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## 2. Terms of Reference

### Evaluating Aid for Trade: How, Why and What

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#### 1. Background

1. Many developing countries, in particular least developing countries, face supply side constraints that severely limit their ability to benefit from trading opportunities under the multilateral trading system. In recognition of these challenges, the 2005 Hong Kong WTO Ministerial Declaration called for the expansion and improvement of aid for trade.

2. The WTO Task Force on Aid for Trade recommended strengthening the ‘demand-side’ and the donor ‘response’, and closing the gap between ‘demand’ and ‘response’ at the country, regional and global level. Aid for trade provides a framework in which to link up the wide ranging assistance activities (from training negotiators to constructing roads) within a coherent trade and development strategy.

3. Furthermore, the WTO defined aid for trade as comprising support for *i)* trade policy and regulations; *ii)* trade development; *iii)* trade-related infrastructure; *iv)* building productive capacity; *v)* trade-related adjustment, including support to put in place accompanying measures that help partner countries to benefit from trade liberalisation; and *vi)* other trade-related needs, if identified as a trade-related development priority in partner countries’ national development strategies.

4. The OECD in close collaboration with the WTO is working to increase awareness of the value of trade as an important tool for stimulating global integration, economic growth and poverty reduction. It aims to strengthen the integration of trade in development programmes *via* the OECD/WTO monitoring framework and to provide incentives for more and better aid for trade. It also seeks to identify binding constraints and areas where aid can lift productivity and export competitiveness. Together this will set out the main principles for delivering aid for trade effectively and foster dialogue and knowledge exchanges with stakeholders including non-OECD countries.

#### 2. Introduction

5. In the context of the joint work programme on aid for trade, the Development Assistance Committee (DAC) and the Trade Committee (TC) have asked for an assessment of whether there is a need for specific guidance for evaluating aid for trade, an area where little guidance exists today given its recent inception as a distinct aid category.

6. To provide the assessment the consultant will:

- map existing evaluations of development programmes and projects that could be considered as aid for trade in order to assess what is current practice in the field (*i.e.* methodology, specificity, frequency, rigour and robustness);
- summarise the results of aid for trade evaluations and identify areas where knowledge is too poor to draw conclusions; and,



- provide an in-depth exploration of the need and options for practical and specific guidance to evaluate aid for trade at programming and policy levels.

7. The assessment will require a literature review of key DAC and donor agency policies and any existing evaluation guidance for programmes and projects that are captured by the aid for trade definition. Next, the assessment will explore whether there is a gap in tools that needs to be addressed. Finally, the assessment will define possible ways forward, highlight the main methodological issues and recommend steps for developing possible guidance on evaluating aid for trade programmes and projects.

8. The assessment will build on aid for trade work jointly carried out by the DAC and the TC and in other organisations such as the WTO, the World Bank, the Regional Development Banks and the United Nations System, *e.g.* UNCTAD, UNIDO, UNDP. The consultant(s) should review and utilise DAC, donor and other publications and the guidance documents available from [DAC Network on Development Evaluation website](http://www.oecd.org/dac/evaluationnetwork) [www.oecd.org/dac/evaluationnetwork]

### **3. Is there a need for guidance on evaluating aid for trade?**

9. The following sections provide a working outline of possible questions to be addressed in the assessment. This outline should be seen as a working guide and not as a straitjacket. The consultant(s) is (are) encouraged to adopt the scope and flexibility necessary for creative thinking in developing thematic areas and ideas in the paper and for proposing content for future guidance.

#### **3.1. An overview of evaluation practices in trade related activities**

10. This section should begin by presenting a comprehensive but concise overview of the aid for trade environment, using available policy documents. The introduction should cover questions such as:

- What, in brief, is the operational meaning of aid for trade activities?
- What do we want to know from evaluating of these activities?

11. The purpose of the review of existing aid for trade evaluations is to distil experiences in order to increase the effectiveness of aid for trade, and improve evaluation practices and outcomes. The [DAC evaluation resource centre](http://www.oecd.org/dac/evaluationnetwork/derec) [www.oecd.org/dac/evaluationnetwork/derec] contains a large number of general and thematic evaluations of activities that could be classified as aid for trade.

12. The consultant(s) will be asked to develop a methodology to select a practical number of evaluations (taking into account their methodologies, scopes and goals, etc.) for closer review on the basis of the use of targeted, practical and effective methodologies for evaluating aid for trade and evidence or analysis that makes a link between aid for trade projects and programmes and development outcomes such as improved export performance.

13. Questions to be addressed in the detailed review may include:

- What is the present situation with regard to the number of existing aid for trade evaluations, their rigour and robustness?
- What are the conclusions of existing evaluations of programmes and activities, which could be considered aid for trade?



- What conclusions can be drawn concerning the need for undertaking evaluations of aid for trade activities?
- What are the key knowledge gaps hampering the development of best practice in evaluating aid for trade?

### 3.2. Analysing the need for guidance on aid for trade activities:

#### Is there value in developing specific guidance?

14. This section should at first provide an overview of why guidance is needed in this area. *A priori*, there are three main questions about why existing evaluations have not provided sufficient evidence to develop best practices in aid for trade:

- i)* Evaluations have not been sufficiently frequent or rigorous. Could one thus reasonably expect that a general improvement in the frequency and rigour of evaluations of ODA funded aid for trade projects and programmes would be sufficient to secure improvements in programming?
- ii)* Existing evaluations tend to ignore trade performance outcomes even when evaluating programmes which *a priori* could have a significant trade impact. In that case could, knowledge gaps best filled by advocating the routine integration of trade outcomes in the evaluation of economic growth type programmes and in particular infrastructure and building productive capacity?
- iii)* Do evaluations of Aid for Trade programmes and projects require a specific approach or methodology in order to be effective as a learning tool?

15. The consultant will be asked to assess the validity and explanatory power of each (and if relevant others) options and to develop appropriate guidance particularly for the last two.

16. The remainder of the section should look at how guidance might address the main differences involved in evaluating on the one hand aid for trade activities and, on the other, “conventional” development programmes. Differences to be explored in this scene-setting overview could include, but should not be limited to, the following:

- The particular difficulties involved in defining aid for trade. The consultant(s) is (are) not required to devise methodologies to answer such questions but rather to acknowledge that in any given context debates may exist about whether a programmes falls under the scope of the aid for trade definition. It will be helpful to look at how agencies shape their programmes differently according to their aid for trade definition.
- How to address the cross-border, regional, sub-regional and international context of many aid for trade activities which may increase the difficulty of assessing performance and impacts.
- How can evaluating aid for trade contribute to applying the Paris Declaration? In particular, how can do principles of ownership, mutual accountability and management for results be applied in this context, and what are the challenges?
- How to address the problem of vested interests (economic, political, and other) that may lose out from the success of a project/programme, and the need for rigorous stakeholder analysis?



- How to look at the effect of an individual project/programme on the wider trade capacity of a country, *e.g.* the difficulties of demonstrating the links between micro projects and macro conditions?
- How to incorporate the views of the private sector?
- How to address the data deficit and particular difficulties in establishing good baseline information? With the possible absence of “hard data”, what other methods can be used to qualify/quantify sources other than data?

17. In developing the paper, the style and approach of the Network on Development Evaluation publication DAC Criteria for Evaluating Development Assistance should be considered as a possible framework/model for developing guidance in this field. The consultant(s) are, therefore, strongly encouraged to familiarise themselves with this guidance, as well as other guidance developed by DAC member agencies, and determine if any areas of this or others could be transferable to aid for trade guidance.

### 3.3 Options for guidance on programme design and management

18. Based on the above analyses, this section should at the outset consider recommending generic guidance for aid for trade practitioners to build into project/programme design and management to facilitate their evaluation.

19. Issues to be covered in this introduction should include, but should not be limited to, the importance of:

- Clarifying who are the key audiences for possible guidance and what are their evaluation needs?
- Articulating and clarifying objectives at the planning stage.
- Working according to the principles of results-based management.
- Developing robust baselines and local monitoring systems.
- Carefully considering the different needs of the intended end-users/audiences.

20. The remainder of the chapter should consider some of the core questions related to providing specific guidance for undertaking evaluations of aid for trade activities. It should underline the key point that guidance in this field must be designed with a special emphasis on possible incentives. In addition, issues could include:

- What kinds of evaluation and research methods are generally more suitable in aid for trade, *e.g.* qualitative versus quantitative, mixed-method approaches, or impact assessments? What are the advantages or disadvantages of using theory-based evaluation in aid for trade activities? What is the particular value of policy evaluations in aid for trade activities?
- How applicable are the five standard DAC Criteria to Aid for Trade? Do they need modifying or adapting to the aid for trade context, and are any additional criteria needed?
- Are joint evaluations more suitable in a context where multiple programmes are all aimed at improving trade capacity?
- What are the difficulties of demonstrating the links (attribution) between projects or programmes and improvement in countries’ trade capacities such as reflected in the [World](#)



[Bank Trade Indicators](http://www.web.worldbank.org) [www.web.worldbank.org] or other trade capacity indicators and to what extent can any existing national policy framework such as Poverty Reduction Strategies (PRS) be used to frame the approach?

- How can a lack of baseline information for trade capacity be addressed by the evaluators?
- How can evaluations assess the relevance of donor projects/programmes to country-specific and broader policies?
- How is it possible to make use of other tools such as Poverty Impact Assessments (PIAs) and Poverty and Social Impact Analyses (PSIAs)?

#### **Annex: Categorising aid for trade activities for evaluation guidance**

21. The paper should be supplemented by a short discussion piece (5-10 pages) that categorises different aid for trade activities for evaluation purposes and serves as an annex to the main approach paper.

22. Aid for trade encompasses a number of distinct categories, *e.g.* trade policy and regulations, trade development, building productive capacity, trade related infrastructure, trade related structural adjustment and other trade related needs [see the Recommendations of the Task Force on Aid for Trade, WT/AFT/1]. Given such a broad domain, it is anticipated that – while guidance could provide generic advice across the aid for trade spectrum – more specific advice/direction will also be required within each aid for trade category. The purpose of this annex is to discuss a breakdown of the aid for trade and to differentiate each category from the point of view of how evaluations could be undertaken. The annex should also provide preliminary proposals on specific key issues/questions that would be pertinent for an evaluation team for each category within the domain of activities.

23. There are generally accepted categories of aid for trade. However, no attempt has been made to categorise aid for trade for evaluation purposes. Issues that may be pertinent to defining the categories are related to the type of actors involved, the level of local ownership, political factors and the scope of the activities being undertaken (whether focused on regional, national or local actors/institutions). Developing a clear picture of aid for trade activities as practiced by most agencies will be informed by the literature review and the interview process.

#### **4. Overview of activities**

- i)* Develop an *inception report* that would provide: a presentation and justification of the methodology chosen to approach the task; the feasibility of the Terms of Reference – the questions, scope, time, budget and foreseen methodology; and deviations from TORs, with justifications for these.
- ii)* To underpin the work, undertake a *focused literature review* of key DAC and donor agency policies/guidance on evaluation on aid for trade, with particular attention to the useful information to be drawn from the [DAC Guidance on Evaluation](#).
- iii)* Conduct *in-depth* interviews with a select number of key informants (15-20), including members of the joint meeting of the DAC and the TC and DAC Network on Evaluation. This list of interviewees will be agreed with the Steering Group.



- iv) *Review and map the breadth of activities* conducted [over the last 5 years?] in the area of aid for trade, with a view to categorising the various areas for the purpose of future evaluation.
- v) Conduct *analytical work and conceptual thinking* to develop and write a paper covering preliminary recommendations for guidance for evaluation of aid for trade activities.
- vi) *Present and discuss the findings of the draft paper* at a joint meeting of the DAC and TC. The consultant(s) should also provide inputs to the agenda.
- vii) *Finalise and submit a final paper* that is of publishable quality following discussion and feedback from the joint meeting.

## **5 Budget, inputs and competencies**

24. The consultant(s) should develop a detailed budget proposal and suggest the number of necessary person days in order to complete the tasks, also indicating any other individuals who may support this work (with relevant CVs) if working in a team. At least eight to ten weeks of full-time work is envisaged, followed by intermittent work through mid-2008. The detailed budget proposal – and information on the full team, if relevant – should be included in an annex to the inception report.

25. The consultant(s) will need solid experience of evaluation methodology and implementation and a background in: *i)* aid for trade programming; *ii)* donor practices in development co-operation; and *iii)* communications and writing skills.

### **5.1. Timing and outputs**

26. The consultant(s) will be selected on the basis of international competitive bidding.

27. The consultancy is expected to begin in June 2008.

28. After selection of the consultant(s), they will first be asked to provide an *inception report* (8-10 pages) for the paper within three to four weeks of the signature of the contract. The inception report will then be reviewed and considered for approval by the Steering Group. Once agreement has been reached on the inception report, the consultant(s) will be asked to begin work on the approach paper.

29. A *first draft of the paper* (approximately 30 pages, including 2 page policy focussed executive summary + 5-10 page annex) should be provided for preliminary review and feedback by the Steering Group within six to eight weeks of approval of the inception report. As noted, under “Activities” the consultant(s) will be asked to undertake a literature review to explore the options for guidance in this area, as well as interviews with a select number of key informants and the other activities described above for the development of the approach paper.

30. The *full-draft paper* (approximately 30 pages + 5-10-page annex) is due for submission within two to four weeks after approval of the draft approach paper. The draft approach paper, which should provide information on the scope, audiences and preliminary findings for guidance in this field, will be presented at a joint DAC-TC meeting. Therefore, a draft list of topics for discussion, based on questions raised in the approach paper, should also be provided with the full-draft approach paper.



31. A *final revised version of the paper* – that is, reworked in view of the outcomes of the workshop and of publishable quality – should be submitted within two to three weeks following the joint meeting of the DAC and Trade Committee at the latest in October 2008.

## 5.2. Work procedure

32. The consultant(s) shall report to the OECD Secretariat and the point of contact will be Frans Lammersen ([Frans.Lammersen@oecd.org](mailto:Frans.Lammersen@oecd.org)). Drafts of the approach paper will be shared with the members of the Steering Group for direction, feedback and input.