

APPENDIX D3: TRADE-RELATED INVESTMENT PROJECTS

Table D3.1: Approved Amounts for Customs Components of Technical Assistance Projects, Fiscal Years 1982–2004 (US\$ million)

Region	1982–86	1987–91	1992–96	1997–2002	2003–04	1982–2004
Africa	0.2	8.6	5.3	11.7		25.8
East Asia and Pacific			20.3	1.1		21.4
Europe and Central Asia		0.3	48.2	164.5	11.0	224.0
Latin America and the Caribbean	2.6	1.2		22.0	0.8	26.6
Middle East and North Africa			3.8	9.0	29.2	42.0
South Asia				10.5	31.0	41.5
Total	2.8	10.1	77.6	218.8	72.0	381.3

Sources: 1982–2002: Customs Modernization Handbook; 2003–2004: IEG staff compilations from Trade Assistance Evaluation Database (project documents).

Table D3.2a: Summary of Objectives, Fiscal Years 1982–2004 (number of projects)

Objective	1982–93	1994–2002	2003–04	1982–2004
Revenue enhancement	1	9	2	12
Trade facilitation	3	17	5	25
Security	0	0	0	0
Strengthening customs agency	8	19	3	30
Integrity	1	3	1	5
Improving compliance	1	11	2	14
Improving trader services	0	13	0	13
Participation of stakeholders	0	0	0	0

Sources: 1982–2002: Customs Modernization Handbook; 2003–2004: IEG staff compilations from Trade Assistance Evaluation Database (project documents).

**Table D3.2b: Summary of Objectives, Fiscal Years 1982–2004
(number of projects, annual averages)**

Objective	1982–93	1994–2002	2003–04	1982–2004
Revenue enhancement	0.1	1.0	1.0	0.5
Trade facilitation	0.3	1.9	2.5	1.1
Security	0.0	0.0	0.0	0.0
Strengthening customs agency	0.7	2.1	1.5	1.3
Integrity	0.1	0.3	0.5	0.2
Improving compliance	0.1	1.2	1.0	0.6
Improving trader services	0.0	1.4	0.0	0.6
Participation of stakeholders	0.0	0.0	0.0	0.0

Sources: 1982–2002: Customs Modernization Handbook; 2003–2004: IEG staff compilations from Trade Assistance Evaluation Database (project documents).

**Table D3.3a: Performance Indicators, Fiscal Years 1982–2004
(number of projects)**

Indicator	1982–93	1994–2002	2003–04	1982–2004
<i>Efficiency-Intended Results</i>				
Revenue collected per customs staff	0	8	2	10
Total customs agency costs compared to revenue collected	0	7	2	9
Salaries compared to revenue collected	0	7	2	9
Trade volume per number of staff	0	8	2	10
Annual number of declarations per customs staff	1	9	1	11
<i>Effectiveness-Intended Results</i>				
Release time (import clearance time)	1	12	3	16
Physical inspection and introduction of risk management	0	14	2	16
Trade community information	0	4	2	6
Irregularities per number of examinations	0	8	2	10
Surveyed occurrence of corruption/integrity	0	2	2	4
More effective physical inspections	0	4	1	5
Rejection of incomplete or inaccurate declarations	0	1	0	1
Timely and accurate production of trade statistics	0	2	0	2

Sources: 1982–2002: Customs Modernization Handbook; 2003–2004: IEG staff compilations from Trade Assistance Evaluation Database (project documents).

**Table D3.3b: Performance Indicators, Fiscal Years 1982–2004
(number of projects, annual averages)**

Indicator	1982–93	1994–2002	2003–04	1982–2004
Efficiency-Intended Results				
Revenue collected per customs staff	0.0	0.9	1.0	0.4
Total customs agency costs compared to revenue collected	0.0	0.8	1.0	0.4
Salaries compared to revenue collected	0.0	0.8	1.0	0.4
Trade volume per number of staff	0.0	0.9	1.0	0.4
Annual number of declarations per customs staff	0.1	1.0	0.5	0.5
Effectiveness-Intended Results				
Release time (import clearance time)	0.1	1.3	1.5	0.7
Physical inspection and introduction of risk management	0.0	1.6	1.0	0.7
Trade community information	0.0	0.4	1.0	0.3
Irregularities per number of examinations	0.0	0.9	1.0	0.4
Surveyed occurrence of corruption/integrity	0.0	0.2	1.0	0.2
More effective physical inspections	0.0	0.4	0.5	0.2
Rejection of incomplete or inaccurate declarations	0.0	0.1	0.0	0.0
Timely and accurate production of trade statistics	0.0	0.2	0.0	0.1

Sources: 1982–2002: Customs Modernization Handbook; 2003–2004: IEG staff compilations from Trade Assistance Evaluation Database (project documents).

**Table D3.4: Approved Amounts for Export Processing Zone (EPZ) Components of Trade-Related
Projects, 1987–2004 (US\$ million)**

Region	1987–90	1991–94	1995–99	2000–04
Africa		19.5 (1)	46.1 (4)	16.0 (2)
East Asia and Pacific	NC (1)			
Latin America and the Caribbean	30.0 (2)	0.3 (2)		
Middle East and North Africa			NC (1)	
Total	NC (3)	19.8 (3)	NC (5)	16.0 (2)

Source: IEG Staff compilations from Trade Assistance Evaluation Database (project documents).

Note: Number of Projects in Brackets; NC – Non-calculable.

Table D3.5: Summary of EPZ Component Objectives, 1987–2004

Objective	Number of projects	Percentage share (out of 13 projects)
Establish the physical infrastructure needed to operate free trade zone	5	38.5
Establish/strengthen institutions that manage free trade zones and promote trade and investment through operational support, technical assistance, and consulting services	4	30.8
Finance training activities for sectors directly involved in investment and free zone-related businesses	4	30.8
Remove administrative bottlenecks to facilitate trade	4	30.8
Enhance country's foreign exchange earnings, attract foreign investment (through reducing FDI barriers) and improve the performance of private enterprises	4	30.8
Create employment in the formal sector	3	23.1
Achieve more effective export free trade regime, mainly through privatization of free trade zones	3	23.1
Become globally competitive export and processing center and achieve broad-based, export-oriented, and sustained growth	3	23.1
Pass new legislation, which enables private operation of free trade zones	1	7.7

Source: IEG staff compilations from Trade Assistance Evaluation Database (project documents).

Table D3.6: IEG Ratings of EPZ-Related Projects

	Number of projects	Percent of total
Closed projects	10	76.9
Moderately satisfactory or better rating	8	61.5
Moderately unsatisfactory or lower rating	2	15.4
Unrated	3	23.1
Total	13	100.0

Source: IEG staff compilations from Trade Assistance Evaluation Database (project documents).

Table D3.7: Reasons for Poor Performance

Category	Number of projects
Lack of clearly defined management of EPZ	2
Delayed privatization of EPZ	2
Lack of an appropriate fee structure for EPZ (lack of economic viability)	1
Lack of responsibility for the operation and maintenance of the off-site infrastructure	1
Environmental concerns	1
Absence of sound sector policies (underdeveloped financial system; reliance on a poorly-capitalized banking system, etc.)	1
Lack of effective project management	1

Source: IEG staff compilations from Trade Assistance Evaluation Database (project documents).

Table D3.8: List of Projects with EPZ Components

Country	Project name	Fiscal year of approval	Total project amount (US\$ m)	EPZ component (US\$ m)	IEG rating
Cape Verde	Capacity Building Project for Private Sector Promotion	1996	11.4	2.8	S
Dominican Republic	Industrial Free Zone Development Project	1989	30.0	30.0	MS
El Salvador	Second Structural Adjustment Loan Project	1994	50.0	NC	HS
Gambia, The	The Gateway Project	2002	16.0	16.0	—
Ghana	First Trade and Investment Promotion Gateway Project	1999	50.5	43.2	—
Indonesia	Second Export Development Project	1988	165.0	NC	S
Jamaica	Private Investment and Export Development Project	1994	35.0	0.3	MU
Jordan	Third Economic Reform & Development Loan Project	1999	120.0	NC	MS
Kenya	Export Development Project	1991	149.0	19.5	MS
Madagascar	Rural Transport Project	2003	80.0	NC	—
Senegal	Private Sector Adjustment and Competitiveness Credit	1995	40.0	NC	S
Uruguay	Second Structural Adjustment Loan Project	1989	140.0	NC	S
Zimbabwe	Enterprise Development Project	1996	70.0	0.1	U

Source: IEG staff compilations from Trade Assistance Evaluation Database (project documents).

Note: NC – Non-calculable.

Table D3.9: Main Accomplishments of EPZ Projects

Country	Results
Cape Verde	<ul style="list-style-type: none"> The project was to finance the construction of physical facilities (factory shell) for the establishment of foreign enterprises. Three factory buildings were completed and successfully leased to three export enterprises. The project was able to attract foreign investment and increase foreign exchange earnings. The project effectively contributed to employment creation in the private sector: the project financed in-factory training of 1,180 workers from nine EPZ companies.
Dominican Republic	<ul style="list-style-type: none"> Project financing assisted the development of 13 Free Zones.
Gambia, The	<ul style="list-style-type: none"> Through open dialogue with the Government, appropriate policies were established to help ensure the success of the project, e.g. The Gambia Investment Promotion Act 2001, The Gambia Free Zone Act 2001, and The Gambia Divestiture Act 2001. In addition, the Agency in charge of promoting investment and Free Zone-related businesses was established in 2001.
Indonesia	<ul style="list-style-type: none"> The Kawasan Berikat Nusantara (KBN) has now three EPZs: Marruda, Cakung, and Tanjung Priok. A one-stop service is provided on these EPZs for approvals and processing of all permits and licenses, such as building construction permits, industrial licenses, limited trade permits, expatriate work permit and all other activities related to services required by investors. Cakung EPZ was fully utilized by 1990 with 128 investors participating.
Jamaica	<ul style="list-style-type: none"> New Free Trade Zone (FTZ) legislation was passed, which enabled private operation of FTZs as well as the establishment of Single Factory Free Zones (SFFZ). A new private FTZ in the informatics sector was established.
Jordan	<ul style="list-style-type: none"> Aqaba was designated as a Special Economic Zone (SEZ) in February 2001. The SEZ is expected to bring in \$6 billion in direct and indirect investments and create 70,000 jobs over the next two decades. EPZs in Jordan have expanded rapidly, and there are currently 11 zones, employing some 100,000 workers according to ILO data.
Kenya	<ul style="list-style-type: none"> EPZ is nearly complete, but only one firm is operational.
Senegal	<ul style="list-style-type: none"> The project was implemented largely as scheduled and most of the credit conditions met, including those concerning the EPZs.

Source: IEG staff compilations from Trade Assistance Evaluation Database (project documents).

Table D3.10: Approved Amounts for Matching Grants Component of Trade-Related Projects, 1986–2004 (US\$ million)

Region	1986–90	1991–94	1995–99	2000–04
Africa	5.7 (1)	NC (2)	30.7 (4)	
East Asia and Pacific	5.7 (1)			
Europe and Central Asia			3.5 (1)	
Latin America and the Caribbean		4.9 (2)	29.5 (2)	
Middle East and North Africa			19.7 (1)	
South Asia	40.0 (2)	NC (1)	16.4 (1)	
Total	51.4 (4)	NC (5)	99.8 (9)	

Source: ImageBank (World Bank).

Note: Number of Projects in Brackets; NC – Non-calculable.

Table D3.11: Summary of Matching Grants Component Objectives, 1986–2004

Objective	Number of projects	Percent share (out of 18 projects)
Help firms to overcome information and expertise gaps in entering export markets and accelerate country's integration into the world economy	9	50.0
Finance part of the costs of consultant fees and foreign travel associated with the preparation and implementation of export development plan/program	7	38.9
Diversification of the export mix by strengthening marketing, export promotion, technical, and research services through joint public and private efforts	7	38.9
Increase international competitiveness of small and medium scale enterprises	7	38.9
Improve the performance of export-related public agencies (institutional strengthening)	4	22.2
Increase non-traditional (and high value added) exports	3	16.7
Promote diffusion of good technology practices through a Technology Diffusion Scheme which will share the cost in improving the private sector's access to productivity, quality, and design services, and to information on new technologies	1	5.6
Simplify and reduce export procedures	1	5.6
Develop the capacity of the local consulting industry	1	5.6

Source: IEG staff compilations from Trade Assistance Evaluation Database (project documents).

Table D3.12: IEG Ratings of Matching Grants-Related Projects

	Number of projects	Percent of total
Closed projects	13	72.2
Moderately satisfactory or better rating	9	50.0
Moderately unsatisfactory or lower rating	4	22.2
Unrated	5	27.8
Total	18	100.0

Source: IEG staff compilations from Trade Assistance Evaluation Database (project documents).

Table D3.13: Reasons for Poor Performance

	Number of projects
Weak administrative capacity, complex and time-consuming application process, and lengthy processing and procurement procedures	5
Delayed implementation of the matching grants scheme	4
Government's failure to provide timely counterpart funds to reimburse the assisted enterprises	1
The absence of a separate special account to facilitate disbursements under the matching grant schemes	1
Economic crisis/recession in the main export markets and resulting decisions by numerous firms to cancel program participation	1
Difficult internal macro-economic conditions that create uncertainties and discourage private investment	1
Internal political crises and associated with that frequent transfer of the project management	1
Failure to properly supervise the assisted firms and cancel the matching grants of those that were not using them effectively	1
Putting the emphasis on meeting quantitative targets (number of firms and amount of grants approved) at the expense of quality considerations	1

Source: IEG staff compilations from Trade Assistance Evaluation Database (project documents).

Table D3.14: List of Projects with Matching Grants Components

Country	Project name	Fiscal year of approval	Total project amount (US\$ m)	Matching grants component (US\$ m)	IEG rating
Argentina	Agricultural Services and Institutional Development Project	1991	33.5	2.0	S
Argentina	Enterprise Export Development Project	1996	38.5	27.0	S
Armenia	Enterprise Development Project	1997	16.8	3.5	MU
Bangladesh	Second Industrial Sector Adjustment Credit Project	1993	100.0	NC	S
Bangladesh	Export Diversification Project	1999	32.0	16.4	—
Côte d'Ivoire	Private Sector Development Capacity Building Project	1998	12.0	5.7	—
El Salvador	Competitiveness Enhancement Technical Assistance Project	1996	16.0	2.5	—
India	Industrial Export Project - Engineering Products	1986	250.0	20.0	S
India	Export Development Project	1989	295.0	20.0	U
Indonesia	Export Development Project	1986	64.5	5.7	S
Kenya	Export Development Project	1991	149.0	NC	MS
Mauritius	Technical Assistance Project to Enhance Competitiveness	1994	7.7	3.2	HS
South Africa	Industrial Competitiveness and Job Creation Project	1997	46	20.6	—
Trinidad and Tobago	Business Expansion and Industrial Restructuring Project	1992	27.0	2.9	U
Tunisia	Export Development Project	1999	35.0	19.7	—
Uganda ^a	Private Sector Competitiveness Project	1996	12.3	3.0	S
Zambia	Enterprise Development Project	1997	45.0	0.7	S
Zimbabwe	Enterprise Development Project	1996	70.0	6.4	U

Source: IEG staff compilations from Trade Assistance Evaluation Database (project documents).

Note: NC – Non-calculable; a. – Not in the Trade Projects Database.

Table D3.15: Main Accomplishments

Country	Fiscal year of approval	Results
Argentina	1991	<ul style="list-style-type: none"> • 150 non-traditional export promotion projects were supported through matching grants which were complemented by over 100 training seminars and courses for producers that contributed to an estimated \$220 million in export contracts for 336 firms. • The project contributed to creation of an improved business environment in the agricultural sector, and supported Government's restructuring of the public sector to improve efficiency and to concentrate on services complementary to private activity. • Sustainability is likely for most activities.
Argentina	1996	<ul style="list-style-type: none"> • The objective of helping to increase the competitiveness of a group of SMEs was substantially achieved. Compared to a control group of similar enterprises not assisted by the program, the assisted enterprises consistently showed that they were more likely to adopt export-oriented measures and had better export performance. • The second objective of improving the performance of export-related public agencies was only partially achieved: while the institutional infrastructure for quality control and for commercial services was strengthened, no progress was made in the areas of export procedures and export promotion policy.
Armenia	1997	<ul style="list-style-type: none"> • Enterprise Support Fund (ESF) was established. • ESF provided grants to 38 projects, from which 10 projects were financed by the repaid amounts.
Bangladesh	1993	<ul style="list-style-type: none"> • Policy guidelines for matching grants have been approved by the government.
Bangladesh	1999	<ul style="list-style-type: none"> • Close to 1,100 projects were implemented for a total amount of \$21.9 million. More than 700 firms benefited from the program. Over the period 1999-2003, the number of new countries to which assisted firms were exporting had increased by 36 percent compared to a 14 percent increase for the non-assisted group. The number of types of products exported had risen by 21 percent against an 8 percent decline for the non-assisted firms. However, the average growth rate of Matching Grant Facility (MGF) assisted firms (15 percent) and non-assisted firms (17 percent) was not significantly different. • The evaluations confirmed that the matching grants have had a profound effect on participating firms' performance and potential for growth. One important effect has been the introduction of business and market planning, which very few of the participating firms had experience of prior to preparing the plans for their grant applications. The existence of the MGF has meant that many firms, for the first time, got involved in active overseas marketing, and in using outside expertise for technical and management training, for technical, product and market development, and for International Standards Organisation (ISO) certification. The MGF method ensures that these outsourced services are economically tailored to the needs of the individual firms.
Côte d'Ivoire	1998	<ul style="list-style-type: none"> • Matching grants totaling some \$2.2 million with investments totaling \$4.2 million were approved by the Export Promotion Association (APEX-CI), which is high considering the developments during project implementation. The \$2.2 million financed some 445 grants to 149 firms and 27 associations. • 115 firms (77 percent) and 20 associations (74 percent) used the support for marketing activities. • Main beneficiaries were firms producing chemical pharmaceutical products (14 percent), agro-industry (12 percent) and services (24 percent); the largest number of associations dealt with tourism related activities (16 percent).
El Salvador	1996	<ul style="list-style-type: none"> • Between June and December 2002, FOEX (a matching-grant program) approved approximately \$300,000 in matching grants. • By June 30, 2004 FOEX had commitments for \$863,954 and had reimbursed \$505,613.

(Table continues on the following page.)

Table D3.15: Main Accomplishments (continued)

Country	Fiscal year of approval	Results
El Salvador (cont.)		<ul style="list-style-type: none"> • Reports by the Ministry of Economy on a sample of 49 firms, which received FOEX funds, show that they experienced an increase in the value of their exports (fob) from \$9.8 million in 2001 to \$16.7 million in 2003—a 70 percent increase in exports.
India	1986	<ul style="list-style-type: none"> • Establishment of the Productivity Fund (PF) and Export Marketing Fund (EMF) to promote export awareness and orientation and help firms in the development of viable export marketing strategies. • These two funds disbursed about \$15.6 million consisting of 359 grants to 292 firms (63 firms obtained more than one grant), with an average grant size of about \$50,000. • By any performance measure, both the PF and EMF had a highly positive impact. In all sub-sector categories, compound annual growth rates of exports for firms receiving assistance from either of the two funds exceeded the growth rate for the overall sub-sector. Of the 180 firms receiving assistance from the Export Development Fund (EDF), 52 percent were first time exporters. Furthermore, there are indicators that assisted firms improved their internal competitiveness and organizational efficiency.
India	1989	<ul style="list-style-type: none"> • Establishment of the EDF. The fund provided firms with grant support on a matching basis for a range of pre-investment promotion and marketing activities; one-window clearance through an established steering committee for the various Government approvals required for export marketing and product adaptation activities; and term finance and incremental working capital finance to implement an export development plan.
Kenya	1991	<ul style="list-style-type: none"> • Up to July 1993, 175 grant-aided projects have been approved, compared to a target for the period of 105. The additional export revenues already achieved by clients stand at \$21.7 million, representing a ratio of export revenues to grants of 15:1, substantially over the original target ratio, specified during design, of 2:1 within two years of disbursement. • The Government of Kenya updates indicate that as of 1994, 269 grant-aided projects have been approved and that the revenue ratio is 42:1 from 210 projects whose claims have been processed as of March 1994. The Trade Development Institute (TDI) deserves recognition for the way they have implemented this scheme.
Mauritius	1994	<ul style="list-style-type: none"> • The Technology Diffusion Scheme (TDS) has realized its overall objective of helping Mauritian firms access specialized technical and marketing know-how. The TDS supported 190 firms which implemented 266 different projects. • The export performance of TDS participant firms surpassed industry averages and the national export growth rate. Exports by TDS participant firms rose by 53 percent compared to overall export increase of 21 percent in 1996 and 3 percent in 1997. • There was also a marked increase in the range of products that are exported.
South Africa	1997	<ul style="list-style-type: none"> • A total of 1,247 Competitiveness Fund (CF) grants were approved, of which 984 CF grants were paid out fully, and 82 were paid out partially. • Achievements in terms of firms served compare favorably with other programs in the region. In total, 261 Business Development Services (BDS) providers participated in the program and 13 percent of these service providers benefited from the program more than once. In addition, 12 percent of BDS providers involved with the CF program were international firms. • The services provided included production systems development (23.2 percent), in-house activity (11.6 percent), financial/project management (11.6 percent), marketing and intelligence (9.5 percent), human resources and training (5.3 percent), website development (5.3 percent), information technology (IT) system development (5.3 percent), specialist consulting (2.1 percent), and (26.1 percent) for other activities.

Country	Fiscal year of approval	Results
Trinidad and Tobago	1992	<ul style="list-style-type: none"> • Establishment of the Export Technical Assistance Facility. • The matching grant component assisted 43 recipients to explore and access export markets.
Tunisia	1999	<ul style="list-style-type: none"> • Export Market Access Fund (EMAF) program has transformed traditional public-sector led export promotion. For the first time the private sector is paying for export services and a core of local consultants has been developed around the EMAF program, which can make these market initiatives sustainable. • The EMAF management team was applauded for its efficiency and responsiveness in proactively assisting clients. Through various seminars and twining arrangement with foreign and local experts, the management team facilitated knowledge transfer about foreign markets and requirements, as well as know-how for potential exporters about the process of exporting • Participants pointed out that they have witnessed a sharp improvement (through EMAF) of export service delivery compared to previous methods.
Zimbabwe	1996	<ul style="list-style-type: none"> • Under the ZimTrade Matching Grant Scheme, 13 grants were approved and about \$1 million had been committed to exporters, SMEs and associations. Approximately 15 percent of the total commitments was disbursed.

Source: IEG staff compilations from Trade Assistance Evaluation Database and project documents.

