Federal Ministry
for Economic Cooperation
and Development

Aid for Trade Manual

For greater results orientation in the field of trade

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Abbreviations

ABS	Access and benefit-sharing (an aspect of the Convention on Biological Diversity)
ACCESS II	Assistance to Competitiveness and Compatibility with the EU of Serbian SMEs
ACP	African, Caribbean and Pacific Group of States
AD	Antidumping
ADB	Asian Development Bank
AICD	Africa Infrastructure Country Diagnostic
AV	Ad valorem
AVE	Ad valorem equivalent
AfT	Aid for Trade
BDS	Business Development Services
BMZ	German Federal Ministry for Economic Cooperation and Development
CAS	Country Assistance Strategy
CEFTA	Central European Free Trade Agreement
CRS	Creditor Reporting System of the OECD
CSR	Corporate social responsibility
CU	Customs unions
CVD	Countervailing duties
DAC	Development Assistance Committee
DCED	Donor Committee for Enterprise Development
DEval	German Institute for Development Evaluation
DFID	United Kingdom Department for International Development
DIME	Development Impact Evaluation
DKTI	German Climate Technology Initiative
DTIS	Diagnostic Trade Integration Study
EE	Energy efficiency
EPA	Economic Partnership Agreement
EPW	Entwicklungspartnerschaften mit der Wirtschaft (development partnerships with the private sector)
EIF	Enhanced Integrated Framework
ETI	Enabling Trade Index
EU	European Union
EUR	Euro (currency unit)
FC	Financial cooperation
FDI	Foreign direct investment
FTA	Free-trade agreement
GAP	Good Agricultural Practices
GATS	General Agreement on Trade in Services
GCI	Global Competitiveness Index
GDP	Gross domestic product
GEM	Groupe d'Économie Mondiale
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH (part of GIZ since 1 January 2011)

IATA	International Air Transport Association
ICT	Information and communication technology
IFC	International Finance Corporation
ILO	International Labour Organization
IMF	International Monetary Fund
ISIC	International Standard Industrial Classification of All Economic Activities
ISO	International Organization for Standardization
ISS	Institute for Standardization of Serbia
IT	Information technology
ITC	International Trade Centre
LDCs	Least-developed countries
LFM	Logical framework matrix
LPI	Logistics Performance Index
LSCI	Liner Shipping Connectivity Index
M&E	Monitoring and evaluation
MDG	Millennium Development Goals
MfDR	Managing for development results
MFN	Most-favoured nation
MSME	Micro, small and medium-sized enterprise
NGO	Non-governmental organisation
NTB	Non-tariff barrier
NTM	Non-tariff measure
ODA	Official development assistance
OECD	Organization for Economic Co-operation and Development
OOF	Other official flows
OTRI	Overall Trade Restrictiveness Indices
PEV	Project evaluation
PRSP	Poverty Reduction Strategy Paper
PSD	Private Sector Development Work
PTA	Preferential trade agreement
QCA	Qualitative comparative analysis
R&D	Research and development
RBM	Results-based management
RBMS	Results-based monitoring system
RCT	Randomised control trial
RTA	Regional trade agreements
SDG	Sustainable Development Goal
SME	Small and medium-sized enterprises
SMS	Short Message Service
SPS	Sanitary and phytosanitary measures
STRI	Services Trade Restrictiveness Index

TBT	Technical barriers to trade
TCBDB	Trade Capacity Building Database
TCCIA	Tanzania Chamber of Commerce, Industry and Agriculture
TCI	Transshipment Connectivity Index
TD	Trade development
TDI	Trade and Development Index
TRA	Trade-related assistance
TRIPS	Trade-Related Aspects of Intellectual Property Rights
TP	Trade promotion
TPI	Trade Performance Index
TTBD	Temporary Trade Barriers Database
TTCI	Travel and Tourism Competitiveness Index
TTRI	Trade Tariff Restrictiveness Index
UNCTAD	United Nations Conference on Trade and Development
UNESCO	United Nations Educational, Scientific and Cultural Organization
USAID	United States Agency for International Development
USD	United States dollar
WEF	World Economic Forum
WDI	World Development Indicators
WIOD	World Input-Output Database
WIPO	World Intellectual Property Organization
WITS	World Integrated Trade Solution
WTI	World Trade Indicators
WTO	World Trade Organization

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Introduction

The Aid for Trade (AfT) initiative was launched at the Hong Kong Ministerial Conference in December 2005 to encourage recognition of trade's role in development and to mobilise resources for addressing trade-related constraints in developing and least-developed countries. In February 2006 the World Trade Organization (WTO) established a taskforce for operationalising AfT. One aspect of its work was the creation of a monitoring body within the WTO that would undertake periodic global reviews using reports from a variety of stakeholders.[1] The five rounds of formal review undertaken to date have recorded a significant increase in financial resources for AfT, but also that this trend is levelling out. The Organization for Economic Co-operation and Development (OECD) and WTO's joint monitoring framework and exercise was put together for the purposes of promoting dialogue and encouraging all key actors to honour commitments, meet local needs, improve effectiveness and reinforce mutual accountability, as set out in the OECD's report on AfT, *Aid for Trade: Making it Effective.*[2]

In August 2011 the German Federal Ministry for Economic Cooperation and Development (BMZ) adopted the cross-sectoral strategy set out in its *Aid for Trade in German Development Policy* paper. This strategy contains binding parameters for identifying, designing, planning and implementing trade-related projects and programmes. The objectives of German AfT are to build partners' capacities to conduct trade negotiations and to formulate and steer trade policy. The strategy also aims to build the capacities of partner countries to implement trade agreements and economic policy and to make use of trade opportunities by increasing the export and supply capacities of the private sector. Other objectives include improving integration into regional and international value chains, consolidating compliance with social and environmental standards, strengthening the private sector and civil society and developing economic infrastructure.[3] The BMZ strategy therefore recognises the evolving nature of international trade and focuses more heavily on globally integrated value chains and on working to dismantle domestic impediments to supply chain efficiency. The costs associated with inefficient trade facilitation and logistics have proven to be much higher than traditional tariff costs. Reducing non-tariff barriers could increase world gross domestic

1 See: www.wto.org/english/tratop_e/devel_e/a4t_e/aid4trade_e.htm

2 OECD (2006), *Aid for Trade: Making it Effective,* available at www.oecd.org/trade/aft/37198197.pdf

3 BMZ (2011), *Aid for Trade in German Development Policy, BMZ Strategy Paper 7/2011e*, available at www.bmz.de/en/publications/archiv/type_of_publication/strategies/Strategiepapier308_07_2011.pdf

product (GDP) over six times more than would be the case if all tariffs were removed.[4]

Germany has consistently been one of the largest donors for AfT, contributing over EUR 3 billion annually since 2008. In 2013 Germany contributed USD 3.44 billion, making it the second largest bilateral donor after Japan with USD 6.85 billion and putting it ahead of the United States with USD 3.40 billion and France with USD 1.86 billion.[5] Germany also substantially contributes to AfT in its narrower sense through 'trade-related assistance' (TRA). Even though disbursement of TRA funding reduced from around EUR 630 million in 2010 to 515 million in 2012,[6] this is still much higher than the EUR 220 million political pledge made in the context of the European Union. BMZ has also set a management target of an annual commitment to TRA of EUR 140 million, allocated via instruments over which it has more direct control (technical and financial cooperation).[7] However, disbursements considerably exceeded even this narrowest definition, reaching EUR 210 million in 2012 and EUR 204 million in 2013.[8]

Many Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH initiatives directly or indirectly help to boost trade development in partner countries. These include programmes in areas as diverse as energy and rural development, small and medium-sized enterprise (SME) promotion, as well as trade negotiations and trade facilitation. In some cases, development initiatives do not sufficiently incorporate trade as an instrument for development in their project design. The cross-sectoral nature of trade also makes it more difficult to integrate trade across the GIZ portfolio.

The purpose of this manual is therefore twofold:

Firstly, it provides guidance on implementing the binding parameters laid down in BMZ's cross-sectoral AfT strategy. It defines AfT and how contributions to AfT are determined by the OECD's Creditor Reporting System (CRS). It shows how trade can be integrated into many of the development initiatives carried out by German implementing agencies and explains how all of this contributes to AfT. Ultimately, the manual can also be used to support the design of more holistic trade strategies and to mainstream trade into partners' growth and development strategies.

Secondly, it provides information that can help improve results-based management, particularly with regard to the definition of results models, related indicators, data collection and management tools, and to reporting on obligations. It also proposes ways — namely, alternative impact evaluation designs — to overcome the challenge of demonstrating the contribution that AfT makes to broader growth and poverty alleviation.

Section 1 defines AfT and how it is linked with the OECD's Creditor Reporting System (CRS), including the 'trade development marker'.

Section 2 explains why trade should be integrated and how it can be mainstreamed across development initiatives.

Sections 3, 4 and 5 focus on the results management of AfT measures in particular and provide guidance on: defining results models that integrate trade, trade-related indicators and existing data collection methods. To do this requires referring to a number of secondary trade-data sources.

Section 6 summarises a number of recently concluded AfT evaluations and introduces a broader notion of impact evaluation that is fully in line with the latest GIZ monitoring and evaluation (M&E) policy and related guidance.

Appendix A contains AfT results models from other organisations.

Appendix B contains the OECD menu of AfT indicators.

4 WEF (2013), *Enabling Trade: Valuing Growth Opportunities*, Geneva, available at www3.weforum.org/docs/WEF_SCT_EnablingTrade_Report_2013.pdf

5 OECD and WTO (2015), *Aid for Trade at a Glance 2015. Reducing Trade Costs for Inclusive, Sustainable Growth,* p. 422, available at http://dx.doi.org/10.1787/aid_glance-2015-en

6 German Institute for Development Evaluation (DEval) (2015), *German Aid for Trade DEval Desk Study,* January, p. 68, available at www.deval.org/files/content/Dateien/Evaluierung/Berichte/DEval_Desk%20Study%20AfT_final.pdf

7 GIZ (2014a), *Fact sheet on the Target Trade (TRA),* July, p. 2.

8 Ibid.

1. What is Aid for Trade?

The definition of Aid for Trade (AfT) is critical for understanding and measuring its impact. According to the OECD and WTO, 'projects and programmes should be considered as AfT if these activities have been identified as trade-related development priorities in the recipient country's national development strategies, e.g. trade-related infrastructure, adjustment and technical assistance'.[9] In practice, the WTO taskforce[10] leaves the exact definition to members of the Development Assistance Committee (DAC).[11] Different organisations apply different definitions for AfT. The World Bank, for example, has chosen to define AfT more narrowly, excluding infrastructure projects. This complicates comparison and measurement.

Although there is no universal definition, the WTO taskforce has clustered AfT into five categories:

- **Category 1:** Technical assistance for trade policy and regulations (e.g. preparing, participating in and implementing international trade negotiations; developing and implementing technical standards; the trade aspects of regional communities).
- **Category 2:** Trade development (e.g. development of the business landscape, investment climate and trade promotion institutions; access to trade finance).
- **Category 3:** Trade-related infrastructure (e.g. transport and warehousing, communications, energy).
- **Category 4:** Building productive capacity (e.g. banking, financial and business services; SME promotion).
- **Category 5:** Trade-related adjustments (e.g. assisting developing countries with the costs associated with trade liberalisation, such as the loss of revenue from customs duties; trade-related budget support for honouring trade policy commitments entered into under multilateral agreements).

Categories 1 and 2 constitute trade-related assistance (TRA), which is AfT in its narrower sense, and Category 2 is a sub-group of Category 4 (see next section). These categories are linked to the established OECD Creditor Reporting System (CRS) codes (see Table 1 on page 10).

9 WTO (2006), *Recommendations of the Task Force on Aid for Trade*, available at http://docsonline.wto.org/imrd/directdoc.asp?DDFDocuments/t/WT/AFT/1.doc

10 The Hong Kong Ministerial Conference mandated the creation of a WTO taskforce to provide recommendations on (i) how to operationalise Aid for Trade and (ii) how Aid for Trade might contribute most effectively to the development dimension of the Doha Development Agenda. The taskforce comprised a core group of nine members — namely Brazil, China, the EU, India, Japan and the US as well as the Chairs of the African, Caribbean and Pacific (ACP) Group, the African Group and the Least-Developed Countries (LDC) Group.

11 The broader definition has been criticised as difficult, if not unworkable; too broad to be effective. See: Hallaert, J.-J. (2012), *Aid For Trade Is Reaching Its Limits, So What's Next?*, Working Paper, Groupe d'Économie Mondiale, available at http://gem.sciences-po.fr/content/publications/pdf/Hallaert_Aid%20for%20Trade%20-%20reaching%20its%20limits%20so%20whats%20next.pdf

TABLE 1: THE OECD'S AFT CATEGORIES AND CRS CODES

SECTOR	SUBSECTOR	CRS CODE
Trade policy and regulation	Trade policy and administrative management	33110
	Trade facilitation	33120
	Regional trade agreements (RTAs)	33130
	Multilateral trade negotiations	33140
	Trade education/training	33181
Economic infrastructure	Transport and storage	21010 to 21081
	Communications	22010 to 22040
	Energy supply and generation	23010 to 23082
Building productive capacities	Business and other services	25010
	Banking and financial services	24010 to 24081
	Agriculture	31110 to 31195
	Forestry	31210 to 31291
	Fishing	31310 to 31391
	Industry	32110 to 32182
	Mineral resources and mining	32210 to 32268
	Tourism	33210
Trade-related adjustment		33150

Source: OECD (2013a), The Development Dimension, Aid for Trade and Development Results: A Management Framework, OECD Publishing.

GIZ's trade-related projects and programmes constitute a large share of Germany's contribution to the AfT initiative. GIZ support focuses in particular on AfT Categories 2 and 3, and also on Category 4 on building productive capacity, although support for this category is now being reduced. GIZ's growing focus on Category 3 is in line with the WTO taskforce recommendation to include support to overcome supply-side constraints, specifically those related to infrastructure and productive capacity, and to move beyond approaches that solely focus on trade policy and institutions. Since the December 2013 WTO agreement on trade facilitation, there has been a high level of commitment to supporting its implementation, and a need has also been identified to ensure the close monitoring of CRS code 33120 on trade facilitation.

1.1 The Creditor Reporting System and the trade development marker

The CRS is an internationally recognised data source on official development assistance (ODA) and other official flows (OOF) to developing countries, with aid data disaggregated geographically and sectorially. CRS codes are five-digit numbers used by the OECD to record the activities of aid projects – for example, code 32120 denotes industrial development. The CRS codes are also known as purpose codes or subsector codes.

The CRS enables the tracking of aid commitments and disbursements, and provides accurate, complete and comparable data over time and across countries. The use of the CRS required losing some of the detailed information about trade-related technical assistance and trade development that had been collected in the OECD and WTO's joint Trade Capacity Building Database (TCBDB). However, the CRS has been adapted in several ways to make it work for the purposes of AfT.

AfT data is gathered according to the AfT categories of support described on page 9.

- **Category 1:** Technical assistance for trade policy and regulations
- **Category 3:** Economic infrastructure
- **Category 4:** Productive capacity building (of which Category 2: Trade development is a sub-category)
- **Category 5:** Trade-related adjustment

All engagements with a CRS code relating to Category 1 on technical assistance for trade policy and regulations (33110 to 33140 inclusive and also 33181 — see Table 1) are automatically deemed to be trade-related and do not require any additional designation to this regard. The CRS codes under Category 3 on economic infrastructure and under Category 5 on trade-related adjustment are likewise automatically considered to imply a 100 % contribution to AfT.

In 2008 the trade development marker (TD marker) was introduced to satisfy donors' needs for transparency with regard to their contribution to AfT in its narrower sense and to trade-related assistance (TRA), which constitutes Categories 1 and 2. As Category 1 measures are automatically defined as TRA, the main purpose of the TD marker is to identify what share of a project whose CRS code would otherwise put it in Category 4 should, in fact, be assigned to Category 2.[12]

The TD marker is applied to an AfT Category 4 initiative when the initiative is designed to enable the recipient country to

a) formulate and implement a trade development strategy and create an enabling environment [for trade], or

b) stimulate the trade of domestic firms and encourage investment in trade-oriented industries.

The OECD distinguishes between TD 2, TD 1 and TD 0: TD 2 denotes that trade is a principal objective, TD 1 that trade is a significant objective, and TD 0 that the engagements do not target trade. TD 2 signifies that trade development is a key objective of the development measure and is crucial for its implementation. TD 1 signifies that trade is an important but secondary objective that is not integral to the implementation of the development measure. TD 0 indicates that the engagement has no implications for trade.

The TD marker is restricted to activities recorded under codes 240xx Banking and financial services, 25010 Business support services and institutions, 311xx Agriculture, 312xx Forestry, 313xx Fishing, 321xx Industry, 322xx Mineral resources and mining and 33210 Tourism. CRS code 25010 on business and other services is automatically categorised as inherently having trade as a principal objective (TD 2).[13]

12 BMZ (2008), *Monitoring German Contributions in Trade-Related Development Cooperation*, p. 7.

13 GIZ (2014b), *Guidelines for Assessing Development Goals: Trade Development*, p. 2.

2.

What entry points for trade do GIZ development initiatives offer?

While the CRS standards and measurement methods described in Section 1 increase transparency and facilitate the measurement of donor commitments and disbursements for AfT, actual impacts on increased trade and investment and on broader economic growth and the eradication of poverty (Millennium Development Goals [MDG] 1 and 8, and Sustainable Development Goals [SDGs] 1, 8 and 17) depend upon the mainstreaming of trade across GIZ development initiatives. AfT is particularly relevant for SDG 8, which entails promoting 'sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all'. The increase of AfT support especially for LDCs is defined as means of implementation for this goal (SDG 8.a).

BMZ's cross-sectoral strategy, Aid for Trade in German Development Policy, explicitly links trade in an open, rule-based and non-discriminatory trade and financial system with sustainable development and poverty alleviation. AfT can contribute to inclusive growth and the creation of new and competitive jobs in the export sector, reducing absolute poverty. Trade can be pro-poor, with the inclusion of vulnerable groups and women being a major priority. As an engine of growth, trade can also be a more sustainable source of national income, if the entry points are chosen well.[14]

Table 2 below summarises the ways in which GIZ initiatives typically interrelate with trade.

TABLE 2: AFT AS A SUPRASECTORAL THEME — TYPICAL ENTRY POINTS

PRIORITY AREA	ENTRY POINTS FOR AFT
Sustainable economic development	■ Trade policy (e.g. WTO accession) and regional economic integration ■ General economic policy and advice on poverty reduction strategy papers (PRSPs) and trade policy impact assessments ■ (Export-oriented) SME promotion though chambers of industry and commerce, associations, corporate social responsibility (CSR) and compliance with standards ■ Linking local producers to global/regional value chains ■ Business and investment climate, and investment policy (also in relation to foreign direct investment — FDI) ■ Technology transfer, promotion and research ■ Trade facilitation and the elimination of non-tariff barriers to trade ■ Mainstreaming of sector support into national trade integration strategies ■ Trade-related banking services (e.g. trade financing) ■ Financial system development (e.g. liberalisation of trade with financial services and regulatory harmonisation)
Food security, rural development, agriculture	■ Agricultural policy and the reform and development of the agricultural sector (e.g. value chains) ■ Ensuring domestic food security by exploiting available trade policy measures and FDI ■ Agri-business ■ Value-addition and processing ■ Agricultural extension services and research ■ Food security (e.g. through regional agricultural trade) ■ Agricultural (financial) services and other services (standards and certification)
Public administration/ good governance	■ Public finance, public administration and trade promotion institutions ■ Regulatory harmonisation between neighbouring countries in service sectors ■ Trade-related adjustment measures ■ Trade facilitation (e.g. reform of the customs and domestic revenue systems) ■ Natural resource governance and transparency initiatives ■ Building the capacities of regional organisations and implementing multilateral trade agreements

14 BMZ (2011), *Aid for Trade in German Development Policy*, p. 3.

PRIORITY AREA	ENTRY POINTS FOR AFT
Environmental policy and the sustainable use of natural resources	■ Environmental standards (e.g. the certification of forestry products) ■ Access and benefit-sharing (ABS) and biotrade ■ Eco-labelling and standards
Health	■ Trade-Related Aspects of Intellectual Property Rights (TRIPS) ■ Access to essential medicines (e.g. generic anti-retroviral drugs)

Private sector development measures can boost their effectiveness by orienting their activities to the growth potential of regional and international markets in line with demand. For example, they can focus on and be mainstreamed into the sectors and themes defined in national trade strategies. In least-developed countries (LDCs), Diagnostic Trade Integration Studies (DTISs) conducted within the Enhanced Integrated Framework (EIF), along with their associated action plans, constitute a useful way to identify priority sectors.

GIZ offers business a large portfolio of support and other services (CRS code 25010).[15] To make the focus on trade explicit, it must be spelled out in objectives, results and activities, as well as in related measurement indicators (see Sections 3 and 4). This may include, for example, supporting public and private institutions (government, chambers of commerce, business associations) and companies to conduct market analyses and develop trade strategies, to promote exports and to improve the business and investment climate. Improving the business and investment climate will not only boost entrepreneurial competitiveness in the domestic market; it can also help to ensure that export potentials are better exploited and FDI is better supported.

GIZ's trade-related advisory services frequently aim to:

- promote dialogue with the private sector and civil society to explore these parties' development interests with respect to trade and investment agreements and the policy consequences arising from these interests;
- advise on economic policy and on legal and strategic issues as part of trade and investment agreement negotiations, and to help to establish monitoring systems;
- build up the capacity of public institutions, such as trade ministries, customs authorities and patent offices, empowering them to implement trade agreements;
- support private sector institutions, such as trade associations, to represent private sector needs;
- help partners to comply with international quality assurance and hygiene standards and promote technology transfer and innovation;
- consolidate baseline information by analysing potentials and market conditions and advising on national and sectoral export and FDI strategies;
- increase the addition of value at the local level to products and services that are (also) destined for the export market, and to support networking and vertical cooperation in export-oriented value chains.

15 CRS code 25010 is automatically assigned a TD 2 marker, even though some engagements may be wholly focused on the domestic market.

In addition, GIZ's trade-related measures in the domains of good financial governance, financial systems development and agriculture/rural development aim to:

- *Improve trade finance capacity*
  This is delivered through:
  - capacity building for financial institutions on commodity and trade finance instruments such as export guarantees, pre-export finance, borrowing base financing, buy-back and cross-border financing;
  - capacity building in risk management and advisory services to develop bankable flagship projects — best practice examples ensure the provision of a holistic advisory concept at the macro, meso and micro levels and can facilitate cross-border trade and economic development.

- *Contribute to the international discussion on mobilising domestic revenues*
  Customs are increasingly seen as relevant sources of public revenue and the efficient implementation of border procedures supports the generation of these kinds of revenue. As such, GIZ helps partner countries to simplify and harmonise their customs procedures. This work to advise on customs policies and integrated approaches to customs reform (in line with the overall domestic revenue system) could be further developed into a specific advisory service.

- *Support partner countries' endeavours to enhance food security and domestic value addition*
  Here, GIZ advises partners on:
  - import- and export-related policy measures;
  - increasing policy coherence between agricultural, rural, economic and trade policies;
  - making full use of development-oriented and WTO-compliant trade policy measures.

Trade-related measures can also contribute to environmental protection and climate change mitigation. In terms of the portfolio, this factor is also relevant, as the target figures of climate change adaptation and mitigation are likely to become more important in the future. Although growth in trade usually goes hand in hand with increased production and transportation, trade liberalisation can also increase the dissemination of environmentally friendly technologies and contribute to climate change mitigation and environmental protection through the more efficient use of resources. Focusing on specific sectors such as biotrade (i.e. the trading of biodiversity-based products) can also have a positive impact on environmental protection and the conservation of biodiversity. Major factors here include the trade-related aspects of access to genetic resources and equitable access and benefit-sharing (ABS). Environmental standards and labelling are also increasingly related to consumer preferences and sales figures.

The 2015 desk study *Aid for Trade Policies and Strategies in German Development Cooperation* noted that while trade was increasingly factored into private sector development strategies, AfT could be incorporated more broadly and systematically into other development initiatives, with particular weaknesses noted in the agricultural sector.[16] Initiatives with a specific focus on sustainable economic development, food security and agriculture, and on democracy and public administration can have a greater impact on sustainable growth if the role of trade is explicitly included.

16 DEval (2015), p. 82.

3.

Aid for Trade, management for results

Tracing the impact of AfT on increased trade and poverty alleviation has proved more challenging than it has in other areas. As such, strengthening the monitoring and evaluation (M&E) of AfT initiatives has become the focus of particular attention in recent times. The OECD publication *Aid for Trade and Development Results: A Management Framework*[17] proposes and provides guidance on a shared, results-oriented AfT monitoring framework.

Results-based management (RBM) according to the donor initiative Managing for Development Results (MfDR) is based on five core principles:

- Focus the dialogue on results at all phases of the development process.
- Align programming and M&E with results.
- Keep results measurement and reporting as simple, cost-effective and user-friendly as possible.
- Manage for, not on the basis of, results by arranging resources to achieve outcomes.
- Use results information for learning and decision making, as well as reporting and accountability.[18]

3.1 The AfT management framework of the OECD and other organisations

One of the key principles of RBM is the focus on results at all phases of the development process, as well as on aligning programming and M&E with results. Most organisations employ a logical model, whether a theory of change, results model/chain or logical framework matrix (LFM), as the main tool for summarising shared objectives and promoting a results focus in project design, implementation and evaluation. The work on logical models by other organisations, such as the EU, OECD and USAID, can be a useful reference or 'archetype' to feed into the process to develop new results models. This section therefore summarises a few key AfT logical models produced by some of these organisations. The original logical framework or results chains are simplified and the main changes sought by AfT interventions are described. These should be considered as examples and reference material only, to be used when identifying the gaps or consciously excluding issues, with assumptions formulated accordingly. According to the OECD, '(full) harmonisation of trade-related outcomes and targets among development partners is neither feasible nor desirable given the differences in operational needs and strategic priorities.'[19] Nevertheless, the work of other organisations can provide valuable guidance when designing new initiatives or reviewing old ones.

The OECD has developed a results framework with three levels of objectives and possible outcomes/impacts for AfT: direct, intermediate and final.[20] Summarised in Figure 1 on page 18, these objectives can facilitate the work of beneficiary countries to develop comprehensive trade strategies and mainstream trade into their growth and development programmes. They also help donors to design robust programmes and sound project documents. Results can be drawn up with partners using the different objectives as guidance. These objectives also neatly dovetail with the key AfT categories described in Section 1.1, which are inserted under the relevant direct objectives in Figure 1. For reference the categories are:

- Technical assistance for trade policy and regulations (Category 1)
- Economic infrastructure (Category 3)
- Productive capacity building and trade development (Category 4 and 2)
- Trade-related adjustment (Category 5)

Other donors have developed similar logical models to facilitate project design and/or evaluation (see Appendix A), and these have significant similarities. All incorporate increased trade as a central objective but, at the same time, balance this out by also focusing attention on foreign direct investment and imports. In addition, the OECD incorporates 'diversification' and 'linkage to global value chains' as a result of the changing trade environment.[21] All also have broader ambitions for trade in that it should contribute to (equitable) growth, especially job creation, and ultimately to poverty alleviation.

All of the logical models focus on policy change and implementation, whether legal or regulatory reform, or action to trace the actual implementation of these reforms (e.g. through budgetary adjustments or legal enforcement). Interestingly, only the EU model refers specifically to trade

17 OECD (2013), *The Development Dimension, Aid for Trade and Development Results: A Management Framework*, OECD Publishing.

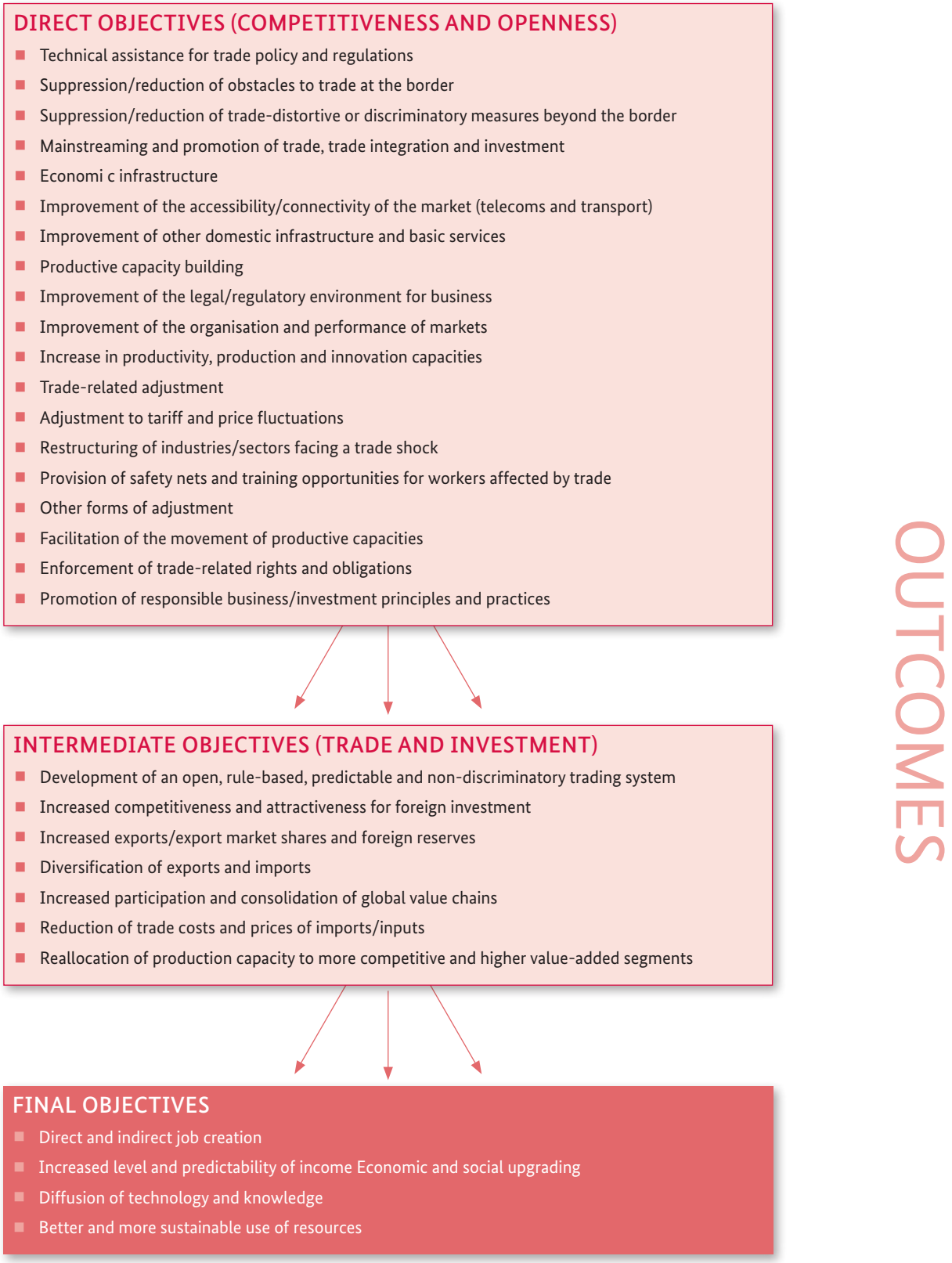
18 Available at www.mfdr.org/Sourcebook/1stEdition/MfDRSourcebook-Feb-16-2006.pdf

19 OECD (2011), p. 91.

20 OECD (2013a), p. 28.

21 OECD and WTO (2011), *Aid for Trade at a Glance 2011: Showing results*, available at www.oecd-ilibrary.org/development/aid-for-trade-at-a-glance-2011_9789264117471-en

FIGURE 1: THE OECD AFT RESULTS CHAIN



Source: OECD (2013a), p. 28.

negotiation capacity,[22] which is due to the ongoing Economic Partnership Agreement (EPA) negotiations and its associated support. GIZ also provides support to enhance trade negotiation capacity.

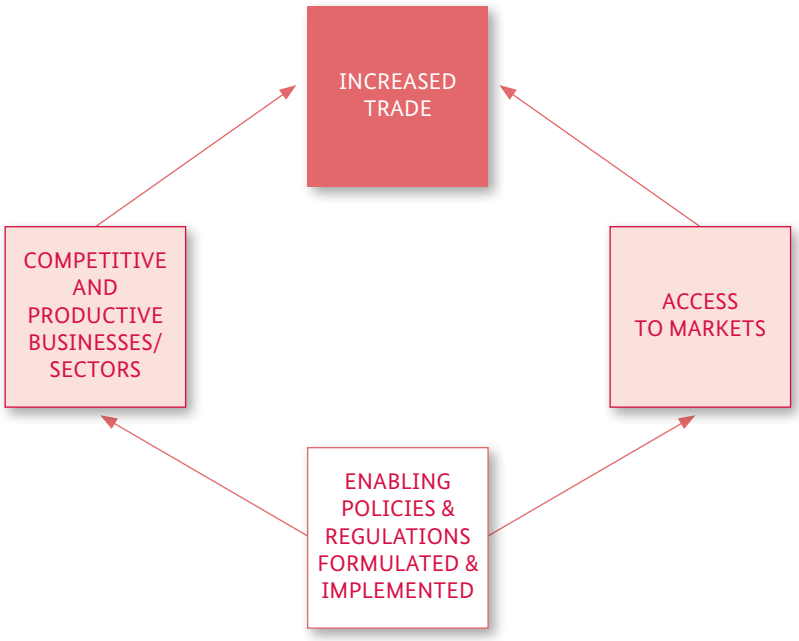
There is a clear distinction of and focus on trade facilitation, which reflects growing interest in this area. However, it is described in different ways by different organisations: trade facilitation (EU), more efficient/cost-effective movement of traded goods (USAID), or the suppression/reduction of obstacles to trade (OECD). All of the organisations include achievements specifically in the area of the movement of goods (and services) with the specific aim of reducing the time and cost to trade. Many also make a distinction between 'at the border' and 'beyond the border' measures, with the OECD being the most explicit to this regard.

All of the organisations emphasise that trade does not happen without a vibrant offer of private sector products and services. Productivity and competitiveness are therefore a critical part of the AfT approach. The OECD refers to increased productivity, production and innovation; the EU to reducing supply-side constraints, which explicitly also includes trade and investment promotion. USAID describes it all as import and export, and also as investment attraction practices. Only the OECD refers explicitly to 'the shift of productive capacity to higher value segments'; though, again, value-addition is assumed to be implicit in the other models as well.

The level of emphasis placed on infrastructure also differs — be it for energy, information and communication technology (ICT) or transport — depending on the perceived value-added and resources of a given organisation. The EU and multilateral banks are the bodies most involved in building hard infrastructure, while others tend to focus on the 'software' required for its successful operation and on identifying and connecting up regional interlinkages.

In summary, the shared aims or intended results of all the organisations mentioned include increased trade. These organisations also focus attention on: incoming investment and imports; market access, especially through the facilitation of trade at the border and increasingly beyond the border; the productive sector's capacity to produce goods (and services) to trade; and fostering a business environment conducive to trade through policy change and implementation. These key results are summarised in Figure 2 below:

FIGURE 2: SUMMARY OF KEY AFT RESULTS



22 Others may include this capacity, but at lower levels in their logic model (thus it is not visible in the broad-brush graphic presented), or it is implicit in the described results.

This summary and the examples of diverse logical models (e.g. logical frameworks, theories of change, results/impact chains, or models) that different organisations use for their projects serve as useful guidance for those seeking to better incorporate the trade dimension into GIZ initiatives. They can also be used to check and verify hypotheses and to make assumptions more explicit – whether inside or outside the GIZ mandate and sphere of project influence. At the same time, they should not be simply 'picked off the shelf' and used directly. They must be considered in the context of the specific objectives of the development intervention in question and adapted accordingly.

3.2 GIZ's AfT results model

GIZ has developed a new M&E policy as well as Guidelines on Designing and Using a Results-Based Monitoring System (RBMS) (hereafter M&E guidelines). These M&E guidelines focus on the development of a results model to align the strategy of the project with partner strategies, agree on objectives, identify suitable GIZ instruments and agree on the inputs to be delivered by GIZ and the partner in the planned change process.[23] The results model identifies the intended results and connects them up to create a complex 'landscape' of results, rather than a linear results chain.[24]

Theory-of-change approaches, such as GIZ results modelling, entail 'the mapping of the logical sequence through critical thinking about the contextual conditions that influence the programme, the motivations and contributions of stakeholders and other actors, and the different interpretations (assumptions) about how and why that sequence of change might come about'.[25] It is both a process and a product, a key dimension being engagement with stakeholders to discuss expected and potential project results and achievements.

This manual focuses on defining results for the results model, designing indicators and identifying useful existing data collection sources related specifically to AfT. The other dimensions of the process – such as stakeholder consultation, participatory design, attention to communication and coordination processes, as well as resources required for results-based management and the adoption of data monitoring – are equally important for AfT, but they are already covered in the existing M&E guidelines.[26]

TEXT BOX 1: COMPONENTS OF A THEORY OF CHANGE

- The context of the initiative, including: social, political and environmental conditions; the current state of the problem that the project is seeking to influence; and other actors able to influence change.
- The long-term change that the initiative is working to bring about and the ultimate beneficiaries of this change.
- The process/sequence of change that is anticipated to deliver the long-term outcome sought.
- Assumptions about how these changes might happen, as a check on whether the activities and outputs are appropriate for influencing change in the desired direction in this context.
- Diagram and narrative summary that captures the outcomes of the discussion.

Source: Vogel, I. (2012), Review of the use of 'Theory of Change' in International Development, DFID Review Report.

The GIZ AfT Results Model focusing on sustainable economic development is illustrated in Figure 3. It takes into account the M&E guidelines, incorporates reference to results models in other areas and, in general, simplifies and clarifies the results that are specifically targeted by AfT programmes. A results model is by nature a working tool that will continue to evolve over time. It assumes that many of the other (sub) sector initiatives have developed their own, independent results models, which are 'layered and linked' to this AfT logical model through various of their results. The GIZ AfT Results Model also includes areas such as trade facilitation and trade-related finance, which are currently focus areas for German development cooperation.

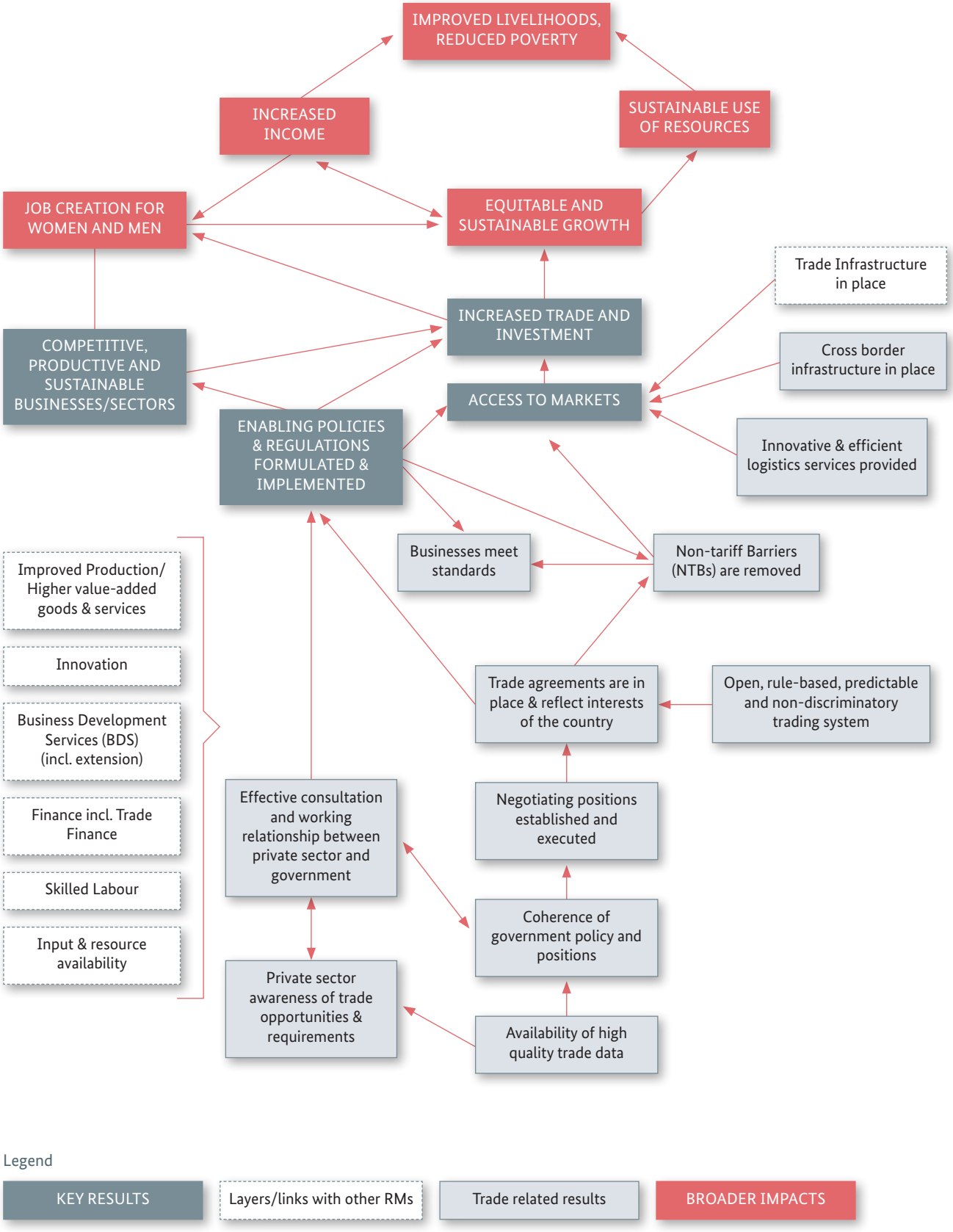
23 See: GIZ (2014d), *Monitoring & Evaluation Policy;* and GIZ (2014), *Guidelines on Designing and Using a Results-Based Monitoring System* (RBMS).

24 For BMZ commissions, the results model is nevertheless transposed into the results matrix (GIZ 2014).

25 The results model process has significant similarities with both outcome mapping and the theory-of-change approach (Vogel, I., 2012, *Review of the use of 'Theory of Change' in International Development*, DFID Review Report, p. 3).

26 GIZ (2014d).

FIGURE 3: GIZ'S AFT RESULTS MODEL



The GIZ AfT Results Model focuses on increased trade and investment. It considers both exports and imports (e.g. high-quality, reasonably priced inputs), as well as the key role investment, such as FDI, plays in building connections with global value chains.

Echoing the key AfT results described in Section 3.1 and Figure 4, the Model has three principal result areas:

- Competitive, productive and sustainable businesses/ sectors.
- Formulated and regulated enabling policies and regulations.
- Access to markets.

GIZ's AfT Results Model also demonstrates the central importance of policy reform and implementation. Key results required for successful policy reform are improved government coordination and, in particular, effective consultation of the private sector. Trade promotion services are essential if the private sector is to be made aware of the opportunities provided by the market, and a prerequisite for these services is good quality market intelligence and data.

The role of trade agreements is the most developed element of the model because of their central role in regulating and promoting trade.

Market access is understood in the broader sense of openness to the world economy, meaning it is not solely limited to the tariff structure, but also encompasses non-tariff measures (NTMs). Access is contingent on not only the removal of NTMs, but also the availability of efficient border institutions and logistics services.

Private sector competitiveness and productivity are critical factors in the model. However, as results models have already been developed for numerous dimensions of private sector development more broadly, only entry points to the private sector are indicated (by white dashed cells) in the model and they have not been further developed. The same approach has also been applied to infrastructure. Neither private sector productivity and competitiveness, nor infrastructure should be overlooked and may be critical assumptions underlying project success.

Finally, because the overall GIZ approach is characterised by capacity development, it underpins most of the results defined in the model – be it the capacity of individual change agents or organisations, or of broader networks and societal processes.[27]

The GIZ AfT Results Model emphasises that trade is a means to an end and, given its impact on sustainable growth, it assumes that trade contributes to achieving equitable income and decent work for both women and men. There is, however, a need to sufficiently factor in both climate- and gender-related concerns, as well as human rights and basic labour standards.

GIZ's AfT Results Model is designed as an archetype, a typical example of a trade-related project logical model. While it can serve as useful inspiration for defining project-specific models and related assumptions, it needs to be tailored to the national context and should not be adopted wholesale.

3.2.1 Examples of results models from GIZ projects

GIZ's transition to the new results model has been gradual and, to date, only a few AfT projects have developed a complete results model. Given that project staff can benefit from guidance on how to develop these models, two examples from GIZ projects are provided below.

The first example set out in Figure 4 is from the Central European Free Trade Area (CEFTA) initiative.

The key objective of the development measure is to strengthen the capacities of CEFTA structures to enable them to dismantle selected, sector-specific trade barriers in dialogue with the private sector. The results model focuses on the results required to develop policy recommendations for the elimination of NTMs. The identification of key supply chains provides a critical linkage with the private sector. This CEFTA results model contributes to two of the core results of the GIZ AfT Results Model – namely, 'Enabling policies and regulations are formulated and implemented' and 'Contributes to the removal of NTBs'.

The second example, described in Figure 5 on page 24, is from Assistance to Competitiveness and Compatibility with the EU of Serbian SMEs (ACCESS II), a private sector development project in Serbia. The initiative has a TD 2 marker.

27 GIZ (2013b), Supporting Capacity Development: A Guiding Framework for Practitioners.

FIGURE 4: RESULTS MODEL FROM THE OPEN REGIONAL FUND FOR SOUTH-EAST EUROPE

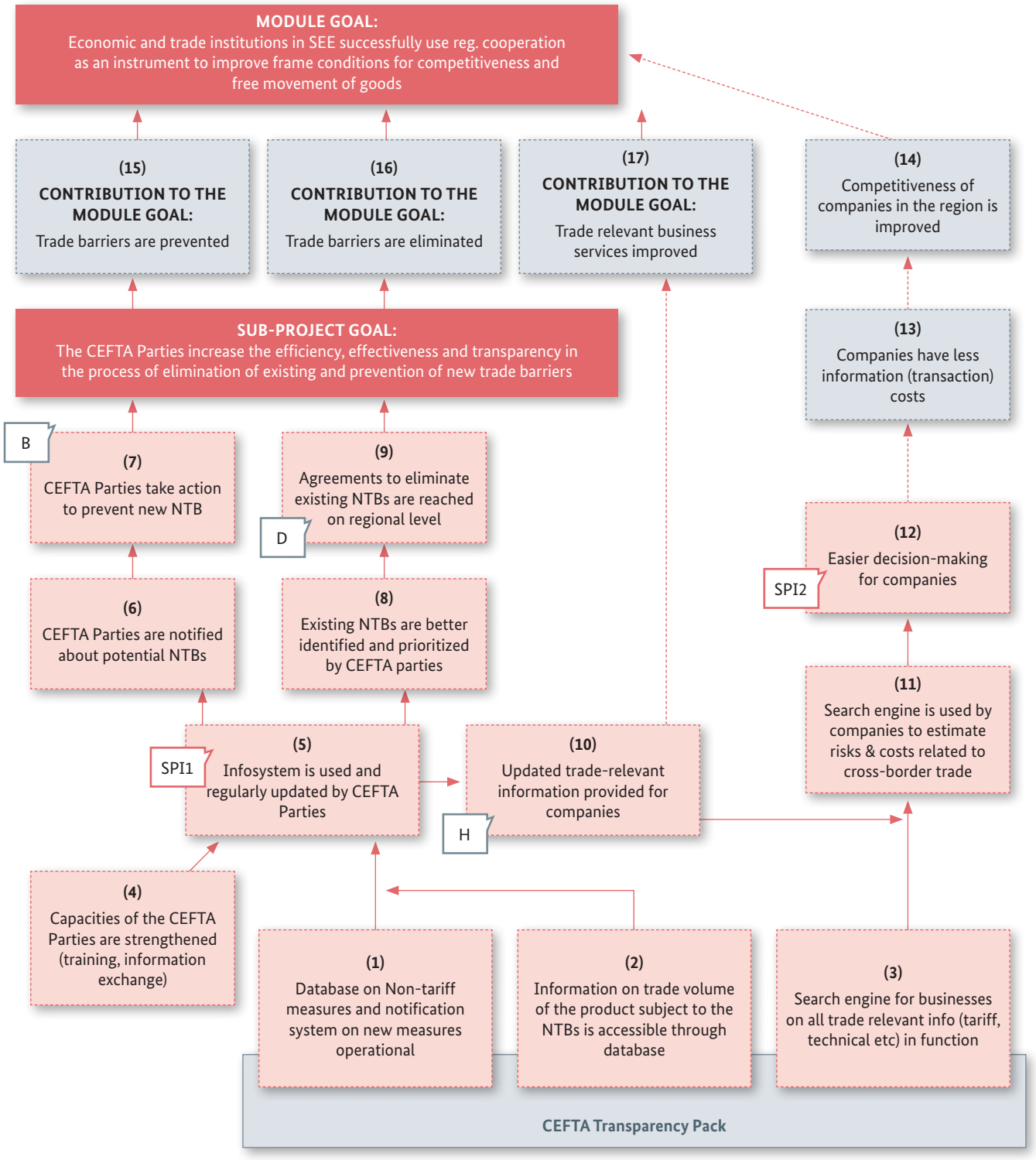
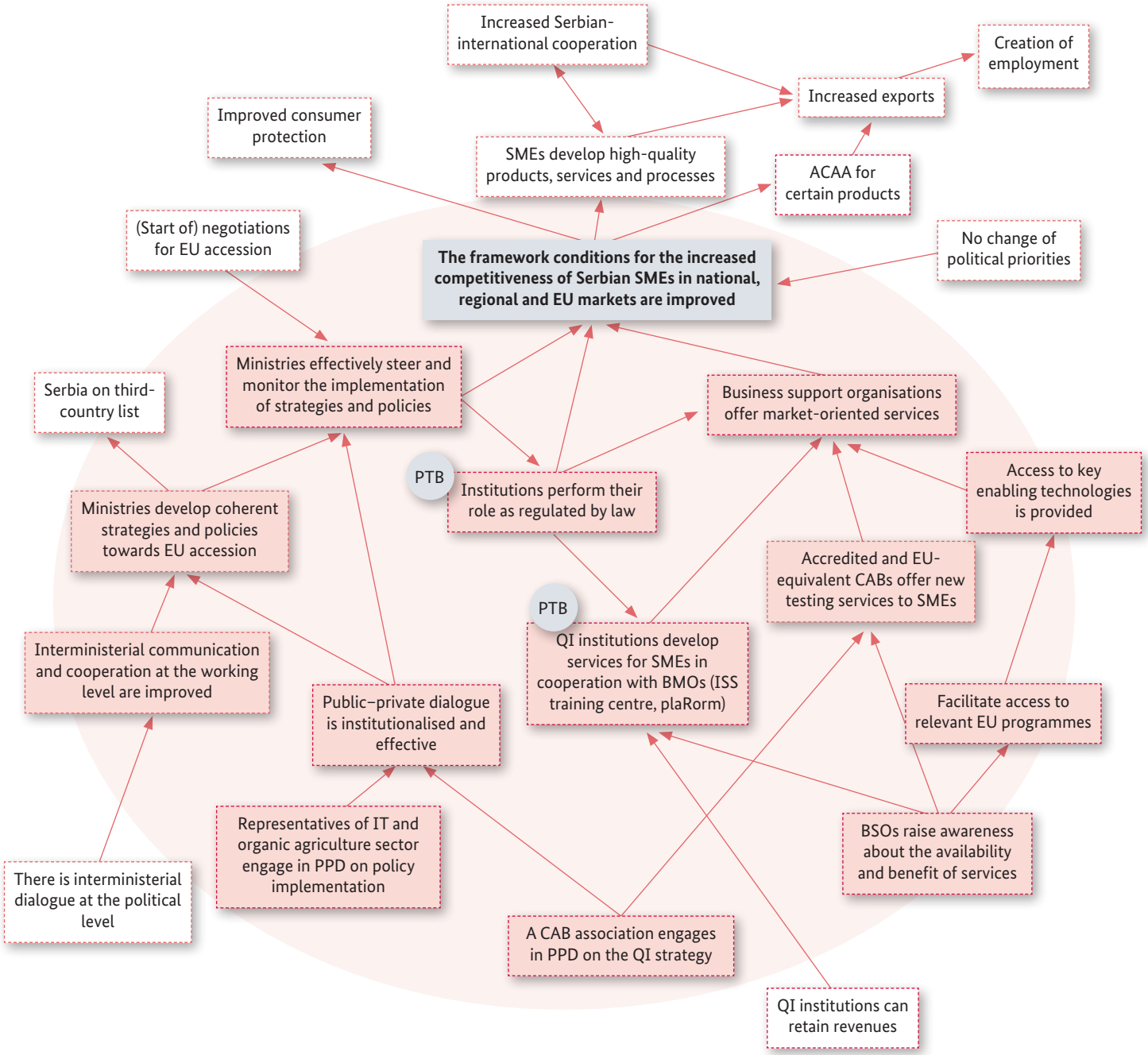


FIGURE 5: ACCESS II RESULTS MODEL



ABBREVIATIONS	
ACAA	Conformity Assessment and Acceptance of Industrial Products
BMO	business membership organisation
BSO	business support organisation
CAB	conformity assessment bodies
ISS	Institute for Standardization of Serbia
IT	information technology
PPD	public–private dialogue
PTB	Physikalisch-Technische Bundesanstalt (the National Metrology Institute of Germany)
QI	Quality Improvement

This results model effectively demonstrates the layers and linkages that correspond with the logic of the GIZ AfT Results Model, making it a good example of how to mainstream trade. Key ACCESS II results, such as effective public–private dialogue, the standard accreditation of SMEs, and the framework conditions for SMEs to operate on the national, regional and European markets are also some of the main results of the GIZ AfT Results Model. Others bodies like active business support organisations are also indicated in the GIZ model, but their logic has been further developed elsewhere. ACCESS II also refers to the eventual growth of exports, but this lies outside of the initiative's sphere of influence (see Section 3.3 below on the problem of attribution). The two models (ACCESS II and GIZ's AfT Results Model) are therefore linked to each other through these results, but still have logically distinct layers that involve different strategic choices over the focus areas and the objectives.

3.3 Problem of attribution

It is difficult to show the link between a given AfT project and changes in trade flows and it is even more difficult to show the link between trade, growth and poverty reduction. As one moves further away from activities and outputs, the number of external factors increases, making it more difficult to attribute the results measured to a particular project or programme. This is known as the problem of attribution.

TEXT BOX 2: THE PROBLEM OF ATTRIBUTION

In trying to measure the performance of a programme, we face two problems. We can often — although frequently not without some difficulty — measure whether or not these outcomes are actually occurring. The more difficult question is usually determining just what contribution the specific programme in question made to the outcome. How much of the success (or failure) can we attribute to the programme? What has been the contribution made by the programme? What influence has it had?

Source: Mayne, J. (2001), 'Addressing Attribution Through Contribution Analysis: Using Performance Measures Sensibly', p. 3.

The OECD framework recognises that trade is an intermediate objective of AfT. It is a link in a chain of results. It is a transmission mechanism that will allow the creation of better-remunerated jobs, the diffusion of new technologies, diversification of economies, etc. Trade is not the objective per se, it is one link in a causal chain targeting development more generally. While the linkage between increased trade and growth is relatively well established, the impact of trade on poverty alleviation is widely disputed. 'There is typically a gap between strategic ambitions and statements on poverty reduction and the actual project and programme design, implementation and M&E'.[28]

According to the M&E guidance, the results model should clearly indicate the sphere of influence of a development intervention. Those areas within a project's control and influence are indicated by a "circle", designating the project sphere of influence. At the same time, while AfT interventions tend to focus on similar results, the designation of the specific sphere of influence should be left up to each individual initiative, given the different kinds of AfT interventions they are involved in. Ultimately, different initiatives will have various spheres of influence with different levels of ambition.

The most scientific way to address the attribution problem and the causality of trade in a given development intervention is through the careful design of projects using experimental or quasi-experimental designs borrowed from 'hard science' (see Section 5). However, reality is not always conducive to randomisation techniques and the assignment of control groups. Increasingly, approaches are being developed that are not based on experimental or statistical designs (e.g. process tracing, participatory approaches, case methods) for dealing with the problem of attribution (see Section 5).

A careful design of results models and evaluations in tandem with the description of the theory of change that traces the plausible contribution of an individual project to trade constitutes a pragmatic approach that shows how a project's impacts contribute to improving trade.

28 Turner, L. and Rovamaa, L. (2012), *Aid for Trade: Reviewing EC and DFID Monitoring and Evaluation Practices*, Saana Consulting.

4. Indicators

The M&E guidelines provide general recommendations on how to define indicators, whereas GIZ's 2014 supplementary guidance *Indicators: A Working Aid* offers more detailed instructions.[29] GIZ's indicator guidance is very conscious of and pragmatic about the methodological capacity and other resources required for the formulation of indicators and collection of related data. The guidance asks 'Are key indicators that have been tested in practice available for the relevant (sub)sectors? Have these been examined in terms of their usability and applicability?'[30] Searching for indicators with a good record in measuring stated changes is therefore explicitly recommended.

GIZ also makes a distinction between various kinds of indicators, starting from standard indicators with the highest level of formality and a mandatory nature, through indicators with a decreasing level of formality and obligation, down to sample indicators. GIZ has made efforts to develop standard indicators and the EU is also currently in the process of developing standard indicators for different sectors. The ones related to trade measure: exports as a percentage of GDP, a country's capacity to trade, ISO certificates as a proxy for standards, and the simplicity of doing business. The OECD's publication *Aid for Trade and Development Results: A Management Framework* (OECD 2013a) contains specific guidance on AfT indicators that could be termed 'key' or 'sample' indicators. The framework aims 'to establish a menu of indicators, although not a definitive or comprehensive one … reasonably representative of the essential characteristics of AfT per activity sector, as defined by the AfT Task Force … to be subject to improvement over time as the knowledge base improves.'[31] This OECD menu of indicators is provided in Appendix B.

The distinction made between these different kinds of indicators, which have also been implemented by a number of other organisations, is important for understanding the subsequent guidance on the development of indicators that are specific to the monitoring of GIZ development initiatives. While this manual provides guidance on the definition of specific indicators, the examples provided should not be considered as 'aggregate' or 'standard' indicators, but rather as 'key' or 'sample' indicators. There is a need to tailor them to local circumstances and needs through a comprehensive indicator development process.

4.1 GIZ AfT indicators

This section develops sample indicators for some of the objectives, outcomes and results identified in the GIZ AfT Results Model set out in Section 3.2.[32] It first considers the definition of indicators for the overall objective of AfT-related development initiatives: increased trade and investment. Then, sample indicators are developed for each of the identified and prioritised results. The sample indicators are summarised in Table 3 on page 28.

29 GIZ (2014c), *Indicators: A Working Aid.*

30 GIZ (2014c), p. 11.

31 OECD (2011), p. 92.

32 Key results were also identified through an analysis of a total of 134 indicators taken from ongoing GIZ projects with the trade marker and trade content of above 60 %. A high number of indicators were considered to represent areas with a high level of interest in results measurement. The following were identified: Policy change and implementation — 40/134 indicators; Consultation and coordination — 10/134 indicators; Non-tariff barriers — 6/134 indicators; Standards — 3/134 indicators; High quality of data and other information — 14/134 indicators; and Capacity — 10/134.

TABLE 3: SUMMARY OF SAMPLE GIZ AFT INDICATORS

RESULT	INDICATOR
Increased trade and investment	(Real/nominal) growth in value (USD constant 2000/current) of exports/imports (total or disaggregated by goods and services, or by specific sectors), expressed as a percentage
	Agricultural goods as a share of total goods exports, expressed as a percentage
	USD value of net inflow (new investments minus disinvestments) of foreign direct investment
	Change in the Enabling Trade Index (ETI) score (where 1 is lowest and 7 is highest)
Access to markets	Weighted average applied tariff rate (expressed as a percentage)
	Logistics Performance Index (LPI) score (where 1 is lowest and 5 is highest)
Non-tariff barriers are removed	Number of documents required to import/export goods
	Time required to import/export goods
	USD cost to import/export goods
Businesses meet standards	Adoption of international standard 'x' (yes, no)
Trade infrastructure in place	Liner Shipping Connectivity Index (LSCI) score (where 1 is lowest and 100 is highest)
	Percentage of the area's roads that are sealed
Enabling policies and regulations are formulated and implemented	Adoption of law/regulation/strategy/policy (yes/no)
	(Average) level of policy change
Effective consultation	Level of stakeholder coordination
	Number of new partnerships
	Number of coordination bodies
Availability of high-quality trade data	Assessment conducted (yes/no)
	Number of publications disseminated
	Number of hits on website

While these sample indicators can serve as a useful starting point for the development of indicators for GIZ development initiatives, they should not be adopted without undergoing a thorough indicator development process (see GIZ Indicator Guidance), which includes the consultation of key local stakeholders. Ultimately, baseline and target values also need to be assigned to each indicator. These are not included in the formulation of the following sample indicators.

4.1.1 Increased trade and investment

'Increased trade and investment' involves the inflows and outflows of products and services, usually expressed in their monetary value (in USD or local currencies), and including inward investment (e.g. FDI). To understand the magnitude of exports relative to the economy as a whole, the monetary value is often represented as a percentage of the gross domestic product (GDP). A sample indicator would read as follows:

(Real/nominal) growth in value (USD constant 2000/current) of exports/imports (total or disaggregated by goods and services, or by specific sectors), expressed as a percentage

The indicator can be reported as real or nominal growth, with the latter adopting constant 2000 USD.

Depending on the country's particular context and the objectives of the development initiative, further measurement of the diversification of trade can be performed by disaggregating goods or services or even more specific product classifications (according to the UN ISIC Classification Revision 4) as a share of total trade. For example, in the case of agricultural goods, the indicator would read as follows:

Agricultural goods as a share of total goods exports, expressed as a percentage

The standard way of measuring foreign direct investment (FDI) reads as follows:

USD value of net inflow (new investments minus disinvestments) of foreign direct investment

Given that changes in export performance or FDI flows do not usually fall within the sphere of influence of a GIZ development initiative and that data collection methods need to be proportional to available resources, one should rely on the primary or secondary data on imports/exports and FDI that is readily available. The International Trade Centre (ITC) provides high-quality, comparable and user-friendly data free of charge at www.intracen.org. The same website also provides statistics on FDI. Further indicator suggestions can be found in Appendix B.

To measure various dimensions of change in a single indicator, a number of composite indexes made up of sub-indicators are available – for example, the World Economic Forum's (WEF) Global Competitiveness Index (GCI) and

Enabling Trade Index (ETI). A sample indicator using the ETI score would read:

Change in ETI score (where 1 is lowest and 7 is highest)

The ETI includes both a ranking of countries as well as an overall score. This score is calculated on the basis of four sub-indices: market access, border administration, infrastructure, and operating environment. Each sub-index is composed of pillars, each with a number of indicators.[33]

When it comes to country rankings, caution is advised. They should not be compared across geographies or time, due to the influence of relative shifts in status experienced by other countries. There are also some concerns about aspects of the methodologies employed to produce the indexes, such as the sample sizes used. Nevertheless, in an environment where data availability and quality are major challenges and/or where there is a desire to obtain comparable data across countries, regions or income groups in a user-friendly and efficient manner, composite indexes and especially their sub-indicators can be a very valuable source of data. Moreover, their methodological underpinnings facilitate the definition of sound indicators that also allow for broader comparison across countries and time. Ultimately, multiple sources of data should be consulted and monitored with a view to data triangulation (see Section 5).

4.1.2 Access to markets

Market access refers to the degree to which a country is open to foreign goods and services and investment, be it in the more traditional sense of tariff concessions or, as is increasingly the case, with regard to NTMs. This can include both the suppression and reduction of obstacles to trade at the border and beyond the border. These trade facilitation measures have an impact on tariffs, customs, export bans and other restrictions. They also impact on procedural efficiency, which is usually measured through the financial cost involved, time taken or number of documents required for clearance.

An example of an overall tariff-related indicator would read as follows:

Weighted average applied tariff rate (expressed as a percentage)

This is a weighted average of all applied tariff rates, including the preferential rates that a country applies to the rest of the world. A higher value represents a worse trade outcome. Indicators can also be developed on the complexity of the tariff structure, based on tariff dispersion and peaks, as well as on the share of duty-free imports (see Appendix B). Likewise, measures can also be developed for accessing foreign markets.

The World Bank's Logistics Performance Index (LPI) involves assessing various border procedures and efficiencies, and comes with a very useful, user-friendly web-based platform for comparing index data by country, time period, and sub-indicator. The composite indicator would then reflect any increase or decrease in the index's value.

LPI score (where 1 is lowest and 5 is highest)

The component parts of the LPI can be further broken down into dimensions relating to policy regulation (inputs) and service delivery performance (outcomes), as indicated in Table 4 below.

TABLE 4: COMPONENTS OF THE LPI

POLICY REGULATION (INPUTS)	SERVICE DELIVERY PERFORMANCE (OUTCOMES)
Customs — efficiency of customs and border clearance	Tracking and tracing — ability to track and trace consignments
Infrastructure — quality of trade and transport infrastructure	Timeliness — frequency with which shipments reach consignees within scheduled or expected delivery times
Logistics services — quality of trucking, forwarding, and customs brokerage	Ease of arranging shipments — ease of arranging competitively priced shipments

Source: World Bank (2014), Connecting to Compete: Trade Logistics in the Global Economy. Logistics Performance Index.

Indicators can be developed for all of these dimensions based on the World Bank guidance, depending on the objectives of a given GIZ development initiative.

33 Pillar scores are computed as the arithmetic mean of constituent indicators scored on a scale of 1 to 7, with 7 indicating the best possible outcome. Sub-index scores correspond to the arithmetic means of the constituent pillars. Consequently, sub-index and overall scores always range from 1 to 7. See: Hanouz M. et al. (2014), *Global Enabling Trade Report 2014*.

4.1.3
Non-tariff barriers removed

The measurement of NTBs would benefit from the application of international best practice to the measurement of efficiency gains (e.g. reduced cost and time) and from the use of readily available sources of data, especially when national data is not available or is of questionable quality. The LPI, the GCI and the Trading Across Borders sub-indicators of the World Bank's Ease of Doing Business Index provide useful guidance on the definition of trade facilitation indicators and are valuable sources of data. Most measurement efforts remain focused on the efficiency and transparency of the border administration. Examples of specific indicators include the following:

Number of documents required to import/export goods

Time required to import/export goods

USD cost to import/export goods

In the absence of data from national administrative sources, the LPI also provides data on these indicators that are based on a survey of logistics professionals. Also, the Global Express Association has developed composite indexes to measure the quality and transparency of customs services.

The assessment of NTMs should not stop at the border, but also focus on behind-the-border measures such as product standards, conformity assessment regulations, and subsidies. The ITC is currently collecting data in order to develop an indicator on the presence of NTMs affecting international trade.

There have also been a number of national and regional initiatives seeking to harness ICT and mobile technology for the purposes of defining and tracking actual NTBs. An online Short Message Service (SMS) mechanism for reporting and monitoring NTBs was developed by the Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA) with the aim of engaging the business community not just in grumbling about NTBs, but also in logging them, reporting them and getting them referred to those with the power to overturn them.[34] The award-winning system is now being replicated across Africa (see www.tradebarriers.org).

34 See: www.tccia.com/tccia/?p=2685

4.1.4
Businesses meeting standards

The measurement of conformity with various international standards (such as those of the International Organization for Standardization [ISO] or those in the UN Food and Agriculture Organization's Good Agricultural Practices scheme) is relatively straightforward and is usually accomplished through a simple binary indicator:

Adoption of international standard x (yes, no)

It is also possible to monitor progress towards actual certification, as most international standard certification processes have explicit, intermediate milestones and timelines. The EU also measures the number of ISO certificates as one of its universal indicators for monitoring private sector development.

4.1.5
Trade infrastructure in place

Usually, infrastructure quality is assessed at the national level. However, due to the growing importance of global value-chains, connectivity by air, sea and land is becoming increasingly important. Indicators related to these connections therefore have an increasing role to play. The Transshipment Connectivity Index (TCI) and Liner Shipping Connectivity Index (LSCI) of the United Nations Conference on Trade and Development (UNCTAD) address maritime connectivity. The LSCI measures how well countries are connected to global shipping networks. It is based on five maritime transport sector components: number of ships, their container-carrying capacity, maximum vessel size, number of services, and number of companies that deploy container ships in a country's ports.[35] A related indicator would read as follows:

LSCI score (where 1 is lowest and 100 is highest)

Depending on the specific context and objectives of the development initiative, the indicators underlying the score can also be monitored individually. Efforts are underway to develop similar tools for air connectivity (the Air Connectivity Index).

No composite index on the quality of domestic infrastructure exists for comparing many of the world's countries.

35 For each component, a country's value is divided by the maximum value of each component in 2004. The five components are then averaged for each country, and the average is divided by the maximum average for 2004 and multiplied by 100. The index generates a value of 100 for the country with the highest average index in 2004. See: Hanouz, M. et al. (2014), *Global Enabling Trade Report 2014.*

More traditional infrastructure indicators, such as those relating to the length and quality of road infrastructure, are still used to this regard. An example would read:

Percentage of the area's roads that are sealed

4.1.6 Enabling policies and regulations are formulated and implemented

The measurement of policy change, reform and implementation lies at the heart of GIZ's (TRA) AfT support. Measuring policy adoption is relatively straightforward. A related indicator would read as follows:

Adoption of law/regulation/strategy/policy (yes/no)

Qualitative data on the design, adoption and implementation of laws, regulations, policies, strategies and action plans is the most prevalent GIZ indicator type, with a tendency towards a very clear specification of the change sought. This is highly relevant in specific contexts, but is problematic in general contexts, such as with a broader sample of countries. Policy change commonly tends to be measured according to:

- changes in institutions;
- changes in the legal/regulatory framework;
- changes in practice.

Quantifying policy changes usually simply involves counting up the number of changes. The 'number of policy changes' indicator, although very commonly used, can be somewhat meaningless and relies heavily on a shared and standardised understanding of the unit of analysis (i.e. a given policy change) to make country-to-country comparisons possible. However, understandings of policy change can range from mere lip service by decision-makers, to the approval, rejection and amendment of legislation and, ultimately, all the way up to a profound change in cultural norms and societal fabric. An example of discursive change is provided by this GIZ indicator:

At least five subnational bodies in charge of local development plans have expressed their preparedness to adapt their work to the objectives of a green economy

This significantly complicates defining the unit of analysis and its contextual significance. In addition, while policy adoption by the legislature is an easy binary indicator to measure *(Parliamentary approval [yes/no])*, in most cases the main challenge is actually the implementation of policy change. Assigning an ordinal scale to different kinds of policy changes can facilitate the quantification of qualitative changes as well as the comparison of data (see Figure 6). An indicator based on an ordinal scale for policy change would read as follows:

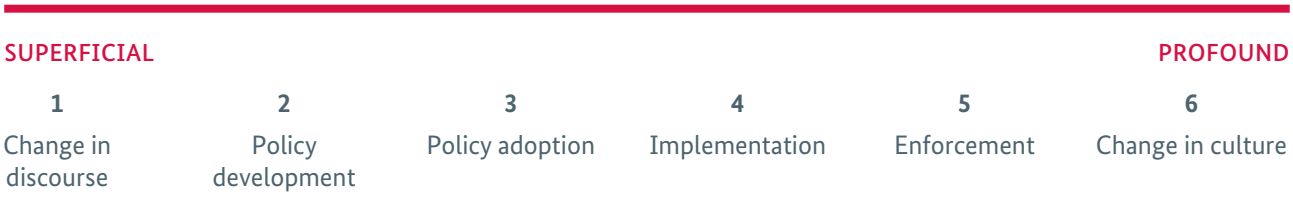
(Average) level policy change

Each of the numbered factors in Figure 6 requires further definition and, above all, must be understood in the same way by all those measuring the change. It is also important to remember that change is not linear, but is often cyclical, with regular iterations required in the process.

Also, even when a policy is adopted and implemented, one cannot assume that it is 'the decisive one' that will meet all quality expectations. Some GIZ indicators incorporate quality criteria:

- *In three mining regions, civil society, government, mining companies and small and medium-sized companies have started implementing sustainable development strategies that include women and men, protect the environment and strengthen the local industry.*
- *The contact persons of the market surveillance institutions, as part of the market monitoring network, communicate with each other in accordance with the pre-ordained timing and content requirements for communication mechanisms regarding dangerous products.*
- *Two policy documents (strategies) contain gender-specific or conflict-sensitive measures.*

FIGURE 6: EXAMPLE OF A POLICY CHANGE SCALE



Compliance with crosscutting issues, such as conflict or gender sensitivity, as well as environmental sustainability are prescribed by the BMZ *Kennungssystem* (identification system).[36]

Another very common GIZ quality measurement is gathering the opinion of key stakeholders, such as private sector or industry association members, on a given policy measure using a five- or nine-point Likert scale. The Enhanced Integrated Framework (EIF) similarly uses a five-point scale to assess the quality of relevant policies and strategies. A number of existing private sector perception surveys also exist that may be of use – for example, the Fraser Institute Annual Survey of Mining Companies.[37]

The World Bank Ease of Doing Business Index provides an accessible and user-friendly database for assessing the overall business environment, which also presents a number of opportunities for conducting geographical and timeline comparisons (see also the discussion to this regard in Section 4.1.1). One of the EU's standard indicators also refers to the simplicity of doing business. However, as this World Bank Index is a relative ranking in which the placement of a country can shift due to the relatively better or worse performance of peers, its use is not recommended for M&E purposes.[38] Various sub-indicators of the Doing Business Index and other sources provide valuable data on more specific aspects of the business environment such as technical standards, sanitary and phytosanitary standards, intellectual property, competition, government procurement, security of contracts and investments, corruption, administrative burden, and access to finance. In addition, the World Bank's Worldwide Governance Indicators project is one of many governance data sources that provides a broad impression of the overall governance environment.

4.1.7 Effective consultation and coordination

Similar to policy change, increased cooperation and coordination is often measured as the number of (new) partnerships. Related indicators would read as follows:

Number of new partnerships

Number of coordination bodies

However, such networks of relationships tend to shift and counting their number makes little reference to the quality of the cooperation involved. An ordinal scale similar to that described in Section 4.1.3 can also be developed (see Figure 7) to rate the strength of these relationships according to the following indicator:

Level of coordination among partners

As with the policy scale, the cooperation scale also requires specific, shared definitions of the various levels and their harmonised implementation. The effort required is sensible only with regard to the comparison of a large number of working relationships. In a single development initiative, a narrative description of relevant working relationships may suffice.

4.1.8 Availability of trade-related data

Data availability is usually measured as a concrete output of activities, such as assessments conducted or publications produced. They can be measured by a simple binary yes/no answer or by counting the number of published or disseminated units. A few examples are given below:

Assessment conducted (yes/no)

Number of publications disseminated

Number of hits on website

It is also useful to consider the relevance and uptake of information, as in the following example of an indicator from a GIZ intervention:

At least 60 % of the companies surveyed confirmed in an externally commissioned qualitative survey that the data from the new information system is helpful for their trading strategy

Here, 'helpful for their trading practice' refers to the actual use of information in daily tasks at a later point in time. Wording the indicator using actual figures rather than percentages would make the replication of data collection easier. Getting the quality of products assessed by an independent, external consultant and establishing a grading system for the assessment process is also worth considering.

36 GIZ (2010), *Das Kennungssystem.*

37 Fraser Institute Annual Survey of Mining Companies: www.fraserinstitute.org/sites/default/files/survey-of-mining-companies-2014.pdf

38 The Ease of Doing Business Index has attempted to tackle this issue by including a 'distance to the frontier' measurement, but this still relies on relative performance. David Irwin has developed a methodology for calculating a more absolute country rating that is more appropriate for M&E activities. See: Irwin, D. (2014), *Doing Business: Using Ratings to Drive Reform*, Journal of International Development.

FIGURE 7: COOPERATION SCALE

4.2 Other standard private sector development indicators

Other efforts, although not strictly AfT, have sought to define global standard indicators for assessing the support available for private sector development. The most notable of these are the Donor Committee for Enterprise Development's (DCED) standard indicators,[39] which are particularly useful for measuring the impact of AfT interventions on private sector development and on jobs in particular. The DCED Standard for Results Measurement has established three 'universal indicators' (see Text box 3) for use in determining the achievement levels of private sector development programmes and it also expects the sustainability of interventions to be considered.

The DCED standard also expects consideration of the sustainability of interventions. GIZ projects should be encouraged to consider the relevance of the DCED universal indicators, where appropriate. So far, only some data on job creation and sales/turnover appears to be being collected, based on a wide variety of conceptual definitions and methods. There is also significant opportunity for gender disaggregation in this area, with job data ideally being disaggregated by both age and gender.

The shared adoption of common menus of indicators is often worthwhile, as benefiting from the work of others when drafting specific and measurable indicators and using existing, high-quality secondary data engenders major efficiency gains. A common set of shared indicators would, in theory, also make the measurement of common objectives and aggregate reporting a reality; however, many have come to realise the shortcomings of this approach. At the same time, indicators should not become the drivers of the AfT agenda. Some governments have focused exclusively on improving their results against specific Doing Business sub-indicators, rather than on developing a comprehensive reform agenda. Objectives should be defined first, not the measures for these objectives.[40] The practical application of standardised indicators has also proved challenging given their global reach and the diversity of projects, objectives and conditions involved. For the DCED Standard, which promotes improved results management overall, the standardised indicators are only one aspect of its principles and processes.

TEXT BOX 3: DCED UNIVERSAL INDICATORS

Scale: Number of target enterprises that received a financial benefit as a result of the programme's activities, each year and cumulatively. The programme must define its target enterprises.

Net income: Additional net income (additional sales minus additional costs) accrued per year to target enterprises as a result of the programme. In addition, the programme must explain why this income is likely to be sustainable.

Net additional jobs created: Net additional, full-time equivalent jobs created in target enterprises as a result of the programme, per year and cumulatively. Here, 'additional' means jobs created minus jobs lost. The programme must explain why these jobs are likely to be sustainable. Jobs saved or sustained may be reported separately.

Source: Donor Committee for Enterprise Development (2010), Measuring Achievements in Private Sector Development: Implementation Guidelines.

39 DCED (2010), *Measuring Achievements in Private Sector Development: Implementation Guidelines.*

40 OECD (2013a), pp. 33–34.

5.

Data collection, management and reporting

This section focuses on data collection, management and reporting. The GIZ M&E guidelines provide simple guidance on data collection. GIZ has also developed its own web-based platform for RBM data management going by the name of the Results Monitor (www.giz.de/wirkungsmonitor/login.action, GIZ sign-in required). When using the Results Monitor, the project must establish who is responsible and how the data is to be accessed and when (frequency). While defining these needs is highly project specific, GIZ recommends that data be collected at least twice yearly.

The focus of this manual is on AfT-specific data collection. To this end there now follows a summary of the data gathering methods and easily available data sources touched on in the previous section.

A huge range of both qualitative and quantitative data collection tools exists. As such, it is important to select instruments according to the measurement needs of a given project.[41] Most data collection tools are based on one of three means of measurement: direct measurement, observation and interviews. However, measurement and observation are often overlooked as valuable data collection tools.

Whichever tool is applied, the chosen data collection method(s) should be 'transparent and verifiable in order to deliver credible findings.'[42] Secondary data from partner institutions or other institutions like statistical offices and research institutions can be used, provided they meet this criterion. They can also be used for triangulation (see below).

While data can be gathered from a number of sources, they will be either primary or secondary. Table 5 presents some the key issues and qualities that influence the selection and use of the two kinds of data.

TABLE 5: KEY QUALITIES OF PRIMARY AND SECONDARY DATA

PRIMARY DATA	SECONDARY DATA
Time consuming	Requires less time to collect
Specific to project needs	Perception of source important
Costs vary, depending on data collection tool and sample size	Cheaper than primary data collection, often free
Data quality subject to the design of research and capacity of data collector	Sometimes even better quality than primary data, due to the application of international standards

In addition, quantitative and qualitative data collection methods employ a number of different sampling techniques, ranging from random statistical sampling to more purposive qualitative sampling techniques. Before-and-after comparison is the most common way that not just GIZ but also the whole sector draws conclusions on the impact of development interventions. Increasingly, more scientifically rigorous sampling techniques are also being employed. Sampling in qualitative data gathering is not, per se, less rigorous than quantitative sampling techniques.

Table 6 on page 36 provides a summary of some of the general kinds of data collection tool available, describing their purpose, advantages and disadvantages.

41 See, for example: www.betterevaluation.org

42 GIZ (2014d), p. 28.

TABLE 6: DATA COLLECTION METHODS

METHOD	APPLICATION	ADVANTAGES	DISADVANTAGES
Opinions of key informants and expert interviews	May be important when the key change is driven by one person (e.g. politician changing a policy).	Low cost.	May be influenced by interviewer. Likely to be somewhat subjective.
Comparison of treatment and control group (randomised samples)	When samples are large enough, this can be used to measure changes attributable to one step in the results chain (probably not feasible for the whole model in one trial).	Held by statisticians to be the most reliable way to measure results (albeit based mainly on experiences with simple/ single treatments).	Difficult to design and administer if the treatment group is self-selecting (e.g. buying a service). In that case, a randomised sample would need to be refused a service they tried to purchase.
Quasi-experimental design (difference of differences — comparing before and after for treatment and control groups)	Often appropriate for pilot initiatives and/or measuring attributable changes for one step in the results chain.	More approximate given it acknowledges that the control group is not an exact control.	Cheaper than randomised controlled trials but still expensive. Careful design and measurement is needed to ensure accuracy. Not appropriate for use with unique target groups, such as large urban clusters, or when interventions can influence the control group as well as the treatment group.
Participatory approaches (focus groups, etc.)	Useful in cases where the change in behaviour might have been caused by different factors.	May be the only way to show attribution in some cases.	May be subjective and open to bias (e.g. high subsidies may attract positive ratings, even though they are not sustainable).
Observation	Useful in cases where attribution is fairly clear (e.g. resulting from new technology).	Low cost.	May be perceived as unconvincing, especially when attribution is not obvious.
Regression analysis	Useful in cases where a wide range of data can be accurately gathered.	Can be reasonably accurate if well designed and executed.	A high level of skill is needed: accuracy relies on identifying and gathering data on other significant factors contributing to the change.
Extrapolation of attribution proven in a pilot or case study	Useful in cases where funds are not available for large-scale measurement.	Low cost, relatively convincing.	Needs periodic verification by other means (e.g. through surveys or additional case studies).
Trend analysis	Useful in cases where other, larger trends are very significant and trends can be reasonably tracked and estimated.	Takes into account larger economic and market trends, and is relatively low cost.	Risks assuming that the identified and measured trends are the only (or main) ones applicable. As such, this is best used in combination with other methods.
Case studies analysing behaviour and performance changes at each step of the results chain	Useful in cases where qualitative understanding is needed for interpreting quantitative data.	Low cost, plus it can provide a strong indication of attribution if it is well designed and executed.	

Source: DCED (2010), Measuring Achievements in Private Sector Development: Implementation Guidelines.

A great number of high-quality secondary data sources exist that are relevant for different types of AfT interventions. Table 7 on page 37 and 38 provides a summary of the most common and user-friendly data sources.[43]

43 It would be impossible to provide a fully comprehensive list, especially at the sector level. This list is adapted from OECD 2013.

TABLE 7: SECONDARY SOURCES OF AFT DATA

DATA SOURCE	DESCRIPTION	SOURCED BY	FURTHER INFORMATION
Trade and Development Index (TDI)	UNCTAD's review of global trade and development performance is based on three dimensions: the structural and institutional context, trade policies and processes, and the level of development.	UNCTAD	http://unctad.org/en/docs/ditctab20051ch1_en.pdf
Trade Performance Index (TPI)	An instrument for analysing and monitoring the trade performance of countries and their sectors. It covers 14 sectors and holds data on national imports and exports.	International Trade Centre	http://legacy.intracen.org/marketanalysis/TradeCompetitivenessMap.aspx
Global Competitiveness Index (GCI)	Lists countries in order of their economic competitiveness based on 12 pillars, including institutions, health, primary education, and innovation. The category 'Goods market efficiency' includes indicators on the prevalence of trade barriers, customs and the burden of customs procedures.	World Economic Forum	www.weforum.org/reports/global-competitiveness-report-2014-2015
Enabling Trade Index (ETI)	Observes the factors, policies and services that facilitate trade, based on four broad categories: market access, border administration, transport and telecommunications infrastructure, and the business environment.	World Economic Forum	www.weforum.org/reports/global-enabling-trade-report-2014
World Trade Indicators (WTI)	Ranks trade policy and trade performance based on five categories: trade policy, external environment, institutional environment, trade facilitation and trade outcome.	World Bank Institute	web.worldbank.org/WBSITE/EXTERNAL/TOPICS/TRADE/0,,contentMDK:22421950~pagePK:148956~piPK:216618~theSitePK:239071,00.html
AICD database on Africa's infrastructure	A collection of different statistical sources on infrastructure in Africa.	Africa Infrastructure Country Diagnostic	http://infrastructureafrica.org/tools
Logistics Performance Index (LPI)	Assesses countries based on six criteria: customs, infrastructure, international shipments, logistics competence, tracking and tracing, and timelines.	World Bank	http://lpi.worldbank.org
Trading Across Borders Indicators, Doing Business	Covers the technical and procedural requirements for export and import. These include the time, costs and documents required for clearing goods through customs.	World Bank	www.doingbusiness.org/data/exploretopics/trading-across-borders
World Telecommunication/ ICT Indicators Database	Annual time-series data from 1975 to 2013 for more than 150 telecommunication/ICT statistics. This also makes it possible to view telecommunication services broken down by economy. The latest data on ICT access and use by households is also disaggregated according to socio-economic variables.	International Telecommunications Union	www.itu.int/en/ITU-D/Statistics/Pages/publications/wtid.aspx
Travel and Tourism Competitiveness Index (TTCI)	The Travel and Tourism Competitiveness Index (TTCI) measures the factors and policies that make it attractive to develop the travel and tourism sector in different countries. It is composed of three sub-indexes and fourteen specific pillars.	World Economic Forum	http://reports.weforum.org/travel-and-tourism-competitiveness-report-2015
Indicators of Financial Structure, Development and Soundness	An overall analytical framework and related indicators for assessing financial system stability and developmental needs. It is based on the World Bank and IMF's experiences with the Financial Sector Assessment Program (FSAP) and on broader policy and operational work in both institutions. It is nevertheless designed for generic use in financial sector assessments.	International Monetary Fund	www.imf.org/external/pubs/ft/fsa/eng/pdf/append.pdf

DATA SOURCE	DESCRIPTION	SOURCED BY	FURTHER INFORMATION
Energy statistics from IEA Online Data Services	Basic energy statistics for over 150 countries and regions. Data are provided on energy supply and consumption in original units (1,000 tonnes, terajoules and gigawatt hours) broken down by various energy sources (coal, oil, gas, renewables and waste) and by electricity and heat. Definitions of products and flows, explanatory notes on individual country data and net calorific values are also included.	International Energy Agency	http://data.iea.org/ieastore/default.asp
Integration Indicators of the Asia Regional Integration Center	An interactive regional cooperation and integration database covering 48 members of the ADB. The database has 12 trade indicators, 8 foreign direct investment (FDI) indicators, and 17 money and finance indicators.	Asian Development Bank	http://aric.adb.org/integrationindicators

Source: adapted from OECD (2009), Getting Results In Aid For Trade: The Use Of Indicators, Background Paper.

International data sets are also not totally comprehensive. Despite being useful for measuring AfT, the World Bank's sets of indicators (Doing Business Index, LPI) fails to capture key dimensions of trade such as banned products, duties and standards.[44]

Prior to designing primary data collection methods, it is necessary to explore pre-existing national data sources, as they are often regularly collected, accessible and extremely relevant (e.g. number of different types of business licenses issued). Most countries also have statistical offices, but the quality of the data they produce can be variable.

In general, it is good practice to employ a number of methods to capture the complexity of (AfT) programmes and to validate findings in a process is known as triangulation. At its most basic, triangulation entails using two or more study methodologies to check results.

Qualitative data is useful for answering 'why' and 'how' questions. 'Adding qualitative methods to straightforward monitoring helps underpin indicator outputs with an understanding of process, which is central in the explanation of how impacts occur'.[45] Qualitative data is critical for learning. Increasingly, the distinction between quantitative and qualitative data is also being blurred as computer-aided tools make it easier to develop non-statistical quantitative methods and new forms of within-case analysis.[46]

Qualitative techniques are also useful for turning up unexpected results. The GIZ Kompass procedure has been developed to capture AfT-related data in a qualitative manner.[47] Most organisations encourage the balanced use of both quantitative and qualitative methods.

5.1 Baseline data collection

The baseline is 'a description of the situation prior to a policy intervention that serves as a point of reference for assessing progress or for making comparisons'.[48] According to the M&E guidance, baseline data are a prerequisite for substantiating results at a later stage. The starting value for each indicator must also be identified. If the baseline is not established at the start of the project, it must be ascertained within the first year of implementation. Further guidance on assessing the baseline is also provided.[49]

There are three main types of comparison:

- the situation before vs after implementation of the intervention (the most common comparison in development interventions);
- the situation with vs without the intervention (i.e. counterfactual);

44 Warren, K. (2014), *Tackling Complexity in Aid for Trade: System Dynamics Frameworks and Models*, International Trade Centre, June presentation, p. 23.

45 Stern et al. (2012), p. 42.

46 Stern et al. (2012), p. i.

47 GIZ (2011), *Der PM&E-Kompass. Wirkungen erzielen – Wie geht das? Planung, Monitoring und Evaluierung (PM&E) mit lokalen Partnerorganisationen.*

48 OECD (2013b), *Development Results: An Overview Of Results Measurement And Management.*

49 GIZ (2014b).

- the combined comparison of with vs without and before vs after the intervention (i.e. difference in differences).

AfT interventions are inherently political, and when interventions and results models are being designed, the inclusion of the different players in the political economy and in-depth analyses of the context are to be encouraged. However, even a thorough contextual analysis needs to be complemented by more detailed data. 'Baseline data should be collected to build on this politico-economic analysis and establish a foundation for the use of comparative data that is more detailed and customised to the specific needs of a reform-support programme once it is in place'.[50] To this end, indicators and data collection tools on more fluid coalitions for change may be a useful avenue to explore.

5.2 Reporting

Reporting is probably the most familiar dimension of M&E. The main purpose of a report is to relay information to a broader audience in a well presented and easily digestible format. There are many reporting standards that, although structured in different ways, are typically organised by headings and subheadings. GIZ must as a minimum provide annual progress reports to BMZ as well as produce internal monitoring reports. Different partners, such as the EU or the UK's Department for International Development (DFID), sometimes impose their own reporting requirements. DFID, for example, requires the detailed monitoring of progress against a results matrix. The frequency of reporting required by the EU can vary depending on the type of contract involved. Ultimately, reporting should aim to strengthen local partners' reporting systems.

In general, reports should as a minimum record:

- the findings obtained when monitoring the indicators;
- information on the achievement of the intended and unintended positive or negative results inside and outside the sphere of responsibility;
- key information on the management of the project;
- information/recommendations on whether there is a need to change course and how this should be done.[51]

The OECD has overcome the challenges of shared reporting by designing and circulating a questionnaire for the biennial review. The collection of country case studies during the 2013 review was the best attempt so far at implementing aggregated reporting based on a common set of indicators and datasets (see Appendix B). Most other organisations and programmes also employ standardised reporting formats (e.g. the EU, EIF and IFC).

50 White, S. (2013), *Supporting Business Environment Reforms: Practical Guidance for Development Agencies – Annex: Measuring Donor-Supported Business Environment Reform Results*, DCED, p. 3.

51 GIZ (2014b), p. 31.

6. Evaluation

Reviews and evaluations are conducted (a) to assess progress towards meeting objectives and (b) for learning. In contrast with monitoring, they are characterised by their more punctual nature and focus on broader achievements. What all these activities share, however, is their intention to track results, suggest adjustments during implementation and assess success. Decentralised GIZ evaluations can be performed for various reasons. There are, for example, sector evaluations, portfolio evaluations, results evaluations or self-evaluations.[52]

In line with BMZ's commission management procedures, GIZ is also obliged to carry out a project evaluation (PEV) and to record the comparative perspectives of the partners and target group involved using the Kompass procedure, and to do so at least once for each project.[53] It is also crucial to provide feedback to partners and beneficiaries, especially when they have provided data for the M&E.

The German Institute for Development Evaluation (DEval) was established to centralise and increase the independence and credibility of development intervention evaluation. DEval recently concluded a desk review looking at German support for AfT. The review called for a more coherent AfT strategy that includes clear objectives and indicators, linkages with trade promotion and FDI, and the mainstreaming of climate change. Despite the growing regional integration portfolio, more can be done to link projects to regional and global value chains. There are also specific opportunities for identifying the potential contributions of regional and international trade to agricultural development, including food security.[54]

Government and business should be closely involved in processes to analyse the results of external evaluations and identify lessons that apply to future reform efforts. Programme evaluation findings should be the basis for regular public–private dialogue.[55] Transparency is promoted through the publication of a summary of evaluation findings in accordance with the Aid Transparency Initiative.

52 Ibid.

53 Ibid., p. 30.

54 DEval (2015).

55 White (2013), p. 5.

Numerous other evaluations focusing specifically on AfT support have already been conducted by other bodies, such as the EU, USAID, the governments of Sweden and Finland, and DFID's Private Sector Department.[56] The conclusion reached in the OECD meta-evaluation to assess the findings of a number of previously conducted evaluations are summarised in Text box 4 below.

TEXT BOX 4: CONCLUSION OF THE OECD META-EVALUATION

The evaluations of aid-for-trade operations reviewed failed to say much about trade. 'Trade' and 'exports' were not among the most frequently mentioned words and 'imports' received barely a mention. Similarly, references to the WTO or regional trade agreements were largely absent from the evaluations. A qualitative reading yields similar conclusions. Not only was the trade impact of operations clearly not the main focus of evaluators' work but, in a number of cases, it was not even addressed.

Source: OECD (2007), Trade-Related Assistance: What Do Recent Evaluations Tell Us?, available at www.oecd-ilibrary.org/development/trade-related-assistance_9789264031203-en

56 Adhikari, R. (2011), *Evaluating Aid for Trade Effectiveness on the Ground: A Methodological Framework,* Issue Paper No 20, International Centre for Trade and Sustainable Development, Geneva, November 2011, p. 35.
Bird, K., Turner, L., Rovamaa, L., Suokko, M. and Gathii, J. M. (2011), *Evaluation of Finnish Aid for Trade. Evaluation report 2011:4,* Ministry for Foreign Affairs of Finland, Helsinki, p.125.
Delpeuch, C., Jouanjean, M.-A., Le Vernoy, A., Messerlin, P. and Orliac, T. (2011), *Aid for Trade. A Meta Evaluation,* OECD, unpublished, available at www.oecd.org/trade/aft/47423967.pdf
European Commission (2013a), *Evaluation of the European Union's Trade-related Assistance in Third Countries,* Final Report, Vol. 1, prepared by Particip, Freiburg, Germany, p. 113.
Finkel, T., Roloff, N. and Koopmann, G. (2013), *Switzerland's economic development cooperation in sustainable trade promotion and its contribution to "Aid for Trade",* independent evaluation, Como Consult GmbH, Hamburg, p. 82.
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Ingram, G. (2006), *Assessing World Bank Support for Trade 1987–2004. An IEG Evaluation,* Independent Evaluation Group, Washington DC, p. 246.
Lindahl, C. (2011), *Norway's Trade-Related Assistance through Multilateral Organizations: A Synthesis Study Report 8/2011,* Evaluation studies, Vol. 8, Norwegian Agency for Development Cooperation, Oslo, p. 110.
Yamagata, T. (2012), *Evaluation of Aid for Trade, Third Party Evaluation Report 2011,* Mizuho Information & Research Institute Inc., Tokyo, p. 22.

The meta-evaluation also noted that few evaluations elaborated upon policy linkages with trade outcomes and, in general, had unrealistic time frames for measuring results. One of the most serious concerns has been the absence of baseline data for comparison: 'Little ex ante economic analysis of the operations was undertaken in most cases, resulting in a lack of both quantifiable definitions of objectives and of baseline data or information from which evaluators could measure impacts. Second, and consequently, there was little economic analysis undertaken in most evaluations, and the use of sophisticated tools, such as economic and econometric modelling, was a rarity'.[57] In a recently conducted review of 85 World Bank projects, only five had rigorously designed evaluations.[58] Generally, evaluations have not been able to conclude if AfT works or why it does or does not work.

Trade exceptionalism — the notion that trade-related interventions are inherently not amenable to impact evaluation — is groundless,[59] especially with the shift towards more targeted interventions aimed at reducing trade costs and addressing market failures. There is a growing body of more rigorous impact evaluation of AfT-related programmes, driven in particular by the World Bank Group and the Development Impact Evaluation (DIME) initiative and using quasi-experimental methods such as the difference-in-differences estimation methodology or propensity score matching in trade-related evaluations.

In addition, there has also been a call for broadening the design of and methodological options for impact evaluation: 'No single methodology can monopolise the claim for the production of evidence for policy learning and all established methods have difficulty with many contemporary interventions'.[60] It is often more informative to ask 'Did the intervention make a difference?', which allows space for combinations of causes, rather than asking 'Did the intervention work?', which implies that an intervention is acting on its own.[61] Theory-based, case-based and participatory approaches offer a useful alternative and/or complement to experimental and statistical evaluation designs and offer real potential to link causes to effects.[62] GIZ has produced a number of 'spotlight reports' that employ a case-study methodology to this effect. These alternative approaches also correspond fully with the GIZ approach for replacing the impact chain with the more complex, multi-causal and interdependent results model.

Table 8 on page 43 summarises the options for impact evaluation design currently available.

57 Delpeuch, C., Jouanjean, M.-A., Le Vernoy, A., Messerlin, P., and Orliac, T. (2011), *Aid for Trade. A Meta Evaluation,* OECD, unpublished but available at www.oecd.org/trade/aft/47423967.pdf

58 Cadot, O. et al. (2011), *Where to Spend the Next Million: Applying Impact Evaluation to Trade Assistance*, World Bank.

59 Cadot et al. (2011), p. 3.

60 Stern et al. (2012), p. 16.

61 Ibid. p. 7.

62 Ibid, p. 14.

TABLE 8: IMPACT EVALUATION DESIGN OPTIONS

DESIGN APPROACHES	SPECIFIC VARIANTS	BASIS FOR CAUSAL INFERENCE
Experimental	Randomised control trials (RCTs)	▪ Counterfactuals ▪ The co-presence of causes and effects
	Quasi experiments, natural experiments	
Statistical	Statistical modelling, longitudinal studies, econometrics	▪ Correlation between cause and effect or between variables, influence of (usually) isolatable multiple causes on a single effect ▪ Control for 'confounders'
Theory-based	*Causal process designs:* theory of change, process tracing, contribution analysis, impact pathways	Identification/confirmation of causal processes or 'chains'
	Causal mechanism designs: realist evaluation, congruence analysis	Supporting factors and mechanisms at work in context
Case-based approaches	*Interpretative:* naturalistic, grounded theory, ethnography	Comparison across and within cases of combinations of causal factors
	Structured: configurations, qualitative comparative analysis (QCA), within-case analysis, simulations and network analysis	Analytic generalisation based on theory
Participatory	*Normative designs:* participatory or democratic evaluation, empowerment evaluation	Validation by participants that their actions and experienced effects are caused by programme
	Agency designs: learning by doing, policy dialogue, collaborative action research	Adoption, customisation and commitment to a goal
Synthesis studies	Meta-analysis, narrative synthesis, realist synthesis	Accumulation and aggregation within a number of perspectives (statistical, theory-based, ethnographic, etc.)

Source: Stern et al. (2012).

While more rigorously designed impact evaluation may be more capacity intensive, costly and time consuming, and thus more difficult to incorporate in smaller, more time-limited GIZ interventions, GIZ nevertheless encourages and participates in the further development and implementation of these methodologies by supporting external organisations and initiatives and/or the participation of GIZ projects in these initiatives.

7. Conclusions

This manual has sought to emphasise the role that trade can play in promoting broader growth and, ultimately, poverty alleviation in GIZ development initiatives. Taking AfT as a catalyst for mainstreaming trade and mobilising resources for developing and least-developed countries, the manual has highlighted the global challenges in defining AfT. It has looked at how AfT is identified and its funding tracked using OECD CRS codes and how trade development markers are applied to identify Category 4 expenditure as AfT-related in cases where there is a substantial contribution to trade objectives. Entry points for AfT were also identified in a number of GIZ sectors, ranging from agriculture to climate change. In this way, the manual helps with identifying how relevant GIZ's development initiatives actually are to trade.

The updated GIZ AfT Results Model provided herein maps out trade-related objectives and results and demonstrates the many ways in which other initiatives link up with this Model. This and the two examples provided show that, while private sector development and infrastructure initiatives may have developed more detailed, separate results models, they nevertheless contribute to AfT objectives.

In order to promote GIZ's results-based management approach, this AfT Results Model is also backed up with indicator guidance that promotes the adoption of shared indicators for measuring increased trade and investment, access to markets, enabling policies and regulations, standards, infrastructure, NTBs, consultation and coordination, and data availability. DCED's universal indicators for private sector development are also a useful model for consideration. It is important not to forget that the indicator options proposed will need to be further developed and tailored to suit local circumstances and needs. Given the challenges involved in defining and implementing standardised indicators, it is better to develop more modest, sample indicators that serve as 'archetypes' to guide the development of further indicators. Additional AfT-related indicators are provided in Appendix B on page 53.

This manual endorses the use of accessible, high-quality secondary data sources like the ETI, LPI and Ease of Doing Business indicators. While there are some concerns over the methodologies employed in many of these composite indexes, their sub-indicators serve as useful exemplars for the definition of AfT indicators. These indexes are also excellent alternative sources of data, which is useful given the quality and comparability of data tends to be very low. As a rule, country rankings should not be used for M&E purposes.

Finally, this manual suggests alternative evaluation methods to overcome the challenge of attributing development interventions to actual impacts on trade, growth and poverty alleviation. While the development of rigorous impact evaluation should continue to be supported, there are also alternative, more cost-effective ways to trace the contribution GIZ's development initiatives make to trade, equitable growth and, ultimately, the improvement of livelihoods. Overall, it is advisable to use a range of different methods to triangulate and validate findings.

This manual provides an initial introduction to the points outlined above. For additional guidance, please consult the appendices and reference material. GIZ's Sector Project on Development-Oriented Trade Policy, Trade and Investment Promotion welcomes your comments or queries relating to the contents of this manual and is ready to advise you on integrating trade topics into your project or programme. Please contact trade@giz.de for more information.

To promote company-wide knowledge management and, more importantly, to further the development of other measures, GIZ's projects and programmes need to document their experiences and lessons learned centrally. The sector project will gladly provide any assistance you may need to this regard.

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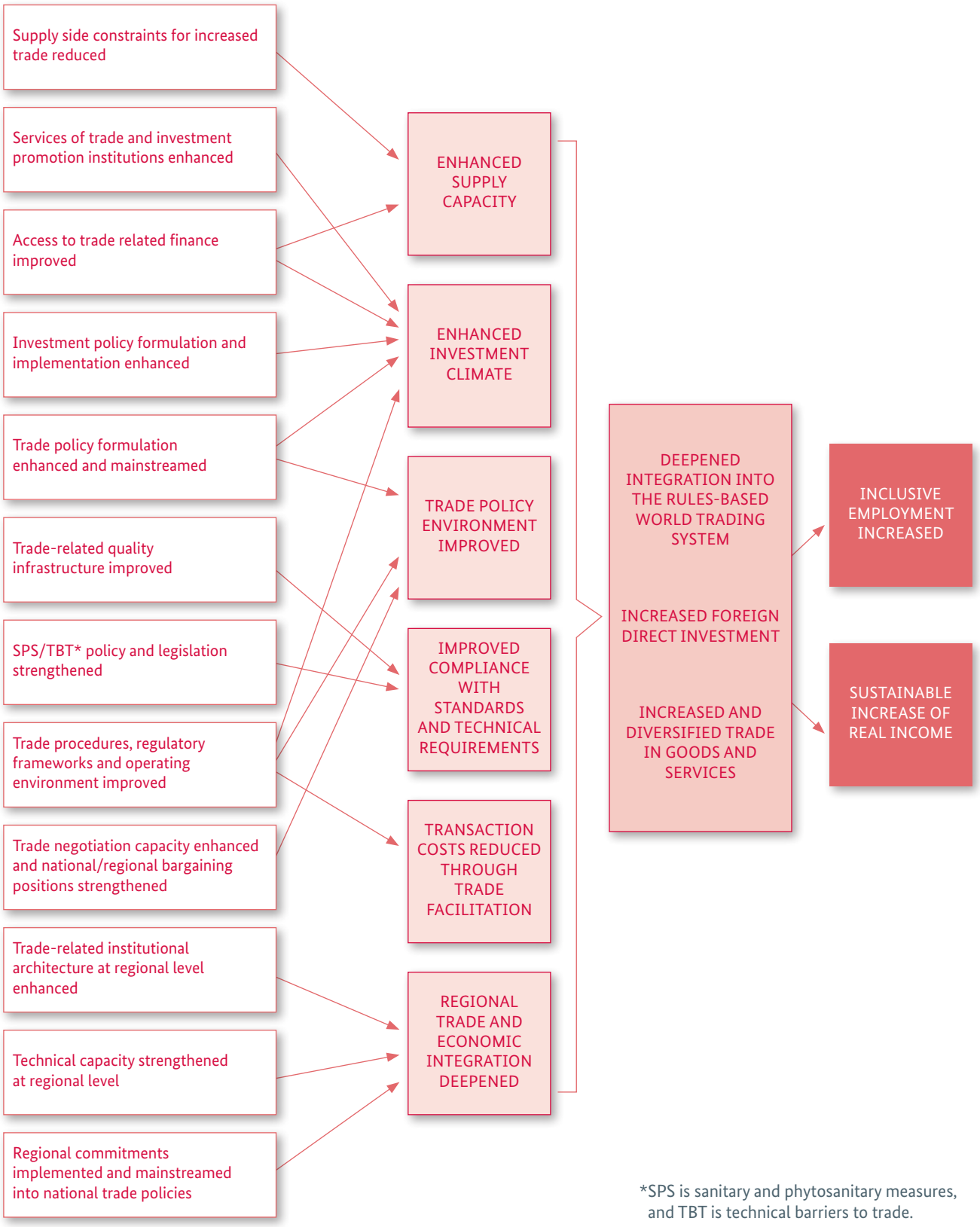
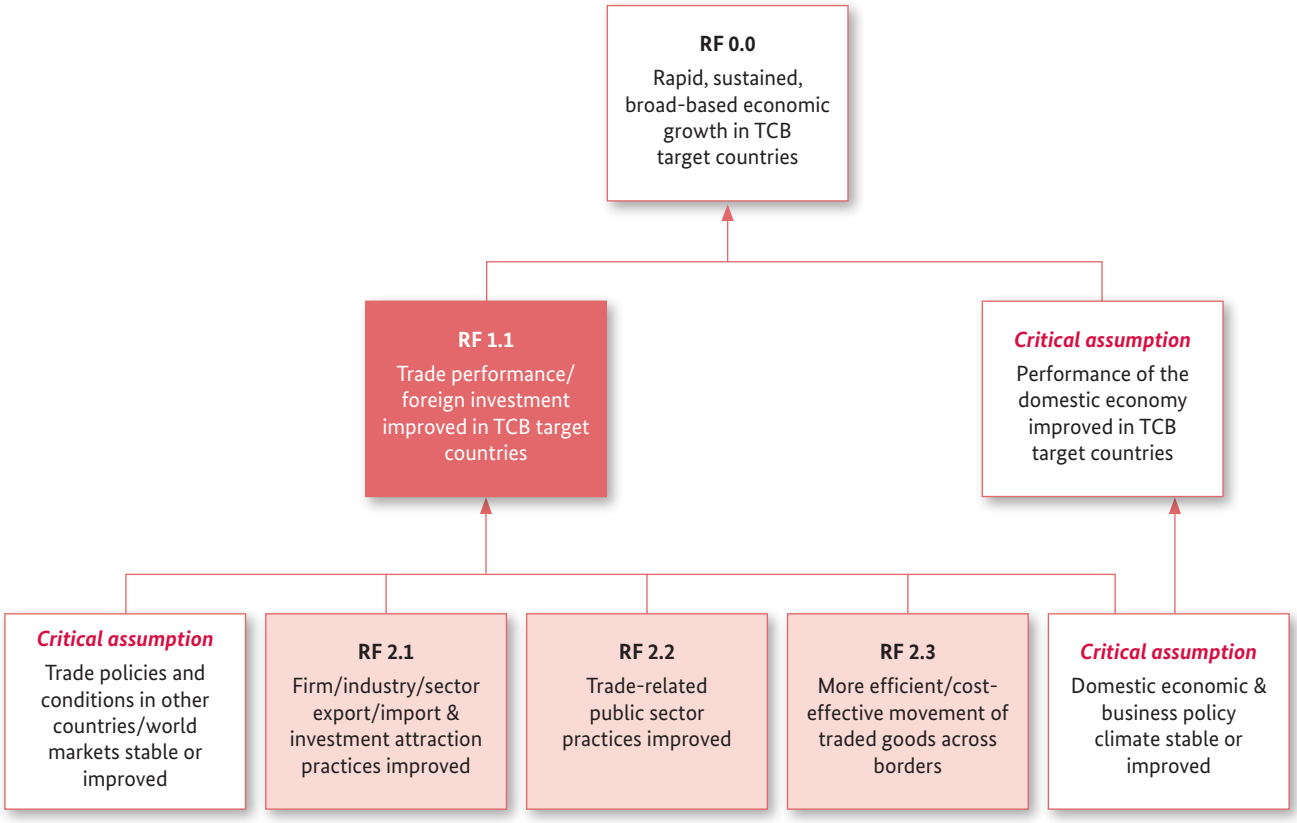
Appendix A: Other organisations' AfT management frameworks

FIGURE 8: EUROPEAN UNION AID FOR TRADE MANAGEMENT FRAMEWORK



*SPS is sanitary and phytosanitary measures, and TBT is technical barriers to trade.

FIGURE 9: USAID AID FOR TRADE RESULTS FRAMEWORK



Appendix B: The OECD's AfT indicators

LEVEL 1: DIRECT OBJECTIVES/OUTCOMES TECHNICAL ASSISTANCE FOR TRADE POLICY AND REGULATION		
OBJECTIVES	INDICATORS	
	QUALITATIVE	QUANTITATIVE
Suppressing/reducing obstacles to trade at the border, including trade facilitation Activities to target, among others: ■ Suppression of quotas and other ■ quantitative restrictions on imports and exports ■ Reduction of tariffs, suppression of tariff peaks, tariff escalation or simplification of tariff schedules ■ Customs modernisation and reform, harmonisation of procedures and co-operation across borders ■ Simplification of customs procedures, including SPS, TBT, and other certifications, rules of origin, valuation, etc. to conform with relevant agreements or international best practices ■ Implementation of WTO or regional/ bilateral commitments (e.g. common external tariff)	■ Changes in the legal and/or regulatory framework ■ Institutional reforms ■ Changes in practice	■ Trade restrictiveness Indices – OTRI, TTRI (WTI 1.1) ■ Binding coverage and bound rates (WDI) ■ Share of tariff lines with peaks/specific rates (WDI, WTI 1.6) ■ MFN applied tariffs – AV+AVE or AV only (WDI, WTI 1.2, 1.3) ■ Applied tariffs incl. preferences (WDI, WTI 1.4) ■ Tariff escalation (WTI 1.5) ■ MFN 0 tariff lines/Import value (WTI 1.7) ■ Tariff bounds/Overhang (WTI 1.8) ■ Non-AV tariffs (WTI 1.9) ■ Non-tariff measures (WTI 1.10) ■ Customs duties (WTI 1.11) ■ Export restrictions (WTI 1.13) ■ Logistics performance index and its indicators – efficiency of customs and other border procedures (LPI, WTI 4.1) ■ Trading across borders – Doing Business (IFC, WTI 4.2) ■ Trade Enabling and Global competitiveness indexes – goods market efficiency: burden of customs procedures, prevalence of trade barriers, trade tariffs, efficiency of customs administration, efficiency of import-export procedures, transparency of border administration (WEF GCI 6.10, 6.11, 6.13, ETI 1.01- 4.02) ■ Average time to clear exports through customs/time to export/import (WDI) ■ Documents to export/import (WDI)
Suppressing/reducing trade-discriminatory or distortive measures beyond the border Activities to target, among others: ■ Suppression or reduction of trade- distortive subsidies ■ Suppression of domestic regulations and measures incompatible with the national treatment and most-favoured nation principles, in particular in the domain of services, to include limits on equity, nationality requirements, local content, etc. ■ Removal of other market access and non-tariff barriers to trade ■ Implementation of WTO or relevant regional/bilateral commitments (e.g. provisions on services or investment)	■ Changes in the legal and/or regulatory framework ■ Institutional reforms ■ Changes in practice	■ Services trade restrictiveness indexes (WB and OECD) ■ GATS commitment restrictiveness index (WTI 1.14) ■ NTMs statistics – surveys and tariff-equivalents (WITS) ■ Global competitiveness index – goods market efficiency: agricultural policy costs, prevalence of foreign ownership, business impact of rules on FDI (WEF GCI 6.08, 6.11, 6.12)

LEVEL 1: DIRECT OBJECTIVES/OUTCOMES

TECHNICAL ASSISTANCE FOR TRADE POLICY AND REGULATION

OBJECTIVES	INDICATORS	
	QUALITATIVE	QUANTITATIVE
Mainstreaming trade and investment, including through multilateral/regional/ bilateral agreements and improved market access Activities to target, among others: ■ Trade negotiations, including training and domestic consultations, for WTO accession, WTO negotiations, plurilateral (e.g. on telecoms), regional and bilateral trade agreements, other types of trade-related agreements, such as bilateral investment treaties, open sky agreements, etc. ■ Trade-policy reviews, diagnostics, and other forms of monitoring, including data collection ■ Design of trade strategies and main-streaming in other development or growth plans ■ Trade-related research, teaching or training	■ Significant progress or successful conclusion of trade and trade-related negotiations ■ Increased occurrence of trade and trade-related issues in growth and development programmes (PRSPs, CAS, etc.) ■ Increased publica-tion, information and data on trade	■ Market access trade restrictiveness indices (WTI 2.1) ■ Rest of the world applied tariffs, including preferences (WTI 2.2) ■ MFN 0 export value (WTI 2.4) ■ Asia regional integration indicators (ADB) ■ Number of FTAs/CUs (WTI 2.5) ■ Preferential exports take up/utilisation rates/value (WTI, 2.5) ■ Share of trade with FTA/CU partners (WTI 2.5)

ECONOMIC INFRASTRUCTURE

OBJECTIVES	INDICATORS	
	QUALITATIVE	QUANTITATIVE
Increasing the accessibility and connectiv-ity of the domestic market, and the secu-rity, predictability, reliability and efficiency of transports/logistics, tele- communica-tions and ICT Activities to target, among others: ■ Reforms of the telecommunications sector, including infrastructure, regula-tion, competition, and access for all segments to include fixed lines and mobiles ■ Development of the ICT sector and the Internet (infrastructure, regulation, competition, access) ■ Reforms of the transport, logistics and ancillary services, including infrastructure, regulation, competition for land (road and rail), maritime/water and air ■ Regional infrastructure for trade corridors, and other forms of regulatory harmonisation and co-operation	■ New infrastructure and trade "links" ■ Changes in the legal and/or regulatory framework ■ Changes in institu-tions (including regulation authorities) ■ Changes in practice	■ Logistics performance index and its indicators – quality of transports and IT infrastructure, international transport costs, logistics competence, trackability and timeliness of shipments, domestic transportation costs (WDI, LPI, WTI 4.1) ■ Trading across borders – Doing business (IFC, WTI 4.2) ■ Trade Enabling and Global competitiveness indexes – infra-structure: quality of infrastructure overall, roads, railroads, ports, air transport, available seats, fixed telephone lines/100, mobile phone subscriptions/100, availability and quality of transport infrastructure and services, availability and use of ICTs (WEF GCI 2.01–2.09, WEF TEI 4.01–7.05, WDI); – technological readiness (WEF GCI 9.01-9.06) ■ Africa infrastructure country diagnostic (AICD) ■ Liner shipping connectivity index (UNCTAD, WTI 4.3) ■ Baltic Exchange Dry Index (WTI 4.3) ■ Lead time to export/import (WDI) ■ Port container traffic (WDI, WTI 4.3) ■ Total/air freight and costs (WTI, 4.3) ■ Number of seats available, airlines, international routes, airport passenger statistics (IATA, WDI) ■ World telecommunication/ICT indicators database and ICT Development Index (ITU) ■ Foreign participation/ownership in telecoms (ITU, WTI 1.14)

	■ New infrastructure and trade "links" ■ Changes in the legal and/or regulatory framework ■ Changes in institutions (including regulation authorities) ■ Changes in practice	■ Competition index in telecoms (ITU, WTI 1.14) ■ Number of international gateways, landing stations, licenses for fixed and mobile phone, Internet providers (national data, WB and OECD STRI) ■ Mobile and fixed-line telephone subscribers/population covered by mobile cellular network (WDI, WTI 4.4) ■ Average cost of 3-minute call to US (WTI 4.4) ■ Personal computers (WTI 4.4) ■ Internet/broadband users/subscribers (WDI, WTI 4.4) ■ Internet bandwidth, secured servers (ITU, WDI) ■ Foreign participation/ownership in telecoms (ITU, WTI 1.14) ■ Competition index in telecoms (ITU, WTI 1.14) ■ Number of international gateways, landing stations, licenses for fixed and mobile phone, Internet providers (national data, WB and OECD STRI) ■ Mobile and fixed-line telephone subscribers/population covered by mobile cellular network (WDI, WTI 4.4) ■ Average cost of 3-minute call to US (WTI 4.4) ■ Personal computers (WTI 4.4) ■ Internet/broadband users/subscribers (WDI, WTI 4.4) ■ Internet bandwidth, secured servers (ITU, WDI)
Improving other domestic infrastructure, including storage and energy Activities to target, among others: ■ Storage infrastructure ■ Reforms pertaining to access, regulation, competition in the field of energy (production and distribution) and other natural resources essential to certain activities (e.g. water in agriculture)	■ Changes in legal/ regulatory framework ■ Changes in practice ■ Changes in institutions	■ Procedures and time to build a warehouse (WDI) Time required to get electricity (WDI) ■ Energy statistics/Access to electricity (IEA, WDI) ■ Quality of electricity supply (WEF 2.07) ■ Power outages in firms/value lost in power outages (WDI) ■ Electricity cost (WTI 4.6) ■ Pump price for fuel (WTI 4.6)

PRODUCTIVE CAPACITY BUILDING (INCLUDING TRADE DEVELOPMENT)

OBJECTIVES	INDICATORS	
	QUALITATIVE	QUANTITATIVE

Improving the legal/regulatory/business environment, including:
TECHNICAL AND SPS STANDARDS
Activities to target, among others:
■ Capacity building for certification and accreditation (labs, personnel, resources, etc.)
■ Adoption or reform of domestic norms and standards to comply with international best practices
■ Promotion of standards, including voluntary standards, and related training
■ Private sector support to comply with standards
 	
INTELLECTUAL PROPERTY
Activities to target, among others:
■ Improvement of IP regime and administration to comply with trade agreements, to include patents, authors' rights, geographical indications, etc
■ Improvement of enforcement mechanisms and practices
■ Promotion of IPRs and related training or technical assistance
 	
COMPETITION, INCLUDING PRIVATISATIONS AND CONCESSIONS
Activities to target, among others:
■ Privatisations, concessions, and other forms of opening of sectors to competition
■ Elaboration and implementation of a competition framework, including competition law, competition authority (e.g. independence, resources, etc.), competition law enforcement (e.g. investigations, sanctions, etc.) and related training or technical assistance
 	
GOVERNMENT PROCUREMENT
Activities to target, among others:
■ Adjustment of the laws pertaining to public procurement, including transparency, selection criteria, national preference, etc.
	■ Changes in legal/regulatory framework
	■ Changes in practice (including in court and other administrative enforcement mechanisms)
	■ Changes in institutions
	■ International agreements pertaining to the recognition of domestic standards, certifications, etc.
		■ Ease of doing business index (IFC, WTI 3.1, WDI)
		■ World governance indicators
		  ■ corruption, rule of law, government effectiveness, regulatory quality, political stability (WTI 3.2)
		■ Enabling Trade and Global competitiveness indexes
		  ■ Regulatory environment (WEF ETI, 8.01-08)
		  ■ institutions: property rights, ethics and corruption, undue influence, government inefficiency, security (WEF GCI 1.01-1.16)
		  ■ labour market efficiency (WEF GCI 7.01-7.09);
		  ■ financial market development (WEF GCI 8.01-8.08);
		  ■ goods market efficiency (WEF GCI 6.01-6.16)
		  ■ business sophistication: state of cluster development (WEF GCI 11.03)
		■ Enterprise ownership (government, private foreign, private domestic) (ADI)
		■ Cost of business start-up procedure/procedures to register a business (WDI)
		■ Time spent in meetings with tax officials/expected gifts/informal payments to public officials (WDI)
		■ Firms using banks to finance investment (WDI)
		■ Strength of legal rights index (WDI)
		■ Time required to enforce a contract (WDI)
		■ Time required to obtain an operating license/register property/start a business (WDI)
		■ Banking GATS commitment index (USITC, WTI 1.14)
		■ Export credit – insured exposures (WTI 4.5)
		■ Indicators of financial structure, development and soundness (IMF)
		■ Access to finance (WDI)
		■ Diffusion of voluntary standards and ISO certification ownership (WDI, national statistics)
		■ Value of seized counterfeited goods (national statistics)

PRODUCTIVE CAPACITY BUILDING (INCLUDING TRADE DEVELOPMENT)

OBJECTIVES	INDICATORS	
	QUALITATIVE	QUANTITATIVE
SECURITY OF CONTRACTS AND INVESTMENT Activities to target, among others: ■ Strengthening investor protection including rights to challenge domestic, regulations/ decisions ■ Development of alternative dispute resolution mechanisms available to foreign investors (e.g. recognition of international arbitration, bolstering of domestic arbitration capacities) ■ Adjustment of the laws pertaining to nationalisation, expropriation, foreign ownership, stability clauses, etc.		■ Number of registered trademarks, patents, etc. (WIPO, WDI) ■ Number of competition investigations and sanctions (national statistics) ■ Public procurement penetration ratio – Public imports/ public demand % (national statistics) ■ Arbitration awards (ICSID and other arbitration bodies statistics) ■ Protecting investors (ADI) ■ Security costs (ADI)
CORRUPTION Activities to target, among others: ■ Reforms aimed at fighting corruption in the public (e.g. customs) and private sectors ■ Promotion and adoption of relevant international instruments	■ Changes in legal/ regulatory framework ■ Changes in practice (including in court and other administrative enforcement mechanisms) ■ Changes in institutions ■ International agreements pertaining to the recognition of domestic standards, certifications, etc.	
ADMINISTRATIVE BURDEN Activities to target, among others: ■ Administrative reforms towards simplification and reduction of administrative procedures (e.g. guillotine reform), increase in transparency, predictability, timeliness, and security of administrative decisions (e.g. suppression of authorisations)		
ACCESS TO FINANCE ■ Reforms of the financial sector, including micro-finance, to increase affordability and availability of financial services ■ Export credit and trade finance		
OTHER CONSTRAINTS Activities to target, among others: ■ Creation of export processing zones, business clusters, technology centers, etc ■ Revision of relevant labour regulations towards greater labour market efficiency ■ Revision of regulations pertaining to the form of business operations and partnerships (e.g. franchises, multi- sector partnerships, etc.) ■ Increasing security of operations and staff against crime and violence		

PRODUCTIVE CAPACITY BUILDING (INCLUDING TRADE DEVELOPMENT)		
OBJECTIVES	INDICATORS	
	QUALITATIVE	QUANTITATIVE
Improving business support and the organisation, connectivity and performance of markets, including e-commerce Activities to target, among others: ■ Export and investment promotion and incentives ■ Analyses and information on markets, opportunities, threats, etc. ■ Marketing, branding, international presence and promotion efforts ■ Sectoral, professional or other forms of associations (e.g. chambers of commerce) and consultations ■ Development of trade corridors, and other regional forms of hard and soft networks (e.g. regional regulatory agency, regional distribution network, etc.) ■ Development of regional markets and stocks/boards of trade, price regulation mechanisms ■ Organisation of the value-chains and sectors (filières), including storage and distribution channels ■ Development of e-commerce (e.g. infrastructure, legal framework, protection of data, security of payments, etc.)	■ Changes in institutions ■ Changes in the legal/regulatory framework (including at the regional level) ■ Changes in practice	■ Logistics performance index and its indicators – quality of transports and IT infrastructure, international transport costs, logistics competence, trackability and timeliness of shipments, domestic transportation costs (WB, WTI 4.1) ■ Global competitiveness index – business sophistication: extent of marketing, state of cluster development, value chain breadth, control of international distribution production process sophistication, delegation of authority (WEF GDI 11.05- 11.09) ■ goods market efficiency ■ Value of e-commerce, number of ICT firms, number of secured servers (WDI, ITU, national statistics) ■ Post-harvest losses (African Postharvest losses Information System)
Bolstering productivity and innovation capacities, including human capital and other resources Activities to target, among others: ■ Innovation policies and incentives (e.g. R&D, innovation centers) and adaptation/diffusion of technologies in trade-oriented sectors ■ Education and training to match domestic skills with international standards and demand in trade- oriented sectors/upgrading of available skills ■ Development of production hard (e.g. storage, conditioning, cooling chains, etc.) and soft (e.g. value-chain management) capacities in trade- oriented sectors ■ Creation of clusters and other task bundling efforts ■ Changes in production (methods and equipment) towards more efficient and sustainable use of natural resources (e.g. water) and energy	■ Changes in institutions ■ Changes in the legal/regulatory framework ■ Changes in practice	■ Computer, communications and other services, ICT goods and services imports/exports (WDI) ■ Investment in telecoms with private participation (WDI) ■ Firms offering formal training (WDI) ■ Number of patent applications filed by residents and non-residents, domestically and abroad (WDI, WIPO) ■ Education statistics – secondary and tertiary education, specialties, male/female, etc. (UNESCO, ILO, WDI) ■ Global competitiveness index – business sophistication (WEF GCI 11.01–11.09); ■ Innovation (WEF GCI 12.01–12.07) ■ Extent of staff training (WEF GCI 5.08) ■ Labour statistics – activity rates, unemployment, male/female, etc. (ILO, WDI) ■ Innovation indicators and surveys – public and private R&D expenditure, high and medium-high technology manufacturing, knowledge intensive services (OECD) ■ Production capacities – sector output – and productivity statistics (national statistics)

TRADE-RELATED ADJUSTMENT		
OBJECTIVES	INDICATORS	
	QUALITATIVE	QUANTITATIVE
Adjusting to fluctuations in tariffs and prices Activities to target, among others: ■ Compensations and reforms linked to tariff erosion and movement from unilateral to reciprocal preferences ■ Compensations and reforms linked to losses in tariff/custom revenues ■ Mechanisms and policies to deal with price volatility	■ Changes in institutions ■ Changes in the legal/regulatory framework (including fiscal policy) ■ Changes in practice	■ Price volatility of imports ■ Customs/tariffs and other revenues (WITS)
Restructuring industries/sectors facing a trade shock Activities to target, among others: ■ Soft industrial policy ■ Industrial adjustment programmes, impact mitigation plans	■ Changes in institutions ■ Changes in the legal/regulatory framework ■ Changes in practice	■ Number of beneficiaries (national statistics) ■ Changes in production and employment in sectors open to trade and/or affected by trade shocks (national statistics)
Providing safety nets and training opportunities for workers negatively affected by trade Activities to target, among others: ■ Labour and social adjustment schemes	■ Changes in institutions ■ Changes in the legal/regulatory framework ■ Changes in practice (including in the private sector) ■ Results of the re-qualification programmes (success rate, etc.)	■ Number of beneficiaries (national statistics) ■ Employment/unemployment rates in sectors open to trade and/or affected by trade shocks (ILO)

OTHER TRADE-RELATED NEEDS		
OBJECTIVES	INDICATORS	
	QUALITATIVE	QUANTITATIVE
Ensuring enforcement of trade-related rights and obligations, including trade remedies and safeguards Activities to include, among others: ▪ Assistance to the use of dispute settlement mechanisms in the WTO and other trade or investment agreements (e.g. RTAs) ▪ Reform of trade remedies mechanisms and practices (e.g. antidumping, CVDs), including training and data collection ▪ Reform of safeguards	▪ Changes in institutions ▪ Changes in the legal/regulatory framework ▪ Changes in practice	▪ Trade remedy measures (AD, CVD, SG) in force/ initiations/impositions (TTBD, WTI 1.12, 2.3) ▪ WTO consultations and disputes initiated (WTO, WTI 1.13, 2.3)
Promoting an international framework for responsible investment and business practices Activities to include, among others: ▪ Negotiation and adoption of international instruments for responsible investment and business – including the promotion of voluntary standards and best practices (e.g. for extractive industries, for agriculture and fisheries, land grabbing, intra-production network competition, responsible sourcing, etc.) ▪ Negotiation and adoption of international instruments pertaining to the environment, good governance, labour conditions/Monitoring of the respect of these international instruments	▪ Changes in institutions ▪ Changes in the legal/regulatory framework ▪ Changes in practice (including in the private sector) ▪ Adoption of relevant international instruments	▪ Global competitiveness index – institutions: corporate ethics and accountability (WEF 1.17- 1.20) ▪ Signatories of responsible investment principles in the country (UN Compact, OECD)

LEVEL 2: INTERMEDIATE OBJECTIVES/OUTCOMES		
OBJECTIVES	INDICATORS	
	QUALITATIVE	QUANTITATIVE
Developing an open, rule-based, predictable, and non-discriminatory trading system Increasing competitiveness and attractiveness for foreign investment	▪ WTO/PTA membership and level of commitments/locked-in reforms ▪ Active participation to negotiations (offers, requests, etc.)	▪ Global Services Location Index (AT Kearney) ▪ Travel and tourism competitiveness index (WEF) ▪ Global competitiveness/enabling trade index (WEF) ▪ Trade and development index (UNCTAD) ▪ FDI inflows and outflows (WTI 6.10)
Increasing exports and export market shares/Increasing foreign currency reserves or restoring BoP equilibrium		▪ Trade performance index (ITC) ▪ Export/import value/volume index (WDI) ▪ Real/nominal growth in trade – total and per sector (WTI 5.1, 5.2) ▪ Trade balance – goods services, current account – and international reserves (WTI 6.6) ▪ Shares and growth in shares of world trade (WTI 6.7, 6.8) ▪ Trade in value-added (W TO-OECD) ▪ Remittances inflows and outflows/rankings (WTI 6.10)

Diversifying exports and imports (products/services and origin/destination)		▪ Trade performance index (ITC) ▪ Agricultural raw materials, food, fuel, merchandise, manufactures exports/imports (WDI) ▪ Merchandise exports/imports by country/region/income level (WDI) ▪ Trade composition – share of goods, services and sectors (WDI, WTI 6.3, 6.4) ▪ Product and market diversification – number of products exported/ imported, share of top 5 products and markets, export/import product concentration index (WTI 6.9)
Increasing trade integration and consolidating participation to global value chains		▪ Trade integration – trade as % of GDP (WTI, 5.5) ▪ Global competitiveness index – business sophistication: value chain breadth, control of international distribution, local supplier quantity/ quality, state of cluster development, production process sophistication (WEF GCI 11.01–11.09) ▪ Trade in intermediate goods and services; trade in tasks (national statistics) ▪ Intra-firm trade (national statistics) ▪ Input-output tables (national statistics, WIOD) ▪ MNCs investment and establishment (UNCTAD)
Reducing the trade costs (exports) and price of imports/ inputs		▪ Cost to export/import (WDI) ▪ Commodity prices (WTI 2.7) ▪ Logistics performance index (LPI, WTI 4.1) ▪ Trading across borders – Doing business (IFC, WTI 4.2) ▪ Freight and air freight cost (WTI 4.3)
Reallocating production capacities to more competitive and higher value-added activities		▪ Sector and economy-wide input-output tables (national statistics, WIOD) ▪ Share of production and employment in tradable goods and services (national statistics, ILO) ▪ Employment in high value-added production segments (national statistics, ILO) ▪ High-technology imports/exports (WDI)

LEVEL 3: FINAL OBJECTIVES/OUTCOMES OR IMPACTS

OBJECTIVES	INDICATORS	
	QUALITATIVE	QUANTITATIVE
Increasing the value for trade (exports and imports): ▪ Direct and indirect job creations, including for women, youth, and other targeted groups (e.g. smallholder farmers, SMEs) ▪ Level and predictability of income, including for women, youth, and other targeted groups/poverty alleviation ▪ Economic and social upgrading, including health (e.g. hygiene standards, access to health benefits, prevention, etc.) ▪ Diffusion of technology, knowledge, know-how, capital and others ▪ Better and more sustainable use of resources	▪ Direct and indirect economic and social progress ▪ Diffusion of technology, knowledge, know-how, capital and others – number of beneficiaries of trainings, innovation indicators ▪ Use of energy/water, agricultural productivity	▪ Direct/indirect job creations – by category at micro and macro levels (national statistics) ▪ Income generated in trading sectors/entities – input/output tables, firms' profits (national statistics) ▪ Formal v. informal jobs (national statistics) ▪ Firms formally registered at start of operations (WDI) ▪ Firms with female participation in ownership (WDI) ▪ Years of experience of the top manager (ADI) ▪ Health statistics in trading sectors/companies – e.g. business impact of HIV/AIDS tuberculosis or malaria (WEF 4.01, 4.04, 4.06) ▪ Methane/nitrous oxide emissions, CO2/GHG/HFC/PFC/SF6 emissions, organic water pollutant emissions, fertilizer consumption, water pollution by sector (WDI) ▪ Tourism satellite account (WTTC)

Appendix B source: Organisation for Economic Co-operation and Development (OECD) (2013). Aid for Trade and Development Results: A Management Framework. The Development Dimension, OECD Publishing.

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