Challenge Fund Evaluation: TRAC and LIFT Synthesis Report

Presented by MarketShare Associates

1. Overview

1. This report is a summary evaluation report that synthesizes separate full reports of the evaluation of the TMEA Research and Advocacy Challenge Fund (TRAC - $10.9 million launched in 2012) the Logistics Innovation for Trade Challenge Fund (LIFT - $16 million launched in 2014).

2. TradeMark East Africa (TMEA) commissioned MarketShare Associates (MSA) to conduct the formative evaluation of TRAC and LIFT, taking place from February to May 2017. TRAC aims to boost regional trade and incomes in the East African Community (EAC) and the region's trade with the rest of the world by challenging businesses, private-sector and civil society organisations to develop innovative business ideas that promote cross-border trade in East Africa. TRAC is scheduled to complete after a third round of funding in mid-2019. LIFT aims to work directly with the private sector to generate and fund solutions in the East African transport and logistics sector. To date, LIFT has funded a total of 9 grants in round 1 with a total anticipated LIFT contribution of $4.9 million. It is currently evaluating proposals for a second round. Sixteen projects have been awarded TRAC funding, of which four have been successfully completed.

3. As a formative evaluation, its purpose was to generate usable insights that can inform TMEA and Nathan Associates – the firm contracted by TMEA to manage the funds – in their ongoing implementation and decisions on future investments of resources in the next phase of implementation. The evaluation analyzed the overall TRAC and LIFT portfolios and five projects were selected from each fund for additional scrutiny. The project profiles are presented in Annex 3. The evaluation used several research methods, including secondary source review and primary data collection via in-depth interviews and focus group discussions (See Annex 1). The assessment criteria, against which each evaluation category was scored, is presented in Annex 2. Scores (1 = low, 6 = high) were assigned to each of the five evaluation categories for each challenge fund, along with a confidence level (low, medium, or high) for each score – which hinges on the strength of the evidence used to determine the score. The following table is a summary of scores and confidence levels assigned by the evaluation team:

Evaluation category:	TRAC score	Confidence level	LIFT score	Confidence level
Relevance	**3**	High	**3**	High
Impact	**4**	Low	**3**	Low
Effectiveness	**3**	High	**3**	Medium
Efficiency	**2**	High	**2**	High
Sustainability	**4**	Medium	**5**	Medium

2. Recommendations

4. The following table outlines a selection of the highest priority recommendations:

Recommendations on Improving Advertising, Vetting and Selection	**Responsible & Timeframe**
Review and revise the vetting criteria for assessing both TRAC and LIFT applicants at the PCN stage, and place a greater emphasis on coherence with portfolio impact objectives and TMEA's impacts and outcomes to avoid misaligned proposals from reaching the IC. **Review the definition of innovation** and ensure sectoral experts vote on innovativeness of proposals, particularly for LIFT. The criteria should include a rough return on investment analysis, looking at the scale and value of impact for the proposal compared to the cost of implementing it. **Incorporate potential effects on the marketplace, impact on the poor and gender, ability to create systemic changes and anticipated ROI as selection criteria**.	FMT, TMEA Long-term: If launching another challenge fund

Recommendations on Improving Management	Responsible & Timeframe
Immediately develop an action plan for grants that will not have been completed by mid-2019, at the point when the FMT's contractual extension runs out. This is a certainty, and so should be planned upfront to avoid disruption to grantees if the current FMT's contract will not be renewed.	TMEA Immediate: Review all grants to ensure ending by mid-2019 is realistic.
Reposition the makeup of the FMT. Ensure that as many staff as possible are East Africa-based. The evaluation recommends that the project manager also be based full-time in Nairobi. Also, recruit a monitoring specialist to support the FMT with strong survey methodology and attribution estimation skills on an as-needed basis. Doing so will help to ensure that monitoring quality standards are uniformly applied. Ensure that the FMT has adequate logistics expertise, as the historical use of part-time logistics consultants has not adequately addressed the need.	FMT Short-term: Review the make-up of the FMT.
Adopt an adaptive management strategy. This requires that key TMEA technical and monitoring staff strengthen expertise on challenge fund management and adaptive programming skills, as well as revise its reporting templates to provide proper oversight.	TMEA Short-term: Assess need and pursue training
Recommendations on Improving Monitoring	**Responsible & Timeframe**
Ensure coherence of the TRAC and LIFT results chains by reviewing and revising to eliminate questionable assumptions, better aligning with the TMEA results framework, and better reflecting how results will be realized. **Revise impact indicators and targets** to better capture progress and require the projects to make more meaningful achievements. **Ensure that all grants are measuring their contribution to at least one outcome and the overall portfolio impact**. Also, **revise LIFT's outcome impacts and targets**.	TMEA Immediate: Revise LIFT's and some grantees' impact and outcome indicators & targets. Revamp the LIFT results chain.
Project-level attribution strategies should be developed, and impact milestone data collection and analysis methods should meet a higher standard of rigor. The cost-benefit of more robust M&E should be weighed on a case-by-case basis, but enough rigor should be applied to stand up to reasonable scrutiny. **Revise quarterly and annual report templates to include progress on outcomes and impact and a more focused risk register, both at the individual grant and portfolio levels.** TMEA's monitoring team should **bolster quality assurance through close reviews of the methodologies employed for all impact studies.** Given that these figures are reported to donors, they are subject to significant scrutiny and need to be correct.	FMT Immediate: Select impact assessment methods and conduct baselines. 2019-21: Conduct intermediate and final impact assessments.
Review and revise Value for Money (VfM) indicators and measurement. TMEA should establish indicators of VfM for the challenge funds around economy, efficiency, effectiveness and equity. In terms of equity, the management fee should be calculated as an amount per year of support, rather than an overall amount. VfM indicators should be monitored periodically to alert TMEA when VfM is worsening. For measuring efficiency, incorporate the achievement of critical process indicators, including the timeliness of implementation of the grants and budget disbursements.	TMEA Short-term: Establish VfM indicators and begin monitoring them.
Use leading indicators, beyond lagging indicators, of output completion, around outcome achievement (or not), and delays in implementation. **Include a grant-level indicator that tracks the commercial viability of funded business models.** While evidenced anecdotally in some cases, commercial viability beyond grant funding is currently not measured by TRAC. This is essential for the long-term viability of the grant, and thus should be incorporated into the measurement system.	FMT, TMEA Medium-term: Include in next monitoring framework iteration.

Extend the period of monitoring beyond the implementation period of the grant so that the challenge funds do not significantly under capture actual impact. Consider at least 2 years following the completion of grant funding. Moreover, extend the maximum timeframe for grants in recognition of operating environment complexities.	TMEA Medium-term: When budgeting monitoring resources for Strategy 2.
Recommendations on Improving Future Design	**Responsible & Timeframe**
Rethink challenge funds as a mechanism meriting TMEA's support. If strongly valued by TMEA, for TRAC it is recommended that TRAC funding be reoriented towards increasing exports, and eliminate the focus on increasing farmer incomes. Focus LIFT to address the priority logistical challenges and opportunities in East Africa, aligned with TMEA's logistics strategy. Consider shaping advertising rounds around specific identified logistical challenges to avoid a scattershot approach. Avoid funding solutions that are not particularly innovative, and significantly improve VfM relative to during Strategy 1.	TMEA Short-term: As part of the process for deciding whether to include future funding for challenge funds.

3. Evaluation Findings

3.1 Relevance

Evaluation Category:	TRAC score (1 = low, 6 = high)	Confidence level	LIFT score (1 = low, 6 = high)	Confidence level
Relevance	3	High	3	High
Project clarity and logic	*TRAC's results chain has gone through several iterations since inception, and the resulting current causal logic is overly broad and includes major leaps in logic. The spectrum of indicators assigned to the short-term outcome results chain box obscure the causal argument.*		*The causal logic of LIFT's results chain is generally solid. It could be tightened up particularly at the outcome level, where the current version questionably suggests that impacts will come solely as a result of support to SMEs.*	
Alignment with TMEA, partner, beneficiary, the East African Community and member state interests and priorities	*Well aligned with EAC priorities. Misaligned with TMEA's priority of increased trade. Grants are well aligned with TRAC's long-term outcome (impact objective) but poorly aligned with short-term outcome and output indicators. Grantee interests are not always aligned with TRAC objectives. Because 'beneficiaries' are not defined, TRAC alignment with beneficiary interests cannot be articulated.*		*LIFT's impact is well-aligned with TMEA's SO3 objectives. However, many of the LIFT Phase 1 grants' milestones are not aligned with the LIFT monitoring plan's indicators, and so will not contribute to achieving LIFT and TMEA's overall aims.*	

5. **There are significant leaps in logic built into both the TRAC and LIFT results chains**. For example, there is a TRAC output target of *two policy recommendations being presented at regional fora*, which is meant to lead to the short-term outcome of at least one national or regional policy being adopted that improves export capabilities of TRAC grantees. Yet there are more variables to getting policies adopted than just giving presentations.

6. **TRAC's results chain is over-aggregated at the short-term outcome level (export capabilities), which hides faults in the logic**, and **most of the short-term outcome indicators have very little, if anything, to do with export capabilities**. This, combined with both the TRAC and LIFT results chains having changed many times since inception, has likely contributed to the FMT focusing

primarily on achieving outputs rather than outcomes and impacts, and to the lack of alignment of the individual grants with the overall portfolio outcome and impact indicators.

7. On a regional level, **TRAC's focus on increasing export and incomes of smallholder farmers and traders is incredibly relevant.** East African exports are extremely low; the constituent countries have large trade imbalances. Moreover, on an international level the rate of exports is very low. But while poverty reduction is named as a primary rationale behind TMEA's theory of change, directly attributable income change is not a target within it. **In placing income increases as a direct impact of exports, the current version of TRAC's results chain breaks from the causal argument of TMEA's overall theory of change**, which posits that poverty reduction is a distant result of increased trade in combination with several other factors. As a result, the expectation for TRAC projects to directly increase income seems to be forced.

8. **LIFT expects to contribute to TMEA's overall aim of reducing the time and cost of transport, which is logical and should remain LIFT's impact**. The expected outcome to increase the volume of cargo transacted by truckers and 3PL logistics providers is expected to contribute directly to SME market share, and while this may be true in some cases, it should instead flow directly to LIFT's impact. Further, the assumption that SMEs instead of larger companies will be the beneficiaries of LIFT's grants may not be always true in practice, or at least SMEs are unlikely to be the first adopters. Many of LIFT's supported solutions benefit larger companies and may still contribute to LIFT's impact – perfectly defendable, but needs to be reflected in the causal logic.[1]

9. Overall **many TRAC grants align with the impact indicator of income increases for farmers and traders, while few contribute to increased jobs**. **Only five TRAC grants contribute milestone measurements to any of the six TRAC outcome indicators, including an increase in exports**.

10. **The definition of *beneficiaries* is not specifically articulated for the TRAC or LIFT results frameworks, and therefore it is not possible to articulate whether the funds are aligned with beneficiary interests.** Grantee incentives and interests are often not aligned with the intended impacts, particularly for TRAC.

11. The evaluation team could not find any synergies between TRAC grants, and the potential for synergies has also not been fully realized for LIFT. **There are no criteria for proposed new projects to complement the impact of existing projects**, resulting in a portfolio of projects that are aligned in some way with the results chain, but not with each other – particularly for TRAC. Ensuring synergy requires a clear review of project concept notes (PCNs) to avoid conflicts with other TMEA operations and to identify other supportive TMEA investments, and the potential to benefit from linkages between grantees is underexploited.

3.2 Impact

Evaluation Category:	TRAC score (1 = low, 6 = high)	Confidence level	LIFT score (1 = low, 6 = high)	Confidence level
Impact	4	Low	3	Low
Achievement of impacts	*Not all projects contribute to impact-level results, but the targets for TRAC overall are likely to be met given that the impact target is worded solely as a % rather than with a scale dimension. A data quality assessment (DQA) found a very low level of confidence in the reported impact numbers.*		*LIFT's investments are too new to have achieved long-term impacts to date. Only three of the nine grants funded to date contribute measured results to the two LIFT impact indicators. With such a small proportion of projects contributing impact results, it is unlikely LIFT will significantly reduce transport time and cost.*	

[1] Following the evaluation team's field work, it was announced that TMEA will not fund a second round of LIFT grantees.

Systematic and unintended changes	*There is no strategy for tracking systemic change, and neither TMEA, the FMT, nor the evaluation team has been able to establish any evidence of systemic change resulting from TRAC funding.*	*Although TMEA expects LIFT to achieve systemic change through replication, the FMT is not attempting to do this. Without an explicit strategy to create and measure systemic change, it is unlikely to occur.*
Additionality	*Many projects did or would have moved forward regardless of TRAC funding, but TRAC grants allowed for some these to happen more quickly. The existence of many similar funds to TRAC in East Africa that have funded the same grantees suggests lower additionality.*	*LIFT funding has created changes that would not have otherwise happened; few of the projects would have been undertaken in the same timeframe without the funding, and most would likely not have been undertaken at all.*

12. Disaggregated achievements reported so far suggest that **the TRAC target of a 15% increase in income for farmers and traders will be far exceeded, though with low confidence in the data**. However, critically, **TRAC is measuring and reporting increases in *revenue* rather than *income* (profit)**. While revenue can be a leading indicator of profit, **this does not account for expenses or opportunity cost, and it represents bad practice**. **Disaggregated achievements reported to date for the creation of jobs by TRAC-funded projects indicate that the target of 400 jobs is well on its way to being achieved,** with qualitative inquiries giving reasonably strong confidence in the data. **The definition of jobs is not clear**, however, which creates challenges for portfolio-level aggregation and attribution. **There is no ability to aggregate the impact-level results across the TRAC portfolio**, and **strategies are not in place to assess TRAC's contribution to the impacts reported**. Of the five sampled TRAC projects for this evaluation, Africado and NUCAFE have a high likelihood to meet impact targets, OSOSEA has a low likelihood, and Airtel and Go Finance have both been inactive for quite some time.
13. **LIFT's current impact targets are a 2% reduction in transport costs and a 1% reduction in transport time for LIFT beneficiaries**. If the 2% reduction is achieved for a fair number of beneficiaries, this could generate decent aggregate cost savings.[2]
14. Both TRAC and LIFT include impact indicator targets that are expressed as a percent over baseline. **These impact indicators lacks meaning, as there is no requirement for scale.**
15. MSA conducted a data quality assessment (DQA) of two of the three grantees who are reporting impact-level results: Africado and NUCAFE. **The DQA found a very low level of confidence in the reported numbers**, owing primarily to weaknesses in the methods used and secondarily to discrepancies between the FMT and evaluation team data.
16. LIFT's round 1 investments are too new to have already achieved long-term impacts. Consequently, the LIFT results framework that was shared with MSA does not yet report results at the impact level and it is not possible to assess LIFT's achievement of planned results. This meant that MSA could not conduct a data quality assessment of the LIFT portfolio. MSA conducted an assessment of the likelihood that six LIFT grants will achieve their impact targets by the end of the project. **Cybermonk had a high likelihood, Veron Shipyard medium-high, LOGISA and Cyber Trace low, and Graben 4PL and Spedag Interfrieght had no likelihood of achieving impact targets. As of the time of the evaluation, four of the six projects were on hold or cancelled**.
17. **The TRAC and LIFT Operations Manual set out commitments in terms of how gender will be incorporated into the projects**. The TRAC Operations Manual says that the M&E frameworks should confirm whether or not a reasonable portion of funds is going to support businesses and

[2] An analysis provided by TMEA suggests that 200 trucks benefiting from a 2% reduction in costs would result in an annual saving of $3,689 per truck and $737,800 per annum.

organisations representing women and marginalised groups. The existing TRAC M&E framework does not do this, and **in practice the FMT has yet to implement these elements to either project**. The TRAC and LIFT Monitoring Plans disaggregate some figures by gender, but grantee milestones do not, in spite of guidance in the Operations Manuals. Baseline reports do not look at gender issues, and the FMT's advertisements for proposals for TRAC and LIFT do not include language highlighting a priority around gender and social inclusion. Gender is integrated as part of the due diligence report that the FMT conducts on businesses prior to their presentation to the Investment Committee (IC), but the form provides no guidance on how to score the criteria.

18. **The LIFT application process for round 2 considers the potential impact on poverty in terms of social impacts and job creation**, and awards 10 of 100 points to the responses on these sections.

Systemic and unintended changes

19. **TRAC investments have not successfully supported policy or institutional change, nor have they sparked imitation by other market actors**[3] - TRAC's strategies for promoting systemic change. Given that no LIFT-funded business model has yet been implemented, it is too early to expect systemic change, in terms of replication, to have been observed during this evaluation. In practice, neither TRAC or LIFT has have implemented strategy to promote or measure the replication of supported business models. Indicators of systemic change have also not been included in the monitoring plans.

Additionality

20. **TRAC has not pursued the specific strategies that were intended to differentiate it from similar challenges funds in East Africa**. Although many of TRAC's grants have gone to support companies receiving support from other donor funds, including challenge funds, **TRAC projects do not outline a strategy to provide complementarity to grantees supported by other challenge funds.**

21. **Three out of five of the sampled TRAC projects happened more quickly as a result of TRAC funding, and LIFT grantees asserted in interviews that LIFT funding was instrumental for their projects and that they would otherwise not have undertaken them.** MSA spoke to several projects that were almost funded by LIFT in Round 1 (i.e., negotiations broke down after IC approval or they were not selected by the IC), and none of them moved forward without LIFT support.

3.3 Effectiveness

Evaluation Category:	TRAC score (1 = low, 6 = high)	Confidence level	LIFT score (1 = low, 6 = high)	Confidence level
Effectiveness	3	High	3	Medium
Achievement of outcome targets	*Outcome-level achievements are not aggregated at the TRAC portfolio level. Only three TRAC projects contribute toward the portfolio short-term impact (outcome), but they have done so successfully. TRAC outcome achievements also do not contribute to TMEA's overall targets for itself on exports.*		*The portfolio-level outcome targets to increase vehicle utilisation and reduce incidence of cargo tampering will not be reached with the current projects, given that none of the grant milestones contribute measurements towards those targets. Achievement of the outcomes will depend entirely on the selection of the Phase 2 LIFT grants. Several of the grantees are likely to achieve their project outcomes.*	

[3] This does not mean that there will not be replication of TRAC initiatives in the future. The evaluation, however, did not find any evidence imitation at the time of the study.

Adaptive management	*The TRAC M&E system is inadequate in its design, implementation, and utility for managing, optimizing, and reporting outcome and impact results. In many ways TMEA has not adaptively managed the challenge funds, and The FMT did not adapt their approach substantially until recently. Monitoring findings have rarely been available in adequate form or timeframe to inform programming.*	*For the majority of its implementation to the time of the evaluation, TMEA and the FMT could have greatly improved their adaptive management. This is demonstrated by the fact that some challenges remained in place for quite some time. Adaptations did occur as a result of milestone verifications particularly in terms of time extensions for grants, though monitoring and reporting on risks and the baseline values for project impacts were often not done, and so not used to inform programming decisions. This appears to be changing, based on discussion with the new LIFT Team Leader / Fund Manager. A number of new systems have been brought into place since his hiring in late 2016.*

Achievement of outcome targets

22. **Three TRAC projects contribute results toward portfolio-level outcome indicators: Africado, NUCAFE, and NOGAMU**. Data from NOGAMU is not yet available for reporting. Africado and NUCAFE have far exceeded their targets.

23. TMEA overall has aimed to increase the value of exports from EAC to the rest of the world. **TRAC milestones do not contribute to TMEA's value of exports calculation[4], as they only capture *volume* of exports** – and only for two projects: Africado (343 MT of avocados) and NOGAMU (20 MT of dried fruit).

24. **As with impact-level results, there is no ability to aggregate TRAC's outcome-level results across the portfolio**. Only disaggregated achievements are tracked. As with impact-level indicators, **TRAC has not estimated its attribution to the outcome achievements it has measured,** and some outcome indicators are particularly problematic for attribution.

25. At the time of the evaluation, LIFT had not yet reported achieving progress against any of its outcome level indicators. Very limited baseline figures were so far collected against these indicators.[5] Some of the outcome statement indicators seem very difficult to measure, including particularly the % increase in SME transporters' market share. **At the portfolio level, LIFT will not achieve its current outcomes with the Round 1 grantees given that it is not measuring progress against three of the four outcome indicators**.

26. An assessment of six LIFT grants indicates that two of six grants are likely to achieve their specific project outcome targets, while one is still unclear. There have been a few common impediments to the successful completion of the projects: 1) various policy-related issues (e.g., land permits) have impeded the business concepts, ad 2) the breakdown in the structure of relationships between consortium partners.

[4] This refers to TMEA's corporate-level indicator under Strategic Objective 3: *Increase in export revenue on TMEA supported interventions.*

[5] Four baselines were conducted, but only two produced baseline figures for only one of these indicators: vehicle utilization. The other three outcome indicators had no baseline figures collected at the time of the evaluation.

27. **The TRAC and LIFT M&E systems are inadequate in design, implementation, and utility.** This is largely a result of three main factors: unclear objectives, flaws in monitoring and reporting, and technical capacity gaps.

Adaptive Management

28. TMEA's management role is critical for TRAC, and **TMEA has shown some adaptive management in updating its results framework, revising the TMEA PCN review process, extending the grant timeframe, and approving FMT solicited staffing structure changes**. A critical input to being able to manage adaptively is having adequate knowledge of the status of the project, though, and MSA cannot identify many examples of such active management by TMEA. **TMEA has only adapted the TRAC results chains reactively.**

29. **The quarterly reports include a project-specific tally of progress and constraints,** as well as concrete recommendations for actions to be taken. **The reports are broad, however, and important challenges and risks are omitted.** LIFT, for example, missed several critical risks to phase 1 grants, such as the disintegration of the LOGISA and Cyber Trace partnerships. The quarterly reports do not give any indication as to the extent to which progress has been made on outcomes, which would be important to inform course correction. Only progress on outputs is reported. There is an overreliance on lagging indicators rather than leading indicators that will flag issues early so that they can be addressed.

30. **The FMT seems somewhat more adaptive since the hiring of the third Team Leader in late 2016, who has instituted a number of changes**. These changes include a grant-specific risk register in their quarterly reports, enforcement of grantee quarterly reporting requirements, focusing the FMT project officers on either LIFT or TRAC.

3.4 Efficiency

Evaluation Category:	TRAC score (1 = low, 6 = high)	Confidence level	LIFT score (1 = low, 6 = high)	Confidence level
Efficiency	2	High	2	High
Value for money	*With a total management cost ratio of 36% and overall administrative cost ratio of 46.2%, TRAC's economy is poor. The cost of managing the fund is quite high relative to comparison funds. Its efficiency is moderate. Its effectiveness is moderate, but ROI calculations require better data to be informative. It is not possible to assess TRAC's equity based on available data.*		*With a total management cost ratio of 48% and an overall administrative cost ratio of 54%, LIFT's economy is very low. The cost of managing the fund is quite high relative to comparison funds. Its efficiency is modest relative to comparison funds. Its effectiveness cannot be independently benchmarked, given a lack of comparison cases. It is not possible to assess LIFT's equity based on available data.*	

31. TRAC's PAR analysis of VfM focused on a single indicator: the management fee being charged by Nathan Associates. However, **the management fee is a faulty ex ante measure of VfM in the case of TRAC and LIFT, because the FMT is paid based on inputs delivered**. The originally calculated management fee has actually been significantly exceeded as costs have risen over time.

Economy

32. **TMEA's management fees for administering the challenge funds (9%) are high given the relatively minor role that it is playing in overseeing the funds relative to the FMT and relative to its other projects**. In comparison, AGRA charged just 4% for overseeing AECF, in a similar role. TMEA's decision to combine the management of TRAC and LIFT under a single FMT was a wise decision in terms of improving economy, although the effect on efficiency may have been negative.

33. **TRAC and LIFT economies have worsened significantly over time, with the administrative cost ratio (fees plus costs) for TRAC increasing from 27.8% overall to 38.5% overall, and increasing for LIFT 21.9% of the total value of the fund over 2.5 years (8.8% per year) to 42.3% of the total value of the fund over 5 years (8.5% per year)**. This is due to both the drop in value of the GBP and the extension of the project implementation period. TMEA has now decided not to proceed with the third round of TRAC and the second round of LIFT, reallocating funds to other priorities. **The resulting administrative cost ratio consequently increases to 46.3% for TRAC and to 62% for LIFT. The economy ratio represents quite poor VfM relative to comparison challenge funds.**

34. However, **it is important to note that there are several reasons for the poor economy figures that are outside of the control of the FMT**: unanticipated drop in the value of the GBP, the decision by TMEA not to fund further rounds, limited size of the funds and small size of grants, and the focus on so many countries. **It is therfore inevitable that the economy figures look poor.** The fact that the FMT reimburses based on milestones, and that it has maintained strict adherence to the original budget, represents good practices that support economy.

Efficiency

35. **TRAC and LIFT's speed of grant processing and disbursement has declined over time**.

36. TRAC expects to leverage $2.67 in private funds for every $1 that it provided. LIFT expects to leverage $1.26 in private funds for every $1 that it provides from round 1 funding. This indicator requires careful scrutiny,[6] as there are many ways that grantees can count funding that was not actually leveraged from their own resources or as a result of TRAC or LIFT funding.

Effectiveness

37. **Over half of the studied projects (6 of 11) have not or are not expected to generate a strong ROI**. For example, project documents suggest that **Kokoa Kamili will only generate a return of less than $4000 for farmers, whereas the TMEA investment is over $340,000**. It is also clear that **the vast majority of projected returns come from just three of grants.** The calculated ROI was based on revenue and is almost certainly far overstated relative to the ROI that is being generated based on increases in farmer net income (profit). Only three of LIFT's nine grants have milestones that measure reductions in the time or cost of trade, and of these only one had achieved impacts. A non-discounted ROI of 37% is generated for that project.

Equity

38. With respect to equity, there is no information by which to assess intermediate progress. Many grants have not yet achieved impacts and so have not measured their end beneficiaries. None of the milestones disaggregate by women or level of poverty.

3.5 Sustainability

Evaluation Category:	TRAC score (1 = low, 6 = high)	Confidence level	LIFT score (1 = low, 6 = high)	Confidence level
Sustainability	4	Medium	5	Medium
Sustainability addressed and likely to be achieved	*Looking at both potential for enduring benefits and viability of TRAC-funded business models, sampled projects for this evaluation had mixed likelihood of sustainability – with two being highly likely, two having medium likelihood, and one with low likelihood.*		*The sustainability of grants is still unclear, given their early stage. The nature of challenge fund mechanisms makes it likely that, if completed, LIFT-funded projects will be maintained. For the majority of LIFT grants, this should also continue to create the expected benefits for end users.*	

[6] Elliot, D. *Exploding the myth of challenge funds – a start at least…* Springfield Centre website. 2013. http://www.springfieldcentre.com/resources/soap-box/

39. TMEA uses the OECD-DAC definition of *sustainability* for evaluations and assessments: *"whether the benefits of an activity are likely to continue after donor funding has been withdrawn. Projects need to be environmentally as well as financially sustainable."* [7] A primary indicator of sustainability in a challenge fund is the commercial viability of supported business models, but TRAC and LIFT do not include these indicators.

40. Most of the TRAC grants have not yet completed, and none of the LIFT grants have completed, making it impossible to conduct an *ex-post* assessment of the sustainability. Where a grant was not yet complete, the likelihood of sustainability was assessed. For TRAC, four of the five evaluation focus grants had a high to medium likelihood of sustainability, with just one having low likelihood. Two of the five LIFT focus grants are not on track to complete their outputs and therefore will not be sustainable, while the other three show potential for sustainability.

3.6 Analysis of additional evaluation questions posed by TMEA

Does a challenge fund mechanism make sense to get the impact TMEA is pursuing in the specific context? If not, what other mechanisms should TMEA consider for supporting the private sector?
A challenge fund has potential for the impact TMEA pursues in the specific context, but it has not realized that potential thus far. Performance has been less than expected against the criteria that TMEA used to select a challenge fund mechanism. TMEA noted that it was considering using a *catalytic fund*, but an instrument offering debt or equity would not be a good alternative. It would mean that TMEA would no longer be seeking out risky, innovative bets, which is an aim of a challenge fund.

Is the use of a contractor as the fund manager the best way to manage a challenge fund? What is the contractor delivering in terms of value?
The current model of using a contractor to manage the challenge funds has significant room for improvement. A single layer of management between the donor and the grantees, with TMEA managing the funds, could improve synergies with TMEA's wider portfolio and somewhat reduce management costs. Disadvantages, however, would include exposure to negative perceptions of favouritism among the private sector and onerous contract and payment processing requirements.

Is the way that the challenge fund has been structured most effective and not limiting its potential impact?
The challenge funds were not appropriately structured. Grant timeframes have been unrealistically short, grant sizes too small, the overall funding amount too low when spread across five countries, monitoring largely limited to grantee milestones on which payments are dependent, the contractual agreement whereby the challenge funds' donors do not transfer funds when they set their commitments, and insufficient understanding of TMEA's mission and sector expertise within the Investment Committee, have all limited potential impact. A major problem with the design of the challenge funds is that multiple levels of quality assurance – at the FMT level in East Africa, at Nathan HQ, by TMEA's monitoring team, and by TMEA's Annual Review team – should have caught issues in measurement design, but did not.

Is the challenge fund being implemented in the most effective way and according to good practices?
Implementation should be improved. The structure of the FMT has been fairly appropriate, but with inadequate monitoring support. The FMT has set up several good practices in due diligence, but with advertising that is too generic and inadequate attention paid to alignment of grants with portfolio and TMEA results frameworks. Monitored grant milestones are structured only around project work plan benchmarks, which does not speak to the likelihood of achieving the impact milestone. Promisingly, TRAC has collected baseline and, where appropriate, impact data from nearly all of their grantees.

[7] OECD. DAC Criteria for Evaluating Development Assistance. OECD website, viewed at: http://bit.ly/1TXgXX2

4. Lessons Learned

41. **A challenge fund that provides capital alone (without also providing technical assistance) is a very limited tool**, and it cannot be expected to address the range of issues affecting trade and income (in the case of TRAC) and the logistics sector (in the case of LIFT) in East Africa. There is a risk that LIFT investments in single facilities, without addressing underlying issues, is very unlikely to create crowding in and to generate a broader expansion. That said, challenge funds are better suited to supporting business innovation than policy change.

42. **There is seemingly an inverse correlation between the size of the grantee and the strength of the funds' additionality**. Related, smaller grantees with more limited capacity are more likely to struggle with implementation, and this should be reflected in project timelines.

43. As compared with providing payments to grantees on a fixed schedule, **a milestone-based repayment approach slows down the pace of project implementation and ossifies the monitoring system**. However, it requires greater ownership by the grantee and improves VfM.

44. **Innovative ideas require much longer than 12 months to implement**, particularly in the East African context given the range of capacity and regulatory constraints that exist. Estimating impact only at the end of the 1.5-2 year grant period risks significantly undercounting TRAC and LIFT's impact.

45. **Managing a challenge fund through a time and materials contract creates a perverse incentive to not keep grants to their schedule**, as it will allow more opportunity for billing. Regular oversight from TMEA is necessary to ensure that the FMT live up to their commitments. This also requires a strong understanding by TMEA staff of good practice in challenge fund management. Equally, regular follow-up with the grantees is important to ensure that they remain on track and that project activities are not sliding unnecessarily.

46. **Challenge funds have economies of scale**. As fund sizes increase, the costs of administration per dollar managed declines. 'Total management fee' is a faulty measure of value for money for challenge funds. Further, evaluations can only provide a lagging assessment of VfM, given that they come long after a project has started. Periodically monitoring the VfM that any project is achieving can identify more quickly the opportunities for improving it.

47. The more willing a challenge fund is to fund innovative ventures, the more likely some of them will fail. **"Failing fast" should not be viewed negatively.** Offering debt or equity almost guarantees that TMEA would no longer be seeking out risky, innovative bets. Such a model would be much more likely to be displacing existing private sources of capital such as impact investors.

Annex 1: Evaluation Methodology

The evaluation took place from February to May 2017. Core to the evaluation methodology is the determination of the evaluation questions that the team seeks to answer. These questions build upon the five core evaluation categories of relevance, impact, effectiveness, sustainability and efficiency. The full set of evaluation questions is annexed to each of the full evaluation reports for TRAC and LIFT. Findings are detailed according to category and subcategory. A summary statement and score is assigned to each of the five categories, along with a determination of confidence that MSA has in the score assigned based on the strength of evidence. The assessment criteria are included in this report as Annex 2.

In addition, the following specific evaluation questions were raised by TMEA during the inception phase and added to the evaluation, as the answers to these questions have strong potential for utility:

- Is a challenge fund the right mechanism in the context of East Africa to get the impact TMEA aims for?
- Are the challenge funds being implemented in the most effective way and according to good practices?
- Is the use of a contractor as the fund manager the best way to manage challenge funds? What is the contractor delivering in terms of value?
- Does a challenge fund make sense to get the impact we're looking for in the specific context?
- If a challenge fund is not the most appropriate mechanism for working directly with the private sector, what other mechanism or approach would make more sense to achieve the overall goal?
- Does the way that the challenge funds have been structured – with caps around the maximum amount that can be given out as a grant – limit the types of companies that consider applying?

The evaluation used several research methods, including secondary source review and primary data collection via focus group discussions and in-depth interviews. The total number of survey, interview, and FGD respondents was 122 for the TRAC evaluation and 42 for the LIFT evaluation. Compared to the original plan, MSA added an additionality exercise that consisted of interviewing shortlisted businesses who were ultimately not selected to determine whether they proceeded with their investment in the absence of TRAC or LIFT funding. The evaluation analyzed the overall TRAC and LIFT portfolios and examined five projects for each in additional detail. The challenge fund project profiles are included in this report as Annex 3.

A limitation of the evaluation was that many TRAC and LIFT grants had not yet achieved their intended impacts at the time of data collection. This meant that MSA was unable to utilise some of the methodologies that it had planned to, some ROI analysis had to focus on ex ante estimations rather than ex post results, and MSA's attribution analysis methodology was less relevant. Another challenge MSA had was gaining access to respondents – particularly for LIFT – some of which were impossible to reach despite repeated efforts. A contributing factor was the many levels of intermediaries separating the evaluation team from the ultimate beneficiaries that it was seeking to contact: TMEA, the FMT management team in Nairobi, the FMT officers responsible for the specific grantee relationships, grantees and their teams, as well as grantee partners.

Annex 2: Assessment Criteria

<table>
<tr><th>Evaluation category</th><th colspan="6">Assessment Criteria</th></tr>
<tr><td rowspan="2">Relevance</td><td colspan="6">• There is clear causal logic within the challenge fund's theory of change.
• There is clear alignment between the funded grants, the challenge fund theory of change and strategy, TMEA and development partners' corporate policies and priorities, private sector development priorities of EAC member states, and other beneficiary and stakeholder interests and priorities.</td></tr>
<tr><td>6: Excellent. Exceeds all of the assessment criteria for relevance</td><td>5: Very good. Meets all of the assessment criteria for relevance</td><td>4: Good. Meets most of the assessment criteria for relevance</td><td>3: Fair. Partially meets the assessment criteria for relevance</td><td>2: Poor. Does not meet any of the assessment criteria for relevance</td><td>1: Very poor. Serious problem and does not meet any of the assessment criteria for relevance</td></tr>
<tr><td rowspan="2">Impact</td><td colspan="6">• The challenge fund's impact-level targets in its results framework and theory of change are likely to be achieved and the data are of high quality.
• There is an evidence-based case for plausible attribution of results to the challenge fund and external influences accounted for. Attribution is articulated.
• Funded projects contributed to positive impact on women and the poor.
• A strategy for creating systemic change exists and there are systemic changes arising from the challenge fund grants.
• The observed changes wouldn't likely have happened without TMEA's investments. Or the challenge fund played a role in speeding up the realisation of observed changes.</td></tr>
<tr><td>6: Excellent. Exceeds the assessment criteria for impact</td><td>5: Very good. Meets all of the assessment criteria for impact</td><td>4: Good. Meets most of the assessment criteria for impact</td><td>3: Fair. Partially meets the assessment criteria for impact</td><td>2: Poor. Does not fully meet any of the assessment criteria for impact</td><td>1: Very poor. Serious problem and does not meet any of the assessment criteria</td></tr>
<tr><td rowspan="2">Effectiveness</td><td colspan="6">• The challenge fund's outcome-level targets in its results framework and theory of change have been achieved, or are likely to be achieved.
• The challenge fund has robust monitoring systems that regularly assess progress against planned results, monitors and revises key assumptions (risks), generates learning and uses the information to revise approaches. This has been documented.
The challenge fund program's culture, leadership and rules support adaptive management.</td></tr>
<tr><td>6: Excellent. Exceeds the assessment criteria for effectiveness</td><td>5: Very good. Meets all of the assessment criteria for effectiveness</td><td>4: Good. Meets most of the assessment criteria for effectiveness</td><td>3: Fair. Partially meets the assessment criteria for effectiveness</td><td>2: Poor. Does not fully meet any of the assessment criteria for effectiveness</td><td>1: Very Poor. Serious problem and does not meet any of the assessment effectiveness</td></tr>
<tr><td rowspan="2">Efficiency</td><td colspan="6">• The administrative costs of the challenge fund compares against other challenge funds on key metrics, like administrative cost per grant disbursed.
• Implementation has been undertaken within the timeframe that was planned for.
• Results, or likely results, could not have been achieved with fewer resources in the same timeframe.
The way the challenge fund marketed itself, processed applicants, disbursed grants, managed the awardees and measured progress, thus far, has been appropriate to achieve value for money.</td></tr>
<tr><td>6: Excellent. Exceeds the assessment criteria for efficiency</td><td>5: Very good. Meets all of the assessment criteria for efficiency</td><td>4: Good. Meets most of the assessment criteria for efficiency</td><td>3: Fair. Partially meets the assessment criteria for efficiency</td><td>2: Poor. Does not fully meet any of the assessment criteria for efficiency</td><td>1: Very poor. Serious problem and does not meet any of the assessment efficiency</td></tr>
<tr><td rowspan="2">Sustainability</td><td colspan="6">• Issued grants have put in place mechanisms for sustainability and/ or replication following the end of the grant period.
There is evidence that projects' social and economic benefits will be sustainable or scaled up (in the case of ongoing projects) or are sustainable (in the case of completed projects).</td></tr>
<tr><td>6: Excellent. Exceeds the assessment criteria for sustainability</td><td>5: Very good. Meets all of the assessment criteria for sustainability</td><td>4: Good. Meets most of the assessment criteria for sustainability</td><td>3: Fair. Partially meets the assessment criteria for sustainability</td><td>2: Poor. Does not fully meet any of the assessment criteria for sustainability</td><td>1: Very poor. Serious problem and does not meet any of the assessment sustainability</td></tr>
</table>

A confidence level is assigned to each evaluation category score.

Confidence level		
High	**Medium**	**Low**
Based on consistent data collected and/ or validated by the evaluation team. Qualitative data informing the score was collected from a relevant and informed source, and the information was triangulated through other means or informants.	*Partially based on data collected and/ or validated by the evaluation team. Some of the qualitative data informing the score was collected from a relevant and informed source, and some information was triangulated through other means or informants.*	*Based solely on data collected by stakeholders other than the evaluation team. Qualitative data informing the score was collected from an informant who relied on inference or unverified sources of information, and the information was not triangulated through other means or informants.*

Annex 3: TRAC and LIFT Funded Project Profiles

TRAC

The evaluation analyzed the overall TRAC portfolio and examined the five bolded projects in additional detail:

Project Name	Lead Implementer	Status	Total Budget	End of Project Target
Developing Export Markets for Avocado in the Kilimanjaro Region	**Africado Ltd.**	**Active**	**$1,560,441 (22% TRAC Funded)**	**Incomes from production of avocado increased by 100% for participating farmers by 2014**
Scaling up the export of Uganda's Organic Dried Fruits to International and Regional Markets through bulking and promotion of a common brand	NOGAMU	Active	$401,630 (57% TRAC Funded)	At least 5 participating SMEs/farmer cooperatives have sold their products through the ORGUT brand by the end of the project
Creating Equitable Sharing of Treasures of Coffee through Value Chain Expansion to over 150 Farmer Organisations and Cooperatives in Uganda	**NUCAFE**	**Active**	**$823,837 (41% TRAC Funded)**	**Increase in revenue generated for farmers by coffee bean sales by 20% at the end of 2014 compared to 2012 average price**
Regional Remittances Service	**Airtel**	**Cancelled* *FMT is working to revive it**	**$1,264,000 (42% TRAC Funded)**	**Enhance cross-border money transfer in the EAC by at least USD 1.1M**
iShamba	The Media Company	Active	$667,100 (52% TRAC Funded)	10% improvement in yields of participating iShamba farmers and 10% increase in participating smallholder farmers value of production
Enhancing regional Trade through a full Value Chain Project under Better Cotton Initiative	African Cotton & Textile Industries Federation (ACTIF)	Active	$537,113 (44% TRAC Funded)	33% increase in farmer cash incomes derived from BCI cotton and BCI exports
Value addition to local mangoes in northern Uganda for access to the EAC market	Food and Nutrition Solutions Ltd.	Active	$2,039,162 (17% TRAC Funded)	Increase in incomes of at least 21,000 participating mango farmers by USD 40 per household/year by the end of the project. At least five local contracts established and at least two export samples sent out. At least 45 jobs at the mango processing factory.
Increasing the reach of Mobile Money and Access to Finance	**Go Finance Co. Ltd.**	**Active**	**$689,953 (51% TRAC Funded)**	**At least 3,000 MSMEs within at least three value chains will have had their loans assessed through GO Finance Credit Assessment Instrument**
Centralized Organic Wet Cocoa Purchasing and Processing for Export to Developed Markets	Letsema Consulting (Pty) Ltd.	Active	$816,313 (42% TRAC Funded)	Cocoa sourced with above market premiums paid to farmers from at least 2,000 individual smallholder cocoa farmers
One Stop Organic Shop East Africa (OSOSEA)	**Tanzania Organic Agriculture Movement (TOAM)**	**Active**	**$448,151 (65% TRAC Funded)**	**At least 4,500 participating farmers' income increased by 30% and over 500MT of organic products sold in the regional market by farmers participating by end of the project.**

RedGold	Darsh Industries	Active	$5,152,890 (6.7% TRAC Funded)	Increase in income of US$ 72 per Household for 1,400 Project Households cultivating Tomatoes
Value addition and new product innovation for socially motivated Moringa and Cosmetic oils producer in Rwanda	Asili Natural Oils Limited	Active	$767,999 (40% TRAC Funded)	Initial launch of 2 direct-to-consumer (DTC) natural oils products; 50% increase in farmer cash incomes
Smallholder Patchouli Commercialization Project in Burundi (SMAPACO Project)	RUGOFARM S.A.	Active	823,533.00 (45% TRAC Funded)	Increase in the incomes generated by Patchouli production of 3000 participating farmers by $150 per year and Patchouli Oil exports increased to 2.5 MT by the end of the project and evidence shown towards fair trade certification
Burundi Regional Trade Fair Grounds	Burundi Federal Chamber of Commerce and Industry	Cancelled	$803,405 (41% TRAC Funded)	420 number of domestic and international exhibitors participating in trade fairs held at the fair
Mobile Solutions for Agriculture Value Chain	Tigo Rwanda	Active	$1,680,250 (19% TRAC Funded)	At least 3,000 participating tea farmers reporting an increase in tea production from January 2014 figures

Detailed Profile of Selected TRAC Projects

Africado: In December 2012, Africado and their partner Westfalia were awarded a grant by TRAC to construct a state-of-the-art packaging, cold chain and export facility for avocadoes grown in the Kilimanjaro area to be exported to the European Union (EU) and the Middle East via Mombasa Port. The Africado project has contributed to the creation of over 130 permanent and 120 seasonal jobs at the Africado pack house, 50% of which are filled by women. It has also resulted in 2,290 farmers being trained in how to plant and maintain avocado crops and made aware of harvesting and crop production techniques to meet rigorous export standards. Some 29,000 avocado trees were distributed to over 1,000 farmers, and 1,950 farmers have been Global G.A.P. certified. Funding from TRAC: US$350,000. Grantee contribution: US$1,329,627. Total project budget: US$1,679,627.

Nucafe: Since 2013, the National Union of Coffee Agribusinesses and Farm Enterprises (NUCAFE) – along with other consortium members that include the Agribusiness Initiative Trust (ABI Trust) National Agricultural Advisory Services (NAADS), and Consortium for Enhancing University Responsiveness to Agribusiness Development (CURADS) – has assisted over 20,000 farmers through their farmer associations participating in the higher nodes of the value chain for increased household incomes. NUCAFE established 16 new farmer-owned coffee aggregation centres across Uganda, resulting in the creation of 949 permanent, temporary, and casual labourer jobs. Funding from TRAC: US$340,884. Grantee contribution: US$482,953. Total project budget: US$823,837.

Airtel: Since 2014, Airtel has been developing Airtel Money Africa. The application provides a secure and efficient operational platform for mobile money transfers, with KCB Bank providing a secure and efficient core banking platform, to facilitate the exchange and settlement of transactions in real time. The project aims to have 6,000 unique Airtel Money users and to increase cross-border money transfer by at least USD $1 million. Funding from TRAC: US$534,000. Grantee contribution: US$730,000. Total project budget: US$1,264,000.

Go Finance: In September 2014, Go Finance was awarded a TRAC grant to bring together the necessary investment and debt capital to enable credit assessment decisions to be made for micro, small, and medium enterprises (MSMEs) through the use of digital point-of-sale transaction data. The project aims to see 100

MSMEs access working capital and 100 MSMEs acquire business risk insurance by utilizing captured POS data. The project ultimately expects at least 3,000 MSMEs within at least three value chain to have their loans assessed through a Go Finance credit assessment instrument. Funding from TRAC: US$349,200. Grantee contribution: US$340,753. Total project budget: US$689,953.

One Stop Shop East Africa (OSOSEA): In September 2014, the Tanzanian Organic Agriculture Movement (TOAM) – in partnership with the Kenya Organic Agriculture Network (KOAN) and National Organic Agricultural Movement of Uganda (NOGAMU) – was awarded a TRAC grant to create an information and communication infrastructure for stakeholders in the organic agriculture sector in East Africa. This has been addressed by undertaking research and developing advocacy materials to influence national and local-level policy in Tanzania, Kenya, and Uganda. By strengthening advisory and support services and promoting market growth, the project intends to substantially increase market share of East African organic products at the local, national, regional and international levels. The project aims to increase the incomes of at least 4,500 smallholder farmers by 30% and see over 500 metric tons of their organic products sold in regional markets. Funding from TRAC: US$291,298. Grantee contribution: US$156,853. Total project budget: US$448,151.

LIFT

The evaluation analyzed the overall LIFT portfolio and examined the bolded five projects in additional detail:

Project Name	Lead Implementer	Status	Total Budget	End of Project Target
C&F PRO Online	**Cybermonk Software Development**	**Active**	**$419,500**	**5% reduction in C&F costs across 50% of participating users by the end of the project**
Mining and visualising tracking data for increased trade efficiency and transparency	Cyber Trace Litimed	Active	$827,785	At least 90% of 250 trucks using the system report no adulteration (incidence alert) after 6 month of installation
Logistics innovation and information system East Africa: LOGISA	**TransportLAB**	**Active**	**$700,000**	**Participating users report a reduction in cost per tonne km by at least 15% by the end of the project**
Improvement of the current Malaba Railway Yard into Cargo Intermodal facility	**Spedag Interfreight (K) Limited**	**Active**	**$1,346,074**	**20% reduction in transit time from Mombasa to Nimule by the end of the project**
Effective electronic container based cargo movement management - East Africa	Mix Telematics - East Africa	Cancelled	$586,000	90% of journeys undertaken with the locks either reached the destination untampered or reported an opening event within the last 6 months of the project by month 18
Alistair+	Alistair James Company Limited	Active	$1,500,000	Alistair+ subcontracted drivers earn 15% more $/km and monthly revenue (averaged 3 months) by the end of the project
East African Joint Operating Centre and Control Tower	Letsema Consulting (Pty) Ltd	Active	$2,090,040	Reduction of total turnaround time by 25% during the pilot testing phase of the EAJOC (3 customers) i.e. by month 12

Shipyard Development in Jinja on Lake Victoria	**VERON Shipyard Ltd**	**Active**	**$2,358,300**	**Increase in Annual Lake Victoria Cargo traffic from 70,000 tons per year to at least 100,000 tons per year by (prorated measurement at mid-2017)**
Transport and Logistics Integration Suite	**Graben 4PL Ltd**	**Cancelled**	**$1,148,456**	**10% increase in freight volume reported by active vendors by end of project**

Detailed Profile of Selected TRAC Projects

Cybermonk: In December 2015, Cybermonk Software Development – in partnership with Manifest Destiny Limited and Teos Company Limited – were awarded a LIFT grant to develop a freight forwarding and logistics management and monitoring software system called C&F PRO Online. The system will be available and accessible online and through a mobile application to clearing and forwarding (C&F) agents, as well as all importers and exporters, transporters and the general public. The system allows users to monitor efficiency at both industry and individual company levels. The aim of the project is to reduce C&F costs by 5% across 50% of participating users. Funding from LIFT: US$209,825. Grantee contribution: US$209,675. Total project budget: US$419,500.

LOGISA: In November 2013, the LOGISA consortium – consisting of DSM Corridor Group, TransportLAB and Cofano Software Solutions – was awarded a LIFT grant to establish an East African supply chain platform comprising of several modules offering customers transport solutions. The platform also establishes an online community for disseminating relevant information through blog articles, events, wikis, tasks, and idea sharing. The project aims to aims to reduce transport costs per tonne kilometre for LOGISA users by at least 15%. Funding from LIFT: US$350,000. Grantee contribution: US$350,000. Total project budget: US$700,000.

Spedag Interfreight: In September 2015, Spedag Interfreight Kenya was awarded a LIFT grant to develop the existing Malaba Railway Yard into an intermodal cargo transfer facility capable of handling, storing and consolidating cargo from rail to road and vice versa. The facility will reduce the transit time of rail-bound cargo and road transport costs for cargo from Mombasa destined to South Sudan, DRC, Rwanda and Northern Uganda by 20%. It also has potential to increase the volume of coffee, cocoa beans, cotton, timber, minerals, and other export goods transiting the Northern Corridor. Funding from LIFT: US$673,037. Grantee contribution: US$673,037. Total project budget: US$1,346,074.

Veron Shipyard: In April 2016, VERON Shipyard Ltd (VSL) was awarded LIFT a grant to establish and operate a modern shipbuilding, repair and maintenance facility in Masese, Jinja Town, on Lake Victoria in Uganda. The proposed shipyard aims to contribute towards the revival of the traffic flows on the Central Corridor due to dilapidated ports, lack of equipment and an old fleet of large roll-on/roll-off ferries and small cargo ferries. The shipyard will repair the existing fleet of fifty-two vessels currently plying Lake Victoria and will also build new vessels of different types and sizes, creating full-time employment for 49 highly skilled technical personnel in modern shipbuilding techniques. Funding from LIFT: US$750,000. Grantee contribution: US$1,608,300. Total project budget: US$2,358,300.

Graben 4PL: In April 2016, Graben 4PL – in partnership with We Think Software Solutions (WTSS) and BYVEC Ltd – was awarded a LIFT grant to implement a quality management system (QMS) to improve transport and logistics efficiency and cargo handling capacity through supplier integration and the establishment of interactive databases of logistics and transport service providers, such as transporters and warehouse operators. The system aims to reduce the cost of integrated logistics solutions by enabling clients and transport service providers to improve their own logistics management, resulting in a 10% increase in freight volume reported by active vendors. Funding from LIFT: US$557,731. Grantee contribution: US$590,725. Total project budget: US$1,148,456.