

Assessing Cost-effectiveness of Non-Tariff Measures - A Toolkit

NTMs can increase the cost of doing business through increased compliance costs, thus reducing productivity. Poorly designed and inefficiently implemented NTMs can create administrative and financial burden for the private sector. This makes it necessary to review NTMs with the objective of minimizing compliance costs, improving design and making implementation processes more effective: all critical elements for boosting regional value chains (RVCs).

Governments' desire to streamline NTMs for facilitating trade and reducing business costs has gained traction in recent years. However, there are two sides to the coin – while NTMs have enforcement and compliance costs, they are usually necessary for achieving economic, social, and other policy goals. It isn't easy to quantify these costs and benefits. Yet, it is important to evaluate NTMs in terms of the objective they are *designed* for, the way they are *implemented*, and how easy it is for the private sector to *comply* with them.

The Non-Tariff Measures Cost-Effectiveness Toolkit is designed to provide governments and policy makers with a framework, plus respective tools to conduct such an evaluation. The toolkit is designed on 3 pillars – **Design, Implementation and Compliance.** The Design pillar evaluates how suitable the NTM has been/can be for meeting the stated objectives; Implementation assesses the efficacy of procedures and costs of implementing the NTM; and Compliance measures how burdensome the NTM has been on the private sector.

"In a nutshell, the toolkit provides a systematic approach and easy to use tools to review NTMs and find out how to improve the efficacy and costs of each NTM."

5-step approach to reviewing NTMs

Step 1 Product Selection and NTM Mapping

A value chain of interest is selected, all imported intermediate inputs within the value chain are identified at HS6-digit level, and applicable NTMs are mapped and validated

Step 2 Stakeholde

For the NTMs applicable to the indentified imported inputs, all the NTM focal points in government agencies responsible for NTM design and implementation focal points in regulated private sector

Step 3

Stakeholder Engagement 4-tiered approach i

A 4-tiered approach is used to enagage with stakeholders to get insights into challenges faced by the regulated firms and the loopholes in design and implementation.

Step 4

Stakeholder Input Analysis

Insights, observations and data from stakeholder engagement are brought together and analysed to identify the challenges to NTM compliance as well as the flaws in NTM design and implementation process.

Step 5

Policy Options

Policy options that correspond to the results of the previous step are explored and additional stakeholders, national or international, are involved for buy-in and a final validation. Policy options that correspond to the results of the previous step are explored and additional stakeholders, national or international, are involved for buy-in and a final validation.

Identify a value chain/sector of interest

Identify imported intermediate inputs within the value chain

Identify all applicable NTMs for the identified intermediate inputs Coordinating agency

Focal points in NTM implementation agencies

NTM focal points in regulated firms

Other government agencies

Tier I Preliminary Surveys

Tier II Inception Workshop

Tier III In-depth Interviews

Tier IV - Detailed Cost Assesment Analysis of Preliminary Surveys

Analysis of inputs from Inception Workshop

Analysis of in-depth interviews

Pre-validation

Validation

Prepared to review NTMs applicable to intermediate input(s) for a value chain/sector of national economic and political interest, the toolkit aims to encourage good regulatory practices amongst its users. The findings from the toolkit should enable users to generate policy options towards implementing well-designed NTMs that meet economic and non-economic policy objectives.

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