The World Bank Group is meeting growing demand for high-impact trade and competitiveness solutions that foster growth and reduce poverty. The Trade and Competitiveness Global Practice applies cutting-edge analytics and delivers integrated advisory, financial, and convening services to help countries integrate with global markets and enhance their competitiveness. Partnerships, a robust results system, and a culture of innovation support T&C’s work with governments and the private sector.
Achieving the World Bank Group’s Twin Goals of ending extreme poverty and boosting shared prosperity depends on rapid, broad-based economic growth producing more and better jobs. Economic integration through trade and improved competitiveness is central to any effective development strategy. Governments, private firms, and international partners seek T&C’s help in finding solutions that deliver impact.

T&C is responding with strengthened global, regional, and country engagements centered on private sector-led growth and jobs. The revamped Bank Group business model provides:

- Cutting-edge knowledge and analytics.
- Integrated delivery of advisory, financial, and convening services.
- Partnerships with multilateral, regional, and bilateral institutions, and with the private sector.
- A rigorous results management system.

A joint World Bank-IFC team of over 500 staff with expertise in trade, investment climate, sector competitiveness, and innovation and entrepreneurship, forms the backbone of T&C business. T&C’s expansive footprint—staff located in over 80 offices, including its Istanbul, Singapore, and Vienna hubs—ensures proximity to clients and a unique rapid-response capability.

Day-to-day business in T&C is characterized by a high degree of knowledge flow, intensive learning, and a culture of innovation. T&C teams regularly engage in joint work with other Global Practices, for example, on supporting sustainable tourism, connectivity, and competitive cities. We participate in project design clinics and experience-sharing activities across regions.

Knowledge exchanges with international organizations as well as multilateral and bilateral partners are an important source of new ideas and approaches, as are ongoing operations in client countries. Equally important are the perspectives of investors in emerging markets, in particular those identified by the IFC—the largest private sector investor in developing markets.

T&C sustains its existing business by leveraging primarily World Bank and IFC budgetary and internal resources, as well as donor funds and Reimbursable Advisory Services (RASs). These resources help push the frontier by enabling the Bank Group to fund innovative pilot projects in such areas as climate technology, digital trade, women’s entrepreneurship, and regulatory transparency.
The T&C Global Practice serves as an important analytical reference for client countries and international partners. It currently manages over 350 knowledge activities on trade, competitiveness, connectivity, and private sector development issues across 100 countries. As part of its forward-looking knowledge agenda, T&C is integrating diverse methods and tools relating to trade, investment climate, competitive sectors, and innovation and entrepreneurship under a common framework. It is also systematically contributing to the Bank Group’s knowledge work at country, regional, and global levels.

For country engagements, T&C analytics are a key input to the Bank Group’s systematic country diagnostics and country partnership frameworks. *T&C country diagnostics* help identify economy-wide, sectoral, and firm-level constraints to growth and shared prosperity, and opportunities for productivity gains, private investments, and greater market access. These diagnostics are further supported by specialized tools that support in-depth analyses in discrete areas—from connectivity to investment incentives, and from industry competitiveness to firm dynamics and productivity-led growth.

For regional and global engagements, T&C analytics support thought leadership, strategy formulation, and evidence-based advocacy. *Regional flagships* assess emerging T&C issues in geographic regions such as industry competitiveness in South Asia. Similarly, *global thematic studies* offer lessons on good practice approaches on issues such as trade in fragile and conflict-affected states, and light manufacturing in Africa. We also provide a vehicle for global engagements and advocacy with international partners, for instance, on trade and the Twin Goals, and on integrating with global value chains (see Box 1).

Rigorous analytics require quality data. *Data development and dissemination* is a global public good that benefits governments, the private sector, and the development community at large. To this end, T&C actively supports and leverages Bank Group data resources such as *Doing Business* at the national and subnational levels, the *Logistics Performance Index*, the *International Trade Costs Database*, the *World Integrated Solution platform*, the *Product Market Regulation Data Tool*, as well as enterprise surveys, non-tariff measure inventories, competitiveness outcomes, and productivity measures. As a complement, the Bank Group supports statistical capacity building in countries to develop a data foundation on trade and investment.
Box 1: Examples of T&C Country, Regional, and Global Analytics

**Country Diagnostics in Montenegro.** For the Montenegro Systemic Country Diagnostic, the T&C team assessed whether improvements in the business environment and the allocation of resources to more productive sectors and firms alleviated binding constraints to export-oriented and private sector-led growth. Inputs included analyses of goods and services, trade competitiveness, the labor content of exports, as well as the 2013 and 2008 enterprise-level surveys.

**Regional Flagship Report in South Asia.** The flagship goes beyond the standard analysis of trade policy and business environment constraints to explore the roles of cities, clusters, and value chains in shaping the productivity distribution of firms and the costs of market entry. For its analysis, the report uses the South Asia Spatial Database and comparative case studies of the labor-intensive and high-skill sectors. The work involves collaboration across T&C and other Global Practices.

**Global Thematic Study on Trade in Fragile and Conflict-Affected Situations.** Understanding the factors that can reduce the risk of conflict is paramount for the prosperity of fragile countries and their citizens. The report, Trading Away from Conflict, analyzes the extent to which trade affects the risk of conflict by mapping and empirically testing the channels through which trade may affect conflict and political stability, using data from more than 120 developing countries and in-depth case studies. It recommends policies for fragile and conflict-affected states.
An Integrated Delivery Platform

T&C delivers through an integrated platform that draws on the full array of World Bank Group instruments: advisory services and non-lending technical assistance, Bank financial instruments (that is, lending and guarantees), and convening services.

Working with T&C offers a number of benefits. T&C engagements often combine broad policy reforms with deep implementation support. They encourage the design of solutions that integrate complementary interventions (for example, at the economy-wide and firm levels) to address complex growth challenges. The Global Practice combines World Bank strengths in sustaining medium-term policy dialogue with IFC capability to rapidly respond to the needs of government and private sector clients.

Advisory Services and Technical Assistance

T&C’s advisory services—IFC Advisory Services (AS), Bank technical assistance and RASs—play a critical role in helping national and local governments improve their investment climate. Just-in-time advice and implementation support foster policies and institutions for private sector development. Outcomes include facilitating private investment, including by IFC, reducing business costs and risks, expanding business opportunities and creating jobs.

Advisory services, a mainstay of T&C country and regional engagements, account for a growing portfolio of $300 million in active IFC AS projects, $80 million in Bank knowledge and advisory services, and $35 million in RASs. Even as the Global Practice grows this business, it plans to more systematically embed its advisory work in Bank lending operations with a view to enhancing impact.

Financing and Financial Solutions

Financing and financial solutions are a major component of T&C engagements in developing countries. T&C teams have at their disposal the full range of Bank, IFC, and MIGA instruments to support their clients: Bank policy-based financing, investment project financing, program-for-results, recipient-executed grants, as well as various guarantee instruments. Currently, T&C’s lending portfolio comprises over $5.5 billion in commitments covering 85 active and pipeline IDA and IBRD operations.

\[^1\] $80 million as of the first quarter of FY15
The $9.5 million East African Community (EAC) Investment Climate program, under implementation over 2012–2016, facilitates regional trade and investment by improving legal and regulatory frameworks for doing business and by strengthening capacity to implement the EAC Common Market Protocol. A recent signal achievement was the design and launch of an EAC Common Market Scorecard to track progress of Partner States in implementing agreed commitments. The first of its kind on the continent, the Scorecard is being replicated in West Africa (ECOWAS) and Southern Africa (COMESA).

Inspection reform in Jordan has historically faced a number of obstacles that undermine private sector competitiveness. T&C’s $5.6 million advisory project over the 2012–2017 period is helping develop efficient and effective inspection functions by contributing to inspection strategies, policies and plans, risk-based inspection targeting, and coordination across different public inspectorates.

The Ease of Doing Business Program in India is a $4.3 million engagement that supports the government’s ambitious program of reducing regulatory burdens on business and increasing transparency to enhance manufacturing competitiveness and increase investment. Based on T&C’s 2014 Doing Business Reform Memorandum, the 2015–18 program seeks to reduce excessive bureaucracy and rent-seeking opportunities, increase transparency and predictability of government interactions with the private sector, and strengthen regulations such as insolvency proceedings to preserve greater economic value.

RASs in Middle Income Countries: The growth of Reimbursable Advisory Services reflects demand for T&C’s global expertise. Examples include RASs on the development of Malaysia’s small and medium enterprise (SME) sector, Ecuador’s services industry, and Kuwait’s special economic zones, as well as diversification in Botswana beyond extractives. RASs on global value chains integration are under consideration in a number of countries.

Productivity for Shared Prosperity in Brazil aims to build government capacity to foster sustainable shared prosperity through productivity growth. This three-year program involves analytical and implementation support work identifying individual, firm-level, and economy-wide initiatives that can unlock productivity growth. These can involve skills upgrading, entrepreneurship and innovation, as well as improving the broader business environment and enhancing logistics services in global value chains.
Bundling of financial instruments with advisory services can help generate added efficiencies and better solutions for country clients. So can T&C efforts to support the design and supervision of operations managed by other Global Practices. As an example, the T&C team regularly supports policy-based lending by the Macroeconomics and Fiscal Management Global Practice, and investment lending by the Transport and ICT Global Practice and the Agriculture Global Practice.

Policy Based Financing for Private Sector-Led Growth

Development policy operations (DPOs) led by T&C engage client countries on broad policy reforms to stimulate private sector-led growth. T&C is able to enhance traditional policy-based financing with embedded implementation and advisory support. “Competitiveness DPOs” in Georgia, Macedonia, Morocco, and Tanzania are supporting economy-wide trade and investment climate reforms along with sector competitiveness and innovation efforts. “Connectivity DPOs,” for instance, in Indonesia, support policies and regulations governing key networks (for example, those relating to trade, transport, energy security, urbanization, and rural supply chains), and strengthen their linkages to market opportunities (see Box 3). Multi-country DPOs also support regional integration.

Investments in Sector and Spatial Competitiveness

Programmatic investment in competitive sectors is a growing business—linking policy advice, public infrastructure investments, innovation capacity building, and private investment. In a number of countries, programmatic support for agribusiness, tourism, and manufacturing is a key entry point for T&C work, which leverages considerable donor funds. Sector competitiveness efforts can also require spatial solutions—for instance, growth poles in Madagascar, Mozambique, and Burkina Faso; special economic zones in Bangladesh, Ethiopia, and Russia; and city competitiveness strategies in South Africa (see Box 4). Spatial solutions are typically financed through investment project financing, program-for-results, and pooled donor funds.

Catalytic Support for Firms and Entrepreneurs

Specialized, catalytic efforts can spur entrepreneurship and build firm capabilities. Such measures can include early start-up financing, industrial and agricultural extension programs, support for innovative and inclusive SMEs, business incubators and enablers, public awareness, pairing the private sector with educational institutions, and
Macedonia Competitiveness DPO Series supports competitiveness efforts in multiple industries such as high value-added manufacturing and agribusiness, as well as skills development and innovation. The first and second DPOs in the series—amounting to $50 million each—were approved in 2012 and 2014, respectively, and a third operation is being prepared. The series is bolstered by advisory support and donor funds under the Competitive Industries and Innovation Program. Achievements include private sector involvement in technological industrial development zones, strengthening the accountability framework for state aid, ensuring a predictable environment for investors, and effectively monitoring associated fiscal costs. The series also supports adoption of a strategy and institutional framework for export promotion, implementation of first generation exporter support programs, and capacity building for exporters to increase quality and reach of their products.

Indonesia Connectivity DPO Series supported economic integration through connectivity across different islands of the archipelago and connectivity to global markets. The first and second DPOs, totaling $400 million and implemented over 2012–14, strengthened various economic corridors while boosting cost competitiveness of businesses, and attractiveness to investment. Measures included establishing regulatory and institutional frameworks to drive the connectivity agenda; strengthening intra-island connectivity between growth poles through the island transport network; improving ICT connectivity through greater competition in broadband services and domestic shipping; and enhancing trade facilitation.

Tanzania Business Environment and Competitiveness for Jobs DPO Series, currently under preparation, aims to improve the overall business environment and establish enabling conditions for the development of selective industries with high job creation potential. Co-financed by Japan, the series supports streamlining procedures relating to business regulations, trade facilitation, and taxation; modernizing the labor market and skills development institutions, and land administration processes; and investment climate reforms in sectors such as agribusiness and tourism.
Ethiopia’s Competitiveness and Job Creation Project is focused on attracting investments in light manufacturing through industrial zones in order to boost exports, spur job creation, and promote the development of SMEs. This $270 million IDA investment operation, approved in May 2014, leverages private and public financing for industrial infrastructure. It also takes an ecosystem approach to zones by forging linkages to the domestic economy through a Business-to-Business Linkages Fund; matching grants for local firms; a skills-development center; and a day-care facility. Co-financed by DFID, USAID, and the European Union, the project has helped establish the framework for zones development, leasing of developed land and buildings, and outsourcing zone management.

The Great Lakes Trade Facilitation Project, currently under preparation, is a $140 million, multi-country investment operation that aims to tackle constraints to cross-border trade between the Democratic Republic of the Congo and its five neighbors, Burundi, Rwanda, Tanzania, Uganda, and Zambia. Investments in cross-border infrastructure, policies relating to border operations, and strengthened cross-border administration will help lower trade costs, improve trading capability, reduce time to cross borders, and help integrate conflict-affected communities.

Convening Services

In its country engagements, the Bank Group helps convene public and private sector stakeholders seeking the benefit of T&C policies and programs. Examples include national- and industry-level public-private dialogues (PPDs) to drive...
With $5 million in grant funding from infoDev, and another $12 million in co-financing, the Kenya Climate Innovation Center (KCIC), a public-private partnership, supports local entrepreneurs in providing innovative, profitable solutions to the clean tech sector. It provides business advisory services to SMEs, proof-of-concept grants to entrepreneurs, technical facilities and office space, policy advice and advocacy to government, and market information and intelligence.

After two years in operation, the KCIC has supported 83 client enterprises. These entrepreneurs have in turn expanded access to safer and cleaner water to about 8,300 people, and encouraged the use of low carbon energy sources among 49,000 people.

Box 5: Enabling Clean Tech Entrepreneurs in Kenya

competitiveness strategies in Tanzania and Tunisia, and dialogue with the private sector to build support for Afghanistan’s trade licensing reforms. PPDs and outreach to the private sector are also part of the Practice’s regional and global engagements. For instance, the Bank Group is actively participating in the Caribbean Growth Forum to help countries in the region identify competitiveness strategies and reforms. Global engagements, such as a global knowledge sharing platform around competition policy and the B20/G20, aim to facilitate dialogue between government, the private sector, and policy practitioners.
Major development partners are strongly committed to T&C efforts that spur broad-based growth in developing countries. Their contributions to Bank Group-administered trust funds are pivotal in enriching the substance and extending the reach of global and country engagements on T&C issues. The growth of these funds is a testament to the Bank Group’s reputation both as a valued partner on T&C issues and as a world-class trustee. Among the largest Bank Group partners on T&C issues are Austria, Canada, Denmark, the European Union, Sweden, the United Kingdom, and the United States.

Donor funds support T&C engagements through two main channels: global programmatic trust funds and country-based trust funds. Both are critical to advancing the T&C agenda and therefore the Bank Group’s ability to support the Twin Goals.

**Programmatic trust funds** centered around global themes allocate Bank- and recipient-executed resources across countries and cross-cutting knowledge priorities (see Box 6). These multiyear programs enable the Bank Group to venture into new areas, for example through knowledge work on competitive cities as well as firm growth and dynamics. By financing country programs, T&C also helps innovate and mainstream development practice, for instance, through infoDev’s financing of clean technology centers in Kenya. Moreover, programmatic funds such as the Facility for Investment Climate Advisory Services (FIAS) remain critical to scaling up and sustaining T&C advisory and implementation support work across regions.

**Country-based trust funds** also help support specific operational engagements, for instance by augmenting funding for Bank teams or by co-financing of lending projects. Often, well-designed T&C engagements—for instance ongoing projects in Ethiopia and Tanzania, as well as high quality analytical work—are able to leverage considerable joint financing from partners in client countries.

Partnerships for Knowledge and Results
Under **trade**, the Bank Group supports trust funded programs totaling $122 million: the Multi-Donor Trust Fund for Trade and Development; the Trade Facilitation Facility, and the Trade Facilitation Support Program. In addition, the Bank Group is exploring the possibility of establishing new global trust funds in the areas of global value chains, competition policy, and capacity for trade and services.

**Box 6: Programmatic Trust Funds Support Global T&C Themes**

T&C offerings under **investment climate** are supported in part by the $70 million FIAS Trust Fund, a platform comprising several global trust funds. It also includes IFC’s Investment Climate regional work funded through IFC regional trust funds.

Programmatic trust funds that support the Bank Group’s work in **competitive sectors** include the industry-specific window of FIAS, as well as the $36 million Competitive Industry and Innovation Program (CIIP). Regional IFC programs feature projects relating to sector competitiveness, particularly in Africa and South Asia.

Work on **innovation and entrepreneurship** is supported by CIIP and the $109 million infoDev fund. Efforts are underway to establish a new Global Innovation Trust Fund.
A Strengthened Results Agenda

To help achieve the Twin Goals, it is essential that T&C demonstrate tangible, time-bound results. As a first step, T&C has adopted a comprehensive results chain that links progress on trade, investment climate, competitive sectors, and innovation and entrepreneurship to the Twin Goals. The key links in the causal chain are the achievement of economic growth, job creation, aggregate productivity gains, and rising incomes.

The results framework is supported by a robust monitoring and evaluation (M&E) function that seeks to build on the best of World Bank and IFC approaches:

- **At the Global Practice level**, M&E aims to assess the Bank Group’s overall efficiency and effectiveness in T&C country and global engagements. For these purposes, project-level data on inputs, outputs, and outcomes are aggregated using the overall results framework. Periodic program evaluations, in turn, rely on both quantitative and qualitative field-based assessments to test causal links, assess relevance of program objectives and design, and review achievement of discrete objectives. From time to time, T&C evaluates emerging operational topics, for instance, the sustainability of economic zones, or the efficacy of investment climate reforms.

- **At the project level**, M&E builds on the mainstream of development practice as well as existing World Bank Group results measurement systems. It will be important to support project teams in designing and monitoring their lending operations and advisory activities. Examples of early engagement on M&E are the advisory program in Bangladesh, the Georgia Private Sector Competitiveness DPO, and Benin Cross-Border Sources of Growth.

T&C expects to standardize indicators with its operational baselines and targets, and support the use of M&E instruments to measure and verify them over the life of a project. Also, it intends to integrate impact evaluation (IE) into the design of operations. IEs assess and attribute impacts of T&C policy interventions, or combinations of interventions, on outcomes such as firm investment, productivity, and performance; the type, frequency, and volume of trade; business formalization; and job creation (see Box 7).
There are 39 IE studies across the T&C portfolio on topics such as trade facilitation, business registration support, matching grants, growth poles, and managerial training. Most of this work is in Africa:

- In Benin, IE compares whether support on business banking and tax filing impact business formalization and firm performance. Findings are informing the design of the national “entreprenant” program, which is linked to a regional initiative to simplify business registration in West Africa.

- IE was used in the context of IDA’s $18.7 million Business Environment Strengthening Technical Assistance Project, implemented over 2007–12, in Malawi. A randomized controlled trial estimated the impact of costless business registration, tax registration, and the added effect of bank information sessions on informal micro and small enterprises. It found that formalization assistance in conjunction with bank information sessions resulted in more enterprises setting up and saving in business bank accounts, accessing modern financial practices, and using complementary financial products.

As part of the Global Practice’s knowledge function, IE generates valuable lessons on the design of T&C interventions that can be applied across countries. For example, IE findings on significant positive impacts on job creation of a Business Plan Competition in Nigeria led to scaling up of these programs in West Africa. Alternatively, attempts to conduct IEs of matching grants underscore implementation challenges associated with such schemes, and the need for caution.