

Annex I: Theory of Change

The diagram below presents an update version of the Theory of Change (ToC). It builds on the ToC presented in the inception report by incorporating comments received and developing it further in light of the main report's findings. The comments received on the previous version can be grouped in three categories:

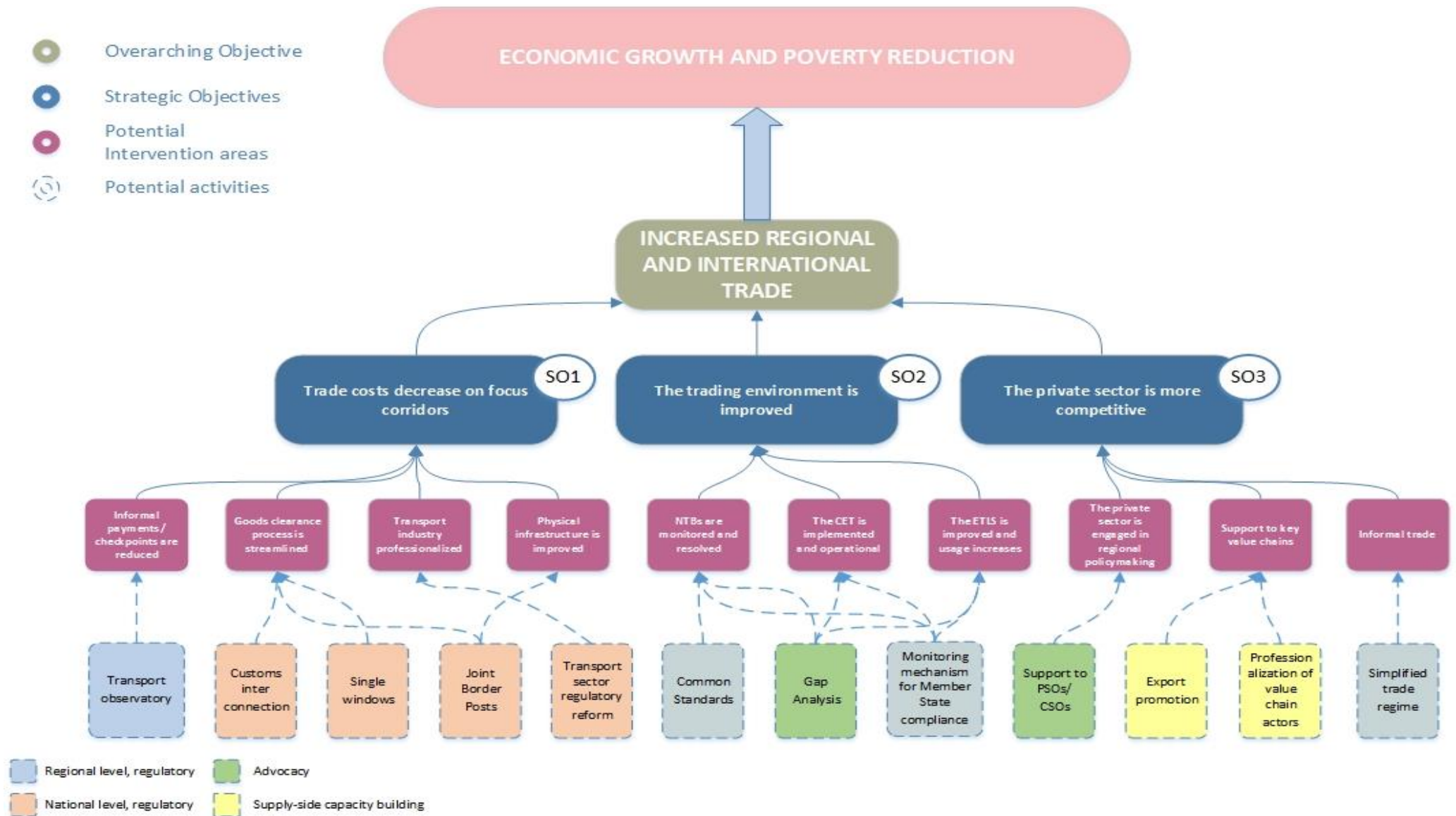
1. A set of reviewers noted that the distinction between regional and international trade did not reflect the realities of trade competitiveness and might be unwieldy. International and regional trade are enmeshed to large degrees as a large portion of products traded regionally use inputs sourced from international markets (e.g. fertilizers). Further, improvement in regional logistics and transport can be expected to impact both international and regional trade flows. It is therefore challenging to conceive of the two as separate.
2. Another set of reviewers noted that the theory of change could be broadened and expanded to include effects beyond visible improvements in market access to include areas connecting trade and cost reduction more directly to economic impact. In the words of a reviewer "if you reduce trade costs but most backhauls are empty, so what". Other reviewers noted the need to include "softer" issues such as business advocacy or informal trade.
3. Finally several reviewers recommended the ToC to adopt a more outcome-oriented approach by including specific dimensions like reduction of time and cost on some corridors.

Designing a ToC is meant to be a process. It will go through changes as the programme design work progress and as consultations with potential partners advance. The Theory of Change presented in Figure 1 below is therefore not final; it reflects an undergoing process of reflection and priority setting.

The two bottom levels of the Theory of Change are likely to change in the next few months as more research is undertaken on the problems faced by private economic operators on focus corridors and as consultations with national governments, regional organisations, private sector and civil society progress. Hence they are listed as "potential intervention areas" and "potential activities" because we do not foresee having a definitive, stable, theory of change at that level until the end of ATWA Stage 2.

We will attach particular importance in developing activities together with potential partners at the programming stage, so that ATWA can start with strong ownership from stakeholders in the region and countries concerned.

Figure 1: ATWA Theory of Change



We have re-organised the ToC according to three Strategic Objectives, as follows;

- **SO 1: Reduction of trade cost on focus corridors.** This objective largely focuses on the transport, logistics and infrastructure of particular corridors. It picks up on four major drivers of increased cost of trade and transport across the ECOWAS region.
- **SO 2: Improvement of the trading environment.** This objective focuses largely on tariff and non-tariff issues that hamper the free movement of goods across West Africa, and includes region-wide external trade policy dimensions.
- **SO 3: Increased private sector competitiveness.** This is the more private sector oriented of all strategic objectives. It focuses on the role of private sector in public policy making and working to ensure that the private sector can take advantage of an improving trading environment.

Note that, although we have not started developing a monitoring and evaluation framework as of yet, each SO should be measurable at outcome level. SO 1 for example could be tied to indicators related to time and cost presented in Tables 1 and 2 of the main report, to the World Bank's ease of trading across borders or to the Logistics Performance Index. SO 2 could be tied to surveys detailing tariff and non-tariff barriers faced by ECOWAS based private sector when trading regionally, while SO 3 should be relatively straightforward to measure if individual value chains are selected (increased exports for examples).

Specific intervention areas are placed below each SO. They describe improvements that could be made to improve trade flows, whether it is infrastructure improvement, the customs clearance process, or the implementation of the ECOWAS Common External Tariff (CET).

Activities under the "reduction of trade costs on focus corridors" SO focus on four major drivers of cost on regional corridors: transport industry inefficiencies, goods clearance, lack of physical infrastructure and informal payments and checkpoints on the roadways and in terminals. Note that, as noted in Part II of the main report not every corridor is identical in where the costs are incurred. Further work in the months ahead will allow us to refine this intervention area to the specificities of the corridors in our particular sub-group of countries.

Under SO 2, two streams of work could be envisaged. The first could be the drawing up of a "state of play" of the ECOWAS Trade Liberalisation Scheme in terms of implementation through USAID-style "Gap analysis" that review every commitment undersigned by ECOWAS Member State and assess the level of compliance, and sponsor activities that undertake such a review on a regular basis by reporting irregularities or NTBs. The second could be the improvement of the ECOWAS internal free trade scheme, either by increasing its coverage (ECOWAS is currently developing its standards framework) or its usability (as noted in the main report the ETLIS is notoriously complex for private sector operators).

SO3 activities are relatively underdeveloped because we do not yet know if support to the private sector is a viable option for ATWA. It seems recommendable for ATWA to work with specific sectors and industries to increase impact and come up with more tangible results but this goes beyond what was originally foreseen. Should this orientation be validated it will have to be included in the scoping and design work.

At the activity level we have grouped activities with a different focus together: activities dealing with the regulatory environment at the national level are shaded in blue, while the activities shaded in light red indicate regulatory activities to be undertaken at the regional level (i.e. they are not corridor-specific). Yellow-shaded activities engaged with the private sector directly, while those shaded in green engage with civil society and private sector organisations at large.