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# OPTIMIZING THE IMPACT OF TRADE FACILITATION: ENGAGING BORDER COMMUNITIES

July 2022

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## ACKNOWLEDGMENTS

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## ACRONYMS AND ABBREVIATIONS

AfDB	African Development Bank
ASEAN	Association of Southeast Asian Nations
ATAR	Afghanistan Trade and Revenue
B2B	Business to Business
BDS	Business Development Services
CC BY-NC 2.0	Creative Commons Attribution-NonCommercial 2.0 Generic
CMG	Corridor Management Group
CRECER	Creando Resiliencia y Empleo para Comunidades en Entornos Remotos
DDI	Bureau for Development, Democracy, and Innovation
E&E	Europe and Eurasia
ECOWAS	Economic Community of West African States
EG	Economic Growth
EMD	Center for Economics and Market Development
EU	European Union
GDP	Gross Domestic Product
ICT	Information and Communications Technology
IPARD	Instrument for Pre-accession Assistance for Rural Development (European Union)
ITC	International Trade Centre
LAKAJI	Lagos-Kano-Jibiya
LF	Logical Framework
LSS	Lean Six Sigma
MSMEs	Micro, Small, and Medium-sized Enterprises
NEXTT	Nigeria Expanded Trade and Transport Program
NTFC	National Trade Facilitation Committee
OECD	Organisation for Economic Co-operation and Development
PDF	Project Development Facility
PPP	Public-Private Partnerships
REG	Regional Economic Growth Project (Western Balkans)
RFID	Radio Frequency Identification
RSS	Regional Strategy for the Stabilization, Recovery, and Resilience of Boko Haram-affected Areas of the Lake Chad Basin
RTFE	Regional Trade Facilitation Expansion
SAT	Superintendency of Tax Administration (Guatemalan Customs)
SEZ	Special Economic Zone
SMEs	Small and Medium-sized Enterprises
SPEED	Supporting the Policy Environment for Economic Development (Mozambique)
TATFP	Trade Africa: Trade Facilitation Project (Ghana)
TCA	Trade and Competitiveness Activity
TF	Trade Facilitation
TFA	Trade Facilitation Agreement
TFEP	Trade Facilitation Enquiry Point
TFP	Trade Facilitation Program (Vietnam)

USAID  
USG  
WTO  
X+M

United States Agency for International Development  
U.S. Government  
World Trade Organization  
Export & Import

## INTRODUCTION

United States Agency for International Development (USAID) has a long history of designing and implementing trade facilitation (TF) programs that can have a significant positive impact on national economies, but the organization has done relatively little research on how to ensure that the border communities closest to these reforms also benefit. An initial paper commissioned by USAID to research local economic actors active at or near border areas in developing countries concluded that TF measures and border management reforms which can induce positive economic growth and trade outcomes can sometimes also have disruptive effects on border communities' livelihoods.<sup>1</sup> However, by considering border communities in the design of TF activities, it may be possible to mitigate these disruptive effects.

Border communities are economically significant and often constitute a large fraction of a country's population.<sup>2</sup> Economic actors located at or near border areas have historically generated vital economic benefits for border regions, providing a range of products and services and catering primarily to businesses transacting in slow-moving, inefficient border environments. In some cases, by expediting cross-border procedures, TF initiatives may reduce the demand for such ancillary services and may inadvertently shift the economic incentives and opportunities for these communities. TF efforts also have the potential to stimulate new opportunities for border businesses to provide products and support services to cross-border traders or to participate in export activities themselves. However, most donor-funded TF projects, as well as projects with a wider economic growth scope that include TF elements, have not explicitly included activities designed to address the potentially disruptive effects of TF and to smooth the transition to new income opportunities or to take advantage of the economic development potential of TF efforts in border areas.

This paper suggests preliminary standard approaches for optimizing trade facilitation programming to benefit local border communities. Integrating border communities into TF efforts would notably increase the impact of these initiatives and would minimize their disruptive effects—by providing pathways for border communities to experience income and employment growth in an evolving border environment. By building on the competitive advantages that border businesses already have—favorable location, existing market infrastructure, and specialized knowledge—donors such as USAID can ensure that these populations enjoy the economic benefits of trade facilitation.

## GOAL AND METHODOLOGY

This paper aims to help USAID Project Design Teams integrate activities targeting border communities into future TF-focused programming, both to mitigate the potentially disruptive effects of TF activities and to seize upon the economic opportunities they can create. The paper uses: 1) existing USAID TF-related programming; 2) USAID's pilot *Creando Resiliencia y Empleo para Comunidades en Entornos Remotos* (CRECER) program in Guatemala; and 3) international best practices to promote sustainable

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<sup>1</sup> Abadia, Alberto. 2021. "Effects of Trade Facilitation on Border Communities." Washington, DC: USAID.

<sup>2</sup> In this paper, a broad definition of "border communities" is adopted. From this perspective, border communities include businesses providing products and services to carriers and travelers who cross an international border, as well as informal markets and bazaars, transport facilitators, and others who work near a border zone but do not necessarily cater exclusively to persons or organizations moving across the border.

economic growth in border communities—all to identify interventions that Project Design Teams can use to improve the livelihoods of border communities in a trade facilitation context. Such interventions would try to synergistically maximize both: 1) the trade flow outcomes of USAID TF-related projects, by involving border communities; and 2) the impact of TF-related projects in these communities. They could be developed as independent, stand-alone projects, added to standard USAID TF projects, or incorporated into projects of larger scope that involve TF.

## USAID TRADE FACILITATION PROGRAMMING: FOUNDATIONS FOR BORDER COMMUNITY INTERVENTIONS

United States Agency for International Development’s (USAID’s) existing trade facilitation programming provides the foundation on which Project Design Teams can integrate activities targeting border communities. As depicted in the matrix below, USAID programs with trade facilitation (TF) elements can be categorized into projects that serve multiple countries (*regional*) or a single country (*bilateral*). They can also exclusively focus on trade facilitation (*pure TF*) or can include trade facilitation as part of a broader scope of economic growth (EG) interventions pertaining to trade or investment (*EG with TF*). Each cell in the matrix includes examples of each program archetype.

**FIGURE I. TRADE FACILITATION PROGRAM ARCHETYPES**

	Regional	Bilateral
Pure TF	<ul style="list-style-type: none"> <li>• Regional Trade Facilitation Expansion (RTFE) Activity (Central America)</li> </ul>	<ul style="list-style-type: none"> <li>• Trade Facilitation Program (TFP) (Vietnam)</li> <li>• Trade Africa: Trade Facilitation Project (TATFP) (Ghana)</li> <li>• Afghanistan Trade and Revenue (ATAR) Project</li> </ul>
EG with TF	<ul style="list-style-type: none"> <li>• Regional Economic Growth (REG) Project (Western Balkans)</li> <li>• East Africa Trade and Investment Hub, Facilitando Comercio (South America)</li> <li>• Competitiveness, Trade, and Jobs Activity (Central Asia)</li> <li>• Association of Southeast Asian Nations (ASEAN) Connectivity through Trade and Investment (Southeast Asia)</li> </ul>	<ul style="list-style-type: none"> <li>• Supporting the Policy Environment for Economic Development (SPEED) (Mozambique)</li> <li>• Nigeria Expanded Trade and Transport (NEXTT) Program</li> <li>• Pakistan Trade Project</li> </ul>

In reviewing USAID-funded TF-related programs corresponding to each archetype, we identified the following main activities:

- I. Support for accession, negotiation of, and implementation of international trade agreements, particularly World Trade Organization (WTO) agreements.

2. Support for the development of regulatory, legal, and policy reforms related to trade, including adoption or harmonization of international standards and quality controls.
3. Development or reform of customs laws, policies, and procedures.
4. Trade-related data analysis and strategy formulation.
5. Support for national, bilateral, and regional trade facilitation dialogues.
6. Implementation of procedures to optimize efficiency and improve customs processing.
7. Development of trade-related infrastructure (physical and information and communications technology [ICT]).
8. Trade-related human and institutional capacity development in the public and private sectors.<sup>3</sup>

While these interventions are not specifically dedicated to the economic development of border communities, many of them could be adapted to support or take into account local communities located at or near border areas. In addition to the TF activities listed above, many of the archetype programs also include trade promotion or trade competitiveness activities, such as support to micro, small, and medium-sized enterprises (MSMEs) in new market identification, participation in trade fairs, and related marketing. These trade competitiveness or trade promotion activities can be especially impactful if targeted at border communities and can help smooth over potential disruptions caused by TF initiatives.

**Annex A** presents simplified Logical Frameworks (LFs) for each archetype based on existing projects. The LFs that have been edited to show how border community–related interventions and metrics can be incorporated.<sup>4</sup>

## **USAID'S CRECER ACTIVITY: A BORDER COMMUNITY PILOT PROJECT**

USAID's *Creando Resiliencia y Empleo para Comunidades en Entornos Remotos* (CRECER) activity can also serve as a useful point of reference when considering how to design TF activities to mitigate any disruptive impacts on border communities. CRECER is a unique example of a TF-related activity devoted to border communities. This pilot project was launched to address potentially disruptive effects of trade facilitation at the Guatemalan border post of Ciudad Pedro de Alvarado, which had long been occupied by informal businesses.

### **BACKGROUND**

In the mid-2010s, a USAID-funded trade facilitation project, the Regional Trade Facilitation Expansion activity, had put in place arrangements to simplify the flow of merchandise across the Guatemala–El Salvador border. However, the primary customs area of Ciudad Pedro de Alvarado in Guatemala had long been occupied by informal customs brokers, border transportation providers, and other

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<sup>3</sup> USAID 2021c; Makokera and Gajarsa 2016; USAID 2021b; 2021a; 2013; Nathan Associates Inc. 2013. This list could also include trade-related assistance to small and medium-sized enterprises (SMEs), including organization and participation in trade fairs, missions, forums, workshops, and the like. For the purpose of this report, we classify these as trade competitiveness or promotion activities rather than as trade facilitation.

<sup>4</sup> USAID develops Logical Frameworks—templates for framing USAID-funded projects—for each main development technical area, including Economic Growth and Trade.

businesses. When Guatemala’s Customs (Superintendency of Tax Administration [SAT]) tried to get the businesses to evacuate the area, they resisted, viewing relocation as a threat to their livelihoods.

In 2018, following a court order that returned control of the area to the SAT, USAID, in alliance with the International Trade Centre (ITC), developed and implemented the CRECER activity. This training and employment program was designed to transition family businesses and self-employed workers displaced from the border zone toward alternative employment options. CRECER had two goals at the outset: 1) evacuating informal businesses from the primary customs area; and 2) helping these people find jobs elsewhere. Over time, though, CRECER expanded its initial scope, both in terms of objectives and of targeted beneficiaries.

## OBJECTIVES

### Phase I

Starting at the end of 2018 and finishing in April 2021, Phase I of CRECER concentrated on evacuating informal businesses from the primary customs area by facilitating dialogues between Customs and the local community. Subsequently, CRECER worked to reduce beneficiaries’ dependency on informal activities by increasing their employability and by stimulating entrepreneurship. CRECER identified skill demands from local companies, assessed the skills of beneficiaries, and tried to fill any skills gaps through training. For customs brokers, efforts entailed learning how to adapt to new customs requirements and formalities mandated by trade facilitation efforts. CRECER also trained beneficiaries to identify jobs that fit their professional profiles and to apply for them. Two small youth education interventions—Happy Classroom and Design for Change—trained public school teachers to implement new methodologies to improve pupils’ motivation and reduce absenteeism.

### Phase II

Starting in May 2021, Phase II mainly focuses on: 1) deploying an investment attraction strategy for Ciudad Pedro de Alvarado to position the city as a strategic epicenter for Central American trade; and 2) facilitating synergies between training participants from Phase I (e.g., strengthening cooperatives created by participants and helping them in production, market entry, and e-commerce). The goal is to use the “power of example”—once risk takers start to show results, others will also seek more formal or alternative ways to contribute to the border economy.

## TARGETED BENEFICIARIES

### Direct

As of April 2021, there were approximately 400 direct beneficiaries based in or near Ciudad Pedro de Alvarado, Guatemala. The main beneficiaries of the project include, but are not limited to, one-person businesses that informally provide the following services:

- Customs brokerage services
- Personal transportation services (both across the border and from the border to surrounding villages)
- Companies providing food to traders
- Companies providing accommodation to traders
- Currency exchange services

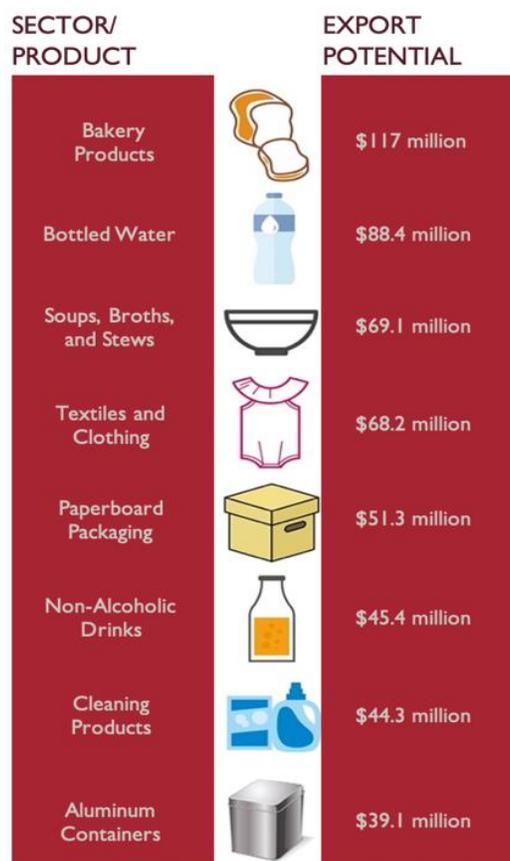
- Security services for export trucks

CRECER also supports populations in the informal traders' wider communities, including unemployed and underemployed persons working outside of direct border areas, such as mothers working as cleaners, small shopkeepers selling goods along roads, and youth enrolled in public school in or near the border city.

#### Indirect

As the project evolves during Phase II, CRECER intends to benefit the entire population of Ciudad Pedro de Alvarado.

**FIGURE 2. POTENTIAL INVESTMENT IMPACT OF CRECER, BY SECTOR**



#### ACHIEVEMENTS AND LESSONS LEARNED

The implementation of CRECER demonstrates that donor-funded efforts can be designed to generate not only micro-level impacts on individual businesses or clusters of businesses (direct beneficiaries) but also macro-level impacts on entire villages, cities, or even regions (indirect beneficiaries).

#### Micro-Level Impacts

CRECER was able to persuade informal businesses to leave the primary customs area by explaining what kind of vocational assistance USAID could provide them after they vacated the zone. Due to the interest

of the local community, the population of direct beneficiaries increased from 40 to 400 in less than two years. Many beneficiaries were eager to enroll in donor-sponsored vocational training programs. CRECER's approach to primary education has resulted in a sharp drop in school absenteeism, which should have implications for the resilience of the entire community.

#### Macro-Level Impacts

CRECER has also undertaken macro-level actions to develop the city of Ciudad Pedro de Alvarado. In general, the border area has been completely excluded from Guatemalan national development plans. CRECER management believes that marketing the city as a center of trade and business will attract the investment needed to scale up CRECER's job creation and income generation impacts.

Figure 2 above displays an estimate of the project's potential investment impact, by sector. It is worthy to notice that the investment attraction potential in a modest city scales up to more than half a billion dollars. This number exhibits the level of impact that a component or project that purposely works with border communities and regions may achieve. The predicted economic windfall resulting from CRECER's investment attraction work would overwhelmingly exceed any potential disruptions to local economic activities from trade facilitation efforts.

An illustrative Logical Framework for CRECER is presented in **Annex B**.

## INTERNATIONAL BEST PRACTICES TO PROMOTE SUSTAINABLE ECONOMIC GROWTH IN BORDER COMMUNITIES

The experiences of national and local governments are another critical source of best practices for promoting development and addressing challenges in border communities. Border regions differ vastly in terms of economic opportunities; however, many countries' border regions have higher poverty and lower levels of formal employment than more inland areas. With differing regulations and competitive landscapes on either side of a national border, businesses face operational challenges. Border regions also often lack public services, such as health care and education, and can be vulnerable to insecurity and violence, serving as routes of illegal trade and human trafficking. National and local governments, supported by donors, can implement comprehensive policies to address these challenges and can link border communities to sources of economic growth and social stability. The following examples present different policy approaches to border community challenges: **1) free zones; 2) logistics and transport hubs; and 3) whole-of-society approaches**. USAID Project Design Teams can design interventions to support any of these modalities, where applicable.

Targeted incentives to investment and trade can connect border communities to major economic hubs, such as manufacturing facilities and growing tourism centers, by facilitating business activities in free economic zones or free trade zones. These hubs generate employment opportunities, increase household incomes in the targeted communities, and lead to poverty reduction, as described in Box 1 below.

## Box I. Free Zones to Promote Cross-border Tourism, Retail, and Services in Mexico<sup>5</sup>

Tourism is one of the main sources of foreign income for Mexico, generating close to US\$19 billion in 2021. The 48 municipalities along the Mexico-U.S. border represent 6.4 percent of the country's gross domestic product (GDP), and tourism in the region is estimated to contribute to 0.51 percent of GDP. The southern border with Belize, in Quintana Roo and other southern states, is also an entry point for tourists, although much lower compared to the northern border. To promote the development of local communities and to increase local revenues, the Government of Mexico established a Free Zone Program, closely coordinated and implemented with local governments.

The Northern Border Free Zone Program aims to promote economic growth, improve the well-being of local communities, and promote competition of fuel prices and energy. This program includes tax incentives for local businesses and individuals, through value-added tax and income tax reductions; minimum wages for labor and professionals; and fuel tax price adjustments. The tax incentives and salary policies have promoted investment and increased local consumption. The Government of Mexico estimates that the program helped reduce poverty rates from 31 to 26 percent and helped reduce extreme poverty from 7.4 to 2.2 percent between 2015 and 2021. In addition to improving household incomes in the border communities, the program has also promoted formalization of taxpayers and businesses. The increase in employment, however, was a modest 3.9 percent during the same period.

At the southern border, the Government of the State of Quintana Roo has operated a Customs Border Warehouse since 2020. Through tax incentives, the government aims to promote business activities that involve handling, storage, custody, exhibition, sale, distribution, elaboration, transformation, or repair. These businesses benefit from exemption from foreign trade taxes or compensatory fees. The program promotes the establishment of different businesses to trade consumer and industrial goods, as well as services linked to tourism (restaurants, hotels, sports/entertainment, medical services, and others). Businesses benefit from operating efficiently in these facilities and serve the growing tourist development along the Mexican Riviera Maya.

At highly transited borders—for example, borders in regional trade corridors—logistics and transport hubs can enhance cross-border supply chains. Logistics hubs help goods transit the border more efficiently, through services in handling cargo, warehousing, distribution management, maintenance of transport vehicles, and other services to transporters, while integrating local businesses and generating jobs. Transport hubs bolster trade by connecting and revitalizing transportation infrastructure.

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<sup>5</sup> [Northern Border Free Zone 2021 Report](#), Secretariat of Economics. Office of Projections, Planning and Evaluation, 2022; Chetumal Free Zone, Bonded Warehouse and the South Border Region. Secretariat of Economic Development of the State of Quintana Roo; Roxana Brock McDade. [What is the Mexico Free Zone?](#) MEXPRO, February 2022.

## Box 2. Logistics and Transport Hubs along Southeast Asian Trade Corridor<sup>6</sup>

The Chiang Rai's Chiang Khong District is one of Thailand's main initiatives to promote trade and investment through a special economic zone (SEZ) and logistics hub in the Mekong Region's northern border. The plan involves a major logistics center that serves as an important gateway to growing markets in neighboring Myanmar, Laos, Cambodia, and Vietnam, as well as the southern part of China. Through the SEZ, the Kingdom of Thailand aims to promote trade and investment along the border to boost the income of villagers in remote areas. The government provides tax and nontax incentives to target industries and is investing in infrastructure improvements and one-stop services to facilitate business.

At the regional level, the Association of South East Asian Nations is working on the implementation of the Master Plan on ASEAN Connectivity. This initiative integrates different pillars to develop the ASEAN trade corridor: improvement of infrastructure and cross-border business processes, as well as the trade capacities of local businesses. A major infrastructure project estimated at US\$132 million will improve the efficiency of transport connectivity and regional trade by widening road infrastructure, improving connectivity between major trade hubs, and making infrastructure more climate-resilient. The Master Plan aims to develop small businesses to produce goods and services that can be traded via regional networks and can take advantage of the expanding Southeast Asian market.

Border communities are vulnerable to the effects of environmental, social, and economic factors that require not only binational interventions but also cooperation from neighboring national and local governments and the support of multilateral organizations and donors, to achieve sustainable solutions. A regional framework for governance ensures the sustainability and prevalence of social contracts with a whole-of-society approach.

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<sup>6</sup> Thailand Planning Logistics Hubs at the Northern Borders. Royal Thai Embassy, Washington D.C. 2021; [Thailand's Special Economic Zones, Opportunities for Investment](#). Thailand Briefing, April 2018; [New Economic Corridor Project to Boost Regional Trade and Growth through Lao PDR](#). World Bank Group, May 18, 2022.

### **Box 3. Coordinated, Multi-Sectoral, and Comprehensive Approach to Border Community Challenges in Lake Chad Basin<sup>7</sup>**

The Lake Chad Basin, which spreads over seven countries—Algeria, Cameroon, Central African Republic, Chad, Libya, Niger, and Nigeria—constitutes an important trade hub for communities where goods are mainly transported by boats and canoes. However, the water body has diminished by 90 percent since the 1960s due to overuse and climate change effects. Families who relied on the lake for agriculture started migrating to other areas in search of water. The region faces severe security challenges as a result of violent conflict between herders and farmers over water and pasture.

In response to the challenges faced by Lake Chad’s population, the governments of Cameroon, Chad, Niger, and Nigeria developed a Regional Strategy for the Stabilization, Recovery, and Resilience of Boko Haram-affected Areas of the Lake Chad Basin (RSS), which recognizes the need for a coordinated, multi-sectoral, and comprehensive set of national and cross-border efforts. This intervention has supported governments and has affected local authorities to strengthen social contracts; reestablish trust, law, and order; and open new channels for cross-border trade and construction of infrastructure, mainly cross-border roads. A Stabilization Secretariat was established to ensure governance and coordination structures, including a high-level strategic Steering Committee and a Task Force of Implementing Partners that takes a robust nexus coordination approach to stabilization, recovery, and resilience.

Multilateral organizations and governments are supporting the Strategy through the Regional Stabilization Funding Facility, which is funded not only by Central African governments but also by the governments of Germany, Sweden, the United Kingdom, the Netherlands, the African Development Bank (AfDB), and the European Union (EU). The region is currently working toward the development of a Territorial Action Plan for long-term stabilization, recovery, and resilience interventions.

## **APPROACHES FOR INTEGRATING BORDER COMMUNITIES AS PART OF TRADE FACILITATION PROJECTS**

The following describes how to develop a customized approach to engaging border communities, based on U.S. and international best practices in promoting economic competitiveness, resilience, and livelihoods, both during the project design phase as well as during project implementation.

### **DURING PROJECT DESIGN**

CRECER’s interventions were designed to compensate for disruptive or adverse effects of trade facilitation once they were observed. In contrast, integrating the needs of border communities into TF initiatives during the project design phase would allow donors to maximize the positive impact of trade facilitation in border communities while preventing any disruptive effects. Doing so would reduce the need for palliative projects like CRECER that address such effects after they have materialized.

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<sup>7</sup> [Stabilization of Lake Chad Basin: Rebuilding Communities across impact areas](#). United Nations Development Program, 2021; Remadji Hoinathy. [Boko Haram Blocks Lake Chad Trade Routes](#). Institute for Security Studies, 2021.

## COMMUNITY ENGAGEMENT

For the most part, donor-funded TF-related projects do not specifically address border communities, except when such communities may be core to the mission of local stakeholders (e.g., customs officers or authorities).<sup>8</sup> The result is that: 1) a whole portfolio of potential benefits in the local communities is not captured; and 2) some groups in these communities may be adversely impacted.

The most likely reason for the dearth of attention to border communities in TF efforts is simply a lack of awareness of the relevance of these groups. This lack of awareness may in part be due to the absence or limited nature of communications and interactions with local populations.<sup>9</sup> Therefore, this paper encourages the adoption of participatory or engagement methodologies that are frequently applied in donor-funded projects pertaining to competitiveness, value chain strengthening, cluster development, and other economic growth areas.<sup>10</sup>

For any project, subproject, or component that works with border communities, these communities and, particularly, segments within them, should be identified during the project design phase and engaged as early and as much as possible. Based on the experience of the CRECER project, the following preliminary segmentation of stakeholders belonging to the overall category of “border communities” has been identified.

**TABLE I. BORDER COMMUNITIES—STAKEHOLDER GROUPS**

1	Customs brokerage services
2	Warehousing and transportation services (cargo and people)
3	Catering and other hospitality services
4	Currency exchange services
5	Security services
6	Financial services
7	Other local businesses, including MSMEs and larger firms
8	Public authorities, including customs and other border agencies, local councils, and regional, national, and international entities and organizations active in border areas
9	Family members and social groups connected to individuals belonging to any of the previous segments
10	Border or near-border villages, cities, and regions

<sup>8</sup> Abadia 2021.

<sup>9</sup> It may also be attributable to how governments and donor agencies predominantly view borders—as a means of ingress/egress and point of trade, rather than as a place where people live and work.

<sup>10</sup> See Porter 1998; Ffowcs-Williams 2012; National Research Council 2012; Kitson, Martin, and Tyler 2004; Feser et al. 2002; Saxenian 1995; Abadia 2016.

Groups and subgroups, as well as their representatives/leaders, should be identified, and, if possible, also interviewed. Discussions will enable Project Design Teams to account for the particular interests and economic circumstances of border communities when designing project interventions. They should also lead to the creation of engagement and participation mechanisms designed specifically to facilitate the successful implementation of an inclusive project. Donors may also contemplate designing civic engagement platforms to remain in place after project implementation as channels to amplify the voices of border communities vis-à-vis local authorities, the private sector, and donors. Doing so would increase the likelihood of border community interests being represented in future projects undertaken by donors or host-country governments.

Participatory mechanisms often come in the form of committees, forums, or boards, which are then subdivided into working groups organized either by activity (e.g., digitalization of customs, one-stop shops, logistics, or infrastructure modernization) or by thematic area (e.g., access to finance, public-private partnerships [PPPs], legislation and regulation, standards, trade, logistics, education, gender and social inclusion, or poorer communities). Each Project Design Team, after a dialogue with relevant stakeholders, should define these mechanisms according to the particular context and location. When necessary or convenient, these mechanisms may include noncore stakeholders or groups—for instance, other donor projects and international organizations, academia and researchers, and implementing partners.

### **SAMPLE INTERVENTIONS**

Once the relevant stakeholders and issues have been defined, specific interventions should be selected. Project Design Teams could consider a number of interventions devoted to border communities, including, but not limited to, the following:

#### *Business enabling environment*

1. Support for policy/procedural reforms that promote the formalization and professionalization of businesses located in border areas
2. Improvement of border or near-border infrastructure, such as markets/bazaars, logistics- and transport-related assets, health systems, and digital connectivity
3. Development and operationalization of investment attraction strategies to strengthen and diversify border economies, including businesses and infrastructure

#### *Private sector competitiveness*

1. Economic incentives (national and local policies, such as free trade zones and logistics hubs)
2. Trade-related assistance to MSMEs in or near border areas (e.g., support related to formalization, business model development, and value chain integration)
3. Access to finance and financial services for border MSMEs, including bank and nonbank financing

### *Education and workforce development*

1. Technical and vocational skills training and employment facilitation for individuals residing in or near border areas
2. Implementation of novel pedagogical approaches to improve youth education and reduce absenteeism in border regions

### *Cross-cutting*

1. Human and institutional capacity development of local institutions (e.g., political authorities or training providers) to positively influence the results of other interventions and to promote their sustainability
2. Assistance to vulnerable border populations, such as youth, women, or local populations in or at risk of poverty, which may include interventions related to education, health care, financial support, and microbusiness development
3. Assistance to build the resilience of border communities to recurrent or anticipated shocks and stresses, such as natural disasters, pandemics, and food insecurity
4. Public-private partnerships related to border communities (e.g., infrastructure investments, workforce development training programs, or tourism initiatives)

The interventions chosen should be customized to the particular Goal and Purpose of the project, based on the outcome of consultations with the local community. This list is just preliminary and may be expanded to include other interventions.

## **DURING PROJECT IMPLEMENTATION**

Preferably, border communities and their needs are considered and integrated into the design of TF initiatives. However, if a TF program is designed without this consideration and disruptive impacts on border communities are observed after implementation has begun, there are still options for addressing communities' needs and for ensuring that they benefit from the positive impacts of TF initiatives.

Like during the project design phase described above, it is important to engage with the various stakeholder groups within the border community of interest. By identifying the different groups and their specific economic circumstances, a project team can better understand how they are impacted by the ongoing activity and how best to engage with them and to modify or add activities to help them benefit from the TF initiatives.

Adding or modifying activities that are part of an ongoing project often has contractual and budgetary implications. If the new activities are consistent with the ongoing project's existing Scope of Work, USAID can work with the implementing partner to modify that project's Annual Work Plan. However, if the new activities are substantially different than the existing Scope of Work, USAID may need to modify the acquisition or assistance award's Scope of Work to include the new activities. If the revised Annual Work Plan or revised Scope of Work is substantially more resource-intensive, it may also be necessary to either revise the project's budget to reallocate resources or to modify the project's

governing document (i.e., contract, grant, or cooperative agreement, etc.) to allocate additional funding. If neither of these are attractive or feasible options, USAID could design and fund a new parallel stand-alone activity to complement the existing project, as was done with CRECER.

### **ANNUAL WORK PLAN**

The Annual Work Plan is the core document that defines a USAID project's implementation for a given year. After a project has been designed and is being implemented, USAID and implementing partners can use the annual work planning cycle to add or modify activities to address impacts on border communities. To integrate border community-related activities into Annual Work Plans, projects should use the same approach outlined above in the "During Project Design" section—either adding new interventions or modifying existing ones to be more border community-focused.

### **SCOPE OF WORK MODIFICATIONS**

If a USAID Mission determines that the best route to integrating border communities into a TF project is to modify the Scope of Work (and potentially the budget), the project is being redesigned and a new Logical Framework should be developed following the examples outlined in the previous section.

### **PARALLEL STAND-ALONE ACTIVITY**

As in the case of the CRECER activity, USAID may determine that the most efficient approach to addressing border community disruptions is to design a separate stand-alone activity. In this case, a new budget and Logical Framework would be developed and the project's entire objective would be to serve such communities.

## **CONCLUSION**

The main purpose of this paper is to provide guidance and examples on how to design TF-related initiatives that focus on or include some or all the segments/populations that make up border communities. Given the variability of political, economic, social, and cultural contexts in which TF interventions operate, it would be impossible to cover every option and scenario within the scope of this paper. However, the sample USAID program archetypes, CRECER case study, and examples of international best practices provide a framework and starting point to help Project Design Teams ensure that border communities benefit from TF programming.

## ANNEX A. ILLUSTRATIVE LOGICAL FRAMEWORKS WITH BORDER COMMUNITY-RELATED INTERVENTIONS

Logical Frameworks (LFs) summarize the most relevant items that define any U.S. Agency for International Development (USAID) project or program. LFs have a typical format comprising horizontal rows and vertical columns. The horizontal rows denote the project’s Goal, Purpose, Sub-purposes, Outputs, and Inputs. The following column headers provide a basis for interpreting the rows:

1. Narrative Summary. A generic header under which the Goal, Purpose, Sub-purposes, Outputs, and Inputs are organized
2. Indicators. Quantitative and qualitative benchmarks representing project Inputs, Outputs, Outcomes, and Impacts
3. Data Sources. Sources used to monitor and evaluate project performance according to the indicators defined
4. Assumptions. Core economic, social, political, and cultural assumptions upon which the project design is based

The following tables provide examples of how LFs for each trade facilitation program archetype can be designed to include border community-related Purposes, Sub-purposes, Outputs, and Inputs, which are presented in bold text. These LFs were drawn up for illustrative purposes and do not necessarily reflect the exact Goals, Purposes, or Indicators of the projects that inspired them.<sup>11</sup>

**TABLE 2. LOGICAL FRAMEWORK: PURE TF, REGIONAL (BASED ON REGIONAL TRADE FACILITATION EXPANSION [RTFE] ACTIVITY IN CENTRAL AMERICA)**

Narrative Summary	Indicators
<b>GOAL</b> Sustainable, broad-based economic growth	<ul style="list-style-type: none"> <li>• Growth in (real) gross domestic product (GDP) per capita</li> </ul>
<b>PURPOSE</b> Trade performance improved	<b>END OF PROJECT STATUS</b> <ul style="list-style-type: none"> <li>• Foreign trade (export &amp; import [X+M]) as a percentage of GDP</li> </ul>
<b>SUB-PURPOSE</b> Radio frequency identification (RFID) technology installed and operationalized	<ul style="list-style-type: none"> <li>• Percentage of transporters using new mobile-friendly website to submit/access trade and customs information</li> <li>• Customs clearance time</li> <li>• Cost of X+M for operators that make electronic submissions versus in-person submissions</li> </ul>

<sup>11</sup> The Data Sources and Assumptions columns typically found in LFs are not included here, since they depend on the project.

Narrative Summary	Indicators
<p>SUB-PURPOSE</p> <p>Transport efficiency and border integration promoted</p>	<ul style="list-style-type: none"> <li>• Average hours of operation across border stations, to measure consistency in services provided to transporters</li> <li>• Percentage of border officials reporting satisfactory operational and safety procedures</li> <li>• Border traffic flows</li> </ul>
<p><b>SUB-PURPOSE</b></p> <p><b>Income and employment opportunities created for border-adjacent businesses and workers affected by trade performance improvements</b></p>	<ul style="list-style-type: none"> <li>• <b>Percentage change in income for border-adjacent businesses supported by project</b></li> <li>• <b>Unemployment rate among residents within X miles of border</b></li> </ul>
<p>OUTPUTS</p> <p>1. Mobile-friendly trade/customs portals developed and operationalized</p> <p>2. Trained border management staff increased</p> <p><b>3.1 Competitiveness of micro, small, and medium-sized enterprises (MSMEs) in border areas increased</b></p> <p><b>3.2 Jobs for workers within X miles of border created</b></p>	<p>1. Number of modules developed allowing transporters to electronically file certifications for import/export permits.</p> <p>2.1 Number of border management processes redesigned</p> <p>2.2 Number of redundant processes eliminated</p> <p><b>3.1 Total new sales/revenue generated by border-adjacent businesses supported by project</b></p> <p><b>3.2 Number of jobs created for workers within X miles of border</b></p>
<p>INPUTS</p> <p>1.1 Procure and install RFID infrastructure and equipment at two major border crossings</p> <p>1.2 Widely publicize RFID program</p> <p>2.1 Draft legal mandate to establish National Trade Facilitation Committee (NTFC)</p>	<p>1.1 Computers and other equipment installed on schedule and within budget</p> <p>1.2 Percentage of transporters enrolled in RFID program</p> <p>2.1 Legal mandate for NTFC enacted into law</p>
<p>2.2 Assist border management stakeholders to use Lean Six Sigma (LSS) methodology to redesign border processes and improve traffic flow</p> <p>2.3 Procure small equipment to operationalize logistics improvement plans at border points and increase border management officials' safety at the border</p> <p><b>3.1 Build capacity MSMEs in or near border areas to maintain economic competitiveness</b></p> <p><b>3.2 Provide technical and vocational training for informal workers in border areas to pursue alternative employment opportunities</b></p>	<p>2.2 Number of border management staff trained in LSS to analyze and reengineer border management policies and processes</p> <p>2.3 Small equipment installed on schedule and within budget</p> <p><b>3.1 Number of MSMEs receiving competitiveness-related technical assistance</b></p> <p><b>3.2 Number of informal workers enrolled in project-supported technical and vocational training programs</b></p>

**TABLE 3. LOGICAL FRAMEWORK: PURE TF, BILATERAL (BASED ON TRADE AFRICA: TRADE FACILITATION PROJECT [TATFP] IN GHANA)**

Narrative Summary	Indicators
<p><b>GOAL</b> Diversified and inclusive export-driven economic growth</p>	<ul style="list-style-type: none"> <li>• Percentage of exports involving small and medium-sized enterprises (SMEs)</li> <li>• Percentage of exports per sector</li> </ul>
<p><b>PURPOSE</b> Trade performance improved</p>	<p><b>END OF PROJECT STATUS</b></p> <ul style="list-style-type: none"> <li>• Organisation for Economic Co-operation and Development (OECD) Trade Facilitation Average Performance Indicator</li> <li>• Average transit time for goods</li> </ul>
<p><b>SUB-PURPOSE</b> World Trade Organization (WTO) Trade Facilitation Agreement (TFA) operationalized</p>	<ul style="list-style-type: none"> <li>• Percentage of traders using Trade Facilitation Enquiry Point (TFEP)</li> <li>• Percentage of trade-related fees and charges in compliance with WTO TFA</li> <li>• Percentage of surveyed border staff reporting regular use of risk management protocols</li> <li>• Percentage of inspections conducted jointly by all responsible border authorities</li> </ul>
<p><b>SUB-PURPOSE</b> <b>Business enabling environment in border regions improved</b></p>	<ul style="list-style-type: none"> <li>• <b>Number of active businesses registered in border regions</b></li> <li>• <b>Value of new business investment in border regions</b></li> </ul>
<p><b>OUTPUTS</b></p> <ol style="list-style-type: none"> <li>1. TFEP launched</li> <li>2. Ministry of Trade and Industry fulfilling role as National Notification Authority providing trade-related information to WTO</li> <li>3. Fees and charges revised to align with WTO TFA</li> <li>4. Risk management system developed</li> <li>5. Border agencies fulfilling responsibilities to undertake joint inspections</li> <li><b>6. Transparent and streamlined procedures and requirements for local business registration in effect</b></li> </ol>	<ol style="list-style-type: none"> <li>1. TFEP launched that is compliant with WTO TFA Article 1.3</li> <li>2. Number of obligatory notifications provided to WTO in compliance with WTO TFA Article 1.4</li> <li>3. Number of fees and charges revised to align with WTO TFA Article 6</li> <li>4. Draft Customs risk management policy produced that is compliant with WTO TFA Article 7.4</li> <li>5. Percentage of border agency staff aware of and implementing joint inspections</li> <li><b>6.1 Registration process and paperwork publicly posted on regional website</b></li> <li><b>6.2 Number of business license applications filed in border regions</b></li> </ol>

Narrative Summary	Indicators
<p>INPUTS</p> <ol style="list-style-type: none"> <li>1. Procure services to design and install TFEP</li> <li>2. Assist government in reviewing and validating TFA Category B and C measures</li> <li>3. Assist government in assessing fees and charges</li> <li>4. Improve Customs-related risk management procedures</li> <li>5. Strengthen border agency compliance with joint inspections directive</li> <li><b>6. Provide technical assistance and change management training for local governments</b></li> </ol>	<ol style="list-style-type: none"> <li>1.1 TFEP installed on schedule and within budget</li> <li>1.2 Number of staff trained on administration and operation of TFEP</li> <li>2. Category B and C measures and implementation dates submitted to WTO on schedule</li> <li>3.1 Studies on trade-related fees and charges conducted</li> <li>3.2 Number of government staff trained in activity-based accounting system</li> <li>4.1 Assessment on Customs risk management system produced</li> <li>4.2 Number of Customs officers trained in risk management</li> <li>5. Rapid assessment of joint inspections implementation conducted</li> <li><b>6. Person hours of change management training</b></li> </ol>

**TABLE 4. LOGICAL FRAMEWORK: EG WITH TF, REGIONAL (BASED ON REGIONAL ECONOMIC GROWTH [REG] PROJECT IN THE WESTERN BALKANS)**

Note: Trade facilitation elements are italicized.

Narrative Summary	Indicators
<p>GOAL</p> <p>Broad-based, inclusive, and sustainable economic growth and integration in the Europe and Eurasia (E&amp;E) region</p>	<ul style="list-style-type: none"> <li>• Regional GDP growth</li> <li>• Inter- and intra-regional trade and investment flows</li> </ul>
<p>PURPOSE</p> <p>Private sector competitiveness and enterprise development increased</p>	<p>END OF PROJECT STATUS</p> <ul style="list-style-type: none"> <li>• Regional employment</li> <li>• Regional labor productivity</li> <li>• Ease of doing business across borders</li> </ul>
<p>SUB-PURPOSE</p> <p>Regional value chains identified and strengthened</p>	<ul style="list-style-type: none"> <li>• Exports and investment in value chains/sectors receiving support</li> <li>• Number of individuals trained on trade and investment topics</li> </ul>
<p>SUB-PURPOSE</p> <p><i>Non-tariff trade barriers in target sectors identified and addressed</i></p>	<ul style="list-style-type: none"> <li>• <i>Intra-regional trade flows in target sectors due to reduction in non-tariff trade barriers</i></li> </ul>

Narrative Summary	Indicators
<p><b>SUB-PURPOSE</b> Regulatory obstacles to business expansion identified and addressed <b>with a focus on border-adjacent businesses</b></p>	<ul style="list-style-type: none"> <li>• Number of firms doing business across borders, <b>disaggregated by distance from border</b></li> </ul>
<p>SUB-PURPOSE Training in international standards and certifications provided to businesses</p>	<p>None</p>
<p>SUB-PURPOSE Entrepreneurship training and support services provided</p>	<ul style="list-style-type: none"> <li>• Seed capital accessed by entrepreneurs receiving support</li> </ul>
<p>SUB-PURPOSE Private sector supported in accessing European Union (EU) funds</p>	<ul style="list-style-type: none"> <li>• EU funds accessed by firms receiving support</li> </ul>
<p><b>SUB-PURPOSE</b> Issues related to labor migration and unemployment addressed <b>in border regions</b></p>	<p>None</p>
<p><b>OUTPUTS</b></p> <ol style="list-style-type: none"> <li>1. Export capacity of businesses in priority sectors strengthened</li> <li>2. <i>National and regional trade facilitation stakeholders effectively undertaking reforms</i></li> <li>3. USAID Missions and host-country counterparts utilizing business enabling environment analyses for program and policy development <b>in border regions</b></li> <li>4. Businesses in priority sectors better positioned to access export markets, thanks to international standards and certifications</li> <li>5. Entrepreneurs prepared to engage investors and access capital</li> <li>6. Capacity of regional businesses and government agencies to identify and pursue EU funding opportunities strengthened</li> <li>7. Requalification and entrepreneurship of underemployed and unemployed youth <b>in border regions</b> supported</li> </ol>	<ol style="list-style-type: none"> <li>1.1 Number of firms receiving capacity building assistance to export</li> <li>1.2 Distinct regional products and services identified and promoted</li> <li>2.1 <i>Number of trade reforms adopted in countries receiving project assistance</i></li> <li>2.2 <i>Number of National Trade Facilitation Committees created and supported with project assistance</i></li> <li>2.3 <i>Trade data portal live on Government of Azerbaijan website</i></li> <li>3.1 Percentage of USAID Mission staff finding analyses useful for program design</li> <li>3.2 Number of legal/regulatory procedures enacted <b>in border regions</b> with support of project</li> <li>4. Percentage of supported entrepreneurs reporting improved investor preparedness</li> <li>5. Percentage of supported youth reporting successful reemployment <b>in border regions</b></li> <li>6.1 Number of firms and sector networks receiving assistance to access EU funding opportunities</li> <li>6.2 Eligibility of government agencies to receive funding through EU Instrument for Pre-accession Assistance for Rural Development (IPARD)</li> <li>7. Percentage of supported youth reporting successful re-employment</li> </ol>

Narrative Summary	Indicators
<p><b>INPUTS</b></p> <p>1.1 Conduct value chain assessment, and select three priority sectors</p> <p>1.2 Support participation of businesses in priority sectors in trade fairs, business-to-business (B2B) events, and inbound buyer missions</p> <p>1.3 Support creation and promotion of regional tourism products</p> <p>1.4 Launch public-private agrotourism partnership for national Albanian food products</p> <p><i>2.1 Host national WTO TFA self-assessment workshops and bilateral/regional peer-to-peer discussions among trade stakeholders</i></p> <p><i>2.2 Procure trade data portal for Government of Azerbaijan</i></p> <p>3. Complete business enabling environment evaluations and policy analysis <b>of border regions</b></p> <p>4. Conduct specialized trainings related to international standards and certifications</p> <p>5. Build essential skills among regional start-ups and service providers catering to entrepreneurs</p> <p>6. Strengthen capacity of private companies, regional sector networks, and government agencies to pursue EU funding opportunities</p> <p>7. Support requalification and mentorship programs for unemployed and underemployed youth <b>in border regions</b></p>	<p>1.1 Value chain assessment completed and three priority sectors selected on schedule</p> <p>1.2 Number of trade fairs, B2B events, and buyer missions supported</p> <p>1.3 Number of businesses participating in tourism product development programs</p> <p>1.4 Brand Albania management structure, branding guidelines, kickoff plan, and handover package developed and implemented on schedule</p> <p><i>2.1 Number of national, bilateral, and multilateral trade facilitation meetings, conferences, and workshops held</i></p> <p><i>2.2 Trade portal delivered on schedule and within budget</i></p> <p>3. Business enabling environment evaluations and legal/regulatory inputs delivered on schedule</p> <p>4. Number of firms participating in trainings for internationally recognized standards and certifications</p> <p>5. Number of individuals receiving entrepreneurship training and support services</p> <p>6. Number of participants in trainings and workshops related to EU funding</p> <p>7. Number of individuals trained in marketable workforce skills</p>

**TABLE 5. LOGICAL FRAMEWORK: EG WITH TF, BILATERAL (BASED ON NIGERIA EXPANDED TRADE AND TRANSPORT [NEXTT] PROGRAM)**

Note: Trade facilitation elements are italicized.

Narrative Summary	Indicators
<p><b>GOAL</b></p> <p>Inclusive economic growth</p>	<ul style="list-style-type: none"> <li>• Growth in (real) GDP per capita</li> </ul>
<p><b>PURPOSE</b></p> <p>Domestic, regional, and other foreign trade promoted</p>	<p><b>END OF PROJECT STATUS</b></p> <ul style="list-style-type: none"> <li>• Domestic trade, Economic Community of West African States (ECOWAS) trade (X+M), and other foreign trade (X+M) as percentages of GDP</li> </ul>

Narrative Summary	Indicators
<p>SUB-PURPOSE</p> <p><i>Lagos-Kano-Jibiya (LAKAJI) Corridor improved</i></p>	<ul style="list-style-type: none"> <li>• <i>Reduction in the cost to trade goods across borders as a result of U.S. assistance</i></li> <li>• <i>Reduction in the number of days required to trade goods across borders as a result of U.S. assistance</i></li> </ul>
<p>SUB-PURPOSE</p> <p><i>Trade policy and trade facilitation supported</i></p>	<ul style="list-style-type: none"> <li>• <i>Number of legal, regulatory, or institutional actions taken to improve implementation of international trade and investment agreements as a result of U.S. assistance</i></li> </ul>
<p>SUB-PURPOSE</p> <p><i>Export support expanded</i></p>	<ul style="list-style-type: none"> <li>• <i>Value of exports by firms supported by project</i></li> </ul>
<p>OUTPUTS</p> <p><i>1.1 LAKAJI Corridor Management Group (CMG) sustainable and effective</i></p> <p><i>1.2 LAKAJI Agricultural Growth Corridor partnership and catalytic fund established and functioning</i></p> <p><i>2.1 Capacity of Federal Ministry of Trade and Investment to coordinate the development of effective trade policy improved</i></p> <p><i>2.2 Customs procedures and systems modernized, implemented, and widely published</i></p> <p><i>2.3 National standards bodies strengthened and capable of managing standards compliance for both domestic and export industries</i></p> <p><b><i>2.4 Policies and procedures promoting formalization and professionalization of border traders affected by Customs modernizations implemented</i></b></p> <p><i>3.1 Nigerian export agencies implementing high-quality assistance to exporting firms</i></p> <p><i>3.2 Viable network of business development services (BDS) providers for export and agricultural enterprises established</i></p>	<p><i>1.1.1 Reduction in the cost to move goods between Kano and Lagos as a result of U.S. assistance</i></p> <p><i>1.1.2 Reduction in the time required to move goods between Kano and Lagos as a result of U.S. assistance</i></p> <p><i>1.1.3 Increase in membership of LAKAJI CMG</i></p> <p><i>1.2.1 Number of new agribusinesses established along LAKAJI Corridor as a result of project support</i></p> <p><i>1.2.2 Value of new agricultural investments facilitated along the LAKAJI Corridor as a result of project support</i></p> <p><i>1.2.3 Number of Development Innovation Ventures proposals submitted</i></p> <p><i>1.2.4 Value of investments mobilized by the Project Development Facility (PDF)</i></p> <p><i>2.1 Number of trade policies enacted or revised by Federal Ministry of Trade and Investment as a result of U.S. assistance</i></p> <p><i>2.2 Number of customs harmonization procedures implemented in accordance with internationally accepted standards as a result of U.S. assistance</i></p> <p><i>2.3 Number of public and private sector standards-setting bodies that have adopted internationally accepted guidelines for standard setting as a result of U.S. assistance</i></p>

Narrative Summary	Indicators
<p>3.3 Competitiveness of exporters in target value chains increased, <b>with a focus on border areas affected by trade policy and trade facilitation support</b></p>	<p><b>2.4 Number of policies and procedures promoting formalization and professionalization of border traders implemented</b></p> <p>3.1 Number of firms receiving capacity building assistance to export from Nigerian export agencies supported by project</p> <p>3.2 Number of firms receiving U.S. government (USG) assistance that obtain certification with international quality control, environmental, or other standards or regulations</p> <p>3.3 Value of exports by NEXTT client firms facilitated as a result of project assistance, <b>disaggregated by location of client firms</b></p>
<p>INPUTS</p> <p>1.1 Provide technical capacity and support to LAKAJI CMG</p> <p>1.2 Provide technical assistance to establish and support operations and investments of LAKAJI Agricultural Growth Corridor Initiative</p> <p>2.1 Provide technical capacity and support to the Federal Ministry of Trade and Investment</p> <p>2.2 Support modernization of customs processes and procedures</p> <p>2.3 Provide institutional capacity building in standards infrastructure for food and agricultural products</p> <p><b>2.4 Provide support for policy/procedural reforms promoting formalization and professionalization of businesses located in border areas</b></p> <p>3.1 Increase capacity of public export promotion bodies to coordinate and implement national export strategies</p> <p>3.2 Provide technical assistance to establish and support a network of BDS providers for export and agricultural enterprises</p> <p>3.3 Support firms in target value chains in pursuing export opportunities</p>	<p>1.1 Technical capacity and support provided on schedule and within budget</p> <p>1.2 Technical assistance provided on schedule and within budget</p> <p>2.1.1 Number of participants in trade and investment environment trainings</p> <p>2.1.2 Person hours of training completed in trade and investment capacity building supported by USG assistance</p> <p>2.1.3 Number of days of USG-supported technical assistance in trade and investment capacity provided to counterparts or stakeholders</p> <p>2.2 Technical assistance for Customs provided on schedule and within budget</p> <p>2.3 Institutional capacity building in standards infrastructure provided on schedule and within budget</p> <p><b>2.4 Technical assistance provided on schedule and within budget</b></p> <p>3.1.1 Number of trade and investment capacity building diagnostics conducted</p> <p>3.1.2 Number of participants in USG-supported trade and investment in capacity building trainings</p> <p>3.2 Number of BDS providers receiving USG assistance</p> <p>3.3 Number of firms receiving export-related technical assistance from project</p>

## ANNEX B. CRECER LOGICAL FRAMEWORK

An illustrative Logical Framework (LF) for CRECER is presented below.

Narrative Summary	Indicators
<p><b>GOAL</b> Local economic development of Ciudad Pedro de Alvarado border region</p>	<ul style="list-style-type: none"> <li>• Local poverty index</li> <li>• Private investment in border region</li> </ul>
<p><b>PURPOSE</b> More diverse, formal economic activity in border region</p>	<p><b>END OF PROJECT STATUS</b></p> <ul style="list-style-type: none"> <li>• Local formal employment rate</li> </ul>
<p><b>SUB-PURPOSE</b> Businesses evacuated from primary Customs area to allow Customs modernizations to proceed</p>	<ul style="list-style-type: none"> <li>• Percentage of businesses evacuated from primary Customs area</li> <li>• Activities to modernize border post initiated on schedule</li> </ul>
<p><b>SUB-PURPOSE</b> Employment of informal and unemployed workers in border region promoted</p>	<ul style="list-style-type: none"> <li>• Percentage of informal and unemployed workers supported by project who successfully found formal employment</li> </ul>
<p><b>SUB-PURPOSE</b> Primary education system in border region strengthened</p>	<ul style="list-style-type: none"> <li>• Local primary school graduation rate</li> <li>• Percentage of local primary school graduates transitioning to secondary education or formal employment</li> </ul>
<p><b>SUB-PURPOSE</b> Business enabling environment in border region improved</p>	<ul style="list-style-type: none"> <li>• Number of active businesses registered in border region</li> <li>• Number of business license applications filed in border region</li> </ul>
<p><b>OUTPUTS</b></p> <ol style="list-style-type: none"> <li>1. Businesses agreed to evacuate primary customs area</li> <li>2. Informal and unemployed workers connected with jobs and supported in entrepreneurial ventures</li> <li>3. More nurturing educational environment provided in primary schools</li> <li>4. Ciudad Pedro de Alvarado positioned as strategic epicenter for Central American trade through “Comercio sin fronteras” brand</li> </ol>	<ol style="list-style-type: none"> <li>1. Number of businesses evacuated from primary Customs area</li> <li>2.1 Number of jobs created attributable to project</li> <li>2.2 Number of new businesses founded by entrepreneurs supported by project</li> <li>3.1 Number of students benefiting from new equipment and pedagogical methods</li> <li>3.2 Percentage of students, parents, and staff reporting significant positive change in educational environment</li> <li>4. Investment attraction strategy for Ciudad Pedro de Alvarado implemented</li> </ol>

Narrative Summary	Indicators
<p><b>INPUTS</b></p> <ol style="list-style-type: none"> <li>1. Facilitate dialogues between Customs and local businesses</li> <li>2. Promote formal employment opportunities among informal and unemployed workers</li> <li>3.1 Procure computers and other auxiliary equipment and furniture for primary schools in border zone</li> <li>3.2 Retrain primary school teachers in innovative pedagogical methods</li> <li>4. Provide technical assistance in investment promotion to Government of Ciudad Pedro de Alvarado</li> </ol>	<ol style="list-style-type: none"> <li>1. Number of dialogues between Customs and local businesses held</li> <li>2.1 Skills gap assessments conducted with local companies</li> <li>2.2 Number of participants in business and vocational skills trainings</li> <li>3.1 Computers and other auxiliary equipment procured on schedule and within budget</li> <li>3.2 Number of primary school teachers retrained in innovative pedagogical methods</li> <li>4. Investment attraction strategy for Ciudad Pedro de Alvarado launched</li> </ol>

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