

Formulating bankable Aid for Trade projects in Africa

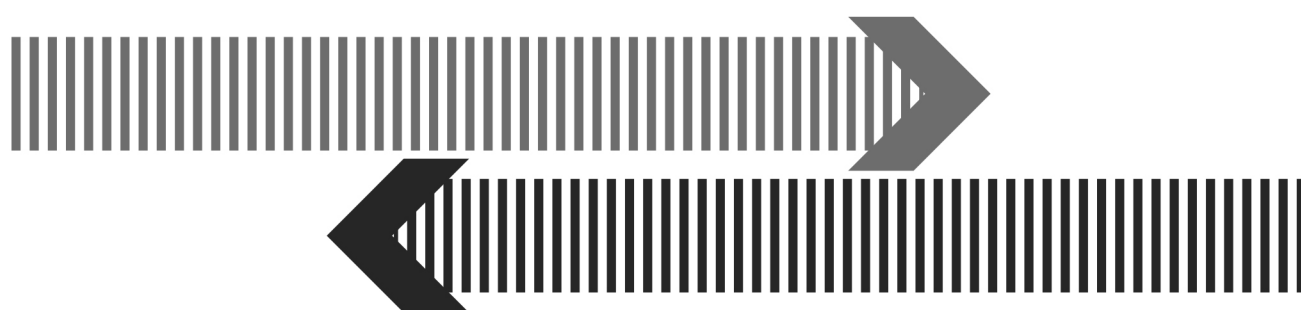
Guidance document



United Nations
Economic Commission for Africa

FORMULATING BANKABLE AID FOR TRADE PROJECTS IN AFRICA

GUIDANCE DOCUMENT



United Nations
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Publications Section
Economic Commission for Africa
P.O. Box 3001
Addis Ababa, Ethiopia

Tel: +251 11 544-9900
Fax: +251 11 551-4416
E-mail: ecainfo@uneca.org
Web: www.uneca.org

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1. Introduction

1.1 Purpose of the guidelines

The purpose of this document is to introduce broad guidelines on how to develop bankable Aid for Trade (AfT) projects and programmes and successfully position these within the AfT initiative, taking into account current perspectives and requirements of key AfT development partners. The guide is not meant to be a blueprint, nor is it meant to be exhaustive. It aims to enable the systematic analysis of the constraints to trade for countries or regions, the identification of needs, and the formulation of project and programme proposals that are “bankable” and ready to be presented to development partners for funding under the broad umbrella of AfT. The audience is wide, ranging from those preparing project proposals and concept notes (potential beneficiaries, development partners, consultants, etc.) to those reviewing and approving project proposals (the funders).

1.2 Project background

The guideline document is a key output of an assignment to provide technical support for enhancing the formulation of bankable AfT projects in Africa. The assignment is part of a larger project to provide technical support for the successful implementation of the United Nations Development Account project on “Facilitating the effective integration of developing countries in the global economy through Aid for Trade schemes” led by ECA.¹

1.3 Why these guidelines are needed?

There are very large disparities in AfT per capita in Africa and a low level of correlation between potential demand and supply. Karingi and Fabroni (2009) find that countries most in need are

1 [TPU: Please renumber footnotes] The four other United Nations Regional Commissions (Economic and Social Commission for Asia and the Pacific, Economic and Social Commission for Western Asia, Economic Commission for Europe, Economic Commission for Latin America and the Caribbean) are also involved in this project, with specific activities undertaken at the regional level and others at the interregional level.

those showing the worst values across a selection of trade-related performance indicators.²

In financial terms, a bankable project would usually refer to a project that lenders are willing to finance since there will be a financial return on the investment. However, in the aid context, a bankable AfT project is one which development partners are willing to fund since they are confident of a positive and sufficient effect on the capacity of the beneficiary (e.g. greater regional integration, increased trade capacity, growth, poverty reduction, etc.). A bankable project could be described as a “good quality project [expected to deliver the desired results] addressing relevant needs and falling inside the development partner priorities at the right time.”³ However, this does not translate into higher levels of AfT supply. In fact, there is an extremely weak relationship between need or demand and supply of AfT in per capita terms.

Many developing countries face substantial difficulties in developing bankable projects and programmes based on their identified needs (UNECA, 2011; Basnett et al., 2012). According to the results of the 2011 Organization for Economic Cooperation and Development (OECD)/World Trade Organization (WTO) AfT questionnaire (OECD/WTO, 2011), 65 per cent of respondents stated difficulties in designing bankable projects as one of the “most important” or “important” challenges in accessing trade-related funding. Recent survey results confirm this remains the case and show that both African countries and regional economic communities face difficulties in developing bankable project proposals and clearly identifying needs and associ-

2 The following countries are in the worst performing quintile: Burundi, Central African Republic, Chad, Comoros, Eritrea, Guinea-Bissau, Niger, Rwanda, Somalia, Sierra Leone and Zimbabwe.

3 In preparation for the Fourth Global Review of AfT, WTO, in collaboration with the African Union Commission and ECA designed an online questionnaire aimed at assessing how AfT can best support the African Union objective of boosting intra-African trade. The questionnaire was circulated to African countries and regional economic communities as well as development partners and Southern partners (UNECA, 2013).

Box 1: Developing a sound business case

According to World Bank (2011) a sound business case will usually include:

- Description and contextualization of the problems, issues and consequences:
 - A clear, concise summary of key issues and any key decisions required.
 - A clear account of the problems to be solved and the long-term vision (i.e. the situation expected to be reached if a project goes ahead).
 - Explanation of the link between issues and problems, and effects and causes.
- Description of how the proposed solutions will solve the problems identified:
 - A clear link between the issues and problems identified and any activities to be agreed on and financed under a project, demonstrating that prioritization is based on sensible criteria, including a discussion of possible alternatives and the reasons for their rejection.
 - How lessons learned from previous efforts have been incorporated (what worked, what did not and why?).
- Justification of the project through quantitative and qualitative analysis:
 - A strong justification for the likely expense, weighing costs against benefits through cost-benefit analysis, as well as difficulty of implementation, etc. (see figure 2).
 - Costs are much easier to quantify than benefits. A traditional cost-benefit analysis, if robustly undertaken, can greatly strengthen the business case. Alone, however, it is usually not sufficient to make the business case – qualitative benefits should also be included.
- Demonstration of the capacity to succeed:
 - Clear evidence of the proposer’s technical capacity to carry out the project and achieve its objectives.
- A careful, realistic identification of risks to the success of a project and appropriate mitigating strategies.
- Accurate estimates of required resources.
- Objective performance measures to allow accurate progress monitoring.
- Appropriate governance, management and supervision mechanisms.

ated priorities. These challenges are ranked as “the most critical in hampering an adequate resource mobilization through AfT”.⁴

1.4 Preparing the case for funding

As with any finite resource, there is competition for AfT resources. Priorities need to be established and choices made. Securing support requires a carefully considered and well argued “business case” or “pitch” that appeals to the funder (see box 1 and 2). As discussed by the World Bank (2011), the case needs to demonstrate that allocating resources to any particular programme, project or activity is an investment rather than merely a cost, not just to the funder but also the wider constituency. Naturally,

the more complex the programme the greater the effort required to prepare the business case. Economic analysis is useful in setting the context and calculating costs and benefits of new investments. It is important to contextualize the evidence and demonstrate relevance to a particular country or region (World Bank, 2011).

Box 2 outlines the key elements of the best project proposals. In summary, the best proposals are comprehensive yet concise, tailored to a specific funder (in terms of priorities, formats and approach), evidence-based, demonstrate credibility and track record, and are realistic in terms of what can be achieved.

⁴ See www.unescap.org/tid/projects/bankaft-s5-teemu.pdf.

Box 2: Elements of the best project proposals

There are a number of key elements that could potentially transform a good document into a winning proposal (Ocampo, 2013):

- **Comprehensive yet concise:** Proposals must answer all the questions the funder wants to know – e.g. resource requirements, beneficiaries, timeline, goals and objectives. While the proposal needs to be as comprehensive as possible, it must also be well written, reader-friendly and straight to the point. Long descriptions and lengthy explanations will lose a reviewer's interest. Ideally a proposal should be approximately 10 pages. Detailed breakdowns (budgets, work plans, etc.) can be annexed.
- **Tailored to a specific funder:** Proposals should be tailored to be in line with a funder's priorities. It helps to closely review the mission and vision, goals and objectives of a funder and ensure that the proposal is in line with these insofar as it is possible. Also, the applicant should review the projects the funder has previously funded to see how much it usually provides as financing, what areas it tends to support and the type of funding provided. If available, it is a good idea to review earlier proposals that have been successful in order to get a better idea of expectations. The proposal should be drafted in a way that fits the funding agency's needs and requirements (e.g. size of budget and areas of expertise).
- **Follows the funder's preferred format:** Proposals should use the funder's language and terms and minimize jargon and acronyms. Simpler or more common words often provide the same or greater impact. It is important to understand and use terms appropriately to show the funder that the proposal fits well with the funder's goals and objectives. Proposals should follow any preferred formats (with set headings, fields, etc.) of the funders. Some may not have any particular format hence it is up to the applicant to decide which types of information the funder may find most useful (in line with the request for proposal if available) – see annex 1 for an example of a "best practice" concept note or proposal format.
- **Know each funder's approach:** There are many different approaches to developing and receiving proposals. Sometimes the development partner may request a proposal from a particular recipient, or through an open competition with numerous applicants. Alternatively, the development partner may assist the organization to develop the proposal or application. Or the funder themselves may actually prepare the proposal or business case for funding for approval in consultation with the "recipient". Also, an organization may approach a funder (unsolicited – i.e. not in response to a request) with a proposal that they consider worth funding. At the proposal stage, some may require a brief one-page summary first to help determine whether they need a more detailed proposal later on, whilst others may expect an in-depth proposal upfront.
- **Factual, specific and error-free:** Proposals should use facts to make the case. Making statements based on generalities and no evidence will weaken the argument. Where possible, detailed rationale and itemized budget breakdowns should be provided. The proposal should be proofread several times and should not contain any errors, including contradictory information.
- **Highlights track record and credibility:** The proposal should make the case for why an organization has the capacity to manage and implement the project, and provide the necessary background details on the organization. The proposal should begin with a short overview of the organization (mission, vision, goals and objectives, areas of work, etc.), as well as its experience, track record and strengths, including any similar projects managed or implemented and examples of successful delivery.
- **Set realistic goals, timelines and budgets:** It is important not to promise more than can be delivered (in terms of timing, outcomes, budget, etc.). Local factors and bureaucratic procedures should be fully taken into consideration when planning to ensure goals and activities can be met and completed within the time period. The proposal should list specific, realistic goals that can be measured and achieved within a set timeframe. Budgets need to be realistic, not over- or underestimated. For instance, low funding requests suggest to a funder that the applicant does not have a realistic assessment of what it takes to implement the project on time and on budget. A detailed budget should be provided in the annex and any other supporting documentation to justify the estimated costs. Activities to be funded should be directly related to the outputs and outcomes to be achieved.
- **Follows guidelines and instructions:** If guidelines are provided by funders, these should be carefully followed and queries raised with the funder if anything is unclear. Include all of the funder's requirements in the proposal (e.g. some funders may ask that the planned activities address gender issues).
- **Offers a sustainability plan:** Funders are more likely to finance a project when they know there is a plan to ensure activities and interventions will carry on after funding ends.

2. What makes a project an Aid for Trade project

The AfT initiative gained prominence during the WTO Ministerial Meeting held in Hong Kong in December 2005. The final Ministerial Declaration stressed the importance of AfT in assisting developing countries, especially least developed countries, “to build the supply-side capacity and trade-related infrastructure that they need to assist them to implement and benefit from WTO Agreements and more broadly expand their trade”(WTO, 2005). AfT aims to support countries to take advantage of trading opportunities and ultimately help countries grow and contribute to reducing poverty. The WTO AfT Task Force that came about as a result of the ministerial meeting, provided recommendations on how to operationalize the initiative. It also defined the rationale of AfT as “assisting developing countries to increase exports of goods and services, to integrate into the multilateral trading system, and to benefit from liberalized trade and increased market access. Effective AfT will enhance growth pros-

pects and reduce poverty in developing countries, as well as complement multilateral trade reforms and distribute the global benefits more equitably across and within developing countries” (WTO, 2006). A vast empirical literature suggests that by achieving the most common aims of AfT (e.g. increasing trade, diversifying exports, etc.) this will, on average, boost growth and reduce poverty (OECD, 2011).

The Task Force recommended that “*the scope of Aid for Trade should be defined in a way that is both broad enough to reflect the diverse trade needs identified by countries, and clear enough to establish a border between Aid for Trade and other development assistance of which it is a part*” (WTO, 2006). The six main categories identified by the Task Force as Aid for Trade are included in box 3. According to the 2013 OECD/WTO AfT At a Glance report, trade facilitation, competitiveness and value chains are

Box 3: Aid for Trade categories (WTO, 2006)

- a. **Trade policy and regulations**, including: training of trade officials, analysis of proposals and positions and their impact, support for national stakeholders to articulate commercial interest and identify trade-offs, dispute issues, institutional and technical support to facilitate implementation of trade agreements and to adapt to and comply with rules and standards.
- b. **Trade development**, including: investment promotion, analysis and institutional support for trade in services, business support services and institutions, public-private sector networking, e-commerce, trade finance, trade promotion, market analysis and development.
- c. **Trade-related infrastructure**, including: physical infrastructure.
- d. **Building productive capacity**.
- e. **Trade-related adjustment, including**: supporting developing countries to put in place accompanying measures that assist them to benefit from liberalized trade.
- f. **Other trade-related needs**.

Categories c), d), e) and f) should be reported as AfT when these activities have been explicitly identified as trade-related priorities in the recipient country’s national development strategies.

emerging as key priorities for partner countries (OECD/WTO, 2013).

OECD categorizes AfT data according to the following broad headings and sub-categories:

- **Trade policy and regulations:** trade policy and administrative management; trade facilitation; regional trade agreements; multilateral trade negotiations; and trade education/training.
- **Economic infrastructure:** transport and storage; communications; and energy generation and supply.
- **Building productive capacity,** including trade development: agriculture; fishing; forestry; industry; mineral resources and mining; tourism; business and other services; and banking and financial services.⁵

- **Trade-related adjustment.**

Some projects and programmes within these categories may not be primarily considered from a trade perspective, i.e. trade objectives may be tangential and trade outcomes either not included or only indirectly. One of the objectives of these guidelines is to consider some of these types of projects and programmes and tease out the relevance for trade with a view to integrating trade more prominently. For instance, box 4 shows a range of infrastructure, transport and trade facilitation activities, some more obviously trade-related than others. It should be noted that the relative emphasis on trade often depends on who is involved in designing a project or programme – for instance an engineer may be more concerned with traffic flows and vehicle operating costs whereas a trade economist is more likely to want to know how a reduction in vehicle operating costs will impact on trade flows.

Box 4: Trade-related infrastructure, transport and trade facilitation

- Transport corridors (e.g. Abidjan-Lagos Corridor)
- Roads (e.g. national-level road projects)
- Rail (e.g. Southern Africa Hub Port and Rail Programme)
- Air and sea ports (e.g. Central Africa Hub Port and Rail Programme)
- Cold storage and fruit terminals (e.g. Community Agricultural Infrastructure Improvement programme)
- Border post development (e.g. One-stop border posts in Southern Africa)
- Customs modernization (e.g. World Customs Organization/African Development Bank Customs Modernization Action Plan for Africa)
- Standards and quality infrastructure (e.g. Uganda Quality Infrastructure and Standards Programme)
- Energy and regional power pools (e.g. West Africa Power Transmission Corridor)
- Information and communications technology (ICT) networks (e.g. ICT Enabling Environment programme)

⁵ Trade development activities are identified through the trade development policy marker (since 2007).

3. Effective Aid for Trade

Before we consider how to develop proposals and design or formulate AfT projects and programmes, we will explore some of the factors that determine the effectiveness of AfT. AfT works best when:⁶

- It focuses on the most binding constraints to trade.
- AfT is integrated into a country's broader trade policy and strategy framework, building sustainability.
- AfT is demand-driven, responding to the needs of recipient countries.
- AfT projects and programmes are aligned with local/country systems.
- There is effective coordination around the design, implementation and monitoring and evaluation of projects and programmes,⁷ to avoid duplication and improve complementarity, and when all partners participate fully.
- There are political will and AfT champions.
- There is appropriate sequencing of reforms and projects and programmes in the design and implementation of AfT.
- The selection of instruments and modalities for delivering AfT are able to address trade-related constraints at the regional level and not just target individual countries.
- A clear, well articulated and realistic results chain and theory of change are developed that link activities, outputs, outcomes and impacts (the achievement of objectives can be traced along a feasible results chain) with SMART (Specific, Measurable, Attainable, Relevant and Time-bound) indicators and baseline data available.
- Development partners and partners are accountable for results and results are measured (and are measurable).

If a proposal for funding can demonstrate that the potential project or programme can deliver on some or all of the above then arguably it has a much better chance of receiving funding.

⁶ Based on Basnett et al., 2012; Hallaert and Munro, 2009. This list is by no means exhaustive and the effectiveness of aid depends on a multitude of factors, not least the local context.

⁷ Between development partners and recipients, among development partners, between recipient country government ministries, etc.

4. Formulating Aid for Trade projects and programmes

There are a number of elements in project and programme formulation applicable to all types of aid. Here we group these under the following headings:

1. Identification and preparation
2. Appraisal and detailed design
3. Monitoring and evaluation

We explore these using relevant examples for AfT. These elements are not necessarily distinct sequential steps. For instance, monitoring and evaluation should not be considered as an “add-on” at the end of project design – rather it is integral across the formulation process as well as implementation (with lessons from implementation feeding into redesign and new design). Throughout, development partners and recipients need to consider key aspects to improve the likelihood that AfT will achieve its desired outcomes (Basnett et al., 2012).

4.1 Identifying need and demand from a trade perspective and determining Aid for Trade priorities

4.1.1 Introduction

In this section we highlight various tools that are employed to determine AfT priorities (e.g. Diagnostic Trade Integration Studies). As noted above, AfT should be demand-driven, responding to the needs of recipient countries. Analysis of the current context (situational analysis, strengths, weaknesses, opportunities and threats (SWOT) analysis, diagnostics, etc.) and a needs assessment should be undertaken in order to identify the key challenges and constraints that need to be overcome and the priority intervention areas. This sets the scene and provides the relevant context on why support is needed and indicates the nature of

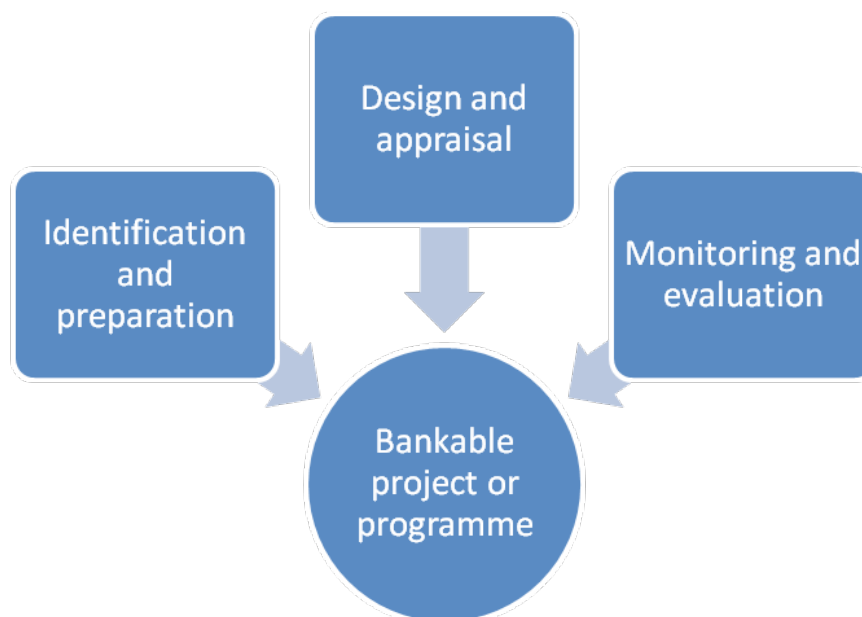
potential support required. It is arguably the most important stage in formulating a bankable project or programme since it makes the case for funding and, if successful, will lead to a development partner agreeing to go forward with the proposal and undertake detailed design and appraisal work typically with assistance from the development partner. It should be emphasized that each investor and development partner has a different approach to project and programme formulation. Many will agree a simple proposal, application or concept note without detailed diagnosis of the problem (that would come later once the development partner has agreed to fund the project or programme in principle), whereas others would expect a detailed proposal backed by quantifiable evidence drawing on existing diagnostic studies before pursuing design work.

Thorough analysis and data collection are crucial to facilitate the identification and prioritization of appropriate and effective interventions and activities. It should be emphasized that any requests for support will be much stronger if demonstrated through the use of evidence (qualitative and quantitative) (DFID, 2011). As noted by Basnett et al. (2012), “this process and its translation into AfT programming is a central determinant of the effectiveness of AfT”.

Typically during the identification and preparation stage, needs are identified, as well as priority areas for support, with detailed programming carried out at the design and appraisal stage. This provides the information required to “pitch” potential support to funders through either a proposal or concept note or similar (depending on the funder’s requirements).

When embarking on developing a proposal for support it is important to first highlight the key challenges and constraints to trade as well as possible opportunities and strengths. An analy-

Figure 1: Elements for the formulation of bankable projects and programmes



sis of strengths, weaknesses, opportunities and challenges provides better understanding of the current situation and context and helps inform the formulation of the initiative(s).

It is often difficult to identify which needs to address at different points in time because they are not only numerous but multifaceted, country-specific and involve a broad range of diverse stakeholders. Indeed, the most binding constraints to trade will differ across countries: for example, the most pressing needs of landlocked economies may be different to those of small and vulnerable islands.

The list of constraints that hinder trade expansion is typically long. Resources are finite and all needs cannot be addressed immediately and simultaneously, nor should they be. In order to guide the effective identification and preparation, and subsequent design and implementation of AfT, the prioritization process often involves the following:

- **Most binding constraints to trade:** Ranking the most binding constraints to trade, identifying those that have potentially the greatest impact on trade expansion. For example, in many countries or regions trucking services are often the largest share of logistics costs largely due to high profit margins as a result of regulation and restricted

competition.⁸ However, we also need to consider the level of effort and feasibility of tackling the “big impact” interventions (e.g. in general, activities to promote reform of the trucking industry are likely to require significantly more effort to deliver systemic change in the market in the long term).

- **Identifying quick wins:** Some of the most binding constraints may be difficult to tackle (e.g. high level of effort, less likely to deliver, etc.) and the benefits slow to transpire. There may be pressure (internal and external) to deliver some quick wins where the benefits materialize in the short term but do not necessarily have the highest impact. Quick wins also help develop and retain buy-in, commitment and interest in the project or programme.
- **Urgency:** There may be challenges that need to be addressed urgently (time sensitive) even if they may not have the largest impact on trade.

⁸ The high price of transport is more to do with high profit margins than high costs. The costs for Africa’s trucking operators are not much higher than costs in other parts of the world, however profit margins are exceptionally high, especially in Central and West Africa, ranging from 60 to 160 per cent due to limited competition combined with a highly regulated market (Foster and Briceño-Garmendia, 2010).

- **Cost versus benefits:** Some interventions may deliver benefits but are very costly. Depending on the relative benefits, some interventions will need to be avoided if the benefits do not outweigh the costs by a reasonable margin.

It is recommended that a combination of intervention areas (high impact, quick wins, time sensitive, cost effective) are presented to the funder at this stage. Figure 2 shows a simplistic tool that can be used to assist in the prioritization process.

In addition, sequencing and packaging of a range of interventions is critical to ensure that these contribute coherently to the overall objectives (e.g. trade expansion) of a project or programme. However, it should be noted that there is typically a trade-off between an optimal package of interventions and a politically and financially feasible package of interventions (OECD, 2012).

4.1.2 Diagnostics and situational analysis, and need assessments

There are a number of diagnostic tools available that can be used to identify the challenges and constraints to trade and provide an analysis of the current situation (i.e. establish the current or baseline position, or benchmarking). Some of the diagnostic tools attempt to prioritize the constraints, rather than provide a shopping list of challenges and needs. Diagnostics either feed into needs assessments or are part of a needs assessment. Needs assessments show the gap between the current state of play (baseline) and what we want to achieve. They provide recommendations including measures and actions to help overcome the challenges and constraints and take advantage of potential opportunities, informing the design of projects and programmes (UNDP, 2008). There are a range of tools employed in the AFT arena, many of which are outlined below. Some are used in isolation although often the best method is to combine a number of tools. The methodology employed will vary depending on the specific needs, circumstances and local context, as well as the requirements of different development partners.

Stakeholder consultations: In determining the most important constraints to improving trade performance and the needs on the ground, it is essential to first identify the relevant stakeholders (amongst Government, private sector, civil society, academia and/or other non-state actors) and undertake consultations to understand the local context and tap into their knowledge, experience and relationships. Consultations build ownership and buy-in for the programme or project and are standard good practice across the project cycle (from needs identification to implementation to assessing progress and evaluation). Building ownership improves the chances of successful implementation of a programme or project. Consultations can be conducted through, for example, interviews (one-to-one, focus groups, etc.; structured, semi-structured, etc.) as well as through electronic questionnaires. The process should be context-specific with the techniques, methods, approaches, etc. tailored for the local situation and the types of stakeholders being consulted. Those most likely to be directly affected or involved in the project should be targeted and consulted in the early stages and throughout as required during the life of the project. The consultation process should be two-way so that both sides have the opportunity to exchange views and information. The findings of the consultation process should be reported back in a timely way to those consulted, with clarification of next steps. It is important to note the potential bias inherent in stakeholder consultations. Even the views of an organization representing a particular stakeholder group (e.g. private sector) can be subjective and not representative of all stakeholders such organizations represent (for instance, captured by vested interest). Given their limitations, stakeholder consultations should be complemented by other tools (Hallaert and Munro, 2009).

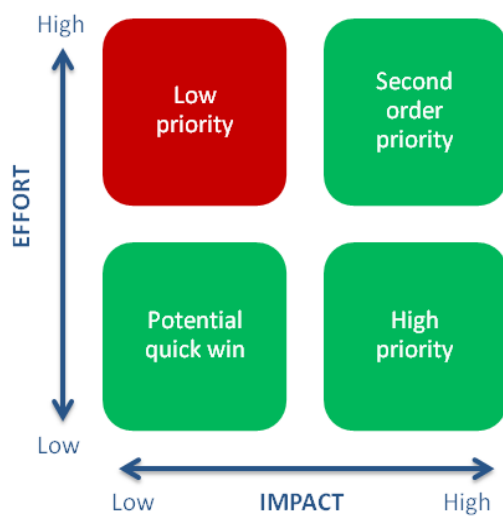
Benchmarking: Benchmarking can help identify the binding constraints through the use of existing indicators. Desk-based compilations of quantitative indicators (e.g. the World Bank's Doing Business reports and Logistics Performance Index; the World Economic Forum Global Enabling Trade Index) can be used to assess and compare performance across countries as well as establishing

baselines. The data can also be used to assess determinants of trade performance; Gamberoni and Newfarmer (2009), for example, measure developing countries' capacity constraints as measured by benchmark indicators and find that these have a strong effect on export performance.

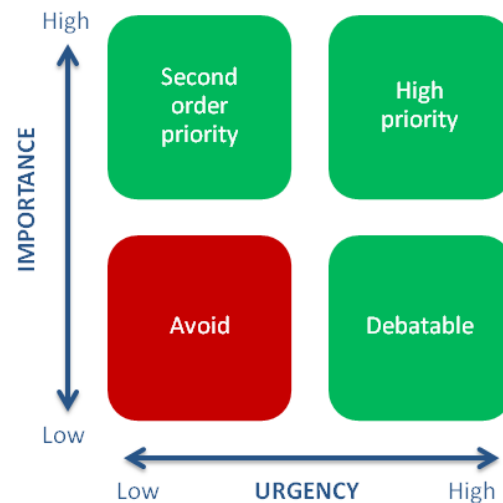
Benchmarking is probably more useful as a confirmation tool for constraints identified by other methods and/or when used in conjunction with other identification approaches (World Bank, 2013; Hallaert and Munro, 2009).

Figure 2: Prioritization matrices

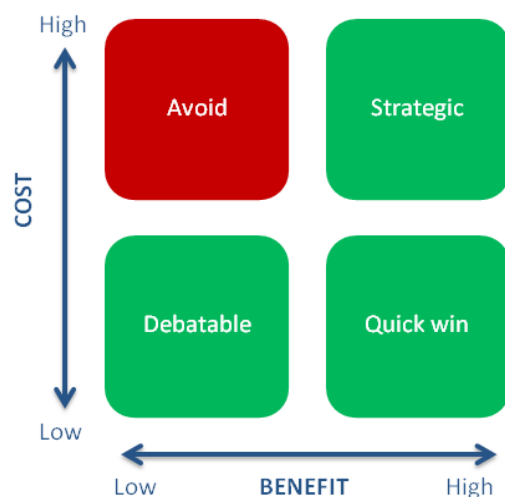
a) Impact/effort matrix



b) Urgent/important matrix



c) Cost/benefit matrix



Diagnostic Trade Integration Studies: These are prepared under the Enhanced Integrated Framework (EIF) for individual least developed countries to identify challenges and constraints to trade, competitiveness and export growth. The studies typically focus on: achieving trade expansion and increasing export competitiveness; exploring trade policies, trading opportunities and supply-side constraints (e.g. bottlenecks related to transport and trade facilitation); and analysing the export potential of particular sectors and subsectors. The studies recommend areas for policy intervention and development partner assistance through the development of action and implementation matrices. The studies cover a wide range of areas given the multifaceted nature of trade-related constraints and associated needs. Most studies identify a range of key sectors, subsectors and products believed to have significant export potential. However, they often include a long list of needs that are not prioritized in terms of the most binding constraints to trade and potential impacts. They are therefore often considered a useful first step that can provide the building blocks for prioritizing the binding constraints to trade.

Trade and transport toolkits: The World Bank's Trade and Transport Facilitation Assessment is a toolkit for identifying trade facilitation and logistics inefficiencies in global supply chains. It aims to provide an in-depth assessment of the trade supply chain to help identify measures to facilitate trade (World Bank, 2010). It provides a multidimensional assessment of the services and processes associated with the movement of products across borders. It includes two phases: 1) providing an understanding of the bottlenecks in infrastructure, regulations, transport and logistics services, and border processes that affect the trade competitiveness of the country or region being assessed; and 2) examines the relative importance of the challenges identified in the first phase, as well as the constraints and needs of specific international supply chains. The assessment provides recommendations on policies, measures and actions. It provides information on where opportunities exist to improve performance along the supply chain and helps inform the design of initiatives to improve logistics performance related to infra-

structure, services, and procedures and processes. It develops implementable actions beyond just diagnostics. It is conducted through a range of structured interviews with public agencies (customs and other border management agencies, port authorities and transport regulators) and private service providers (freight forwarders, transport operators and financial intermediaries).

The World Bank's Trade Competitiveness Diagnostic Toolkit provides a framework, guidelines, and tools to conduct an analysis of trade competitiveness including identifying the main constraints to improved trade competitiveness and the policy measures to overcome these constraints. It can assess the competitiveness of a country's exports including specific trade sectors. It includes guidance on tools and indicators that can be employed to analyse trade performance (e.g. export growth, trade orientation, export diversification, as well as market and supply-side factors that determine competitiveness). The output of the diagnostic exercises can be used as standalone products or as inputs into, for instance, the formulation of Diagnostic Trade Integration Studies. The toolkit is intended for policymakers and practitioners. It provides a step-by-step guide to conducting diagnostics of trade competitiveness including detailed practical information and tools. It has three modules: Trade Outcomes Analysis (indicators and tools); Competitiveness Diagnostics (analytical frameworks, indicators, and interview guides); and Policy Options for Competitiveness and Case Studies. It also presents a scaled-down version of the Trade and Transport Facilitation Assessment called the Trade Facilitation and Logistics Assessment with the aim of conducting a high-level assessment – if the analyst requires a more in-depth assessment the Trade and Transport Facilitation toolkit can be employed (World Bank, 2012).

There are a number of other toolkits and guides that can be used to guide diagnostics and help inform needs assessments (World Bank, 2013). The World Bank's Trade Corridor Management Toolkit aims to assist policymakers and development professionals in improving trade and transport corridor performance and to guide them in identifying constraints and improvement measures. Trade

and transport corridors are complex and multi-faceted and each corridor is unique: “a bundle of transport and logistics infrastructure and services coordinated by a national or regional institution to facilitate trade and transport flows between centres of economic activity and international trade gateways” (World Bank, 2012). The corridor approach attempts to prioritize investments and maximize returns to scale. The toolkit includes 13 modules and a range of instruments to diagnose, measure and design interventions to improve corridor performance and assess impact. It provides guidelines to assist in: corridor monitoring-defining core indicators (e.g. on cost, time, reliability, flexibility, safety and security⁹) of performance of trade corridors; identifying measures that can be taken to improve corridor performance; and corridor context-describing the trade facilitation agreement and institutional issues that impact corridors. It is intended to be a comprehensive, holistic and “live” toolkit that allows for easy updating based on existing and new knowledge on how to design, implement and assess trade and transport corridor projects and programmes.

The World Bank’s Border Management Modernization Toolkit provides practical advice on how to develop a strong business case for reform and how to design and implement comprehensive border modernization programmes in developing countries (World Bank, 2011). More specialized diagnostic tools include the World Customs Organization Columbus Programme on customs (Aid for SAFE Trade). The aim of the Columbus Programme is the full implementation of the SAFE Framework of Standards, and other World Customs Organization conventions and instruments, as well as best practices in the area of customs administration. The first phase of the programme includes a comprehensive diagnostic needs assessment of the customs administration based on the World Customs Organization’s diagnostic framework tool, producing a diagnostic report including situational analysis, gap analysis and the recommended way for-

9 Time (time taken to go through each component and the length of the corridor); cost (cost to go through each component and the whole corridor); reliability (variation in time and cost); flexibility (different combinations of cost and time available); security (security of goods and safety of the system).

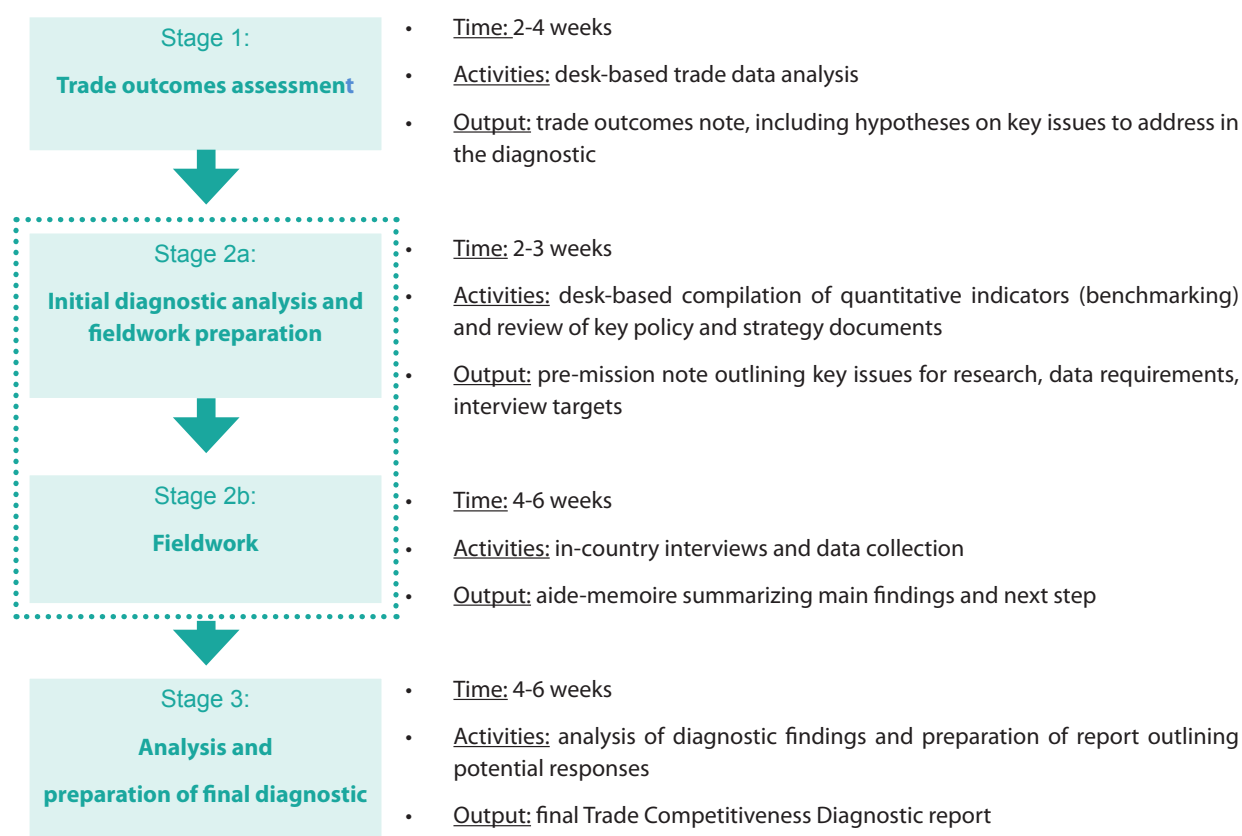
ward to feed into the planning stage. During the planning stage, action plans and project proposals are developed and the business case is made and submitted to stakeholders and potential development partners. The World Bank has also developed a Freight Transport Toolkit, and others such as the Port Reform Toolkit.

Corridor diagnostic studies and border audits:

These identify and analyse corridor transit and transport costs and delays, including physical impediments, process constraints and non-tariff barriers such as institutional and regulatory constraints (Turner et al., 2010a and 2010b). They assess current and forecasted trade and traffic volumes and recommend and prioritize potential options for removing barriers. Examples include the Corridor Diagnostic Study of the Northern and Central Corridors of East Africa and the Northern Corridor Baseline Border Assessment. The Corridor Diagnostic Study is an extensive in-depth study that provides detailed corridor diagnostics (covering infrastructure, trade and transport facilitation, etc.) and measures corridor performance (Nathans, 2011). It identifies key bottlenecks, measures cost and time of different transport modalities, and includes impact assessments and trade and traffic forecasts. The study recommends strategies and projects for improving corridor performance. The Corridor Diagnostic Study also attempts to prioritize projects using the following criteria: estimated impact on corridor performance (price, time and reliability); estimated economic impact (internal rate of return); readiness for implementation in the short term. The study’s diagnostic audit employs the software and audit methodology FastPath (a transport logistics diagnostic tool) to measure performance (time, cost, reliability, etc.) and identify bottlenecks and potential solutions.¹⁰

10 “FastPath is a proprietary diagnostic tool developed in a partnership between USAID and Nathan Associates to analyse transport infrastructure and operational inefficiencies in the transport/logistics chains serving import and export traffic. FastPath provides a quantitative basis for monitoring corridor performance. The audit methodology consists of surveys and questionnaires to identify bottlenecks and appropriate improvements to freight corridors” (Nathans, 2011).

Figure 3: Stages of the Trade Competitiveness Diagnostic (World Bank, 2012)



Box 5: Transport observatories (Hallaert and Munro, 2009; World Bank, 2013)

Transport observatories: In order for transport and transit policies, programmes and projects to have a positive impact on costs and delays, there are two important assumptions: 1) the problems are correctly identified, and 2) progress can be measured.

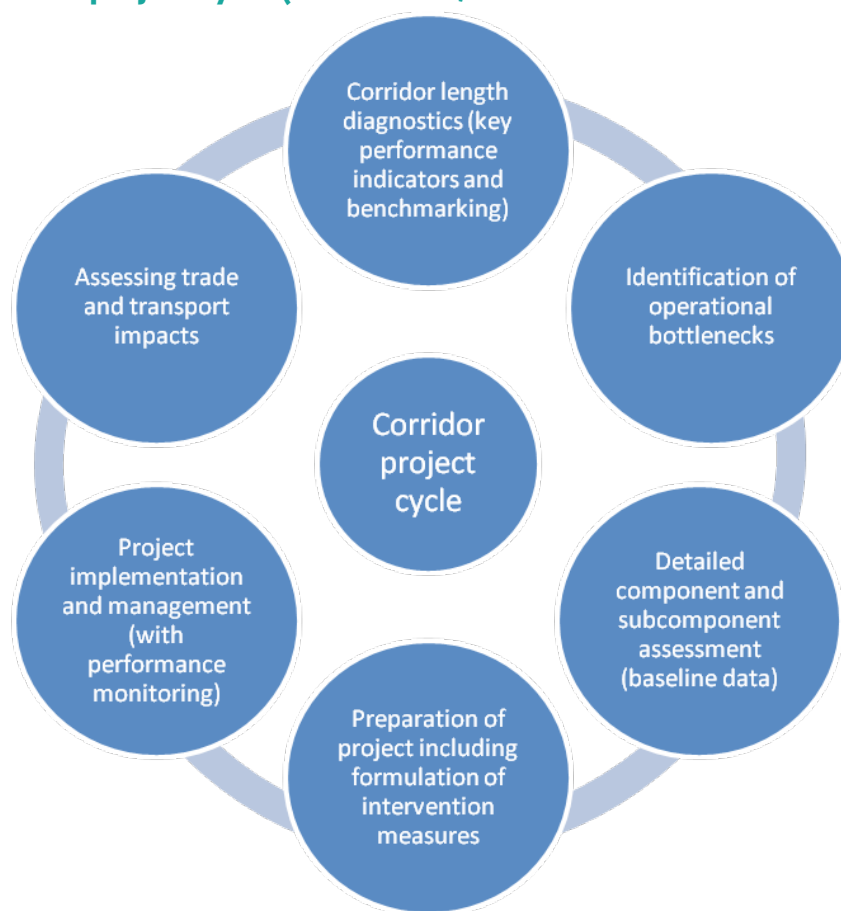
The Africa Transport Policy Programme, SSATP, has developed, and continues to develop, a series of tools as part of a comprehensive toolbox of diagnosis and monitoring instruments under its transport observatory work. The Programme's transport observatory activities have the dual objective of enhancing and strengthening the content of the toolbox while also providing technical assistance for its actual implementation and use in policy dialogue in African corridors.

United Nations Development Programme (UNDP) Aid for Trade needs assessment guide:

The guide is designed to assist those conducting needs assessments to ultimately "identify a set of policy recommendations and technical assistance needs aimed at improving the contribution of trade to human development and poverty reduction" (UNDP, 2008). The main elements of the analysis are as follows: 1) review current investment and trade policies and their linkages with economic growth and human development; 2) assess the country's business environment and investment climate; 3) analyse selected existing trade policies and agreements and those under negotiation (ex ante) for economic growth, employ-

ment, equity and poverty, policy space and public sector capacity implications; 4) review economic and export performance as well as any specific constraints that the country's exports face in international markets; 5) analyse key economic sectors for expansion of output, productivity, exports, employment and sustainability; 6) consider the impact of the above on poverty, inequality, social exclusion and regional disparities, as well as on policies to address these and related development challenges; 7) provide specific policy recommendations and institutional reforms demonstrating ways in which trade might contribute more to economic growth, human development and poverty reduction (UNDP, 2008). The guidance notes

Figure 4: Corridor project cycle (World Bank, 2012)



Box 6: Collecting data and why? (World Bank, 2012)

Tool	Purpose
Logistics benchmarking	To compare relative performance
Trade modelling	To estimate the potential benefits of integration
Freight flow analysis	To map existing movements
Survey of private sector	To consider firm priorities
Sector diagnostic	To benchmark sector performance
Supply chain analysis	To identify cost and time bottlenecks
Point surveys and travelogues	To validate check points and stoppages

Data sources: Logistics Performance Index, Doing Business and World Economic Forum

that each country needs assessment will differ depending on specific circumstances. Box 7 sets out a useful checklist for analysis.

Value chain analysis: Value chain analysis can help identify the binding constraints to trade and how best to allocate AfT. It typically provides quantitative and qualitative analysis of competitiveness from the perspective of an investor,

identifying constraints to competitiveness at the sector, subsector or product level looking at all activities including sourcing, production, packaging and delivery (UNIDO, 2011; World Bank, 2012). It can be conducted for selected companies and through a representative sample of companies. The analysis maps the value chain across the life of a product recording time and costs to identify the areas where the firm, sector, subsector or product

Box 7: A practical guide to data and policy analysis (UNDP, 2008)

1. Define the problem: describe the problem (not a diagnosis of the causes)
2. Assemble the evidence: gather information and present the evidence
3. Construct the alternatives: address the problem starting with measuring the benchmark or counterfactual and consider the alternative solutions to the problems
4. Select the criteria: identify criteria to assess the best outcomes
5. Project the outcomes: determine as far as possible the benefits and costs of the alternatives and options including identifying unanticipated consequences
6. Confront the trade-offs: measure trade-offs across possible outcomes and compare benchmarks with alternatives and options
7. Decide: Select the best option given the analysis
8. Tell your story: tell the story to the target group(s)

is falling behind the competition. It can identify where time and costs need to be decreased to improve competitiveness. It identifies the bottlenecks that apply to sections of the value chain in the areas of, for instance, physical infrastructure, transport, trade facilitation and logistics, etc. The method combines benchmarking and stakeholder consultation.

Growth diagnostics adjusted for trade: The growth diagnostics framework was developed by Hausmann, Rodrik and Velasco (2005) to diagnose the binding constraints to growth and to assist in sequencing reform priorities. This framework can be adjusted for trade and can help identify the key constraints to achieving trade expansion. The advantage of the approach is that it attempts to identify the most binding constraints to trade and assists in guiding the sequencing of reforms and AfT interventions – by addressing the most binding constraints the impact on trade will be as large as possible. The framework combines various diagnostic tools and uses a relatively simple decision tree approach (see figure 5) to guide a series of questions (see box 8 for examples) to identify the biggest impediments to trade. The first step is to identify the three constraints that are the main impediments to trade followed by a second step to identify specific distortions (i.e. causes) underlying these constraints. The decision tree moves from the problem – e.g. low trade performance – to isolating some of the key constraints (e.g. access and cost of trade finance) that can be the target of specific interventions. Answering

these questions points to the areas where reform has the biggest impact. Once the most binding constraint has been addressed, the identification process can restart to identify the next most binding constraint. It is a dynamic but relatively simple approach that recognizes that not all needs and constraints can be addressed at the same time and reforms need to be sequenced. As a result, it helps to sequence and prioritize and direct AfT flows. Stakeholder consultation, benchmarks and value chain analysis can be used at each “node” of the decision tree. By combining diagnostic tools this limits potential bias and provides the opportunity to combine the best elements of each tool.

It should be noted that a trade supply chain is “only as strong as its weakest link”. Determining where the weakest links are and addressing these through targeted development interventions is central to improving trade (World Bank, 2010).

4.1.3 Contents of a proposal and concept note

As discussed, the overall justification for the envisaged support is provided and presented in a proposal or concept note (developed by the recipient or sometimes developed by both the recipient and potential development partner) or similar. It should set the foundations for the design of the project or programme. Utilizing the diagnostics, situational analysis and/or needs assessments, the following will be analysed, formulated and presented, typically in consultation with partners and funders (refer to annex 1 for a detailed explanation

of each of these components and information to be provided):

1. Project context and need: For instance,

- Analysis of the overall context and importance of trade and regional integration and the relevant policy and strategy framework.
- Situational analysis describing the problems or challenges faced which hinder trade (e.g. the binding constraints to trade which increase the time and costs of trading).
- Overview of existing relevant initiatives and support.

2. Project overview and justification: For instance,

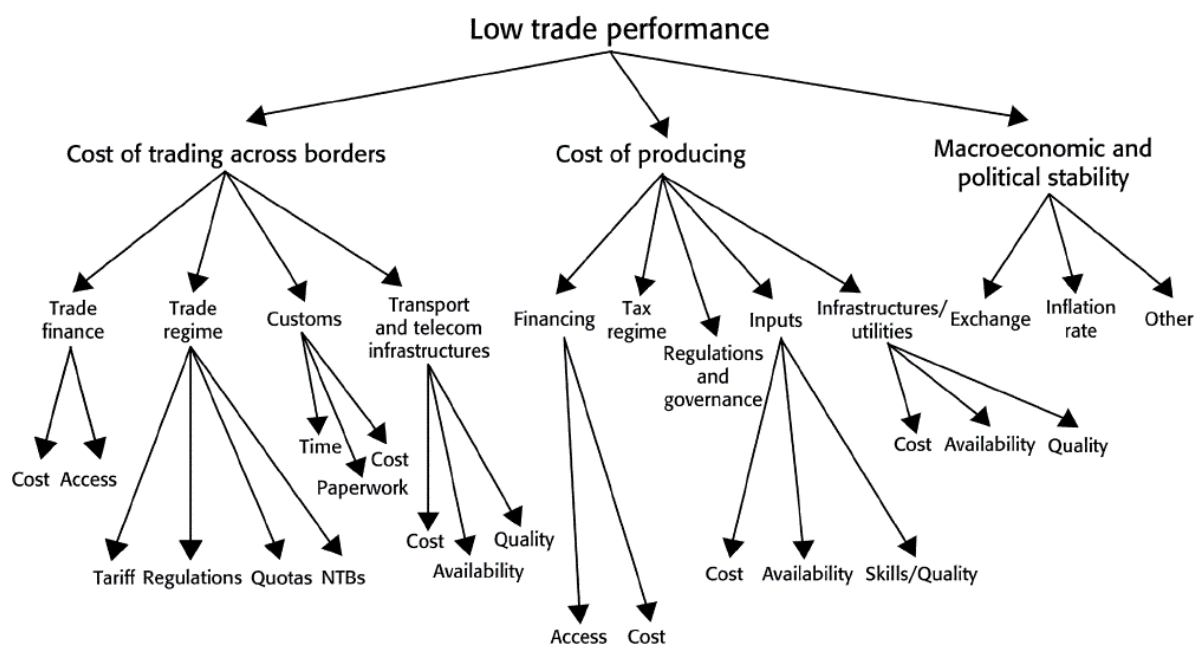
- Brief description of the proposed project for funding.
- Purpose and main objectives (overall and specific) of the project.
- Gap analysis: summary of why the project is needed (from a trade perspective) – i.e. the justification for the interventions or activities being proposed.

- How the proposed project represents unmet need.
- How the proposed project helps address the problems and challenges identified above.
- How were the needs (and activities to be supported requested below) identified.

3. Strategic context and relevance:

- How the project fits with the AfT initiative aims and objectives.
- How the project fits with the organization's priorities, policy and strategy framework.
- Whether the proposed interventions or activities are explicitly identified in any trade and/or regional economic integration strategy, policy, programme or similar.
- How the project contributes to trade and/or regional economic integration objectives.
- Recipient and beneficiaries: who will be assisted directly by the project (recipients) and who is expected to benefit (beneficiaries).

Figure 5: Growth diagnostics adjusted for trade (Hallaert and Munro, 2009)



Box8: Asking the right questions (Hallaert and Munro, 2009)

Hallaert and Munro (2009) suggest a number of example questions which might be asked in identifying the binding constraints to trade:

- If a country (or region) wants to increase its international trade or diversify its exports, what would be the most efficient reform taking into account the trade-related institutions and the need to ultimately increase incentives to trade?
- Is the trade performance low because the cost of trading across borders is high (making exports uncompetitive and imports too expensive) or is it because the cost of producing is too high (affecting exports competitiveness), or because of uncertainties (economic, institutional, or political) that discourage firms from engaging in external trade?
- If the main problem is the cost of trading across borders, what is the main reason for this high cost? Is it because of issues related to trade finance, an unfavourable trade or customs regime, or inadequate infrastructures? If the main problem is related to infrastructure, is this due to cost, availability or quality?
- The answers to these questions will point to the most binding constraints and the areas where reforms and Aft would have the biggest impact on trade performance.

4. Expected results and detailed activities:

- Expected results: the outputs and outcomes the project activities will deliver and how the project contributes to trade and regional economic integration outcomes.
- Detailed activities: type of support (e.g. technical assistance; training; other capacity-building activities; etc.); main activities and estimated level of inputs (e.g. number of experts and number of days); how the activities will deliver the expected results (outputs and outcomes) and how the support contributes to the overall purpose and objectives of the project.

5. Coordination and complementarity with other support:

- How the project will work with and complement existing interventions including development partner funded projects.
- How the project will ensure that it does not duplicate existing support.

6. Measuring results:

Description of monitoring and evaluation of the potential results (outputs, outcomes, etc.).

7. Efficiency and value for money considerations:

Outline of why the project or activities proposed are considered the best and most efficient option to deliver the expected results.

8. Risk management:

Summary of key risks to the project (e.g. political instability, insufficient political commitment, weak coordination) and how these risks will be mitigated.

9. Sustainability:

How the benefits accrued from the project outputs will be sustained after the project.

10. Location and duration

11. Management and reporting:

Project implementation and quality control arrangements.

12. Budget and work plan

13. References

4.2 Appraisal and design

In most cases, the design and appraisal phase allows for in-depth formulation of the potential project or programme once an agreement in principle (during the identification phase) has been made by one or more investors. It is not a separate or distinct phase. It builds on the identification and preparation stage. This stage is typically undertaken once a development partner or other investor has expressed an interest in funding the project or programme (once the concept note has been agreed or proposal accepted). Both the potential funder and the recipient are typically involved at this stage.

Typically during this stage, detailed project design is undertaken. Work completed during the iden-

tification and preparation phase is reviewed. Expected outcomes, activities, intended beneficiaries, etc. are confirmed and fleshed out. According to the World Bank, “agreement is reached on the viability of all aspects of the project at this time” and the funder usually ensures that all aspects are consistent with their own procedures and rules, and that the Government has the necessary institutional arrangements in place to implement the project.¹¹

During this stage, detailed appraisals are often undertaken. These provide a stronger, more robust evidence base to justify the project or programme and guide the design of the activities, linking activities with expected results (see the next section). For AfT projects and programmes these may include the following appraisals (depending on the funder and the nature and scale of the project or programme):

- **Economic appraisals** assess the costs and benefits of a project and activities, both quantitative and qualitative, and often include a cost-benefit analysis.
- **Technical appraisals** explore the detailed technical issues. For instance, for an infrastructure and transport project, a technical appraisal may identify and analyse data on traffic flows, the costs of transport and the relationship with trade.
- **Poverty and social appraisals** typically explore the poverty and social aspects of a project and programme (Turner et al., 2010a and 2010b). There are a number of tools available that can be adapted according to the intervention or project/programme. Poverty and social analysis provides disaggregated insights into the trade-related opportunities, barriers and risks facing different groups of people and can be used to inform and strengthen AfT projects and programmes in ways that contribute to inclusive growth and poverty reduction as well as trade expansion.

- **Institutional and political appraisals** explore institutional issues but go beyond just looking at formal structures to reveal the underlying interests, incentives and institutions that enable or frustrate change. Such analysis is important in project and programme design as it helps shape realistic expectations of what can be achieved and the risks involved, and improves the likelihood of politically feasible and effective interventions and activities. It can contribute to better results by identifying where the main opportunities and barriers exist and how programming and influencing tools can be used to promote positive change (DFID, 2009).
- **Environmental appraisals** are common when undertaking capital works. For instance, when investing in roads, bridges, ports or border posts, it is important to assess the direct physical impact of any construction on the environment but also the potential impact of changes in traffic flows on the environment.

At this stage some of the earlier diagnostic toolkits may be used (again or for the first time depending on the requirements of the funder). It should be noted that some guidance on appraisals (e.g. for infrastructure) may not give sufficient attention to trade and may need to be adapted. For instance, technical appraisals for a road project may consider costs, traffic flows and vehicle operating costs but not take into account the link with trade (see box 9).

4.3 Monitoring and evaluation

As highlighted earlier, monitoring and evaluation should not be considered as an add-on to project conceptualization and design but should be embedded throughout the project cycle. Monitoring and evaluation approaches and tools help us to think through the logic of a project or programme and whether it is likely to deliver the intended results, and provide an accountability tool for reporting on results. Here we present key elements of monitoring and evaluation design including the importance of developing an intervention logic supported by a strong theory

¹¹ <http://go.worldbank.org/GI967K75D0>.

of change as well as some example indicators to measure progress.

4.3.1 Intervention logic and theory of change

In project design, it is good practice to start by developing a theory of change. A theory of change is a means of explaining implementation theory for the purpose of programme planning and improvement. It explains the process through which it is expected that inputs or activities will be converted to expected outputs, outcomes and impacts. A strong theory of change strengthens attribution by ensuring a rigorous causal chain from activities to impact. Using a theory of change helps us to improve project design and implementation: it is a structured technique for understanding how a project or programme is likely to contribute to long-term outcomes and impacts (the “how” and “why”).

A theory of change needs to include an explanation of how the programme’s activities contribute to the results – not simply a list of activities followed by results with no explanation of how these are linked. It needs to articulate the theories and assumptions which underpin the anticipated change process, along with supporting evidence. It is crucial to have sufficient evidence (e.g. from the appraisals) to provide solid justification for the project and programme activities. Ideally this evidence should be quantifiable. A theory of change

allows for creative and dynamic thinking about how to achieve impact and goals. It generates a shared understanding of what is most important and achievable (i.e. the critical path).

Following the example in figure 6, in making the case and designing a border post project a theory of change can be useful in understanding the linkages from investment to impact. For example, a border post investment is expected to contribute to increased trade, however it is crucial to understand how and why. A theory of change helps us to think through the linkages and what is necessary to ensure that these deliver the anticipated changes. While it may appear logical that improving infrastructure (both soft and hard) may contribute to increased trade, this is dependent on improved border posts leading to a reduction in costs of trading. The assumption is that time savings translate into transport costs savings, and that the latter are passed on to traders leading to reduced trade costs. However, it is important to interrogate the evidence to determine whether this is a sensible assumption since the savings may be captured by transporters. At this stage it would be important to explore examples from other initiatives to investigate whether evidence exists to suggest this would occur. Annex 2 provides an example of a complex results chain, or intervention logic, for a regional integration programme in East Africa (TradeMark East Africa). For each of the

Box 9: Road project appraisal

Pre-AfT initiative road project explores:

- Costs
- Vehicle traffic
- Reduction in vehicle operating costs

Post-AfT initiative road project:

- As above, plus:
 - Add global market drivers into traffic appraisal
 - Part of multimodal corridor or feeder road
 - Identified in national or regional AfT strategy
 - Connecting landlocked production areas to ports
 - Reduction in time, cost, risk to export/import
 - Expected increase in exports

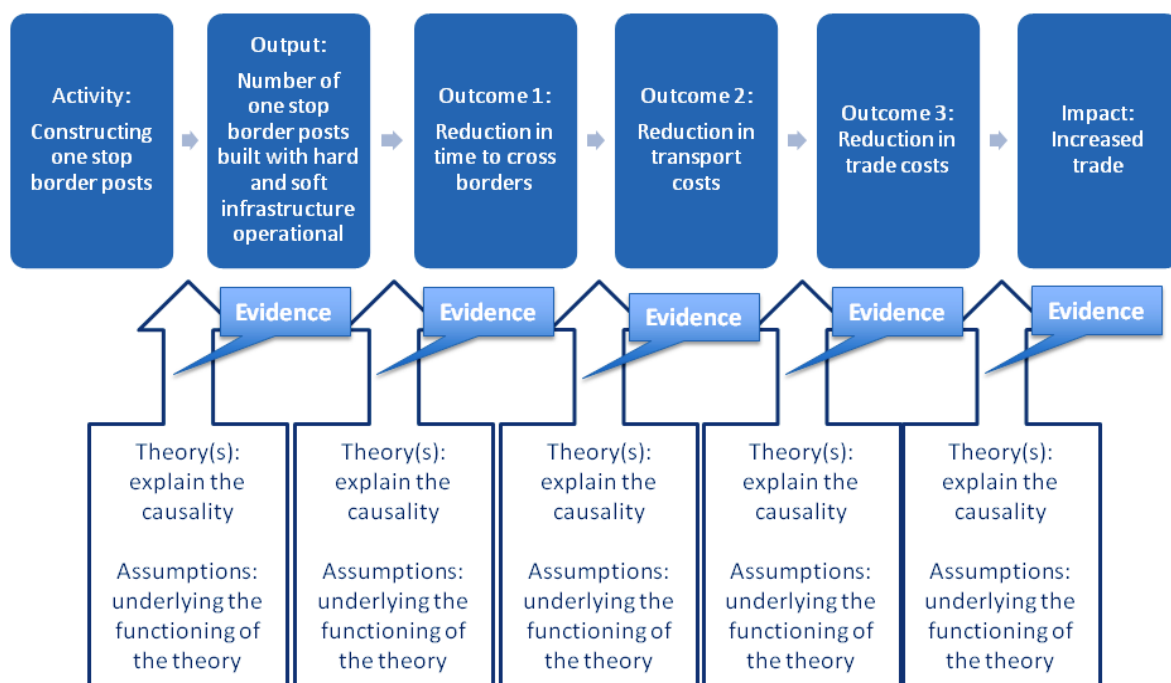
links, an assessment was made by the programme of the assumptions that would need to hold good and the existing evidence to provide the rationale that the suggested interventions would deliver the expected results along the causal chain.

4.3.2 Indicators and benchmarking

In addition to developing a theory of change, a results framework should be developed in order to measure and monitor performance. This is usually presented in the form of a log frame. A log frame presents a range of indicators to measure

progress based on the intervention logic and theory of change. Indicators are quantitative or qualitative factors or variables that provide a simple and reliable means to measure achievement, to reflect the changes connected to an intervention. Indicators need to be simple yet SMART (Specific, Measurable, Attainable, Relevant and Time-bound). A range of indicators are available to measure macro performance (see annex 3). Specific SMART indicators should be developed and tailored to the output, outcome and impact levels to measure progress along the chain.

Figure 6: Intervention logic or results chain including theory of change



5. Cross-cutting issues

There are a number of cross-cutting issues (gender, environment, HIV) that should be considered and taken into account in project identification, design, implementation and monitoring and evaluation. Across development partners, the importance given to cross-cutting issues depends on their policy priorities. For example, the World Bank, Canada and the UK have given significant attention to gender issues in programme guidance (Higgins, 2012; Turner et al., 2010; CIDA, 2003). Development partners such as Finland and Denmark often integrate environmental considerations in their projects and programmes.

It should be noted that many AfT projects and programmes may not include activities directly targeting or impacting on cross-cutting issues. However, it is important to take into account the potential (often indirect) impact on cross-cutting issues when designing AfT. For instance, investments in border posts should consider the role of women in trade (formal and informal) and how they use border posts and any gender-specific challenges they face (e.g. harassment). With respect to environmental issues, building a border post or any other hard infrastructure will have an impact on the environment which needs to be assessed during the design phase.

Table 1: Examples of Aid for Trade indicators (OECD, 2013)

Outputs (project deliverables)	Short-term outcomes (measures of trade costs and competitiveness)	Medium-term outcomes (measures of trade and investment flows)	Impacts/goals
<ul style="list-style-type: none"> • Kilometres of roads built and maintained • Increases in sea/airport capacity • Increases in access to landlines, cell phones, internet • Access to credit • Reductions in power outages • Access to cold storage, especially in rural areas • Increased compliance with sanitary and phytosanitary measures and other international standards • Rationalization, harmonization of regulations related to trade, transit in regional trade agreements, especially involving landlocked countries 	<ul style="list-style-type: none"> • Reduction in number of forms required to import/export • Reduction in days for goods to clear customs • Reduction in trade taxes, especially on key technologies, other inputs • Reduction in internal transit time to market, port or end user • Reduction in total time to get goods to destination • Reduction in the share of output not reaching market due to delivery delays • Competition measured by market shares of top five or ten firms providing logistics, transportation services • Reduction in transportation costs (changes in cost, insurance and freight/free on board conditions) • Size of inventories held • Effects of aid on exchange rate 	<ul style="list-style-type: none"> • Increased capacity in sectors producing tradable goods and/or services • Increased value-added in tradable goods and/or services sectors • Increased firm-level productivity • Change in global export share (total and in key sectors) • Diversification of exports (share of top five products in total exports) • Increased private investment (foreign or domestic) in and around infrastructure projects and in productive sectors receiving assistance 	<ul style="list-style-type: none"> • Higher employment levels in tradable goods and/or services sector • Increased number of subsistence farmers engaging in market activities (local or export) • Lower shares in economic activity/employment for informal sector • Higher and sustained growth following increases in trade • Higher overall employment if growth stimulated • Reductions in poverty rates

6. Building Aid for Trade into design

To conclude, many projects and programmes do not explicitly include trade-related objectives even though they have the potential to impact on trade. Given the levels of AfT funding and the interest of development partners in supporting activities that contribute to economic growth and development, a case can

be made for improving the integration of trade in relevant projects and programmes through integrating trade objectives and components into, for instance, infrastructure projects and programmes.

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8. Annexes

Annex 1: Aid for Trade Project Concept Note

Summary page	
Title of proposed project	
Brief description of main results (outcomes) and activities (e.g. increased intraregional trade)	
Category of assistance (e.g. technical assistance, training, other capacity-building, or other)	
Indicative funding requirements (estimated budget)	
Other sources of funding (including counterpart funding if applicable)	
Potential funding sources (e.g. African Development Bank, World Bank)	
Recipient organization(s)	
Implementing organization(s)	
Project duration (expected start and end date)	
Countries and regional economic communities covered by the project	
Name of the applicant/organization	
Main contact person (full name, position, office address, office email and telephone number)	
Date/month/year	

1. Project context and need

1.1 Regional integration, trade and Aid for Trade

- Overall context and importance of trade and regional integration
- Overview of relevant regional economic communities and policy and strategy framework

[1 page approx.]

1.2 Corridor and agency

Overview of the transport corridor and background on corridor agency

[1 page approx.]

1.3 Situational analysis

- Describe the problems and challenges faced along the transport corridors which hinder trade (e.g. binding constraints to trade which increase the time and costs of trading)
- When elaborating, consider these problems and challenges in the context of the activities being proposed in the concept note

[2-3 pages]

1.4 Existing development partner funding

Overview of existing relevant support

[1-2 pages]

2. Project overview and justification

Brief description of the proposed project for funding

[500 words approx.]

2.1 Purpose and objectives

Outline the purpose and main objectives (overall and specific) of the project

[300 words approx.]

2.2 Gap analysis

- Summary of why this project is needed (the need should be identified from a trade perspective) – i.e. the justification for the interventions or activities being proposed
- How does the proposed project represent unmet need?
- How will the proposed project help address the problems and challenges identified above?
- How were the needs (and activities to be supported requested below) identified? For example, was a problem analysis, needs assessment, diagnostic study, appraisal and/or feasibility study (elaborate on these) undertaken?

[1-2 pages]

2.3 Strategic context and relevance

- How well does the project fit with the AfT initiative aims and objectives?
- How well does the project fit with the organization's or regional economic community's priorities, policy and strategy framework?
- How well does the project fit with the priorities identified in the Programme for Infrastructure Development in Africa Priority Action Plan and/or other similar initiatives (e.g. New Partnership for Africa's Development, African Union Infrastructure Master Plan, etc.)?
- Are the proposed project interventions and activities explicitly identified in any trade and/or regional economic integration strategy/policy/programme or similar?
- How does the project contribute to trade and/or regional economic integration objectives?

[1-2 pages]

2.4 Recipient and beneficiaries

Summarize who will be assisted directly by the project (recipients) and who is expected to benefit (beneficiaries)

[200 words approx.]

3. Expected results and detailed activities

3.1 Expected results

- What outputs will the project activities deliver? Outputs are specific, direct deliverables of the project that are attributable to the activities/inputs – e.g. border posts built, training undertaken, reports produced, etc.
- What outcomes will the outputs generate? Outcomes are the changes that occur as a result of the output (i.e. the changes that the project delivers)
- Does the project contribute to trade and regional economic integration outcomes (increased intraregional trade)?

[1 page approx.]

For example:

- Improved access to infrastructure (output) Increased share of intraregional trade (outcome)
- Skills and capacity of regional economic communities built (output) Improved implementation of regional integration commitments (outcome)

3.2 Detailed activities

Describe in as much detail as possible:

Type of support (e.g. technical assistance; training; other capacity-building activities)

The main activities and estimated level of inputs that are required if known (e.g. number of experts and number of days)

How the activities will deliver the expected results (outputs and outcomes) and how the support contributes to the overall purpose and objectives of the project?

[2-3 pages approx.]

4. Coordination and complementarity with other support

- How will the project work with and complement existing interventions including development partner funded projects?
- How will the project ensure that it does not duplicate existing support?

[300 words approx.]

5. Measuring results

Describe how the potential results (outputs, outcomes, etc.) will be monitored and evaluated.

[300 words approx.]

6. Efficiency and value for money considerations

Outline whether the project or activities being proposed are considered the best and most efficient option to deliver the expected results (i.e. were other options considered and dismissed because suboptimal)?

[300 words approx.]

7. Risk management

Summarize the key risks to the project [e.g. political instability; insufficient political commitment and weak coordination]. In other words, what factors or events might delay or undermine the project in delivering its activities and expected results (outputs and outcomes)? How will these risks be mitigated?

[300 words approx.]

8. Sustainability

How will the benefits accrued from the project outputs be sustained after the project? What mechanisms will be used to ensure sustainability?

[300 words approx.]

9. Location and duration

Add information on the location of the assignment, duration (start and end date), total days required (if known).

[300 words approx.]

10. Management and reporting

Describe project implementation arrangements.

Describe how the applicant will take ownership of the project and assure the project is supervised to ensure delivery of high quality outputs which are on time and on budget?

[300 words approx.]

11. Budget

Provide indicative budget if available.

[Insert table]

12. Work plan

Provide indicative work plan (i.e. activities against a timeline) if available.

[Insert table]

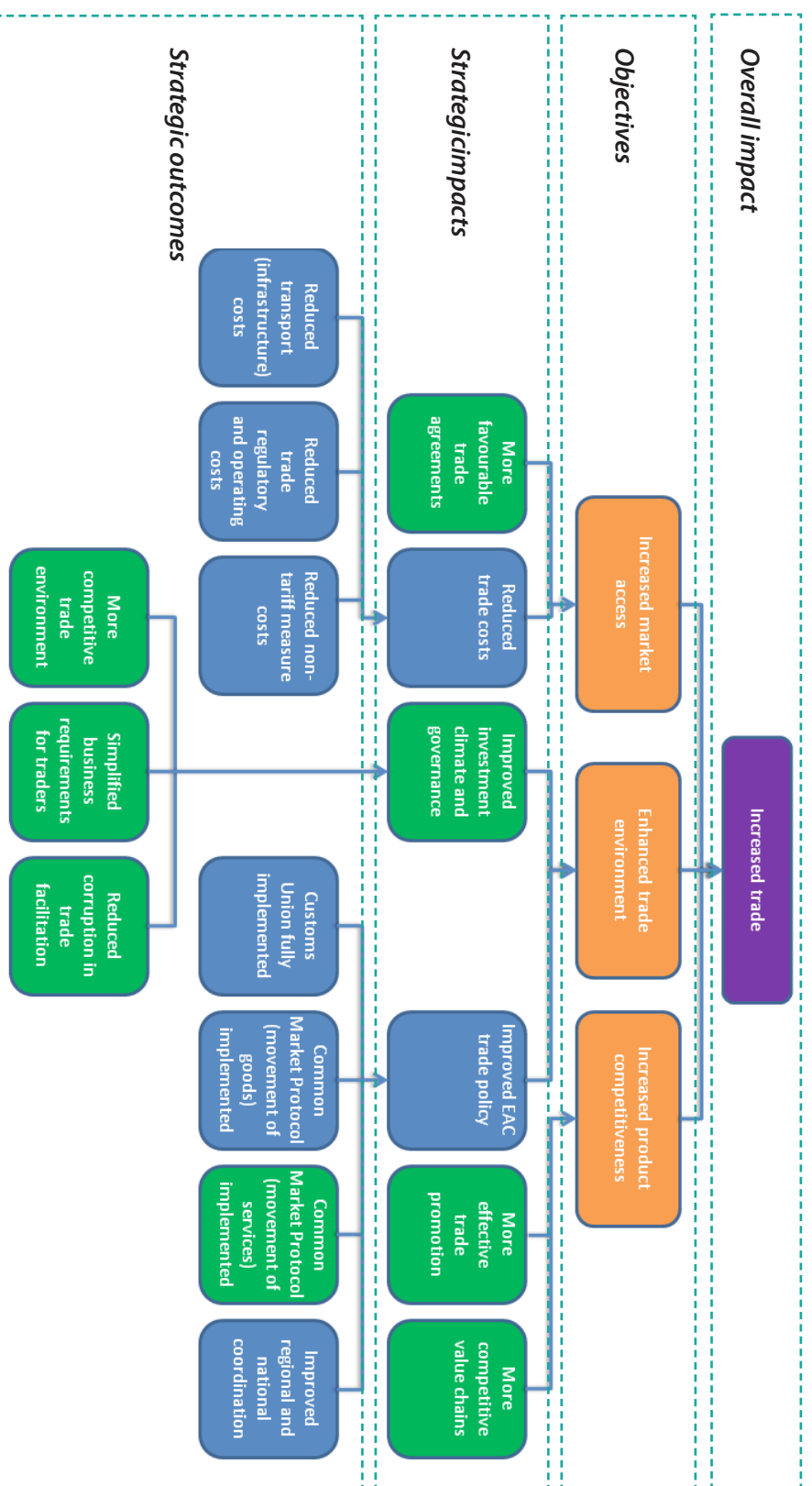
13. References

List the key documents or other sources of information which should be referred to by those developing and delivering the project.

[Insert references]

Annex 2: Example of a results chain OR intervention logic

Example of a theory of change – TradeMark East Africa



Annex 3: Existing datasets and indicators

Datasets and indicators

The World Bank's World Trade Indicators database contains approximately 450 trade-related policy and outcome indicators for 211 countries organized around five pillars: trade policy; external environment; institutional environment; trade facilitation; and trade outcome. It is a tool that enables countries to benchmark their trade policy and performance and compare across countries and country groupings (e.g. by region, income group, regional trade agreements).

The International Trade Centre's Trade Performance Index assesses sectoral trade performance and provides a general profile and ranking for a country's key export sectors as well as a series of static and dynamic indicators to assess each sector's international competitiveness. The index calculates the level of competitiveness and diversification of a particular export sector and compares results across countries. Currently it covers 184 countries and 14 different export sectors. Its composite ranking is based on five criteria, namely: value of net exports, per capita exports, world market share, and diversification of products and of markets. Altogether, the index consists of 22 quantitative indicators of trade performance.

The World Bank's Doing Business database offers a range of quantitative indicators that reflect the business regulatory environment in 181 countries. The indicators cover the complexity and cost of regulatory processes (e.g. starting a business; dealing with construction permits; getting electricity; registering property; paying taxes; trading across borders) and strength of legal institutions (e.g. getting credit; protecting investors; enforcing contracts; resolving insolvency; and employing workers). The Trading Across Borders indicators represent a country's trade facilitation capabilities and consist of objective measures of the trade facilitation environment: number of documents for import and export; time (in days) for import and export; and cost (US\$ per container) to import and export. They estimate the monetary costs associated with shipping goods from the factory gate to ports, and from ports to retail outlets for a standard container.

The World Bank's Logistics Performance Index is a benchmarking tool focused on measuring the trade and transport facilitation "friendliness" of countries. It reflects the overall perception of a country's logistics environment and compares the trade logistics profiles of 155 countries. The index measures: efficiency of customs and border management clearance; quality of trade and transport infrastructure; ease of arranging competitively priced shipments; competence and quality of logistics services; ability to track and trace consignments; and frequency with which shipments reach consignees within scheduled or expected delivery times.

The World Bank's World Integrated Trade Solution database and analytical tool includes data on trade, as well as tariffs and non-tariff measures. It was developed in close collaboration with the United Nations Conference on Trade and Development (UNCTAD), International Trade Centre, United Nations Statistics Division and WTO.

The World Bank's Services Trade Restrictiveness Index provides information on barriers to services trade that can be compared across countries. It contains data for 103 countries covering five sectors (telecommunications, finance, transportation, retail and professional services) and the key modes of service supply.

The World Economic Forum's Enabling Trade Index captures the attributes that affect a country's ability to benefit from trade. It measures the extent to which economies have developed institutions, policies and services that facilitate trade. It is divided into four sub-indexes: market access – measures the extent to which the policy framework of the country welcomes foreign goods into the economy and enables access to foreign markets for its exporters; border administration – assesses the extent to which the administration at the border facilitates the entry and exit of goods; transport and communications infrastructure – takes into account whether the country has in place the transport and communications infrastructure necessary to facilitate the movement of goods within the country and across the border; and business environment – looks at the quality of governance as well as at the overarching regulatory and security environment impacting the business of importers and exporters active in the country.

The World Economic Forum's Global Competitiveness Index measures the microeconomic and macroeconomic foundations of national competitiveness and is composed of 12 pillars (institutions; infrastructure; macroeconomic environment; health and primary education; higher education and training; goods market efficiency; labour market efficiency; financial market development; technological readiness; market size; business sophistication; and innovation). Competitiveness is defined as the set of institutions, policies, and factors that determine the level of productivity of a country taking into account its level of development.

The International Telecommunication Union's ICT database provides time-series data across countries on telecommunications and ICT.

The UNCTADFDI database includes time-series data on foreign direct investment flows by country and broad sectors.

Datasets and indicators

The WTO Trade Policy Review website includes access to all the Trade Policy Reviews undertaken which includes qualitative and quantitative information assessing countries' trade and investment policy environments.

The World Bank's World Development Indicators provide a broad range of country-level statistics.

The World Bank's Investing Across Borders initiative compares regulation of foreign direct investment globally and presents quantitative indicators on economies' laws, regulations and practices affecting how foreign companies invest across sectors, start businesses, access industrial land and arbitrate commercial disputes.

The Africa Infrastructure Knowledge Programme of the African Development Bank manages the infrastructure database that was previously under the Africa Infrastructure Country Diagnostic. The database includes a range of indicators (containing a total of 893 variables) to measure performance in nine major infrastructure sectors (air transport, ICT, irrigation, ports, power, railways, roads, water and sanitation) across 24 African countries. Quantitative indicators include infrastructure performance measures of access, efficiency, quality and financial performance, with a focus on infrastructure service providers such as utilities. Qualitative indicators measure the institutional, legal and regulatory frameworks of each sector.

Selection of Aid for Trade related indicators

Dimension	Indicator	Source
Trade performance	Real growth of exports of goods and services	World Bank, World Trade Indicator
	Change in export market share of goods and services	World Bank, World Trade Indicator
	Competitiveness effect (change in market share)	International Trade Centre, Trade Performance Indicator
	Demand effect (change in market share)	International Trade Centre, Trade Performance Indicator
	Index of export concentration (Herfindhal)	World Bank, World Trade Indicator
	Foreign direct investment inflows (% of GDP)	World Bank, World Trade Indicator
	Real growth in total trade (%)	World Bank, World Trade Indicator
	Number of products exported/imported	World Bank, World Trade Indicator
Incentives	Trade restrictiveness index (tariffs only)	World Bank, World Trade Indicator
	Share of tariff lines with domestic peaks	World Bank, World Trade Indicator
	Share of tariff lines with most favoured nation-0 (%)	World Bank, World Trade Indicator
	Share of tariff lines bound (%)	World Bank, World Trade Indicator
	Tariff overhang	World Bank, World Trade Indicator
	Applied tariff escalation	World Bank, World Trade Indicator
	General Agreement on Trade in Services commitment index	World Bank, World Trade Indicator
Infrastructure	Quality of transport and ITC	World Bank, Logistics Performance Index
	Number of internet users, mobile phone and fixed phone subscribers per 1,000 inhabitants	World Bank, World Development Indicators
	Percentage of paved road, total km of rail lines, air transport freight costs to United States of America	World Bank, World Development Indicators
	Quality of port and water infrastructure	International Institute for Management Development, Global Competitiveness Report
Institutions	Trading Across Borders (rank)	World Bank, Doing Business
	Time to export/import	World Bank, Doing Business
	Efficiency of customs	World Bank, Logistics Performance Index
	Ease and affordability of arranging international shipments	World Bank, Logistics Performance Index
	Domestic logistics costs	World Bank, Logistics Performance Index
	Timeliness of shipments reaching destination	World Bank, Logistics Performance Index

Annex 4: Integrating gender into Aid for Trade projects and programmes

Evidence suggests that women are disproportionately disadvantaged when it comes to infrastructure. Women tend to have less control over transport resources in the household than men. As a result, women rely more heavily on walking and public transport to get their goods to market. Women also tend to spend a higher proportion of their income on transportation than their male counterparts, and experience higher levels of insecurity when using transport.

Diagnosics: questions to consider in project design	Stakeholders: people to engage
<ul style="list-style-type: none"> • What types of trade and transport infrastructure are used by women? Does this differ from men? • How much time and money do women spend on these different types of trade and transport infrastructure? Does this differ from men? • What challenges or constraints do women face in accessing and utilizing trade and transport infrastructure? Do women experience these more acutely than men? • Do particular services exist to support women with trade and transport infrastructure? • How could women's use of trade and transport infrastructure be enhanced? 	<ul style="list-style-type: none"> • Women's business and/or trading associations • Individual female and male traders • Civil society organizations that represent women's interests • Government officials involved with trade and transport infrastructure • Private sector representatives involved with trade and transport infrastructure • Chambers of commerce

Action: addressing gender-intensified constraints

Gender-intensified constraint	Potential responses	Monitoring and evaluation indicators		
		Input	Output	Outcome
Greater difficulty for women in accessing transport infrastructure because of distance and cost, limiting access to markets and points of networking where market information can be exchanged	Increase the regularity and reach of public transport, and support affordability	Resources to support the expansion of public transport (e.g. buses)	Buses transporting goods and people to markets which are affordable, regular and stop at an accessible distance to most female traders	More women using transport infrastructure – in the form of public or private transport – to transport goods to markets
	Support the development of feeder roads, which connect remoter areas with larger roads, and enable female traders to connect to larger markets	Resources to support the expansion of feeder roads	Expanded feeder road system making it easier for female traders to access markets	
Lower levels of safety and higher levels of insecurity experienced by women when using transport infrastructure	Improve safety on public transport	Resources to support the expansion of public transport (e.g. buses) to reduce overcrowding	More buses transporting goods and people to market	Safer and more secure transportation services for women traders
	Improve security at transport hubs	Better lighting and women-only spaces at transport hubs More reliable police presence at transport hubs	More secure areas for women to wait at transport hubs More effective police presence at transport hubs	
Inadequate access to storage facilities for perishable goods at border posts, which women typically trade more than men	Support the implementation of low-cost, reliable storage facilities for perishable goods at border crossings	Resources to support the implementation of low-cost, reliable storage for perishable goods	Increased number of low-cost, reliable storage facilities for perishable goods	Less wastage as a result of waiting times, leading to better profits for female traders