

# Final report

External Evaluation of the project titled  
“Countering Illicit Trade of chemical,  
biological, radiological, and nuclear  
(CBRN) materials in Free Trade Zones  
(FTZs) of Latin America- SMS-2001””



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***Dr Achim Engelhardt, evaluator***

***Geneva, October 2023.***

Title page photo: Colón Free Trade Zone, Panama

<https://businesspanama.com/invest-in-panama/panama-special-economic-zones/colon-free-zone/>

## List of acronyms and abbreviations

AEO	Authorized Economic Operator
AG	Asamblea General (General Assembly)
ANAM	Mexican National Customs Agency (acronym in Spanish)
ARM	Mutual Recognition Agreement (acronym in Spanish)
BASC	Business Alliance for Secure Commerce
CBA	Cost-Benefit Analysis
CEA	Cost-Effectiveness Analysis
CICTE	Inter-American Committee Against Terrorism
CBRN	Chemical, Biological, Radiological, and Nuclear
CS	Cybersecurity
DPRK	Democratic People’s Republic of Korea
D.C.	District of Colombia
DPMO	Department of Procurement and Management Oversight (OAS)
ECLAC	United Nation’s Economic Commission for Latin America and the Caribbean
E.U.	Free Trade Zone
FTZ	European Union
GDP	Gross Domestic Product
H.M.	Her Majesty
ibid.	“Ibidem” (Latin for: “the same”)
ICAI	Independent Commission for Aid Impact (of the United Kingdom)
INTERPOL	International Criminal Police Organization
m	Million
M&E	Monitoring and Evaluation
OAS	Organization of American States
OECD	Organisation for Economic Co-operation and Development
OGA	Other Government Agencies
RES	Resolution
RPPI	Report on Progress of Project Implementation (OAS)
SAFE	Standards to Secure and Facilitate Global Trade
SAT	Servicio de Administración Tributaria
SDG	Sustainable Development Goal
SHCP	Secretaría de Hacienda y Crédito Público
SME	Small and Medium Enterprise
SMS	Secretariat for Multidimensional Security
STC	Strategic Trade Controls

SWOT	Strengths, weaknesses, opportunities and threats
ToR	Terms of Reference
UK	United Kingdom
UN	United Nations
UNEP	United Nations Environment Program
UNODA	United Nations Office for Disarmament Affairs
UNSC	United Nations Security Council
U.S.	United States
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
US\$	United States Dollar
WCO	World Customs Organization
WMD	Weapons of Mass Destruction
WTO	World Trade Organization



Figure 1: Infographic summarizing the evaluation and its results

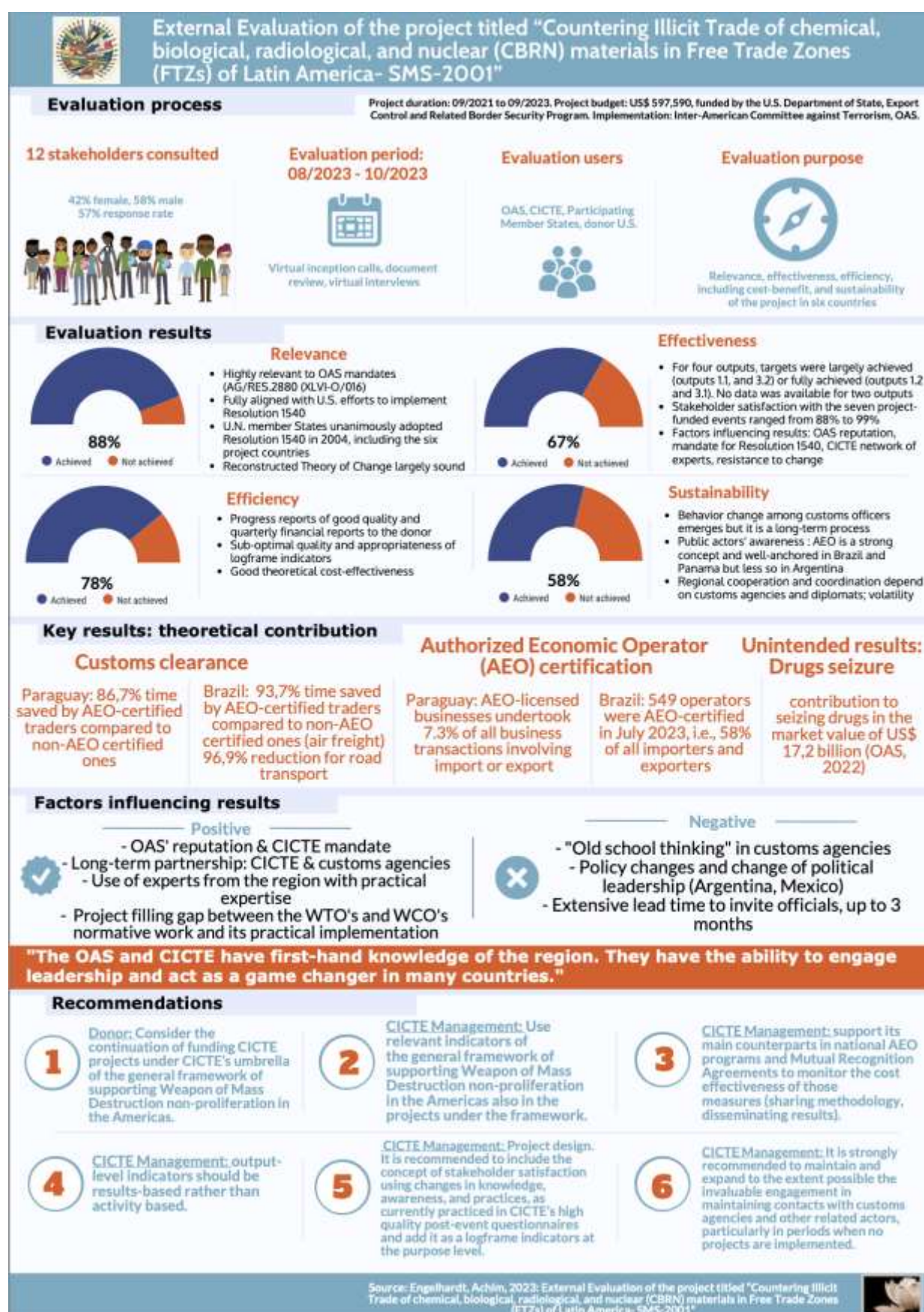





Figure 2: Dashboard of key findings by evaluation criteria and main evaluation questions

Criteria	Assessment	Rationale
Relevance		<p><b>The project was doing the right thing, meeting the demands of six project countries and their obligation to meet Resolution 1540.</b></p> <ul style="list-style-type: none"> <li>The project is highly relevant to OAS mandates, first and foremost to Resolution AG/RES.2880 (XLVI-O/016), giving the CICTE Secretariat a specific mandate to support the hemispheric implementation of United Nations Security Council resolution 1540.</li> <li>The project is fully aligned with the U.S. efforts to implement Resolution 1540.</li> <li>United Nations member States unanimously adopted Resolution 1540 on April 28, 2004, including the six project countries: Argentina, Brazil, Chile, Mexico, Panama, and Paraguay. All six project countries have Authorized Economic Operator (AEO) Programs.</li> <li>The project design and its reconstructed Theory of Change were largely sound. However, the project scope might have been too broad given the time and budget available for the project, as the project contained five purpose statements.</li> </ul>
Efficiency		<p><b>Efficiency: The project's resource use was appropriate, given the significant theoretical contribution of the project to implementing AEO programs, reducing significantly customs clearance time in countries like Brazil and Paraguay</b></p> <ul style="list-style-type: none"> <li>The project team delivered quarterly progress reports of good quality and quarterly financial reports to the donor.</li> <li>The quality and appropriateness of logframe indicators are sub-optimal: the projects lacked goal and purpose-level indicators, and at the output level, eleven out of twelve indicators are activity-based and omit a results-focus.</li> <li>The U.S. investment in the OAS project SMS2001 of US\$ 597,590 in creating awareness and strengthening customs in project countries can contribute to seizing drugs with a market value of US\$ 17.2 billion in 2020 in Mexico and South America.</li> <li><b>Cost-effectiveness:</b> comparison of the businesses benefitting from AEO certification in Brazil and Paraguay compared to non-AEO certified businesses: <ul style="list-style-type: none"> <li>Paraguay: Customs import approval for exporters and importers was reduced by 86.7%, from 8 hours and 18 minutes on average (non-AEO certified businesses) to an average of 1 hour and 6 minutes (AEO certified businesses) in 2022.</li> <li>Paraguay: Business transactions from AEOs passing through the green channel of customs (no further inspection or delays due to inspection): 99% (AEO certified businesses) vs 56.85% (non-AEO certified businesses)</li> <li>Brazil: Customs clearance of imports by air took 19 hours and 21 minutes for non-AEO-licensed businesses in 2022 compared to 19 minutes for AEO-licensed ones</li> <li>The OAS project contributed to supporting the rollout of the AEO project in Brazil, reducing the customs clearance time by air by 93.7% for AEO-licensed businesses compared to non-AEO-licensed ones, reaching a reduction of 96.9% for imports by road. 58% of all importers and exporters in the country were AEO-certified in July 2023.</li> </ul> </li> <li><b>Cost-benefit:</b> The evaluation did not find sufficient data to show the project's cost-benefit in addressing the illicit trade of CBRN materials</li> </ul>

Effectiveness		<p><b>Effectiveness: For three out of six outputs, targets were largely achieved, and one output target was partly achieved. The project did not benefit from goal or purpose-level indicators.</b></p> <ul style="list-style-type: none"> <li>• The project document does not contain goal and purpose-level indicators. Without indicators, baselines, and targets, assessing progress made at the project's goal and purpose level is impossible.</li> <li>• For four outputs, targets were largely achieved (outputs 1.1, and 3.2) or fully achieved (outputs 1.2 and 3.1). No data was available for two outputs to assess the achievement of logframe targets (outputs 2.1 and 2.2).</li> <li>• Stakeholder satisfaction with the seven project-funded events ranged from 88% to 99%, based on selected criteria such as expectations met and knowledge increased.</li> <li>• Positive factors influencing project performance:             <ul style="list-style-type: none"> <li>○ <i>External:</i> The long-term partnership between CICTE and customs agencies, starting before the project, resulted in an excellent disposition of many stakeholders.</li> <li>○ The project's strategic alignment with national AEO programs and the strong political will.</li> <li>○ Good involvement of the public and the private sector, though mainly in separate events and the use of experts from the region with practical expertise.</li> <li>○ <i>Internal:</i> OAS' reputation, its highest-level mandate from the UNSC on Convention 1540, and a perception of neutrality and impartiality facilitated the access of the CICTE project to project countries.</li> <li>○ The project filled a gap between the WTO's and WCO's normative work and its practical implementation.</li> </ul> </li> <li>• Negative factors influencing project performance:             <ul style="list-style-type: none"> <li>○ <i>External:</i> resistance to change in customs agencies, where "old school thinking" dominates, particularly among officers on the ground.</li> <li>○ Policy changes and change of political leadership:                 <ul style="list-style-type: none"> <li>▪ Three different customs directors in Argentina in 24 months</li> <li>▪ Change in the customs governance of Mexico.</li> </ul> </li> <li>○ Extensive lead time to invite officials.</li> <li>○ Internal: The CICTE project manager could use his team members only during their consultancy contracts.</li> </ul> </li> <li>• Unforeseen results:             <ul style="list-style-type: none"> <li>• the desire of one FTZ in Panama to be certified as part of the national AEO program. On the negative side, the exit of Argentina from the project and its late renewed expression of interest towards the end of project implementation was unexpected.</li> <li>• The project contributed to address the following issues:                 <ul style="list-style-type: none"> <li>○ In Paraguay, tax revenue forgone due to illegal wildlife trade, illegal fishing, and illegal logging ranged between US\$ 60m and US\$ 119m, representing 0.9% to 1.7% of forgone revenue tax as a percentage of total tax revenues</li> <li>○ The annual global damage because of food fraud is estimated at US\$30 to US\$40 billion dollars</li> <li>○ In 2022, the opioid epidemic cost the United States nearly US\$1.500 billion in 2020, or 7 percent of gross domestic product (GDP), with most drugs originating from Latin America</li> </ul> </li> </ul> </li> </ul>
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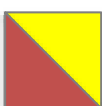

Sustainability		<p><b>The sustainability of project results is mixed and depends on national investments and concise programs, which are strong in the cases of Brazil, Panama, or Paraguay</b></p> <ul style="list-style-type: none"> <li>• Project stakeholders identified behavior change among customs officers, which is a long-term process. In Brazil, the national AEO program has existed since 2015 and is benefitting from 45 members of staff in 2023, comprising the federal level and five regions of Brazil.</li> <li>• <b>Public sector ownership:</b> The figure of the AEO in the WCO's SAFE framework is a strong concept and well-anchored in Brazil and Panama but less so in Argentina, serving as a proxy indication of the sustainability of public actors' awareness about WMD threats.</li> <li>• <b>Private sector ownership:</b> In Paraguay, a total of seven businesses were AEO-certified in 2022. In 2023, 12 more certifications are expected, serving as a proxy indication of private sector ownership of the AEO concept in the context of the SAFE framework.</li> <li>• <b>Regional cooperation is volatile and depends on often rapidly changing</b> foreign relations between countries in Latin America and the Caribbean, beyond customs issues and outside the control of the OAS or this project. At the same time, the private sector is pushing strongly for trade facilitation.</li> <li>• <b>Institutionalization of capacity strengthening:</b> CICTE used specialized training over the last eight years, well beyond the project timeframe, and technical staff in security-related positions seems to benefit from little rotations, which enabled the sustainability of interdiction capacities.</li> </ul>
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Figure 3: Legend for color-coding used for results assessment

	Green: Strong achievement across the board. Stands out as an area of good practice where OAS is making a significant positive contribution. Score 76 to 100 out of 100
	Green/amber: Satisfactory achievement in most areas, but partial achievement in others. An area where OAS is making a positive contribution but could do more. Score 51 to 75 out of 100
	Amber/red: Unsatisfactory achievement in most areas, with some positive elements. An area where improvements are required for OAS to make a positive contribution. Score 26-50 out of 100
	Red: Poor achievement across most areas, with urgent remedial action required in some. An area where OAS is failing to make a positive contribution. Score: 0-25 out of 100

## Executive summary

This document comprises the mid-term report of the project titled "Countering Illicit Trade of Chemical, Biological, Radiological, and Nuclear (CBRN) Materials in Free Trade Zones (FTZs) of Latin America- SMS-2001".

### Main evaluation results

The project was highly relevant for the OAS due to its mandate for implementing United Nations Security Council Resolution (UNSCR) 1540 on the non-proliferation of Weapons of Mass Destruction and the donor and project countries as signatories of the resolution.

Some shortcomings in the project design were counterbalanced by a good theoretical cost-effectiveness of the project, reaching up to 96.9% reduction of customs clearance times in project-supported national programs. Given that some output targets were revised during the project implementation, the result achievement was less than initially expected for some targets, while the stakeholder satisfaction with results ranged between 88% and 99%. Behavior change in customs administrations is a long-term process and requires ongoing efforts, particularly for customs officers.

**Project background:** The Inter-American Committee against Terrorism, under the Organization of American States (OAS), implemented the project. The U.S. Department of State, Export Control and Related Border Security Program funded the two-year project with US\$ 597,590. The project implementation period started on September 30, 2021, and ended on September 29, 2023, with no extension.

Strategic Trade Controls (STC) are an important part of any effective architecture to detect, deter, and enforce United Nations (U.N.) sanctions violations. States are more likely to comply with UNSC directives--whether on Democratic People's Republic of Korea (DPRK) sanctions or 1540 mandates on strategic trade management--if they see these mandates as complementary in promoting their national economic, security, and defense priorities. Several countries in Latin America produce a wide variety of sensitive materials and technologies, ranging from dual-use and defense electronics to chemicals and explosives, and are located along major maritime transportation routes connecting the Southern Cone of South America to the Atlantic Ocean through "Hidrovía Paraguay-Parana." As a result, these states are susceptible to serving as transit/transshipment points for illegal trade.

Preventing and countering the proliferation of weapons of mass destruction (WMD) effectively in the Americas often requires focusing efforts on areas of particular concern, such as Free Trade Zones (FTZs). FTZs permit states to facilitate business activities, boost foreign investment, and spur technological advancement and transfer. However, because they are often subject to less oversight by customs and other enforcement agencies, FTZs can also lend themselves to exploitation by maligned actors.

**Evaluation background:** The general objective of this external and independent evaluation was to assess the performance, relevance, efficiency, effectiveness, and sustainability of the project, focusing on determining the delivery of the main Outputs and the Immediate and Intermediate Outcomes for the project.

**Evaluation methodology:** The evaluator used a theory-based evaluation approach due to the positive experiences made in the OAS and its recent application for the External Evaluation of the effectiveness of the Strengthening Cybersecurity Capabilities in the Americas – SMS1505 for the Inter-American Committee Against Terrorism (CICTE) in 2020. In total, the evaluator

interviewed twelve stakeholders (42% female, 58% male), including the donor, three members of the project team, four country stakeholders, and four experts, with a response rate of 57%.

The evaluation budget and timeframe do not allow for field visits to validate project reporting and engage with key stakeholders in beneficiary countries, visiting, for example, customs offices. However, virtual key stakeholder interviews mitigated this shortcoming to the extent possible. The evaluation could not interview project stakeholders in Chile and Argentina despite support from the Department of Procurement and Management Oversight (DPMO) and the CICTE project team. Hence, the evaluation focused on four project countries: Brazil, Mexico, Panama, and Paraguay.

## Evaluation results

**Relevance:** The project was highly relevant for the OAS and the mandate to implement the United Nations Security Council Resolution 1540 given to CICTE. The same applies to the donor United States (U.S.) and its efforts to support Resolution 1540 abroad and the project countries that adopted the resolution in 2004. The reconstructed project intervention logic (Theory of Change) was largely valid, and the evaluation's relevance score reached 88%.

**Efficiency:** The evaluation found good project efficiency due to quality quarterly progress reporting and the systematic use of post-event evaluation questionnaires. The quality and appropriateness of logframe indicators were suboptimal, resulting in some underreporting of project results. The cost-effectiveness of comparing businesses with an Authorized Economic Operator (AEO) certificate with non-AEO certified companies is significant concerning differences in customs clearance times, reaching over 85% in Brazil and Paraguay. The evaluation's efficiency score reached 78%.

**Effectiveness:** The project document does not contain goal and purpose-level indicators. Without indicators, baselines, and targets, assessing progress made at the project's goal and purpose level is impossible. For four outputs, targets were largely achieved (outputs 1.1 and 3.2) or fully achieved (outputs 1.2 and 3.1). No data was available for two outputs to assess the achievement of logframe targets (outputs 2.1 and 2.2).

Stakeholder satisfaction, not included in the project logframe, ranged between 88% and 99%. Factors influencing the project performance included the OAS reputation, CICTE's mandate for implementing Resolution 1540, and its network of experts, while the project had to face resistance to change in customs agencies. Given that some output targets were revised during the project implementation, the result achievement was less than initially expected, resulting in the evaluation's effectiveness score of 67%.

As an unintended project result, the evaluation identified the project's theoretical contribution of seizing illegal goods (drugs) worth 30,000 times the project budget through enhanced customs capacities.

**Sustainability:** The evaluation revealed changes in the behavior of customs management in project countries, while those change processes require more time among customs officers. Public actor's awareness concerning the AEO concept is solid and well-anchored, particularly in Brazil (well-staffed national AEO program) and Panama, but more unevenly in Argentina. Regional cooperation and coordination depend on the relations between customs agencies and more volatile diplomatic relations between governments in the Western Hemisphere. The evaluation's sustainability score is 58%.

**Main conclusion:** The project filled a gap in implementing normative work of the World Trade Organization (WTO) and the World Customs Organization (WCO) in customs security and supported the U.S. Department of State's efforts in reducing the proliferation of Weapons of Mass Destruction in the Western Hemisphere. Despite shortcomings in the project design, the project's theoretical contribution to the cost-effectiveness of national customs security programs (AEO) is significant, with high stakeholder satisfaction. While behavior change is a long-term process in large and hierarchical institutions such as customs agencies, CICTE's long-term engagement with key stakeholders, even when no projects are implemented, was crucial for the sustainability of project results.

### **Recommendations**

Based on the above key findings and principal conclusions, the following recommendations emerge:

**R1: Donor:** Consider the continuation of funding CICTE projects under CICTE's umbrella of the general framework of supporting Weapon of Mass Destruction non-proliferation in the Americas, given its high relevance for national security for the U.S. government and the significant costs of illicit trade for the U.S. economy.

**Prioritization: very high. Next 3 months**

**R2: CICTE Management:** Use relevant indicators of the general framework of supporting Weapons of Mass Destruction non-proliferation in the Americas and also in the projects under the framework. This would ensure a clear contribution of new projects' goals to the framework purpose and of the new project's purpose to the framework's outputs.

**Prioritization: very high. Next 3 months (for all new projects)**

**R3: CICTE Management:** In a context where cost-benefit analysis is extremely challenging due to the illicit nature of trade addressed by the CICTE project, the CICTE should support its main counterparts in national AEO programs and Mutual Recognition Agreements to monitor the cost-effectiveness of those measures. Comparing trade with and without those programs and agreements provides powerful arguments to national governments and donors for funding. CICTE support could include i) sharing the monitoring methodology from Brazil and Paraguay with other interested countries; ii) widely disseminating monitoring results through OAS channels; and iii) jointly organizing dissemination events with national customs agencies for future projects.

**Prioritization: medium. Next 9-12 months**

**R4: CICTE Management:** For new projects, CICTE should enhance the quality of its project indicators. Particularly, output-level indicators should be results-based rather than activity-based. (see also R5)

**Prioritization: very high. Next 3 months (for all new projects)**

**R5: CICTE Management:** Project design. It is recommended to include the concept of stakeholder satisfaction using changes in knowledge, awareness, and practices, as currently practiced in CICTE's high-quality post-event questionnaires, and add it as a logframe indicator at the purpose level.

**Prioritization: very high. Next 3 months (for all new projects)**

**R6: CICTE Management:** Though CICTE can mainly implement its mandate through projects, its small core staff plays a vital role in maintaining contacts with customs agencies and other

related actors, particularly in periods when no projects are implemented. Maintaining and expanding this invaluable engagement to the extent possible is strongly recommended.

**Prioritization: medium. Next 9-12 months**

### Lessons learned

The evaluator identified the following lessons learned during the evaluation process:

#### Capacity building and the non-proliferation of weapons of mass destruction

This project reached over 1,000 stakeholders in customs, other government agencies, for example, the national police, harbor authorities or nuclear research institutions, and the private sector. While this outreach was highly successful, the nature of illegal trade is constantly developing to overcome governments’ security measures. As such, the demand and need for customs and related government agencies’ capacity building from experts will perpetuate as long as illegal trade exists.

#### Lack of data for cost-benefit analysis

As the evaluation’s literature review failed to identify the monetary costs and benefits of countering illicit trade of CBRN materials in FTZs, an interesting opportunity emerges for CICTE to fill this gap and position itself prominently to donors and member States.

In future projects, CICTE could actively support customs agencies in the reporting of seizing of CBRN materials in FTZs or other relevant areas. This could be an essential project output, requiring relatively limited funding but a precious building stone for future cost-benefit analysis of CICTE projects under Resolution 1540.

#### Reaching stakeholders during the evaluation

This evaluation has shown that reaching project stakeholders can be a challenging task, mainly when the time for data collection is short. DPMO’s support in this regard was much appreciated and valuable. However, most stakeholders recognized the project team as direct interlocutors and reacted to their communication. Hence, involving the project team to remind stakeholders about the evaluation and the importance of their participation was essential and yielded results. At the same time, sending SMS or WhatsApp reminders to stakeholders before interviews would be increasingly crucial for evaluators, as stakeholders kept missing scheduled interviews. For this purpose, sharing e-mail addresses complemented by telephone numbers with the evaluators would be necessary.

#### Utility of evaluations

In evaluation interviews, the question of the utility of evaluations emerged. While many stakeholders appreciated the evaluation process, mainly the interviews as a reflection opportunity, decision-makers faced lengthy evaluation reports. An infographic summarizing an evaluation on one page is one approach to enhance the utility of evaluations by making them more accessible. Another approach tested with this evaluation is a five-page evaluation brief using easy-to-read infographics in Annex 2 to complement the one-page infographic.



## Section I: Introduction

This document comprises the mid-term report of the project titled "Countering Illicit Trade of Chemical, Biological, Radiological, and Nuclear (CBRN) Materials in Free Trade Zones (FTZs) of Latin America- SMS-2001".

The Inter-American Committee against Terrorism, under the Organization of American States (OAS), implemented the project. The U.S. Department of State, Export Control and Related Border Security Program funded the two-year project with US\$ 597,590.

The project implementation period started on September 30, 2021, and ended on September 29, 2023, with no extension.

### 1.1 Project background

The project document outlines the project background as follows<sup>1</sup>:

"Strategic Trade Controls (STC) are an important part of any effective architecture to detect, deter, and enforce U.N. sanctions violations. States are more likely to comply with UNSC directives--whether on DPRK sanctions or 1540 mandates on strategic trade management--if they see these mandates as complementary in promoting their national economic, security, and defense priorities. Several countries in Latin America produce a wide variety of sensitive materials and technologies, ranging from dual-use and defense electronics to chemicals and explosives, and are located along major maritime transportation routes connecting the Southern Cone of South America to the Atlantic Ocean through "Hidrovía Paraguay-Parana." As a result, these states are susceptible to serving as transit/transshipment points for illegal trade.

Preventing and countering the proliferation of weapons of mass destruction (WMD) effectively in the Americas often requires focusing efforts on areas of special concern, such as Free Trade Zones (FTZs). FTZs permit states to facilitate business activities, boost foreign investment, and spur technological advancement and transfer, but, because they are often subject to less oversight by customs and other enforcement agencies, FTZs can also lend themselves to exploitation by maligned actors.

As a result, this Program will support strengthened strategic trade controls in Argentina, Brazil, Chile, Mexico, Panama, and Paraguay, with particular focus on four FTZs: (1) the Tri-Border Area of Argentina, Brazil, and Paraguay, (2) Colón FTZ in Panama, (3) Zofri FTZ in Iquique, Chile, and (4) one FTZ in Mexico. Specifically, the Program will assist these beneficiary countries in implementing international trade rules, promoting trade compliance programs for customs administrations, and increasing training for law enforcement agencies within these zones. In doing so, the Program aims to promote non-proliferation efforts in these key areas of the Western Hemisphere".

### 1.2 Evaluation background and objective

The evaluation Terms of Reference (ToR)<sup>2</sup> outline the purpose of this external evaluation as follows:

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<sup>1</sup> Organization of American States (OAS)/Inter-American Committee against Terrorism (CICTE), 2021: Countering Illicit Trade of CBRN materials in FTZs of Latin America. Project document, page 2.

<sup>2</sup> Organization of American States (OAS)/Inter-American Committee against Terrorism (CICTE), 2021: Countering Illicit Trade of CBRN materials in FTZs of Latin America. Project document, page 4.

"The general objective of this evaluation is to assess the performance, relevance, efficiency, effectiveness and sustainability of the project "Countering Illicit Trade of CBRN materials in FTZs of Latin America". The evaluation will be external and independent and will specifically focus on assessing the delivery of the main Outputs, and the Immediate and Intermediate Outcomes for the project".

The evaluation entails a comprehensive scope, as summarized in the paragraph below<sup>3</sup>:

- i) Conduct a formative and summative assessment to estimate the results of the Project.
- ii) Critically analyze the implementation and management of the Project.
- iii) Determine the relevance (referring to the adequacy of the design, objectives and results to the context in which its implementation has been carried out); efficiency (analysis of project management in the analysis period, including the assessment of the relationship between the results achieved and the resources of all kinds used for it); effectiveness (compliance with the objectives and results initially formulated, and others not foreseen) of the actions financed; coherence, or compatibility of the intervention with other similar interventions in participating countries; and institutional and financial sustainability of the benefits generated by the projects.
- iv) Determine if, during the conceptualization and/or execution of the project, a gender perspective was used, if it was used to analyze the results obtained and provide recommendations on how to strengthen it.
- v) Conduct, as best possible, a robust Cost Benefit Analysis by determining the investment's internal rate of return and net present value.
- vi) Identify the main results at the level of direct effects and products to which the operations have contributed, distinguishing between planned and unforeseen, explicit and implicit.
- vii) Document the lessons learned and best practices of the project related to its formulation, design, implementation, management, and sustainability.
- viii) Make recommendations and identify and document lessons learned related to the formulation, design, implementation, management, and sustainability of the project to improve the implementation and future formulations and designs of similar programs.

The evaluation matrix in Annex 1 lists the evaluation questions based on the international evaluation criteria of relevance, efficiency, effectiveness, and sustainability. As the project was still under implementation during the evaluation's data collection, the criterion of impact (long-term transformative change) was not foreseen in this external evaluation.

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<sup>3</sup> Engelhardt A./Organization of American States: External Evaluation of the project titled "Countering Illicit Trade of chemical, biological, radiological, and nuclear (CBRN) materials in Free Trade Zones (FTZs) of Latin America- SMS-2001". Evaluation framework and workplan, pages 3 - 4

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Expected users of this evaluation are the OAS, the U.S. Department of State, Export Control and Related Border Security Program, project stakeholders in participating OAS Member States, and the U.S. taxpayers.

The evaluation took place between August and October 2023. The evaluator invited project stakeholders in the OAS Member States benefitting from the project to participate in the evaluation. In total, the evaluator interviewed twelve stakeholders (42% female, 58% male), including the donor, three members of the project team, four country stakeholders, and four experts.

The response rate was 57%, given the project stakeholder list containing 21 stakeholders shared with the evaluator.

Figure 4 shows the Member States participating in the project.

The OAS contracted an external evaluation specialist to undertake this evaluation. DPMO selected Dr. Achim Engelhardt in a competitive tendering process for this evaluation. The consultant was neither involved in the design nor implementation of the project and has supported the OAS

in the evaluations of U.S.-funded projects on several occasions since 2015.

**Figure 4: Map of OAS Member States participating in the project**



Design: A. Engelhardt, 09/2023

### 1.3 Evaluation methodology and approach

The evaluator used a theory-based evaluation approach due to the positive experiences made in the OAS and its recent application for the External Evaluation of the effectiveness of the Strengthening Cybersecurity Capabilities in the Americas – SMS1505 for the Inter-American Committee Against Terrorism (CICTE) in 2020.

The theory-based evaluation approach specifies the project's intervention logic, building on a set of assumptions and outlining how the project designers think the change would happen. The evaluator validated the intervention logic by engaging the project team in the OAS Secretariat and primary stakeholders.

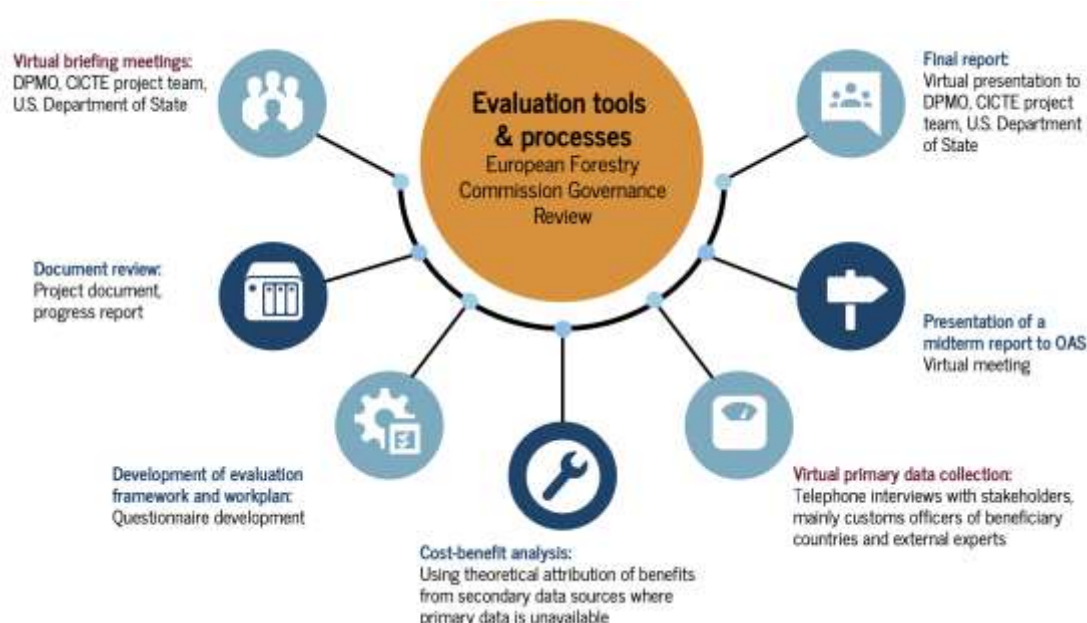
The added value of theory-based evaluation is that it further elaborates the assumptions behind the project and links between output, outcomes, and impact. Also, the approach highlights stakeholder needs as part of a situation analysis. The situation analysis also identifies barriers to strengthening cybersecurity capabilities. Analyzing the projects' response and results follow.

The document review showed that the project benefits from a logframe specifying the project's goal, purpose (outcomes), outputs, activities, and related indicators. More importantly, the project document also contains a table of indicators for monitoring and evaluation, which significantly facilitates the evaluability of the project.

The table contains the indicators, baselines and target values, sources of information, methods for data collection, responsibilities and frequency for data collection, and method of analysis, among others.

The evaluator used the following evaluation tools and processes summarized in Figure 5 and agreed on the evaluation framework and workplan with DPMO.

Figure 5: Evaluation tools and processes for SME 2001 - WMD



Source: A. Engelhardt, 09/2023

The evaluation aims to use the following evaluation tools and processes.

- **Key document review** in the execution of the project, including quarterly reports and DPMO validation reports;
- **Scoping call** with DPMO, the project team, and the donor;
- **Virtual interviews** with primary project stakeholders, mainly customs officers of beneficiary countries related to the project;
- **Cost-benefit analysis** using theoretical attribution of benefits from secondary data sources where primary data is unavailable. The evaluation suggests the use of some of the following literature for the cost-benefit analysis (see also endnote <sup>i</sup>)
- Presentation of a **midterm report** to OAS via Skype conference call, following data analysis;
- **Finalization of the evaluation report and presentation** to the OAS and the donor

## 1.4 Limitations and mitigation measures

As stated in the evaluation framework and workplan at the inception of this evaluation, the following limitations to the evaluation emerged:

The evaluator noted that the evaluation budget and timeframe do not allow for field visits to validate project reporting and engage with key stakeholders in beneficiary countries, visiting, for example, customs offices. However, virtual key stakeholder interviews mitigated this shortcoming to the extent possible.

The key stakeholder list provided by the project team covered all beneficiary countries, particularly customs officials and experts. The evaluator noted that private sector stakeholders targeted under output 2.1 did not figure in the stakeholder list and remained excluded from the evaluation.

Besides, the cost-benefit analysis identified the magnitude of costs for governments, including the U.S. government, in addressing the illicit trade and consumption of drugs, food fraud, and tax revenues forgone through illicit wildlife trade. However, the costs were related to illicit trade in general and only partly covered CBRN materials and appear as unintended positive project results. As a mitigation measure, the evaluator used a cost-effectiveness analysis, comparing the time for customs clearance of AEO-certified businesses to non-AEO-certified businesses, many of which operate in the trade hubs of FTZs.

Finally, the evaluation could not interview project stakeholders in Chile and Argentina despite support from DPMO and the CICTE project team. Hence, the evaluation focused on four project countries: Brazil, Mexico, Panama, and Paraguay.

## 1.5 Reconstructed project Theory of Change

Figure 6 presents the project's reconstructed theory of change based on the project document and logframe, the document review, and interviews as the primary data sources.

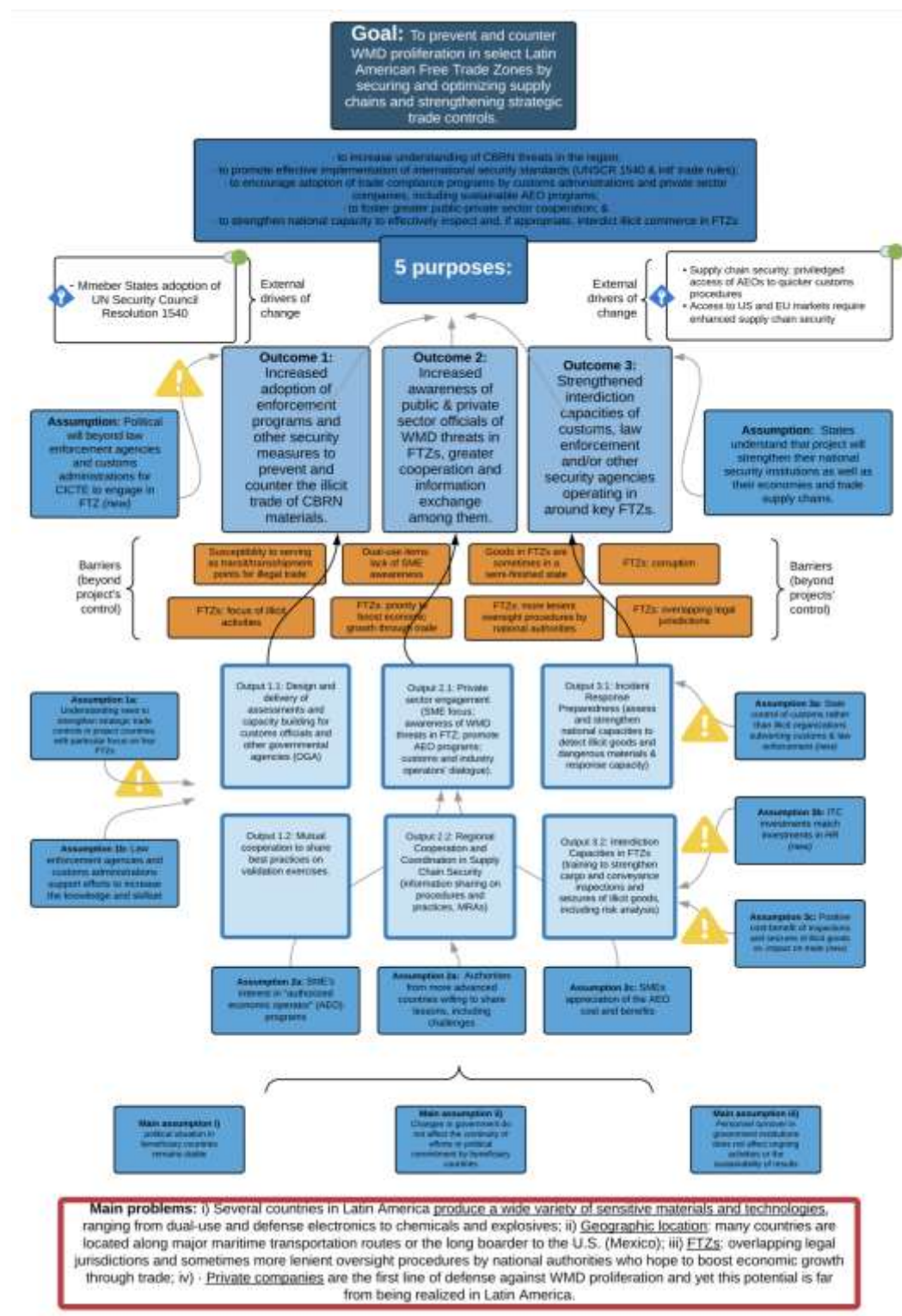
The reconstructed Theory of Change of the project contains the following elements:

- Formulation of the main problems
- Outputs (short-term results) and related assumptions
- Barriers to moving from outputs to outcomes (medium-term results)
- Outcomes
- Impact statement (long-term results)
- Linkages to external drivers of change catalyzing the achievement of the impact
- Main assumptions

Section 2.4 provides a detailed assessment of the reconstructed Theory of Change's validity.



Figure 6: Reconstructed Project Theory of Change



Source: A. Engelhardt 09/2023

## Section II: Findings

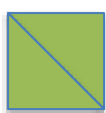
### 2. Relevance: was the project doing the right thing in project countries?

This section addresses the evaluation criteria of relevance. The sub-criteria used include the following: i) the alignment to the mandates of the OAS; ii) the relevance for the donor, the U.S. Department of State; iii) the relevance for participating Member States; and iv) the validity of the project's reconstructed Theory of Change with four sub-criteria.

This section's principal sources of evidence are the document review and telephone interviews.

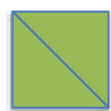
#### **Key findings: the project was doing the right thing, meeting the demands of six project countries and their obligation to meet Resolution 1540.**

- The project is highly relevant to OAS mandates, first and foremost to Resolution AG/RES.2880 (XLVI-O/016), giving the CICTE Secretariat a specific mandate to support the hemispheric implementation of United Nations Security Council resolution 1540.
- The project is fully aligned with the U.S. efforts to implement Resolution 1540.
- United Nations member States unanimously adopted Resolution 1540 on 28 April 2004, including the six project countries Argentina, Brazil, Chile, Mexico, Panama, and Paraguay. All six project countries have Authorized Economic Operator (AEO) Programmes.
- The project design and its reconstructed Theory of Change were largely sound, but the project scope might have been too broad given the time and budget available for the project, as the project contained five purpose statements.



The evaluation finds that the relevance of the project is very high. Based on the evaluations' scoring methodology<sup>4</sup>, the relevance score is "green" (88 out of 100<sup>5</sup>). The project shows a solid performance in five out of eight sub-criteria, while the performance is satisfactory for three sub-criteria. The score for the validity of the theory of change reaches 80%.

#### 2.1 Alignment to OAS mandates



The evaluation finds that the project is highly relevant to OAS mandates, first and foremost to Resolution AG/RES.2880 (XLVI-O/016).

In 2010, OAS Member States decided through CICTE that a direct approach to implementing resolution 1540<sup>6</sup> was needed to complement existing efforts. The CICTE Secretariat was given a specific mandate to "support for the hemispheric implementation of

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<sup>4</sup> applied by the United Kingdoms' (UK) Independent Commission for Aid Impact, see for example <http://icai.independent.gov.uk/wp-content/uploads/ICAI-Review-UK-aids-contribution-to-tackling-tax-avoidance-and-evasion.pdf>

<sup>5</sup> Scores by sub-criteria: green: 3, green/amber: 2, amber/red: 1; red: 0 ; 2.1 = 3, 2.2 = 3; 2.3 = 3; 2.4 = 3, 2, 2, 3, 2. Total = 21 out of a maximum of 24. Overall performance = SUM (21/24\*100) (87,5%).

<sup>6</sup> United Nations, Office for Disarmament Affairs  
<https://disarmament.unoda.org/wmd/sc1540/>

United Nations Security Council resolution 1540 (2004)" (Resolution: AG/RES.2880 (XLVI-O/016).

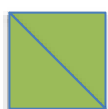
Consequently, a strategic partnership was formed between the U.N. Office for Disarmament Affairs (UNODA), the UNSCR 1540 Committee Group of Experts, and the Secretariat for Multidimensional Security (SMS)/CICTE Secretariat to implement a technical assistance and capacity-building pilot project in the Americas to facilitate Member States' efforts to implement the different topics covered by Resolution 1540—legal requirements on non-proliferation of CBRN materials; international best practices on export controls and licensing of CBRN materials; crisis management; physical protection of facilities; specialized border controls; health issues; and international cooperation on CBRN issues, among other topics.

In resolution 1540 (2004), the Security Council decided that all States shall refrain from providing any form of support to non-State actors that attempt to develop, acquire, manufacture, possess, transport, transfer or use nuclear, chemical or biological weapons and their means of delivery, in particular for terrorist purposes. The resolution requires all States to adopt and enforce appropriate laws to this effect as well as other effective measures to prevent the proliferation of these weapons and their means of delivery to non-State actors, in particular for terrorist purposes.

Source: United Nations, Office for Disarmament Affairs

The project fits under CICTE's umbrella project SMS2001, a general framework supporting Weapon of Mass Destruction non-proliferation in the Americas, phase III. Hence, CICTE implements a programmatic approach through the project. The latter seems highly relevant and responds to donor calls to transition from individual, often proliferated, project implementation to a more concise and programmatic approach in the OAS.

## 2.2 Relevance for the donor



The project is fully aligned with the U.S. efforts to implement Resolution 1540. The U.S. Department of State's<sup>78</sup> reports on implementing UNSCR 1540 at home and abroad are presented below.

"Like all U.N. Member States, the United States has two primary and ongoing responsibilities in implementing UNSCR 1540. First, the U.S. government must coordinate its own activities to ensure that its laws and regulations meet the requirements of the resolution, helping to keep sensitive materials out of the hands of terrorists and other criminals while preserving legitimate commercial and peaceful uses of related goods and know-how. The United States regularly reports measures in place to implement UNSCR 1540 and has identified more than 100 effective practices and shared them with the 1540 Committee.

Second, the United States helps other States implement their 1540 obligations through bilateral cooperation and assistance partnerships and through U.S. support to or work in international, regional, and sub-regional bodies, such as the International Atomic Energy Agency, the Organization for the Prohibition of Chemical Weapons, the Organization for

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<sup>7</sup> <https://www.state.gov/remarks-and-releases-bureau-of-international-security-and-nonproliferation/unscr-1540-2/>

<sup>8</sup> <https://www.state.gov/wp-content/uploads/2018/11/UNSCR-1540.pdf>

Security and Cooperation in Europe, Global Partnership Against the Spread of Weapons and Materials of Mass Destruction, and the Organization of American States.

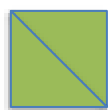
#### *Helping to Implement UNSCR 1540 Abroad*

The United States supports global UNSCR 1540 implementation bilaterally with other U.N. Member States and in cooperation with international, regional, or sub-regional bodies and civil society. In addition, the United States works with the 1540 Committee and the United Nations Office of Disarmament Affairs (UNODA) to encourage contributions to UNODA's Trust Fund for Global and Regional Disarmament Activities, which supports projects specifically designed to promote UNSCR 1540 implementation. The United States has contributed approximately \$5.4 million to this trust fund between 2019-2023. Among other projects and along with other donors, these funds support the work of Regional 1540 Coordinators for Africa and Asia<sup>9</sup>.

The U.S. government's commitment to UNSCR 1540 was reiterated in 2022 when it officially supporting a resolution in the U.N. Security Council to extend the mandate of the 1540 Committee and its Group of Experts<sup>10</sup>.

In March 2023, the U.S. Alternate Representative for Special Political Affairs stated, "The United States fully concurs [...] that Resolution 1540 remains a vital component of the global non-proliferation architecture to prevent non-State actors from gaining access to weapons of mass destruction.

### **2.3 Relevance for participating Member States**



The relevance of the project for participating Member States was very high. United Nations member States unanimously adopted Resolution 1540 on April 28, 2004, regarding the non-proliferation of weapons of mass destruction. This comprises all OAS member States, including the six project countries: Argentina, Brazil, Chile, Mexico, Panama, and Paraguay.

Besides, all six project countries have Authorized Economic Operator (AEO) Programs, with the one in Argentina receiving less government priority during project implementation.

In 2022, a multilateral Mutual Recognition Agreement (MRA) for the implementation of the Authorized Economic Operator (AEO) Programs in the Americas was signed by eleven customs administrations, namely Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Guatemala, Paraguay, Peru, Dominican Republic and Uruguay<sup>11</sup>.

### **2.4 Validity of the Theory of Change**

The evaluation finds that the project design was largely sound but that the project scope might have been too broad given the time and budget available for the project, as the project contained five purpose statements. The evaluator used the Theory of Change reconstructed

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<sup>9</sup> <https://www.state.gov/remarks-and-releases-bureau-of-international-security-and-nonproliferation/unscr-1540-2/>

<sup>10</sup> <https://usun.usmission.gov/remarks-on-the-un-security-council-resolution-to-extend-the-mandate-of-the-1540-committee-and-group-of-experts/>

<sup>11</sup> World Customs Union, 2022: Signing of an AEO Mutual Recognition Agreement between 11 Member countries from Americas region

<https://www.wcoomd.org/en/media/newsroom/2022/july/signing-of-an-aeo-mutual-recognition-agreement-between-11-member-countries-from-americas-region.aspx>

during the evaluation process to assess the intervention logic, as at the time of the project design, using a theory of change in the project document was not mandatory in the OAS.

### Main problems



The evaluation finds that the project document correctly identified the main problems the project aimed to address, focusing on States, the private sector, and FTZs.

**States** are susceptible to serving as transit/transshipment points for illegal trade.

- Several countries in Latin America produce a wide variety of sensitive materials and technologies, ranging from dual-use and defense electronics to chemicals and explosives, and are located along major maritime transportation routes connecting the Southern Cone of South America to the Atlantic Ocean through "Hidrovia Paraguay-Parana."

The U.S. Congress (2016) researched global container flow, showing the importance of transit routes in the Americas.<sup>12</sup> U.N. research (ECLAC, 2022) shows the growing potential of producing sensitive materials in the Western Hemisphere<sup>13</sup>.

For example, some estimate that Islamic fundamentalist groups in the TBA and other areas in Latin America are sending between US\$300 and US\$500 million a year in profits from illicit activities to radical Islamic groups in the Middle East<sup>14</sup>.

**FTZs** are particularly vulnerable to illicit trade, as the OECD (2022)<sup>15</sup> and the Economist Intelligence Unit (2018) showed<sup>16</sup>.

- FTZs: overlapping legal jurisdictions and sometimes more lenient oversight procedures by national authorities who hope to boost economic growth through trade.
- Enforcement efforts are further challenged by the fact that goods in FTZs are sometimes in a semi-finished state
- Keeping track of strategic trade items in these jurisdictions can pose particular challenges.
- Criminal activities and corruption in FTZs can generate substantial profits for key non-state actors

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<sup>12</sup> Congress of The United States Congressional Budget Office, 2016: Scanning and Imaging Shipping Containers Overseas: Costs and Alternatives

<https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/51478-Shipping-Containers.pdf>

<sup>13</sup> UN Economic Commission for Latin America and the Caribbean, 2022: Towards transformation of the development model in Latin America and the Caribbean: production, inclusion and sustainability. Buenos Aires, 24-26 October 2022

<https://repositorio.cepal.org/server/api/core/bitstreams/706b2195-2b87-4d4f-8d9b-63a5e3896fa1/content>

<sup>14</sup> Terrorist and Organized Crime Groups on the TBA. Library of Congress-Federal Research Division, 2010

<sup>15</sup> OECD, 2022: Free trade zones and illicit gold flows in Latin America and the Caribbean. OECD Business and Finance Policy Papers

<https://www.oecd.org/publications/free-trade-zones-and-illicit-gold-flows-in-latin-america-and-the-caribbean-7536db96-en.htm>

<sup>16</sup> The Economist Intelligence Unit, 2018: The Global Illicit Trade Environment Index. Free Trade Zones. Five case studies.

<http://illicittradeindex.eiu.com/documents/EIU%20Global%20Illicit%20Trade%20Environment%20Index%202018%20-%20FTZ%20June%206%20FINAL.pdf>



The awareness of the **private sector** requires strengthening concerning WMD proliferation. The evaluation revealed that the importance of national and regional AEO programs is well-researched<sup>17</sup>, including the Inter-American Development Bank's research on SME inclusion<sup>18</sup>.

- Private companies are the first line of defense against WMD proliferation, and yet this potential is far from being realized in Latin America
- Small- and medium-sized companies are not always aware that the products they export fall under the scope of dual-use items
- Lack of awareness of internal compliance programs and missing encouragement of customs authorities in the beneficiary states to establish and effectively implement "authorized economic operator" (AEO) programs

### Main assumptions

The project document contains assumptions, some explicit, others implicit. The evaluator grouped the assumptions by outputs and outcomes (purpose) and identified the main general assumptions before validating those project assumptions.

The project document contains three **main assumptions**, all related to political stability, and which were all valid. In the case of the project country Argentina, changes in government led to the AEO program receiving less government priority, undoing CICTE support delivered through 28 activities since 2017. Hence, the demand for the project was no longer given before the government policies changed again towards the end of the project.

### Purpose level assumption



At the **purpose level**, the project document correctly identified the assumption that "States understand that project will strengthen their national security institutions as well as their economies and trade supply chains."

However, the document review and interviews showed that another critical assumption concerning the broader political buy-in into the engagement in FTZs was missing or being treated implicitly at the purpose level. In the reconstructed ToC, the evaluator titled this assumption "*Political will beyond law enforcement agencies and customs administrations for CICTE to engage in FTZ.*" The latter is of critical importance, as revealed in interviews with stakeholders knowledgeable about the situation, for example, in Brazil and Paraguay.

### Output level assumptions



At the output level, the evaluation identified eight assumptions, five included in the project document and three emerging during the evaluation process.

For output 1, the evaluation found that "understanding the need to strengthen strategic trade controls in project countries, with particular focus on four FTZs" was a valid assumption but was not given in the case of Argentina and only partly in the case of Chile. In fact, those were the only project countries where national stakeholders chose not to participate in the evaluation.

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<sup>17</sup> World Customs Organization, 2020: Perspective on AEO programmes in South America

<https://mag.wcoomd.org/magazine/wco-news-91-february-2020/aeo-south-america/>

<sup>18</sup> IADB, 2020: AEO in APEC Economies: Opportunities to Expand Mutual Recognition Agreements and The Inclusion of SMEs. TECHNICAL NOTE No IDB-TN-1882

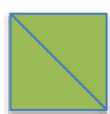
<https://publications.iadb.org/en/aeo-apec-economies-opportunities-expand-mutual-recognition-agreements-and-inclusion-smes>

In five out of the six countries, the assumption held that "law enforcement agencies and customs administrations support efforts to increase the knowledge and skillset."

The valid assumptions for output 2 focused on SME interest, understanding of the AEO concept, and the ability to share knowledge across countries.

Concerning output 3, strengthened interdiction capacities, and incident risk preparedness, the evaluation found three underlying assumptions that were omitted in the project document. Those assumptions relate to the full state control of customs, rather than illicit organizations subverting customs and law enforcement, ITC investments in customs matching the required investments in human resources, and a positive cost-benefit of inspections and seizures of illicit goods vs. impact on trade.

## Barriers



The evaluation established eight main barriers the project faces, which were beyond its control but needed monitoring during project implementation. Those barriers were stated in the project document and comprised governments' priority to establish FTZs to boost economic growth through trade, resulting in weaker oversight procedures by national authorities in FTZs where overlapping jurisdictions hamper law enforcement, which enables illicit activities (OECD, 2022).<sup>19</sup>

## Intervention logic from outputs to goal



The evaluation finds that the project contributes to the implementation of resolution 1540, countering WMD proliferation, through securing and optimizing supply chains and strengthening strategic trade controls by supporting national and regional initiatives such as AEOs and mutual recognition agreements. Across the Western Hemisphere, those trade and customs-related initiatives are highly relevant and implemented at different paces.<sup>20,21, 22, 23</sup> Hence, the project is fully demand-driven. However, the project contains five purposes, which dilutes its medium-term results focus. CICTE combines its unique offerings in three thematic areas in one project: i) security in supply chains, AEO, ii) cargo and container security, and iii) UNSCR 1540 implementation. While this approach is laudable, it spreads the project resources too thinly. The box below summarizes the intervention logic, also presented in the reconstructed ToC in section 1.5.

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<sup>19</sup> OECD, 2022: Free trade zones and illicit gold flows in Latin America and the Caribbean. OECD Business and Finance Policy Papers  
<https://www.oecd.org/publications/free-trade-zones-and-illicit-gold-flows-in-latin-america-and-the-caribbean-7536db96-en.htm>

<sup>20</sup> Brookings Institute, 2022: Six ways to improve global supply chains. D.M. West. July 12, 2022  
<https://www.brookings.edu/articles/six-ways-to-improve-global-supply-chains/>

<sup>21</sup> Receita Federal, 2023: Brazilian AEO Programm. Heads of Customs Meeting. BRICS 2023. South Africa. July 2023

<sup>22</sup> Dirección Nacional de Ingresos Tributarios. Gerencia General de Aduanas. Paraguay., 2023: Certificación: Operador Económico Autorizado.

<sup>23</sup> United Nations Conference on Trade and Development, 2022: Building Capacity to Manage Risks and Enhance Resilience: A Guidebook for Ports

**Goal:** To prevent and counter WMD proliferation in select Latin American Free Trade Zones by securing and optimizing supply chains and strengthening strategic trade controls.

**Purpose:**

- To increase understanding of CBRN threats in the region;
- to promote effective implementation of international security standards, including implementation of UNSCR 1540 and international trade rules;
- to encourage adoption of trade compliance programs by customs administrations and private sector companies, including sustainable AEO programs;
- to foster greater public-private sector cooperation; and
- to strengthen national capacity to effectively inspect and, if appropriate, interdict illicit commerce in FTZs

**Outcome 1:** Increased adoption of enforcement programs and other security measures to prevent and counter the illicit trade of CBRN materials.

**Outcome 2:** Increased awareness of public and private sector officials of WMD threats in FTZs and greater cooperation and information exchange among them.

**Outcome 3:** Strengthened interdiction capacities of customs, law enforcement and/or other security agencies that operate in and around key FTZs.

**Output 1.1.: Design and delivery of assessments and capacity building for customs officials and other governmental agencies (OGA)**

Training courses delivered to key customs officials to promote inter-agency coordination and a common enforcement approach.

**Output 1.2.: Mutual cooperation to share best practices on validation exercises.**

Promote best practices and technical exchanges among AEO officers responsible for carrying out validation exercises with a view to aligning and/or harmonizing security requirements and procedures among beneficiary countries.

**Output 2.1: Private sector engagement**

Increase public-private sector engagement in the beneficiary states, particularly with small- and medium-enterprises to strengthen their awareness of WMD threats in FTZ, particularly biological threats; to promote (and incentivize buy-in) of AEO programs among trade operators in the FTZ; and to strengthen dialogue between customs and industry operators.

**Output 2.2.: Regional Cooperation and Coordination in Supply Chain Security**

Workshops with national authorities (policy makers, customs authorities, and AEO managers) and industry representatives (particularly trade operators in FTZs) to increase information sharing on procedures and practices, and to develop or strengthen mutual recognition agreements (MRAs). Workshops will be used to identify and promote a roadmap/workplan for future collaboration and coordination.

**Output 3.1.: Incident Response Preparedness**

Organize a set of tabletop exercises to assess and strengthen national capacities to detect illicit goods and dangerous materials (including weapons, chemical precursors, dual-use, and biological materials) in FTZs and also strengthen their capacity to effectively respond to an incident involving their use.

**Output 3.2.: Interdiction Capacities in FTZs**

Design and deliver training courses for customs and law enforcement agencies to strengthen cargo and conveyance inspections and seizures of illicit goods, including risk analysis, collection and handling of evidence, interview techniques and identifying key criminal trends and distinctive modus-operandi of illicit actors.

### 3. Efficiency: were resources used appropriately to achieve project results?

This section analyses the efficiency of the project based on the following set of sub-criteria listed in the ToR and further developed in the evaluation framework and workplan: i) the quality and appropriateness of logframe indicators; ii) the use of results-based management principles; iii) vii) cost-benefit, and; iv) cost-effectiveness of the project. The evaluation used the document review and interviews as the primary sources of evidence for this section.

**Key findings: The project’s resource use was appropriate, given the significant theoretical contribution of the project to implementing AEO programmes, reducing significantly customs clearance time in countries like Brazil and Paraguay**

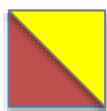
- The project team delivered quarterly progress reports of good quality and quarterly financial reports to the donor.
- The quality and appropriateness of logframe indicators were sub-optimal: the projects lacked goal and purpose-level indicators and at the output level, eleven out of twelve indicators are activity-based and omit a results-focus.
- **Cost-benefit:** evaluation found that a cost-benefit analysis of the project was unfeasible due to the lack of available data concerning the illicit trade of CBRN materials.
- **Cost-effectiveness:** comparison of the businesses benefitting from AEO certification in Brazil and Paraguay compared to non-AEO certified businesses:
  - Paraguay: Customs import approval for exporters and importers was reduced by 86,7%, from 8 hours and 18 minutes on average (non-AEO certified businesses) to an average of 1 hour and 6 minutes (AEO certified businesses) in 2022.
  - Paraguay: Business transactions from AEOs passing through the green channel of customs (no further inspection or delays due to inspection): 99% (AEO certified businesses) vs 56.85% (non-AEO certified businesses)
  - Brazil: Customs clearance of imports by air took 19 hours and 21 minutes for non AEO-licensed businesses in 2022 compared to 19 minutes for AEO-licensed ones
  - The OAS project contributed to supporting the roll out of the AEO project in Brazil, reducing the customs clearance time by air by 93,7% for AEO-licensed businesses compared to non-AEO licensed one, reaching a reduction of 96,9% for import by road. 58% of all importers and exporters in the country were AEO-certified in July, 2023.



The evaluation found that the efficiency of the project was very high, with a "green" score (78 out of 100)<sup>24</sup>. The project showed a strong to solid performance in two rated sub-criteria. One criterion was not rated, as explained in the respective section below, and one criterion, the quality, and appropriateness of logframe indicators, got a weak rating.

<sup>24</sup> Ratings by sub/criteria are as follows on the 0 to 3 scale: 3.1 = 1, 3.2 = 3; 3.3.1 = not rated; 3.3.2 = 3. Total = 7 out of a maximum of 9. Overall performance = SUM (7/9\*100) (77,78%).

### 3.1 Quality and appropriateness of logframe indicators



The evaluation finds that the project lacked goal and purpose-level indicators. Eleven of the twelve indicators are activity-based at the output level and omit a results focus. Overall, the quality and appropriateness of logframe indicators are sub-optimal.

Figure 7 outlines the current logframe indicators and suggestions for strengthening the results-focus of those indicators for future CICTE projects.

*Proposed selection of future CICTE projects' purpose and goal-level indicators under UNSCR 1540.*

Following a request from the project team during the presentation of the evaluation's mid-term report, the evaluator proposes a selection of possible indicators for the purpose and goal level of future CICTE projects under Resolution 1540. One or two indicators at the goal level and two to three indicators at the purpose level would be sufficient.

Project goal-level indicators could link to the framework project SMS 2001 "General Framework Supporting Weapon of Mass Destruction Non-proliferation" while making those indicators more results-focused, as suggested below.

Goal level:

- Number of legislative and regulatory measures adopted by States to establish domestic controls to prevent the proliferation and financing of nuclear, chemical, or biological weapons and their means of delivery.
- Funding of legislative and regulatory measures adopted by States to establish domestic controls to prevent the proliferation (in US\$).
- Number of parliamentarians, lawmakers, and industries reached with awareness raising of the proliferation and its financing risks in the region.
- Number of international standards and effective measures developed, maintained, and incorporated into national framework to prevent the proliferation of CBRN weapons and their delivery.

Purpose level:

- Stakeholder satisfaction rate (disaggregated by sex) about the **use of best practices** identified on UNSCR 1540 implementation on outreach to industry (*or Private Sector engagement (STC compliance) and securing supply chain with innovative technology*).
- Percentage of stakeholders (disaggregated by sex) indicating an **improvement of practices** due to the coordination between agencies related to CBRN in beneficiary countries.
- Percentage of trained officials interviewed or surveyed (disaggregated by sex) who indicated **application/use** of addressing licensing/export control.



#### Output level:

For each project output, two to three indicators could be chosen. A selection of results-focused output-level indicators is suggested below:

- Percentage of stakeholders (disaggregated by sex) indicating that best practices identified on UNSCR 1540 implementation on outreach to industry (*or Private Sector engagement (STC compliance) and securing supply chain with innovative technology*) are shared within their institutions.
- Participants' satisfaction rate (disaggregated by sex) about the coordination between agencies related to CBRN in beneficiary countries.
- Scientists' satisfaction rate (disaggregated by sex) about CICTE project training.
- Percentage of scientists (disaggregated by sex) disseminate knowledge from CICTE project training within their institutions.
- Participants' satisfaction rate with technical and legislative assistance missions in beneficiary States.
- Participants' satisfaction rate with the quality of guidelines for best laboratory practices, techniques, and methods for bio risk management in laboratories and research institutes.
- Percentage of draft legislation approved by competent government authority in order to be submitted to the Parliament.
- High-level authorities' satisfaction rate with consultation meetings.
- Percentage of invited parliamentarians participating in the events of awareness.
- Number of students potentially reached by national training institutes' inclusion in academic curricula of modules and/or materials related to biosafety and biosecurity, including implementation of resolution 1540.
- Number of scientists potentially reached by training module for scientists to reduce risk of possible misuse of materials and equipment during their research.
- Participants' satisfaction rate about the utility of the network of biosafety and biosecurity trainers.
- Percentage of key stakeholders from the industry are implementing STC compliance in line with UNSCR 1540.
- Monetary value of assistance proposals prepared by beneficiary countries that are funded (in US\$).

Figure 7: Assessment of project indicators

Project objectives	Indicators	Assessment
GOAL	None	The goal level does not benefit from indicators. Changes at the policy level or programming level with reference to indicators in the framework project SMS 2001 "General Framework Supporting Weapon of Mass Destruction non-proliferation" could have been selected.
PURPOSE	None	Indicators are missing at the purpose level/outcomes to assess how the outputs will contribute to the purpose level.
<b>OUTPUTS</b>  <b>1.1 Design and delivery of assessments and capacity building for customs officials and other governmental agencies (OGA)</b>	<ul style="list-style-type: none"> <li>Findings report with initiatives for legal gaps and inter-agency coordination</li> <li># OGA involved in AEO measures and benefits</li> </ul>	<p>All output indicators but one are activity-related. The results focus is omitted.</p> <p>An indicator assessing the satisfaction rate of OGA involved in AEO measures and benefits could have added value.</p>
<b>1.2 Mutual cooperation to share best practices on validation exercises.</b>	<ul style="list-style-type: none"> <li># of AEO Validation exercises conducted.</li> <li># of Summary Report on Techniques identified by AEO members to implement in their validation drafted and delivered to beneficiary countries.</li> <li># of best practices identified by beneficiary countries and subject matter experts.</li> </ul>	An indicator assessing the satisfaction rate of stakeholders in mutual cooperation exercises could have added value.
<b>2.1 Private sector engagement</b>	<ul style="list-style-type: none"> <li>% of Companies out of the total participating expressed interest in becoming AEO-certified</li> <li># Trade operators on FTZs interested in AEO.</li> </ul>	The number of employees and annual turnover of the interested companies could have added value as an indicator to understand the project's reach better.
<b>2.2 Regional Cooperation and Coordination in Supply Chain Security</b>	<ul style="list-style-type: none"> <li># of measures shared as best practices applicable on FTZs.</li> <li># Minimum - security measures for trade operators on FTZs identified</li> </ul>	The project could have benefitted from an indicator of stakeholder satisfaction concerning the best practices identified.
<b>3.1 Incident Response Preparedness</b>	<ul style="list-style-type: none"> <li>Report on Risks, Vulnerabilities, areas of improvement, and good practices drafted and presented to beneficiary countries.</li> </ul>	The project could have benefitted from an indicator of stakeholder satisfaction concerning the best practices identified.
<b>3.2 Interdiction Capacities in FTZs</b>	<ul style="list-style-type: none"> <li># of Customs and Border Security Officers Trained in specialized interdiction courses for cargo and conveyance in FTZs.</li> <li># of officers that expressed that the skills and knowledge gained during training are applicable in their daily tasks</li> </ul>	The last indicator is results-focused and constitutes a good practice to be replicated in CICTE project logframes.

## 3.2 Use of results-based management principles



The project team delivered the donor quarterly progress reports and quarterly financial reports. Given the specific agreement signed between the donor and CICTE, the project did not benefit from DPMO verification reports in line with OAS rules and regulations.

The quarterly progress reports update the activities accomplished in each quarter by output indicator. Upcoming activities were stated in the quarterly progress reports. However, the evaluation noted a divergence between the output level indicators listed in the project document and the ones selected for progress reporting, which affects the evaluability of the project.

Nevertheless, the evaluator provided a "green" rating for this sub-criterion because the project team systematically used detailed post-course evaluation questionnaires, evaluating clients' satisfaction at the end of project-funded events. The latter constitutes a good practice and should be more broadly replicated across CICTE projects and the OAS.

## 3.3 Cost-benefit and cost-effectiveness analysis

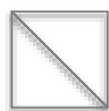
The budget of project SMS2001 was US\$ 597,590, which constitutes the project cost for the donor. However, what were its benefits and the project's effectiveness?

When preparing the attempt to analyze the costs, benefits, and effects of project SMS2001 on FTZs, the evaluator opted for two approaches given the availability of data: i) trying to identify the benefits of addressing illegal trade of CBRN materials through FTZs through a cost-benefit analysis, and ii) identifying the benefits of the AEO programs supported by the project in the project countries for the AEOs compared to businesses not participating in national AEO programs.

According to H.M. Treasury<sup>25</sup>, cost-effectiveness analysis and cost-benefit analysis are identified as follows:

- *Cost-benefit analysis* quantifies in monetary terms as many of the costs and benefits of a proposal as feasible, including items for which the market does not provide a satisfactory measure of economic value
- *Cost-effectiveness analysis* compares the costs of alternative ways of producing the same or similar outputs.

### 3.3.1 Cost-benefit



The evaluation found that a cost-benefit analysis of the project was unfeasible due to the lack of available data concerning the illicit trade of CBRN materials.

In 2014, the Norwegian Anti-Corruption Resource Centre found that "so far, however, no systematic attempt has been made to tailor these methodologies (Cost-effectiveness analysis (CEA) and cost-benefit analysis (CBA)) for use with governance (...) activities<sup>26</sup>". The latter include customs operations of the public sector, the focus of the OAS project under evaluation. In 2015, the U.S. Government Accountability Office concluded that "the deceptive nature of fraud can make it difficult to measure outcomes of fraud risk

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<sup>25</sup> HM Treasury. The Green Book: Appraisal and Evaluation in Central Government. Treasury Guidance. London: TSO. <http://bit.ly/1tZ0SGj>.

<sup>26</sup> Anti-Corruption Resource Centre (Norway) /Johnsøn, Jesper. "Cost-effectiveness and cost-benefit analysis of governance and anti-corruption activities." (2014)., p. 1

management activities in a reliable way.” This is also related to illegal trade and the cost-benefit of its countering measures through increased customs capacities and controls. Wilson et al. (2016) write about “measuring the unmeasurable” in this context<sup>27</sup>. Still, in 2020, the Library of Congress' Federal Research Division in Washington D.C. found that “the currently available research on counterfeiting is limited in scope, built on insufficient data (...). The lack of research on counterfeit goods has left key gaps in the knowledge base”<sup>28</sup>. “However, fully understanding the consequences of counterfeit trade on the U.S. economy is difficult, if not impossible”<sup>29</sup>. “The latter quote is relevant for the OAS CICTE project, as counterfeit goods include, for example, the inappropriate use of chemical substances in health products and medicines.

Hence, in the 2020s, cost-effectiveness analysis (CEA) and cost-benefit analysis (CBA) concerning investments in governance more widely and customs capacities and their countering measures, more specifically, are still severely limited by a lack of reliable data.

### 3.3.2 Cost-effectiveness



The cost-effectiveness analysis compares the businesses benefitting from AEO certification in Brazil and Paraguay to non-AEO-certified businesses. This comparison was possible thanks to data from national AEO programs contacted during the evaluation. The box below defines the AEO concept<sup>30</sup>.

An Authorized Economic Operator (AEO) is defined by the World Customs Organization Standards to Secure and Facilitate Global Trade (SAFE) framework as “a party involved in the international movement of goods, in whatever function, that has been approved by, or on behalf of, a national Customs administration as complying with WCO or equivalent supply chain security standards. AEOs include inter alia manufacturers, importers, exporters, brokers, carriers, consolidators, intermediaries, ports, airports, terminal operators, integrated operators, warehouses, and distributors”.

**Sources: World Customs Organization (WCO/2020)/ UN Economic Commission for Europe**

Figure 8 shows that the time to receive customs import approval for exporters and importers in Paraguay was reduced from 8 hours and 18 minutes on average to 1 hour and 6 minutes in 2022. In practical terms, this means that an AEO can proceed with the business transaction before the mid-morning if a demand was made at the beginning of the working day. For a non-AEO licensed business, one entire business day is lost before customs import approval.

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<sup>27</sup> Jeremy M. Wilson, Brandon A. Sullivan, and Meghan E. Hollis, “‘Measuring the Unmeasurable’: Approaches to Assessing the Nature and Extent of Product Counterfeiting,” *International Criminal Justice Review* 26, no. 3 (2016): 261, doi: 10.1177/1057567716644766.

<sup>28</sup> Federal Research Division, Library of Congress, 2020: U.S. Intellectual Property and Counterfeit Goods—Landscape Review of Existing/Emerging Research, p. 1

<sup>29</sup> Ibid, p. 9

<sup>30</sup> <https://www.wcoomd.org/-/media/wco/public/global/pdf/topics/facilitation/instruments-and-tools/tools/safe-package/aeo-compendium.pdf?db=web>  
<https://tfig.unece.org/contents/authorized-economic-operators.htm>

**Figure 8: Comparison of customs import approval for AEO and non-AEO certified businesses**



**Source:** Dirección Nacional de Ingresos Tributarios. Gerencia General de Aduanas. Paraguay., 2023:  
**Certificación:** Operador Económico Autorizado. **Design:** A. Engelhardt 09/2023

Also, 99% of business transactions from AEOs pass through the green channel of customs, experiencing no further inspection or delays due to additional customs procedures, while this number is down to 56.85% for non-AEO licensed businesses. This data underscores the time saved for AEO-licensed businesses, which directly and positively affects the costs of business transactions.

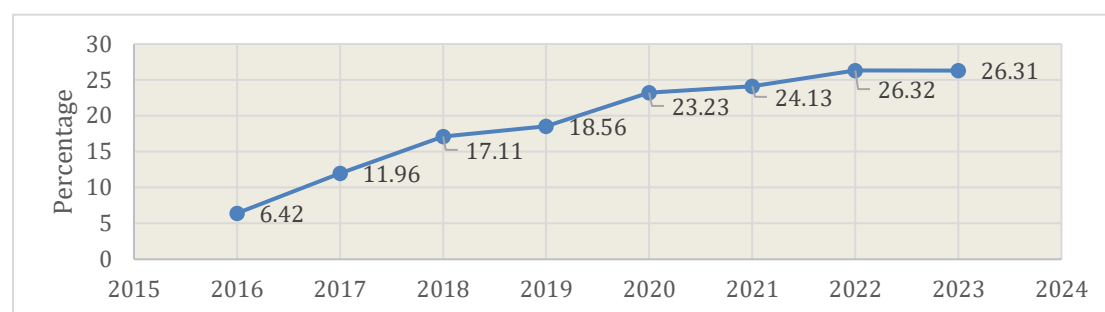
In 2022, non-AEO-licensed businesses undertook 477,293 business transactions in Paraguay compared to 3,515 business transactions by AEO-licensed businesses, i.e., AEO-licensed businesses undertook 7.3% of all business transactions involving import or export<sup>31</sup>.

**In terms of cost-effectiveness, the OAS project contributed to strengthening the AEO program in the country, benefitting 7.3% of all business transactions in 2022 with a reduction in customs clearance time for imports by 86,7%, gaining one business day for such transactions compared to non-AEO-certified traders.**

In the case of Brazil, 549 operators were AEO-certified in July 2023, i.e., 58% of all importers and exporters in the country. The latter include freight forwarders, carriers, customs warehouses, port operators, and airport operators. AEO participation in Brazilian foreign trade increased from 6,42% in 2016 to 26,32% by July 2023, as presented in Figure 9.

<sup>31</sup> In Paraguay, it takes about 90 days to obtain the AEO certification, which is valid for 3 years and compliance is monitored in an annual basis

**Figure 9: AEO participation in Brazilian foreign trade (2023 till 07/23)**



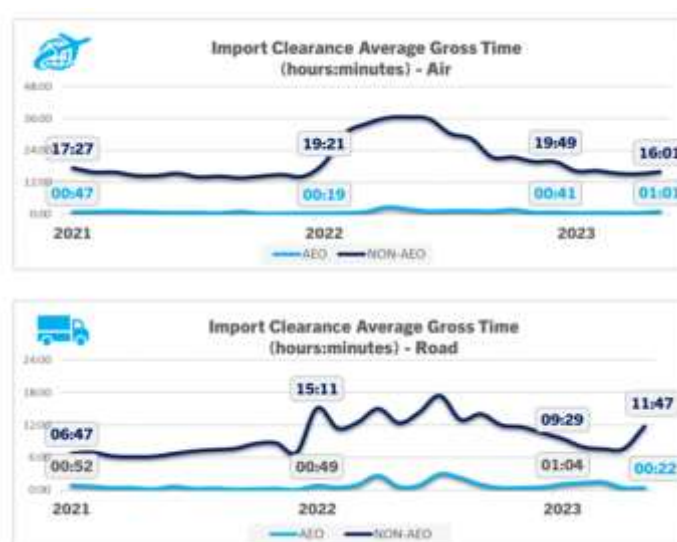
Source: Receita Federal, 2023: Brazilian AEO Program. Heads of Customs Meeting. BRICS 2023. South Africa. July 2023. Design: A. Engelhardt 09/2023

Customs clearance of imports by air took 17 hours and 27 minutes for non-AEO-licensed businesses in 2021 compared to 47 minutes for AEO-licensed ones. In 2022, the differences were 19 hours and 21 minutes for non-AEO-licensed businesses compared to 19 minutes for AEO-licensed businesses. By mid-2023, import clearance for non-AEO-licensed businesses amounted to 19 hours and 49 minutes compared to 1 hour and 1 minute for AEO-licensed businesses. Apparent differences also show for the import clearance time by road, as presented in Figure 10.

The AEO program in Brazil benefits from 45 staff, including teams in 5 regions.

The OAS project contributed to supporting the rollout of the AEO project in Brazil, reducing the customs clearance time by air by 93.7% for AEO-licensed businesses compared to non-AEO-licensed ones, reaching a reduction of 96.9% for imports by road by mid-2023. This gives AEO-licensed traders an advantage of time of 2 business days for air import and 1.5 business days for road import compared to non-AEO-licensed businesses.

**Figure 10: Comparison of import clearance times by air and road for AEO and non-AEO certified operators 2021 - 2023**

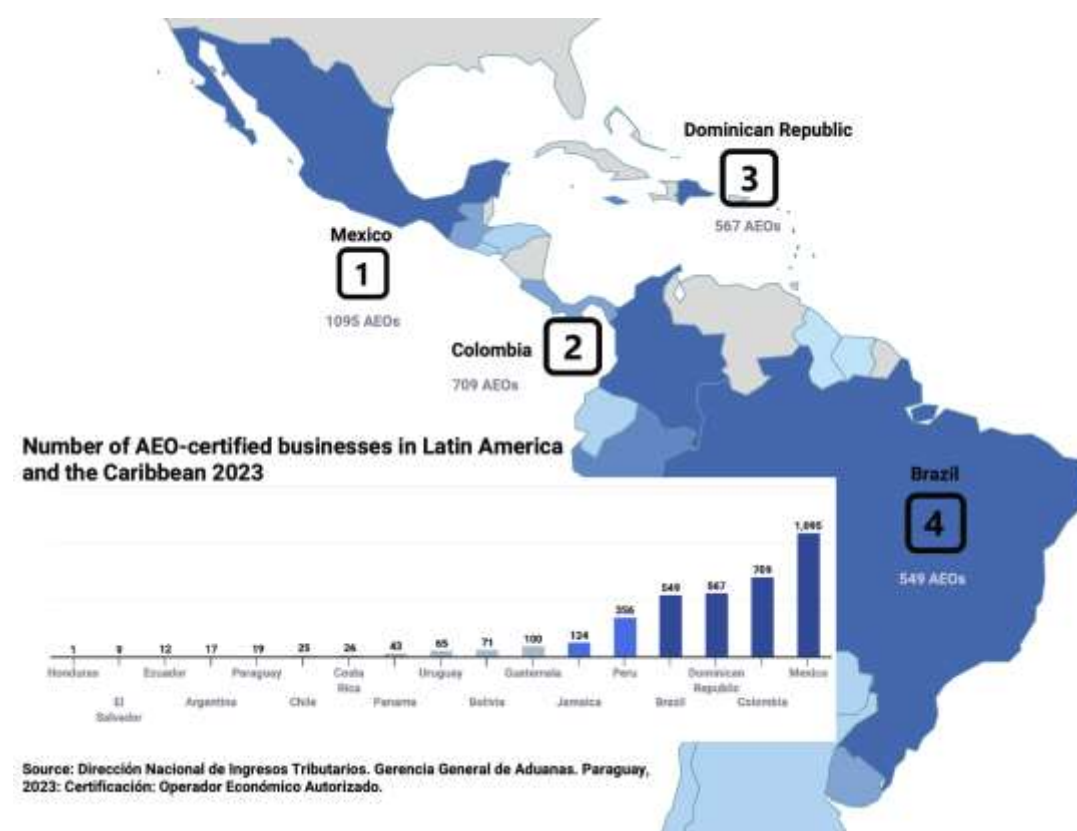


Source: Receita Federal, 2023: Brazilian AEO Program. Heads of Customs Meeting. BRICS 2023. South Africa.



Overall, in Latin America and the Caribbean, 3369 were AEO-certified in August 2023<sup>32</sup>, as presented in Figure 11, showing the leadership of implementing the concept in Mexico (1095 AEO-licensed businesses). Guatemala leads the AEO implementation in the Central American context (100 AEO-licensed businesses), Colombia in the Andean countries (709 AEO-licensed businesses), Brazil in Mercosur (549 AEO-licensed businesses)<sup>33</sup>, and the Dominican Republic in the Caribbean (567 AEO-licensed businesses).

**Figure 11: Number of AEO-certified businesses in Latin America and the Caribbean 2023**



Source: Dirección Nacional de Ingresos Tributarios. Gerencia General de Aduanas. Paraguay., 2023: Certificación: Operador Económico Autorizado. Design: A. Engelhardt, 10/2023

<sup>32</sup> Dirección Nacional de Ingresos Tributarios. Gerencia General de Aduanas. Paraguay., 2023: Certificación: Operador Económico Autorizado.

<sup>33</sup> Receita Federal, 2023: Brazilian AEO Programm. Heads of Customs Meeting. BRICS 2023. South Africa. July 2023

## 4. Effectiveness: were project results achieved, and how?

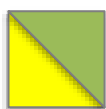
**Key findings: For four out of six outputs, targets were largely or fully achieved. The project did not benefit from goal or purpose level indicators.**

- The project document does not contain goal and purpose-level indicators. In the absence of indicators, baselines, and targets, it is not possible to assess progress made at the project’s goal and purpose level.
- For four outputs, targets were largely achieved (outputs 1.1, and 3.2) or fully achieved (outputs 1.2 and 3.1). No data was available for two outputs to assess the achievement of logframe targets (outputs 2.1 and 2.2).
- Stakeholder satisfaction with the seven project-funded events ranged from 88% to 99%, based on selected criteria such as expectations met and knowledge increased.
- Positive factors influencing project performance:
  - *External:* Long-term partnership between CICTE and customs agencies, beyond timeframe of the project, resulted in an excellent disposition of many stakeholders.
  - Project’s strategic alignment with national AEO programs and the strong political will.
  - Good involvement of the public and the private sector, though mainly in separate events and the use of experts from the region with practical expertise.
  - *Internal:* OAS’ reputation, its highest-level mandate from the UNSC on Convention 1540 and a perception of neutrality and impartiality facilitated the access of the CICTE project to project countries.
  - The project filled a gap between the WTO’s and WCO’s normative work and its practical implementation.
- Negative factors influencing project performance:
  - *External:* resistance to change in customs agencies, where “old school thinking” dominates, particularly among officers on the ground.
  - Policy changes and change of political leadership:
    - Three different customs directors in Argentina in 24 months
    - Change in the customs governance in Mexico.
  - Extensive lead time to invite officials of one to three months.
  - Internal: CICTE project manager could use members of his team only during the duration of their consultancy contracts and not, for example, for preparatory work prior to the project
- Unforeseen results:
  - Desire of one FTZ in Panama to be certified as part of the national AEO program; On the negative side, the exit of Argentina from the project and its late renewed expression of interest towards the end of project implementation was unexpected.
  - The project contributed to address the following issues:
    - The U.S. investment in the OAS project SMS2001 of US\$ 597,590 in creating awareness and strengthening customs in project countries can have a contribution to seizing drugs in the market value of US\$ 17,2 billion (OAS, 2022) in Mexico and South America as a secondary unintended effect. The magnitude of challenges facing customs agencies shows in the data below:
    - In Paraguay, tax revenue forgone due to illegal wildlife trade, illegal fishing, and illegal logging ranged between US\$ 60m and US\$ 119m, representing 0.9% to 1.7% of forgone revenue tax as a percentage of total tax revenues.
    - The annual global damage because of food fraud is estimated at \$30 to \$40 billion dollars.
    - In 2022, the opioid epidemic cost the United States nearly \$1.500 billion in 2020, or 7 per cent of gross domestic product (GDP), with most drugs originating from Latin America.
- The project document did not contain a specific gender focus apart from reporting on sex-disaggregated data of event participants.

This section analyses the achievement of project results under the evaluation criterion of effectiveness.

Those effectiveness sub-criteria encompass i) the achievement of program objectives using the logframe indicators at the goal level, purpose level, and output level (6 indicators); ii) stakeholder satisfaction with project results; iii) factors influencing program results; iv) unforeseen project results, and v) results for women. In total, the evaluation assessed 12 sub-criteria and rated 9, as explained in the sections below.

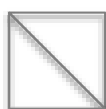
The data sources used as the evidence base for the effectiveness section are the document review and virtual interviews.



The evaluation finds that the project shows satisfactory effectiveness, scoring 67 out of 100 ("green")<sup>34</sup>.

## 4.1 Achievement of project objectives

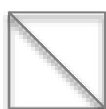
### GOAL



"To prevent and counter WMD proliferation in select Latin American Free Trade Zones by securing and optimizing supply chains and strengthening strategic trade controls."

The project document does not contain goal-level indicators. Without indicators, baselines, and targets, assessing progress at the project's goal level is impossible.

### Purpose



- To increase understanding of CBRN threats in the region;
- to promote effective implementation of international security standards, including implementation of UNSCR 1540 and international trade rules;
- to encourage the adoption of trade compliance programs by customs administrations and private sector companies, including sustainable AEO programs;
- to foster greater public-private sector cooperation and
- to strengthen national capacity to effectively inspect and, if appropriate, interdict illicit commerce in FTZs

As for the project goal, the project document does not contain indicators for the project purpose or the three project outcomes. Hence, assessing progress made at the project's goal level is impossible.

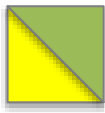




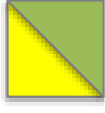
### Outputs

Figure 12 summarizes the output level results, described in more detail in the following paragraphs. For four outputs, targets were largely achieved (outputs 1.1, and 3.2) or fully achieved (outputs 1.2 and 3.1). No data was available for two outputs to assess the achievement of logframe targets (outputs 2.1 and 2.2).

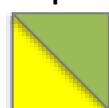
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<sup>34</sup> The ratings for the evaluation sub-criteria by sub-sections 4.1 to 4.6 in this effectiveness chapter of the evaluation report are as follows: 4.1 = 2, 3, 0, 0, 3, 2, 3 at the output level; 4.2 = 2; 4.3 = 2; 4.4 no rating; Total score = 16 out of a maximum score of 27 (9\*3). Overall performance =  $\text{SUM}(16/27) * 100$  (66,67%).

**Figure 12: Achievement output level indicator targets**

Project outputs	Logframe indicator <b>targets</b> and <i>achievement</i>	Comments
 <b>Output 1.1</b> <ul style="list-style-type: none"> <li>1.1.1 Findings report with initiatives for legal gaps and inter-agency coordination</li> <li>1.1.2 # OGA involved on AEO measures and benefits</li> </ul>	<ul style="list-style-type: none"> <li>1.1.1: <b>6 reports</b></li> <li><u>4 reports prepared.</u></li> <li>1.1.2: <b>12 OGAs</b></li> <li><u>47 OGAs</u></li> </ul>	<ul style="list-style-type: none"> <li>1.1.1: 66.7% of target achieved</li> <li>1.1.2: 6 workshops in 4 countries with 348 participants, including 47 OGAs: 100% of target achieved</li> </ul>
 <b>Output 1.2.</b> <ul style="list-style-type: none"> <li># of AEO Validation exercises conducted.</li> <li># of Summary Report on Techniques identified of AEO members to implement in their validation drafted and delivered to beneficiary countries.</li> </ul> <p># of best practices identified by beneficiary countries and subject matter experts.</p>	<ul style="list-style-type: none"> <li>1.2.1: <b>1 Side by Side Validation Exercise</b></li> <li><u>1 exercise</u></li> <li>1.2.2: <b>6 reports</b></li> <li><u>4 reports prepared.</u></li> <li>1.2.3: <b>12 best practices</b></li> <li><u>12 best practices</u></li> </ul>	<ul style="list-style-type: none"> <li>1.2.1: 100% of target achieved</li> <li>1.2.2: 66.7% of target achieved (agreement with 2 countries to renounce plans for a country report at the outset of the project)</li> <li>1.2.3: 100% of target achieved</li> </ul>
 <b>Output 2.1</b> <ul style="list-style-type: none"> <li>% of Companies out of total participating expressed interest on becoming AEO-certified</li> <li># Trade operators on FTZs interested on AEO.</li> </ul>	<ul style="list-style-type: none"> <li>2.1.1: <b>&gt;20% of participating companies per country</b></li> <li><u>No data</u></li> <li>2.1.2: <b>&gt;20% of participating Trade Operators per country</b></li> <li><u>No data</u></li> </ul>	<ul style="list-style-type: none"> <li>Over 750 participants from the private sector attended the private sector seminar in Sao Paulo, Brazil.</li> <li>2.1.1: No data on expression of interest</li> <li>2.1.2: No data</li> </ul>
 <b>Output 2.2</b> <ul style="list-style-type: none"> <li># of measures shared as best practices applicable on FTZs.</li> <li># Minimum security measures for trade operators on FTZs identified</li> </ul>	<ul style="list-style-type: none"> <li>2.2.1: <b>12 measures identified and shared</b></li> <li><u>No data</u></li> <li>2.2.2: <b>12 measures identified and shared</b></li> <li><u>No data</u></li> </ul>	<ul style="list-style-type: none"> <li><u>No data</u></li> </ul>
 <b>Output 3.1</b> <ul style="list-style-type: none"> <li>Report on Risks, Vulnerabilities, areas of improvement, and good practices drafted and presented to beneficiary countries.</li> </ul>	<ul style="list-style-type: none"> <li>3.1.1: <b>3 reports</b></li> <li><u>4 reports prepared ( Chile: Case Scenario Valparaiso, Case Scenario Tarapaca. Mexico: Case Scenario Tijuana, Case Scenario Veracruz)</u></li> </ul>	<p>3.1.1: 2 Incident Response Exercises held and documented (Mexico and Chile) with participation of 51 officers. 100% of target achieved</p>
 <b>Output 3.2</b> <ul style="list-style-type: none"> <li># of Customs and Border Security Officers Trained in specialized interdiction courses for cargo and conveyance in FTZs.</li> <li># of officers that expressed that the skills and knowledge gained during training is applicable in their daily tasks</li> </ul>	<ul style="list-style-type: none"> <li>3.2.1: <b>60 officers trained</b></li> <li><u>32 officers trained</u></li> <li>3.2.2: <b>80%</b></li> <li><u>88% to 96% based on post-event evaluations</u></li> </ul>	<ul style="list-style-type: none"> <li>3.2.1: 53.3% of target achieved</li> <li>3.2.2: 100% of target achieved</li> </ul>

### Output 1.1



- 1.1.1 Findings report with initiatives for legal gaps and inter-agency coordination: 66.7% of target achieved

The project delivered four reports. Recommendations were highlighted to strengthen the Authorized Economic Operator (AEO) Program in four beneficiary countries (Chile, Panama, Paraguay, and Mexico). These reports assisted in laying out a prioritized plan

for enhancing the Authorised Economic Operator program and simultaneously promoting certification within the private sector, emphasizing free zone operators and customers.

- 1.1.2 # OGA involved on AEO measures and benefits: 348 participants but no disaggregation by OGSs

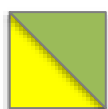
In total, the project team undertook six events, reaching customs agencies and other government agencies (OGA). Events occurred in Paraguay, Panama (2 events), Mexico (2 events), and Chile. The quarterly progress reports stated the attendance of 348 participants. Figure 13 below lists the 47 OGA's by country that participated in project-funded events based on project reporting complementing the participation of the national customs administration and the AEO program.

**Figure 13: List of project countries and other government agencies**

<b>Argentina</b>	<b>Brazil</b>	<b>Chile</b>
Undersecretary of Ports	Ministry of Development, Industry, Commerce and Services	Ministry of Health
Ministry of Security	Federal Police	Agriculture and Livestock Service
National Agri-Food Health and Quality Service	Secretariat of Foreign Trade	Chilean Nuclear Energy Commission
Ministry of Health	Secretariat of Ports and Airports	Emergency Coordination Ministerial Regional Secretary of Health
	Brazilian Health Regulatory Agency	Ministry of Interior
	Ministry of Agriculture, Livestock and Food Supply	General Directorate of the Maritime Territory and Merchant Navy
<b>Mexico</b>	<b>Panama</b>	<b>Paraguay</b>
Secretary of Energy	Interinstitutional Office of Risk Analysis	Ministry of Foreign Affairs
Secretary of National Defense	Container Technical Inspection Unit	National Service for Plant and Seed Quality and Health
Secretary of Infrastructure, Communications and Transportation	Administrator of the Colon Free Zone	Ministry of Public Health and Social Welfare- Directorate of Health Surveillance
Secretary of the Navy	Ministry of Agricultural Development	Secretary for the Prevention of Money or Asset Laundering
Health Secretary	Plant Health Directorate	National Institute of Technology and Standardization and Metrology
Secretary of Security and Citizen Protection	Ministry of Commerce and Industry	National Service for Animal Quality and Health
Secretary of National Defense	Ministry of Health	National Institute of Food and Nutrition
National Commission for Nuclear Safety and Safeguards	Panamanian Food Agency	National Anti-Drug Secretary
National Nuclear Research Institute	Panama Canal Authority	National Council of Free Zones
Federal Attorney for Environmental Protection		Industry and Commerce Ministry
		National Administration of Navigation and Ports
		Interinstitutional Unit to Combat Smuggling

Source: CICTE project team, October 2023

### Output 1.2.



- # of AEO Validation exercises conducted: 100% of target achieved

Prior to the signature of the Mutual Recognition Agreement (ARM), CICTE took part in the joint validation tour organized by the Mexican Customs with representatives from Paraguay, Uruguay, and Argentina. The event was part of the Pacific Alliance and Mercosur Action Plan. The validation visit took place in Mexico City, Guanajuato, and the town of Queretaro.

- # of Summary Report on Techniques identified of AEO members to implement in their validation drafted and delivered to beneficiary countries: 66.7% of target achieved

The four reports focused on the AEO Program in four beneficiary countries: Chile, Panama, Paraguay, and Mexico.

- # of best practices identified by beneficiary countries and subject matter experts: 100% of target achieved

The project identified 12 best practices, and the target was met 100%. Best practices include the possibility of including the AEO programs in the Free Zones (special economic zones) in the AEO certification in Mexico, Panama, and Paraguay.

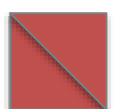
### Output 2.1



- % of Companies out of total participating expressed interest on becoming AEO certified: no data
- # Trade operators on FTZs interested on AEO: no data

The project team reached out to the WCO, the Business Alliance for Secure Commerce (BASC), the World Free Zones Organization, and the Global Alliance for Trade Facilitation. Seven events were organized for the private sector in Brazil, Chile, Mexico, Panama, and Paraguay. Over 750 private sector participants attended the project-funded event in Sao Paulo alone. The quarterly progress reports and the final report on the scope of work activities do not contain data on the indicators for output 2.1.

### Output 2.2



- # of measures shared as best practices applicable on FTZs: no data
- # Minimum security measures for trade operators on FTZs identified: no data

The project team organized a Subregional Webinar on Secure Trade on Free Trade Zones in Latin America in March 2022 with 269 participants, followed by a subregional workshop on supply chain security and border towns in Foz do Iguaçu, Brazil, in March 2023 with customs officials from all six project countries and two OGAs from Brazil.

As for indicators on output 2.1, the quarterly progress reports and the final report on the scope of work activities do not contain data on the indicators for output 2.2.



### Output 3.1



- Report on Risks, Vulnerabilities, areas of improvement, and good practices drafted and presented to beneficiary countries: 100% of the target achieved.

The project held Incident Response Exercises held in Mexico City and Valparaiso, Chile, which were subsequently documented. The project prepared four reports. Case Scenario Valparaiso, and Case Scenario Tarapaca for Chile and Case Scenario Tijuana and Case Scenario Veracruz for Mexico.

### Output 3.2



- # of Customs and Border Security Officers Trained in specialized interdiction courses for cargo and conveyance in FTZs: 53.3% of target achieved
- # of officers that expressed that the skills and knowledge gained during training is applicable in their daily tasks: 100% of target achieved

The project trained 32 officers, reaching 53.3% of the target (60 officers) during the Cargo Interdiction Course in Paraguay in July 2023 and the Specialized Interdiction Course in Mexico in September 2023. 88% to 96% of officers stated an increase in the ability to perform their responsibilities.



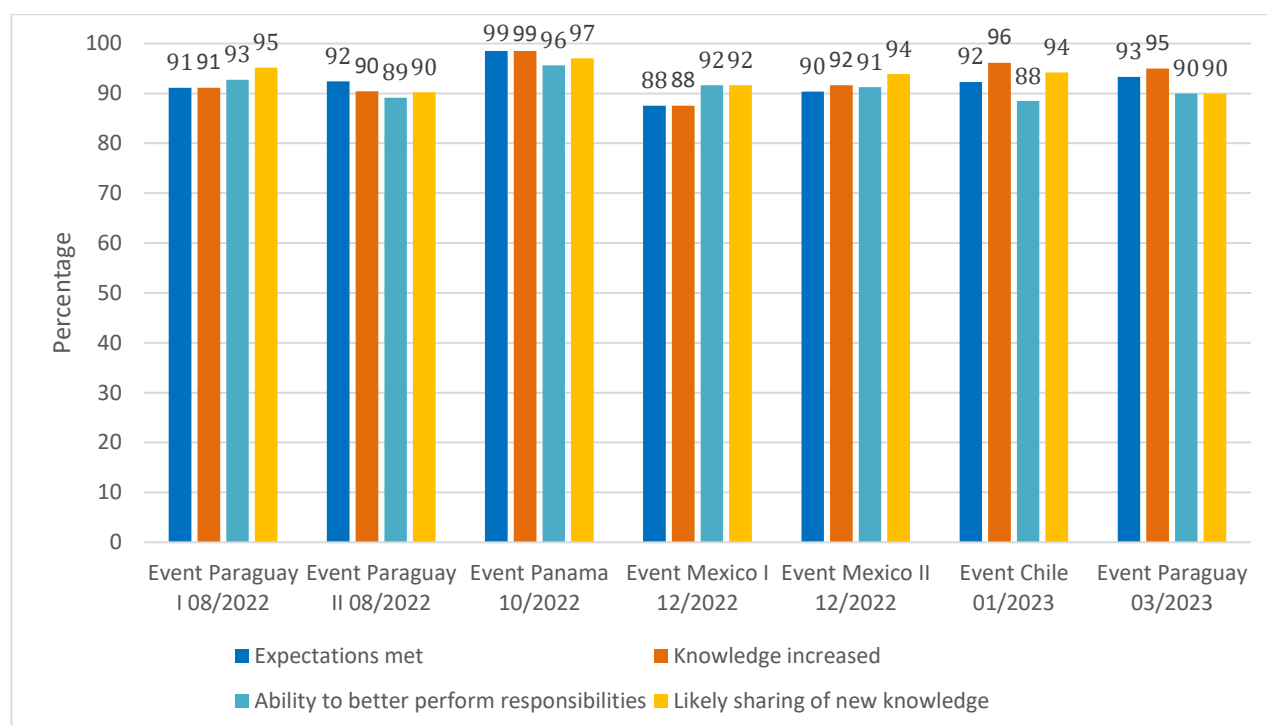
Beyond the logframe indicators, the evaluation assessed project performance by stakeholder satisfaction. The project team systematically collected participants' feedback from its capacity-building events, and the evaluator had access to post-event evaluation results between August 2022 and March 2023, published in the quarterly progress reports.

Figure 14 summarizes the satisfaction of 186 participants attending seven events using four selected assessment criteria.

Overall, the ratings show a very high satisfaction across the four selected assessment criteria. Satisfaction rates concerning expectations met and knowledge increased ranged from 88% to 99%. The satisfaction with increased abilities to better perform responsibilities at the workplace ranged between 88% and 96%. Finally, 90% to 97% of participants planned to share knowledge acquired during the project-funded events with colleagues.

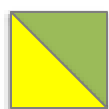
Stakeholders seem particularly pleased with the project-funded event in Panama in October 2022.

**Figure 14: Stakeholder satisfaction about the utility of project-funded events 2023-2023**



n=186, Sources: Project quarterly reports numbers 1 to 6. Analysis: A. Engelhardt, 10/2023

## 4.2 Internal and external factors influencing the project implementation



Complementary to assessing the project objectives, the evaluator undertook a Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis with interviewees. The analysis identified the rationale for the project's performance.

The analysis of **positive factors** affecting project performance distinguished between external and internal factors, as presented hereafter and summarized in Figure 15.

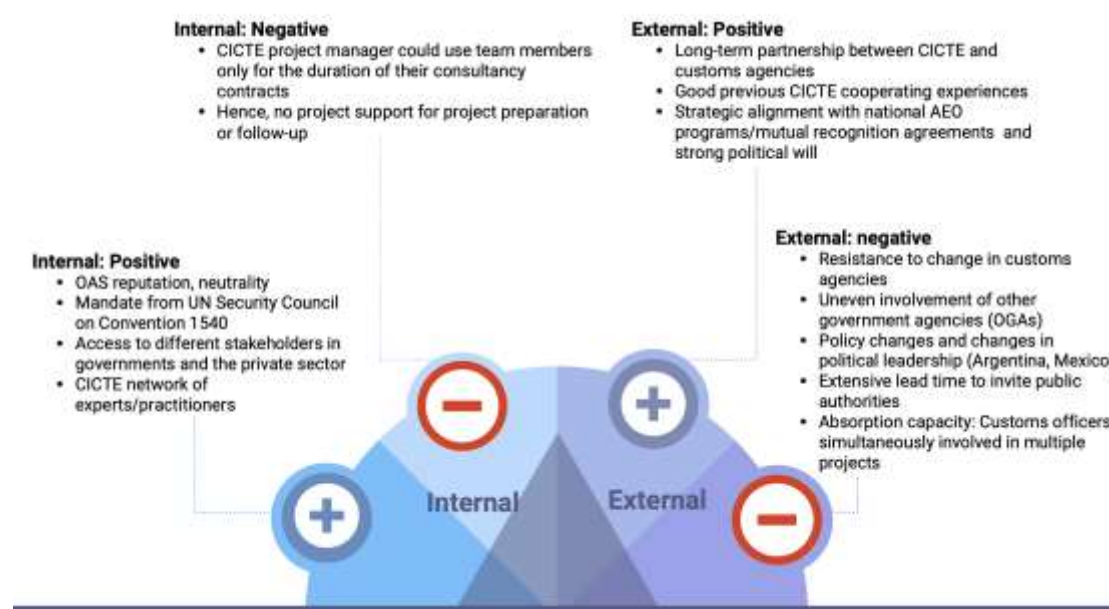
### External factors

Many public sector interviewees stressed the long-term partnership between CICTE and their agencies well beyond the timeframe of this project. Good previous CICTE cooperating experiences resulted in an excellent disposition of many stakeholders.

The project's strategic alignment with national AEO programs and the strong political will, particularly in the project countries Brazil, Mexico, Panama, and Paraguay, drove the project. This strong ownership resulted in an in-kind investment of customs and border agencies for project-related events, such as providing venues.

Stakeholders stressed the good involvement of the public and the private sector, though mainly in separate events and the use of experts from the region who understood national efforts and context, with practical rather than academic expertise. Interviewees appreciated the transfer of lessons and good practices from countries with more developed FTZs, such as Colombia and the Dominican Republic.

Figure 15: Factors affecting project performance



Source: Final project evaluation, 2023. Design. A. Engelhardt, 10/2023

### Internal factors

Lastly, stakeholders consistently reported on the specific niche CICTE, and this project was filling.

The OAS' reputation, its highest-level mandate from the UNSC on Convention 1540, and a perception of neutrality and impartiality facilitated the access of the CICTE project to project countries and their political buy-in. Under the umbrella of the OAS, the project gained access to neutral spaces to bring together different institutions as a group, while other organizations have only access to specific stakeholders. Access to both the private and the public sectors makes a difference for the OAS and its projects on customs and borders.

The project also filled a gap between the WTO's and WCO's normative work and its practical implementation. While governments might be hesitant to implement costly customs programs, the OAS's facilitation role has an unblocking effect, as seen in the case of Paraguay.

“The OAS embodies a regional aspect of Convention 1540 implementation. With this project we received support from the region for the region. It was really essential that the project team understood the regional context to make this project success”.

Source: project stakeholder

Stakeholders stressed CICTE's mandate for this project and its good connection to regional experts, such as AEO program specialists from Brazil and Colombia.

"The OAS and CICTE have first-hand knowledge of the region. They have the ability to engage leadership and act as a game changer in many countries. They engage agency heads, unit leads at Ministries' of Finance, and under-secretaries of Customs. That was impressive to whiteness".

Source: Project stakeholder

**Negative factors** affecting the project implementation were related to the professional culture in customs and border agencies, national peculiarities, and OAS administrative procedures.

#### *External factors*

Interviewees from customs mentioned the internal resistance to change in customs agencies, where "old school thinking" dominates, particularly among officers on the ground. AEO programs or mutual recognition agreements facilitate trade and enhance the transparency of processes while reducing fraud (UNCTAD, 2016)<sup>35</sup>. However, "outdated, inefficient practices and burdensome processes discourage stakeholders from complying with regulations and laws, consequently leaving room for corruption"<sup>36</sup>. "The latter is a factor that discourages change among customs officials, combined with a fear of becoming replaced by atomized procedures (UNCTAD, 2016). Data from the World Trade Organization underscore the magnitude of the corruption problem in customs agencies: Global import revenue losses due to customs-related corruption are estimated to amount to US\$2 billion (WTO, 2015)<sup>37</sup>.

The role of other government agencies (OGAs) in customs and border-related initiatives is essential, but their full involvement in the project countries was uneven.

Policy changes and changes in political leadership were a challenge to the project. In the case of Argentina, the project team dealt with three different customs directors in 24 months.

In the specific case of Mexico, administrative changes took place in the country's customs governance, which affected the project's access to new counterparts while those were still facing challenges in the new administrative structure.

On January 1, 2022, Mexican National Customs Agency (ANAM) started full operations as an independent agency outside Mexico's Secretariat of Finance and Public Credit (Secretaría de Hacienda y Crédito Público or SHCP). Previously, customs-related functions were overseen by Mexico's Tax Administrative Service (Servicio de Administración Tributaria or SAT, part of the SHCP)<sup>38</sup>. ANAM operates in conjunction with the Mexican armed forces.

The evaluation found in interviews that the uneven capacity among ANAM offices and the lower customs expertise of military personnel that have been transferred to ANAM offices are

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<sup>35</sup> UNCTAD, 2016: Trade facilitation and development. Driving trade competitiveness, border agency effectiveness and strengthened governance. Transport and Trade Facilitation Series No. 7, page 12. "Trade facilitation measures such as advance rulings, authorized economic operators, risk management and post-clearance audits not only reduce the need for physical inspections, but also increase the likelihood of detecting fraud".

<sup>36</sup> Ibid, page 12

<sup>37</sup> World Trade Organization, 2015: World Trade Report 2015. Speeding Up Trade – Benefits and Challenges of Implementing the WTO Trade Facilitation Agreement. Geneva.

<sup>38</sup> U.S. Department of Commerce. International Trade Administration.

<https://www.trade.gov/country-commercial-guides/mexico-customs-regulations>

causing processing delays, including routine matters. Those statements coincide with observations from businesses.<sup>39</sup>

In practical terms, the time to invite public authorities and confirm their participation in project-funded events took up to 22 days, while this time even exceeded two to three months in the case of Mexico due to the involvement of military personnel. This extensive lead time affected the efficiency and flexibility of event planning.

Finally, in some countries, customs representatives are involved in multiple projects simultaneously, and their absorption capacity is sometimes surpassed.

#### *Internal factors*

Concerning the project implementation, the CICTE project manager could use his team members only for the duration of their consultancy contracts, meaning, for example, that no support was possible for project preparation or follow-up.

### **4.3 Unforeseen/ unplanned results or outcomes**



The evaluation enquired about unforeseen project results, either positive or negative ones. One of the outstanding positive unplanned results was the desire of one FTZ in Panama to be certified as part of the national AEO program, underscoring the mind-shift even among some FTZ management for secure and "clean" supply chain management.

Besides, the project caused significant interest among the Brazilian private and public sector, with participants even attending the events in Ciudad del Este, in Paraguay, due to the FTZ's importance for regional trade.

In Panama, interviewees were surprised about the high level and good quality of private sector participation in the project-funded event.

On the negative side, the exit of Argentina from the project and its late renewed expression of interest towards the end of project implementation was unexpected. Those decisions at the political level came despite CICTE investments in the country since 2017 and resulted in a reduced prioritization of the country's AEO program, well beyond the control of this CICTE project.

The evaluator's extensive cost-benefit analysis also identified unintended positive results.

While the OECD found in 2018 more generally a "clear relationship between FTZs in a given economy and trade in counterfeit and pirated products from the economy"<sup>40</sup>, this evaluation aimed at specifying the type of illicit trade and damage caused. While the cost-benefit analysis failed to identify data concerning costs of illicit CBRN trade in FTZs and measurable benefits despite an in-depth literature review, secondary project benefits of enhancing customs capacities emerged.

As a result of an in-depth document review, the evaluator identified food fraud, wildlife trade, and drug abuse as the secondary project benefits due to the availability of data.

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<sup>39</sup> Kane, S., Kho, S.S., and Kirwin, S.B.W, 2022: Implementation Issues Arise Following Mexico's Customs Agency Reorganization Under Military Authority  
<https://www.akingump.com/en/insights/alerts/implementation-issues-arise-following-mexicos-customs-agency-reorganization>

<sup>40</sup> OECD/ European Union Intellectual Property Office, 2018: Trade in counterfeit goods and Free Trade Zones, page 55.

The damages identified and, where possible, monetized relate to recall costs following food fraud and tax revenue forgone due to illegal wildlife trade. The costs of the illicit drug trade with a focus on opioids comprise healthcare costs, mortality costs, criminal justice costs, child and family assistance costs, education costs, and productivity loss costs, as presented in Figure 16.

**Figure 16: Cost of illicit trade using the examples of opioids reaching the U.S., global food fraud and forgone revenue in Paraguay**



Despite the difficulties in finding exact figures for counterfeit goods, the available estimates suggest that the international market is currently worth between US\$400 billion and US\$600



billion, according to the Library of Congress' Federal Research Division (2020)<sup>41</sup>. This estimate makes the international market for counterfeit goods larger than the 2018 gross domestic product of over 150 countries and around 2 percent of all global trade. The OECD estimates that between 2008 and 2013, the international counterfeit market's value grew by 18 percent each year. Models based on OECD data estimate that the international counterfeit market will grow to US\$991 billion by 2022, more than doubling from the lowest 2018 estimate in only four years<sup>42</sup>. The primary transit routes in Latin America include Paraguay, Panama, Belize, and Mexico, three out of the four Project countries, according to OECD data<sup>43</sup>. Figure 16 provides a summary of the cost of economic damage created by illicit trade focusing on three trade segments.

Counterfeit products include chemical products relevant to the project focusing on CBRN, posing public health and safety risks, including low-quality pharmaceuticals, such as substandard, spurious, falsely labeled, and falsified drugs. Apart from pharmaceuticals, frequently seized relevant items include baby oils, condoms, contact lenses, cosmetics, deodorants, hair curlers, lip balms, perfumes, shampoos, and soaps<sup>44</sup>. These particular goods can expose consumers to, among other consequences, hazardous chemicals and contaminants and the risks of ineffective family planning<sup>45</sup>.

Calculating the costs of the illicit trade of counterfeit chemical materials related, for example, to the production of pharmaceuticals and health care products for the economy or in terms of health costs seems unfeasible. "There is little to no data on the prevalence of health and safety consequences due to counterfeit goods"<sup>46</sup> (Heinonen and Wilson, 2012). However, anecdotal evidence shows that while an overall number of deaths attributable to counterfeit medications is not readily available, documented cases state specific incidents<sup>47</sup>. In Pakistan, for example, more than 200 patients died in 2012 after ingesting a contaminated hypertension drug. In 2006, 219 people died in Panama after receiving a cough syrup laced with diethylene glycol, a cheap substitute for pharmaceutical-grade glycerin<sup>48</sup>.

The evaluation persisted in its endeavor to find examples of the cost of illegal trade, beyond CBRN materials due to the data limitations mentioned above, and came across results concerning food fraud, wildlife trade, and drug abuse. Food fraud is related to the "intentional substitution, addition, false or misleading statements about the product or false presentation of the food, food ingredients or food packaging, all this for economic gain."<sup>49</sup>

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<sup>41</sup> Ibid, p. 4

<sup>42</sup> Frontier Economics Ltd, 2017: The economic impacts of counterfeiting and piracy, p.8

<sup>43</sup> Federal Research Division, Library of Congress, 2020: U.S. Intellectual Property and Counterfeit Goods—Landscape Review of Existing/Emerging Research, p. 6

<sup>44</sup> GAO, Intellectual Property, 8.

<sup>45</sup> Federal Research Division, Library of Congress, 2020: U.S. Intellectual Property and Counterfeit Goods—Landscape Review of Existing/Emerging Research, p. 28

<sup>46</sup> Justin A. Heinonen and Jeremy M. Wilson, “Product Counterfeiting at the State Level: An Empirical Examination of Michigan-Related Incidents,” *International Journal of Comparative and Applied Criminal Justice* 36, no. 4 (2012): 282, 285, doi: 10.1080/01924036.2012.72 1198.

<sup>47</sup> Federal Research Division, Library of Congress, 2020: U.S. Intellectual Property and Counterfeit Goods—Landscape Review of Existing/Emerging Research, p. 29

<sup>48</sup> Katrin Weigmann, “Elixirs of Death,” *EMBO Reports: Science & Society* 14, no. 7 (2013): 597, doi: 10.1038/embor.2013.82.

<sup>49</sup> Spink & Moyer, 2011: Fraud, Defining the Public Health Threat of Food.

**Food fraud:** In the case of the melamine scandal in 2008, starting in the People's Republic of China and with a global reach, about 240,000 infants were affected, with 60,000 hospitalized and six deaths confirmed.

The Dutch University of Wageningen researched that the estimated recall costs of the Chinese dairy industry reached US\$3 billion. Worldwide recall expenses were estimated at US\$18 billion based on 30 affected brands in more than 60 countries<sup>50</sup>. In general, the annual global damage because of food fraud is estimated at US\$30 to US\$40 billion dollars<sup>51</sup>.

The **2008 Chinese milk scandal** was a significant food safety incident in China. The scandal involved Sanlu Group's milk and infant formula along with other food materials and components being adulterated with the chemical melamine, which resulted in kidney stones and other kidney damage in infants. The chemical was used to increase the nitrogen content of diluted milk, giving it the appearance of higher protein content in order to pass quality control testing.

Source: [https://en.wikipedia.org/wiki/2008\\_Chinese\\_milk\\_scandal](https://en.wikipedia.org/wiki/2008_Chinese_milk_scandal)

**Wildlife trade:** Illegal wildlife trade poses a significant biological risk, according to The Lancet (2021)<sup>52</sup>, the world's highest-impact peer-reviewed academic journal in health. The global illegal wildlife trade amounts to an annual market value ranging from US\$ 7 billion to US\$ 23, based on the United Nations Environment Program and the International Criminal Police Organization (UNEP-INTERPOL, 2016)<sup>53</sup>. According to the World Bank (2019), the 2017 estimated tax revenue forgone due to illegal wildlife trade, illegal fishing, and illegal logging ranged between US\$ 7m and US\$ 15m in Suriname, amounting to 1.2% to 2.4% of forgone revenue tax as a percentage of total tax revenues of the OAS member State. In the case of the project country Paraguay, tax revenue forgone due to illegal wildlife trade, illegal fishing, and illegal logging ranged between US\$ 60m and US\$ 119m. These figures represent 0.9% to 1.7% of forgone revenue tax as a percentage of total tax revenues. Though not a CBRN material, the US\$ 1,450m forgone tax revenue due to illegal logging in Brazil in 2017 (World Bank, 2019) serves as an incentive for investing in the enhancement of customs operations in Brazil.

**Illicit drug trade/opioids:** Illicit trading of biological and chemical substances often concerns components of drugs such as opioids. In 2019, the economic cost of substance abuse disorder reached US\$ 3,730 billion (Recovery Centers of the Americas, 2019)<sup>54</sup>. The abuse of opioids accounted for 5% (US\$ 188,4) of the economic damage. Figure 17 shows that the abuse of opioids caused an increase in economic costs of 52.6% between 2015 and 2019.

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<sup>50</sup> Wageningen University, 2016: Costs and benefits of the Food Fraud Vulnerability Assessment in the Dutch food supply chain

<sup>51</sup> RIKILT Wageningen UR. (2016 January). *Tool om kwetsbaarheid voor voedsel fraude in te schatten*. Retrieved Februari 11, 2016, from <https://www.wageningenur.nl>  
Schoolderman, H., Nillesen, O., Lissaur, Q., Armitage, C. (2015, December 15). *Food fraud vulnerability assessment Think like a criminal to fight food fraud*. Retrieved January 22, 2015

<sup>52</sup> Eric Wikramanayake, Dirk Pfeiffer, Ioannis Magouras, Anne Conan, Stefan Ziegler, Timothy C Bonebrake, K Yoganand, David Olson (2021): Evaluating wildlife markets for pandemic disease risk. The Lancet. VOLUME 5, ISSUE 7, E400-E401, JULY 2021

<sup>53</sup> UNEP–Interpol (2016): The Rise of Environmental Crime – A Growing Threat to Natural Resources, Peace, Development and Security. C. Nellemann, ed. Nairobi: UNEP.

World Bank, 2019: Illegal logging, fishing, and wildlife trade: the costs and how to combat it

<sup>54</sup> Recovery Center of the Americas, 2019: Economic cost of substance abuse disorder in the United States, 2019 <https://recoverycentersofamerica.com/resource/economic-cost-of-substance-abuse-disorder-in-united-states-2019/>

**Figure 17: Estimated cost of Non-Medical opioid use in the U.S., cost in US\$ billions (2015-19)**

Categories	2015	2016	2017	2018	2015-18 Total	2019 Estimate*	2015-19 Total
<i>Healthcare Costs</i>	\$36.7	\$51.7	\$55.8	\$60.4	\$204.6	\$65.1	\$269.7
<i>Mortality Costs</i>	\$47.3	\$62.2	\$71.2	\$72.6	\$253.3	\$74.1	\$327.4
<i>Criminal Justice Costs</i>	\$8.9	\$9.2	\$9.8	\$10.9	\$38.8	\$12.2	\$50.9
<i>Child &amp; Family Assistance Costs</i>	\$9.3	\$8.5	\$7.8	\$7.8	\$33.4	\$7.8	\$41.1
<i>Education Costs</i>	\$1.4	\$1.3	\$1.2	\$1.2	\$5.2	\$1.3	\$6.5
<i>Productivity Loss Costs</i>	\$20.7	\$23.5	\$25.0	\$26.5	\$95.7	\$28.0	\$123.7
<b>Total</b>	<b>\$124.3</b>	<b>\$156.4</b>	<b>\$170.9</b>	<b>\$179.4</b>	<b>\$631.0</b>	<b>\$188.4</b>	<b>\$819.3</b>

Source: **Recovery Center of the Americas, 2019: Economic cost of substance abuse disorder in the United States, 2019**

Since 2019, the situation significantly worsened in the U.S., with an opioid epidemic unfolding, also related to fentanyl abuse. In 2022, the U.S. Congress Joint Economic Committee (JEC) found that the opioid epidemic cost the United States nearly \$1,500 billion in 2020, or 7 percent of gross domestic product (GDP)<sup>55</sup>. In 2022, the U.S. registered 104,000 drug overdose deaths, according to the U.S. Senate<sup>56</sup>, up from 70,630 in 2019 and 90,000 in 2020, based on research from the Commonwealth Fund<sup>57</sup>. The increase in drug overdose deaths in the U.S. amounted to an alarming 47.2% in three years only. The sources of opioids reaching the U.S. illegally are Mexico, China, and South America, particularly Colombia.

At the same time, seizure data from the OAS (2022)<sup>58</sup> suggests that the value of seized drugs (cannabis, cocaine, heroin, and methamphetamine) in Mexico and South America amounted to a retail value of US\$ 17.2 billion, as presented in Figure 18. While it is not possible to disaggregate the data by seizures made in FTZs, the U.S. investment in the OAS project SMS2001 of US\$ 597,590 in creating awareness and strengthening customs in project countries can have a contribution to seizing drugs in the market value of US\$ 17,2 billion in 2020 in Mexico and South America. In Paraguay alone, authorities seized US\$ 1.1 billion of criminal organizations' revenue sources between 2018 and 2023<sup>59</sup>.

<sup>55</sup> Council on Foreign Relations/ Claire Klobucista and Alejandra Martinez, 2023: Fentanyl and the U.S. Opioid Epidemic  
<https://www.cfr.org/backgrounder/fentanyl-and-us-opioid-epidemic>

<https://beyer.house.gov/news/documentsingle.aspx?DocumentID=5684>

<sup>56</sup> <https://www.whitehouse.senate.gov/news/speeches/chairman-whitehouse-delivers-opening-remarks-in-a-drug-caucus-hearing-on-the-economics-of-cartels>

<sup>57</sup> <https://www.cnn.com/2021/06/17/the-us-has-spent-over-a-trillion-dollars-fighting-war-on-drugs.html>

<sup>58</sup> OAS, Inter-American-Drug Abuse Control Commission, 2022: Inter-American Observatory on Drugs. Report on Drug Supply in the Americas.

<sup>59</sup> <https://dialogo-americas.com/articles/paraguay-reaches-record-drug-seizures/>

**Figure 18: Illicit drugs seizure data from Mexico and South America, 2020**

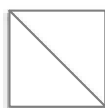
Drug type	Seizure Mexico	Seizure South America	Retail price US\$/MT	Seizure value US\$ (2020)
Cannabis	200 MT	1875 MT	2,300,000	4,772,500,000
Cocaine		838 MT	14,150,000	11,857,700,000
Heroin		1 MT	29,250,000	29,250,000
Methamphetamine	20 MT		28,080,000	561,600,000
TOTAL				17,221,050,000

**Data: OAS, Inter-American-Drug Abuse Control Commission. Inter-American Observatory on Drugs. Report on Drug Supply in the Americas, 2022. Prices are based on median price per gram, retail price, OAS, 2022**

The government of Canada<sup>60</sup> and the OECD<sup>61</sup> identified specific benefits of counter-fraud awareness raising and training for the public sector, as also observed in the OAS project. Primary non-monetized benefits of the OAS project in customs agencies comprise:

- Build trust with employees, stakeholders, citizens, and other public bodies
- Foster a culture of integrity, compliance, and trust
- Increase compliance with laws, regulations, and other initiatives and reduce violations
- Allow for a quick response to non-compliance

#### 4.4 Specific results for women



The project document did not contain a specific gender focus, apart from the gender-disaggregation of workshop and training participants. Hence, this criterion is not scored.

According to customs officials interviewed, men historically dominated the customs and border control environment. While there was no sex-related quota for participants, women's participation was strong at the management level from the public sector. For example, AEO coordinators are women in four of the six project countries. Private sector participants often were predominantly men in the case of SMEs, while larger companies' compliance officers were predominantly women, according to meeting participants' memory recall.

<sup>60</sup> Government of Canada/International Public Sector Fraud Forum, 2020: Guide to designing counter fraud and corruption awareness training for public bodies.  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/864839/Counter\\_fraud\\_and\\_corruption\\_11.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/864839/Counter_fraud_and_corruption_11.pdf)

<sup>61</sup> OECD (2018), Behavioural Insights for Public Integrity: Harnessing the Human Factor to Counter Corruption, OECD Publishing, Paris, <https://doi.org/10.1787/9789264297067-en>.

## 5. Sustainability: are results lasting?

This section assesses the extent to which project results are lasting. Sub-criteria used are the lasting nature of the following aspects: i) Increased adoption of enforcement programs and other security measures to prevent and counter the illicit trade of CBRN materials; ii) Increased awareness of public and private sector officials of WMD threats, e.g., biosecurity, in FTZs and greater cooperation and information exchange among them; iii) Regional Cooperation and Coordination in Supply Chain Security, and; iv) Strengthened interdiction capacities of customs, law enforcement and/or other security agencies that operate in and around key FTZs.

The evaluation uses interviews as the principal data source for this section.

**Key findings: The sustainability of project results is mixed and depends on national investments and concise programs, which are strong in the cases of Brazil, Panama, or Paraguay**

- Project stakeholders identified behavior change among customs officers, which is a long-term process. In Brazil, the national AEO programme exists since 2015 and benefits in 2023 from 45 members of staff comprising the federal level and five regions of Brazil.
- **Public sector ownership:** The figure of the AEO in the WCO’s SAFE framework is strong concept and well-anchored in Brazil and Panama, but less so in Argentina, serving serves as a proxy indication of the sustainability of public actors’ awareness about WMD threats.
- **Private sector ownership:** In Paraguay, a total of seven businesses were AEO-certified in 2022. In 2023, 12 more certifications are expected, serving as a proxy indication of private sector ownership of the AEO concept in the context of the SAFE framework.
- **Regional cooperation is volatile and depends on often rapidly changing** foreign relations between countries in Latin America and the Caribbean, beyond customs issues and outside the control of the OAS or this project. At the same time, the private sectors is pushing strongly for trade facilitation.
- **Institutionalization of capacity strengthening:** CICTE used specialized training over the last eight years, well beyond the project timeframe and technical staff in security-related positions seems to benefit from little rotations, which enabled the sustainability of interdiction capacities.



The evaluation finds that the sustainability of project results is satisfactory, particularly due to the national investments in AEO programs. The score for sustainability is "green/amber" (58% out of 100%)<sup>62</sup>.

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<sup>62</sup> The ratings for the evaluation sub-criteria are as follows: 5.1 = 2, 2; 5.2 = 2; 5.3 = 1; 5.4 = 2. Total score 7 out of a maximum score of 12. Overall performance =SUM(7/12)\*100 (58,33%)

## 5.1 Increased adoption of enforcement programs and other security measures to prevent and counter the illicit trade of CBRN materials



Development and trade facilitation agencies fund AEO programs, for example, the World Customs Organization, Global Trade Facilitation, Inter-American Development Bank, World Bank, the United States Agency for International Development (USAID) in Central America, some U.S. State Department agencies, and the United States Department of Agriculture (USDA) in the area of agriculture safety.

Only OAS CICTE maintains its support to OAS member States on trade security. According to its mandates, the World Customs Organization's very few events targeted customs agencies only rather than taking an integrated border management approach of related government agencies. Hence, the magnitude of this security angle of AEO programs is limited, affecting its sustainability.

However, national project stakeholders identified behavior change among customs officers, which is a long-term process. In Brazil, for example, the national AEO program has existed since 2015 and benefits in 2023 from 45 members of staff comprising the federal level and five regions of Brazil.

The general customs administration program provides the AEO program budget based on needs.

## 5.2 Increased awareness of public and private sector officials of WMD threats



The figure of the AEO in the WCO's SAFE framework is a strong concept and well-anchored in Brazil and Panama but less so in Argentina. The latter serves as a proxy indication of the sustainability of public actors' awareness of WMD threats, particularly at the policy level.

According to sources close to the European Union (E.U.), the AEO concept is advancing full steam in the E.U. While progress among countries in Latin America and the Caribbean is very uneven, E.U. policies and practices put much pressure on countries in the Western Hemisphere to advance further. Stakeholders stated that following multi-year investments of CICTE, going back well beyond the project implementation, momentum is reached among many public and some private sector representatives about WMD threats and the contribution of the AEO programs to counter them. Behavior change takes a long time, and in the case of Paraguay, the awareness of small, medium, and large-scale businesses was raised along entire supply chains. Twelve AEO certifications are expected by the end of 2023, making 2023 a paramount year for AEO certification in Paraguay and reaching 19 AEO certifications. The latter is a proxy indication of private sector ownership of the AEO concept in the context of the SAFE framework.

The project's partnership with the BASC, inviting representatives to workshops as speakers, allowed businesses to have an entry point to the project and strengthen their involvement and ownership.



### 5.3 Regional Cooperation and Coordination in Supply Chain Security



Political changes during the project implementation showed that regional cooperation and coordination depend on customs agencies and diplomats. Rapidly changing foreign relations between Latin America and the Caribbean countries can put years of technical support from international organizations like the OAS at stake.

The evaluation also found a strong demand from the private sector for quicker customs administration processes and inspection systems, hence their strong interest in national AEO programs. At the same time, customs agencies are faced with the need for significant investments, including information technology, and its efficient application in ports, airports, FTZ, and land border crossings. This was well beyond this project's scope, CICTE, and the OAS.

### 5.4 Strengthened interdiction capacities of customs, law enforcement, and/or other security agencies that operate in and around key FTZs



The evaluation found indications of a good institutionalization of law enforcement. CICTE used specialized training over the last eight years, well beyond the project timeframe, and technical staff in security-related positions seems to benefit from little rotations, which enabled the sustainability of interdiction capacities strengthened in the training courses.

In the case of Panama, the evaluation revealed that the government funds an incident preparedness unit that benefitted from the CICTE project.

Overall, the evaluation found high ownership of strategic trade controls and border security among project country stakeholders and the donor. The U.S. Export Control and Related Border Security Program facilitated contacts of experts to support the CCTE project as experts and experts from CICTE's network are now introduced to partners of the U.S., such as E.U countries, including Germany.

This network-building element of the project seems to be among its sustainable process-related components.

This project served as a building block for the donor to identify any next steps. This could comprise strategic border control and customs security beyond FTZs.

## Section III: Conclusions, recommendations, and lessons learned

### 6. Conclusions

The evaluator draws the following conclusions from the key findings, grouped by evaluation criteria and based on the evaluation questions. Figure 19, after the recommendations section, underscores the logical flow from key findings to conclusions.

#### Relevance

The project was highly relevant in implementing the United Nations Security Council resolution 1540 and CICTE did “the right thing” in undertaking the project. However, the project design was overambitious, covering too many CICTE areas of expertise, and stretched the project resources too thinly.

#### Efficiency

Project monitoring was of sufficient quality but did not benefit from DPMO verification due to the modality of the grant agreement. The latter negatively affected the quality of the logframe indicators.

The cost of illicit CBRN trade through FTZs is not possible to assess, given the literature and data available.

The cost-effectiveness of the project clearly emerges, with significantly reduced customs clearance times for AEO-certified businesses supported by the project compared to non-AEO-certified ones in Brazil and Paraguay.

#### Effectiveness

The quality of the logframe indicators was suboptimal, affecting the evaluability of the project, as alluded to under the evaluation’s efficiency criterion.

Stakeholder satisfaction, captured systematically in the project’s high-quality post-event evaluation questionnaires, does not figure among the logframe indicators, which results in underreporting the project performance.

CICTE’s engagement with key stakeholders in the project countries, despite funding gaps over the past eight years, well before the project under evaluation, created trust in customs agencies’ leadership.

Combined with strategic engagement, a strong OAS/CICTE mandate, and a gap no other actors is filling, CICTE plays a leading role concerning the implementation of Resolution 1540, which positively affected the project performance.

Important secondary benefits of the project emerge for customs agencies’ seizure capacities.

#### Sustainability

Strong national ownership in most project countries, CICTE’s continuous efforts to engage customs agencies and related OGA over the past 8 years, even when no projects were implemented, and the increasing demand of businesses for trade facilitation all play a vital role in sustaining project results. In other circumstances, such a broad alliance for change would not have been possible following a single two-year project.

## 7. Recommendations

Figure 19 presents the logical flow from the key findings to conclusions and the following recommendations. The recommendations are targeted, prioritized, and actionable. As the project has ended, no recommendations are made to the project team but to the CICTE Management, mainly for future projects.

**R1: Donor:** Consider the continuation of funding CICTE projects under CICTE’s umbrella of the general framework of supporting Weapon of Mass Destruction non-proliferation in the Americas, given its high relevance for national security for the U.S. government and the high costs of illicit trade for the U.S. economy.

**Prioritization: very high. Next 3 months**

**While it would be recommendable to include DPMO in the oversight of design and monitoring of all CICTE projects, the U.S. law for specific grant agreements does not foresee that possibility and puts related responsibilities on the donor’s grant manager.**

**R2: CICTE Management:** Use relevant indicators of the general framework of supporting Weapons of Mass Destruction non-proliferation in the Americas also in the projects under the framework. This would ensure a clear contribution of new projects’ goals to the framework purpose and of the new project’s purpose to the framework’s outputs.

**Prioritization: very high. Next 3 months (for all new projects)**

**R3: CICTE Management:** In a context where cost-benefit analysis is extremely challenging due to the illicit nature of trade addressed by the CICTE project, the CICTE should support its main counterparts in national AEO programs and Mutual Recognition Agreements to monitor the cost-effectiveness of those measures. Comparing trade with and without those programs and agreements provides powerful arguments to national governments and donors for funding. CICTE support could include: i) sharing the monitoring methodology from Brazil and Paraguay with other interested countries; ii) widely disseminating monitoring results through OAS channels; and iii) jointly organizing dissemination events with national customs agencies as part of future projects.

**Prioritization: medium. Next 9-12 months**

**R4: CICTE Management:** For new projects, CICTE should enhance the quality of its project indicators. Particularly output-level indicators should be results-based rather than activity-based. (see also R5)

**Prioritization: very high. Next 3 months (for all new projects)**

**R5: CICTE Management:** Project design. It is recommended to include the concept of stakeholder satisfaction using changes in knowledge, awareness, and practices, as currently practiced in CICTE’s high-quality post-event questionnaires, and add it as a logframe indicators at the purpose level.

**Prioritization: very high. Next 3 months (for all new projects)**

**R6: CICTE Management:** Though CICTE can mainly implement its mandate through projects, its small core staff plays a vital role in maintaining contacts with customs agencies and other related actors, particularly in periods when no projects are implemented. Maintaining and expanding this invaluable engagement to the extent possible is strongly recommended.

**Prioritization: medium. Next 9-12 months**

## 8. Lessons learned

### Capacity building and the non-proliferation of weapons of mass destruction

This project reached over 1,000 stakeholders in customs, other government agencies, for example, the national police, harbor authorities or nuclear research institutions, and the private sector. While this outreach was highly successful, the nature of illegal trade is constantly developing to overcome governments’ security measures. As such, the demand and need for customs and related government agencies’ capacity building from experts will perpetuate as long as illegal trade exists.

### Lack of data for cost-benefit analysis

As the evaluation’s literature review failed to identify the monetary costs and benefits of countering illicit trade of CBRN materials in FTZs, an interesting opportunity emerges for CICTE to fill this gap and position itself prominently to donors and member States.

In future projects, CICTE could actively support customs agencies in the reporting of seizing of CBRN materials in FTZs or other relevant areas. This could be an essential project output, requiring relatively limited funding but a precious building stone for future cost-benefit analysis of CICTE projects under Resolution 1540.

### Reaching stakeholders during the evaluation

This evaluation has shown that reaching project stakeholders can be a challenging task, mainly when the time for data collection is short. DPMO’s support in this regard was much appreciated and valuable. However, most stakeholders recognized the project team as direct interlocutors and reacted to their communication. Hence, involving the project team to remind stakeholders about the evaluation and the importance of their participation was essential and yielded results. At the same time, sending SMS or WhatsApp reminders to stakeholders before interviews would be increasingly crucial for evaluators, as stakeholders kept missing scheduled interviews. For this purpose, sharing e-mail addresses complemented by telephone numbers with the evaluators would be necessary.

### Utility of evaluations

In evaluation interviews, the question of the utility of evaluations emerged. While many stakeholders appreciated the evaluation process, mainly the interviews as a reflection

opportunity, decision-makers faced lengthy evaluation reports. An infographic summarizing an evaluation on one page is one approach to enhance the utility of evaluations by making them more accessible. Another approach tested with this evaluation is a five-page evaluation brief using easy-to-read infographics in Annex 2 to complement the one-page infographic.

Figure 19: Summary of key findings, conclusions, and recommendations

	Key evaluation findings	Conclusions	Recommendations
Relevance	The project is highly relevant to OAS mandates, first and foremost to Resolution AG/RES.2880 (XLVI-O/016), giving the CICTE Secretariat a specific mandate to support the hemispheric implementation of United Nations Security Council resolution 1540.	The project was highly relevant in implementing the United Nations Security Council resolution 1540 and CICTE did “the right thing” in undertaking the project.	<b>R1: Donor:</b> Consider the continuation of funding CICTE projects under CICTE’s umbrella of the general framework of supporting Weapon of Mass Destruction non-proliferation in the Americas, given its high relevance for national security for the U.S. government and the significant costs of illicit trade for the U.S. economy. <b>Prioritization: very high. Next 3 months</b>
	The project is fully aligned with the U.S. efforts to implement Resolution 1540.		
	United Nations member States unanimously adopted Resolution 1540 on 28 April 2004, including the six project countries Argentina, Brazil, Chile, Mexico, Panama, and Paraguay. All six project countries have Authorized Economic Operator (AEO) Programs.	The project design was overambitious, covering too many CICTE areas of expertise, and stretched the project resources too thinly.	
	The project design and its reconstructed Theory of Change were largely sound, but the project scope might have been too broad given the time and budget available for the project, as the project contained five purpose statements.		
Efficiency	The project team delivered quarterly progress reports of good quality and quarterly financial reports to the donor.	Project monitoring was of sufficient quality but did not benefit from DPMO verification due to the modality of the grant agreement. The latter negatively affected the quality of the logframe indicators.	<b>While it would be recommendable to include DPMO in the oversight of design and monitoring of all CICTE projects, the U.S. law for specific grant agreements does not foresee that possibility and puts related responsibilities on the donor’s grant manager.</b>  <b>R2: CICTE Management:</b> Use relevant indicators of the general framework of supporting Weapons of Mass Destruction non-proliferation in the Americas also in the projects under the framework. This would ensure a clear contribution of new projects’ goals to the framework purpose and of the new project’s purpose to the framework’s outputs.  <b>Prioritization: very high. Next 3 months (for all new projects)</b>
	The quality and appropriateness of logframe indicators were sub-optimal: the projects lacked goal and purpose-level indicators and at the output level, eleven out of twelve indicators are activity-based and omit a results-focus.		
	<b>Cost-benefit:</b> Despite an in-depth literature review, the evaluation failed to identify the cost-benefit of the project.	The cost of illicit CBRN trade through FTZs is not possible to assess, given the literature and data available.	<b>See R1.</b>



	<p><b>Cost-effectiveness:</b> comparison of the businesses benefitting from AEO certification in Brazil and Paraguay compared to non-AEO certified businesses:</p> <ul style="list-style-type: none"> <li>Paraguay: Customs import approval for exporters and importers was reduced by 86,7%, from 8 hours and 18 minutes on average (non-AEO certified businesses) to an average of 1 hour and 6 minutes (AEO certified businesses) in 2022.</li> <li>Paraguay: Business transactions from AEOs passing through the green channel of customs (no further inspection or delays due to inspection): 99% (AEO certified businesses) vs 56.85% (non-AEO certified businesses)</li> <li>Brazil: Customs clearance of imports by air took 19 hours and 21 minutes for non AEO-licensed businesses in 2022 compared to 19 minutes for AEO-licensed ones</li> <li>The OAS project contributed to supporting the roll out of the AEO project in Brazil, reducing the customs clearance time by air by 93,7% for AEO-licensed businesses compared to non-AEO licensed one, reaching a reduction of 96,9% for import by road. 58% of all importers and exporters in the country were AEO-certified in July, 2023.</li> </ul>	<p>The cost-effectiveness of the project clearly emerges, with significantly reduced customs clearance times for AEO certified businesses supported by the project compared to non- AEO certified ones in Brazil and Paraguay.</p>	<p><b>R3: CICTE Management:</b> In a context where cost benefit analysis is extremely challenging due to the illicit nature of trade addressed by the CICTE project, the CICTE should support its main counterparts in national AEO programs and Mutual Recognition Agreements to monitor the cost effectiveness of those measures. Comparing trade with and without those programs and agreements provides powerful arguments to national governments and donors for funding.</p> <p>CICTE support could include: i) sharing the monitoring methodology from Brazil and Paraguay with other interested countries; ii) widely disseminating monitoring results through OAS channels; and iii) jointly organizing dissemination events with national customs agencies as part of future projects.</p> <p><b>Prioritization: medium. Next 9-12 months</b></p>
Effectiveness	<p>The project document does not contain goal and purpose-level indicators. In the absence of indicators, baselines, and targets, it is not possible to assess progress made at the project’s goal and purpose level.</p>	<p>The quality of the logframe indicators was suboptimal, affecting the evaluability of the project, as alluded to under the evaluation’s efficiency criterion.</p>	<p>See R2</p> <p><b>R4: CICTE Management:</b> For new projects, CICTE should enhance the quality of its project indicators. Particularly output-level indicators should be results-based rather than activity-based. (see also R5)</p> <p><b>Prioritization: very high. Next 3 months (for all new projects)</b></p>
	<p>For four outputs, targets were largely achieved (outputs 1.1, and 3.2) or fully achieved (outputs 1.2 and 3.1). No data was available for two outputs to assess the achievement of logframe targets (outputs 2.1 and 2.2).</p>		
	<p>Stakeholder satisfaction with the seven project-funded events ranged from 88% to 99%, based on selected criteria such as expectations met and knowledge increased.</p>	<p>Stakeholder satisfaction, captured systematically in the project’s high-quality post-event evaluation questionnaires, does not figure among the logframe indicators, which results in underreporting the project performance.</p>	<p><b>R5: CICTE Management:</b> Project design. It is recommended to include the concept of stakeholder satisfaction using changes in knowledge, awareness, and practices, as currently practiced in CICTE’s high quality post-event questionnaires and add it as a logframe indicators at the purpose level.</p> <p><b>Prioritization: very high. Next 3 months (for all new projects)</b></p>
	<p>Positive factors influencing project performance:</p> <ul style="list-style-type: none"> <li><i>External:</i> Long-term partnership between CICTE and customs agencies, beyond timeframe of the project, resulted in an excellent disposition of many stakeholders.</li> <li>Project’s strategic alignment with national AEO programmes and the strong political will.</li> <li>Good involvement of the public and the private sector, though mainly in separate events and the use of experts from the region with practical expertise.</li> <li><i>Internal:</i> OAS’ reputation, its highest-level mandate from the UNSC on Convention 1540 and a perception of neutrality and impartiality facilitated the access of the CICTE project to project countries.</li> </ul>	<p>CICTE’s engagement with key stakeholders in the project countries, despite funding gaps over the past eight years, well before the project under evaluation, created trust in customs agencies’ leadership.</p> <p>Combined with strategic engagement, a strong OAS/CICTE mandate and a gap no other actors is filling, CICTE plays a leading role concerning the implementation of Resolution 1540,</p>	<p><b>R6: CICTE Management:</b> Though CICTE can mainly implement its mandate through projects, its small core staff plays a vital role in maintaining contacts with customs agencies and other related actors, particularly in periods when no projects are implemented. Maintaining and expanding this invaluable engagement to the extent possible is strongly recommended.</p> <p><b>Prioritization: medium. Next 9-12 months</b></p>

	<ul style="list-style-type: none"> <li>○ The project filled a gap between the WTO’s and WCO’s normative work and its practical implementation.</li> </ul>	<p>which positively affected the project performance. Important secondary benefits of the project emerge for customs agencies’ seizure capacities.</p>	
	<p>Negative factors influencing project performance:</p> <ul style="list-style-type: none"> <li>○ <i>External:</i> resistance to change in customs agencies, where “old school thinking” dominates, particularly among officers on the ground.</li> <li>○ Policy changes and change of political leadership: <ul style="list-style-type: none"> <li>▪ Three different customs directors in Argentina in 24 months</li> <li>▪ Change in the customs governance of in Mexico.</li> </ul> </li> <li>○ Extensive lead time to invite officials of one to three months.</li> <li>○ Internal: CICTE project manager could use members of his team only during the duration of their consultancy contracts.</li> </ul>		
	<p>Unforeseen results: desire of one FTZ in Panama to be certified as part of the national AEO programme; On the negative side, the exit of Argentina from the project and its late renewed expression of interest towards the end of project implementation was unexpected.</p> <p>Besides, the cost-benefit analysis revealed secondary benefits from the project’s customs capacity building: The U.S. investment in the OAS project SMS2001 of US\$ 597,590 in creating awareness and strengthening customs in project countries can have a contribution to seizing drugs in the market value of US\$ 17,2 billion (OAS, 2022) in Mexico and South America. The magnitude of challenges facing customs agencies shows in the data below:</p> <ul style="list-style-type: none"> <li>○ In Paraguay, tax revenue forgone due to illegal wildlife trade, illegal fishing, and illegal logging ranged between US\$ 60m and US\$ 119m, representing 0.9% to 1.7% of forgone revenue tax as a percentage of total tax revenues.</li> <li>○ The annual global damage because of food fraud is estimated at \$30 to \$40 billion dollars.</li> <li>○ In 2022, the opioid epidemic cost the United States nearly \$1.500 billion in 2020, or 7 per cent of gross domestic product (GDP), with most drugs originating from Latin America.</li> </ul>		
Sustainability	<p>Project stakeholders identified behavior change among customs officers, which is a long-term process. In Brazil, the national AEO programme exists since 2015 and benefits in 2023 from 45 members of staff comprising the federal level and five regions of Brazil.</p>	<p>Strong national ownership in most project countries, CICTE’s continuous efforts to engage customs agencies and related OGA over the past 8 years, even when no projects were implemented, and the increasing demand of businesses for trade facilitation all play a vital role in sustaining project results. In</p>	See R 6.
	<p><b>Public sector ownership:</b> The figure of the AEO in the WCO’s SAFE framework is strong concept and well-anchored in Brazil and Panama, but less so in Argentina, serving serves as a proxy indication of the sustainability of public actors’ awareness about WMD threats.</p>		

	<p><b>Private sector ownership:</b> In Paraguay, a total of seven businesses were AEO-certified in 2022. In 2023, 12 more certifications are expected, serving as a proxy indication of private sector ownership of the AEO concept in the context of the SAFE framework.</p> <p><b>Institutionalization of capacity strengthening:</b> CICTE used specialized training over the last eight years, well beyond the project timeframe and technical staff in security-related positions seems to benefit from little rotations, which enabled the sustainability of interdiction capacities.</p> <p><b>Regional cooperation is volatile and depends on often rapidly changing</b> foreign relations between countries in Latin America and the Caribbean, beyond customs issues and outside the control of the OAS or this project. At the same time, the private sectors is pushing strongly for trade facilitation.</p>	<p>other circumstances, such a broad alliance for change would not have been possible following a single two-year project.</p>	
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## Annex 1: Terms of Reference



### GENERAL SECRETARIAT OF THE ORGANIZATION OF AMERICAN STATES

### DEPARTMENT OF PROCUREMENT SERVICES AND MANAGEMENT OVERSIGHT

### COUNTERING ILLICIT TRADE OF CHEMICAL, BIOLOGICAL, RADIOLOGICAL, AND NUCLEAR (CBRN) MATERIALS IN FREE TRADE ZONES (FTZs) OF LATIN AMERICA- SMS-2001 (U.S. DEPARTMENT OF STATE, EXPORT CONTROL AND RELATED BORDER SECURITY PROGRAM)

### TERMS OF REFERENCE FINAL EVALUATION

- Appointment Type:** Individual Consultancy.
- Organizational Unit:** Inter-American Committee against Terrorism (CICTE)
- Duration:** Approximately 3 months (non-consecutive days).
- Fees:** Based on experience, level of education and knowledge in program and project evaluation and specific sector.
- Workplace:** Washington DC, member countries and place of residence of the consultancy.
- Deadline:** to Ariadna Martin in AMartin@oas.org
- Profile:** The evaluation must be carried out by an individual consultant according to the following parameters. The Consultant must demonstrate a minimum 10 years of expertise in project and program evaluation. The Consultant should also have attained a graduate degree in public policy, economics, management, or related area; and experience working in Latin America and the Caribbean. Additional experience in the illicit trade of chemical, biological, radiological, and nuclear (CBRN) materials will be recognized and taken into account in the final selection process. The Consultant must be

proficient in Spanish and English, both oral and written. Experience working with an international organization in the Americas and in the evaluation of similar projects is a plus

The evaluator must conduct himself/herself in accordance with the principles of ethics established by the United Nations Evaluation Group (UNEG) and the OAS code of ethics, and commit to submit a statement on conflict of interest.

## I. BACKGROUND

- 1.1 The OAS is the leading multilateral institution in the Americas dedicated to political dialogue and collective action, working to promote democracy, strengthen human rights, consolidate peace and security, and address the complex problems created by poverty, terrorism, drugs, corruption and natural disasters. Among OAS actions are those that, through the Inter-American Committee against Terrorism (CICTE), contribute to promote cooperation and dialogue among member states to counteract terrorism, in accordance with the principles of the OAS Charter, with the Inter-American Convention against Terrorism, and with full respect for the sovereignty of countries, the rule of law and international law.
- 1.2 In pursuit of such goals and at the request of the U.S. Department of State, Export Control and Related Border Security Program, the Department of Procurement and Management Oversight (DPMO) is coordinating an external assessment of the project “Countering Illicit Trade of CBRN materials in FTZs of Latin America” (SMS-2001). As with the evaluations before, this assessment is part of the DPE greater efforts to conduct formative and summative evaluations of projects and programs executed by the OAS. Such efforts, coordinated and supervised by the DPE, began over 15 years ago with the evaluation of initiatives financed by the Spanish Fund for OAS and has been extended to operations financed by other donors, such as Canada and the United States of America. These evaluations, in addition to systematizing and documenting the results of the interventions, have the goal of capitalizing on these experiences for the improvement of future project and program formulations and designs, and institutionalizing best practices in monitoring and evaluation within the Organization.

### **Strategic Trade Controls**

- 1.3 Strategic Trade Controls (STC) are an important part of any effective architecture to detect, deter and enforce UN sanctions violations. States are more likely to comply with United Nations Security Council’s directives, if they see these mandates as complimentary in promoting their national economic, security and defense priorities. Several countries in Latin America produce a wide variety of sensitive materials and technologies, ranging from dual-use and defense electronics to chemicals and explosives, and are located along major maritime transportation routes connecting the Southern Cone of South America to the Atlantic Ocean through “Hidrovia Paraguay-Parana”. As a result, these states are susceptible to serving as transit/transshipment points for illegal trade.
- 1.4 Preventing and countering the proliferation of weapons of mass destruction (WMD) effectively in the Americas often requires focusing efforts in areas of special concern, such as Free Trade Zones (FTZs), FTZs allow states to conduct business activities, boost foreign investment and spur technological advancement and transfer but, because they are often subject to less oversight by customs and other enforcement agencies, FTZs present unique law enforcement challenges because of overlapping legal jurisdictions and sometimes more lenient oversight procedures by national authorities who hope to boost economic growth through trade. As a result, FTZs can also lend themselves to exploitation by bad actors. Altogether, criminal activities and corruption in FTZs can generate substantial profits for key non state actors operating in the Hemisphere. For example, some estimate that Islamic fundamentalist groups in the Tri-Border Area (TBA)<sup>63</sup> of South America, and other areas in the region are sending between US\$300 and US\$500 million a year in profits from illicit activities to radical Islamic groups in the Middle East<sup>64</sup>.
- 1.5 As a result, this project will support strengthened strategic trade controls in Argentina, Brazil, Chile, Mexico, Panama, and Paraguay, with particular focus on four FTZs:
- i) Tri-Border Area of Argentina, Brazil, and Paraguay;
  - ii) Colón FTZ in Panama;
  - iii) Zofri FTZ in Iquique, Chile; and

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<sup>63</sup> The TBA encompasses Argentina, Brazil and Paraguay.

<sup>64</sup> Terrorist and Organized Crime Groups on the TBA. Library of Congress-Federal Research Division, 2010.



iv) one FTZ in Mexico.

1.6 Specifically, the project will assist these beneficiary countries in implementing international trade rules, promoting trade compliance programs for customs administrations, and increasing training for law enforcement agencies within these zones. In doing so, the Program aims to promote nonproliferation efforts in these key areas of the Western Hemisphere.

**The project.**

1.7 The project has a budget of **US\$597,590** to be executed in a period of 2 years. The **goal** of the project is to prevent and counter Weapons of Mass Destruction (WMD) proliferation in select Latin American Free Trade Zones by securing and optimizing supply chains and strengthening strategic trade controls.

1.8 The **purpose** is several fold: **i)** to increase understanding of chemical, biological, radiological and nuclear (CBRN) threats in the region; **ii)** to promote effective implementation of international security standards, including implementation of United Nations Security Council (UNSC) resolution UNSCR 1540<sup>65</sup> and international trade rules; **iii)** to encourage adoption of trade compliance programs by customs administrations and private sector companies, including sustainable AEO programs; to foster greater public-private sector cooperation; and **iv)** to strengthen national capacity to effectively inspect and, if appropriate, interdict illicit commerce in FTZs.

1.9 The **expected results** at the level of outcome are as follow:

- i) Increased adoption of enforcement programs and other security measures to prevent and counter the illicit trade of CBRN materials.
- ii) Increased awareness of public and private sector officials of WMD threats in FTZs and greater cooperation and information exchange among them.
- iii) Strengthened interdiction capacities of customs, law enforcement and/or other security agencies that operate in and around key FTZs.

1.10 The present evaluation will focus on these achievements.

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<sup>65</sup> On 28 April 2004, the UNSC unanimously adopted [resolution 1540](#) under Chapter VII of the United Nations Charter which affirms that the proliferation of nuclear, chemical and biological weapons and their means of delivery constitutes a threat to international peace and security. The resolution obliges States, inter alia, to refrain from supporting by any means non-State actors from developing, acquiring, manufacturing, possessing, transporting, transferring or using nuclear, chemical or biological weapons and their means of delivery.

## II. OBJECTIVES OF THE EVALUATION

- 1.1 The general objective of this evaluation is to assess the performance, relevance, efficiency, effectiveness and sustainability of the project “Countering Illicit Trade of CBRN materials in FTZs of Latin America”. The evaluation will be external and independent and will specifically focus on assessing the delivery of the main Outputs, and the Immediate and Intermediate Outcomes for the project.

## III. SCOPE OF THE EVALUATION

- 3.1 To achieve the objective, the consultant must:
- ix) Conduct a formative and summative assessment to estimate the results of the Project.
  - x) Critically analyze the implementation and management of the Project.
  - xi) Determine the relevance (referring to the adequacy of the design, objectives and results to the context in which its implementation has been carried out); efficiency (analysis of project management in the analysis period including the assessment of the relationship between the results achieved and the resources of all kinds used for it); effectiveness (compliance with the objectives and results initially formulated, and others not foreseen) of the actions financed; coherence, or compatibility of the intervention with other similar interventions in participating countries; and institutional and financial sustainability of the benefits generated by the projects.
  - xii) Determine if during the conceptualization and/or execution of the projects the gender perspective was used, if it was used to analyze the results obtained and provide recommendations on how to strengthen it.
  - xiii) Conduct, as best possible, a robust Cost Benefit Analysis, by determining the internal rate of return and net present value of the investment.
  - xiv) Identify the main results at the level of direct effects and products to which the operations have contributed, distinguishing between planned and unforeseen, explicit, and implicit.

- xv) Document the lessons learned and best practices of the project related to its formulation, design, implementation, management, and sustainability.
- xvi) Make recommendations and identify and document lessons learned related to the formulation, design, implementation, management, and sustainability of the project, to improve the implementation and future formulations and designs of similar programs.
- xvii) Answer the following questions:
  - (a) Was the project’s implicit Theory of Change effective?
  - (b) Were the project’s objectives achieved?
  - (c) Did the outcome indicators identify the appropriate measurement of success?
  - (d) Are the projects’ achievements sustainable, institutionally, and financially?
  - (e) Are the projects’ indicators S.M.A.R.T.
  - (f) Did the project team apply results-based management principles from its inception to its conclusion? Please describe which ones.
  - (g) Was the beneficiary selection process done based on pre-established criteria? And were the criteria appropriate?
  - (h) Were best practices considered during the design and applied during the implementation?
  - (i) Were lessons learnt from previous operations considered during the design and applied during the implementation?
  - (j) Did the project include specific requirements for conducting follow-up of training activities in order to measure: increased capacity on security matters, increased skills, awareness and abilities among recipients; and the strengthening of institutions where such individuals work, among others, in order to increase the understanding of CBRN threats in the region; promote effective implementation of international security standards and trade rules; **the** adoption of trade compliance programs and to strengthen national capacity

to effectively inspect and, if appropriate, interdict illicit commerce in FTZs, among others.

- (k) Was the monitoring mechanism used as an efficient and effective tool to follow-up on the progress of project’s actions?
- (l) Have best practices and lessons learned been shared and exchanged among participating stakeholders?

#### IV. INFORMATION SOURCES AND RELEVANT ACTORS

- 4.1 Among other sources of information, the consulting firm should consider the following:
  - i) Project documents (including those from past efforts to countering illicit trade in CBRN).
  - ii) Progress Reports.
  - iii) Results matrix/ Log-Frame/ Performance Indicators used to monitor the progress of the implementation.
  - iv) Budgets.
  - v) Products derived from the implementation of the Project and means of verification.
  - vi) Any other document that is considered relevant for the performance of the work.
- 4.2 The evaluator will meet, in person or by teleconference, with qualified representatives of the relevant actors of the program.
  - i) CICTE staff.
  - ii) DPMO.
  - iii) Governments of beneficiary countries: Argentina, Brazil, Chile, Mexico, Panama, and Paraguay.
  - iv) Beneficiaries.
  - v) Donors.
  - vi) Any party that is considered relevant in the design and / or execution of the Project.

#### V. EVALUATION CRITERIA

- 5.1 **Relevance.** The adequacy of the design and management of the projects to the context in which their implementation has been carried out will be analyzed. In the evaluation, it is essential to verify whether there were substantial changes in the context between the time when the intervention began to be implemented and the time when the evaluation is carried out.
- 5.2 **Effectiveness.** It should be determined: the fulfillment of the objectives initially formulated, if there have been other latent objectives that have had an impact on the implementation; the achievement of the expected results; the contribution to the achievement of other unforeseen results; the factors that contributed to the achievement of the results, at the level of outputs and direct effects, including both planned and unforeseen actions; which of the strategies implemented were most successful in achieving the results; who have been the groups that have benefited the most from the implementation of the program and to what extent any change can be observed in the actors benefiting from it; and the management of political, financial and administrative risks related to the execution of the strategic plan.
- 5.3 In the event that objectives are not well formulated, it must be stated by the evaluator and must be reconstructed from the information collected during the analysis. Furthermore, if the expected results have not been achieved in full, the evaluator must explain the causes, indicating whether they respond to the formulation, execution or unforeseen external factors.
- 5.4 **Efficiency.** The relationship between the results achieved and the human, financial and physical resources used for this purpose will be assessed. The efficiency assessment shall: i) quantify the resources and their relationship with the achieved results; ii) analyze the evolution of management during the period evaluated; iii) analyze whether the allocation of time, budget, activities and program managers was adequate to contribute to the scope of the defined results; iv) determine whether the monitoring system that has been implemented was adequate to contribute to the scope of the results; v) analyze the institutional capacities to implement the plan and the capacity to react to unforeseen demands; and vi) analyze the extent to which the project dialogue with local representatives and partner organizations contributes to the achievement of the results.

- 5.5 **Sustainability.** The probability that the results obtained will continue even without the support of the OAS and the US will be analyzed, in particular:
- i) the achievements made in relation to the identified beneficiaries;
  - ii) the extent to which the progress made (outcomes and outputs) of the program is institutionally and financially sustainable once it ends;
  - iii) the degree of appropriation of the Project actions by local partners and bearers of obligations; and
  - iv) what interventions have the greatest potential for sustainability.
- 5.6 **Coherence:** The compatibility of the intervention with other interventions in a country, sector or institution will be analyzed. To what extent other interventions or policies (internal or external) support or contravene the program and vice versa. It should include internal and external coherence.

## VI. EVALUATION MANAGEMENT

- 6.1 This evaluation will be managed by the DPMO which, in consultation with CICTE, will be responsible for:
- i) Ensuring permanent communication between the OAS, the donor and the evaluator.
  - ii) Supporting the evaluator for the collection of information and the holding of interviews.
  - iii) Ensuring the quality of the evaluation process, which includes: a) constant feedback to the evaluator during the methodological design, data collection and analysis, and preparation of the final report; and b) the supervision of products by the evaluator (the initial report or inception report, and the draft of the final report), making contributions to improve the substance of its content.
  - iv) Disseminate the final evaluation report and ensure follow-up of the implementation of the recommendations.

### **The DPMO will**

- v) Conduct overall oversight over the monitoring and evaluation processes of all projects executed and or financed by the GS/OAS, ensuring the reports delivered by either the project



team or the evaluator are up to par with OAS and international standards.

- vi) Lead the preparation of Terms of Reference for the selection of external evaluators with the support of the areas in charge of project, program, plan or mission execution,
- vii) Manage the selection process of the evaluators and review the evaluation proposals received. The DPMO will follow a competitive and transparent process as outlined in various GS/OAS policies and regulations, with the ultimate goal of awarding the contract to the person with the most merit,
- viii) Review and approve the evaluation framework plan, interim reports, and final reports presented by the evaluator,
- ix) Present the evaluation results to all relevant stakeholders, including GS/OAS areas in charge of the project program, plan or mission’s execution, the donor(s), the GS/OAS officials, and the Member States,
- x) Publish the final reports in the OAS webpage; and
- xi) Follow-up and oversee the implementation of Management Response (MR).

## VII. METHODOLOGY, WORK PLAN AND SCHEDULE

7.1 The evaluation will be carried out in three stages:

- i) **Stage I.** Preparatory activities and preparation of the initial report.
- ii) **Stage II.** Collection and analysis of information and preparation of the mid-term/progress report.
- iii) **Stage III.** Review of the draft final report and presentation of the same.

**Stage I. Preparatory activities and preparation of the preliminary report (Estimated maximum duration: 3 weeks).**

7.2 After signing the contract, the evaluator will have a period of 2 weeks to conduct an inception mission with headquarters staff and present the Work Plan and the Evaluation Framework. To do this, the evaluator will carry out an initial analysis of the object of the evaluation (documentary review and preparatory conversations).

- 7.3 During this period the evaluator will meet with the DPMO and the project team, with the aim at more accurately assess the scope of work and the availability of information, by requesting documents and information necessary to carry out the study efficiently and effectively; and to be able to reconstruct the Theory of Change of the program.
- 7.4 This phase will conclude with the submission to the DPMO and CICTE, of an initial report of a maximum of 30 pages (Times New Roman 12 to 1.5 spaces), which should include:
- i) The methodological proposal (participatory, reflective, and critical) for the collection of information and for the analysis of data, specifying the scope and limits of the same in relation to the object of evaluation, the availability of information, and the feasibility of its implementation in the term and in the context of the evaluation.
  - ii) The methodology should cover a variety of techniques sufficient to collect and analyze qualitative and quantitative data, and incorporate the gender perspective, and contemplate a representative sample of the key actors to be interviewed, and of the partner organizations / counterparts, where geographical and thematic representativeness is ensured.
  - iii) The methodology to be used to conduct the cost-benefit analysis.
  - iv) A plan for the collection and analysis of the information generated.
  - v) The detailed workplan of the evaluation.
  - vi) The reconstruction of the theory of change of the program.
  - vii) The review of project indicators originally identified to measure the achievement of the expected results. If not considered appropriate, propose alternative indicators for which it is possible to obtain baselines.
  - viii) A tentative index of the final evaluation report.
  - ix) An evaluation matrix. The matrix is a tool for the operationalization of evaluation questions, but it does not replace the theoretical-methodological approach that will guide the evaluation, which must be reflected in a clear and differentiated way in the proposal. It is important to note that the methodology is not a mere enumeration of techniques, but: i) implies a theoretical and cognitive position; ii) guides the way in which the

evaluation will be approached to meet the established objectives; and iii) advances the way (specific techniques) in which the data will be collected, classified, analyzed and presented, with the aim at making sure the findings are solid and the products of the evaluation comply with the quality standards. In its proposal, the evaluator must ensure the complementarity and contrast of methods and sources of information and will highlight existing limitations.

- x) The techniques should be consistent with the methodological approach and appropriate to the nature of the information expected to be available to answer the different evaluation questions and sub-questions. The proposal must justify in a specific and concrete way the contribution and need of each technique for this evaluation, avoiding generic paragraphs on the technique and its characteristics.

7.5 Review all relevant documents necessary to execute the consultancy (see paragraph 4.1).

7.6 Within one week of the submission of the report, the DPMO, in coordination with SEDI, will provide feedback to the evaluator on the evaluation proposal.

**Stage II. Collection and analysis of information (Estimated maximum duration: 5 weeks).**

7.7 The consultancy must develop and test the corresponding hypotheses, and develop a proposal of conceptual models in which the Variables that explain the proposed model are identified.

7.8 The evaluation framework will contribute to the operationalization of the processes of information collection and analysis in order to determine if the program has been implemented efficiently and effectively, and if it has generated the expected changes in public institutions and civil society, among others. The evaluation should include qualitative and quantitative methodologies and the views of key actors.

7.9 Validate the logical model/theory of change of the program, stating for each level of objective if it is appropriate, inappropriate and why; it should also suggest changes that reflect the nature of the program.

7.10 The consultancy should measure the performance of the program in terms of efficiency and effectiveness. The mechanisms of information collection and analysis should favor quantitative and qualitative

techniques in the study of variables and the testing of hypotheses. Among others, the consultancy must i) collect information using techniques to avoid bias, ii) verify the internal and external validity of the variables, ensuring the relationship between the direct effect and interventions, controlling for associated factors, is causal and that the conclusions are generalizable, and iii) verify the veracity of the information. This assessment should also include a robust cost-benefit analysis of the operation (CBA), by: identifying and quantifying the social and economic costs and benefits of the program; collecting the necessary data to validate the CBA proposal; conduct a literature review to support theoretically the social and economic costs and benefits and monetize them; and estimate the returns to the investment.

- 7.11 The evaluator will submit a mid-term/progress report in the middle of the allocated time for the consultancy. The report must be accompanied by a Power Point presentation.

**Stage III. Review of the draft and presentation of the final report (Estimated maximum duration: 4 weeks)**

- 7.12 Preparation and delivery of a draft final report. The DPMO, in coordination with SEDI/DSD, will review the draft final report and provide its comments to the evaluator. The evaluator will have a maximum of (1) week to incorporate the necessary changes and deliver the final report.
- 7.13 Presentation of the final report to the different stakeholders.
- 7.14 The final evaluation report shall not exceed 70 pages (letter size and Times New Roman font 12 to 1.5 spaces), and shall be accompanied by an executive summary, of a maximum of 5 pages. The report may include, without limitation of length, the annexes that the evaluator deems appropriate. A summary of the evaluation sheet should also be submitted following the format established by the OECD DAC.
- 7.15 The final report must be submitted in electronic format. Once the final report has been submitted, the evaluator will present (Power Point) the conclusions, recommendations and lessons learned from the evaluation to the heads of the OAS GS and donors. The materials used in the presentation will be considered as another product of the evaluation and will be available to the OAS and donors.
- 7.16 The language used in all the documentation submitted, as well as in the final presentation, will be English.

## VIII. PRODUCTS AND PAYMENT SCHEDULE

- 8.1 The consultant must generate the following products:
- i) An inception report.
  - ii) A mid-term/progress evaluation report, accompanied by a Power Point presentation.
  - iii) A final evaluation report of the results of the consultancy, accompanied by a final Power Point presentation of the results of the consultancy.
- 8.2 Payment schedule:
- 15% Upon signing the contract.
  - 15% at the delivery and approval of the detailed Work Plan and the Evaluation Framework
  - 30% at the delivery and approval of a mid-term report and its corresponding presentation.
  - 40% at the delivery and approval of the Final Report of the evaluation and its corresponding presentation.

## IX. DURATION AND SELECTION PROCESS

- 9.1 The consultancy is estimated to last approximately 3 months. The contract award process will follow OAS procedures and rules. The DPMO will rate and select the best candidate.
- 9.2 The evaluation will be contracted by the OAS DPMO and will be governed by the procedures and rules of the GS/OAS. The contract will contemplate the assignment to the OAS of all the economic rights of author on the evaluation and its products that could correspond to the evaluator.
- 9.3 The OAS reserves the right to publish and disseminate the evaluation report.
- 9.4 The contracting will follow the contracting and/or bidding process framed in the various regulations and policies of the GS/OAS, thereby ensuring the application of the principles of competitiveness and transparency with the aim of awarding the contract to the individual with the most merit.

## **X. EVALUATION PREMISES AND APPLICABLE REGULATIONS**

10.1 In addition to the clauses contained in the contract, the evaluation team shall comply with the OAS Code of Ethics and UNEG evaluation norms and standards and protect personal data, to uphold and promote:

- i) **Anonymity and confidentiality.** - The evaluation shall respect the right of individuals to provide information, ensuring their anonymity and confidentiality and guaranteeing the security of personal data that may be collected during the evaluation.
- ii) **Integrity.** - The evaluator will have the responsibility to highlight issues not specifically mentioned in the terms of reference, if this is necessary to obtain a more complete analysis of the program.
- iii) **Independence.** - The evaluator shall guarantee his/her independence from the evaluated interventions. In order to avoid possible conflicts of interest, the evaluator shall not have been linked at any time to the program implementation nor have participated in the implementation of other projects or programs related to the evaluated program.
- iv) **Incidents.** - In case of problems arising during the fieldwork or in any other phase of the evaluation, they shall be immediately communicated to the Planning and Evaluation Department. If not, in no case the existence of such problems can be used to justify the non-obtainment of the results established in these terms of reference.
- v) **Validation of the information.** - It is the evaluator's responsibility to guarantee the veracity of the information gathered for the elaboration of the reports, and in the last instance, he/she will be responsible for the reliability of the information presented in the evaluation.



## Annex 2: Evaluation brief

Evaluation brief series

Lotus M&E Group

VOL. 1

External Evaluation of the OAS project titled

# “Countering Illicit Trade of chemical, biological, radiological, and nuclear (CBRN) materials in Free Trade Zones (FTZs) of Latin America- SMS-2001”

**Project overview**

**Implementer:** The Inter-American Committee against Terrorism CICTE



Project budget  
**US\$ 597,590.**



Duration  
**09/2021 – 09/2023**



Donor  
**U.S. Dept. of State**



### Project focus

Preventing and countering the proliferation of weapons of mass destruction (WMD) effectively in the Americas, focusing on Free Trade Zones (FTZs).

- Strengthened strategic trade controls in Argentina, Brazil, Chile, Mexico, Panama, and Paraguay, with a focus on four FTZs through workshops and exercises for customs agencies, other government agencies, and the private sector

### Evaluation purpose

- External and independent evaluation
- Assess the performance, relevance, efficiency, effectiveness, and sustainability of the project
- Focus on assessing the delivery of the main Outputs, and the Immediate and Intermediate Outcomes for the project

OCT, 2023

## RESULTS SUMMARY

**Project did the right thing**

- The project was highly relevant for the OAS and CICTE due to its mandate for implementing United Nations Security Council Resolution 1540 on the non-proliferation of Weapons of Mass Destruction.
- Relevance to the donor and project countries as United Nations Security Council Resolution 1540 signatories.





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## Evaluation brief series

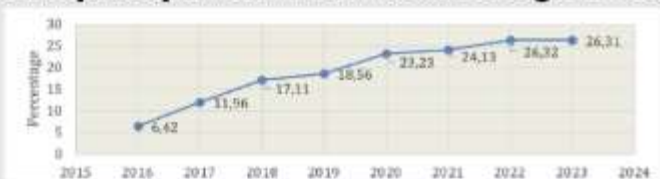
Lotus M&E Group

VOL. 1

External Evaluation of the OAS project titled

# “Countering Illicit Trade of chemical, biological, radiological, and nuclear (CBRN) materials in Free Trade Zones (FTZs) of Latin America- SMS-2001”

## AEO participation in Brazilian foreign trade



## Import clearance



AEO certified vs. non-certified

## COST-EFFECTIVENESS

### Project did things correctly

- Good theoretical cost-effectiveness of the project, reaching up to 96.9% reduction of customs clearance times in project-supported national AEO programs.
- Some shortcomings in the project design: No goal and purpose level indicators, very broad project approach

**Brazil**

**-93,7%**  
Import clearance time by air

**-96,9%**  
Import clearance time by road

**Paraguay**

**-86,7%**

Import clearance time  
AEO certified vs. non-  
certified (2022)



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## Factors affecting project performance



OCT, 2023

## The project achieved many results

Assessment of short-term results (outputs) only, as no indicators were available for medium-term and long-term results (purpose and goal)

- For three outputs, targets were largely achieved (outputs 1.1, and 3.2)
- Two output targets were fully achieved (output 1.2, and 3.1).
- No data was available for two outputs to assess the achievement of logframe targets (outputs 2.1 and 2.2).

## Are results likely to last? Partly!

- The behavior of customs management in project countries is changing, while those change processes require more time among customs officers
- Public actor's awareness concerning the AEO concept is strong and well-anchored, particularly in Brazil (well-staffed national AEO program) and Panama, but more unevenly in Argentina.
- Regional cooperation and coordination depend not only on the relations between customs agencies but also on more volatile diplomatic relations between governments in the Western Hemisphere



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## Evaluation brief series

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VOL. 1

# Evaluation results ratings: Summary

## Relevance

21 out of 24 points



88% achievement



OAS: Highly relevant to OAS mandates, first and foremost to Resolution AG/RES.2880 (XVI-O/016).



Donor: Fully aligned with the U.S. efforts to implement Resolution 1540.



Member States: Unanimous adoption of Resolution 1540 in UN Security Council.



Theory of Change - main problems: Correctly identified, focusing on States, the private sector, and FTZs.



Theory of Change - assumptions purpose level: One OK, one concerning the broader political lay is missing.



Theory of Change - assumptions output level: Five OK and three emerging during the evaluation process.



Theory of Change - barriers: priority of governments to establish FTZs to boost growth, resulting in weaker oversight.



Theory of Change - intervention logic: fully demand-driven; but five purposes, dilutes its medium-term results focus.

## Efficiency

7 out of 9 points



78% achievement



Logframe indicators: Projects lacked goal & purpose-level indicators. 11 of the 12 indicators are activity-based at the output level, omit a results focus.



RBM principles: Quarterly progress reports & quarterly financial reports. Systematic use of post-course evaluation questionnaire assessing clients' satisfaction for all events.



Cost-benefit: Insufficient data available to determine the cost-benefit of addressing illicit trade of CBRN materials in FTZs.



Cost-effectiveness: Paraguay: reduction in customs clearance time for AEO-certified companies' imports by 86.7% compared to non-certified ones.

## Effectiveness

18 out of 27 points



67% achievement



Goal level: Without indicators, baselines, and targets, assessing progress at goal level is impossible.



Purpose level: Without indicators, baselines, and targets, assessing progress at purpose level is impossible.



Output 1.1: 67% of targets met for indicator 1 and 100% for indicator 2.



Output 1.2: 100% of targets met for indicator 1, and 3: 67% of targets met for indicator 3.



Output 2.1: no data for both indicators



Output 2.2: no data for both indicators



Output 3.1: 100% of target achieved



Output 3.2: 53.3% to 100% of targets achieved for indicator 1 and 2



Clients' satisfaction: stakeholder expectations met and knowledge increased ranged from 88% to 99%.



Factors influencing results: OAS reputation, mandate for C 1540, CICTE network of experts, resistance to change



Unforeseen results: 1 FTZ in Panama starting AEO certification. Exit of Argentina from the project but very important secondary cost-benefit



Results for women: Project document did not contain a specific gender focus but for collecting sex-disaggregated event data

## Sustainability

7 out of 12 points



58% achievement



Behavior change among customs officers, which is a long-term process.



Public actors' awareness: AEO is a strong concept and well-anchored in Brazil and Panama but less so in Argentina



Regional cooperation and coordination depend on customs agencies and diplomats; volatility



Good institutionalization of law enforcement. CICTE support over past 8 years and little staff turn-over in customs agencies



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# Recommendations

**Donor:** Consider the continuation of funding CICTE projects under CICTE’s umbrella of the general framework of supporting Weapon of Mass Destruction non-proliferation in the Americas, given its high relevance for national security for the U.S. government and the high costs of illicit trade for the U.S. economy.

1

**CICTE Management:** Use relevant indicators of the general framework of supporting Weapons of Mass Destruction non-proliferation in the Americas also in the projects under the framework. This would ensure a clear contribution of new projects’ goals to the framework purpose and of the new project’s purpose to the framework’s outputs.

2

**CICTE Management:** support its main counterparts in national AEO programs and Mutual Recognition Agreements to monitor the cost-effectiveness of those measures. Comparing trade with and without those programs and agreements provides powerful arguments to national governments and donors for funding. CICTE support could include: i) sharing the monitoring methodology from Brazil and Paraguay with other interested countries; ii) widely disseminating monitoring results through OAS channels; and iii) jointly organizing dissemination events with national customs agencies as part of future projects.

3

**CICTE Management:** For new projects, CICTE should enhance the quality of its project indicators. Particularly output-level indicators should be results-based rather than activity-based.

4

**CICTE Management:** include the concept of stakeholder satisfaction using changes in knowledge, awareness, and practices, as currently practiced in CICTE’s high-quality post-event questionnaires, and add it as a logframe indicators at the purpose level.

5

**CICTE Management:** CICTE’s small core staff plays a vital role in maintaining contacts with customs agencies and other related actors, particularly in periods when no projects are implemented. Maintaining and expanding this invaluable engagement to the extent possible is strongly recommended.

6



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## **Annex 4: Stakeholders interviewed**

This evaluation report does not contain a list of stakeholders interviewed, as agreed with DPMO to ensure the confidentiality with interviewees.

A total of 12 stakeholders participated in the evaluation. Due to the small number of stakeholders interviewed, sharing the names of interviewees would allow tracing back respondents by country. Hence the decision was taken not to publish the list of stakeholders interviewed. This approach is fully in line with the United Nations Evaluation Group’s evaluation ethics concerning the anonymity of evaluation stakeholders.

## Annex 5: Evaluation matrix

	Evaluation questions/issues	Proposed evaluation tools	Data source
Relevance: Is the project doing the right thing?			
	To what extent was the project relevant to the mandates of the OAS and the donor? To what extent was the project pertinent to OAS member States priorities in enforcement programs and other security measures to prevent and counter the illicit trade of CBRN materials?	Document review	Project profile and other documents; project stakeholders
	<p>Analysis of project design and formulation: Is the project's implicit Theory of Change valid and supported by empirical evidence?</p> <ul style="list-style-type: none"> <li>○ Are the main problems for shortcomings in preventing and countering the illicit trade of CBRN materials correctly identified?</li> <li>○ Are the barriers to more secure trading to FTZ in the beneficiary countries correctly listed?</li> <li>○ Are change pathways relevant for achieving the project objectives?</li> <li>○ Do assumptions still hold?</li> <li>○ Are the external drivers of change for successful project implementation still in place?</li> </ul>		
Efficiency: Were resources used appropriately to achieve results?			
	Did the outcome indicators identify the appropriate measurement of success?	Document review Virtual interviews with the project team and donor	Project profile, monitoring reports, and other documents; project stakeholders
	Are output and outcome indicators S.M.A.R.T.? <sup>[11]</sup> <sub>[SEP]</sub>		
	Did the project team apply results-based management principles from its inception to its conclusion?		

	Evaluation questions/issues	Proposed evaluation tools	Data source
	What are the cost-benefits of the project? What are the project’s social and economic costs and benefits, and what are the returns on the investment?		
Effectiveness: Were project results achieved, and how?			
	To what extent were project objectives achieved, and can attribution be established?	Document review (logframe/project profile, progress reports) Virtual interviews	Monitoring reports; project stakeholders
	What are the major internal and external factors that influenced the implementation of the project?		
	Were there any unforeseen/ unplanned results or outcomes?		
	What are the specific results for women?		
Sustainability: Lasting results?	Have partners developed ownership over the project and its objectives?	Document review (logframe, progress reports) Virtual interviews	Project stakeholders, budget allocations
	Are the project’s achievements sustainable, institutionally and financially?		



## Annex 6: Evaluation questionnaire

### (A) Relevance

	Very high	High	Medium	Low	Very low	No answer
1. To what extent is there a demand for OAS support in your country?						
<ul style="list-style-type: none"> <li><b>Increased adoption of enforcement programs and other security measures to prevent and counter the illicit trade of CBRN materials.</b> <i>(National Assessments, including comprehensive evaluations of existing AEO programs and recommendations, side-by-side validation exercises among AEO officers of participating countries)</i></li> </ul>						
<ul style="list-style-type: none"> <li><b>Increased awareness of public and private sector officials of WMD threats in FTZs and greater cooperation and information exchange among them.</b> <i>Private sector awareness of WMD threats in FTZ, particularly biological threats, dialogue between customs and industry operators.</i></li> </ul>						
<ul style="list-style-type: none"> <li><b>Regional Cooperation and Coordination in Supply Chain Security</b> <i>Workshops with national authorities (policymakers, customs authorities, and AEO managers) and industry representatives</i></li> </ul>						
<ul style="list-style-type: none"> <li><b>Strengthened interdiction capacities of customs, law enforcement and/or other security agencies that operate in and around key FTZs.</b> <i>Incident Response Preparedness</i></li> </ul>						

2. What is this niche of the OAS in the area of WMD proliferation in FTZs? What is the OAS' added value in securing and optimizing supply chains and strengthening strategic trade controls?

### (B) Effectiveness: the achievement of project results

3. To what extent has the OAS project achieved planned project objectives in your country?

Achievement of planned objectives	Very high	High	Medium	Low	Very low	No answer
Prevent and counter WMD proliferation in select Latin American Free Trade Zones						
<ul style="list-style-type: none"> <li>by securing and optimizing supply chains and by strengthening strategic trade controls.</li> </ul>						
To increase understanding of CBRN threats in the region						
To promote effective implementation of international security standards, including implementation of UNSCR 1540 and international trade rules						
To encourage the adoption of trade compliance programs by customs administrations and private						

sector companies, including sustainable AEO programs						
To foster greater public-private sector cooperation						
To strengthen national capacity to						
<ul style="list-style-type: none"> <li>effectively inspect and,</li> <li>If appropriate, interdict illicit commerce in FTZs</li> </ul>						
Overall, how satisfied are you with the results achieved to date?						

#### 4. SWOT analysis

4.1. What are the strengths of the project in your country?
4.2. What are the weaknesses of the project in your country?
4.3. What are the opportunities for the project in your country?
4.4. What are the threats to the project in your country?

5. What are the major internal and external factors that influenced the implementation of the project?

6. Were there any unforeseen/unplanned results or outcomes?

7. To what extent did the project address the crosscutting issue of a gender perspective, and to what results?

	Very high	High	Medium	Low	Very low
Intervention results in addressing the crosscutting issue of a gender perspective					

#### (C) Sustainability: lasting results?

8. To what extent are the results of the OAS project lasting in your country once OAS support ceases?

	Very high	High	Medium	Low	Very low
<ul style="list-style-type: none"> <li><b>Increased adoption of enforcement programs and other security measures to prevent and counter the illicit trade of CBRN materials.</b></li> </ul>					
<ul style="list-style-type: none"> <li><b>Increased awareness of public and private sector officials of WMD threats, e.g. biosecurity, in FTZs and greater cooperation and information exchange among them.</b></li> </ul>					

<ul style="list-style-type: none"> <li><b>Regional Cooperation and Coordination in Supply Chain Security</b></li> </ul>					
<ul style="list-style-type: none"> <li><b>Strengthened interdiction capacities of customs, law enforcement and/or other security agencies that operate in and around key FTZs.</b></li> </ul>					

9. Which of those components shows the highest institutional ownership? Which are funded in the future (by which sources)?

## Annex 7: Endnotes

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