante gains; and (2) gravity models for ex-post analysis. CGE is instrumental to identifying the expected direction of effects. A transport cost modelling framework is employed to simulate the impact of reductions in transport costs. The OPM Trade and Growth Impact Study (2019)¹⁸² draws on a variety of primary and secondary data, findings and insights from the first phase of evaluation work, document review, and qualitative fieldwork with a range of respondents at different sites, including associations, donors, NGOs, transporters, freight forwarders, government agencies and TMEA staff. The OPM Trade and Growth Impact Study (2019)¹⁸³ team assessed the impact of reduced trade costs, through increased efficiency in transport infrastructure and improved capacity of transport infrastructure (including OSBPs and ports), using a variety of secondary data. The team also undertook several enterprise surveys in the two selected value chains in Kenya, Rwanda, and Uganda to better understand the environment in which TMEA operated.

The analysis demonstrated that overall, TMEA’s interventions around trade facilitation contributed to the reduction of (1) trade times, (2) trade costs, and (3) trade risks (i.e. the uncertainty around trade times). Findings, based on the econometric modelling, suggest that all of the three variables decreased (i.e. positive outcomes) except for the segment of the Northern Corridor from Mombasa Port to Nairobi where travel time worsened over the period between 2010 and 2017.

Of particular relevance for the break-even analysis, the OPM Trade and Growth Impact Study (2019)¹⁸⁴ estimated savings arising from changes in conditions for trade, by comparing trade times, trade costs and trade uncertainty in 2010, at the start of TMEA, and in 2017, at the end of Strategy 1. These savings represent the benefits from approximately half of TMEA’s total portfolio of interventions. Monetary valuations were derived for reductions in trade times, trade costs and trade uncertainty. Savings from port interventions totalled US\$484 million of which US\$26 million was attributed to TMEA interventions. Interventions across the corridors, both in terms of hard and soft infrastructure, were estimated to have led to savings equivalent to US\$849 million in 2017, of which US\$55.2 million was attributed to TMEA interventions to make the corridors faster, less costly, and less risky trade processes for the private sector. SWIFTS interventions led to savings of US\$34.6 million for Kenya, Rwanda, Tanzania and Uganda collectively. Total savings attributed to TMEA were US\$115.8m in 2017 compared to 2010.

2.2 Rapid breakeven assessment

BEA enables rapid assessment, using limited data, of the prospect of TMEA Strategy 1 benefits equalling or exceeding costs, without needing to conduct a comprehensive CBA. CBA calculates the NPV of a stream of discounted costs and benefits. Where the calculated NPV is greater than zero, the project is considered ‘worth doing’ on the basis that the value created (benefits) exceeds value consumed (costs). BEA uses the same general analytic structure, with the more modest aim of judging the prospect of NPV being greater than zero within a reasonable time frame, rather than attempting to calculate a precise NPV. BEA offers a solution to the problem of missing information, e.g., where costs are measurable, but benefits must be estimated and are subject to uncertainty.

Ex-ante CBAs on defined aspects of TMEA indicated that TMEA, if effective, should generate a high return on investment - and provided a general indication of the level of impact at which benefits would start to exceed costs. In the original VfM framework design it was conceived that BEA would examine whether the assumptions in Pogorelski’s 2012 CBA were still reasonable and, if so, whether TMEA’s realised outcomes and impacts were sufficient to indicate breakeven. Subsequently, however, it transpired that results of the OPM Trade and Growth Impact Study (2019)¹⁸⁵ directly estimate benefits of TMEA and represent a better

¹⁸⁰ OECD-WTO (2017) Aid for Trade Review 2017 cited in ‘OPM: Paul R Baker, David Vanzetti, Mohammad Razzaque, Neetish Hurry. Deliverable 4A: Trade and Growth Impact Study. Final Report. October 2019’ (6)

¹⁸¹ OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019

¹⁸² OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019

¹⁸³ OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019

¹⁸⁴ OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019

¹⁸⁵ OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019

source of evidence to use in BEA. Accordingly, the BEA uses estimates from the OPM Trade and Growth Impact Study (2019)¹⁸⁶ to project forward and assess the prospect of TMEA showing a positive NPV.

Conceptually, welfare gains sit at the top of the TMEA ToC and include value added by TMEA interventions. However, changes in welfare are the net result of multiple effects in the economy and it is difficult to estimate the portion of welfare gains that should be attributed to TMEA. A more intermediate set of benefits, closer to TMEA outcomes, is the value of savings stemming from the reduction in trade times, trade costs and trade risks. As noted in the previous section, total savings attributed to TMEA were US\$115.8m in 2017 compared to 2010. This estimate was used to represent the annual value of benefits in break-even analysis.

A discounted cashflow model was constructed in Excel, comparing annual time series of costs of TMEA Strategy 1 (donor funding totalling US\$502.25m nominally from 2010-2017 as summarised in Table 17 above) with a time series of benefits (savings from reduced trade times, trade costs and trade risks from the OPM Trade and Growth Impact Study (2019)).¹⁸⁷ A base discount rate of 10% was used, which DFID economists recommended as an appropriate discount rate for the region.¹⁸⁸ This discount rate ensures break-even is calculated on a conservative basis.

As with any forecasting exercise, the model necessitates some assumptions. Key sources of uncertainty were the value of benefits, the discount rate, and the time horizon for benefits. These variables were subjected to sensitivity analysis as follows.

- The base case assumed benefits started from 2014. Scenarios were included with the benefit start date pushed out to 2017.
- The business case for TMEA Strategy 1 included ex-ante projection of benefits out to 2025. However, as the benefits of TMEA can reasonably be expected to be sustained beyond this point, as noted in the OPM Trade and Growth Impact Study (2019),¹⁸⁹ BEA also looks at potential benefits over longer time horizons of 2030, 2035 and 2040.
- In addition to these scenarios, the analysis explored what value of benefits and/or discount rates would be required to break even by 2025 or 2030.

The results are summarised as follows (Table 18). Key implications of this analysis are:

- TMEA would break even before 2025 based on the value of benefits estimated by the OPM Trade and Growth Impact Study (2019).¹⁹⁰
- This finding remains the same if benefits are assumed to start from 2017 instead of 2014, or if a discount rate of up to 17% is used.
- Break-even by 2025 is achievable if benefits are reduced to US\$80m (69% of savings estimated by the Trade and Growth Impact Study, 2019) with a 2014 start date or US\$111m (96%) with a 2017 start date.
- Break-even by 2030 is achievable if benefits are reduced to US\$69m (60% of savings estimated by the Trade and Growth Impact Study, 2019) with a 2014 start date or US\$87m (75%) with a 2017 start date.

Table 18: Breakeven analysis (2010 base year for costs)

	NPV 2025 (US\$m)	NPV 2030 (US\$m)	NPV 2035 (US\$m)	NPV 2040 (US\$m)
Base case				
Benefits \$115.8m starting 2014, 10% dr	\$133.68	\$205.45	\$250.02	\$277.69
Increased discount rate				
Benefits \$115.8m starting 2014, 15% dr	\$25.28	\$52.56	\$66.12	\$72.86
Benefits \$115.8m starting 2014, 17% dr	\$0.00	\$18.66	\$27.16	\$31.03
Start of benefits pushed out to 2017				
Benefits \$115.8m starting 2017, 10% dr	\$14.24	\$109.77	\$169.09	\$205.92
Benefits \$115.8m starting 2017, 10.7% dr	\$0.00	\$85.24	\$136.59	\$167.53
Benefits reduced to breakeven 2025				
Benefits \$80.42m (69%) starting 2014, 10% dr	\$0.00	\$49.85	\$80.80	\$100.02

¹⁸⁶ OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019

¹⁸⁷ OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019

¹⁸⁸ DFID written feedback to TMEA Workshop 19-20 August 2019.

¹⁸⁹ OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019

¹⁹⁰ OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019

	NPV 2025 (US\$m)	NPV 2030 (US\$m)	NPV 2035 (US\$m)	NPV 2040 (US\$m)
Benefits \$110.98m (96%) starting 2017, 10% dr	\$0.00	\$91.56	\$148.41	\$183.71
Benefits reduced to breakeven 2030				
Benefits \$69.09m (60%) starting 2014, 10% dr	(\$42.82)	\$0.00	\$26.59	\$43.10
Benefits \$86.76m (75%) starting 2017, 10% dr	(\$71.58)	\$0.00	\$44.44	\$72.04
Stress test - combinations of factors				
Benefits \$104.22m (90%), starting 2017, 10% dr	(\$19.98)	\$66.00	\$119.38	\$152.53
Benefits \$92.64m (80%), starting 2017, 12% dr	(\$80.11)	(\$25.64)	\$5.27	\$22.81

Summary: Outcomes to date suggest that TMEA is likely to break even by 2025. Rapid breakeven analysis, comparing donor expenditures to savings from reduced trade times, trade costs and trade risks estimated by the Trade and Growth Impact Study (2019)¹⁹¹, suggests that TMEA has a strong prospect of breaking even by 2025. These findings are robust to increases in the discount rate, delayed start date of benefits or reduction in benefits. Furthermore, this analysis is likely to be conservative because the time savings represent benefits from approximately half of TMEA's total portfolio of interventions.

2.3 Non-monetisable outcomes not in the breakeven analysis

The BEA estimates the benefits of TMEA on the basis of savings identified by the OPM Trade and Growth Impact Study (2019).¹⁹² It does not reflect welfare gains (which are higher up the causal chain). Nor does it include:

- Changes in the distribution of benefits (i.e. increases or decreases in equity);
- Changes that are not related to cost savings (e.g. increased choice for consumers);
- Changes in dimensions of welfare that 'money cannot buy' – e.g. health, happiness, gender impacts; and
- Shifts in lower-level outputs and outcomes (intended or unintended, positive, or negative) that have not yet flowed through to cause tangible changes in trade costs.

Distributional effects are considered under the equity criterion of this VfM assessment. Nonetheless, it is worth noting here that positive effects are identified in the equity analysis that are additional to the savings incorporated in the BEA. These include TMEA's contribution to income gains among some poor women and their households through improvements in cross-border trading and business development. Some of the gains in poverty reduction expected as a result of trade and economic growth have materialised through increased income-earning opportunities and increased incomes, although these are largely restricted to trade corridors and relatively wealthier households.

Non-monetised benefits that may have been positively impacted by TMEA include other positive impacts for women, such as positive changes in gender roles in some households through the WaT Programme. According to the OPM Poverty and Impact Study¹⁹³ some women reported taking on new roles outside the home, increased decision-making power in the household and decreased domestic violence (although some women and men reported problems in their marriages and more domestic violence for the same reasons).

In general, time lags can be expected for lower-level outputs and outcomes to translate into benefits. Capacity and capability development may take time to embed before efficiency gains are fully realised. Transporters may respond quite rapidly by selecting transport corridors that take advantage of more efficient ports and OSBPs, but it may take longer before these savings lead to expansion of trading activity. Additional economic activity may lead to population and business growth on trade corridors (as discussed in the OPM Performance Evaluation (2019),¹⁹⁴ which may yet have further growth to come. Similar lags between outputs, intermediate outcomes, and their knock-on impact effects are to be expected along TMEA's various causal chains. Therefore, it is reasonable to suggest the full benefits of TMEA Strategy 1 may not yet be observable.

¹⁹¹ OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019

¹⁹² OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019

¹⁹³ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019, p.63.

¹⁹⁴ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

Summary: Overall, it is concluded that TMEA had a few non-monetisable impacts not accounted for in BEA, though we would not expect these to have a material bearing on the conclusions of the BEA.

2.4 Additionality: evidence on shared effects, deadweight, and unplanned outcomes

Some of the economic considerations we proposed to use in the VfM framework (see Table 2 in the VfM Framework, Annex E)¹⁹⁵ go beyond the method of attribution used in the OPM Trade and Growth Impact Study (2019),¹⁹⁶ to qualitatively consider additional factors that are relevant to assessing TMEA's contribution to trade costs, trade flows and welfare gains.

See Annex M for detailed findings against the framework of economic considerations, drawn from OPM evaluations and interviews with TMEA and DFID staff. A summary of the key considerations is provided as follows.

Shared effects/contribution: Did other (non-TMEA) interventions or programmes also influence changes? Overall, there is sufficient evidence to convince a reasonable but sceptical observer that TMEA made a distinct contribution to improved trade and welfare gains through achievement of its PIOs. The precise level of contribution is difficult to quantify.

Deadweight: Would the observed outcomes have occurred without intervention? Overall, there is sufficient evidence to convince a reasonable but sceptical observer that improved trade and welfare gains would not have been achieved, to the same extent, in the absence of any intervention.

Gains: Did the programme contribute to verifiable indirect benefits? Anecdotal evidence suggests TMEA has had unplanned positive outcomes, especially around trade corridors, although the OPM Performance Evaluation (2019)¹⁹⁷ concluded that most of these outcomes were not well-substantiated or systemic.

Losses: Did changes occur that may be claimed as dis-benefits? Anecdotal evidence suggests TMEA had unplanned negative outcomes, especially regarding some distributional and gender effects (for example, the double burden of paid and unpaid work, and the strain on domestic relations, for some women participating in the WaT programme).

Sustainability: Are results expected to increase, stay the same, or drop off over time? Overall, the sustainability of the outcomes derived from TMEA's contributions is considered variable and cannot be taken for granted. Risks, challenges and critical success factors have been identified to ensure TMEA's contributions are sustained.

Summary: TMEA made a distinct contribution to improved trade and welfare gains, which are additional to the contributions of non-TMEA interventions ('shared effects') and to outcomes that may have occurred without any intervention ('deadweight'). Such gains include the cost savings used in the BEA. Anecdotal evidence suggests TMEA contributed to some unplanned positive and negative outcomes, though we would not expect these to have a material bearing on the conclusions of the BEA.

Sub-criterion 3: Sustainability of outcomes and impact

3. Outcomes and impact attained thus far are judged to be sustainable and expected to continue to grow

Generally, sustainability is assessed based on the likelihood that the results and benefits arising from interventions will be sustained and perpetuated in the future – a reflection of the adequacy of fiscal, political economy, institutional and environmental considerations.

The OPM Trade and Growth Impact Study (2019)¹⁹⁸ analyses the sustainability of TMEA results through four lenses: evidence of the ability of firms to innovate as competition and openness increase through trade facilitation reforms; observations arising from the modelling exercises; results of surveys of the private sector; and TMEA's own action in relation to the DAC sustainability criterion. The Trade and Growth Impact Study (2019)¹⁹⁹ identifies risks, challenges and success factors to ensure TMEA contributions are sustained and concludes: "A number of elements remain critical for a sustained performance of results, as well as ensuring that results are sustainable. A first condition is the need for firms to innovate, as competition from the rest of the world will rise with trade facilitation improvements. There is strong evidence that performance in this area between 2010 and 2017 has been poor. Another aspect relates to the reversal of reforms, and

¹⁹⁵ OPM: Hansford et al. TMEA VfM April 2019

¹⁹⁶ OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019

¹⁹⁷ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

¹⁹⁸ OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019

¹⁹⁹ OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019

sustainability of achievements through ownership and commitment. There is moderate evidence that ownership exists and TMEA is viewed as a flagship in supporting reforms, strong evidence also points to major risks. Finally, firms will need to improve best practices, adopt stronger standards, as well as adapt to climate change and other external risks. This is something that appears to have been seized upon, although additional efforts to increase uptake are needed”.²⁰⁰

At a more granular level, the comparative analysis of specific PIOs for DEQ5.22 rated sustainability as ranging from ‘Medium’ (“Some elements of project results are expected to be sustained beyond project funding”) to ‘Poor’ (“It is unclear if and how results will be sustained beyond project funding”), for the PIOs included in the analysis. See Annex O for details.

The OPM Trade and Growth Impact Study (2019)²⁰¹ and the PIO-level analysis both align with findings from the OPM Performance Evaluation (2019)²⁰² which noted that: hard infrastructure, legislation/policy changes and ICT improvements were more likely to be sustained than soft infrastructure, regional integration, NTB mechanisms, export capacity and logistics; capacity building is only sustainable to the extent it is embedded in institutions; and sustainability was more in question with private sector and civil society associations, SMEs, and cooperatives where initial capacity and funding were particularly weak.

See a fuller account of the assessment of sustainability made in each of the OPM evaluations in Annex M.

Summary: Overall, sustainability of the outcomes derived from TMEA’s contributions is variable. Some outcomes attained thus far are likely to be sustained (e.g. hard infrastructure, legislation/policy changes and ICT improvements); others are at greater risk (e.g. soft infrastructure, regional integration, NTB mechanisms, export capability and logistics). The Trade and Growth Impact Study (2019)²⁰³ identifies risks, challenges and success factors to ensure TMEA contributions are sustained.

4.7.4 Conclusion

TMEA is judged to have achieved an overall rating of ‘Adequate’ for the cost-effectiveness criterion. For cost-effectiveness of time savings (five OSBPs) (sub-criterion 1) the programme is judged adequate, as cost-effectiveness of time savings (five OSBPs) were moderately lower than suitable benchmarks after taking contextual factors into account. Comparison of the TMEA-supported OSBPs with OSBPs supported by others shows that cost-effectiveness is higher in one of the TMEA OSBPs, similar at one pair, moderately lower at two of the TMEA OSBPs, and substantially lower at two of the TMEA OSBPs. However, there are differences in the physical conditions and facilities at each post which influenced expenditure patterns, and the non-TMEA OSBPs sit on busier routes which creates a bias in favour of those posts. This is particularly so in the case of Kagitumba/Mirama Hills, the OSBPs where cost-effectiveness is substantially lower than its paired OSBPs, as it is on a secondary route relative to its comparator OSBP. If the Kagitumba/Mirama Hills OSBP had not been included in our analysis, we would have concluded that the cost-effectiveness of the OSBPs was similar to non-TMEA OSBPs, which would have moved the judgement against this sub-criterion up to Good.

Rapid breakeven analysis, comparing donor expenditures to savings from reduced trade times, trade costs and trade risks estimated by the Trade and Growth Impact Study (2019),²⁰⁴ suggests that TMEA has a strong prospect of breaking even by 2025. The finding is robust to increases in the discount rate, delayed start date of benefits or reduction in benefits. Bearing in mind that the estimated time savings represent the benefits of approximately half of TMEA’s portfolio of interventions, the breakeven analysis is likely to be conservative. Overall, the results of breakeven analysis meet the standard of a positive NPV by 2025 ‘beyond reasonable doubt’. On this sub-criterion TMEA therefore meets the breakeven standard for ‘excellent’. TMEA also had a few non-monetised impacts not accounted for in breakeven analysis, though we would not expect these to have a material bearing on the conclusions. Sustainability of the outcomes derived from TMEA’s contributions is variable. Some outcomes attained thus far are likely to be sustained; others are at greater risk. We conclude that reasonable expectations for sustainability (sub-criterion 3) have been achieved to an adequate level.

TMEA met the standards for Excellent for sub-criterion 2 and Adequate for sub-criteria 1 and 3. For cost-effectiveness overall, TMEA met the standard for Adequate because TMEA has only delivered a few non-monetized high level outcomes not accounted for in breakeven analysis, and the sustainability of outcomes is variable.

²⁰⁰ OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019, p.47

²⁰¹ OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019

²⁰² OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

²⁰³ OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019

²⁰⁴ OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019

4.8 Equity

4.8.1 Definition, sub-criteria, and standards

DFID (2011) does not define equity directly, but does acknowledge the importance of distributive fairness as a dimension of VfM:

When we make judgements on the effectiveness of an intervention, we need to consider issues of equity. This includes making sure our development results are targeted at the poorest and include sufficient targeting of women and girls (DFID, 2011:3).

The following definition of equity is used:

Equity Criterion: The TMEA programme contributes to poverty reduction in the EAC member states and seeks to ensure that the benefits of trade liberalisation reach key vulnerable groups, particularly poor workers and consumers, and women.

The material and welfare gains from regional integration and trade liberalisation do not occur uniformly across all groups and individuals. The net impact, and who wins and who loses, depends on many factors, including the location, economic sector, skills, employment status, access to economic resources and so on of different groups and individuals. In terms of TMEA's work, a concern with equity would mean taking measures to ensure that the benefits of trade liberalisation are shared reasonably equitably, which includes working with partners to extend benefits to the most vulnerable groups that may otherwise lose out.

We assess whether there is evidence to suggest that some of the gains for key vulnerable groups expected to materialise as a result of trade and economic growth due to TMEA interventions, based on current theory, have come about or are expected to come about, and which groups may have lost out, based on evidence in the Poverty and Gender Impact Study (2019)²⁰⁵ (impact equity). We also consider whether TMEA contributed to gains and mitigated potential losses among key vulnerable groups at outcome level (outcome equity), whether TMEA took equity and gender into consideration in its own analysis and support to projects (design equity), and if equity considerations were visible in TMEA's corporate policies and practices (organisational equity).

The following **sub-criteria** are used for the equity criterion:

- Equity considerations are visible in TMEA's corporate policies and practices (organisational equity)**
- Evidence that equity and gender considerations were present in TMEA's analysis and support to projects (design equity)**
- Evidence that TMEA contributed to gains and mitigated potential losses for key vulnerable groups as part of its intermediate outcomes and Strategic Outcomes ('outcome equity')** (might include e.g. more women using formal systems to clear goods at border posts, and development of a policy for East Africa women in business.)²⁰⁶
- Evidence that some of the gains for key vulnerable groups expected to materialise as a result of trade and economic growth due to TMEA interventions, based on current theory, have come about or are expected to come about ('impact equity')** (poverty reduction, i.e. effects on wages, incomes and pro-poor government services around TMEA nodes and more generally ('long-chain effects'))

Performance standards for equity have been defined as follows:

Performance	Sub-criteria	Standards met?
Excellent	Evidence suggests that some of the gains for key vulnerable groups expected to materialise as a result of trade and economic growth due to TMEA interventions, based on current theory, have come about or are expected to come about ('impact equity') And meets all criteria under 'good' performance	Insufficient evidence to judge, but indications of progress
Good	TMEA's contribution to gains and mitigation of possible losses among key vulnerable groups as part of its Strategic and intermediate outcomes generally met expectations, allowing for reasonable exceptions ('outcome equity')	Met

²⁰⁵ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019

²⁰⁶ Examples taken from DFID Business Case, 2013: 42.

Performance	Sub-criteria	Standards met?
	Equity considerations in TMEA's analysis and support to projects generally met expectations, allowing for reasonable exceptions ('design equity') And meets all criteria under 'adequate' performance	Not met
Adequate	TMEA's contribution to gains and mitigation of possible losses among key vulnerable groups as part of its Strategic and intermediate outcomes did not meet all expectations but did meet minimum bottom-line expectations ('outcome equity')	Met
	Equity considerations in TMEA's analysis and support to projects did not meet all expectations but did meet minimum bottom-line expectations ('design equity')	Met
	Equity considerations are visible in TMEA's corporate policies and practices ('organisational equity')	Met
Poor	Any of the conditions for 'adequate' not met	

4.8.2 Judgement and summary of evidence

Judgement:	Adequate
Sub-criteria	Key evidence as it relates to the standards
Sub-criterion 1: Adequate	<p>Organisational equity: Equity considerations were visible in TMEA's corporate policies and practices.</p> <p>The 2016 HR Manual laid out clear welfare policies around equal opportunities, harassment, and gender, and TMEA made deliberate efforts to ensure equity was taken into consideration in recruitment, promotion and access to training. The workforce as a whole was gender balanced throughout Strategy 1, and gender parity in management positions improved during Strategy 1. 92% of the workforce were African nationals and 44% of SLT/SMT positions were occupied by Africans at the end of Strategy 1.</p>
Sub-criterion 2: Adequate	<p>Design equity: Equity considerations were evident in TMEA's work with CSOs and the WaT programme, but gender and equity mainstreaming and ex-ante analysis of winners and losers were weak</p> <p>TMEA provided significant support to CSOs working with women and poor groups as well as developing the WaT programme, although the implantation of gender-sensitive frameworks will require more time and resources. Gender and social analysis formed part of project appraisal, and strategies for gender mainstreaming were set out in the 2012 Gender Policy. While TMEA undertook some gender mainstreaming across projects, gender and equity mainstreaming was recognised to be weak in OPM evaluations and by TMEA and DFID staff, with limited sex-disaggregation of data, and little ex-ante analysis of risks, winners and losers. TMEA did not consider proactive mitigation of losses to be within its remit as a trade facilitation programme, and there is no evidence that DFID or other donors expected or requested TMEA to systematically monitor losses across its portfolio and undertake interventions to proactively mitigate for losses among affected groups.</p>
Sub-criterion 3: Good	<p>Outcome equity: TMEA contributed to gains among key vulnerable groups. .</p> <p>TMEA contributed to gains among some poor women and their households through improvements in cross border trading and business development, and helped enhance domestic gender relations for some, and benefits were reported among some groups not directly involved in TMEA interventions. Measures to improve physical accessibility at OSBPs may have improved conditions for traders with disabilities. There is also evidence in OPM evaluations that some vulnerable groups were negatively affected by TMEA-supported interventions. As stated in the design equity section, it was not expected that TMEA would systematically monitor and proactively mitigate for such losses.</p>
Sub-criterion 4: Insufficient Evidence to judge, but	<p>Impact equity: There is insufficient evidence as yet to make a judgement against this sub-criterion, so it has been removed from the assessment.</p> <p>Evidence in the OPM Poverty and Gender Impact Study (2019)²⁰⁷ suggests that some of the gains for key vulnerable groups expected to materialise as a result of trade and</p>

²⁰⁷ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019

Sub-criteria	Key evidence as it relates to the standards
indications of progress	economic growth, based on current theory, have come about during the time period covered by Strategy 1 in terms of poverty alleviation, which was generally greater on the trade corridors than further away from the corridors, and among households in tradeable sectors than in households in non-tradeable sectors, although this cannot be directly attributed to TMEA. Relatively wealthier households seem to have benefitted more than poorer households, and gains for the poorest may require more time to materialise and to be measurable than the timeframe of the Poverty and Gender Impact Study (2019) data collection, which addressed the period until early 2019.

4.8.3 Detailed evidence

Sub-criterion 1: Organisational equity

1.1 Narrative evidence of equity considerations in TMEA's corporate policies and practices: TMEA has a corporate gender policy, safeguarding policies and other relevant policies to ensure staff welfare irrespective of background; TMEA promotes a gender-sensitive culture within the organisation

TMEA's HR Policies and Procedures Manual (2016) contained policy statements on equal opportunities, bullying and harassment, and gender. The policies stated that TMEA is committed to eliminating discrimination, providing an environment free from bullying and harassment, and treating all employees fairly regardless of race, tribe, nationality, ethnic or national origins, religion, political belief, social or economic class, marital status, sex, sexual orientation, age or disability in all employment practices. The Manual also states that 'TMEA will ensure that, as far as possible, the staffing profile reflects the diversity of people from the EAC Partner States' and 'will take affirmative action steps, where appropriate, to ensure equality of opportunity'. Affirmative action means making special provision for any underrepresented group to enable them to compete with the majority group on an equal basis (2016:35). Senior level TMEA staff confirmed in interviews that efforts are made to ensure that there is a gender and ethnic balance among shortlisted candidates (at least 40% representation of either gender), that interview panels are gender balanced, and if two candidates are equally qualified, they will choose the candidate from an underrepresented group.

The Gender Policy in the 2016 HR Manual stated that management would develop long-term strategies for empowerment of both men and women and address factors which may constrain equal access to resources and opportunities, and that 'TMEA will ensure a gender balance in employment and will endeavour to have at least 30% gender representation in its workforce and in management positions' (2016:106). We assume this means at least 30% of the workforce and management should be women. The Manual recognised that women may be underrepresented in management, if female staff have missed training and development opportunities which their male colleagues have enjoyed, or if they have taken time off work to bring up children, and stated that TMEA may provide special management training for women to enable them to compete for promotion with men (2016:35). This statement was removed from the 2018 HR Manual. TMEA staff interviewees stated this was because it was felt that women are able to compete on an equal basis and there is now near gender parity in management roles; instead, all employees are entitled to up to US\$1700 per year for training to use as they wish.

Table 19: Percentage of jobs occupied by females and males by job group, in June 2011, June 2017 and May 2019

Job Group	Jun-11		Jun-17		May-19	
	Female	Male	Female	Male	Female	Male
Assistant 1	67%	33%	50%	50%	86%	14%
Assistant 2	33%	67%	39%	61%	46%	54%
Officer 1	56%	44%	54%	46%	64%	36%
Officer 2	0%	100%	38%	62%	40%	60%
Manager 1	83%	17%	48%	52%	60%	40%
Manager 2	20%	80%	59%	41%	48%	52%
Director	38%	62%	33%	67%	36%	64%
Senior Director	0%	100%	20%	80%	50%	50%
Deputy CEO	-	-	33%	67%	40%	60%

Job Group	Jun-11		Jun-17		May-19	
	Female	Male	Female	Male	Female	Male
CEO	0%	100%	0%	100%	0%	100%
Management total	38%	62%	45%	55%	47%	53%
All staff total	46%	54%	45%	55%	48%	52%

Source: data provided by TMEA. Notes to table: shaded boxes are management positions

Data from TMEA show that TMEA has consistently surpassed the target for gender balance set out in its HR Policy, for the workforce as a whole and in management positions (see Table 19). The workforce as a whole was close to gender parity throughout Strategy 1 (45-46% women). The data also show improvements in gender parity in management positions, with 45% of management positions occupied by women in June 2017, up from 38% in 2011. Data provided by TMEA on the composition of the SLT and SMT²⁰⁸ show that 22% were women at the end of Strategy 1. TMEA staff communicated that the gender pay gap in June 2017 was 14%, due to more men occupying the highest paying positions (email from TMEA staff, 20th May 2019). The OPM Performance Evaluation (2019)²⁰⁹ reported that women have been well represented on the Board, and to some degree the NOCs.

Regarding nationality, TMEA data show that at the end Strategy 1, 92% of staff were African, 7% were European or North American, and 1% were Indian. Among senior management on the SLT and the SMT, TMEA data show that 44% were African during Strategy 1. TMEA staff have indicated difficulty finding qualified human capital in the region to fill more senior roles (see effectiveness section sub-criterion 2).

Among the five interviewees (three women and two men) who were asked whether they feel TMEA promotes a gender-sensitive culture and offers equal opportunities regardless of gender, all responded in the affirmative. Examples given included: policies to enable mothers to continue to work, such as flexitime, nursing rooms, time for breastfeeding, and permission to travel with children under three years of age; a whistleblowing line for reporting sexual harassment and related issues, staff training to raise awareness of the line, and greater focus on safeguarding issues since the Oxfam sexual harassment scandal; and internal discussions on the challenges facing women taking up leadership roles in East Africa, including external women speakers invited to speak to staff on International Women's Day. However, we note that this is a small number of interviewees. TMEA conducted a Gender Health Check survey with all staff in 2018, (i.e. during Strategy 2), which showed that a lower proportion of women than men believed that TMEA promoted a gender-sensitive culture.

TMEA staff stated that in response to the findings of the Gender Health Check, TMEA has set up a Diversity Team with representation from every country and job grade, which is tasked with holding the organisation accountable against its diversity and inclusion policies. TMEA data also show slight improvements in the composition of the workforce since the beginning of Strategy 2: female representation in the workforce edged up to 48%, and female representation in management position edged up to 47% (May 2019) (Table 19). Female representation on the SLT and SMT had increased to 30% by August 2019 and 50% of SLT and SMT members were African by August 2019. This information on Strategy 2 does not inform the judgement on VfM during Strategy 1.

Summary: The 2016 HR Manual laid out clear welfare policies around equal opportunities, harassment, and gender, and TMEA made deliberate efforts to ensure equity was taken into consideration in recruitment, promotion and access to training. The workforce as a whole was gender balanced throughout Strategy 1, and gender parity in management positions improved during Strategy 1. 92% of the workforce were African nationals and 44% of SLT/SMT positions were occupied by Africans at the end of Strategy 1.

Sub-criterion 2: Design equity

2.1 Equity and gender are mainstreamed across TMEA analysis and support to projects: project appraisal includes gender and social analysis, e.g. ex-ante analysis of winners and losers; TMEA supports CSOs which work to support the interests of women and poor groups and mitigate potential losses for those groups

²⁰⁸ The SLT is composed of the CEO and Deputy CEOs (three during Strategy 1 and five during Strategy 2), the SMT is composed of Senior Directors (five during Strategy 1 and four during Strategy 2).

²⁰⁹ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

TMEA supported CSOs that supported the interests of poor groups and women, including small-scale, often informal, women traders and women's cooperatives, to advance their gains from regional integration and trade. Many OPM Performance Evaluation respondents reported that TMEA was attentive to inclusiveness, with its efforts to bring many stakeholders, including women traders and small and medium entrepreneurs, together around the table, as confirmed by one transport industry apex body: 'They are responsive, including to civil society, bringing even fishermen into part of a larger policy discussion.'²¹⁰ SO3 projects included TMEA-led trainings for CSOs to effectively engage in policy advocacy, which led to inclusive policy formulation.²¹¹ TMEA designed an innovative WaT programme based on available evidence on the potential of women to boost trade in Africa, and secured funding from the Dutch Government, as the DFID Minister did not support the initiative at that time. The WaT programme worked towards developing gender-sensitive frameworks, and engaging governments to implant such frameworks, around cross-border trade and gender-related issues (OPM Poverty and Gender Impact Study (2019),²¹² and included capacity-building for women cross-border traders. The OPM Poverty and Gender Impact Study (2019)²¹³ reported important benefits for some poor women and their families (see below under sub-criterion 3). The OPM Performance Evaluation (2019) observed that 'these activities were smaller scale and less strategically linked than the term 'gender-responsive frameworks' would imply and 'efforts to develop robust frameworks will take longer and require more resources',²¹⁴ and the OPM Poverty and Gender Impact Study (2019)²¹⁵ suggested that TMEA could consider expanding its WaT programming to reach more women in local communities (and perhaps poor men, as well).²¹⁶ TMEA also organised a Symposium on Regional Integration, Trade, Growth and Poverty in November 2014 which included discussion on theories behind trade, growth and poverty reduction; the possible impact of various trade facilitation measures on poverty reduction and inclusive growth; and gender and trade (TMEA Symposium on Regional Integration, Trade, Growth and Poverty Programme, 22 October 2014).

TMEA set the goal of mainstreaming gender in all three SOs in its 2012 Gender Policy, by promoting gender analysis and action planning, building staff capacity, and holding partners accountable. The PAR templates used from 2010 onwards (PAR format V5 10 Dec) included a table for information on how a project would address the cross-cutting issues of gender and environment, with signposting to some additional resources, and the 2014 PAR format introduced climate change and poverty reduction (PAR format for new projects, revised October 2014). Mainstreaming efforts were undertaken, according to the OPM Performance Evaluation (2019),²¹⁷ such as OSBP gender action plans, including gender in the Cross-Border Charter, facilitating women's organisations' participation on Joint Border Committees and in National Monitoring Committees, and a study to boost female participation in the logistics sector.

The OPM Performance Evaluation (2019)²¹⁸ concluded, however, that gender mainstreaming appeared to be 'lighter-touch' than was proposed in the 2012 Policy, and lofty language around gender in PARs did not translate into project implementation, while recognising that mainstreaming work such as implanting gender-responsive frameworks relies to some extent on the willingness of partners (2019: 98, 100). The OPM Effectiveness and Outcome-level Evaluation (2019)²¹⁹ found that gender was poorly addressed in project design documents and inadequately reported in progress reports. It also found that sex-disaggregated data was mainly reported for trainings and meetings, and not other aspects of programming, and that SO3 projects targeting cross-border traders failed to capture outcome and impact data for men as well as women, making it difficult to evaluate progress on gender differentials. TMEA staff clarified after the validation workshop that responses to OSBP user satisfaction surveys were also disaggregated by sex (see Nick Porée & Associates (Pty). 2017) and recognised that there was no sex disaggregation of other data. TMEA and DFID staff interviewed acknowledged that gender and equity mainstreaming was generally weak across the SOs during Strategy 1. Guidance on how to mainstream gender in trade facilitation programmes is sparse, at least relative to other sectors where the evidence base on gender mainstreaming is greater. But TMEA could nevertheless have done more to meet the aspirations set out in its 2012 Gender Policy and PARs and could also have made a useful contribution to the evidence base in this respect.

Some programme documents show that TMEA was aware that some vulnerable groups could lose out as a result of trade facilitation interventions. The October 2015 VfM Strategy included questions at programme and project level on "how does our intervention impact on the most vulnerable groups?" and "are there any losers from the project?" (2015:4, 5), and the December 2016 revision to PAR guidance introduced an

²¹⁰ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019, p.115

²¹¹ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

²¹² OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019

²¹³ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019

²¹⁴ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019, p.98

²¹⁵ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019

²¹⁶ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019, p.70

²¹⁷ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

²¹⁸ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

²¹⁹ OPM: Smith et al., Deliverable 2D/2E: Interim Evaluation: SO2 & SO3: January 2019: p.30, p.45,

explicit requirement to undertake ex-ante analysis of winners and losers, potential risks, and mitigation planning in a section on assessment of social and environmental risks and actions to mitigate them (December 2016: 9).

However, TMEA staff interviewees stated that although they were aware of losses for some groups, they did not undertake ex-ante analysis of winners and losers during Strategy 1, collect data to monitor and report negative effects of their projects on vulnerable groups, or attempt to proactively mitigate potential negative effects on key vulnerable groups (due, for example, to increased prices, lost income or job loss directly due to TMEA interventions); their focus was on reducing inefficiencies, and they did not consider it within TMEA's remit, as a trade facilitation programme, to proactively mitigate for losses by, for example, promoting alternative livelihoods for those whose jobs and/or incomes were affected. We heard mixed views from DFID staff on this matter. One DFID interviewee indicated that they did not consider monitoring of losses to be part of TMEA's remit, and that while some short-term disruption to livelihoods was inevitable, in the long-term reforms would continue to create new opportunities. Another indicated that more should have been done by thinking ex-ante about which groups may have lost out, for example in response to changing prices or to job losses. But there is no evidence that DFID or other donors expected or requested TMEA to systematically monitor losses across its portfolio and undertake interventions to proactively mitigate for losses among affected groups.

According to TMEA programme staff interviewed, attention to equity and gender has become much more central in Strategy 2. The Strategy 2 ToC identifies poverty reduction as an explicit goal and there are poverty indicators in the Impact Model. TMEA appointed a Director of Sustainable and Inclusive Trade (SIT) and a Technical Advisor on Climate Change and Environment at the beginning of Strategy 2. The SIT Director reported that she and her team engage with programme teams during project design to make them aware of relevant policies and tools, and to help them identify opportunities to address gender, climate change and safeguarding risks and develop equity- and gender-specific indicators. TMEA has developed an Environmental and Social Policy (approved May 2017) which sets out the level of assessment that must be undertaken and included in the PAR. TMEA has also developed a Gender Strategy for Strategy 2 (2018-2023), which sets out the main objectives in its gender mainstreaming plan, including building capacity for gender analysis across the organisation, a Gender Results Framework (September 2018), which sets out KPIs to assess gender mainstreaming in TMEA programmes, and a Gender Mainstreaming Tool (September 2018), which provides guidance on categorising projects, gender analysis and planning, gender-sensitive indicators, and generating information on gender and trade. As the OPM Performance Evaluation (2019) noted, in order for these policies and strategies to effect change in the way TMEA addresses gender and equity in Strategy 2, mainstreaming must '...permeate TMEA's process as part of the organisation's identity, rather than as an add-on donor requirement'.²²⁰ This information on Strategy 2 does not inform the judgement on VfM during Strategy 1.

Summary: TMEA provided significant support to CSOs working with women and poor groups as well as developing the WaT programme, although the implantation of gender-sensitive frameworks will require more time and resources. Gender and social analysis formed part of project appraisal, and strategies for gender mainstreaming were set out in the 2012 Gender Policy. While TMEA undertook some gender mainstreaming across projects, gender and equity mainstreaming was recognised to be weak in OPM evaluations and by TMEA and DFID staff, with limited sex-disaggregation of data. TMEA did not consider proactive mitigation of losses to be within its remit as a trade facilitation programme, and there is no evidence that DFID or other donors expected or requested TMEA to systematically monitor losses across its portfolio and undertake interventions to proactively mitigate for losses among affected groups.

Sub-criterion 3: Outcome equity

3.1 Evidence that TMEA contributed to gains and mitigated potential losses for key vulnerable groups as part of intermediate and Strategic Outcomes

TMEA worked directly to support poor households and communities, particularly under SO3 on enhancing business competitiveness. WaT and export capability projects were designed to help poor households and vulnerable groups, particularly women, who were assumed to face bigger barriers in business and trade than men, to take advantage of improvements in trade brought about by TMEA programming.

Evidence from the OPM Poverty and Gender Impact Study (2019)²²¹ indicated gains among key vulnerable groups, including poor women who were direct beneficiaries of TMEA projects and their families, and poor traders who were not direct beneficiaries, including traders with disabilities. The OPM Poverty and Gender

²²⁰ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019, p.100

²²¹ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019

Impact Study (2019)²²² reports that TMEA's focus on women in trade, and particularly cross-border traders, seems to have generated considerable benefits for some poor women and their families. Women cross-border traders reported that the border crossing was easier, faster, cost less, and was more secure, which reduced sexual harassment and assault. Childcare facilities at some borders facilitated the work of women with young children. Some women also reported new business start-ups, greater profits and incomes, access to credit, increased savings, and greater self-confidence and self-reliance. These changes in turn led to higher household spending on education, health and nutrition, installation of electricity in homes and businesses, and therefore improved living standards, which created benefits for other household members – children, in particular, are identified as beneficiaries of higher spending on education, health and food. Some women reported taking on new roles outside the home, which in turn increased their decision-making in the household and influence over household spending and decreased domestic violence. Benefits were also reported by female and male respondents of the OPM Poverty and Gender Impact Study (2019)²²³ who were not direct beneficiaries of TMEA programmes, including reduced time and cost at border crossings.

Not all programme participants reaped these benefits: some businesses of poor direct women beneficiaries did not flourish, and these women reported reductions in income and savings, and some women with successful businesses or trade suffered with the increase in burden of adding paid work to their unpaid work inside the household. Some women whose businesses were unsuccessful reported more problems in their marriages and some men noted that the changes in gender roles and relations strained marriages, as women were out of the home more and some expected to have greater voice in household decisions. These problems seemed to be more common for women in poorer households. The failure of some women to establish successful businesses, and the negative repercussions of changing gender roles, can be due to multiple and complex social and economic factors, and were not within TMEA's control.

The OPM Poverty and Gender Impact Study (2019)²²⁴ stated that individuals with disabilities could potentially have benefitted from improved access and mobility across borders – the study data collectors observed accessible restrooms and ramps, as well as staff at the entrance of OSBPs to provide guidance and assistance (although the data collectors did not have the opportunity to observe them interacting with anyone with a severe physical impairment or a sensory impairment). However, the low number of people with disabilities in the OPM Poverty and Gender Impact Study (2019)²²⁵ sample precluded validation of this assertion. It found the extent to which individuals with sensory impairments would be able to navigate border posts was unclear. Data collectors did not notice braille signs in any of the OSBPs visited (but may have missed small signs as they went through the facility), and focus group participants in Kagitumba noted the lack of audio instruction mechanisms and ability to use sign language at the border. In some sites, signs were posted, but the teams were unable to identify staff who were familiar with local sign language(s). Following the validation workshop, TMEA staff pointed out a number of design features at OSBPs to address the needs of people with disabilities, including ramps, location of main service points at ground level, separate toilet facilities, and lifts (e.g. at Tunduma). The Performance Evaluation (2019)²²⁶ fieldwork team confirmed they had observed the first two features but had not taken note of other features. Before-after responses on satisfaction with disabled facilities in the OSBP user satisfaction surveys showed improvement at five OSBPs, no change at one, and deterioration at two, according to a TMEA-commissioned study (Nick Porée & Associates (Pty), 2017²²⁷).

Some vulnerable groups were negatively affected by TMEA-supported interventions. Some OPM Poverty and Gender Impact Study (2019)²²⁸ female respondents who participated in TMEA projects felt that insufficient information was provided or available on developing sound business plans, financial planning, and credit, which left some women vulnerable to extortionate business practices and unscrupulous lending practices. Some workers and businesses around ports and OSBPs were displaced by TMEA projects, including truckers, who reported less work, lower incomes, job loss, and loss of trucks due to default on loan payments; customs clearing agents, for whom there was less demand due to automation; loaders, whose services were no longer required due to easier border crossings; business owners and workers in service industries, for whom the volumes and value of goods and services fell as their customer bases shrank; and some businesses whose business sites were relocated.

The Poverty and Gender Impact Study (2019)²²⁹ also reported that it was easier for medium to large firms and formal enterprises to benefit from TMEA trade interventions, given that firms must be registered and

²²² OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019

²²³ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019

²²⁴ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019.

²²⁵ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019

²²⁶ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

²²⁷ Nick Porée & Associates (Pty). Time and Traffic Surveys at OSBPs in EAC: End Line Surveys Summary report 2016-2017 Holili-Taveta; Busia, Mutukula, Mirama Hills – Kagitumba. TMEA, Nairobi. 2017.

²²⁸ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019 p. 75-76

²²⁹ PM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019

typically have a sizable supply pipeline to engage in imports and exports, while smaller-scale businesses found it harder to take advantage of new conditions due to difficulties scaling their operations sufficiently and sustaining the supply of goods needed to export without additional financial support. The OPM Performance Evaluation (2019)²³⁰ reported that SMEs were not a strong focus in Strategy 1, and some could not benefit from the training, materials, and new ICT systems instigated by TMEA interventions if they were not computer literate or spoke non-dominant languages. The OPM Trade and Growth Impact Study (2019)²³¹ observed that increased imports in the EAC due to trade facilitation may force some domestic companies and producers out of the market if they are unable to compete with imports on price and/or quality.

We do not know how many people were negatively affected by TMEA interventions given that the data used by these studies was qualitative, although the OPM Poverty and Gender Impact Study (2019)²³² reports more positive than negative experiences in its site visits. The OPM Poverty and Gender Impact Study (2019)²³³ also identified other key groups which appear to have been negatively impacted through changes in trade, including economically disadvantaged workers in agriculture, and poor people who live far from the trade corridors. It was beyond the scope of TMEA to monitor or mitigate the negative effects of trade facilitation interventions on populations not directly affected by its interventions on the trade corridors and which, again, may have occurred due to multiple and complex social and economic factors not all due to changes in trade.

TMEA's greater attention to poverty reduction, gender and equity mainstreaming, and social and environmental assessment in Strategy 2 (reported in the design equity section) should help to ensure that vulnerable groups are less likely to suffer losses due to TMEA interventions during Strategy 2.

Summary: TMEA contributed to gains among some poor women and their households through improvements in cross border trading and business development, and helped enhance domestic gender relations for some, and benefits were reported among some groups not directly involved in TMEA interventions. Measures to improve physical accessibility at OSBPs may have improved conditions for traders with disabilities. There is evidence in OPM evaluations that some vulnerable groups were negatively affected by TMEA-supported interventions, including some poor women, displaced workers and businesses around ports and OSBPs, and smaller businesses. As stated in the design equity section, it was not expected that TMEA would systematically monitor and proactively mitigate for such losses.

Sub-criterion 4: Impact equity

4.1 Evidence that some of the gains for key vulnerable groups expected to materialize as a result of trade and economic growth due to TMEA interventions, based on current theory, have come about or are expected to come about

As poverty reduction is a key priority for TMEA's donors, TMEA's Strategy 1 ToC posited that it would indirectly alleviate poverty (also referred to as long-chain effects). The induced trade and expected economic growth promoted by the programme was expected, in accordance with economic theory, to indirectly improve the lives of poor people, particularly those working in sectors and geographic areas more affected by international trade, through indirect or 'long-chain' poverty effects.

The OPM Poverty and Gender Impact Study (2019)²³⁴ used a theory-based approach to assess whether the expected impacts theorised in the literature materialised in areas affected by TMEA programming. According to economic theory and literature, trade can have positive poverty alleviation impacts through three main channels: (1) prices (a reduction in trade barriers can lead to the convergence of local prices and world prices – whether changes are beneficial or detrimental to poor households depends on whether they are net producers or consumers of traded goods); (2) employment and wages (a reduction in trade barriers is likely to benefit some producers through access to larger markets and lower import prices, but it may harm those that are producing above world market prices; and (3) public spending (a short-term reduction in tariffs should be offset in the longer term by revenues from taxes on increased international trade and associated growth, assuming spending is focused on pro-poor measures).

²³⁰ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

²³¹ OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019

²³² OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

²³³ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019 p. 75-76

²³⁴ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019

The OPM Poverty and Gender Impact Study (2019)²³⁵ draws on household survey data and qualitative fieldwork with a range of respondents²³⁶ at different sites,²³⁷ including relatively poorer and wealthier respondents with and without direct contact with TMEA programmes. The study is an analysis of the possible contribution TMEA interventions may have made to poverty reduction in the region, and ‘...the results are indicative of possible underlying relations between trade and poverty’ (OPM 2019: 15); the observed changes may be due to many factors and cannot be directly attributed to TMEA’s work. The Poverty and Gender Impact Study team assessed changes in poverty (incidence, depth and severity) and adult consumption using household survey data for four countries – Kenya, Rwanda, Tanzania and Uganda – to show the differences in households on, and over 50km from, the trade corridor, and for households whose heads are employed in tradeable and non-tradeable sectors,²³⁸ in order to establish whether there were positive changes in the areas which TMEA activities should influence.

The OPM Poverty and Impact Gender Study (2019)²³⁹ demonstrated that in Kenya, Rwanda, and Uganda poverty incidence, depth, and severity decreased more on the trade corridors than in other areas of the country, although wealthier direct and indirect beneficiaries seemed to benefit more than their poorer peers. In Tanzania, overall poverty decreased slightly in areas far from the trade corridor but increased on the trade corridor, with similar patterns observed for depth and severity of poverty with statistically significant effects. Exposure to trade through employment in tradable sectors also resulted in reductions in poverty in Kenya, and in Rwanda and Uganda when agriculture is excluded, but not in Tanzania.

Table 20: Summary of evidence against three channels²⁴⁰ which may have influenced poverty (not directly attributable to TMEA)

Channel	Summary of evidence	Conclusion
Prices	<ul style="list-style-type: none"> Prices of consumer goods increased almost everywhere, especially food prices, and were generally higher than increases in income for most. Price increases are generally more burdensome for poorer and more vulnerable households, and especially impacted poor households in remote communities further from the corridors. Prices increased more slowly on the trade corridors Reductions in the cost of trade, where realised, were not passed on to consumers in the form of price reductions; traders improved their profit margins instead 	Changes in prices were not effective at mitigating poverty. Trade likely contributed somewhat to higher prices of consumer goods, particularly food, between 2010 and 2018 ²⁴¹
Employment	<ul style="list-style-type: none"> Employment seems to have contracted overall due to efficiencies, and there were different shifts among sectors in different countries, e.g. from agriculture to services/industry, employment to self-employment The poorer reported more difficulty finding work, less steady work, and an increase in casual work, seasonal work, and multiple jobs while the wealthier reported access to steadier work. In Uganda and Rwanda, many households shifted from agriculture to other sectors, and the shifts from employment to self-employment seen in Kenya and Uganda meant a decrease 	Trade appears to have had important impacts on employment in most of the countries in terms of unemployment, activity by sector, and type of employment, and may have had some impact on poverty in some countries

²³⁵ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019

²³⁶ Traders, truckers, local leaders, owners of displaced businesses, associations representing women in trade, revenue authorities, border officials and border committees, and TMEA programme staff.

²³⁷ Ports, OSBP borders, non-TMEA OSBPs, project sites, sites over 50 km from the trade corridors, and capital cities.

²³⁸ Sectors are defined as follows: Agriculture: agriculture, forestry and fishing; Tradable: mining, manufacturing; Mixed: energy and water supply, waste management, wholesale and retail trade; vehicle repair, transportation and storage, accommodation and food services, information and communication, finance and insurance, professional, scientific and technical activities; Non-tradable: construction, real estate, education, health and social work, arts, entertainment and recreation, and other undifferentiated goods and services.

²³⁹ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019

²⁴⁰ Effects of employment and wages are considered separately in the table, although they are one of the three channels noted in the literature.

²⁴¹ OPM Poverty and Gender Impact Study (2019:43) indicated that “trade likely contributed somewhat to higher prices of consumer goods, particularly food, although there were some decreases due to local reasons such as climatic conditions. Respondents attributed price increases to inflation, new taxes, and corruption and/or misuse of funds.”

Channel	Summary of evidence	Conclusion
	<p>in stable work and negatively impacted more vulnerable households; that may also hold for the increase in self-employment among female-headed households in the tradable sector in Rwanda, Uganda, and Tanzania.</p> <ul style="list-style-type: none"> Unemployment decreased on the trade corridor, compared to areas far from the corridor, in Kenya and Tanzania, and in Kigali, but not in other areas of the trade corridor in Rwanda, and in Uganda, trade had no statistically significant effects on rates of unemployment or paid employment. 	
Income	<ul style="list-style-type: none"> Incomes from wages and/or non-agricultural sales (depending on country and location) increased on the trade corridors in Rwanda and Uganda, significantly more than far from it. In Kenya, wages increased less on the trade corridor than elsewhere, and were supplemented by agricultural and non-agricultural sales. In Tanzania, no source of earned income increased in the trade corridor. In Kenya and especially Rwanda, those in the tradable sector benefitted from higher wages but being in the tradable sector (excluding agriculture) had no discernible benefits in Uganda and Tanzania. Across the board, poorer respondents in the trade corridor and far from the trade corridor felt they were worse off now than a few years before (particularly in Kenya, Rwanda, and Dar es Salaam). Wealthier respondents' perceptions were more mixed, where some reported being better off, some the same, and some worse off than a few years prior. Those reporting being worse off were more often women than men. Agricultural incomes did not rise where reductions in the cost of trade were realised, as the savings were captured by brokers 	<p>Income is an important channel through which trade might have impacted poverty outcomes for some wealthier households, but the results for income vary significantly by country. It appears that being located in the trade corridor improved opportunities for income generation in some countries.</p>
Public spending²⁴²	<ul style="list-style-type: none"> Government spending on education and health has generally decreased or remained stable as a percentage of total public expenditure and in per capita terms in all countries, Spending has not been pro-poor (e.g. the proportion of education budgets spent on primary education); public spending on primary education tends to be the most pro-poor in Tanzania, which has been fairly stable over time 	<p>There is no evidence of increased pro-poor spending due to revenue from trade. Current public spending does not appear to have influenced poverty, with perhaps the exception of spending on education in areas far from the trade corridor in Rwanda, and social transfers in the trade corridor in Tanzania</p>

Source: authors' interpretation of evidence presented in OPM Poverty and Gender Impact Study (2019)²⁴³

The OPM Poverty and Gender Impact Study (2019)²⁴⁴ assessed which channels may have influenced the observed reductions in poverty (see summary in Table 20). It is important to note that the table shows changes that occurred during the period of Strategy 1 and contributed to the observed poverty reduction, but, as noted above, these changes were due to many factors and cannot be directly attributed to TMEA. The information helps us to understand if some of the long-chain effects posited in the literature have come

²⁴² The OPM Growth and Gender Impact Study (2019) suggests that the results on public expenditure data should be interpreted with caution as the information is more limited than the survey data.

²⁴³ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019

²⁴⁴ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019

about. The study found that of the three channels (prices, employment/income and public spending), employment/income seemed to be the only channel by which poverty may have been mitigated, particularly among households in the tradable sector and on the trade corridors. The OPM study concluded, however, that 'it is not clear that the improvements in income alone explain the reductions in poverty...'²⁴⁵ It suggests that other factors on which there is insufficient data in existing data sets may be important, including transfers from all sources (government and other), and credit or borrowing, as financial services targeted at the poor are becoming more widespread throughout the region and respondents said borrowing is common.

The study also found that changes in employment and income varied considerably by country and sector, and relatively wealthier households benefitted more from changes in employment and increases in income. Poorer households seemed to have been held back by various factors: a decline in steady employment opportunities, barriers to employment including nepotism and expected kickbacks, and inability to scale up small businesses or access credit due to financial limitations and lack of collateral. Where cost savings from trade facilitation have been realised, they have been captured by traders and brokers, rather than being passed on to poor consumer and agricultural workers.

The OPM Poverty and Gender Impact Study (2019)²⁴⁶ also examined poverty outcomes in household survey data by sex of household head in order to understand if trade had a differential effect on female- and male-headed households. The analysis indicated that trade had a range of gendered impacts. In Kenya, exposure to trade benefitted female-headed more than male-headed households, while in Rwanda, it benefitted all households. Exposure to trade yielded no statistically significant differences for households in Uganda, but male-headed households benefitted more than female-headed households in Tanzania. The report concluded that, particularly among female-headed households, exposure to trade alone did not appear to be sufficient to mitigate poverty, as, 'patterns of employment and income (through any number of means) seem to be critical as well.'²⁴⁷ As female-headed households tend to be poorer for a multitude of reasons, including fewer opportunities for work and lower paid work for women, their households may find it harder to benefit from changes induced by trade.

While the changes observed in the OPM Poverty and Gender Impact Study (2019)²⁴⁸ cannot be directly attributed to TMEA, the greater reductions in poverty observed on the corridors and in households working in the tradeable sector may be in part due to TMEA and other trade interventions, among many other factors. Greater gains, and particularly gains for the poorest, may take more time to materialise and be measurable than the time frame of the Poverty and Gender Impact Study (2019) data collection, which addressed the period until early 2019. As there is insufficient evidence as yet to make a judgement against this sub-criterion, it has been removed from the assessment.

Summary: There is insufficient evidence as yet to make a judgement against this sub-criterion, so it has been removed from the assessment. Evidence in the OPM Poverty and Gender Impact Study (2019)²⁴⁹ suggests that some of the gains for key vulnerable groups expected to materialise as a result of trade facilitation, based on current theory, have come about during the time period covered by Strategy 1 in terms of poverty alleviation, which was generally greater on the trade corridors than further away from the corridors, and among households in tradeable sectors than in households in non-tradeable sectors, although this cannot be directly attributed to TMEA. Relatively wealthier households seem to have benefitted more than poorer households, and gains for the poorest may require more time to materialise and to be measurable than the timeframe of the Poverty and Gender Impact Study (2019) data collection, which addressed the period until early 2019.

4.8.4 Conclusion

TMEA is judged to have achieved an overall rating of 'Adequate' for the equity criterion. Equity considerations and staff welfare were visible in TMEA's corporate policies and practices, including recruitment, promotion and access to training, allowing it to fulfil the standards for Adequate for organisational equity. The workforce as a whole was gender balanced throughout Strategy 1, and gender parity in management positions improved during Strategy 1. 92% of the workforce were African nationals and 44% of SLT/SMT positions were occupied by Africans at the end of Strategy 1, and TMEA indicated they have found it difficult finding qualified human capital in the region to fill more senior roles. Further improvements have been made since the beginning of Strategy 2 (although this does not inform our judgement).

²⁴⁵ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019, p.55

²⁴⁶ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019

²⁴⁷ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019, p.66

²⁴⁸ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019

²⁴⁹ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019

TMEA's support to CSOs and in the WaT programme took equity and gender considerations into account, but gender and equity mainstreaming was weak, so the programme met the Adequate standard against design equity. TMEA stipulated that gender and social analysis should form part of project appraisal, and strategies for gender mainstreaming were set out in the 2012 Gender Policy. The OPM Performance Evaluation (2019)²⁵⁰ cited projects with gender mainstreaming efforts and acknowledged that gender mainstreaming depended in part on the willingness of partners. Nevertheless, OPM evaluations and TMEA and DFID staff recognised that gender and equity mainstreaming was weak during Strategy 1, with limited sex-disaggregation of data, and little ex-ante analysis of risks, winners and losers. TMEA did not consider proactive mitigation of losses to be within its remit as a trade facilitation programme, and there is no evidence that DFID or other donors expected or requested TMEA to systematically monitor losses across its portfolio and undertake interventions to proactively mitigate for such losses. .

TMEA contributed to gains among key vulnerable groups. Benefits were reported among some poor women and their households and among some groups not directly involved in TMEA interventions, and measures to improve accessibility at OSBPs may have improved conditions for traders with disabilities. There is also evidence in OPM evaluations that some vulnerable groups were negatively affected by TMEA-supported interventions, including some poor women, who reported insufficient information left them vulnerable to unscrupulous business practices, displaced workers and businesses around ports and OSBPs, and smaller businesses who found it difficult to benefit from training, material and new ICT systems. As stated in the design equity section, it was not expected that TMEA would systematically monitor and proactively mitigate for such losses. The programme has therefore not been penalised for not mitigating for such losses, and met the Good standard against outcome equity. There is insufficient evidence as yet to make a judgement against the impact equity sub-criterion, so it has been removed from the assessment. Evidence in the OPM Poverty and Gender Impact Study (2019)²⁵¹ suggests that some of the gains for key vulnerable groups expected to materialise as a result of trade facilitation and economic growth, based on current theory, have come about during the time period covered by Strategy 1 in terms of poverty alleviation, which was generally greater on the trade corridors than further away from the corridors, and among households in tradeable sectors than in households in non-tradeable sectors, although this cannot be directly attributed to TMEA. Relatively wealthier households seem to have benefitted more than poorer households, and further gains for the poorest may require more time to materialise and to be measurable than the timeframe of the Poverty and Gender Impact Study (2019) data collection, which addressed the period until early 2019.

TMEA met the Good standard against outcome equity and the Adequate standard against organisational equity and design equity, and therefore met the Adequate standard for equity. Recommendations on enhancing equity during Strategy 2 are made in Section 6 of the report.

²⁵⁰ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

²⁵¹ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019

5 Answering the evaluation questions: DEQ5.22

This section responds to the following evaluation question:

VfM

DEQ5.22 In which activities/components and countries does the programme achieve higher VfM than others and what are the lessons learnt for driving greater VfM across the board?

We used information from the following analyses to respond to this question:

- Analysis of cost-effectiveness of TMEA-supported OSBPs; and
- Analysis of comparative VfM of selected PIOs.

The first analysis is presented in full under DEQ5.21 (cost-effectiveness sub-criteria 1), as it contributes to the judgement on programme VfM. Lessons from that analysis are discussed below. We then present our findings from analysis of the comparative VfM of key programme components. This analysis does not contribute to the overall judgement of programme VfM for DEQ5.21. Instead, the comparisons help us to understand which programme components provided higher and lower VfM, contributing to learning for Strategy 2 and other programmes.

5.1 Cost-effectiveness of TMEA-supported OSBPs

To assess the cost-effectiveness of the five TMEA-supported OSBPs which were completed in Strategy 1, we compared expenditure with the cost savings generated by time saved, as shown in transit and traffic surveys. Our findings are summarised in the cost-effectiveness section (sub-criterion 1) and detailed in Annex L. The approach to the analysis is also described in Annex L. Figure 53 in the cost-effectiveness section shows the annual benefits (cost savings for the year 2017) relative to total costs, and we refer to the information in that table below.

Mutukula (Uganda), Busia (Uganda), and Holili, in that order, are the most cost-effective OSBPs. This is because they have significant throughput, or show substantial time savings, or both. Mutukula (Uganda) ranks as most cost-effective because it combines an increase in traffic with a substantial reduction in transit times from very long (22 hours) to modest (5-6 hours). Busia (Uganda) is the second most cost-effective. It has significant throughput (although volumes have dropped since the baseline) and has had considerable export time savings for 'other' trucks, although not containers, so the value of the time saved is considerable. These two OSBPs pay back their expenditure within a single year.

At Holili (Tanzania) is the third most cost-effective. Although the volumes are low at Holili, and volumes of 'other' trucks fell away by more than 50 per cent, the initial transit times were so poor (27 hours) that the investment has still generated considerable cost savings.

Taveta (Kenya), Kagitumba (Rwanda) and Mirama Hills (Uganda) are the least cost-effective OSBPs. Taveta can be considered a success insofar as transit times were reduced by five hours for both container trucks and other trucks, and traffic flow almost doubled. However, Taveta ranks eight in terms of cost-effectiveness because initial and final flows were low, suggesting there was limited scope for improvement. Kagitumba (Rwanda) ranks ninth in terms of cost-effectiveness. There were reductions in transit times for both transport types, but the initial transit times were not high, so the improvement was modest, and traffic flows started and remained low. Mirama Hills (Uganda) ranks as the least cost-effective OSBP. Transit times improved (it had a reduction of dwelling time for both traffic types which are among the best for all OSBPs), but times were low to start with, and traffic flow has remained too low to contribute much to savings.

The most important lesson in terms of cost-effectiveness, is that OSBPs will be most cost-effective if transit times are high before intervention (so that there is scope to make a significant improvement) and traffic flows are either high to start with (and expected to remain so) or expected to increase significantly. Cost savings will be significant under these conditions. If these conditions do not hold – transit times are already low before investment (or, alternatively, are not predicted to increase substantially due to another factor) and traffic flows are low and not expected to increase - then an OSBP probably does not represent a worthwhile intervention and resources could be better deployed on a different OSBP or another intervention. To understand these two conditions requires good baseline information and sound forecasting. TMEA used baseline information in transit time and traffic surveys, which informed CBAs (see efficiency sub-criterion 3), but the forecast for expected traffic flow at Kagitumba/Mirama Hills was overestimated, by a factor of four. The assessment also takes costs into consideration. Costs were significantly higher at Kagitumba/Mirama Hills than the other OSBPs for reasons which are explained in detail in Annex L (including, the design and supervision costs were not covered by the WB as was the case for the other OSBPs; the design and

procurement were completed later, compared to the other EATIP OSBPs, when market and tender prices were higher; and design changes on the Rwanda side added additional costs (AR 2017:1). Annex L also sets out the political economy considerations which may have informed the decision to invest at Kagitumba/Mirama Hills. The political capital which may have been built by TMEA's support for this OSBP is not factored into the cost-effectiveness analysis but may be an important consideration for TMEA and other similar programmes which require good political will to meet their objectives.

5.2 Analysis of comparative VfM of selected PIOs

5.2.1 Approach to analysis of comparative VfM of selected PIOs

For this exercise, programme components were defined as PIOs. The approach to the selection of PIOs and to the analysis is set out in Annex N, including the rubrics used for assessment of VfM for each PIO, and the detailed evidence against each PIO and rationale for judgements are provided in Annex O. Note that the analysis allows us to compare VfM across key programme components (the PIOs) but not across countries (which is part of DEQ5.22 as originally formulated), as was agreed in the VfM framework (see Annex E). Components were selected for analysis on the basis that they represented the largest share of Strategy 1 budget within the relevant SO, and that sufficient information was available on the component to support the assessment. The selection was agreed with DFID before commencing the analysis.²⁵²

We have used different frameworks for the assessment of VfM under DEQ5.21 and DEQ5.22. For DEQ5.21, we used the 4 Es of DFID's 2011 Approach to VfM as criteria to examine whole programme VfM, alongside the over-arching criterion of cost-effectiveness. For DEQ5.22, a different set of criteria was required, in order to support like-with-like comparison on the basis of available information on observable features of PIO performance. The following criteria were agreed to provide a suitable framework for this analysis:

- **Relevance and significance of the project** (were the 'right projects' selected?) – including its alignment with TMEA objectives and ToC, whether it aimed to address significant barriers to trade facilitation, and/or whether it was an important precursor to enable other parts of TMEA strategy
- **Magnitude and significance of results** (did the project address the issues or problems it was intended to address?)
- **Expected sustainability of results** (does evidence to date suggest results will be sustained and/or grow beyond the period of project funding?)

These criteria were further disaggregated into performance standards (see Annex N for details). Evidence of performance against the three criteria was reviewed, and a rating was given for each criterion, taking into account the relative spend on each project and any existing CBA data (if available) as context. Overall VfM was assessed by considering all three ratings together (relevance, magnitude of change, and sustainability), using the generic definitions of excellent, good, adequate and poor VfM from OPM's VfM assessment Guide (King and OPM, 2018: 25).

Note that the assessment of VfM, according to these criteria, reflects some factors that are outside the control of TMEA, such as economic and political conditions in each country. Selection of projects was a shared responsibility of TMEA and donors. As such the assessments should be interpreted as the overall comparative VfM of different PIOs and not an assessment of TMEA's performance.

²⁵² Some of the PIOs selected for our analysis were also examined as CT case studies by the OPM PE, and hence there is some overlap between our reporting on PIOs in the Effectiveness section and this section. It is important to note that we are answering different questions in these two sections: in the effectiveness section we review evidence that TMEA outcomes were achieved; in this section we review evidence on the magnitude and significance of the results achieved, alongside their relevance and expected sustainability

5.2.2 Summary findings

Detailed evidence against each PIO and rationale for judgements are provided in Annex O). The findings can be summarised as follows.

Table 21: Relative VfM of selected PIOs

Component	Total spend in Strategy 1 (US\$000)	Relevance/significance of project	Magnitude/significance of results	Expected sustainability	VfM overall
SO1: Mombasa Port	\$39,683	High	Medium	Medium	Good
SO1: Dar Port	\$3,692	High	Low	Low	Poor
SO1: Kagitumba/ Mirama Hills OSBP	\$20,775	Medium	Low	Medium	Poor
SO1: Busia OSBP	\$11,624	High	Medium	Medium	Good
SO2: 2.1 Strengthening EAC Regional Integration	\$67,987	Medium	Medium	Low	Adequate
SO2: 2.1.1 ICT Single Windows	\$41,773	High	High	Medium	Good
SO3: 3.1.1 Private Sector/ Civil society-led Policy Formulation	\$19,908	High	Medium	Low	Adequate
SO3: Improved Export Capability	\$16,633	Medium	Low	Low	Poor

All of the investments were found to have medium-to-high relevance and significance – i.e., they were reasonably or at least defensibly well-aligned with programme objectives and/or ToC, they addressed a substantial or reasonably important barrier to national and/or regional trade facilitation or stood to make an important contribution to the overall strategy.

The magnitude and significance of results, however, was more mixed. Of the PIOs assessed, ICT Single Windows achieved the most significant results, earning a rating of High (defined as, “a fairly significant impact on addressing the issue/problem”). This rating was achieved on the basis that a significant reduction in permit transaction times was observed. Although available evidence did not quantify the reduction in permit transaction times, the assessment took into account high confidence that the results had been achieved and that TMEA had made a significant contribution, as reported in the OPM Performance Evaluation (2019)²⁵³, due to strong qualitative and quantitative evidence from independent sources.

In contrast, Dar Port, Mirama Hills, and Improved Export Capability achieved the least-significant results among the PIOs assessed, with ratings of Low (i.e. “little or no impact on addressing the issue/problem”). For example, few tangible benefits were derived from investments in Dar Port at the end of Strategy 1; capacity did not improve, and port efficiency regressed. It is important to note that spend at Dar port was low (US\$3.692m), and progress was significantly constrained by a particularly complex political economy, multiple changes in senior management and a lack of adequate port-related experience within TPA. In the case of the export capability projects, these were pilot projects during Strategy 1, so it may take longer for consistent results to materialise.

The majority of PIOs assessed achieved a rating of Medium for significance of results, meaning “a modest but worthwhile impact on addressing the issue/problem”. For example, the Mombasa Port PIO contributed to a significant reduction in import times at the port and an important contribution to EAC priorities, including better movement of imports into the EAC, deeper integration, interconnectivity of some customs systems, and support to multi-modal transport. However, some spending at Mombasa Port had fewer immediate gains, such as the Port Charter; much of the port productivity improvement work at Mombasa was planned during Strategy 1 but not conducted until Strategy 2; and although it was TMEA’s goal in Strategy 1, the Integrated Customs Management System (iCMS) in Kenya is not complete due to the lengthy contracting process, and the delays in Tanzania’s system overhaul, constraining progress in EAC customs integration.

The PIOs achieved lower ratings on expected sustainability, with half achieving a rating of ‘Medium’ (“Some elements of project results are expected to be sustained beyond project funding”) and half achieving a rating of ‘Low’ (“It is unclear if and how results will be sustained beyond project funding”). For example, Busia

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OSBP scored a 'Medium' rating on the basis that TMEA has completed soft and hard infrastructure, but the overall success of the OSBP is dependent on government engagement in operations and maintenance on both sides of the border. But there is no evidence that national revenue authorities have been motivated to carry out the required maintenance, and ensuring an uninterrupted power supply and adequate water supply will affect the durability of the gains. In contrast, Dar Port scored a 'Low' rating for expected sustainability, reflecting the need for more attention to infrastructure improvement, productivity, port reform and modernisation.

Overall, three of the PIOs (Mombasa Port, Busia OSBP, and ICT Single Windows) were assessed as 'Good' VfM overall (i.e. "Generally meeting reasonable expectations/targets, allowing for a few minor exceptions; some improvements may be needed"). In these PIOs, both the magnitude and significance of results, and expected sustainability, were medium or better. Two of the PIOs (Strengthening EAC Regional Integration and Private Sector/Civil society-led Policy Formulation) were assessed as 'Adequate' VfM (i.e. "Though not meeting all expectations/targets, is fulfilling minimum 'bottom-line' requirements and is showing acceptable progress overall; significant improvements may be needed"). These PIOs achieved results of 'Medium' significance but expected sustainability of results was 'Medium' or 'Low'. The remaining three PIOs (Dar Port, Mirama Hills OSBP and Improved Export Capability) were assessed as 'Poor' VfM (i.e. "Not fulfilling minimum 'bottom-line' requirements and/or not showing acceptable progress overall' immediate and major improvements are needed"). These PIOs were rated 'Low' for magnitude/significance of results, expected sustainability, or both.

It is worth noting that where this assessment overlaps with the contribution tracing (CT) cases in the effectiveness section, the contribution claims substantiated correspond well to this VfM assessment: contribution claims were substantiated in the three PIOs which achieved a Good overall rating (Mombasa port, Busia OSBP and the ICT single windows), and not substantiated for the PIO with a Poor rating (improved export capability).

5.2.3 Conclusion: which of the selected PIOs achieved higher VfM and what can be learned?

Mombasa Port represented better VfM than Dar Port. Dar Port was assessed as being poor VfM due to low magnitude/significance of results and low expected sustainability. The problems at Dar Port were largely due to particularly complex political economy challenges (including the President's close involvement in decision-making, multiple changes among senior staff at TPA and lack of port-related experience within TPA) which were outside TMEA's control and could not necessarily have been foreseen. Improvements to Dar Port were considered necessary to improve transit along the corridor, and initial CBAs indicated a good rate of return at both ports, so the decision to work at Dar Port would seem to be sound, although a CBA would not take into account potential political economy challenges. As we reported in the Efficiency section (sub-criterion 5), TMEA was considered in its decision to continue to try to overcome difficulties at the port, and one DFID interviewee felt TMEA was right to persist. As we reported in the effectiveness section (sub-criterion 1), TMEA was generally aware of, and responsive to, the complexities of the political economy in the region. It is also important to note that TMEA spent much less at Dar Port. Perhaps the most important lesson to be learned here is the extent to which potential political economy challenges can undermine important work, highlighting the importance of political economy analysis (as stated under Effectiveness sub-criterion 1.1). That does not mean that important work should not be attempted in complex political economies.

Busia OSBP represented better VfM than Kagitumba/Mirama Hills OSBP. Mirama Hills was assessed as having medium relevance and low magnitude of results, as opposed to high relevance and medium magnitude of results of the Busia OSBP. This is because throughput has remained low at Mirama Hills, as truckers have not switched from the Gatuna to the Kagitumba/Mirama Hills route. As our assessment of OSBP cost-effectiveness showed (see cost-effectiveness sub-criterion 1), Kagitumba/Mirama Hills has not yet been cost-effective due to the low throughput, while it is the highest cost OSBP. That could change if traffic flows increase, but, as the OPM Performance Evaluation (2019)²⁵⁴ points out, higher traffic flows may threaten the reductions in transit time shown in surveys. There were several reasons why expenditure was highest at Kagitumba/Mirama Hills, including (1) the design and supervision costs (part of the overall OSBP costs) were not covered by the WB as is the case for the other OSBPs; 2) the design and procurement were completed later compared to the other EATIP OSBPs and therefore tender prices based on market prices were higher; and 3) design changes on the Rwanda side (concreted roads and staff accommodation) were responsible for additional costs (AR 2017:1) (see more details in Annex L). The Performance Evaluation (2019)²⁵⁵ suggests that the investment decision may have been based on a poor feasibility study, and as our assessment of the quality of the Mirama Hills CBA showed (see efficiency sub-criterion 1), traffic flows were

²⁵⁴ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

²⁵⁵ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

forecast to be four times higher than they have so far been, leading to an overestimation of benefits in the benefit cost ratio.

TMEA staff reported that political pressures played a role in the decision to select some OSBPs, and one DFID staff member suggested that the Kagitumba/Mirama Hills was of symbolic importance to both governments. According to the OPM Preliminary relevance and sustainability study (2019)²⁵⁶, several TMEA Board Members noted that OSBPs were 'high-profile', and presented excellent public relations opportunities for senior politicians to 'show that they are delivering results' and can 'get things done', and therefore were instrumental in maintaining TMEA's profile. An important lesson here is that high value investment decisions must be underpinned by a balance of sound technical assessment of multiple factors, including sound forecasting and feasibility studies, alongside relevant political considerations, such as retaining the good will of regional governments, and therefore their support for other important interventions.

Among the SO2 and SO3 PIOs included in the assessment, the SWIFTs represented the highest VfM (judged as Good). The SWIFTs were highly relevant to TMEA's goals and the EAC's regional trade development priorities, they contributed to significant time reductions, and outcomes were judged to be largely sustainable. Users found the system helpful and appreciated the time savings, and some reported benefits such as being able to decrease their working capital as a result, although larger firms benefited more.

The export capability projects represented the lowest VfM (judged as Poor). While the PIO was judged to be reasonably relevant to TMEA's remit and EAC priorities, results were variable, with some promising projects results at a pilot level, but overall results were inconsistent and not systemic. The lack of consistent progress across all indicators may have been partly due to political instability, which affected export markets, a lack of interest in the adoption of standards and certification among some producers, who wished to prioritise productivity, the inability of many producers to bear the costs of certification and of maintaining certification over time, and also because these projects started later than other PIOs and were funded as pilots. Problems with data quality also made it difficult to substantiate results. The likely sustainability of outcomes was judged to be low, largely because smaller producers and firms found it difficult to bear additional costs, and because it is not clear from available data whether the demand for goods would be sustained. Many of these problems may be overcome during Strategy 2, as support moves beyond the pilot phase. An important lesson for TMEA is that it is important to ensure that projects are well-aligned with the interests, priorities, and capabilities of intended beneficiaries.

For all PIOs, expected sustainability of outcomes was rated lowest among the three criteria and constitutes the biggest area of learning. Particular risks included uncertainty around government commitment to maintain infrastructure, equipment and new capacity, waning interest in regional integration and the resurgence of bilateral disagreements, and institutional weakness and capacity constraints among partners. See also an assessment of risks and challenges to sustainability of outcomes, and recommendations on addressing those risks, drawn from the three OPM Phase 2 studies, and discussed in the cost-effectiveness section and Annex M. This is an issue which needs sustained attention from TMEA during Strategy 2, particularly in terms of regional governments' ownership of reforms, and institutionalisation of new knowledge, skills, and processes.

²⁵⁶ OPM: Smith et.al, Summary of Preliminary Evaluation Findings. Revised Report (forthcoming), p.16

6 Conclusion

6.1 Overall

1. The overall judgement on programme VfM during Strategy 1 is Adequate, reflecting the judgement of Adequate against each criterion (see a high-level summary of the evidence against each criterion in Table 3 in Section 4, and more detailed summaries in the judgements table at the beginning of the sections on economy, efficiency, effectiveness, cost-effectiveness and equity). This means that the programme met minimum expectations for VfM, but that there is room to improve VfM significantly (a judgement of Poor would mean the programme had 'failed' in terms of VfM). Below we summarise ways in which TMEA performed well on each E, and what TMEA needed to have done to achieve higher VfM in Strategy 1, as a basis for learning and recommendations for Strategy 2.
2. It is important to note our judgements are on VfM in TMEA's Strategy 1. However, throughout the report we have indicated where TMEA has taken feedback from evaluations, due diligence assessments and audits on board and made improvements since the end of Strategy 1. A VfM assessment undertaken at this stage in Strategy 2 might well reach a better judgement on programme VfM, given improvements that have been made.
3. Where there were shortcomings in TMEA's VfM performance, in some instances the responsibility for these should be borne by TMEA's donors alongside TMEA, as donors sat on the Board and participated in many strategic and operational decisions. Donors on the Board were involved in reviewing and approving high value projects and had the option of commenting on other projects at appraisal stage, they were involved in portfolio-level decisions (e.g. they had sight of SO3 projects which were later deemed to be outside TMEA's mandate), and they approved the CBAs undertaken early in Strategy 1. There is no evidence to suggest that donors requested improvements in TMEA's results measurement and reporting or improvements to project-level VfM monitoring and reporting, and the Board approved TMEA's VfM strategy and KPIs. Donor requirements around earmarking of funds make it more difficult for TMEA to respond agilely and move resources around in response to shifting political economies, opportunities and challenges, and increasing donor compliance requirements absorb significant staff time and push up indirect costs.
4. TMEA followed good practice around key drivers for all of the Es in some instances, but there were also shortcomings, which in some cases were serious, indicating that improvements are required. TMEA has already made some improvements since the beginning of Strategy 2, as described in each section. It is important that TMEA continue to address these shortcomings, as they drive overall VfM across the board.

6.2 Economy (Adequate)

5. TMEA generally followed good practice and exercised reasonable control over key costs, and this improved over the course of Strategy 1. Staff travel costs and indirect costs fell as a proportion of total spending almost year-on-year, and salaries were kept within agreed benchmarks. Travel budgets were exceeded in some instances, but this could indicate a problem with budgeting practices rather than excessive spending on travel. TMEA has taken steps to improve controls over travel expenditure since the beginning of Strategy 2, and more sophisticated checking through the introduction of TRIMS in 2020 should improve controls further. There were however shortcomings in relation to consultant fee rates and procurement practices, which are described below.
6. Fee rates paid to consultants on a sample of contracts examined for this assessment, and reported by TMEA and the 2017 AR at the end of Strategy 1, were below the agreed KPI target, but our sample was small, and the data reported by TMEA cover a very short period at the end of Strategy 1, and we have not examined information on fee rates on most contracts throughout Strategy 1. However, TMEA did not provide staff with guidance on negotiating fee rates or fee bands guidelines, or establish a benchmarking methodology, and did not maintain records on fee rates actually paid to consultants. It was therefore unable to monitor fee rates paid across the organisation.
7. TMEA had policies on procurement, but these policies were not always followed in practice, guidance to staff was not as clear as it could have been, and instruments to check on partners' and grantees' procurement policies and practices were not always used as they should have been. Around 76% of TMEA's Strategy 1 budget was spent on procurement, so the failure to follow procurement policies in all instances may have reduced VfM on contracts and projects, if costs were higher than they could have been, or the best supplier was not selected, as well as creating significant risks of under delivery, fraud, corruption and misappropriation of funds, although TMEA reported that identified levels of fraud were low.

6.3 Efficiency (Adequate)

8. TMEA generally followed good practice to manage key efficiency drivers in relation to outsourcing and project appraisal, but there were important shortcomings in relation to the quality of project M&E and reporting, and project-level VfM monitoring and reporting. Significant problems with project reports and the failure to systematically undertake due diligence checks and verify partner reports created the risk that some poorly-performing projects were not identified, corrected or terminated, and reduced the utility of information in TMEA's MIS system. The failure to adequately address project VfM in project appraisal, design and implementation, and to provide guidance on VfM to projects, posed a significant risk to overall VfM given that most of TMEA's Strategy 1 resources were allocated to projects implemented by third parties. This is particularly important on high value and strategically important projects.
9. In terms of delivery (technical efficiency), TMEA generally met expected outputs to required quality and timeliness and within budget, with some reasonable exceptions, and provided some extra deliverables beyond its workplan. There were delays and cost overruns on some projects, which point to the need to ensure that timelines and budgets take into account possible constraints, including limited partner capacity to implement, and potential political economy challenges.
10. TMEA can be considered a good example of adaptive management (dynamic efficiency), despite some important constraints on its ability to be adaptive (political considerations, the RF, and donor earmarking), and can demonstrate that it enhanced results through adaptive programming, by responding to shifting priorities and moving resources around accordingly.
11. TMEA had clear procedures in place for ensuring strategic coherence across projects, portfolios and countries and creating an overall balanced portfolio with a credible prospect of reaching its higher-level objectives (allocative efficiency). Although staff may have had difficulty relating their projects to the ToC, there is evidence that the appraisal processes used ensured that projects were well aligned with the TMEA ToC and objectives: some projects that fell outside TMEA's mandate were stopped when the ToC was updated in 2014, OPM evaluations found projects to be generally relevant to TMEA's ToC and mandate, and assessment of set of PIOs (in response to DEQ5.22) found them to be of high or medium relevance..
12. TMEA used multiple criteria to inform big infrastructure investment decisions during Strategy 1, including economic evaluation (CBAs) and political considerations. The CBAs undertaken at the beginning of the programme (2010 and 2012), while of acceptable quality overall, were let down by inaccurate forecasting and overly optimistic assumptions which would have led to overestimation of the expected benefits.

6.4 Effectiveness (Adequate)

13. TMEA generally followed good practice in relation to political economy analysis. Evidence on TMEA's attention to political economy indicates that on the whole TMEA was politically astute, which helped it to build trust with partners and remain relevant in the face of changes, although the lack of systematic tracking and updating of political economy issues identified in PARs, country strategies and the ToC caused delays and may have limited impact in some projects.
14. There were important shortcomings in relation to other key effectiveness drivers. In relation to programme MEL, while TMEA developed a ToC at a time when there was little guidance on using ToCs in development, the ToC and related strategy documents were not updated after 2014, assumptions were not monitored, and there were serious problems with the conceptualisation and measurement of, and reporting against RF indicators, making accurate monitoring of progress and achievement of outcomes a challenge. TMEA developed a VfM strategy in late 2015, but the strategy was found to be less than fit-for-purpose relative to the value of donor investment, and TMEA did not start reporting against its VfM KPIs until January 2017, indicating that it did not adequately monitor VfM or identify any to improve VfM.
15. TMEA can demonstrate some progress towards achieving its intended PIOs and strategic outcomes, despite some significant constraints, and generated some unplanned positive outcomes, although the OPM Performance Evaluation (2019)²⁵⁷ concluded that most of these were not well-substantiated or systemic. TMEA needed to have more fully met, or exceeded, intended outcomes, to meet a rating of Good or Excellent VfM against the effectiveness criterion. Problems with TMEA's results measurement and a lack of robust evidence meant that some expected outcomes could not be substantiated. TMEA is improving its results measurement in response to OPM evaluations, and this should enable TMEA to better support its results claim during Strategy 2.

²⁵⁷ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

6.5 Cost-effectiveness (Adequate)

16. The assessment of the cost-effectiveness of the five completed OSBPs shows variable performance across the OSBPs. The Mutukula (Uganda) and Busia (Uganda) posts have been most cost-effective, with costs paid back in a single year. The Kagitumba/Mirama Hills OSBP is not cost-effective due to low traffic flows, although long-term shifts in traffic flows could still change that conclusion if truckers eventually shift from the straighter Katuna route. It should be expected that some investments will fail to generate expected returns in a portfolio of investments in an adaptive programme. The Kagitumba/Mirama Hills OSBP CBA drew on what proved to be a widely optimistic forecast of future traffic flows, but the decision to fund it was also influenced by political factors.
17. The OPM Performance Evaluation (2019)²⁵⁸ and the OPM Trade and Growth Impact Study (2019)²⁵⁹ show reductions in trade times, costs and risks, increased trade flows and economic growth attributable to TMEA, and there is evidence that the gains would not have come about to the same extent without TMEA. There is evidence that TMEA made distinct contributions to trade facilitation and growth in the region, adding value over the effects of other interventions and actors working on trade in the region, particularly through the synergies from working regionally and nationally simultaneously, and by working with the private sector and civil society as well as government.
18. Rapid break-even analysis suggests the programme has a strong prospect of breaking even by 2025. Note that attribution in the breakeven analysis is based on the level of expenditure by TMEA as a percentage of total (TMEA and non-TMEA) expenditure on relevant interventions. The implication of this limited perspective on attribution is explored through sensitivity analysis, which indicates a positive NPV by 2025. Furthermore, this analysis is likely to be conservative because the time savings represent benefits from approximately half of TMEA's total portfolio of interventions.
19. The expected sustainability of the outcomes derived from TMEA's interventions is variable, according to the OPM Performance Evaluation (2019)²⁶⁰, OPM Trade and Impact study (2019)²⁶¹ and OPM Poverty and Gender Impact study (2019)²⁶² (see Annex M). Some outcomes are assessed as being likely to be sustained (e.g. hard infrastructure, legislation/policy changes and ICT improvements), but significant risks in some areas (e.g. soft infrastructure, regional integration, NTB mechanisms, export capability and logistics) need to be proactively managed during Strategy 2.

6.6 Equity (Adequate)

20. Equity considerations were visible in TMEA's corporate policies and practices, TMEA's workforce was gender balanced throughout Strategy 1, and gender parity in management positions improved during Strategy 1. 92% of the workforce were African nationals and 44% of SLT/SMT positions were occupied by Africans at the end of Strategy 1, and TMEA indicated they have found it difficult finding qualified human capital in the region to fill more senior roles. There have been further improvements since the beginning of Strategy 2.
21. TMEA provided significant support to CSOs working with women and poor groups, and developed an innovative programme for women in trade, which generated significant benefits for some women and their families, in terms of business development, income, and improvements in gender relations, and some traders who were not direct beneficiaries of TMEA programme also indicated benefits.
22. TMEA undertook gender mainstreaming on some projects, but mainstreaming was generally weak, and partners did not always recognise the importance of mainstreaming. Overall, gender and equity were not well integrated into programming or organisational identity.
23. There is evidence that some vulnerable groups were negatively affected by TMEA-supported interventions, including some poor women, displaced workers and businesses, and some smaller businesses. TMEA did not consider proactive mitigation of losses to be within its remit as a trade facilitation programme, and there is no evidence that DFID or other donors expected or requested TMEA to systematically monitor losses across its portfolio and undertake interventions to proactively mitigate for losses among affected groups.
24. The OPM Poverty and Gender Impact Study (2019)²⁶³ indicated that there were some long-chain impacts on poverty on the trade corridors and in households in tradeable sectors, through changes in wages/employment as a result of trade and economic growth, although these were limited to relatively wealthier households and varied by sector and country and cannot be directly attributed to TMEA.

²⁵⁸ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

²⁵⁹ OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019

²⁶⁰ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

²⁶¹ OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019

²⁶² OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019

²⁶³ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019

Further gains for the poorest may require more time to materialise or be measurable than the timeframe of the OPM Poverty and Gender Impact Study data collection.

6.7 Comparative VfM of key PIOs

25. Higher VfM was achieved where there were fewer political economy challenges, political instability, or other external constraints, where the assumptions underpinning infrastructure investment decisions proved to be more accurate, and where reforms met the needs of users and helped them to become more efficient or to lower their costs
26. VfM was lower where political economy challenges, or political instability, were serious enough to impede TMEA's ability to push through reforms, where the assumptions underpinning infrastructure investment decisions proved to be less accurate, perhaps in combination with TMEA's need to respond to political pressures and retain the good will of regional governments, and where projects were less well-aligned with the needs, interests and capabilities of intended beneficiaries.
27. Low expected sustainability was the factor which most often brought down overall ratings on PIOs' VfM. As noted above, there are significant risks in some areas that need to be proactively managed by TMEA during Strategy 2.

7 Recommendations

Note that our recommendations reflect the information provided in each section of the report on improvements made by TMEA since the start of Strategy 2, i.e., we do not make a recommendation where we believe that TMEA has already addressed weaknesses identified in the assessment (for example in the case of political economy analysis and risk management)..

7.1 Recommendations for TMEA

Recommendations for strengthening TMEA's VfM assessment and reporting during Strategy 2

1. OPM reviewed TMEA's current (2015) VfM strategy and indicators and provided guidance on VfM and possible indicators for Strategy 2 for the April 2019 Evaluation Committee (OPM Review: Suggested VfM Indicators for TMEA Strategy 2, 14th March 2019). That was a preliminary proposal based on partial review of relevant documents in order to respond to the 2018 AR recommendation in time for the April 2019 Committee meeting. Our general guidance and specific recommendations for Strategy 2 VfM indicators, reproduced in Annex K, remain unchanged, although we have cautioned on benchmarking costs on the basis of the experience of this VfM assessment.

Recommendations for enhancing TMEA's VfM under Strategy 2

Economy:

Costs of key inputs

2. **Continue efforts to improve travel planning and control staff travel costs** through good planning, use of videoconferencing, encouraging staff to undertake tasks for each other where possible, and regular review of spending against budgets, while recognising the value of face-to-face time for building important relationships. We understand that the TRIMS system, when implemented, will facilitate reporting and review of travel costs.
3. **Review the cap of 15% on personnel costs** to ensure that it is appropriate in light of both downward pressures on salaries (the 50th percentile pay policy), and upward pressures on personnel costs (additional hires to strengthen lower levels of the organisation and bring key functions in-house, and greater compliance requirements from donors), since the beginning of Strategy 2.
4. **Develop clearer sight on fees paid to consultants.** This should include introduction of guidance on fee rate negotiation for staff, keeping accurate and detailed records on fee rates actually paid (such as a central register of fee rates actually paid to all consultants), and regularly monitoring and reporting fee rates paid against the new KPI targets for different levels of experience for non-milestone contracts. For milestone contracts, as the use of these is increasing, TMEA should check that overall costs are in line with market rates, which may include verification of fees rates if included in the proposal. Consider if fee rates can be periodically benchmarked against data from comparator programmes, if DFID and/or other donors are able to give access to benchmarking data (see recommendations for donors below). Given our difficulty accessing data from other programmes, we do not recommend that TMEA should spend time trying to get data themselves. In order for fair comparisons to be made, comparator programmes should be similar, for example managing a similar level of fiduciary risk, supporting effective delivery of a large number of projects, and responding to a high-level of compliance to donors.

Procurement practices

5. **Continue to strengthen procurement practices** by ensuring all staff involved in procurement follow guidance provided in training and comply with the 2018 revised regulations, for example by periodically analysing a sample of contracts and/or introducing periodic external audits of procurements. This should include checks that staff are conducting FRAs/DDAs before awards and DDEVs during project implementation, as set out in TMEA policies, including checks that partners and grantees are following acceptable procurement practices, broadly in line with those established by TMEA. We also recommend that TMEA review the upper limit of US\$5k for single source contracts and consider if it can be raised in order to reduce transaction costs without creating undue risk, allowing for exceptions on contracts that make a critical difference to other, higher cost activities/outcomes. The equivalent of DFID's upper limit of £25k for single source contracting in its Smart Rules (DFID, 2019:87) may be more appropriate.

Efficiency:

Technical efficiency (project delivery and support)

6. **Consider if timelines and budgets need to be more realistic on some projects**, after assessment of institutional capacity of partners and potential political economy challenges, in order to improve delivery

of outputs against workplan and budget, whilst ensuring partners are still challenged to stretch themselves.

7. **Continue to strengthen project M&E, delivery and reporting** by providing guidance and support to staff and partners on assessing and reporting progress, ensuring that responsibilities for quality assurance of progress reports are clear among TMEA staff, and periodically analysing a sample of reports to ensure that stipulated reporting requirements are met. Ensure that information from partners is of the right type and quality to enable TMEA to identify underperforming projects, intervene where appropriate to get projects on track, and terminate projects that are unlikely to meet their objectives, so that resources can be reallocated to more promising interventions for greater leverage.
8. **Strengthen VfM appraisal during project design and VfM monitoring during project implementation** by ensuring that TMEA staff receive adequate training and guidance, and by providing guidance and support to projects on VfM measurement and monitoring. VfM reporting should be commensurate with the value and complexity of projects, with minimal requirements on lower value and less complex projects, and greater requirements for projects of higher value, complexity and strategic importance.

Allocative efficiency (project appraisal)

9. **Develop a more explicit portfolio-based approach to project appraisal, in agreement with donors, which identifies the trade-offs in the selection of potential projects** (for example, forecasts of high returns on investment and the need to take into account political considerations, including political feasibility and the political capital that may be built by assisting national governments to meet their priorities) and recognises that in an adaptive portfolio-based approach, with an agreed framework for risk, some investments will fail to generate expected results and returns on investments.
10. **Seek to improve in-house capacity to undertake and interpret CBAs so that they can be reviewed and updated as needed** CBAs should be used as part of the process of appraising options to inform resource use among sets of alternative interventions. Having in-house capacity would allow TMEA to periodically review forecasts and assumptions as new data become available, as recommended in ICAI's 2018 Review of DFID's Approach to Value for Money. We understand the Impact Model has been designed to facilitate active staff engagement with CBAs during Strategy 2.

Effectiveness:

Programme MEL

11. **Ensure that Strategy 2 MEL systems and tools, including the ToC, RF and MIS, are designed and used to provide timely and reliable information for accurate results measurement and decision-making**, enabling synthesis of results at portfolio level, periodic review of progress against higher-level objectives, and adjustments to projects and portfolios to ensure that outcomes are likely to be met. Improved results measurement and recording during Strategy 2 will also help TMEA, and other evaluators, to better substantiate the achievement of lower level outcomes and contribution to higher level outcomes, including effects on poverty reduction and distributional effects (see more under equity recommendations). We understand that improvements to the MEL strategy and results measurement are being made in response to the OPM evaluations. The OPM Performance Evaluation (2019)²⁶⁴ provides concrete recommendations for further improving the ToC, RF, and results measurement.

Programme VfM

12. **Strengthen programme VfM monitoring and reporting** by developing guidance and training on VfM for staff, adopting an explicit set of VfM criteria and standards as a basis for making explicit and transparent evaluative judgements, including evidence on results-focused indicators (effectiveness, cost-effectiveness and equity), using qualitative evidence to improve management of underlying drivers, determining appropriate reporting frequency on different VfM metrics, and ensuring that lessons learned and actions to improve VfM are identified and implemented (and see further information in Annex K on recommendations for strengthening TMEA's VfM assessment and reporting during Strategy 2). Embed attention to VfM measurement throughout the organisation by ensuring programme-level VfM is highlighted in TMEA's PCM guidelines, giving greater prominence to VfM in PAR guidance, and integrating data on results-focused indicators from the MEL system into VfM reporting.. The TRIMS system, once in place, should help with reporting VfM by bringing information on results and costs together in one system; the lack of integration of the MIS and Navison system in Strategy 1 made reporting on costs by outcome a challenge (Deloitte Due Diligence Assessment, 2017:37).

²⁶⁴ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

Cost-effectiveness

Cost-effectiveness of OSBP investment

13. **Use the findings of the OSBP cost-effectiveness assessment to inform future investments at OSBPs.** The assessment shows that investments are likely to be most worthwhile, and better VfM, where transit times are high to start with (so that a noticeable improvement can be made), and where throughput is high, or expected to be high after investment. The latter should be carefully considered given TMEA's experience at Kagitumba/Mirama Hills, as users may not always behave as expected. The opportunity to build political capital and support for trade reforms more broadly by helping political leaders to show high visibility results may also inform OSBP investment decisions.

Overall programme cost-effectiveness

14. **Consider using breakeven analysis periodically during Strategy 2,** using information provided in the Impact Model, to monitor progress towards breakeven point under different scenarios. Breakeven analysis provides a useful and relatively easy check, using limited data, on the value of the benefits created by the programme relative to the value of the investment at any given point in time. If breakeven analysis is considered useful by TMEA and donors, agreement should be reached on an appropriate date by which Strategy 2 can be expected to break even.

Sustainability

15. **Seek ways to improve the likelihood of sustaining Strategy 1 outcomes** and ensuring Strategy 2 outcomes will be sustained by assessing the risks to sustainability outlined in the OPM evaluations, and putting plans in place to manage and mitigate those that are judged to threaten the sustainability of the outcomes achieved. This might include, for example: continuing work to ensure ownership and commitment among partner governments to maintain hard infrastructure investments, avoid reversal of important reforms, and institutionalise new practices through continued capacity-building and transfer of skills for new staff; helping to strengthen the institutional capacity of PSOs and CSOs to effectively absorb funds and implement projects; ensuring transmission of information to populations situated on and around borders about free trade across borders; and strengthening the ability of firms in the region to improve best practice and adopt stronger standards, and to innovate and compete with firms from the rest of the world.

Equity

Organisational equity

16. **Continue to seek ways to ensure women and African nationals have access to equal opportunities at senior levels of the organisation** and monitor the gender and national composition of the workforce in senior positions and the gender pay gap. We suggest that TMEA can seek to further increase the proportion of African nationals in senior management positions as a way to nurture local leadership in the sector, while recognising that it has been difficult to identify suitable candidates. This could be done internally, by identifying and providing additional support to individuals with senior management potential, and externally, by ensuring open positions are advertised widely in forums that are likely to reach potential female and African candidates. Ensure that the Diversity team has the resources and voice to strengthen diversity and inclusion policies and practices. Undertake periodic surveys to assess staff perceptions of the organisation's sensitivity to gender and equity.

Design equity

17. **Continue efforts already started in Strategy 2 to ensure that gender and equity considerations become fully embedded in TMEA programming and are integral to organisational identity.** Ensure that the SIT team has the resources to build staff capacity to mainstream gender and equity across projects and to use the tools available to them. Monitor the use of new processes and tools introduced during Strategy 2 and how effective they are at improving mainstreaming and continue to refine the support available to staff as needed. This includes working with partners to help them to recognise the importance of gender mainstreaming and build capacity to mainstream gender in project design, implementation, M&E (including collection and analysis of sex-disaggregated data) and reporting.
18. **Work with donors to develop a clear position on the role TMEA is expected to play in relation to the potential negative effects of its interventions on vulnerable groups.** This would involve reaching consensus as to whether TMEA should systematically monitor negative effects through project reports and/or its own data collection and work with projects to ensure they adopt measures to mitigate negative effects, and whether TMEA should be directly involved in implementing mitigation measures to protect such groups. If TMEA is to have a more proactive roles than it did in S1, it is essential to ensure that it has the resources needed to follow through on its remit.

Outcome equity

19. **Assess whether further improvements can be implemented at OSBPs to ensure that individuals with a range of physical and sensory impairments are able to navigate the border posts.** This may include making signs available in braille, installing audio instruction mechanisms, and ensuring that border post staff receive guidance on assisting traders with physical and sensory impairments.
20. **Develop explicit strategies to help smaller businesses and producers benefit from trade facilitation.** This includes ensuring that projects align with the priorities and capabilities of smaller producers, and ensuring that new systems and processes, and capacity-building initiatives, are appropriate for small business owners, including those that are not computer literate or do not speak dominant languages.

Impact equity

21. **Use data collected through household surveys (if approved) and the poverty and gender indicators in the Impact Model and the Gender Results Framework to monitor the shorter-chain effects posited to come about as a result of trade facilitation** in households on and near the trade corridors and in households in tradeable sectors, while recognising that effects on poverty reduction, especially among the poorest, will require time to materialise. This information may be supplemented by further studies, which could be commissioned rather than undertaken by TMEA, such as those recommended in the OPM Poverty and Gender Impact Study (2019)²⁶⁵ (for example, investigation of the distribution of benefits of trade within the agriculture sector and examination of the distributional benefits of trade by sector of employment and wealth level). Such data would make a valuable contribution to the evidence base on the links between trade facilitation and poverty reduction.

7.2 Recommendations for DFID and other donors**Economy****Costs of key inputs**

22. **Consider ways to facilitate access to data from other similar programmes that can be used for benchmarking costs** such as consultant fees, travel, and indirect costs. This could be data reported anonymously for a panel of suitable comparators funded by donors which are willing to share data.

Indirect costs

23. **Seeks ways in which reporting requirements and evaluations can be better coordinated and harmonised across donors**, to reduce the time and indirect costs associated with compliance incurred by TMEA and other multi-donor programmes. See further recommendations on donor coordination in the OPM Performance Evaluation (2019).²⁶⁶

Efficiency**Allocative efficiency**

24. **Work with TMEA to develop an explicit portfolio-based approach to project appraisal** which recognises trade-offs between projects which are forecast to generate high returns on investment and the need to take into account political considerations, including political feasibility and the political capital that may be built by assisting national governments to meet their priorities. Ensure that the Board has clear sight over the balance struck on different investment decisions, and recognises that in an adaptive portfolio-based approach, with an agreed framework for risk, some investments will fail to generate expected results and returns on investments.
25. **Work with TMEA to ensure that high quality CBAs (or other forms of economic evaluation) are used to inform programme decision-making** and assess resource use among sets of alternative interventions.

Dynamic efficiency

26. **Consider ways to facilitate and strengthen TMEA's ability to function as an adaptive organisation by enabling appropriate changes to be made to the RF during implementation**, while avoiding downward modification of targets due to anticipated or actual poor performance. Ensure all modifications, and reasons for modifications, are justified and recorded.
27. **Consider ways to facilitate and strengthen TMEA's ability to function as an adaptive organisation by providing a higher proportion of unallocated funding** or putting mechanisms in place to allow appropriate and streamlined reallocation of funds.

²⁶⁵ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019

²⁶⁶ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

Effectiveness

Programme MEL

28. **Work more closely with TMEA to ensure that accurate results measurement is occurring during Strategy 2, and ensure that adequate resources are earmarked for results measurement.** to help monitor progress against higher level objectives, and allow timely course corrections. , This should include monitoring of indicators in the Impact Model and Gender RF and possibly commissioned studies, such as those recommended in the OPM Poverty and Gender Impact study (2019),²⁶⁷ to help elucidate the causal links between trade facilitation, economic growth, poverty reduction, and distributional effects among different groups.

Equity

Design equity

29. **Develop a clear position with TMEA on the role TMEA is expected to play in relation to the potential negative effects of its interventions on vulnerable groups.** This would involve reaching consensus as to whether TMEA should systematically monitor negative effects through project reports and/or its own data collection and work with projects to ensure they adopt measures to mitigate negative effects, and whether TMEA should be directly involved in implementing mitigation measures to protect such groups. It is essential to ensure that TMEA has the resources needed to follow through on its remit.

²⁶⁷ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019

8 Lessons for maximising VfM on similar future programmes in the region

Allocative efficiency

1. Decisions on large infrastructure investments should be based on sound technical appraisal – economic evaluation and feasibility studies – while also measuring up other considerations, such as the opportunity to build political capital by supporting governments to reach their goals. These trade-offs should be explicitly recognised and weighed up in decision-making processes. It should be recognised that not all investments will generate expected results and returns on investment, and that this is to be expected in large, portfolio-type programmes.
2. Our analysis of the cost-effectiveness of TMEA-supported OSBPs showed that OSBPs are most cost-effective if transit times are high before intervention (so that there is scope to make a significant improvement) and traffic flows are either high to start with (and expected to remain so) or expected to increase significantly. Cost savings will be significant under these conditions. If these conditions do not hold, then an OSBP may not represent a worthwhile intervention and resources could be better deployed on a different OSBP or another intervention. To understand these two conditions requires good baseline information on traffic flows and transit times. Investment decisions may also be informed by factors other than throughput and transit times. OSBPs are high-profile investments which present excellent public relations opportunities for senior politicians, and as such, interventions to improve them can help to build political good will and support for other trade reforms.

Dynamic efficiency

3. TMEA has demonstrated how being adaptive and responding agilely to opportunities and challenges as they arise, as well as to learning and evidence from its own MEL and other sources, can help to achieve, and sometimes extend beyond, expected results. Being adaptive requires that good results measurement and monitoring is in place, as well as sound political economy analysis. It also helps if funding can be used flexibly or reallocated, as necessary.

Political economy analysis

4. Trade facilitation and reforms can only be achieved with the political willingness and cooperation of regional governments. Staff need to be acutely aware of shifts in political economy in each government and the region as a whole, and may need to walk a fine line between exerting necessary influence over political constraints while protecting their status as independent of any particular political actors. TMEA demonstrated the importance of working in politically intelligent ways in order to build trust with partners and remain relevant in the face of changes. Our analysis of comparative VfM in the Dar and Mombasa Port programmes illustrates how complex political economy challenges can challenge the achievement of key objectives. This does not mean that important work should not be attempted in complex political economies, but it highlights the need for staff to adapt their approaches as political economy challenges emerge.

Programme MEL

5. Robust MEL tools and systems, and staff capacity in MEL, are essential for two important reasons: (1) to be able to monitor progress on outputs and outcomes and be able to course correct as necessary in order to achieve higher level goals and (2) in order to generate and share evidence on what works in trade facilitation, and on the causal links between trade facilitation, economic growth and poverty reduction, in a field in which evidence is still lacking.

VfM assessment

6. Programmes should establish VfM KPIs and targets upfront and undertake periodic VfM assessments against KPIs and targets in order to provide diagnostic information on VfM, and to identify measures to improve VfM over time. KPIs should at a minimum cover costs of key inputs and measurement of key results through MEL, which can be complemented by economic evaluation (CBAs or other suitable approaches) in larger investments in which key benefits can be monetised.
7. If significant resources are expended through third parties, it is important to ensure, during appraisal, that investments offer good VfM, and that implementing organisations follow procedures to monitor and improve VfM during implementation. VfM reporting should be commensurate with the value and complexity of projects, with minimal requirements on lower value and less complex projects, and greater requirements for projects of higher value, complexity and strategic importance.

Sustainability

8. The investment of resources in trade facilitation is only worthwhile if the reforms and changes achieved are sustained over time and beyond the lifetime of the programme. Sustainability can be enhanced through good sustainability planning from the outset, and ongoing efforts to monitor factors which contribute to sustainability of reforms. Key factors identified from TMEA Strategy 1 were: ensuring ownership and commitment among partner governments to support (and avoid the reversal of) important reforms, to maintain hard infrastructure investments, and to institutionalise new practices through continued capacity-building and transfer of skills for new staff; helping to strengthen the institutional capacity of PSOs and CSOs to effectively absorb funds and implement projects; ensuring transmission of information to the populations situated on and around borders about free trade across borders; and strengthening the ability of firms in the region to improve best practice and adopt stronger standards, and to innovate and compete with firms from the rest of the world.

Equity

9. Organisations should have the capacity to mainstream equity and gender considerations across their programmes, to ensure that the interests of vulnerable groups, including poor women and girls, are recognised and taken into account in every aspect of programming. This means ensuring that gender and equity are core to organisational identity and remit, while also ensuring that the importance of gender and equity are recognised by partner organisations.
10. Programmes should be aware of the negative effects their work may have on some vulnerable groups and plan to mitigate those effects. This requires good ex ante analysis of potential losers, good monitoring to understand when negative effects are occurring, and good planning and implementation of actions to mitigate the effects, possibly with partner organisations who are better placed to reach these groups.
11. Trade facilitation should ultimately contribute to poverty alleviation in the region, including among the poorest and most vulnerable groups, as reductions in trade times and costs, and increases in trade volumes, feed through to prices, employment, wages, and government revenues and investments. Given the limited evidence base on if and how these changes occur as a result of trade reforms, under what circumstances they occur, if they are pro-poor, and which groups may not benefit, programmes should seek to understand the effects of their interventions on different groups through MEL and to strengthen the evidence base for future programmes.

9 Communication Plan

As noted in the Introduction, in addition to providing a complete assessment of VfM for the TMEA programme under Strategy 1, one main purpose of the VfM assessment was to identify lessons and make recommendations to enhance VfM, and to strengthen TMEA's own VfM assessment and reporting, during Strategy 2 and to provide recommendations for maximising VfM on similar future programmes.

The primary audiences for the lessons learned and recommendations that come out of the assessment are **DFID, including the Africa Regional Department, DFID's Country Offices in East Africa, and DFID's trade team**; as well as TMEA itself.

Other key audiences include:

HMG stakeholders, including those involved in economic and trade relations with sub-Saharan Africa's partner countries and those with a broader interest in trade development such as the DFID/BIS Trade Policy Unit.

The UK Taxpayer. In line with DFID's commitment to evaluation and transparency, the final evaluation report will be made public.

Regional stakeholders. While the primary audiences for this evaluation are internal to the programme itself and to DFID, DFID may choose also to disseminate findings to regional stakeholders and organisations, such as other donors engaged in the same sectors, namely USAID, EU, World Bank, and beneficiary country governments that may learn from the programme.

As most of the actors listed above are already engaged with TMEA, outreach is minimal. TMEA's team have been involved in reviewing the report and, as indicated throughout, have already taken up several of the recommendations in Strategy 2. Annex K sets out a Possible VfM framework for TMEA Strategy 2 that can support efforts to enhance VfM in Strategy 2.

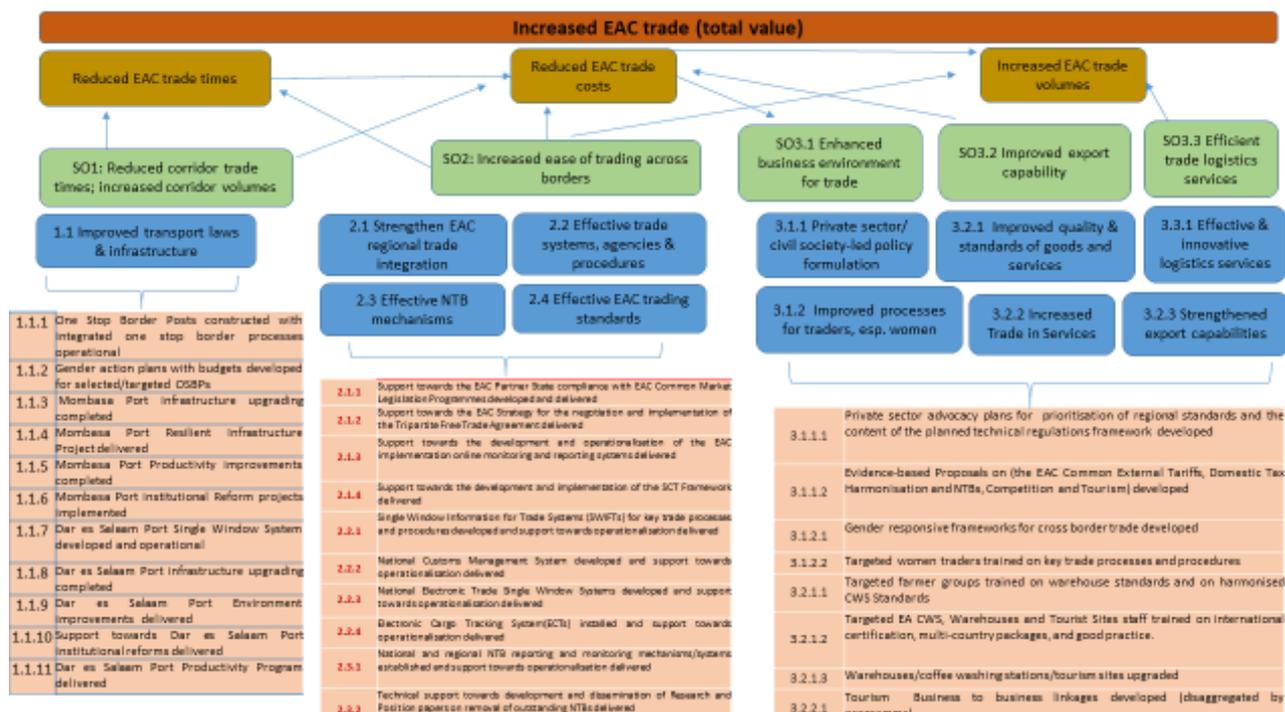
TMEA will be responsible for sharing the reports and other outcomes of the evaluation with stakeholders of the project, including those who may have taken part in the evaluation process itself, to ensure full transparency and accountability of the evaluation process. To support this process, a summary document and slide deck that compile excerpts of the executive summaries of the OPM Performance Evaluation (2019)²⁶⁸, OPM's Trade and Growth Impact Study²⁶⁹, the Poverty & Gender Impact Study, and this VfM Assessment have been produced by OPM and should be shared with relevant partners. These should be translated into national languages, presented and shared, with hard copies made available as appropriate.

Ownership and copyright of the evaluation report and related knowledge products will lie with DFID. With permission of DFID, the materials will also be stored, shared, and disseminated as appropriate and agreed by OPM.

²⁶⁸ OPM: Andy Cook, Keri Culver, John Spilsbury and Ozlem Akkurt. Independent Evaluation of TradeMark East Africa Deliverable 3B: Performance Evaluation. (forthcoming)

²⁶⁹ OPM: Paul R Baker, David Vanzetti, Mohammad Razzaque, Neetish Hurry, and Jaime de Melo. Deliverable 5B: Trade and Growth Impact Study. (forthcoming)

Annex A TMEA's reconstructed Theory of Change²⁷⁰



Key:

Dark brown: Trade impact

Light brown: Trade outcomes

Green: Strategic Outcomes

Blue: Programme intermediate outcomes

Pink: Programme output

²⁷⁰ Reconstructed by evaluators in 2018 for this evaluation

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Annex C List of interviewees

#	Position	Date
1	TMEA Chief Corporate Services Officer	22 nd January 2019
2	TMEA Director Transport Infrastructure, Great Lakes Region	22 nd January 2019
3	TMEA Director, Results and Organisational Performance; TMEA Results Manager	22 nd January 2019
4	TMEA Director General	22 nd January 2019
5	TMEA Director, Sustainable and Inclusive Trade; TMEA Technical Advisor, Climate Change and Environment	23 rd January 2019
6	TMEA Procurement Director	24 th January 2019
7	TMEA Director, Human Resources	24 th January 2019
8	TMEA Director, Results and Organisational Performance; TMEA Results Manager	24 th January 2019
9	TMEA Director, Private Sector Advocacy and acting Senior Director, Business Competitiveness; TMEA Programme Manager, Logistics	25 th January 2019
10	TMEA Acting Senior Director, Transport	25 th January 2019
11	TMEA Chief Executive Officer	1 st February 2019
12	TMEA Chief Corporate Services Officer; TMEA Administration Manager	18 th March 2019
13	TMEA Director, Sustainable and Inclusive Trade	11 th June 2019
14	TMEA Director General	13 th June 2019
15	TMEA Chief Corporate Services Officer	14 th June 2019
16	TMEA Chief Executive Officer	14 th June 2019
17	TMEA Director, Results and Organisational Performance; TMEA Results Manager	17 th June 2019
18	TMEA Chief Operating Officer	18 th June 2019
19	TMEA Director, Private Sector Advocacy and acting Senior Director, Business Competitiveness; TMEA Programme Manager, Logistics; and TMEA Programme Officer, Business Competitiveness	18 th June 2019
20	TMEA Director Transport Infrastructure, Great Lakes Region	18 th June 2019
21	Senior Advisor, Commonwealth Development Corporation (CDC), Private Sector Department, DFID (Vice-Chair of TMEA Board, 2010-2017)	20 th June 2019
22	TMEA Director, Human Resources	24 th June 2019
23	TMEA Programme Manager, Port Engineer (Mombasa Port)	24 th June 2019
24	TMEA Director, Infrastructure, Central Corridor; Director, Engineering	26 th June 2019
25	DFID Senior Trade advisor	26 th June 2019

Annex D Interview guide (June 2019 interviews)

The below interview guide was used for the June 2019 interviews, although not every interviewee was asked every question. Questions in interviews prior to June 2019 were tailored to each respondent. Interviews were semi-structured, with probing to explore areas of interest to the assessment and allowed space for interviewees to expand on their areas of interest. The questions addressed to each interviewee depended on their area of competence and the time available for the interview. Interviews lasted between 30 and 90 minutes. The team reviewed interview notes after each interview to check for consistency and identify emerging themes. Interviewees were assured confidentiality and anonymity. Interview notes were not shared beyond the OPM evaluation team, and interviewees are not identified in the report.

ECONOMY

Procurement/consultants

1. Did TMEA do anything to check if partners followed procurement policies in practice during implementation during Strategy 1, e.g. are there audits, spot-checks? Or has it started to do this during Strategy 2?

Indirect costs

2. How was 14% cap for indirect costs during Strategy 1 set and was it appropriate?

EFFICIENCY

Project-level VfM

1. Has Project Appraisal Report (PAR) format been revised to enhance monitoring of project VfM indicators (*as per TMEA's DFID Due Diligence Review Action Plan (19 October 2018:3)*)? Can we see the revised PAR template (the last we have is December 2016 version)?
2. Was project VfM monitored/reviewed during implementation on any/all projects during Strategy 1? Is it during Strategy 2? Was guidance that this should be done provided to TMEA project managers in Strategy 1?

Monitoring project performance/results

3. Has Monitoring, Evaluation and Learning (MEL) team increased in size since start of? How many new posts have been created? Is this in addition to staff in the new Research and Impact Unit? Does staffing in MEL unit feel adequate for Strategy 2?
4. Did TMEA provide guidance directly to partners on how to assess and report progress against their monitoring plan outputs and outcomes, e.g. in workshops, during Strategy 1? Or has it started to do so under Strategy 2?
5. Was there a system or procedures in place for ensuring poorly performing projects were identified and could be stopped during Strategy 1? Did/do other approaches identified in January interview with the MEL staff work NOCs, SOLs, Annual Reviews etc)? What action was taken where evidence of poor performance was found? Is anything more/different being done to identify poorly performing projects in Strategy 2?
6. Can you provide examples of projects that were stopped during Strategy 1 for poor performance? Any sense of what proportion of projects were terminated during Strategy 1? Was poor performance being identified often enough, and hard action to terminate projects taken?

Outputs

7. Can you provide examples of extra deliverables during Strategy 1? – i.e. projects delivering more than was expected of them, or additional areas of work/projects not originally contemplated in the planned outputs in the result framework?

Adaptative management (AM)

8. Can you provide any important examples of ways in which TMEA changed course during Strategy 1? – i.e. dropping something and refocusing efforts and resources on other things during Strategy 1, examples of reallocation of resources away from projects/portfolios without traction to more promising projects/portfolios?
9. And do you have any examples of failure to do this during Strategy 1, or of staying too long with something and pulling out only after suffering greater 'losses' that could have been avoided, or not pulling out at all when in hindsight it would have been better to do so? Any examples where TMEA failed to recognise and adapt to political economy?
10. Can you provide examples of how adaptive management (responding to opportunities and threats, political economy, ongoing evidence, and learning) enhanced performance significantly and led to better results in Strategy 1?

11. Was donor earmarking of funds a barrier to AM and flexible reallocation of resources during Strategy 1? Has this changed during Strategy 2?
12. Were there difficulties changing the Results Framework (RF) once agreed with DFID, and did this present a barrier to AM? Has this changed during Strategy 2?

EFFECTIVENESS

Unplanned outcomes

1. Can you tell me about any significant unplanned positive outcomes or effects that came about due to TMEA projects and activities during Strategy 1? What about any significant (unplanned) negative outcomes or effects?

Political economy (PE)

2. Has the new section in PAR on PEA helped to improve PEA analysis in project design and implementation? How?

TMEA MEL approach in Strategy 2

3. How have TMEA's MEL approach and strategy continued to evolve under Strategy 2? What is new or more developed? What was learned from Strategy 1? (e.g. 2017 Annual Review (AR) observations on problems in Strategy 1 RF; Impact Model to replace Results Meter)
4. The planned household surveys with Word Bank – what are they, why do them, are they likely to go ahead? Has discussion on whether these fit with TMEA mandate/remit been resolved, and if so, with what conclusion?

COST-EFFECTIVENESS

1. What other important initiatives were going on in the same space as TMEA (trade sector, East Africa) during Strategy 1? How much credit can they take for contributing to the results reported by TMEA at the end of Strategy 1 in terms of Strategic Objectives (SOs) and impact on trade and economic growth (attribution/shared effects)?
2. How much of the change that TMEA reported at the end of Strategy 1 could have come about without TMEA (i.e. due to economic growth, population growth, etc.) (deadweight)?
3. To what degree are the results reported at the end of Strategy 1 sustained so far? Has there been any drop-off, and if so, why do you think that is?

EQUITY

Organisational equity

1. Do you feel that TMEA promoted a gender-sensitive culture within the organisation during Strategy 1? Why or why not? Can you give me concrete examples? Do you think that women feel the culture is sensitive to their needs? What about men? Has this changed at all during Strategy 2?
2. Did women have the same opportunities as men in the organisation in Strategy 1, do they under Strategy 2? Are they able to enter or rise to management positions at every level? Is additional training provided to women if needed to enable them to compete with men (as stated in HR Manual)?
3. Why was the statement in 2016 HR Manual about 'TMEA may provide special management training for women so that they acquire the knowledge and skills to enable them to compete for promotion with men' removed from 2018 HR Manual?

Outcome and impact equity

4. What did TMEA do to try to mitigate against potential losses for key vulnerable groups and/or to try to manage/reduce actual losses where they were apparent during Strategy 1? Did TMEA have adequate information to monitor and identify where this was happening? Has this improved under Strategy 2? Check the following:
 - Was there assessment of potential winners and losers in project PARs?
 - What did TMEA do during project implementation – were mechanisms in place to ensure TMEA was aware if some vulnerable groups were losing out – were measures taken to try to mitigate the losses? (e.g. monitoring, review progress reports, formative evaluations, etc.)
 - Did work with civil society organisations help to promote and protect gains for vulnerable groups and mitigate against losses for those groups? How (examples)?
 - Did summative evaluations include evidence on winners and losers – and did they help to consolidate learning for future projects and programmes?
 - Has anything been learned in Strategy 1 and carried over to Strategy 2 in terms of analysis of winners and losers and mitigation of negative effects on losers?

Constraints on programme delivery

5. Were there any important constraints that prevented TMEA from delivering on all its Strategy 1 planned outputs, outcomes (PIOs and SOs) and impact as detailed in the Strategy 1 RF? Could be anything to do with the context, economic and political conditions, etc.; institutional constraints in partners; organisational/institutional constraints at TMEA; constraints imposed by donors. Can you provide some concrete examples?
- Planned outputs – i.e. pink boxes on TMEA Theory of Change (ToC)
 - Outcomes - PIOs (blue boxes) and SOs (pink boxes)
 - Impact - trade and economic growth
 - Impact on poverty reduction

Overall programme VfM

6. With hindsight, can you see ways in which TMEA could have achieved better VfM during Strategy 1? How? Is TMEA doing anything more to enhance VfM during Strategy 2; if so, in what ways? Is it doing more to measure and monitor VfM during Strategy 2; if so in what ways?

Annex E Agreed VfM framework

This is provided as a separate file.

Annex F Approach to analysis of consultant fees

We analysed consultant fee rates on a sample of TMEA Strategy 1 contracts and benchmarked them against other programmes in the region. The approach to the analysis of TMEA fee rates is described in this Annex. Modifications to the approach originally described in the VfM framework were approved by DFID before the analysis.

We analysed fee rates on contracts made between 2013/14 to 2017. Earlier years were excluded from the analysis as TMEA advised that the records for these years were dispersed across multiple electronic folders, such that significant staff time would be required to pull the records together, and many records were incomplete. We discussed this with TMEA staff and concluded that there was no reason to believe the exclusion of earlier years would introduce bias into the analysis, as staff reported that they did not change the way they negotiated fee rates during these years.

We followed the steps described below:

1. **TMEA eliminated the contracts which were not for ‘consultancy services’ by reviewing the description against each contract in their files.** We do not have concerns that this process could have introduced bias as we understand that staff did not inspect the contents of contracts before deciding to eliminate them.
2. **TMEA classified the remaining contracts by contract type (see table); the classification categories were agreed with TMEA staff a priority**

#	Contract type
1	Infrastructure
2	IT/ICT
3	Capacity-building/institution-building/training
4	Professional/corporate services
5	Trade/economic policy advice
6	Research

3. **OPM took a random sample of one contract from each category across all included years.** The first random selection yielded a high number of low value contracts and therefore a small number of consultants (10 in total). We therefore decided to take a second, stratified random sample, ensuring that at least two contracts of medium value and two contracts of high value (values according to TMEA thresholds – see table below) were included. The low value contracts that had already been identified in the first round of selection were retained in the sample.

Type	Contract value
High	>U\$150,000
Medium	U\$0,001 – U\$150,000
Low	<U\$50,000

4. **Three lump sum contracts (which did not have information on daily fee rates)²⁷¹ were eliminated from the sample and replaced like for like (i.e. equivalent value band) through random sampling**

In addition, one low value contract was dropped. It was a contract to hire a staff member for six months rather than consultancy and stated a monthly rather than daily fee rate (US\$800 per month). To include it would have distorted our analysis. As we already had a good sample of low value contracts it was not replaced.

This yielded a final sample of 11 contracts (five of low value, four of medium value and two of high value) and 33 consultants.

5. **TMEA classified consultants in the selected contracts by the nature of work performed;** these categories were identical to the classification of contracts, although the nature of the consultant working on a given contract did not necessarily correspond to the contract type (e.g. trade/economic policy advice was given on a research contract).

²⁷¹ It was more efficient for TMEA to eliminate lump sum contracts after the selection, than to inspect every contract to find out if it was lump sum before doing the selection.

6. OPM sense-checked the classification of consultants before further analysis

- 7. OPM analysed the fees data:** weighted average daily fee rate by consultant expertise, and weighted average daily fee rate by type of consultant expertise, and by contract type. We used fees and number of days stated in the contract and not actual payments; TMEA advised that almost all contracts are paid according to the terms agreed in the contract, and it does not keep records where payments deviate from contract terms.

We proposed also to analyse fee rates by the status of the consultant – freelance vs sub-contracted by a firm. We did not undertake this analysis as TMEA staff advised they are unable to determine consultant status from their records with any certainty.

The sample size was determined by TMEA staff capacity. TMEA does not use a classification system for type of contract or type of expertise contracted and it required considerable staff time to classify all consultancy contracts for four years of Strategy 1, and then all consultants on the sample of contracts.

Annex G Approach to benchmarking consultant fee rates

Our approach to benchmarking fees data is described in this Annex. Modifications to the approach originally described in the VfM framework were approved by DFID before the analysis.

We identified similar programmes in the East Africa region/TMEA countries as possible comparators against which to benchmark consultant fees (Part 1 in the table below). We searched for projects in the same sector and roughly the same period from a variety of funders and implementers. The programmes were identified using the following sources: DFID Development Tracker, <https://devtracker.dfid.gov.uk/>; World Bank 'Projects' site, <http://www.projects.worldbank.org/>; JICA, Project data site, https://www.jica.go.jp/english/our_work/types_of_assistance/index.html; USAID projects site, <https://www.usaid.gov/where-we-work/africa>; EU projects site, https://ec.europa.eu/europeaid/sectors/economic-growth/regional-integration_en; OPM's Project Database. The list was sense-checked by OPM's private sector and trade expert and principal consultant, William Smith. Based on his advice the following changes were made to the list of 10 projects provided in the VfM framework:

- The original number 1 was deleted and replaced by original no 2, because programme number 1 had ceased to exist and been replaced by programme number 2
- The original number 3 was deleted and replaced by original no 10, because programme number 3 had ceased to exist and been replaced by programme number 10

The original number 10 was then deleted as OPM had already tried and failed to get access to fees data from the WB. We planned to benchmark TMEA fees against three other programmes. To select the programmes, we initially planned to rank them according to similarity with TMEA based on the kind of work undertaken, based on advice from OPM's private sector and trade expert and principal consultant. However, it was determined that he was not sufficiently familiar with the programmes. Instead, we randomized the list using the RAND function in Excel (random order shown below) and started with the top three, working our way down the list. We contacted each programme in the order shown in the table. We were unsuccessful in securing data from any of the programmes, although one provided some generic guidance which we have reported in our analysis.²⁷²

We had included a selection of OPM-implemented projects in different sectors as a fall-back measure and were able to use these. These projects were selected because they are in TMEA countries and are in a similar period and mainly still active. Note though that none are in the trade and infrastructure sector, as OPM is not working on other trade programmes in the East Africa region. We again randomised the list and worked our way down the list until we identified programmes that had undertaken analysis of fee rates and were able to share their data. We successfully secured data from two programmes.

All programmes providing data were assured anonymity and are not identified in our report.

²⁷² A second provided some generic guidance which we could not use as it included travel and accommodations costs

Randomised order	Original number	Sector/focus	Time period	Total value	Countries of Implementation (TMEA countries)
Part 1: non-TMEA programmes (not implemented by OPM)					
1st	2	Regional integration, business competitiveness, investment, and trade facilitation	2014-2019	US\$64M	Burundi, Kenya, Rwanda, Tanzania, Uganda
2nd	5	Regional integration, capacity building, investment support (in infrastructure), trade facilitation	2008-2015	US\$340.4M	Uganda, Kenya, Tanzania, Rwanda
3rd	6	Technical and institutional capacity building and trade facilitation	2007-2017		Kenya, Burundi, Rwanda, Tanzania, and Uganda
4th	9	Regional integration; trade facilitation, improving investment climate	2013-2018	€19.6M	SADC, including Tanzania
5th	8	Investment in public and private infrastructure (port); technical and institutional support	2016-2021	£71M	Tanzania
6th	4	Technical capacity building, investment support (in infrastructure), trade facilitation, improving trading environment (i.e. procedures and regulations) and regional coordination	2012-2016	£79.25M	Kenya, Tanzania, Rwanda, Uganda, Burundi in East Africa
7th	7	Trade and investment facilitation, institutional support, capacity building in selected value chains, improving trading environment (i.e. procedures and regulations)	2014-2020	£19M	Kenya, Rwanda, Tanzania, and Uganda
Part 2: OPM-implemented projects					
1st	16	Operationally relevant research on contingency planning, disaster response and disaster risk financing	2017-2023	£14.8M	Kenya, Uganda
2nd	13	Sustainability and process evaluation of the result-based financing WASH interventions	2013-2018	£4.4M	Kenya, Tanzania, Uganda, South Sudan
3rd	12	Natural Resources Governance; public sector capacity building	2015-2018	£4.5M	Kenya
4th	15	Technical and institutional support, capacity building	2017-2022	£9.7M	Sub-Saharan Africa
5th	11	Improving the delivery channels and agents of formal financial services	2015-2021	£11.5M	Tanzania
6th	17	Institutional support, technical assistance to the education assessment system; institutional coordination	2016-2021	£5M	Uganda
7th	14	Research on education systems and systems reform; capacity building; institutional support	2014-2023	£36.9M	Tanzania

Annex H Comments on achievement of outputs of SO1, SO2 and SO3 projects from OPM 2C/3A: Interim Evaluation: SO1 and OPM 2D/2E: Interim Evaluation: SO2 & SO3

Table 22: Comments on achievement of outputs of SO1, SO2 and SO3 projects from OPM 2C/3A: Interim Evaluation: SO1 and OPM 2D/2E: Interim Evaluation: SO2 & SO3

SO	DEQ	Comments
SO1: ports	DEQ2.1 Have the ports projects delivered their outputs?	<p>Work plans and outputs were substantially implemented and largely within reasonable tolerances given the challenging project operating environment. There were some project delays and cost variations, but these were not critical to the overall direction of the project.</p> <p>Civil works generally progressed satisfactorily in both ports, with some delays but project execution improved with better guidance and systems supported by TMEA.</p>
SO1: OSBPs	DEQ2.1 Have the OSBP projects delivered their outputs?	<p>Work plans and outputs were substantially implemented and largely within reasonable tolerances given the challenging project operating environment. There were some project delays and cost variations, but these were not critical to the overall direction of the project. Planned outputs including construction work, planned capacity building activities under IBM have been fully delivered, occasionally slightly behind schedule but without major concerns.</p>
SO2	DEQ1.2 Were outputs achieved in accordance with plans/expectations and within budget? For ongoing projects, what is the likelihood of achieving the output targets within the project timespan?	<p>Most projects will achieve their outputs though a key issue across most SO2 projects has been a lack of institutional capacity and general delays in the completion of activities caused by the multi-stakeholder, multi-country aspect of the projects. There were very few cases of achievements that were not expected which again reflects the activities undertaken under SO2. In a number of cases the capacity building initiatives had to be changed during implementation. Across all projects, extending timelines and allowing more room for inevitable delays would, if not directly lead to more effective projects, at least allow for more realistic project management.</p>
	DEQ1.3 What constraints were/are encountered in achieving the outputs? What are the main reasons for non-achievement of the outputs (if any)?	<p>There were major political constraints encountered in the implementation of project activities related to the fragile state status of two of the countries (Burundi and South Sudan). While the timing of events is unexpected, TMEA is cognisant of the political landscape of the region and persevered with activities in South Sudan despite the fragile situation. In other countries, political constraints continued to have an effect, if not as severe.</p> <p>Other key issues delaying project implementation was the change in Government in Tanzania which put on hold most of the SO2 activities as MEAC merged with the Department of Foreign Affairs.</p> <p>TMEA has been very wary of using any of their political influence to try and resolve political constraints and has maintained a strict policy of neutrality and non-interference. It is possible that they could do more to try and lift political constraints on projects without compromising their position as an independent body.</p>
SO3	DEQ1.2 Were outputs achieved in accordance with plans/expectations and within budget? For ongoing projects, what is the likelihood of achieving the output	<p>Projects have generally scored well on effectiveness with 14 out of 20 scoring good and only 6 scoring amber. There are no projects with any major concerns on outputs achieved. The evaluators have recognised that most outputs were not achieved on schedule but have not marked the projects down for delayed completion. Most of the stakeholders have reported that the projects had a very strong and successful capacity building component and are achieving successful outcomes.</p>

SO	DEQ	Comments
	targets within the project timespan?	As with SO2, this may be a case of setting more realistic timelines, which would enable more effective project and portfolio management.
	DEQ1.3 What constraints were/are encountered in achieving the outputs? What are the main reasons for non-achievement of the outputs (if any)?	There were major political constraints encountered in the implementation of project activities related to the fragile state status of two of the countries (Burundi and South Sudan). Other key issues delaying project implementation was the change in Government in Tanzania which put on hold a number of SO2 activities but also affected SO3. Internal capacity constraints also hindered project implementation and, in some cases, TMEA had to provide extensive additional support

Source: OPM 2C/3A: Interim Evaluation: SO1 and OPM 2D/2E: Interim Evaluation: SO2 & SO3

Annex I Quality of methodologies used for CBAs on key infrastructure projects

DFID undertook a preliminary CBA in 2010, covering ports and several OSBPs.²⁷³ This was subsequently revised and updated by Neil Pogorelsky in 2012.²⁷⁴ The following comments are based primarily on Revision Two of the document supplied to TMEA, although we refer to the 2010 CBA where there are significant differences in assumptions or treatment. TMEA developed the Results Meter based on the 2012 document. The Results Meter lapsed around 2016 and efforts were made to develop the Impact Model.

The 2012 CBA provides an analysis of the program as well as looking at 11 OSBPs plus the two ports. These project-specific CBAs use many common assumptions and a similar methodology throughout. We provide comments on the common assumptions and methodology first, then make a few observations on two specific OSBPs and the ports.

Our comments are structured around the following commonly used criteria:

- Objectives of the analysis
- Standing and scope
- Establish the base case/counterfactual
- Benefits identification and project life cycle
- Estimated economic value of costs and benefits
- Risk and sensitivity analysis
- Discount rate
- Attribution
- Impact assessment.

I.1 Overall comments

The ToR were specified by TMEA and the author made a concerted effort to meet specifications. The objectives were clearly defined (page 1), and the limitations listed (page 4). Projecting the benefits over the life of the infrastructure was always going to be subject to uncertainty. The author attempted to limit the uncertainty by projecting out ten years to 2025. This seems to be a little short for infrastructure projects that may last 50 years. The counterargument might be that at a ten per cent discount rate, benefits more than 30 years hence are of little value, but this does not apply to 10 to 20 years. In this respect, as in others, the benefits may be understated. Other aspects of concern are attribution, the value of time saved and the induced trade.

I.2 Objectives of the analysis

As noted, the objectives are clearly defined. The funding is to be spent in a specified manner and an assessment is made of the likely benefits. However, no alternative projects are mentioned. There are other ways to reach the target of saving transit time instead of implementing OSBPs such as better facilities, improved administrative procedures, and automatic weighing machines. Indeed, as the OPM Trade and Growth Impact Study (2019)²⁷⁵ suggests, the funds may well have been better spent on ports and non-tariff barriers. Market-based instruments may provide a better alternative to infrastructure. In this instance, the economic appraisal appears to be a “business case” which simply promotes a preferred approach. The risk here is that the CBA was used to justify rather than provide useful information to decision makers.

I.3 Standing and scope

While costs are self-evident, a question remains about the potential beneficiaries. They are not clearly defined. The stated objectives of the program are to increase exports and enhance regional integration. It seems exporters and importers of goods are listed beneficiaries. Section 5.1, page 26 mentions three categories of benefits, but since no explicit discussion about potential beneficiaries is included, this leads to some ambiguity. It is rational to think of other groups of beneficiaries including cross border passengers, transporters, and individual commuters in addition to cargo transporters. However, for such a large infrastructure project as this, a national perspective should be selected. And under this perspective, benefits

²⁷³ This is documented in Annex H of DFID (2010). The spreadsheet model was provided.

²⁷⁴ Pogorelsky (2012).

²⁷⁵ OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019

may include increases not only in trade but also in other economic aspects, such as investment. This calls for a computable general equilibrium (CGE) analysis, which attempts to capture a wider range of benefits and constraints.

Scope, i.e. what projects are covered in the analysis, is clearly stated in Section 2.3. As the author notes, 52 active projects were reduced to 13 because of uncertainties in timing of expenditure or the measurement of benefits.

I.4 Establish the base case/counterfactual

Baseline projections (Section 5.2.1) are based on Comtrade trade data and assume growth in volumes of 4.9 per cent per year. This seems reasonable but takes no account of interactions with other economies that drive exports and imports. For imports, the 17 per cent fall in volumes appears counterintuitive, given the ongoing growth in consumption and investment.

The authors estimate the baseline delays against which the intervention case may be gauged. Time saved is valued at US\$450 per day, an average of the range from the CPCS Northern Corridor Study. This estimate is a key parameter and requires further justification. In retrospect, it seems too high, and this is because the opportunity cost of capital is high.

I.5 Benefits identification and project life cycle

As mentioned above, three types of benefits are listed. It would have been desirable to include a detailed discussion about reasons for the inclusion of these benefits with respect to relevant standing/beneficiaries.

The 2010-2025 period is used in the analysis. No reason for this selection is mentioned, but we note the same period was used in the business case. It means the project lifecycle is ten years after completion. For infrastructure projects, this lifecycle seems short. It could be argued that 30 years is more appropriate. As a result, benefits are underestimated, although the 10 per cent discount rate reduces the value of future benefits.

I.6 Estimated economic value of costs and benefits

Costs are project expenditures and are presented by country and year in Table 6, page 10. The total from 2010 to 2016 was estimated in 2012 at US\$465 million. This is close to the US\$502 million spent in Strategy 1.

Benefits are the economic value of time savings (Table 15, page 34) and the economic value of trade increments (Table 22, page 46-47). The estimated value of delay, US\$450 per truck per day, is divided into direct (US\$300/truck/day) and indirect costs (US\$150/truck/day). The indirect costs include inventory cost in case delivery is delayed and a stock-out occurs. In this instance, the opportunity cost of capital seems high. It ranges from 25 per cent in Kenya to 45 per cent South Sudan. At zero opportunity cost of capital, the savings per day would drop from US\$450 to US\$271. At a rate close to the discount rate of 10 per cent, the savings would be closer to US\$350. Other studies put direct costs at only US\$128 for the Mombasa-Kampala route (Eberhard-Ruiz and Calabrese 2017).

Inventory value is US\$600,000 for three months. This estimate is uniformly applied for all countries while goods value per truck is the same regardless of the content. This gives maize the same value as motor vehicles.

The OPM Trade and Growth Impact Study (2019)²⁷⁶ gives a lower value to direct costs and gives more weight to indirect costs, particularly the reduction in uncertainty given the probability of long delays has been reduced. However, the study suggests the gains come from reductions at the ports, not the OSBPs. With the benefit of hindsight, a more appropriate value would be US\$210 per day, as derived in the OPM Trade and Growth Impact Study (2019).²⁷⁷

I.7 Risk and sensitivity analysis

Risk in CBA is normally defined as the effect of uncertainty on objectives. Risk involves application of probabilities to estimates of costs and benefits. Sensitivity relates to changes in value of costs and benefits calculated.

²⁷⁶ OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019

²⁷⁷ OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019

Using these definitions, the inclusion of risk-adjusted 80th percentile results should not be considered as a risk analysis. In contrast, both risk assessment and sensitivity analysis in Section 2.1 and 2.2 should be considered as sensitivity analysis. Table 7 provides some changes in these variables but no explanations for selection of the changes. Sensitivity analysis should focus on key variables including value of time savings and value of trade increments. Specifically, ranges for value of time savings, time savings themselves and trade increments should be included in sensitivity analysis. In other words, Table 21 and Table 22 should be reproduced using different values of time savings and incremental trade.

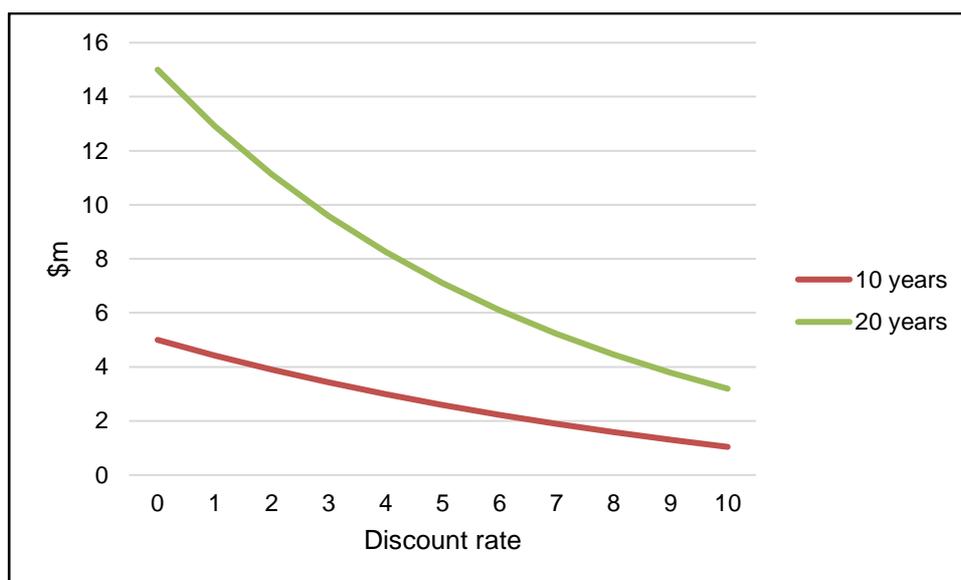
In the risk analysis, each risk is independent, whereas non-implementation is likely to be correlated due to redirection of funds from donors. The benefits are overestimated as a result.

1.8 Discount rate

A discount of ten per cent is used. This was a standard rate used by DFID at the time of writing, although in the 2010 study a rate of 12 per cent was used, in line with higher interest rates at the time. It seems high in comparison with 7% of preferential discount rate used by Australia and New Zealand, especially now in a time of low interest rates. A rate of 3.5% is the common discount rate used for domestic UK government departments. Discount rates are important for infrastructure projects which have a long-time frame.

To illustrate, consider a realistic but hypothetical example where an OSBP costs US\$5 million initially and generates benefits of US\$1 million each year. Over ten years, net present value is just US\$1.04m at a ten per cent discount rate, but US\$3.2m at a rate of 3.5 per cent. If the benefits stretch over 20 years, the net present value is US\$3.19m at the higher discount rate and US\$8.9m at the lower rate. These assumptions matter; Figure 6 illustrates that with high discount rates, such as 10 per cent, the time horizon over which benefits accumulate is not so important, but at low rates the importance increases.

Figure 6: Net present value, time horizon and discount rates



1.9 Attribution

Table 23 shows the assumed attribution rates. Some are 100 per cent. This seems unreasonable given there are parallel projects that also contribute to time savings and induced trade. The estimated benefits are directly related to the attribution rates. There is a risk of attributing all or much of the improvement to the intervention, whereas it may have happened anyway. For example, imports over time tend to follow international growth in trade, suggesting trade is demand driven to some extent. Attribution needs further justification.

Impacts assessment

In Table 14 impact assessments seem somewhat arbitrary, at 15 or 30 per cent. The justifications on page 28 are not very persuasive. These numbers should be used for sensitivity analysis.

1.10 Other points

Induced trade is the extra trade generated in response to the reduction of the costs to do business, in this case the cost of transport. The trade generation forecast is based on an estimated responsiveness of traders

to the declines in transport time achieved through TMEA interventions. On an undiscounted basis, the induced trade benefits represent over 40% of total TMEA benefits. An elasticity of 2.5 is used, based on the Limão and Venables (2001) study. This now seems too high. Hence the induced trade benefits are too high as is the resulting IRR.

1.11 Project-specific CBAs

We examined project-specific CBAs relating to TMEA OSBPs Busia and Kagitumba/Mirama Hills. These are the best- and worst-performed of the TMEA OSBPs that were completed with the Strategy 1 period.

The most problematic CBA is Kagitumba/Mirama Hills. The CBA assumed traffic flows of 28,250 shipments per year, or 77 per day in 2013 (p. 79), with steady increases in the following years to 2025. In retrospect, this seems to be wildly optimistic. Table 3 (Annex G) shows 2017 traffic flows to be around 125 per week in each direction, maybe 20 per day. How did the CBA get it so wrong? They took the number from a TM commissioned report, which was “inclusive of expected diversion”. This is based on a “Border Audit” from 2010. The expected diversion never happened. In addition, the CBA inflated the potential traffic flows by 4.9%, and assumed the delays would increase because of congestion. Furthermore, it included a large estimate for induced trade and for the daily value of savings. Thus, in the CBA, the potential benefits were overstated. The assumption of diverted traffic is the main problem.

The CBA relating to Busia uses common assumptions, including export growth rates, discount rates, opportunity cost of capital and cost savings per day, which we have commented on earlier in this Annex. Traffic flows were better than expected, so the benefits were underestimated. Modellers should not be too harshly criticized for forecast errors. The methodology was broadly correct.

The 2012 CBA study also looked at the Port of Dar Es Salaam specifically. TMEA allocated US\$15.9 million for Dar Port improvements, some eight per cent of the total cost of needed improvements. All projects, including the Port of Dar, assume an annual average traffic volume growth of about 4.9%, resulting in forecasted traffic of almost 800,000 shipments by 2025, the nominal time horizon. Traffic in 2017 was around 473,000 shipments, suggesting the 2025 target is unlikely to be achieved. However, significant strides have been made in improving dwell times, with and without infrastructure improvements. The analysis assumed that TPA would continue to reduce dwell times in the counterfactual at an annual average rate of about 2%, which would reduce the dwell time to a little less than 8.5 days by 2025. In fact, dwell times in 2017 were around five days, so considerable improvement has already been achieved. These forecasting errors are understandable. More problematic is an overvaluation of the time saved. This results from a high value of the opportunity cost of capital, as noted elsewhere, and the assumption that reduced uncertainty saved one month of inventory. On the other hand, the analysis stops at 2025, whereas the benefits of port infrastructure could continue for decades.

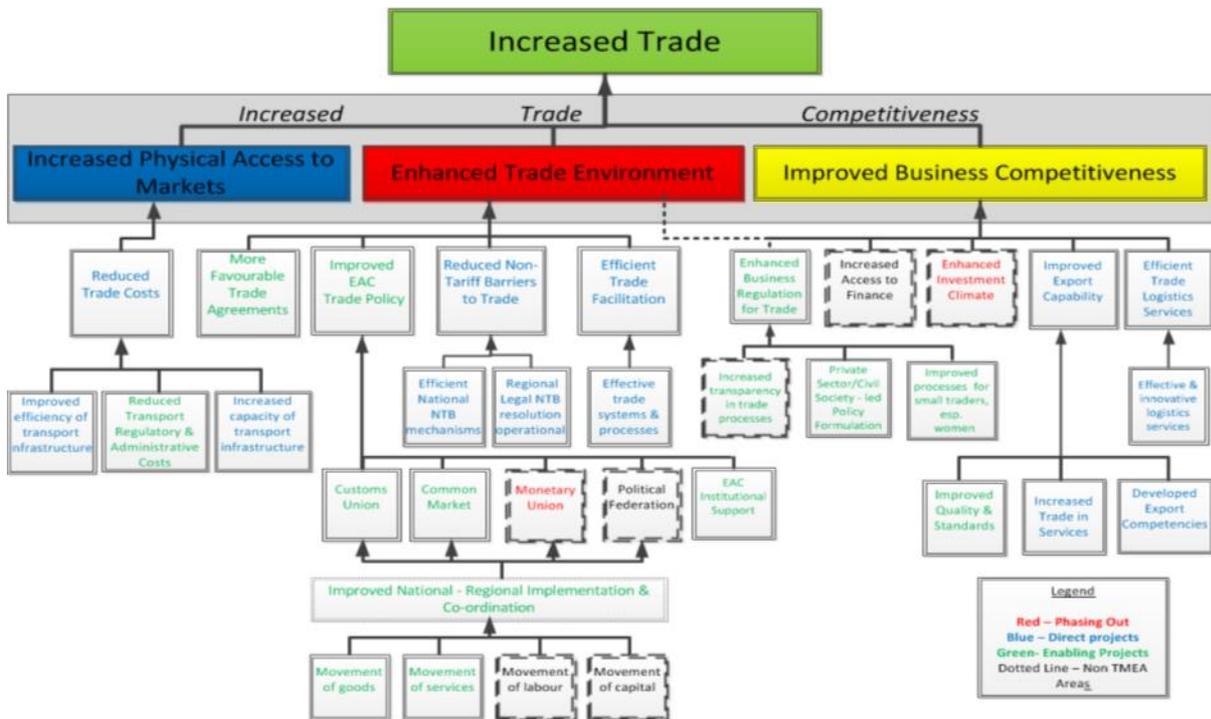
The Port of Mombasa has shown significant improvement in traffic flows (from 696,000 TEU in 2010 to 1,190,000 TEU per year in 2017) and some improvement in dwell times from 177 to 94 hours. This is better than forecast in the 2012 CBA. The CPCS Northern Corridor study cited in the CBA includes a dwell time estimate at the port of an average of 26 days with high and low times of 11 and 42 days, in turn. The analysis assumed that KPA would continue to reduce dwell times in the counterfactual at an annual average rate of about 0.85%. By 2016, this continuing decline in dwell times results in a forecasted delay of 25 days, falling to 23 days by 2026. For the purpose of the CBA exercise, a conservative figure of 0 to about two days was chosen. This was too conservative. As with Dar, however, the CBA overestimated the value of the time saved.

With the exception Kagitumba/Mirama Hills, it is the common assumptions across all the project specific CBAs that can be queried. In their defence, the authors can claim they used a consistent methodology and assumptions throughout. In the Kagitumba/Mirama Hills case, the authors claimed the traffic forecasts were in fact provided by TMEA.²⁷⁸

²⁷⁸ Kagitumba/Mirama Hills Border Audit (2010).

Annex J TMEA Theory of Change, 2014

Figure 7: TMEA Theory of Change, 2014



Annex K OPM Review: Suggested VfM Indicators for TMEA Strategy 2 (14/03/2019)

K.1 Introduction

In this note we suggest some general guidance, based on our assessment of the current VfM Strategy and indicators (section 1), followed by possible VfM indicators for TMEA Strategy 2 (section 2).

The list of indicators includes a larger number of indicators than the current VfM strategy and would require more effort than current VfM assessment and reporting. Much of the required evidence should, however, come from programme MEL and evaluation. We recognise that it is important to keep VfM assessment manageable in terms of staff time and costs; certain indicators may be prioritised over others, and some may be tracked annually rather than quarterly.

We have indicated where costs may usefully be benchmarked against other programmes. However, we caution, based on the experience of this VfM assessment, that finding suitable comparators, and obtaining sufficient information from them, can be time-consuming and may yield little useful information. Donors may be able to assist with access to data from good comparators.

K.2 General guidance

1. Include indicators for effectiveness, cost-effectiveness, and equity (i.e. indicators which are results focused)
2. Ensure VfM indicators are aligned with the programme theory of change and integrated into the MEL system, drawing on results evidence from sources such as the Impact Model, evaluations, and household surveys
3. Include narrative explanation of the findings on quantitative indicators ('the story behind the numbers') to recognise if/how TMEA manages underlying drivers, to explore reasons for variance against targets, and to capture learning that can improve VfM
4. Ensure economy and efficiency indicators encourage value maximisations rather than cost-cutting, which can reduce efficiency and effectiveness
5. Introduce external benchmarks on key economy and efficiency indicators, if suitable comparators are available and data is accessible
6. Disaggregate data by relevant units (e.g. country programmes, SO) wherever relevant, to recognise variable performance and transfer learning on how to optimise VfM across units
7. Include an indicator to assess attention to project-level VfM, from project design through implementation and evaluation, since most of TMEA's resources are expended via contracts and grants for projects
8. Consider frequency of reporting for different indicators; some may be reported quarterly, while others (particularly those focused on results) may be reported annually
9. Ensure reporting includes a section on progress, lessons learned and action to be taken to enhance VfM.

K.3 Possible VfM framework for TMEA Strategy 2

#	Indicators/evidence	Approach to target-setting/benchmarking	Source(s) of data	Strengths	Limitations/other comments
ECONOMY					
1	Staff salaries are commensurate with external benchmarks	Salaries within 50 th percentile of the market	TMEA financial data; salary market surveys (every 3 years)	Benchmarking against other similar organisations; accompanies market trends	Salary surveys are expensive and cannot be undertaken frequently
2	Weighted average daily fee rate of consultants by band (e.g. type of expertise/years of experience)	Establish bands and targets for different kinds of expertise and compare with external benchmarks if data are available	TMEA financial data	Provides more nuanced information than a simple average across all consultants	Requires staff time to categorise consultants; could be performed on a sample of contracts ²⁷⁹
3	Travel costs as % of total expenditure	Establish target; seek external benchmarks	TMEA financial data	Easy to report; trends provide good diagnostic checks; can provide incentive to conduct more business by tele/videoconference	May be difficult to benchmark externally (different programmes have different travel needs).
4	% spent on indirect costs	Establish if proposed cap of 9% during Strategy 2 is appropriate, if possible based on comparable external benchmarks	TMEA financial data	Easy to report; trends provide good diagnostic checks	Requires sound and stable definition of indirect costs. May be difficult to benchmark externally (different programmes have different requirements in terms of programme management, fiduciary risk, and compliance).
5	% value of procurement which is subject to open competition	Assess if current target (>80%) remains appropriate	TMEA procurement data	Easy to report; trends provide good diagnostic checks	Need to ensure that efforts to meet target do not inadvertently encourage larger contracts at cost of smaller contracts which are better suited for some activities

²⁷⁹ TMEA does not currently collect information on years of experience and would need to categorise consultants on contract signing. Analysis could be performed on a sample of contracts like that in the OPM analysis so as not to be too onerous

#	Indicators/evidence	Approach to target-setting/benchmarking	Source(s) of data	Strengths	Limitations/other comments
EFFICIENCY					
Technical efficiency					
6	Output scores (delivery against output targets)	Compared with annual targets in results framework; disaggregated as relevant	MEL and evaluation evidence	Provides diagnostic information on delivery and areas of underperformance	Failure to deliver may reflect poor target-setting rather than poor performance; assessment should review appropriateness of targets
7	Evidence that TMEA supports projects to achieve good VfM during design and implementation and monitors project VfM during implementation		Document review (contracts, PARs, annual reports etc.)	Easy to evidence; should account for appropriate levels of risk and innovation	Large number of projects; analysis could be undertaken on a sample of projects
Allocative efficiency					
8	Evidence that strategic planning and project appraisal processes ensure allocative efficiency within and across SOs and country programmes		Document review		Requires system in place to track how allocative decisions are made
Dynamic efficiency					
9	Evidence that TMEA manages programmes adaptively, with key examples demonstrating how this has improved results		Document review	Encourages experimentation with different ways to deliver results in most cost-effective way	Requires system in place to track how adaptive management works in practice
EFFECTIVENESS					
10	Achievement of outcome targets and plausible contribution to impact targets	Compared with annual targets in results framework; disaggregated as relevant	MEL and evaluation evidence	Considers all outcomes and impact, including non-monetizable outcomes which may not be included in cost-effectiveness analysis.	Evidence of contribution requires evaluation methods which frame TMEA's work in context with other key actors and factors. Failure to deliver may reflect poor target-setting rather than poor performance; assessment should review appropriateness of targets

#	Indicators/evidence	Approach to target-setting/benchmarking	Source(s) of data	Strengths	Limitations/other comments
Cost-effectiveness					
11	Verification of <i>ex-ante</i> CBA estimates on key infra projects and whole programme; and/or breakeven analysis (BEA) on whole programme	CBAs compared with <i>ex-ante</i> CBA estimates at end of programme; projected breakeven point benchmarked against <i>ex-ante</i> CBA during programme	TMEA financial data and results data (MEL)	It is good practice to revisit <i>ex-ante</i> CBAs at end of the programme; ²⁸⁰ BEA can be undertaken with less data than full review of CBAs and therefore more frequently, to provide diagnostic information	CBA is expensive and only provides information at the end of the programme; not useful for performance monitoring during programme. Breakeven analysis may be used at various intervals as well or instead, to keep costs down, and to provide monitoring information during the programme
EQUITY					
12	Output equity (e.g. number of beneficiaries in marginalised groups directly reached by TMEA interventions, number of new jobs created for different marginalised groups)	Compared with annual targets in results framework; disaggregated as relevant. Targets should recognise the trade-off between reaching the most marginalised groups vs maximising the number of beneficiaries	MEL and evaluation evidence	Ensures attention is paid to reaching the most marginalised. Data should be readily available from MEL	Indication of numbers reached does not demonstrate quality/impact of the interventions (which should be measured by outcome/impact equity). Monitoring of numeric targets should not create bias towards 'easier to reach' groups
13	Outcome/impact equity (e.g. benefits accrued to marginalised groups, costs to marginalised groups mitigated)	Compared with annual targets in results framework; disaggregated as relevant.	MEL and evaluation evidence (e.g. proposed household surveys)	Ensures attention is paid to the quality and impact of interventions targeted at the most marginalised.	Requires investment in evaluation around effects on poverty and related indicators ²⁸¹

²⁸⁰ As recommended in ICAI's Review of DFID's Approach to VfM (February 2018)

²⁸¹ Should include difficult to measure outcomes such as changes in power relations within marginalised groups and with less marginalised groups, and women's economic empowerment

Annex L Cost-effectiveness of OSBPs

This is provided as a separate file.

Annex M Framework of economic considerations

Table 23: Framework of economic considerations

Factor	Evidence
<p>Shared effects /contribution: did other (non-TMEA) interventions or programmes also influence changes?</p>	<p>The OPM Trade and Growth Impact Study (2019)²⁸² took shared effects into account by apportioning total impacts between TMEA and other interventions on a pro rata basis, in proportion to their relative funding. On this basis, it was estimated that total welfare gains were USD 582 million, of which USD 16.8 million were attributable to TMEA annually. These annual gains can be expected to continue for 10, 20 or perhaps 30 years and expand as the economy grows by 4 to 5% per year. Valuing these benefits depends on assumptions about the growth rate, the time horizon and the discount rates’.</p> <p>TMEA staff interviewees indicated that other development partners (DPs) and governments in the region contributed to results:</p> <ul style="list-style-type: none"> • The World Bank co-financed construction on four of the TMEA-supported OSBPs and contributed to policy development at Dar Port • JICA supported two other OSBPs and the second container terminal at Mombasa Port • The EU supported systems upgrades at the EAC Secretariat and continued their support after TMEA largely withdrew • The AfDB worked closely with TMEA on investment in power and roads • The East Africa Trade Hub and the East Africa Trade and Investment Hub contributed to work on trade policy, finance, and standards • The EAC Secretariat collaborated, for example on development of the SCT • Governments of the region collaborated, for example on roadwork and participation with removing NTBs through regional and bilateral fora, particularly among the Northern Corridor countries • TMEA and DFID staff also observed that TMEA made critical contributions, and sometimes distinct contributions that others were not doing, for example: • TMEA played a critical role in working regionally not just nationally, and developing coordination mechanisms across countries and institutions to ensure dialogue among important actors, e.g. the NOCs were the only forum in which institutions relevant to trade in each country came together, and regionally, TMEA supported the EAC Secretariat and then facilitated the implementation of regional-level decision in each country • TMEA enabled and facilitated government officials who were interested but time-constrained to engage with trade facilitation, by doing a lot of the ‘heavy lifting’ and having mechanisms to push the work forward (e.g. commissioning analytical work, convening meetings, paying travel expenses for government officials to attend meetings) • TMEA helped to build relationships between other development partners; for example, it played a key role in facilitating the relationship between the WB and the GoT at Dar Port, which helped in reaching an MoU for work at the port • TMEA’s approach working with private sector and civil society as well as government was key to ensure that business and citizen interests were represented in the reforms • TMEA brought the soft infrastructure (new systems and procedures) to the ports and OSBPs – the WB invested only in hard infrastructure • TMEA’s advocacy work was critical in bringing in private sector investment, e.g. in the second container terminal in Mombasa • TMEA played an important role in enhancing implementation culture among institutions in the region through a strong demonstration effect • TMEA-commissioned studies were important in catalysing engagement and investment, e.g. the KPA supported upgrading of berths at Mombasa Port after a study showing they were in a critical condition

²⁸² OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019

Factor	Evidence
Shared effects conclusion: Overall, there is sufficient evidence to convince a reasonable but sceptical observer that TMEA made a distinct contribution to improved trade and welfare gains through achievement of its PIOs. The precise level of contribution is difficult to quantify and, in the OPM Trade and Growth Impact Study (2019), ²⁸³ has been estimated based on proportional funding to TMEA and other interventions.	
Deadweight: would the observed outcomes have occurred without intervention?	<p>The OPM Performance Evaluation (2019)²⁸⁴ demonstrated where TMEA made distinct contributions to its outcomes relative to other actors, suggesting these would not have occurred in the absence of any intervention.</p> <p>The OPM Trade and Growth Impact Study (2019)²⁸⁵ identified overall gains in exports and imports that were attributed to TMEA. The Study also estimated impacts of trade growth on welfare, i.e., welfare gains over and above the general (counterfactual) trend, which are attributable to TMEA. This inherently considers the effects that would have occurred in the absence of any intervention.</p> <p>TMEA staff interviewees rightly acknowledge that claims around the counterfactual are difficult to substantiate there is no 'alternative East Africa' to act as a control or comparison. Staff claim that bottlenecks and constraints on trade would largely have remained in place without intervention by TMEA and other actors, or would have been removed much more slowly, and point to the critical and distinct contributions made specifically by TMEA (described under 'shared effects', above). As such, they believe improvements in trade and economic growth are greater than they would have been without TMEA, when underlying economic and population growth are considered. DFID interviewees concurred with this belief.</p>
Deadweight conclusion: Overall, there is sufficient evidence to convince a reasonable but sceptical observer that improved trade and welfare gains would not have been achieved, to the same extent, in the absence of any intervention.	
Gains: did the programme contribute to verifiable indirect benefits?	<p>The intent of this question is to determine whether any factors were identified that might indicate significant indirect gains, in addition to the direct impacts captured in TMEA strategic outcomes and in OPM Trade and Growth Impact Study (2019)²⁸⁶ estimates of impacts and welfare.</p> <p>See sub-criterion 2.2 in the effectiveness section on unintended positive outcomes. As summarised in the table in that section, stakeholders identified a number of unintended positive outcomes that they suggested were a result of TMEA interventions, although the OPM Performance Evaluation (2019)²⁸⁷ reported that none were well-substantiated or systemic.</p>
Gains conclusion: Anecdotal evidence suggests TMEA has had positive externalities and spill-overs, especially around trade corridors, although none were well-substantiated or systemic..	
Losses: did changes occur that cannot be claimed as programme benefits?	<p>The intent of this question is to determine whether TMEA interventions may have inadvertently caused any disbenefits. Stakeholders identified indirect negative externalities that may have resulted from TMEA interventions, including:</p> <ul style="list-style-type: none"> • The OPM Poverty and Gender Impact Study²⁸⁸ found that the wealthier beneficiaries of the direct interventions, as well as the wealthier indirect beneficiaries, more universally reported improved income and consumption than did their poorer peers over the same time period. • There was an overall increase in burden of adding paid work outside of the household to the unpaid work inside the household for some women and girls (OPM Poverty and Gender Impact Study²⁸⁹). • Some OPM Poverty and Gender Impact Study²⁹⁰ respondents claimed that women were provided with insufficient information on business practices and borrowing, leaving them vulnerable to extortionate business practices and unscrupulous lending • The OPM Trade and Growth Impact Study (2019)²⁹¹ mentioned that increased

²⁸³ OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019

²⁸⁴ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

²⁸⁵ OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019

²⁸⁶ OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019

²⁸⁷ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

²⁸⁸ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019

²⁸⁹ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019

²⁹⁰ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019

²⁹¹ OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019

Factor	Evidence
	<p>imports in the EAC due to trade facilitation may force some domestic producers and companies out of the market if they are unable to compete with imports on price and/or quality.</p> <ul style="list-style-type: none"> • There were significant dislocations of workers, particularly as clearing agents, truckers, and small-scale vendors. These dislocations have ripple effects throughout their communities, and the greater efficiencies in trade sought through TMEA and EAC reforms were predicated on some of these dislocations – eliminating those service providers and/or the lag time in which those businesses could sell their wares and services is precisely what makes the system more efficient (OPM Performance Evaluation, 2019²⁹²) • Although respondents reported improved women’s positions overall, as they had greater influence over household expenditures, some respondents, particularly men, noted that these changes strained marriages, as women were outside of the home more and likely expected to have greater voice in household decisions, and a few female respondents noted that when their businesses were unsuccessful, conflict rose within the household. (OPM Poverty and Gender Impact Study 2019²⁹³). • There was new evidence of smuggling zones; uneven pricing that might indicate that goods were not crossing duty-free as the SCT would demand (OPM Performance Evaluation, 2019²⁹⁴) • People living with disabilities were reported in the press to be used to cross borders without border checks, and the OPM Poverty and Gender Impact Study team witnessed such crossings at Busia, but no evidence linked this to TMEA’s interventions. (OPM Poverty and Gender Impact Study 2019²⁹⁵) • At least one OSBP border area was widely reported in the press to have continued to have significant illegal market activity, where goods whose prices differed greatly from one side of the border to the other – like charcoal and beer – remained actively smuggled. (OPM Performance Evaluation, 2019²⁹⁶)
	<p>Losses conclusion: Anecdotal evidence suggests TMEA has had negative externalities and spill-overs, especially regarding some distributional and gender effects.</p>
<p>Sustainability: are results expected to increase, stay the same, or drop off over time?</p>	<p>‘Generally, sustainability is assessed on the basis of the likelihood that the results and benefits arising from interventions will be sustained and perpetuated in the future, a reflection of the adequacy of the fiscal, political economy, institutional and environmental dimensions’ (OPM Performance Evaluation, 2019: 40²⁹⁷). Overall, based on the evidence below, sustainability of the outcomes derived from TMEA’s contributions is considered as variable. Some outcomes and impacts are likely to be sustained, while for others, risks and challenges exist.</p> <p>The OPM Trade and Growth Impact Study (2019)²⁹⁸ noted key elements of TMEA’s interventions that are likely to be sustainable, such as effective cargo tracking systems, the investment in ICT for trade, and the ability to report NTBs, although the Performance Evaluation indicated problems with online reporting sites and the SMS system and government commitment to sustain reporting mechanisms after TMEA support (OPM Performance Evaluation, 2019: Annex J²⁹⁹). The OPM Trade and Growth Impact Study (2019)³⁰⁰ also identified risks and challenges: further ongoing improvements are needed to address obstacles to trade and ensure sustainability of impacts, including government policies, roads, quality (management), power (and utility costs and availability), costs (of production), and railways (efficiency). Furthermore, the OPM Trade and Growth Impact Study (2019)³⁰¹ also notes that in recent years, all of the EAC-4 countries have experienced growing significant budget deficits, external debt and in the case of Kenya, current account deficits may be creating a strain on some of the countries in terms of macro-economic sustainability.</p>

²⁹² OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

²⁹³ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019

²⁹⁴ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

²⁹⁵ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019

²⁹⁶ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

²⁹⁷ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

²⁹⁸ OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019

²⁹⁹ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

³⁰⁰ OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019

³⁰¹ OPM: Baker et al. Deliverable 4A: Trade and Growth Impact Study, December 2019

Factor	Evidence
	<p>Success factors to ensure sustainability were identified, including: ownership by beneficiary countries; political cooperation and willingness; collaboration amongst public-private institutions; addressing the negative externalities arising from distribution effects; transmission of knowledge; maintenance of infrastructure; channelling investments into productive areas; strengthening enterprise support to facilitate market access; and managing risks of external imbalances (such as budget deficits and external debt) destabilising macroeconomic sustainability.</p> <p>The Performance Evaluation (2019)³⁰² indicated that changes in policy or legislation, or changes to budgeting and planning were likely to be sustained (e.g. the OSBP Act, the Common External tariff and the Standards, Quality, Assessments, Metrology and Testing (SQMT) Act); that some private sector projects were finding ways to generate resources in order to continue their work; and that stronger relationships were reported to be important in sustaining gains (e.g. in the Mombasa Port Charter Community). It raised concerns about the sustainability of capacity-building efforts, given the vast number of agency employees needed to staff reformed institutions across 6 countries; the weakness of many smaller private sector and civil society organisations and their dependence on donor funds; and the possibility that IT systems would not be maintained at OSBPs (though in only one country)</p> <p>The OPM Poverty and Gender Impact Study (2019)³⁰³ respondents indicated that the following were likely to be sustained:</p> <ul style="list-style-type: none"> • Training and information campaigns that TMEA and its partners undertook under Strategy 1, • Among individual traders, so long as they continue their businesses, the programme's impact is sustained. • At the ports, respondents indicated that impacts would be sustainable if operational procedures were followed. • TMEA created or catalysed the creation of structures to enable participatory processes in the governance of the borders, which was reported as opportunities for sustained engagement and dialogue through the dynamic processes of economic development, policy reforms, and changing international trade patterns • The effective cargo tracking systems, the clearance procedures, and the ability to report NTBs. <p>The OPM Poverty and Gender Impact Study (2019)³⁰⁴ also indicated three main concerns:</p> <ul style="list-style-type: none"> • There were no mechanisms for new traders to access information and training, and significant gaps in understanding how cross-border trade works in border communities, such as reciprocal freedom to conduct trade. • A significant lack of understanding remains, even in border communities, about the reciprocal freedom of individuals to conduct cross-border trade. This engendered protectionist attitudes, particularly among poorer respondents • The lack of a smooth transition among border personnel decreased the efficiency of the border post operation and resulted in increases in time (and therefore cost) to the trained traders. It does not appear that sufficient structures, training, and/or incentives were built into the system that would institutionalise the inculcation of knowledge and behaviour among all personnel assigned to the OSBPs. Although staff at most OSBPs indicated that they had an orientation, the information was not sufficiently in-depth in many cases. <p>To enhance sustainability, the OPM Poverty and Gender Impact Study (2019:4)³⁰⁵ recommended ensuring a steady flow of information to the public related to trade regulations and opportunities, the institutionalization of practices through training for OSBP and port personnel, sustained participatory processes that enable women traders and others to have a voice in the border committees, continued commitments from government, and public confidence in the effectiveness of the system .</p> <p>TMEA staff claim that hard infrastructure supported by TMEA has so far been maintained by the relevant governments - responsibility for maintenance was built into project design and governments recognise that the ports and border posts generate</p>

³⁰² OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

³⁰³ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019

³⁰⁴ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019

³⁰⁵ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019

Factor	Evidence
	revenue – and capacity-building with government agencies has helped to underpin procedures and behavioural change. They also recognise there has been drop-off in some areas, eroding some of the gains in reduced time and costs: political tensions among some countries have led to protectionism (e.g. the Tanzanian government); the fight against counterfeits has increased inspections and costs at the ports; NTBs continue to emerge; a border post director in Tanzania has started to require trucks to stop on both sides of the post; and some forums for regional dialogue between the EAC Secretariat and businesses have been suspended. DFID staff also recognized that there is a risk that gains are eroded over time at OSBPs if staff do not continue to follow good practice.
<p>Sustainability conclusion: Overall, the sustainability of the outcomes derived from TMEA's contributions is considered variable and cannot be taken for granted. Risks, challenges, and critical success factors have been identified to ensure TMEA's contributions are sustained.</p>	

Sources: OPM Performance Evaluation (2019), OPM Trade and Growth Impact Study (2019), OPM Poverty and Gender Impact study (2019), and interviews with TMEA and DFID staff conducted by the VfM team

Annex N Approach to assessing VfM of selected PIOs

This annex explains our approach to the selection and analysis of comparative VfM across key programme components, including:

- The agreed approach to the analysis, including selection criteria and the matrix that was used for the analysis (excerpt from VfM framework).
- A table setting out our selection for the analysis
- The process through which the VfM judgements were reached and conclusions agreed in discussion with the TMEA team.

Selection of programme components for analysis

For the purposes of this exercise we defined 'key programme components' as set out in the table below. They map to the PIOs (blue boxes in the TMEA ToC in Annex A), but it should be noted that (1) PIO 2.2 (ICT for trade) is split into the three distinct types of ICT with different purposes addressed in TMEA projects, and (2) under SO3, POIs 3.2.1, 3.2.2. and 3.2.3 have been grouped together, as each POI represents a small area of work – they have similarly been grouped together for the purposes of the performance evaluation.

Table 24: Definition of key programme components for VfM Comparative Analysis

Strategic Objective (SO)	Programme Intermediate Objective (PIO)
SO1 (7 components)	1.1 Ports (2)
	1.1 Completed OSBPs (5)
SO2 (6 components)	2.1 Strengthen EAC regional trade integration
	2.2.1 Single windows
	2.2.2 Electronic cargo tracking
	2.2.3 E-portals of information for traders/potential traders
	2.3 Effective NTB mechanisms
SO3 (4 components)	2.4 Effective EAC trading standards
	3.1.1 Private sector/ civil society-led policy formulation
	3.1.2 Improved processes for tradrs, esp. women
	3.2.1/3.2.2/3.2.3 Improved quality & standards of goods and services/Increased Trade in Services/Strengthened export capabilities (together make up SO3.2 Improved export capability)
	3.3.1 Effective & innovative logistics services

The following criteria were used to select components:

1. Largest share of Strategy 1 budget within each SO; and
2. Availability of information primarily within the OPM evaluations (OPM Interim Evaluation of SO1³⁰⁶ and OPM Effectiveness and Outcome-level Evaluation³⁰⁸ of SO2 and SO3 projects), performance evaluation (Performance Evaluation³⁰⁹ 2019), and the two impact studies (OPM Poverty and Gender Impact Study³¹⁰ (2019) and OPM Trade and Growth Impact Study³¹¹ 2019) to be supplemented with the TMEA Results Framework and information from TMEA-commissioned evaluations, if there were minor gaps in the evidence available in the OPM evaluations.

The rationale for using these criteria were: (1) DFID was concerned to understand the VfM of 'major components', which we understood as large areas of spend, and (2) OPM would utilise evidence sourced from the independent evaluation as much as possible, even if TMEA had also commissioned evaluations of the same areas. We decided against using other criteria which might risk introducing bias into the selection,

³⁰⁶ Scott, Lacey, Omondi, Shuma, Otter, Smith, Hurrell and Rasulova. TMEA evaluation: Strategic Objective 1. 2C/3A Interim Evaluation: SO1. Final report. December 2018.

³⁰⁷ OPM: Scott, Lacey, Omondi, Shuma, Otter, Smith, Hurrell and Rasulova. Strategic Objective 1. Deliverable 2C: December 2018.

³⁰⁸ OPM: Smith et al., Deliverable 2D/2E: Interim Evaluation: SO2 & SO3: January 2019

³⁰⁹ OPM: Culver et al. Deliverable 3B: Performance Evaluation, Draft Report. September, 2019

³¹⁰ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019.

³¹¹ OPM: Allison et al. Deliverable 5B: Poverty and Gender Impact Study. Draft Report. October 2019

such as perceived VfM, perceived relevance, or high/low performance, for which the OPM VfM team did not have sound evidence.³¹²

For SO1 we proposed to select both ports, so that we could compare them, and 2 of the 5 OSBPs completed during Strategy 1, again to allow for intra-component comparison. For the OSBPs and for SO2 and SO3, the proposed approach was to examine data availability for the two highest cost components, and if data was found to be lacking, move to the next highest cost components, until two components in each category with sufficient data were identified. The sample size was determined by the resources available for this analysis.

Table 25 below sets out the information used to make the selection. The rationale for selecting one of the OSBPs for analysis (Busia over Mutukula) was revisited based on DFID's request to confirm that no other donor-funded evaluations had examined the Mutukula OSBP. OPM team confirmed that the existing documentation on Mutukula was not sufficient to fully complete the VfM matrix.

Table 25: Selection of PIOs

Component	Spend at end of Strategy 1 (\$000) and rank by share of spend within SO	Data Availability/sources	Comments
SO1: Ports			
Mombasa Port	\$39,683 (1)	PE: Contribution Tracing (CT) case (activities, outputs, outcomes, impact, i.e. results) 2C/3A ³¹³ : relevance, effectiveness (outputs, outcomes, VfM, IRR), sustainability <i>To be supplemented with information in TMEA-commissioned evaluations and the TMEA Results Meter e.g. on time reduction, if there are gaps in evidence.</i>	It was stated in the VfM framework that OPM would include both ports to allow for intra-component analysis. There was therefore no need to review data availability and identify specific data sources at the selection phase: the team would draw evidence from all available sources cited in the framework.
Dar Port	\$3,692 (2)	PE Annex J: information on results, relevance, sustainability 2C/3A: relevance, effectiveness (outputs, outcomes, VfM, IRR), sustainability <i>To be supplemented with information in TMEA-commissioned evaluations and the TMEA Results Meter e.g. on time reduction, if there are gaps in evidence.</i>	
SO1: OSBPs			
Mirama Hills	\$20,775 (1)	PE: CT case (activities, outputs, outcomes, impact, i.e. results) 2C/3A: relevance, effectiveness (outputs, outcomes), sustainability	Mutukula (ranked 2 nd in spend) was not included in the 2C3A or the PE/CT samples. Busia was included in both. Spend on Busia is only slightly lower than on Mutukula. The team therefore proposed to select Mirama Hills and Busia.
Mutukula	\$12,764 (2)	No information in PE (CT or Annex J) Not in 2C/3A sample	
Busia	\$11,624 (3)	PE: CT case (activities, outputs, outcomes, impact, i.e. results) 2C/3A: relevance, effectiveness (outputs, outcomes), sustainability	
Taveta/Holili	\$11,036 (4)	No information in PE (CT or Annex J) Not in 2C/3A sample	
Malaba	\$844 (5)	No information in PE (CT or Annex J)	

³¹² The OPM 2C/3A and 2D/2E looked at relevance and performance, along with other criteria, but the evaluations were at project rather than component level, and were sample-based for SO2 and SO3.

³¹³ Information in 2C/3A and 2D/2E is based on fieldwork undertaken in March 2017, slightly before the end of Strategy 1. It may not fully reflect achievements at the end of Strategy 1.

Component	Spend at end of Strategy 1 (\$000) and rank by share of spend within SO	Data Availability/sources	Comments
		2C/3A: relevance, effectiveness (outputs, outcomes), sustainability	
PE Annex J contains information on relevance, sustainability of OSBPs collectively, but not of individual OSBPs TGIS and PGIS would not comment on individual level OSBPs			
SO2:			
2.1 Strengthen EAC regional trade integration	\$67,987 (1)	PE Annex J: information on results/achievements, relevance, sustainability 2D/2E: information on relevance, effectiveness (outputs, outcomes), sustainability for a few key PIO2.1 projects (0223, 0215, 0216; others?) <i>To be supplemented with info in TMEA-commissioned evaluations if there are gaps.</i>	PIO 2.1 (ranked first in spend) was not included in the PE/CT sample. There was however sufficient data on outcomes, relevance, and sustainability in the PE Annex J and 2D/2E to warrant its inclusion. This was deemed preferable over selection of PIO2.3 or 2.4, although they were both included in the PE/CT sample, given the much higher spend on PIO2.1
2.2.1 ICT4T: single windows	\$41,773 (2)	PE: CT case on ICT4T (activities, outputs, outcomes can be identified for SWIFTS) (Annex N); Annex J contains further info on results, relevance, sustainability 2D/2E: information on relevance, effectiveness (outputs, outcomes), sustainability for 2 SWIFT projects (1136, 1240) <i>To be supplemented with info in TMEA-commissioned evaluation of SWIFTS if there are gaps.</i>	
SO3:			
3.1.1. Private sector /civil society-led policy formulation	\$19,908 (1)	PE Annex J: information on results/achievements, relevance, sustainability 2D/2E: information on relevance, effectiveness (outputs, outcomes), sustainability for some PIO3.1.1 projects (1074, 0941, 1129, 0424, 0448, 1356, 1131)	PIO3.2 (ranked second in spend) was the only SO3 component included in the PE/CT sample. Data availability for the other three components was similar. Selection of PIO3.1.1 (ranked first in spend), for which there was sufficient data on outcomes, relevance, and sustainability in the PE Annex J and 2D/2E, was therefore proposed.
3.2 Improved export capability	\$16,633 (2)	PE: CT case (activities, outputs, outcomes, impact, i.e. results); Annex J contains further info on results, relevance, sustainability 2D/2E: information on relevance, effectiveness (outputs, outcomes), sustainability for some PIO3.2 projects (0923, 0453, 1066, 1071)	

Analysis

The matrix which we proposed to use to collate and assess evidence was set out in the VfM framework (Annex H). We adapted the matrix to make it more reader-friendly: evidence on input, results and contextual factors for each PIO is presented as text; assessment against the three VfM criteria, and the overall VfM judgement for each PIO is presented as a table.

The three VfM criteria were assessed according to the rubric set out below (Table 26).

Table 26: Rubric for VfM assessment criteria

	Relevance and significance of project	Magnitude/significance of results	Expected sustainability
Very high	Project is very well aligned with programme objectives/ToC; project has addressed a <i>major and critical barrier</i> to national and/or regional trade facilitation; and/or project has been <i>critically important</i> to the success of the overall strategy (without successful intervention, other critical parts of the strategy could not have proceeded)	The project has had a <i>profound impact</i> on addressing the issue/problem	<i>All</i> project results are expected to be sustained <i>and</i> continue to grow beyond project funding
High	Project is reasonably well aligned with one or more programme objectives/ToC; project has addressed a <i>substantial barrier</i> to national and/or regional trade facilitation; project has been <i>important</i> to the success of the overall strategy (without successful intervention, it would have been more difficult for other critical parts of the strategy to be successful)	The project has had a <i>fairly significant impact</i> on addressing the issue/problem	<i>Most important</i> project results are expected to be sustained beyond project funding although they may not continue to grow
Medium	Project is tangentially but defensibly aligned with programme objectives/ToC; project has addressed a <i>reasonably important barrier</i> to national and/or regional trade facilitation; no other parts of the strategy were critically dependent on the success of this intervention	The project has had a <i>modest but worthwhile impact</i> on addressing the issue/problem	<i>Some</i> elements of project results are expected to be sustained beyond project funding
Low	Project is poorly aligned or not aligned with programme objectives/ToC; issue/problem addressed was relatively minor in the wider context of other barriers to national and/or regional trade facilitation	The project has had <i>little or no</i> impact on addressing the issue/problem	It is unclear if and how results will be sustained beyond project funding

The rubric used to make an overall VfM judgement for each PIO is shown below (Table 4).

Table 27: Rubric for overall VfM judgement

Performance	Sub-criteria
Excellent	Meeting all reasonable expectations/targets bearing in mind its context, and substantively exceeding some of these. There may be room for incremental improvements.
Good	Generally meeting reasonable expectations/targets, allowing for a few minor exceptions. Some improvements may be needed.
Adequate	Though not meeting all expectations/targets, is fulfilling minimum 'bottom-line' requirements and is showing acceptable progress overall. Significant improvements may be needed.
Poor	<i>Not</i> fulfilling minimum 'bottom-line' requirements and/or <i>not</i> showing acceptable progress, overall. Immediate and major improvements are needed

Virtual Workshop

Having analysed the information available in documentary sources, a draft report was produced and shared with TMEA during a virtual workshop, providing an opportunity to validate, contextualise and/or challenge the evidence and draft assessments. This was initially planned as a one-day workshop in Nairobi, but eventually conducted as a virtual exercise, with TMEA staff reviewing and commenting on an interactive digital tool in the form of a Google document. The tool gave every reviewer the opportunity to react to the document, and to view and react to the comments and feedback provided by other team members, during a two-week period. The feedback and comments were reviewed and addressed as appropriate by the Performance Evaluation and VfM teams. The draft was reviewed by TMEA and DFID and further comments were addressed by the TMEA as relevant.

Annex O VfM of selected PIOs: detailed evidence

This is provided as a separate file.

Annex P Original Terms of Reference

This is provided as a separate file.