

# Enhanced Integrated Framework (EIF) Trade for LDC Development

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## Compendium for EIF Phase Two 2016-2022

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This Compendium for EIF Phase Two 2016-2022 (hereafter referred to as the Compendium) replaces the Compendium of EIF Documents: A User's Guide to the EIF, adopted on 11 April 2011, and all decisions previously taken by the EIF Board (or the interim EIF Board) in relation to the administration, management and operation of the EIF, unless those decisions are specifically repeated or referred to in this Compendium.

This Compendium is comprised of two parts:

**Part One:** The EIF Phase Two Programme and Results Framework.

**Part Two:** A Compilation of Guidelines for EIF Phase Two.

The Compendium highlights major changes in the operationalization of EIF Phase Two in comparison to EIF Phase One. These include, among other things:

- Particular focuses on harnessing the EIF partnership for impacts on the ground and improving governance, sustainability and communications, as well as increasing efficiency and effectiveness.
- Changes in the Terms of Reference for the EIF Steering Committee, the EIF Board, the Executive Secretariat for the EIF (ES), the Executive Director of the ES and the EIF Trust Fund Manager.
- Organization of EIF National Steering Committees (NSCs) and EIF National Implementation Units (NIUs) as integrated structures of the government.
- Funding ceiling for Tier 2 projects is capped at US\$1.5 million.
- Possibility of combining Tier 1 and Tier 2 projects and of undertaking regional projects.
- Introduction of Sustainability Support to the EIF National Implementation Arrangements (NIAs) and Project Preparation Grants.

# Foreword

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This Compendium for EIF Phase Two contains the framework for the EIF with its missions of "Trade for LDC Development". The new framework was developed for EIF Phase Two in consultation with a wide range of partners. Taking into account the experience of EIF Phase One and new directions adopted for EIF Phase Two, it serves as the stand-alone programme outline and guide, based on the "Programme Framework Document for the second phase of the EIF" approved by the EIF Board in May 2015. However, since the financial envelope for EIF Phase Two indicated at the EIF Pledging Conference in Nairobi in December 2015 differs from the one on which the Programme Framework Document was based, necessary adjustments had to be made when completing the Compendium for EIF Phase Two.

The EIF is a unique global partnership between the Least Developed Countries (LDCs), the EIF Donors and the EIF Agencies aimed at mobilizing, coordinating and strengthening the capacities of the LDCs in making trade an engine of pro-poor growth. The EIF empowers the LDCs to identify where trade can form an integral part of their national development strategies and assist them in harnessing Aid for Trade (AfT) and investments towards this goal. The EIF calls for the active commitment of each of the partners, rallying to support the shared objectives with their own operations, expertise, reputational assets and programme resources. This unique multilateral partnership to support the LDCs' capacities to trade was, and remains, especially important by offering concerted resources of key international actors to the most marginalized countries, while minimizing duplication and competition.

With familiarization over EIF Phase One and the building of capacity and systems in many countries, the framework as a whole in EIF Phase Two will be more service-oriented, demand-driven, streamlined and flexible to respond to the priorities and contexts of each country and its growing capacities. This is also highly important as more countries move from the vital foundation-laying stages during EIF Phase One to the critical objective of leveraging resources to sustainably support their trade development agenda. At this stage, strategically growing the partnership and fully realizing its potential is essential. This can only work if EIF Country governments, Donors, Agencies, trade-related initiatives and programmes and private sector actors become dynamic and creative collaborators.

The Compendium helps to navigate through the different aspects of the EIF programme and sheds light on the support being made available to EIF Countries, including how to benefit from the coordination function of the EIF, how to access funds from the EIF Trust Fund (EITF) and how to deliver, monitor and evaluate results. Changes being made in EIF Phase Two reflect the evolution and lessons of EIF Phase One and stronger capacities of the LDCs themselves, as well as growing those improvements and making their impact sustainable. The Compendium serves as a resource to enable each of the partners to fully play their role in the EIF.

1. For the LDCs and recently graduated countries, the Compendium shows how to use the EIF to promote trade mainstreaming and leverage additional resources in line with national trade development priorities. It further explains how to access EIF support to strengthen institutional trade structures, undertake a Diagnostic Trade Integration Study (DTIS) or a DTIS Update (DTISU) and coordinate the delivery of trade-related assistance and supply-side capacity support. Since most LDCs are familiar with the EIF, the Compendium focuses on the changes introduced for EIF Phase Two on the basis of lessons from successful experiences in EIF Phase One and innovations for EIF Phase Two, in particular by making

the programme more flexible and adapting it to the growing and interlinked importance of regional trade, global and regional value chain and necessary private sector engagement.

2. For the EIF Donors, the Compendium explains how to engage fully with the EIF trade and development agenda and to promote the role of development partners (DPs) in supporting an EIF Country's trade priorities. It also explains how to get involved in facilitating donor coordination on AfT with the help of EIF mechanisms and to address identified national trade and development priorities through bilateral channels. Adjustments from the EIF Phase One model include working to improve donors' take-up of identified AfT priorities and of opportunities to work with, and build upon, the country capacities and catalytic projects developed in the LDCs through the EIF.
3. For EIF Agencies and other existing and potential partners, the Compendium maps out their important engagement with the EIF Countries, including the potential to engage with the LDCs to support their trade development agenda and the development of projects, as well as their role of implementing partner. In EIF Phase Two, they face similar opportunities as identified above for the EIF Donors, with the additional task of ensuring the engagement of all national stakeholders for inclusive and sustainable trade development. Where partners act as implementing partners, their role is to ensure high standards of quality, timely, efficient and effective delivery of projects and capacity development.
4. For the EIF governance, the Compendium provides details to the members of the Geneva-based EIF Steering Committee (EIFSC) and the EIF Board of the expected oversight functions in reviewing the overall effectiveness of the programme. In EIF Phase Two, the mandates and functions of these two governance bodies are clarified. The EIFSC takes on a key role as the high-level platform for mutual accountability in the EIF partnership, with the EIF Board being tasked with the more strategic functions and disciplines of a board, backed by stronger delegation and accountability arrangements with the ES and the EIF Trust Fund Manager (TFM).

At the key meetings of the United Nations Conference on the Least Developed Countries in Istanbul, Turkey, in 2011, and the successive WTO Global Reviews of Aid for Trade, the EIF has been shown to play a key part in helping the LDCs to integrate into the global trading system. This unique role is being recognized and being fully embedded in the global development architecture. For instance, the EIF is explicitly included in the Sustainable Development Goals (SDGs) (in Target 8.a), and its Results Framework is aligned with 10 of the 17 SDGs. Other major international decisions and agreements that acknowledge the EIF include the Istanbul Programme of Action, the Addis Ababa Action Agenda on Financing for Development and the outcome documents of the Ninth WTO Ministerial Conference in Bali and the Tenth WTO Ministerial Conference in Nairobi.

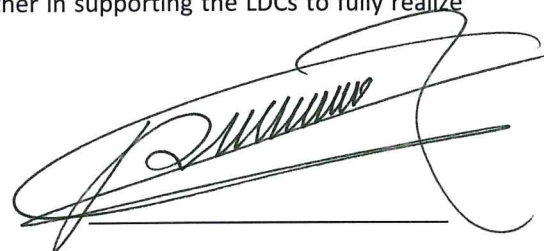
The EIF has been the key to AfT for the LDCs and in EIF Phase Two will continue to facilitate the LDCs' access to trade-related technical and financial support from donors and agencies, with an additional strong focus on leveraging other technical and financial resources, in particular private sector investment. Moreover, evaluation results have confirmed the importance to now turn to consolidating longer-term, sustainable gains in the capacity built through the EIF. EIF Countries have to take the lead in achieving sustainability and leveraging, whereby a range of national stakeholders from the public and private sectors and civil society have a role to play to promote trade, economic growth and sustainable development and ultimately advance the fight against poverty.

Many EIF Donors have demonstrated active support to the EIF programme through contributions to the EITF and through bilateral channels. With the LDCs taking a strong leadership for their trade development, EIF Donors, Agencies and other partners continue to play a vital role in the EIF mission through their ongoing commitment

and support in providing technical assistance and coordinating trade and development issues in-country and globally through the EIF.

The strong, active and inclusive partnership between the EIF Countries, the EIF Donors and the EIF Agencies is the cornerstone of the EIF. All partners need to effectively play their role for the EIF to remain a vital platform on which to develop a sustainable trading outlook for the LDCs. This Compendium supports the EIF partnership to undertake this important task.

Finally, I would like to express my gratitude to the entire EIF partnership, and in particular to the WTO as the EIF's institutional home and key partner, and look forward to working together in supporting the LDCs to fully realize their trade potential.

A handwritten signature in black ink, appearing to read 'E. Laourou', written over a horizontal line. The signature is stylized with loops and flourishes.

*H.E. Mr Eloi Laourou*

Chair of the EIF Board

15 September 2017

# Compendium for EIF Phase Two: 2016-2022

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# List of Definitions

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**"Aid for Trade"** or "AfT" refers to the WTO-led initiative, launched in 2005 and encouraging developing country governments and donors to recognize the role that trade can play in development. In particular, the initiative seeks to mobilize resources to address the trade-related constraints identified by developing and Least Developed Countries (LDCs).

**"Capacity Assessment Report"** means the report that the EIF Trust Fund Manager (TFM) prepares following a capacity assessment mission during the project formulation stage, addressing fiduciary matters related to the implementation capacity, including of national ownership and accountability principles; financial management and IT systems; procurement capacity; legal and anti-corruption capacity; monitoring and supervision capacities; and assessment of any other relevant capacity as may be needed pursuant to the project and its objectives.

**"Conflict of interest"** arises where, because of other activities or relationships, an organization is unable to render impartial services, the organization's objectivity in performing mandated work is or might be impaired or the organization has an unfair competitive advantage. A personal conflict of interest is a situation where a person's private interests – such as outside professional relationships or personal financial assets – interfere or may be perceived to interfere with his/her performance of official duties. A conflict of interest may be perceived, possible or actual.

**"Contribution Arrangements"** means the agreements entered into by the EIF Donors and the TFM, whereby the EIF Donors contribute funds to the EIF Trust Fund (EIFTF) and the TFM agrees to provide its services as trustee of the EIFTF. The Contribution Arrangements include a set of Standard Provisions governing the relationship between the EIF Donors and the TFM.

**"EIF Donor Facilitator"** or **"DF"** means the donor counterpart for the EIF in an EIF Country. DFs play a key role in the engagement of donor partners at the national level of the EIF in supporting resource mobilization efforts to address priority needs; linking to, and assisting in, the coordination of the trade and private sector development-related donor community and representing the EIF Donors in project preparation and monitoring.

**"Diagnostic Trade Integration Study"** or **"DTIS"** means the study assessing the competitiveness of an EIF Country's economy and of the sectors that are engaged or have the potential to engage in international trade.

**"Diagnostic Trade Integration Study Update"** or **"DTISU"** means a review of a DTIS undertaken to reflect current trends in trade.

**"DTIS Action Matrix"** or **"DTIS AM"** means the matrix prepared on the basis of the DTIS and the DTISU, a needs assessment identifying priority activities in the fields of trade-related policies and sectors of an EIF Country.

**"EIF Board"** means the governing body of the EIF that serves as the key decision-making body for strategic, operational and financial oversight and policy direction within the broad guidelines set by the EIF Steering Committee (EIFSC).

**"EIF Core Agencies"** are the six founding members of the IF and comprise the International Monetary Fund (IMF), the International Trade Centre (ITC), the United Nations Conference on Trade and Development (UNCTAD), the

United Nations Development Programme (UNDP), The World Bank (WB) and the World Trade Organization (WTO).

**"EIF Country"** means an LDC or a graduated country that has become a beneficiary of the EIF.

**"EIF Focal Point"** or **"FP"** means an individual in his/her specific capacity appointed by the central government as the counterpart for the EIF in an EIF Country.

**"EIF National Implementation Arrangements"** or **"NIAs"** means the national EIF implementation structures in an EIF Country, usually consisting of the FP, the EIF National Implementation Unit (NIU), the EIF National Steering Committee (NSC) and the DF.

**"EIF National Implementation Unit"** or **"NIU"** means the government unit in an EIF Country designated to implement EIF institutional capacity building projects and to assist the FP and the Ministry hierarchy in championing the development of inclusive and sustainable trade in the country.

**"EIF National Steering Committee"** or **"NSC"** means a broad-based group of national stakeholders in the EIF-related process in an EIF Country.

**"EIF graduated country"** means an LDC that is a beneficiary of the EIF and has since been reclassified from LDC status to that of a developing country according to the United Nations.

**"EIF Steering Committee"** or **"EIFSC"** means the committee that provides advice to the EIF stakeholders on the orientation and implementation of the programme and that also serves as a forum for transparency and information and experience exchanges.

**"EIF Trust Fund"** or **"EIFTF"** means the multi-donor trust fund set up to support the EIF activities.

**"EIF Trust Fund Manager"** or **"TFM"** means the trustee for the EIFTF.

**"Executive Secretariat for the EIF"** or **"ES"** means the secretariat of the EIF responsible for the implementation of the EIF Phase Two Programme Framework Document.

**"Leveraging"** means mobilizing resources for EIF activities beyond the EIFTF, i.e., from the government, the private sector, bilateral or multilateral donors or agencies, philanthropic organization or any other organization that can legitimately contribute to the resource mobilization efforts of the EIF Countries.

**"Main Implementing Entity"** or **"MIE"** means a government entity or an EIF Agency (e.g., ITC, UNCTAD, UNDP, UNIDO or the World Bank) or another entity (e.g., DP, non-governmental organization, research institute, academic body or private sector entity) designated by the FP, as endorsed by the relevant Tier 1/Tier 2 Appraisal Committee (TAC 1, TAC 2), the ES and the TFM, and subsequently approved by the EIF Board, to implement a project financed by the EIF.

**"Medium-term Programme"** or **"MTP"** means a programme aimed at strengthening productive and trade capacities, including reforms that are essential to improving the business environment. The MTP will be based on the DTIS AM and provide a further prioritization of actions identified in the AM over a three- to five-year horizon and includes costings of such actions.

The use of the term "**partnership**" in this Compendium is understood to reflect the cooperative relationship among the entities involved in the EIF. It shall not be understood as a legal partnership under the laws of any jurisdiction.

"**Partnership Agreement**" means the agreement (or equivalent) between the TFM and an EIF Partner Agency in order to provide the operational framework for the engagement of such an Agency in the implementation of the EIF and sets the terms for the relationship between the TFM and such Partner Agency and the rights and obligations of each party.

"**Private sector associations**", in the context of the EIF, refers to associations of producers, traders, service providers or exporters in an EIF Country. Such associations can be direct beneficiaries of EIF funding.

"**Sustainability**" means the continuity of the project outcomes resulting in lasting impacts beyond the project's life. To achieve overall sustainability, development programmes should focus on the three areas of: (i) institutional sustainability; (ii) sustainability of human capacity; and (iii) financial sustainability. In the specific context of the EIF programme, the sustainability of its results is anchored in its core principles of ownership, partnership and results for impacts.

"**Sustainable Development Goals**" or "**SDGs**" means a set of 17 goals and 169 targets agreed upon by the UN General Assembly in September 2015. The EIF is explicitly referred to in one of the targets of Goal 8 (Promote inclusive and sustainable economic growth, employment and decent work for all). Target 8.a reads "*Increase Aid for Trade support for developing countries, in particular least developed countries, including through the **Enhanced Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries***" (emphasis added).

"**Trade mainstreaming**" means integrating trade into national development and poverty reduction strategies and the operationalization of the trade coverage thereof, including through the incorporation of trade into sectoral strategies, action plans and budgets; intra-governmental and government-private sector relations; and government-donor relations.



## List of Acronyms

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AfT	Aid for Trade
CAR	Capacity Assessment Report
DAC	OECD Development Assistance Committee
DF	EIF Donor Facilitator
DP	Development partner
DTIS	Diagnostic Trade Integration Study
DTIS AM	DTIS/DTISU Action Matrix
DTISU	DTIS Update
ED	Executive Director of the Executive Secretariat for the EIF
EIF	Enhanced Integrated Framework
EIFSC	EIF Steering Committee
EIFTF	EIF Trust Fund
ES	Executive Secretariat for the EIF
FP	EIF Focal Point
IF	Integrated Framework
IFIs	International Financial Institutions
IMF	International Monetary Fund
ITA	International Trade Adviser
ITC	International Trade Centre
LDC	Least Developed Country
MDGs	Millennium Development Goals
M&E	Monitoring and Evaluation
MIE	Main Implementing Entity
MOU	Memorandum of Understanding
MTP	Medium-term Programme

MTR	EIF Mid-term Review
NIAs	EIF National Implementation Arrangements
NIU	EIF National Implementation Unit
NSC	EIF National Steering Committee
OECD	Organisation for Economic Co-operation and Development
PCR	Project Completion Report
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Paper
SPS	Sanitary and phytosanitary
SDGs	Sustainable Development Goals
TAC 1	EIF Tier 1 Appraisal Committee
TAC 2	EIF Tier 2 Appraisal Committee
TBT	Technical barriers to trade
TFM	EIF Trust Fund Manager
TOR	Terms of Reference
TRTA	Trade-related Technical Assistance
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization
UNOPS	United Nations Office for Project Services
WB	World Bank
WTO	World Trade Organization

# PART ONE

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## Phase Two of the EIF: Vision, goals and structure

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### Background

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1. The Programme Framework Document for EIF Phase Two adopted in May 2015 provides a design for EIF Phase Two (2016-2022) that will produce a more dynamic and results-driven EIF, demonstrating increased efficiency, effectiveness, sustainability and value for money. The approach adopted combines continuity and consolidation of effort/work in areas where the EIF has demonstrated important results over EIF Phase One to remedy identified weaknesses in the partnership and the programme in EIF Phase One; and also to re-orient the efforts/work to the environment for trade development funding in LDCs over the seven-year lifespan of EIF Phase Two.
2. The Programme Framework is focused on the improvements for EIF Phase Two, including a Change Management Plan, but also includes the essential information on all the key elements of the EIF to serve as an effective reference to the EIF programme.
3. The programme will be more flexible to achieve its purpose and objectives and more responsive to country conditions, priorities and initiatives. EIF support will be provided to achieve specific results, with flexibility regarding structures and activities to be supported towards this aim.
4. This Compendium aims to provide a complete user's guide to operationalize the Programme Framework and deliver on the EIF's strategic goals, with a focus on increased effectiveness and efficiency, sustainable results, impacts, ownership and partnership while ensuring value for money. Further changes and updates may be introduced over the course of EIF Phase Two to respond to evolving needs and priorities of the EIF programme.

### The EIF

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5. The EIF supports the world's poorest countries in realizing global economic empowerment and social resilience through trade. The EIF aims to alleviate poverty in the world's poorest countries, working with various stakeholders to make the best use of trade for sustainable development.
6. The EIF remains the only programme exclusively dedicated to supporting the LDCs in using trade both as a vehicle for economic growth and as an effective gateway for administering Aid for Trade (AfT). Recognized as a unique framework for aid effectiveness and delivery, the EIF's mandate is in line with the Istanbul Programme of Action for the Least Developed Countries and the Addis Ababa Action Agenda on Financing for Development. Furthermore, the EIF is recognized in Sustainable Development Goal 8 as a notable mechanism for promoting inclusive economic growth in the world's most challenging environments and contributes also to 9 others of the 17 SDGs.

7. By recommending policy and regulatory reforms, the EIF assists the LDCs in addressing critical supply-side constraints that restrict sustainable development. The EIF supports the LDCs in tackling their barriers to trade by undertaking analytical trade integration studies; promoting human and institutional capacity development; facilitating trade coordinating mechanisms between the country's government, its private sector and donors; and developing projects that have created jobs and helped to lift people out of poverty, particularly women and youth. Furthermore, the EIF strengthens trade advocacy in the LDCs through capacity building on good practices, linking the LDCs with a range of regional and global partners, South-South experience-sharing and supporting local and national trade advocacy.
8. EIF Phase Two focuses on addressing new economic challenges and strengthening the effectiveness in delivering results while ensuring enhanced value for money. The EIF has had a positive impact as a coordination framework, leveraging resources and ensuring the sustainability of the interventions. Further implementation will demand renewed focus and commitment from a global partnership with a mandate of increasing sustainably.

## History of the EIF

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9. In response to the concerns of the LDCs regarding their integration into the multilateral trading system raised during the first WTO Ministerial Conference held in 1996 in Singapore, the Integrated Framework (IF) was established in 1997. The programme was revamped in 2001 and subsequently reviewed in 2005 and renamed as the EIF. In line with the Brussels Programme of Action for the Least Developed Countries, significant work was undertaken to create a more results-focused, accountable and responsive programme, functioning in line with the principles of the Paris Declaration on Aid Effectiveness. The programme focuses on country ownership, greater coordination and commitments from all EIF partners, stronger national and global governance structures and additional financial resources in support of LDC trade needs.
10. In operation since 2009, the EIF has been working in 48 LDCs and three graduated countries across Africa, Asia, the Pacific and the Americas and has delivered tangible results by the end of EIF Phase One.
11. Taking into account the experience of EIF Phase One with a Mid-term Review (MTR) in 2012, a Review of EIF Trust Fund Manager Operating Tools and Procedures in 2014 and the Comprehensive Evaluation of the EIF later in 2014, the EIF Board and the EIF Steering Committee (EIFSC) extended the programme to a second phase for a further five years from 2016 to 2020, with an additional operational period of two years until the end of 2022. A strengthened partnership approach is also reflected in a new and more appropriate name: *EIF: Trade for LDC Development*.

## EIF vision

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**Support LDCs in harnessing trade and Aid for Trade  
to promote sustained, inclusive and sustainable growth  
and development**

## Four strategic goals of the EIF

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<p style="text-align: center;"><b>Strengthening institutions and policy mechanisms</b></p> <p>The EIF will focus on strengthening institutions and policy mechanisms, building the capacity of trade and trade-related line ministries and supporting policy design and implementation geared towards a pro-poor trade growth agenda.</p>	<p style="text-align: center;"><b>Reducing supply-side constraints</b></p> <p>The EIF will continue to support the LDCs in tackling the internal challenges they face to competing effectively on global export markets. Through diagnostic tools, assisting governments to undertake and sequence policy reforms and targeted catalytic interventions, the EIF will work to unlock the power of trade for poverty reduction in the LDCs.</p>
<p style="text-align: center;"><b>Leveraging resources for the development of LDC trade</b></p> <p>Leveraging resources for the implementation of the LDCs' trade development agenda remains a central focus of the EIF. Stronger relationships with in-country sources of finance, regional banks, global development agencies and bilateral development programmes will drive greater investment in LDC trade, better aligned with LDC national priorities.</p>	<p style="text-align: center;"><b>Promoting gender equality and inclusive trade</b></p> <p>The EIF will seek every opportunity to continue its role as a champion for addressing the specific barriers to trade faced by vulnerable or marginalized people. With a focus on poverty reduction, the environment and gender equality, the EIF will work alongside local institutions to develop policies that promote inclusive and sustainable trade.</p>

## EIF governance framework in-country and at the global level

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### In-country

12. The aim of the EIF is to support the integration of the LDCs into the global trading system in a way that contributes to poverty reduction and sustainable development. In line with the principle of country ownership, the EIF relies on engaging the countries' own structures and supporting specialized capacities to deliver on the EIF strategic goals. In order to ensure ownership and adaptation to the countries' own systems,

the titles and roles set out below may vary somewhat by country, but for EIF purposes, it must be clear that each role is being filled.

- The national **EIF Focal Point (FP)** leads the EIF process in-country and is usually a senior government official appointed by the LDC and supported by a team (often called EIF National Implementation Unit (NIU) or AfT management team), comprised of experts from relevant technical departments and embedded in the government structure. Where existing capacity is weak, recruitment of external staff should be justified. The task of the team is twofold:
  - Ensuring the efficient, effective and sustainable delivery of EIF-funded projects for which it is the Main Implementing Entity (MIE) or plays a supervisory role; and
  - Advising the FP and the ministry's hierarchy in championing the trade agenda and AfT resource-leveraging. The team therefore needs to include (and further develop, if necessary) capacities in project management and trade issues.
- The **EIF Donor Facilitator (DF)** works with the FP to facilitate donor coordination and the donor-government dialogue on trade issues and AfT. The main objective of the DF is to help to mainstream trade into country policies and programmes and into donor programming and in particular to assist in the timely implementation of the Diagnostic Trade Integration Study (DTIS) Action Matrix (DTIS AM). The DF is a representative of a donor active in supporting the LDC's trade agenda and is identified by the government and other donors. As a general rule, the DF should be an important donor for AfT and/or support for supply-side capacity-building; where government-donor working groups dealing with trade/AfT exist, the DF role is ideally taken up by the donor chair of that working group.
- The **EIF National Steering Committee (NSC)** is organized through two mechanisms:
  - *A national consultative and coordinative mechanism on trade.* It is highly recommended to use existing national mechanisms (e.g., a WTO committee or another national trade policy consultation/coordination body, such as a trade facilitation committee, a trade negotiations committee, sector thematic working groups, etc.). The national consultative mechanism on trade needs broad representation by high-level officials and should be used as a national channel for the trade dialogue with relevant stakeholders; and
  - *An AfT (including EIF projects) steering committee.* This steering committee should be represented at the technical level to monitor the implementation of the projects.

The ministry responsible for trade and the FP should coordinate the two mechanisms to ensure an appropriate feedback and coordination. The institutional set-up should be based on existing national mechanisms and be flexible and adaptable to the different realities on the ground.

13. Collectively, the in-country EIF structures are referred to as the EIF National Implementation Arrangements (NIAs). In EIF Phase Two, the EIF structure will transition the role of the NIAs from being a foothold for AfT implementation to building local capacities in order to ensure the sustainability of these implementation structures. The transition modalities can be found in the Guidelines to Effect Sustainability of the EIF's Intervention at Country Level and the Guidance Note on EIF Sustainability Support Phase Process.

## Globally

14. The global EIF governance structure consists of a global forum for transparency (EIFSC), a decision-making body (EIF Board) and an implementing arm (ES and TFM).
  - The **EIFSC** reviews the overall effectiveness of the partnership, including the performance of all the partners, and ensures transparency of the EIF process. The EIFSC is made up of all the LDCs, all EIF Donors, the EIF Core Agencies, the ES and the TFM ex officio and others granted observer status by the EIF Board.
  - The **EIF Board** is the key strategic decision-making body for the EIF programme to provide support, operational and financial oversight and policy direction. In line with good management practices, it delegates management decisions under specified objectives and mandates to the Executive Director of the ES (ED) and to the TFM, who are then accountable to the EIF Board for performance under those objectives. The EIF Board is made up of three capital-based LDC representatives and three EIF Donor representatives, as well as of members from the EIF Core and Observer Agencies and the ED and the TFM Executive Officer as ex officio members.
  - The **ES**, administratively housed at the WTO, works in support of the programme together with the selected **TFM**.
15. Terms of Reference (TOR) and Rules of Procedure for the EIFSC, the EIF Board, the ES, the ED and the TFM are included in the Annexes to this Compendium.
16. Annexes A and B to Part One spell out the mandates and functions of the EIFSC and the EIF Board; Annexes C, D and E include the TOR of the ES, the job description of the ED and the TOR of the TFM, respectively.

## Focus for EIF Phase Two: Sustainable results, partnership, communications, governance and efficiency

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17. The central focus of EIF Phase Two is on leveraging resources for the implementation of the LDCs' own trade development agenda and on ensuring that there are sustainable capacity improvements for all the LDCs at the end of the EIF Phase Two period. To that end, the programme will particularly focus on harnessing the EIF partnership for impacts on the ground and implementing reform measures to improve governance and communications and to increase efficiency.

### 1 Targeting sustainable results throughout EIF Phase Two

18. In EIF Phase Two, the focus is on ensuring longer-term sustainability and should be upheld throughout the project cycle. This requires the programme and partners to work out and progressively implement

'sustainability strategies' designed to maximize lasting EIF benefits and results and corresponding support through the EIF Trust Fund (EIFTF) where necessary.

19. In this context, the EIF Board approved in November 2015 the *Guidelines to Effect Sustainability of the Enhanced Integrated Framework (EIF) Intervention at Country Level*, available in the Compendium Part Two. All projects to be approved in EIF Phase Two should follow the guidelines from the start. The application should be adapted to the country-specific context and the stage of the project implementation.

## 2 Leveraging resources for inclusive trade development

20. The EIF will focus on enhancing the LDCs' capacity to leverage and mobilize domestic economic drivers, contributing to greater in-country resources and long-term economic sustainability. To ensure that the EIF upholds its mandate throughout EIF Phase Two, the EIF programme, at both global and country levels, will pursue stronger relationships with regional organizations and development banks. This will yield a greater focus on regional trade integration and contribute to greater LDC participation in international markets and global value chains.
21. During EIF Phase Two, a renewed focus on private sector development through their active participation is envisaged. The EIF will leverage key drivers for investments in trade capacity development, mobilizing governments, the private sector, DPs and agencies for investment opportunities.

## 3 Harnessing the EIF partnership for impact on the ground

22. In the context of the unique role of the EIF as a partnership framework, all the EIF partners have accepted tasks and responsibilities of mobilizing, coordinating and strengthening the capacities of the LDCs and the flow of greater resources to enhance the work achieved under the predecessor arrangements. The Programme Framework Document for EIF Phase Two calls for an active commitment of each of these sets of partners, who can contribute with their own operations, expertise, reputational assets and financial resources and underlines how the EIF Donors, the LDCs and the EIF Agencies will have to become more active and more accountable in EIF Phase Two to achieve the coordination and leveraging of resources.
23. For EIF Phase Two, success will depend on the substantial reinforcement of all of these elements, both in the EIF's central governance and management and in its operations in the LDCs. The recommended specific commitments for each group of EIF partners in EIF Phase Two are summarized below, reflecting the experience and lessons of EIF Phase One. In order to improve the performance in EIF Phase Two, the different EIF partners need to explicitly accept this sort of understanding of their respective responsibilities:

### Box 1: Responsibilities of EIF partners in EIF Phase Two

**LDC Governments:** Take the leadership in trade development efforts; advocate the importance of trade in development; better engage all relevant stakeholders; validate the DTISs, DTIS Updates (DTISU), DTIS AMs and Medium-term Programme (MTP) solidly; link and synchronize the EIF activities with national trade, development and sectoral strategy formulation; focus on clear priorities; as implementers of projects, deliver as promised; leverage the EIF funds with their own and other resources; share experiences; and ensure the sustainability of benefits gained from the EIF.



**EIF Agencies:** Engage more actively with the EIF; respect, better support and synchronize their AfT with priorities identified through the DTIS process; coordinate and accept coordination; leverage the EIF with their own and other resources; be open to seconding specialized experts to the ES or country structures on request; as implementers of projects, deliver as promised; and play an active part in ensuring the sustainability of benefits gained from the EIF.

**EIF Donors:** Engage more actively with the EIF; respect, better support and synchronize their AfT with priorities identified through the DTIS process; empower, support and hold accountable the DFs for their tasks; coordinate and accept coordination; be open to seconding experts to the ES or country structures on request; deliver on the promise to leverage with their own and other AfT resources; provide adequate and predictable funding to the EIFTF; and play an active part in ensuring the sustainability of benefits gained from the EIF.

24. Through the EIF reporting systems and governance structures, the partners themselves have the responsibility to ensure that they are carrying out their roles. The ES and the TFM have key tasks in informing the partnership processes but have only limited means to ensure that partners deliver.
25. In EIF Phase One, the EIF started to form additional partnerships with institutions as well as initiatives to link up the LDCs with additional opportunities to access resources for trade-related capacity-building. In EIF Phase Two, the ES will continue to build and strengthen these partnerships to support agricultural value chains, services trade, regional trade, e-commerce, private sector development, including micro-, small- and medium-sized enterprise development, and others as the opportunity arises.

#### 4 Using communications and experience-sharing for efficient EIF implementation

26. The key contribution of communications in EIF Phase Two is to gaining appropriate attention and priority for the potential contributions of trade, and thus trade capacity-building, among the urgent competing priorities of leaders and decision-makers in many LDCs.
27. The EIF as a global partnership is well placed to help to ensure that the potential of trade is clearly valued in setting strategic development priorities in the EIF beneficiary countries and that the EIF structures in the countries gain the recognition, support and engagement to do their job. Some of the changes planned in EIF Phase Two include more openness to working alongside the private sector and in regional activities. The EIF will give more attention and resources to a strategic communications approach, including through a revamped EIF website, to better connect with in-country communications tools and to provide an interactive platform for inclusive experience-sharing and for e-learning. The focus on trade in the SDGs and their link to the EIF also offer opportunities to strengthen trade advocacy in the LDCs.

#### 5 Strengthening governance

##### *a. Empowering the ES*

28. With the growing strength, responsibility and accountability of the ES, a re-balancing has been done between the ES and TFM. In Phase Two, the ES serves as program coordinator, ensuring the implementation of the Programme Framework for Phase Two, while the TFM operates as service provider of fiduciary services. Main changes for strengthening EIF governance include:

- a. Strengthening of the ES for supervising and monitoring the effective implementation of the programme in EIF Phase Two through improved management information systems and business processes and additional human resources to enhance ES programme management capacity;
  - b. Explicit provisions for a performance evaluation review of the ED by the EIF Board Chair. Stronger goal-setting and performance accountability to the EIF Board for the ED and cascading down to the ES staff members will allow maintaining a uniformly high-performing team;
  - c. Consolidating of country portfolios with a focus on regional clusters as well as decentralizing of ES staff where necessary;
  - d. Reinforcing the EIF's framework and coordination functions through a more dynamic ES with cross-functional capabilities that reinforce its capacity as a framework; and
  - e. Changed TOR for the TFM in EIF Phase Two, reflecting services tailored to the fiduciary capacity of each country.
29. The essential balancing condition for a more normal delegation of management responsibilities is more direct and explicit goals and full transparency and accountability to the EIF Board of the performance of the ED and his/her staff and of the TFM. Goal-setting and accountability arrangements for the performance of the ED (and through him/her for all staff members of the ES) will be based on an annual performance review set out between the ED and the EIF Board Chair and monitored by the EIF Board Chair in consultation with all the EIF Board Members. These reviews must be consistent with the formal job description of the ED (see Annex D) and define the strategic priorities for the period and the relevant measurable goals and targets, wherever possible. Under the WTO's administrative hosting arrangement for this multi-partner programme, the EIF Board Chair's report shall be forwarded to the WTO Director-General as the substantive basis for the ED's formal contractual annual performance assessment. Under this arrangement, the WTO Director-General can also integrate issues of an administrative nature as necessary, in order to make the EIF accountability provisions truly operational in EIF Phase Two.
30. The TOR for the TFM have been adjusted according to the rebalanced roles between the ES and the TFM. UNOPS will be ultimately accountable to the Board in all respects related to its approved TOR as TFM for the EIF Phase Two. UNOPS will submit reports to ED on the discharge of its duties and responsibilities and meet objectives established in an agreed Annual Performance Agreement, set by the ED in consultation with UNOPS and the Board and monitored by the ED with the Board Chair on an annual basis. The report will be shared with the Board on an annual basis, through the ES ED's overall report to the Board. Likewise, the ED signs a performance agreement with, and reports to, the EIF Board Chair, who evaluates the ED's performance, seeking inputs from the EIF Board. Performance indicators will be developed by the programme through the Monitoring and Evaluation (M&E) Framework, with input from the TFM, and presented by the ES to the EIF Board and be subject to monitoring on the basis of its annual work plans, reports and the ED's assessment of the indicators' performance.

*b. Strengthening LDC ownership and trade capacity*

31. In line with the overarching objective of strengthening country ownership and assuring sustainable improvements in trade capacity in all EIF Countries, the EIF will maintain and intensify the following measures, also proactively, according to the needs and preferences of the different EIF Countries:
- a. Agree on training and institutional strengthening plans with countries to ensure that sufficient human and institutional capacity is in place to exercise ownership and sustain EIF results;

- b. Increase the alignment with national mechanisms in AfT management, the donor-government-private sector dialogue (in particular sector working groups) and national trade policy consultations/coordination;
- c. Fully integrate the NIU's functions into government structures with a view to ensuring sustainability;
- d. Mobilize greater involvement and responsibility of other key ministries, trade-related institutions and the private sector in project steering functions, project development, supervision and oversight. Consider formal mechanisms for engagement with other ministries, institutions and stakeholders beyond the NSC;
- e. Strengthen partnerships for resource mobilization through capacity building (e.g., training modules), and communications and trade advocacy; and
- f. Communicate for advocacy of trade and to support project implementation.

### *c. Guarding against potential conflicts of interest*

32. A special consideration affecting the governance of the multi-partner EIF is the need to avoid conflicts of interest in situations where partner institutions that have a governance role may also have a financial interest in EIF activities. To date, such situations have primarily involved EIF Partner Agencies, although they may also arise with government implementation of EIF projects and certain Donor roles. To some extent, the EIF Board Rule of Procedure anticipates the possible conflicting roles of Agencies in its provision that an EIF Board "consensus shall include the representatives of the Donors, the LDCs and the WTO, taking into consideration the views of the other five Core Agencies" and that "in the event that no consensus can be reached, the Donors and the LDCs shall have recourse to a vote." To meet accepted standards for impartial governance, the EIF in EIF Phase Two has sharpened its policy statement in the EIF Board Rules of Procedure<sup>1</sup> that protects the Chair of the EIF Board against perceived conflicts of interest in the decision-making function of the EIF Board.

## **6 Increasing efficiency**

33. The objective of reducing the time and funds required to achieve results under the EIF has been reflected in all areas of the Programme Framework for EIF Phase Two, and it is to be carried forward in its implementation. To increase efficiency, the ES will improve its processes in supporting the countries in EIF implementation and internal processes.
34. On the grounds of evidence-based evaluation and stakeholder consultations, a set of bottlenecks and possible efficiency gains in the EIF's project cycle have been identified. This points towards a more flexible application of the requirements as guidance, appropriate to a more mature and country-owned programme. In particular, given the evidence on where delays have been most common, the focus is on reducing duplicative and/or time-consuming steps by the TFM and the ES. To that end, a bespoke management information system will allow to better track and report progress, support results-based management and strengthen the ES for supervision and monitoring capacity. The "Quality at Entry" function is embedded in the management information system to assess project quality at preparation in order to determine project readiness to enter into the phase of approval and implementation.

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<sup>1</sup> Any EIF Board Member shall recuse himself or herself where he/she or the Agency he/she is representing could be seen in a conflict of interest. Should any EIF Board Member be unsure as to the applicability of this rule, he/she should consult with the Chairperson and/or the ED. The EIF Board may also decide that there is a conflict of interest and that the EIF Board Member be excluded from the discussion and the decision on the issue concerned or be replaced for the discussion and decision by another Member from the same constituency of the group concerned (LDC or Donor Group).

35. Further measures to increase efficiency are a consolidation of country portfolios along regional lines, which will allow for extended and repeated ES missions supporting project development and formulation, and decentralizing of ES staff where necessary.
36. The value for money offered by the EIF will thus be increased in EIF Phase Two, through cost savings and better rules for measuring administrative costs, as well as enhanced programme effectiveness and efficiency. Leaner operating procedures and better management information systems are key factors for cost savings. A combination of three factors was used in indicatively estimating appropriate budget requirements for a successful EIF Phase Two programme: need, capacity and the likely availability of resources. The management of contributions and disbursements will be an important continuing task in EIF Phase Two. As part of developing a value for money framework for the EIF, proposals for additional value addition will be made where possible. A value-for-money framework for the EIF will be prepared and presented to the EIF Board for approval, after which it will be included in the Compendium.
37. Since competitive bidding for the selection of the MIE is intrinsically linked to value for money, the EIF encourages this modality of selection, wherever feasible. However, the legal structures of many of the EIF Agencies, who are involved in implementing the EIF projects, prevent them from engaging in competitive bidding. Therefore, the value for money framework for the EIF will provide a broad guideline on the desirable approach, balancing both the imperative as well as the practicality aspects indicated above, while maximizing the level of competitiveness in the selection of the MIE. Once the value for money framework is adopted by the EIF Board, the ES and the TFM will prepare a detailed implementation modality and present to the EIF Board for approval.

## Operations of the programme

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38. In EIF Phase Two, the basic design of the EIF programme has remained, with changes in scope, tools and operations to make the programme more flexible and adapted to the specific circumstances, needs and opportunities of the different LDCs.

### 1 Preparation stage/pre-DTIS

39. The first stage of the EIF process focuses on advocacy on the positive role that trade can play for sustainable inclusive development through stakeholder outreach and awareness-raising and on confirming the in-country structures, i.e., identifying a FP, a DF and a body to serve as the NSC. Very few countries are yet to start or restart the EIF process. For countries that request support for starting or restarting the EIF process, support will be available for stakeholder outreach and awareness-raising, confirming the in-country structures and preparing the diagnostic stage. Pre-DTIS projects have an expected duration of up to 12 months, with an EIF funding up to a maximum of US\$50,000.

### 2 DTIS/DTISU: Sharpening and synchronizing the diagnostic tools

40. Most EIF Countries have already undertaken their first DTIS, and many have even already updated it once. In EIF Phase Two, the majority of EIF diagnostics will be updates. Where justified by demand from the LDCs concerned, the EIF will consider supporting the preparation of a regional DTIS to explore regional possibilities even more deeply.

41. Countries undertaking a DTIS or DTISU need to follow the "Guidelines for the Diagnostic Trade Integration Study (DTIS) and DTIS Update (DTISU) under the EIF Phase Two" approved by the EIF Board in November 2016, with a maximum budget of US\$200,000 .
42. The DTIS is the analytical anchor of the EIF and of its contributions and provides a common platform for a country's government, civil society, the private sector and DPs to own the trade and development track that a country is following to secure a strong trading future. In EIF Phase Two, the DTIS process will be approached as a fundamental opportunity for capacity-building at the national level, with the objective that subsequent DTISUs be managed by the LDC itself. Active donor and agency participation in the DTIS processes and coordinated internal follow-up within those organizations are essential parts of a successful approach.
43. Most DTISs have been the result of cooperation between the LDC and UNCTAD, UNDP or the World Bank as MIEs. Countries undertaking a DTIS in EIF Phase Two will need to identify an MIE, but the ES will support the LDCs to select from a wider range of possible partners, still including UNCTAD, UNDP and the World Bank, but also other agencies or entities (e.g., DPs, non-governmental organizations, research institutes, academic bodies or private sector entities). For DTISUs, the study can be managed by the LDC itself if the capacities exist; involvement of partners is expected to shift to an advisory role.
44. Because of the growing body of studies on the LDCs' trade environment and performance, DTISs and DTISUs can be shortened and simplified without sacrificing the analytical rigor of the diagnostics. For the same reason, DTISs and DTISUs will be developed, delivered and validated more rapidly. MIEs for DTISs and DTISUs will be guided to make documents more accessible and well summarized for policy and operational audiences and to follow an agreed timeline and an inclusive consultation process to maximize country ownership.
45. As far as possible, the DTISs and especially the DTISUs will be planned and timed in advance to synchronize them effectively with the country's own cycles of preparing national trade or development strategies and/or key sectoral programmes. Since those planning cycles provide the main basis for the donors' own Aft planning, this synchronization can maximize the opportunities for channelling resources to DTIS AM priorities.
46. In EIF Phase Two, emphasis will be on ensuring that DTIS AMs are more effective as a basis for trade mainstreaming, donor coordination and resource mobilization. The MIEs will be guided to develop the AMs to include an MTP, i.e., a programme aimed at strengthening the productive and trade capacities, including reforms that are essential to improving the business environment over a medium-term horizon. The AM/MTP should include a coherent plan of reforms, capacity-building projects and other actions that may be necessary and a link to the overall development objectives. The AM/MTP will form the basis of discussions between the EIF Country (supported by the DF) and the local donors and will assist in specifying which activities will be funded by the government, which will be co-funded by donors and for which additional resources will need to be identified, including from the private sector and philanthropies. The AM/MTP should be developed in close cooperation with the DF to ensure that the targeted funding envelope is realistic.

### 3 Modus operandi of EIF projects supporting institutional and supply-side capacity

47. To support the LDCs in trade capacity-building, the EIF established two funding windows for supporting institutional and supply-side capacity-building in EIF Phase One, i.e., Tier 1 'Support to NIAs' and Tier 2. These funding windows will be continued for a transitional period during EIF Phase Two; as the implementation of EIF Phase Two progresses, the funding windows will be consolidated into a single instrument<sup>2</sup>, thereby simplifying the access to EIF funding for LDCs.

#### *Institutional capacity support/'Support to NIAs'*

48. The EIF provides support to build institutional capacity for LDCs to own a trade agenda conducive to sustainable pro-poor growth. At the beginning of EIF implementation, the EIF can fund a 'Support to NIAs' project for up to five years in a phased manner of initially three years and another two years following a successful mid-term evaluation that shows progress towards achieving the project objectives and justifies the extension of the project for another two years. Funding for Institutional Capacity Support/ 'Support to NIAs' projects is up to a maximum US\$300,000 per year; these projects can include components for institutional and supply-side capacity-building.
49. In EIF Phase One, 11 countries did not have 'Support to NIAs' projects. These countries are expected to request funding in EIF Phase Two. Funding will be provided in a more flexible and customized approach to fit the particular circumstances of the LDC, e.g., with a focus on WTO accession, issues of post-accession, investment climate reform, etc.
50. The EIF programme logframe for EIF Phase Two also allows for the inclusion of priority small-scale projects to build up trade-related and supply-side capacities in the 'Support to NIAs' projects, provided that they are identified in the DTIS AM, thereby effectively combining the support formerly provided through the two funding tiers. Project components addressing supply-side constraints (former Tier 2 projects) should be strategically selected to complement existing projects or fill gaps and include a strong focus on the leveraging objective. In the interest of reducing the complexities of the EIF procedures, combined projects are encouraged, which will save the countries lengthy project formation processes.

#### *Sustainability support to the NIAs*

51. Because countries may not have reached the point of sustainability after the end of the 'Support to NIAs' projects, an additional focus in EIF Phase Two will be on ensuring the sustainability of the capacity of the NIAs beyond the five-year duration of these projects. Therefore, after the completion of a 'Support to NIAs' project and on the basis of an evaluation of the capacities to continue trade mainstreaming, coordination of trade-related assistance and resource mobilization, the EIF can fund 'Sustainability Support to NIAs' projects for up to two years, with an indicative funding up to a maximum of US\$150,000 per year.
52. The support would be tailored to the specific needs of the LDCs. The modus operandi of the 'Sustainability Support to NIAs' is elaborated in the "Guidance Note on EIF Sustainability Support Phase Process"<sup>7</sup> adopted by the EIF Board in August 2016.

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<sup>2</sup> The modalities for the combination of Tier 1 and Tier 2 projects will be presented in the Part Two of the Compendium: A Compilation of Guidelines for EIF Phase Two, to be available online at the EIF website.

### *Supply-side capacity support: Catalytic small-scale projects; feasibility studies; project formulation support*

53. The EIFTF can support priority small-scale projects identified in the DTIS AM to build up trade-related and supply-side capacities. Until the funding situation of the EIF for Phase Two improves considerably, the maximum level will be set for US\$1.5 million.
54. Similar to the modalities established under EIF Phase One, project proposals are prepared and coordinated by a technical team/NIU under the responsibility of the FP, in close consultation with the NSC and with the assistance of the DF. In preparing such proposals, the NIU may request advice and assistance of other partners, such as the EIF Partner Agencies, regional or other international agencies, donors, NGOs, etc. Assistance in developing project proposals can be provided through Tier 1 projects or through bilateral support or other relevant in-country partner institutions/entities or international agencies. If project preparatory activities have not been provided for under Tier 1 resources, the EIF Countries can request for a **project preparation grant** up to a maximum of US\$100,000 to design bankable projects predominantly for external funding.
55. Should the EIF Countries require understanding the technical viability and economic feasibility of a particular supply-side intervention before developing fully fledged project proposals, they can request for **feasibility study support** of up to a maximum of US\$200,000 from the EIFTF. The feasibility studies, though presented as Tier 2, are not necessarily fully fledged projects and as such would not demand full compliance with the EIF Tier 2 guidelines. This may include an in-depth assessment of certain emerging opportunities, which are regarded as a priority by the EIF Country.
56. The aforementioned amounts represent an absolute maximum, which can be requested for each project modality. In order to ensure greater accountability, the EIF Countries are encouraged to submit their project proposals for funding that are well below the indicated maximum amounts.
57. The appraisal and the approval of each project will be based on a feasible logframe, an activity-based budget linked to the logframe and value for money of the project.
58. The Guidelines for project design and formulation, including a logframe, a work plan and an activity-based budget template, presented in the Compendium Part Two provide guidance to the EIF Countries in developing associated project proposals.
59. Since such a large share of the external resources necessary to implement the priorities identified in the EIF Countries' DTISs and AMs/MTPs will need to come from other sources, the rapid transformation of priorities listed in the AMs/MTPs into funded projects is essential. Ideally, identification of funding for the priorities should take place at the same time as, or soon after, the validation of the DTIS or the DTISU. The initial planning for a donor roundtable between the FP and the DF should begin at the time that the DTIS concept note is approved and should proceed in parallel with the formulation of both the DTIS and the priorities to be included in the AM/MTP. EIF support should be used to facilitate leveraging of resources in support of the AM/MTP, e.g., through project preparation activities, through continued close coordination with donors and through support for capacity-building for leveraging.
60. Access to EIF financing for supply-side capacity-building carries the expectation that efforts to leverage other funds and contributions, including in-kind (from DPs, the government, the private sector and philanthropists), have been made and are documented in the project proposal. However, the successful leveraging of additional funds does not constitute a precondition for accessing such funding.

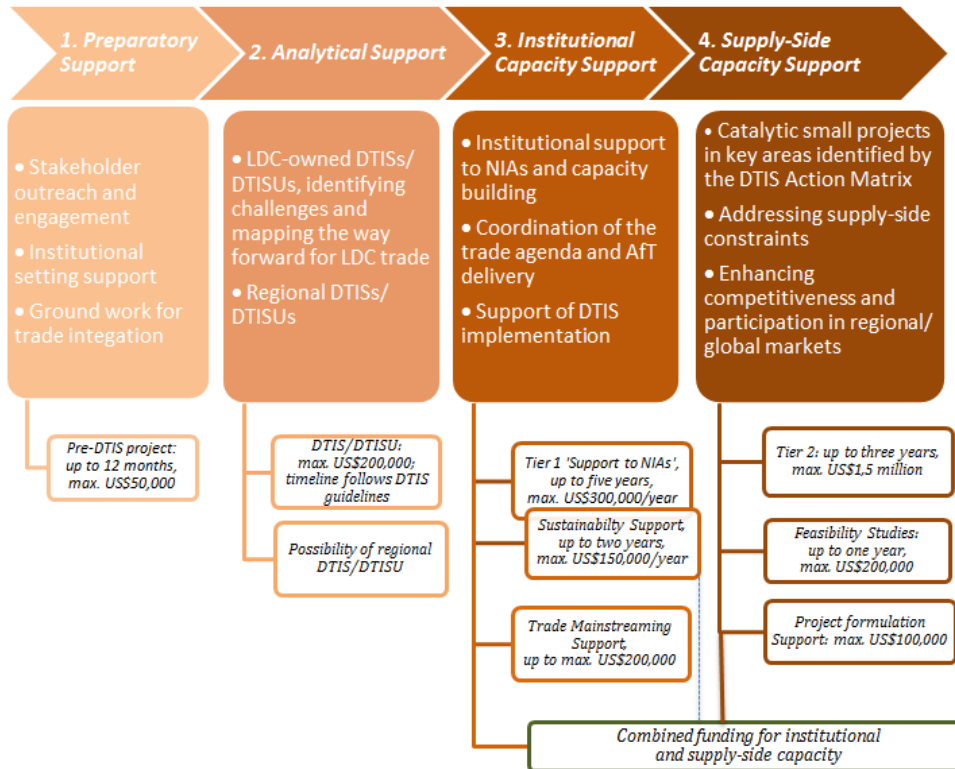
#### 4 Adapting to major trends in trade

61. To ensure that the EIF is fit for purpose for its second phase, some major trends that have strengthened or emerged during EIF Phase One are now recognized more specifically than in EIF Phase One. These trends are the growing movement toward regional integration; the concern for services as well as goods trade; trade facilitation; the integration of the LDCs into global/regional value chains; and the role of private sector actors as the key players in trade itself. The approach for EIF Phase Two reaffirms and clarifies that these trends in trade will continue to form part of the analytical basis for the EIF through the DTISs and DTISUs. Where justified by demand from the LDCs concerned, the EIF will consider supporting the preparation of regional diagnostics, such as the one on sector issues emerging from the DTIS Action Matrices that require cross-border coordination and cooperation for implementation. On a similar basis, value chain analyses may be applied in the DTIS and DTISU processes so that these possibilities can be assessed among potential priorities for trade development.
62. Further adjustments in EIF Phase Two include:
  - a. Permitting the financing of projects that have a regional dimension or regional diagnostics, provided that they are endorsed by the relevant NSCs, while the use of the EIFTF remains exclusively for the beneficiary countries of the programme; and
  - b. EIF funding will continue to be open to projects that address services and global and regional value chain-related priority areas identified in the DTISs/DTISUs but will be able to fund priority projects that involve contributions from private sector parties, while not directly funding the private sector.

#### How the EIF process and funding windows work in EIF Phase Two

63. In EIF Phase Two, the basic design of the EIF programme remains unchanged, and the scope, tools and operational modalities have been marginally changed to make the programme more flexible and adapted to the specific circumstances, needs and opportunities of the different LDCs. The following presents different steps of the EIF process and the relevant funding windows:





- > The aforementioned amounts represent an absolute maximum that can be requested for each project modality. In order to ensure greater accountability, the EIF Countries are encouraged to submit their project proposals for funding that are well below the indicated maximum amounts.
- > The appraisal and the approval of each project will be based on a feasible logframe, an activity-based budget linked to the logframe and value for money of the project.
- > The Guidelines for project design and formulation in the Compendium Part Two provide guidance to the EIF Countries in developing associated project proposals.

# EIF Phase Two Results Framework, Monitoring, Evaluation and Risk Management

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## Scope and objectives of the EIF Results Framework

64. The EIF process aims to strengthen donors' support to a country's trade agenda. The LDCs can use the EIF as a vehicle to assist in coordinating donor support and to leverage more AfT resources, whereas donors can sign up to the EIF as a vehicle to deliver on their AfT commitments. To facilitate this process, the EIF Results Framework serves as an important tool in illustrating to the EIF partnership what the EIF intervention is meant to achieve and shares the effects of these interventions through reporting to the partnership. It establishes the strategic development objectives of the EIF and links those objectives through different levels of the results chain based on EIF interventions in the LDCs.
65. The scope of the EIF Results Framework includes all activities and projects financed by the EIFTF and specifies a results chain comprising the longer-term goal referred to as impact, the intermediate objectives referred to as outcomes and immediate results of the EIF interventions referred to as the outputs. Thus the Results Framework of EIF Phase Two underpins a strategic planning process and serves as a living management tool that fosters ownership and consensus, guides corrective actions, facilitates the coordination of trade development efforts, charts the course for achieving a strategic objective and ultimately serves as the key accountability tool for M&E.
66. The objective of the Results Framework is to provide a tool for:
  1. Ensuring accountability for the achievement of the EIF objectives;
  2. Effecting M&E of progress in achieving results through EIF-supported activities; and
  3. Identifying lessons learned for feedback and knowledge-sharing among all EIF partners as a basis for improving delivery of ongoing or future projects.

## Structure of the EIF Results Framework including M&E

67. The EIF Results Framework is based on logframes for projects funded by the EIF at the country level and a logframe for the overall programme. The approach taken allows that the information gathered at the project level can feed into the M&E at the programme level. The EIF Results Framework will be implemented on the basis of mutual accountability and linked to the extent possible with existing M&E systems in the EIF Countries where these have proven to be working effectively. Where these systems are weak, concrete actions (e.g., through training, customized results-based management support, etc.) would be implemented to address the constraints. The M&E system will serve as an essential management tool to support the EIF's commitment to accountability for results, funds entrusted to it and organizational learning. Therefore, for the EIF programme, M&E is essential and will need to be undertaken at both programme and project levels, with costs commensurate to the activities and the available budget.

## EIF results at the programme level

68. The EIF programme aims at creating a strong and effective results-oriented partnership among all EIF stakeholders. This involves a close cooperation amongst the Donors, the Agencies, the ES, the TFM and other DPs that are supporting the LDCs' own drive to achieve the EIF objectives to:

- Mainstream trade into national development plans (NDPs) and sector strategies;
- Set up structures, aligned with country structures, needed to coordinate the delivery of trade-related technical assistance (TRTA); and
- Build sustainable capacity to trade, which also addresses critical supply-side constraints, including pro-poor productivity growth and resource leveraging.

69. The EIF programme-level logframe elaborated below identifies the programme's impact, outcomes and outputs; targets have been defined at the outcome and output levels.<sup>3</sup> The programme will integrate outcomes and outputs at EIF Country level and monitor progress against the targets through a defined set of indicators. The programme will be assessed against the following provisions set out in the EIF programme-level logframe<sup>4</sup>:

### Impact

70. The EIF Countries are integrated into the global trade in a way that contributes to poverty reduction and sustainable development.

### Outcome

71. Two outcomes have been identified:

1. The EIF Countries own a trade agenda conducive to sustainable pro-poor growth; and
2. The EIF Countries increase their presence in international markets.

### Output

72. Six outputs have been identified:

1. Improved evidence-based policy inputs supporting pro-poor trade;
2. Strengthened institutional coordination of trade and development;
3. Enhanced human capacity for trade and development;
4. Support to EIF beneficiaries (farmers, MSME stakeholders, etc.), particularly women and youth, to participate in EIF capacity-building initiatives;
5. Support to the EIF Countries to boost productive capacities and access the international market; and
6. Support to the EIF Countries to leverage (directly and indirectly) additional funding.

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<sup>3</sup> No targets have been defined for indicators at the goal level, because other factors besides the EIF programme may contribute to determining whether the EIF targets were achieved.

<sup>4</sup> A number of indicators have been identified for each of the two outcomes (see the logframe for details).

## EIF results at the project level

73. An EIF Country is required to develop logframes for each Tier 1 'Support to NIAs' project and each Tier 2 project to be submitted to the EIF Board/ ED for approval or a combined project based on the country's needs and priorities, which is possible under EIF Phase Two. The ES will support the EIF Countries to develop an effective monitoring system with a clear focus on results using project-level indicators that reflect programme-level indicators as the basis of the monitoring system. This will enable the EIF Countries to report to the ES and the TFM based on the implementation progress towards achieving the project objectives and the specific targets of the indicators.
74. For purposes of the programme-level reporting, programme-level indicators should thus be adopted for all Tier 1 'Support to NIAs' projects and Tier 2 projects as a prerequisite for reporting at the programme level. It is important that information on the project-level indicators be collected and reported in a timely manner. DTIS and pre-DTIS work under Tier 1 does not have a logical framework but utilizes a checklist approach.
75. As part of Tier 1 'Support to NIAs' projects, the EIF supports the functions of policy formulation and coordination of the trade and related departments and provide support to lead in the preparation and implementation of the national EIF-funded projects. Such support may include, on a case-by-case basis, the setting up of small NIUs.
76. It is expected that the project-level M&E will use national M&E systems or that expertise will be available in the NIU. Where national M&E is weak or expertise is absent or weak in the NIU, concrete steps will be taken to address the deficiencies by building the necessary capacities of the national experts as part of the ongoing capacity-building efforts in the EIF Countries.
77. Each Tier 2 project will have an appropriate logframe with outcomes, outputs and associated indicators reflecting the pre-defined EIF programme-level Outcome 2 and associated outputs and indicators. Owing to the nature of Tier 2 support, which is likely to address a wide variety of constraints, the countries are expected to include outcomes, outputs and associated indicators, in addition to the EIF pre-defined indicators, in the logframe of their project proposals. For programme-level reporting and future evaluations, the pre-defined EIF outcomes, outputs and associated indicators will be verified in the project proposals.

## EIF Phase Two programme logframe

Impact	Context Indicators	Baseline (December 2015)	Target (End of EIF Phase Two) December 2022	Source/Frequency	Assumptions
<b>EIF Countries are integrated into global trade in a way that contributes to poverty reduction and sustainable development.</b>	<u>I1</u> LDC share of non-oil global exports.	1.1		Customs data, COMTRADE. WTO AfT country fact sheets.	Several factors including the EIF support to the LDCs will contribute towards progress on the context indicator to achieve the impact. Results will therefore not be attributable to the support of the EIF alone.  Political stability in the EIF Countries and no major natural disasters (environment, food shortage, disease, etc.).  Project formulation and implementation at the country level have included inclusive approaches for gender and pro-poor growth.
	<u>I2</u> Value of trade from the LDCs (intra-regional and global).	US\$211 billion		Annual update from the WTO.	
	<u>I3</u> AfT flows to the LDCs.			OECD Creditor Reporting System.	
	<u>I4</u> Foreign Direct Investment (FDI) in the LDCs.	US\$23 billion		UNCTAD database (annual update); OECD International Direct Investment Statistics.	

Outcome 1	Indicators	Baseline (December 2015)	Target (End of EIF Phase Two) December 2022	Source/Frequency	Assumptions
<b>EIF Countries own a trade agenda conducive to sustainable pro-poor growth.</b> <sup>5</sup>	<u>Q1.1</u> Number of EIF Countries with trade integrated into their NDP.	32	All EIF Countries with Tier 1 'Support to NIAs' projects have trade integrated satisfactorily (five-point rating scale).	FP/NIU reports. Annual country progress reports. NDP. Available Trade Policy Reviews (TPRs).	The government prioritizes trade in the NDP and increases resources for the development of the trade sector.  The government owns the NDP in its entirety.
	<u>Q1.2</u> Number of EIF Countries with effective trade coordination mechanisms.	30	All EIF Countries with Tier 1 'Support to NIAs' projects have at least good trade coordination mechanisms in place (at least good on a five-point rating scale).	FP/NIU reports. Annual country progress reports. ES annual progress report. Supervision reports/Back-to-office reports (BTORs). Assessment for the baseline, at mid-term and at the end of the project.	Ability/status of the ministry of trade to influence the central government on trade-related matters.  Capacity-building at country level has included implementation approaches inclusive of coordinating the national trade development agenda.

<sup>5</sup> Pro-poor growth refers to economic growth resulting from trade in goods and services that support the livelihoods of the poor. They include trade sectors, such as agriculture (crop and related products, livestock and related products), tourism, textile and apparel.

	<u>O1.3</u> Number of sector-specific strategies per country integrating trade.	29	All EIF Countries with Tier 1 projects have trade satisfactorily incorporated into 80% of relevant sector strategies.	FP/NIU reports.  Annual country progress reports.  Supervision reports/BTORs.  Sectoral strategies.  Assessment for the baseline, at mid-term and at the end of the project.	The government demonstrates commitment to developing the national trade agenda.  Trade-related sector line ministries are willing to engage with the ministry responsible for trade to implement national trade policy.  The government will own the trade-related strategies in their entirety.
<b>Output 1</b>	<b>Indicators</b>	<b>Baseline December 2015</b>	<b>Target (End of EIF Phase Two) December 2022</b>	<b>Source/Frequency</b>	<b>Assumptions</b>
<b>Op1 Improved evidence-based policy inputs supporting pro-poor trade.</b>	<u>Op1.1</u> Number of quality trade policies updated with support from the EIF.	18	80% of EIF Countries with Tier 1 'Support to NIAs' projects have a trade policy that is at least good (five-point rating scale).	FP/NIU reports.  Annual country progress reports.  WTO TPRs.	The government demonstrates its commitment to develop and own the trade policy.  Capacity and leadership of the ministry responsible for trade to implement national trade policy.
	<u>Op1.2</u> Number of actions in support of improved legislation and	2	At least satisfactory trade-related legislation in 80% of all EIF Countries	FP/NIU reports.  Annual country progress reports.	Increasing the capacity of the NIU will lead to increasing the ability of the NIU to produce or

	participation in fora (includes WTO accession, regional integration, etc.).		with a Tier 1 'Support to NIAs' project.	WTO Accession reports.	coordinate the production of items of legislation.  The EIF Countries express the willingness to join the WTO and engage in the accession process.
	<u>Op1.3</u> Number of DTISs developed/updated with support from the EIF.	26	100% of active EIF Countries with Tier 1 'Support to NIAs' projects.	DTIS and Action Matrices.  FP/NIU reports.  Annual country progress reports.	The FP in the ministry responsible for trade has the ability and capacity to coordinate with the NIAs to lead the DTIS process.
<b>Output 2</b>	<b>Indicators</b>	<b>Baseline December 2015</b>	<b>Target (End of EIF Phase Two) December 2022</b>	<b>Source/Frequency</b>	<b>Assumptions</b>
<u>Op 2</u> <b>Strengthened institutional coordination of trade and development.</b>	<u>Op2.1</u> Number of EIF Countries with an NIU integrated into the government system.	6	At least 80% of EIF Countries with Tier 1 'Support to NIAs' projects.	FP/NIU reports.  Annual country progress reports.  Supervision reports/BTORs.	Structures set up by the Tier 1 are funded by the government on an ongoing basis.  The government has the willingness to integrate the NIU into the ministry responsible for trade.  An exit strategy exists for integrating teams into the ministry responsible for trade.



					The government supports a medium- and long-term capacity-building plan to enhance the capacity of the NIU to perform trade-related functions (including trade policy and strategy formulations and M&E and fiduciary functions) with the goal of strengthening the human capacity of the ministry responsible for trade to conduct national trade-related functions.
	Op2.2 Number of EIF Countries with quality functioning public-private coordination mechanisms.	32	All EIF Countries with Tier 1 'Support to NIAs' projects have at least good public-private consultation mechanisms in place (five-point rating scale).	FP/NIU reports. Annual country progress reports. Supervision reports/BTORs. Assessment for the baseline, at mid-term and at the end of the project.	The government shows the ability and willingness to engage the private sector and vice versa to implement the national trade policy and participate in the development of the country's trade regime.  The mechanism is open and transparent.  Trade-related sector line ministries are willing to engage in coordination and review exercises.

					The engagement is open and transparent.
	<u>Op2.3</u> Number of EIF Countries with a quality government-donor dialogue on trade-related matters.	30	All EIF Countries with Tier 1 'Support to NIAs' projects have at least good government-donor consultation mechanisms in place (five-point rating scale).	FP/NIU reports.  Annual country progress reports.  Supervision reports/BTORs.	In-country donors are willing to operate in a coordinated manner (donors include both those involved in the EIF and other bilateral DPs, as well as non-governmental organizations (NGOs) and philanthropic organizations).  The government and donor agreement includes aspects of engaging on trade issues.  The dialogue is open and transparent.
<b>Output 3</b>	<b>Indicators</b>	<b>Baseline December 2015</b>	<b>Target (End of EIF Phase Two) December 2022</b>	<b>Source/Frequency</b>	<b>Assumptions</b>
<b>Op3 Enhanced human capacity for trade and development.</b>	<u>Op3.1</u> Number of public officials (disaggregated by gender and age) trained in trade-related areas.	53	At least 80% of public officials are trained based on targets established in an annual training plan for EIF Countries with Tier 1 'Support to NIAs' projects.	FP/NIU reports.  Annual country progress reports.  Supervision reports/BTORs.	Public institutions are willing to upgrade the capacity of their staff in trade-related issues without bias or prejudice.  Persons trained are available for follow-up support.

					<p>Involvement of local stakeholders and communities unrestricted.</p> <p>Availability of local experts in the trade-related fields of training.</p>
	<p><u>Op3.2</u> Number of private sector representatives trained (disaggregated by gender and age) in trade-related areas to participate in the national trade agenda.</p>		<p>At least 80% of private sector representatives are trained based on targets established in a training plan for EIF Countries with Tier 1 'Support to NIAs' projects.</p>	<p>FP/NIU reports.</p> <p>Annual country progress reports.</p> <p>Supervision reports/BTORs.</p>	<p>The private sector shows willingness to engage with the government to implement the national trade policy and strategy.</p> <p>Private sector participation is unhindered.</p> <p>Persons trained are available for follow-up support.</p>
	<p><u>Op3.3</u> Number of countries with quality information dissemination tools for different stakeholders.</p>	18	<p>All EIF Countries with Tier 1 'Support to NIAs' projects have at least good information dissemination tools.</p>	<p>FP/NIU reports.</p> <p>Annual country progress reports.</p> <p>Supervision reports/BTORs.</p> <p>Countries' communications strategies on trade.</p>	<p>Communications and exchange of information are unhindered.</p> <p>The stakeholders are willing to collaborate in integrated information systems and sharing data on a regular basis.</p>

Outcome 2	Indicators	Baseline December 2015	Target (End of EIF Phase Two) December 2022	Source/Frequency	Assumptions
<p><b>EIF Countries increase their presence in international markets.</b></p>	<p><u>O2.1</u> Volume of production generated through EIF interventions.</p>	<p>Average production level per product for Tier 2 production related projects.</p>	<p>To be set based on baseline survey results.</p>	<p>FP/NIU reports.  Annual country progress reports.  Supervision reports/BTORs.</p>	<p>Trade in pro-poor sectors increases employment and incomes and helps to reduce poverty.  The government supports pro-poor growth.</p>
	<p><u>O2.2</u> Number of new international markets accessed with support from the EIF.</p>	<p>5</p>	<p>To be set based on baseline survey results.</p>	<p>FP/NIU reports.  Annual country progress reports.  Supervision reports/BTORs.  National statistics.</p>	<p>Exporters will have access to technical and financial assistance.  Exporters have access to up-to-date market information for their products.  Exporters are exposed to buyers/importers through national and international trade fairs.  Exporters are trained in national and international standard requirements for specific products.  Availability of a well-equipped standards bureau and qualified staff for specific products.</p>

Output 4	Indicators	Baseline December 2015	Target (End of EIF Phase Two) December 2022	Source/Frequency	Assumptions
<b>Op4 Support to EIF beneficiaries (farmers, MSME stakeholders, etc.), particularly women and youth, to participate in EIF capacity-building initiatives.</b>	<u>Op4.1</u> Total number of people (disaggregated by gender and age) receiving quality training to better participate in the economy.	75	Increase of 10% annually.	FP/NIU reports.  Annual country progress reports.  Supervision reports/BTORs.	The project authorities are committed to gender-inclusive development.
	<u>Op4.2</u> Number of awareness-raising activities conducted on gender and environment in relation to trade.	Gender (9)  Environment (5)	Increase of 10% annually.	FP/NIU reports.  Annual country progress reports.  Supervision reports/BTORs.	Willingness to conduct an environmental assessment based on a potential environment impact.  Communities are involved in project planning.  Government commitment to environmental due diligence and gender inclusiveness in project implementation.
	<u>Op4.3</u> Percentage of direct project beneficiaries that are women.	15	At least 40%.	FP/NIU reports.  Annual country progress reports.  Supervision reports.	The government and the project authorities are committed to gender-inclusive development.

Output 5	Indicators	Baseline December 2015	Target (End of EIF Phase Two) December 2022	Source/Frequency	Assumptions
<b>Op5 Support to the EIF Countries to boost productive capacities and access international markets.</b>	<u>Op5.1</u> Number of producers/ associations trained in value chain practices.	60	Increase of 10% annually.	FP/NIU reports.  Annual country progress reports.  Supervision reports/BTORs.	Market information is available to the entrepreneurs on quality standards.  Training is available on such standards.
	<u>Op5.2</u> Number of new technologies adopted through EIF-supported projects.	5	At least 80% of projects adopt at least one new technology.	FP/NIU reports.  Annual country progress reports.  Supervision reports/BTORs.  National statistics.	New technologies are available for introduction and are accessible.  Participants are motivated and devoted to learn about new improved ways of undertaking economic activities.
	<u>Op5.3</u> Number of MSMEs supported by EIF projects.	126	At least 10 MSMEs are supported in countries with Tier 2 projects.	FP/NIU reports.  Annual country progress reports.  Supervision reports/BTORs.	MSMEs will have access to technical and financial assistance.  Doing business in-country and across borders becomes favorable to encourage MSMEs in the sector.

Output 6	Indicators	Baseline December 2015	Target (End of EIF Phase Two) December 2022	Source/Frequency	Assumptions
<b>Op6 Support to the EIF Countries to leverage (directly and indirectly) additional funding.</b>	<u>Op6.1</u> Number of actions undertaken by all EIF partners in support of leveraging finance and expertise.	4	At least 80% of countries with Tier 2 projects have a plan of action, of which 100% have been implemented. (Increase of 5% annually of leveraged funding).	FP/NIU reports.  Annual country progress reports.  Supervision reports/BTORs.	Greater AfT contributes to integration into the global trading system.  That EIF partners are willing to operate in a coordinated manner, both those involved in the EIFTF and other bilateral DPs, as well as NGOs and philanthropic organizations.
	<u>Op6.2</u> Number of projects funded by donors related to the DTIS AM.	2	At least two per year per EIF Country.	FP/NIU reports.  Annual country progress reports.  Supervision reports/BTORs.	Ability of the ministry responsible for trade to engage donors on the national trade agenda.
	<u>Op6.3</u> Number of EIF projects significantly co-financed.	2	At least one per year per EIF Country.	FP/NIU reports.  Annual country progress reports.  Supervision reports/BTORs.	Donor financial resources will be available at reasonable levels during EIF Phase Two.

## Explanatory note on the EIF Phase Two logical framework

Purpose of the explanatory note<sup>6</sup>

78. This note will help EIF partners to make the best use of the updated EIF Phase Two logframe when designing project proposals and managing both Tier 1 and Tier 2 projects, by:
- Helping partners design logframes with a clear focus on results;
  - Ensuring that project teams have all the necessary information to be able to monitor progress and measure performance throughout the life of the project in each EIF Country; and
  - Ensuring that the ES and the EIF partnership have the necessary information to be able to take informed decisions about the likely success of the project, report results achieved to the EIF Board and other stakeholders and alter assumptions when necessary.
79. Explanatory notes are provided for indicators at each level of the results chain that would otherwise require clarity in measurement. The aim is to ensure that each project can be linked to the programme-level logframe and that the outputs and the outcomes flow logically. The result will be that new projects are designed and delivered in an effective way that links to the identified objectives set out in the updated Compendium of EIF documents.
80. Indicators are to be monitored over the entire phase of the programme, and the framework will provide the ES with flexibility to update the indicators when necessary, with agreement from the EIF Board.

### The principal changes to the EIF Phase Two logframe:

1. The purpose has been excluded, and the impact is the high-level result that the EIF is expected to contribute to;
2. The number of outcomes has been reduced from four to two and reflects both Tier 1 'Support to NIAs' and Tier 2 projects; and
3. The outputs and associated indicators have been delineated and refined to reflect the activities supported by the EIF. Wording at each level of the results chain, including the associated indicators, has been refocused and rephrased to add greater clarity on what is being measured.

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<sup>6</sup> This note is subject to revision, and explanations will be refined and updated in response to feedback from the EIF partnership to add greater clarity where required.



Impact	Context Indicators	Explanatory Note
<b>The EIF Countries are integrated into global trade in a way that contributes to poverty reduction and sustainable development.</b>	<u>I1</u> LDC share of non-oil global exports.	The total export of goods and commercial services (excluding oil exports) from LDCs in total world export. It enables the measure of yearly percentage change in total share of LDC exports in world trade. For oil-producing LDCs, this indicator will also separately cover oil exports to provide an overview of the share of oil vis-a-vis non-oil in their total exports.
	<u>I2</u> Value of trade from the LDCs (intra-regional and global) in non-oil trade.	Total value of goods (merchandise trade in particular) and services by the LDCs. This will provide an indication of the LDCs' trade balance in goods and services.
	<u>I3</u> AFT flows to the LDCs.	This provides an overview of AfT flows to each LDC as part of overall Official Development Assistance to build trade capacity and infrastructure needed to fully participate in global trade.
	<u>I4</u> FDI in the LDCs.	FDI will provide an indication of the areas/enclaves of FDI concentration, i.e., whether in export-oriented primary production or otherwise. FDI has played an important role in the LDCs in the last decade, as it was a major contributor to the group's capital formation, promoting pro-poor growth and sustainable development and reducing social and income disparities.
<b>Outcome 1</b>	<b>Indicators</b>	
<b>The EIF Countries own a trade agenda conducive to sustainable pro-poor growth.<sup>7</sup></b>	<u>O1.1</u> Number of EIF Countries with trade integrated into their NDPs.	An NDP with an identifiable section relating to trade. This could include having a specific trade chapter or having trade considered in other chapters of the NDP. The chapters explicitly discuss trade policy options (describing how they differ by productive sector; their different impact on vulnerable groups and explicit trade and gender linkages; and

<sup>7</sup> Pro-poor growth refers to economic growth resulting from trade in goods and services that support the livelihoods of the poor. They include trade sectors like agriculture (crop and related products and livestock and related products), tourism, textile and apparel. Each country will define its own pro-poor sectors.

Impact	Context Indicators	Explanatory Note
		<p>consider how to promote trade as a vehicle to alleviate poverty.</p> <p>The quality of the narrative will be assessed by the NIU/MIE using the five-point rating scale (target level set in the logframe) and verified by the ES. Alternatively, an expert could be hired for this.</p>
	<p><u>O1.2</u> Number of EIF Countries with effective trade coordination mechanisms.</p>	<p>Trade coordination mechanisms include formal inter-ministerial mechanisms with a trade focus. For instance, this would include NSCs on trade and trade sector working groups. Effective coordination mechanisms will be assessed with a focus on policy formulation and implementation and will be led at ministerial level with high-level participation across the relevant government agencies.</p> <p>To be measured on a five-point rating scale (target level set in the logframe).</p>
	<p><u>O1.3</u> The number of sector-specific strategies per country integrating trade.</p>	<p>Sector-specific strategies will be trade-related productive sectors, such as agriculture, tourism and industry; and subsectors, such as livestock, transport infrastructure, information, communication and technology and private sector development. It will include national export strategies; cross-border trade strategies; trade facilitation strategies; agriculture/rural development strategies; tourism sector strategies, etc. Trade strategies will also include sector programmes.</p> <p>Integrating will refer to a specific reference to trade and/or alignment or references to trade policies, strategies or programmes. It will also refer to how trade is prioritized in the sector strategies.</p>

Output	Indicators	Explanatory Note
<b>Output 1</b>	<b>Indicators</b>	
<b>Op1</b> <b>Improved evidence-based policy inputs supporting pro-poor trade.</b>	<u>Op1.1</u> The number of quality trade policies updated with support from the EIF.	The total number of trade policies developed or updated in the LDCs will be collated. This will also include trade policy frameworks, competition policy, tax policy and investment policy.  The quality will be measured on a five-point rating scale (target level set in the logframe).
	<u>Op1.2</u> The number of actions in support of improved legislation and participation in fora (includes WTO accession, regional integration, etc.).	Fora include trade-related meetings, seminars and workshops, including WTO accession processes. Actions would include drafting the legislation, stakeholder validation and cabinet approval/government endorsement.  This is a non-exhaustive list. The number of actions will be measured on a five-point rating scale (target level set in the logframe).
	<u>Op1.3</u> Number of quality DTISs developed/updated with support from the EIF.	Diagnostic studies predominantly refer to DTISs and DTISUs as well as other more focused studies (such as sector studies) financed through the EIF. The indicator will include a breakdown by DTIS and other studies.
<b>Output 2</b>	<b>Indicators</b>	<b>Explanatory Note</b>
<b>Op2</b> Strengthened institutional coordination of trade and development.	<u>Op2.1</u> The number of EIF Countries with the NIU integrated into the government system.	In line with the sustainability objectives of the EIF, clear responsibilities for the functions of NIUs (or similar entities supported by the EIF) are fully allocated into the relevant government departments. These functions would include working closely with the ministries of finance, development and planning and other trade-related ministries and institutions, such as the chambers of commerce, the private sector and civil society, to ensure coordination on the national trade agenda and to advocate for the inclusion of trade priorities in the NDPs and in line with ministries' implementation strategies. In addition, a core team

Impact	Context Indicators	Explanatory Note
		responsible for AfT-related coordination in the ministry responsible for trade should be clearly identified and operational (employed by the public service commission with clear terms of reference), including being financially supported by the government.
	<p><u>Op 2.2</u> Number of EIF Countries with a quality functioning public-private coordination mechanism.</p>	<p>Activities will support the high-level dialogue on trade development, which encourages trade initiatives by the private sector.</p> <p>Mechanisms include consultations on policy formulation and implementation; they are chaired at a high level of government; the implementation of decisions is monitored; and they are made up of wide range of stakeholders, including women.</p> <p>To be measured on a five-point rating scale (target level set in the logframe).</p>
	<p><u>Op 2.3</u> Number of EIF Countries with quality (i.e., rated between level 1 and 3 on the five-point rating scale) government-donor dialogue on trade-related matters.</p>	<p>Where it exists, the dialogue should involve two or more DP/government formal meetings per year, with high-level government participation (at ministerial level) and where trade is included as a specific agenda item. These meetings should address trade policy issues and greater coordination of donor interventions.</p> <p>The quality will be measured on a five-point rating scale (target level set in the logframe).</p>
<b>Output 3</b>	<b>Indicators</b>	
<b>Op 3</b> <b>Enhanced human capacity for trade and development.</b>	<p><u>Op 3.1</u> Number of public officials (disaggregated by gender and age) trained in trade-related areas.</p>	<p>Numbers should be disaggregated by gender and key function categories, such as technical, administrative and skills level. The training needs should be based on an adopted capacity-building plan.</p>

Impact	Context Indicators	Explanatory Note
	<p><u>Op 3.2</u> Number of private sector representatives trained (disaggregated by gender and age) in trade-related areas to participate in the national trade agenda.</p>	<p>Private sector refers to businesses and industries, including micro-level and informal enterprises, such as MSME, NGOs, civil society or other related stakeholders to the EIF process outside of the country government system.</p> <p>The training should be based on a training needs assessment and an adopted capacity-building plan.</p> <p>Numbers should be disaggregated by gender and age.</p>
	<p><u>Op 3.3</u> Number of countries with quality information dissemination tools for different stakeholders.</p>	<p>Using different tools, such as websites, social media, newsletters, publications, multimedia, information-sharing exchanges, meetings, trade fairs and manuals produced.</p> <p>This will be reported on a rating scale based on number and quality of communication dissemination products produced. Quality assessment will include transparency, accessibility and updating of trade-related content. The focus will be on accuracy, readability, design and disclosures (including display of authorship, source, date of update, disclosure of ownership and sponsorship).</p>
Outcome 2	Indicators	
<b>EIF Countries increase their presence in international markets.</b>	<p><u>O 2.1</u> Volume of production generated through EIF interventions.</p>	<p>Volume figures of sector-specific products will be collated at the national level. Volume will be measured in International System of Units.</p> <p>Sectors will include agriculture and its subsectors, tourism and industry, such as for textile and apparel, etc.</p>
	<p><u>O 2.2</u> Number of new international markets accessed with support from the EIF.</p>	<p>Market access would be measured by number of new international buyers/international market transactions facilitated and number of export contracts signed through EIF projects that would lead to exports.</p>
Output	Indicators	

Impact	Context Indicators	Explanatory Note
<b>Output 4</b>	<b>Indicators</b>	
<u>Op 4</u> Support to EIF beneficiaries (farmers, MSME stakeholders, etc.), particularly women and youth, to participate in EIF capacity-building initiatives.	<u>Op 4.1</u> Total number of people (disaggregated by gender and age) receiving quality training to better participate in the economy.	This will include the number of people trained through EIF-funded projects not covered under Outcome 1 (policy and institutional support), disaggregated by gender and age.
	<u>Op 4.2</u> Number of awareness-raising activities conducted on gender and environment in relation to trade.	Awareness to include workshops, seminars, radio talk shows and community-level skits.  Environment will also include climate change adaptation-related areas. The activities should be geared towards project beneficiaries thinking of ways to earnestly tackle environmental problems on their own.  Gender activities will focus on gender-inclusive growth in projects supported by the EIF.
	<u>Op 4.3</u> Percentage of direct project beneficiaries that are women.	This is to target gender inclusiveness in projects that are supported by the EIF.
<b>Output 5</b>	<b>Indicators</b>	
<u>Op 5</u> Support to EIF Countries to boost productive capacities and access international markets.	<u>Op 5.1</u> Number of producers/ associations trained in value chain practices.	Value chain practices could include, amongst other areas, packaging, cold storage, logistics, SPS, etc. This could lead to certification by national, regional and international standards bodies/systems, such as National Standards Bodies, Good Manufacturing Practices, Hazard Analysis and Critical Control Point, International Organization for Standardization or other industry standards. Practice may also include sustainability practices, such as organic, fair trade or other environmental standards.
	<u>Op 5.2</u> Number of new technologies	Technology introduced should be new to the community or identified by a nationally recognized institution or ministry as

Impact	Context Indicators	Explanatory Note
	adopted through EIF-supported projects.	new. As use of the technology spreads, adoption rates will be reported.
	<u>Op 5.3</u> Number of MSMEs supported by EIF projects.	At LDC level, MSMEs include farmers' associations that normally have limited financial outlay and are less organized.  MSMEs may be working with the EIF Tier 2 projects, or they could be supported technically and/or financially through a Tier 1 and/or a Tier 2 project.
Output 6	Indicators	
<u>Op 6</u> Support to EIF Countries to leverage (directly and indirectly) additional funding.	<u>Op 6.1</u> Number of actions undertaken by all EIF partners in support of leveraging finance and expertise.	Actions could include activities such as project preparation support activities to leverage finance from bilateral/multilateral funders such as the organization of a donor pledging conference.
	<u>Op 6.2</u> Number of projects funded by Donors related to the DTIS AM.	Productive sector projects funded mainly by bilateral donors without EIF financial support. Projects should come from the EIF-funded up-to-date DTIS AM of prioritized projects.  Projects counted will be those in addition to the EIF Tier 2 projects.
	<u>Op 6.3</u> Number of EIF-supported projects significantly co-financed.	Significantly co-financed refers to projects with at least 20% of the total project costs contributed through another party, such as national government, donor, private sector organization or other partner.  Data will be disaggregated by partners to accurately reflect the source of funding.

## **Risk management**

81. The EIF Results Framework and risk management are inextricably linked in EIF Phase Two. The EIF Results Framework is inevitably based on some assumptions about factors that are beyond the control of the programme and the MIEs. For each output and outcome in the results chain, the framework explicitly notes assumptions related to external factors (e.g., political environment, economy, etc.) that could carry risks. For this, a risk matrix has been developed for EIF Phase Two to monitor and address conditions as needed. At the country level, NIUs/MIEs are required to develop a risk register for each EIF-funded project, which identifies risks, their likelihood of occurrence and severity, mitigation strategies and contingency plans so that changes in risks identified at the country level are fed into the management of individual projects. This risk assessment method at the country level will inform programme-level risks and will provide the ES and the TFM with a mechanism to evaluate risks and determine whether any risk needs to be escalated to the level of the EIF Board.
  
82. In order to facilitate programme-level risk management, each NIU/MIE will produce a semi-annual update on risks of EIF-funded projects at the country level. These updates will be collected into a semi-annual Risk Assessment Matrix for the EIF programme, which includes risk rating and purpose scores across all EIF-funded projects, including trends over time. Any project scoring 3 or less will be required to produce a performance improvement plan indicating how the MIE is responding to the challenges it faces.



#### D. EIF Phase Two Risk and Risk Mitigation Matrix

H=High

M=Medium

L=Low

Risk Type	Risk no./ Category	Risk Description	Impact	Probability	Mitigation	Owner
Reputational risk	1	Insufficient funding to the EIF reduces the programme's predictability in the eyes of LDC governments and implementing agencies, which will lead to countries disengaging with the EIF to engage with more reliable sources of funding or not prioritizing trade in their development agendas.	H	M	<p>EIF partnership to cultivate donor buy-in and support for the programme through sensitization and lobbying to achieve early mobilization of donor support and garner the support of new donors.</p> <p>The Executive Secretariat for the EIF (ES) to produce and distribute relevant literature on the EIF to raise awareness of the programme with Donors and Agencies.</p> <p>The ES and the EIF Trust Fund Manager (TFM) to consistently follow up on donor pledges/commitments.</p> <p>The ES should manage the expectations of the LDC governments to ensure that governments do not over-expect from the EIF.</p>	ES, TFM, EIF Donor Facilitator (DF)
		The EIF does not demonstrate to the EIF partnership that results are being achieved at the global level, which reduces the confidence that partners have in the programme's ability to deliver results.	M	L	<p>The M&amp;E Expert will ensure that the logframe is kept up to date and relevant to the programme's progress.</p> <p>The M&amp;E Expert will ensure that the annual milestones are realistic and that progress is being accurately aggregated</p>	ES, TFM, EIF Focal Point (FP), NIU, DF

					<p>and communicated to the Donors through the annual report.</p> <p>The ES will regularly communicate the programme's progress using the EIF Newsletter.</p> <p>The ministry responsible for trade through the EIF National Implementing Unit (NIU) to continually sensitize and create national awareness of the programme; engage in-country stakeholders in training on capturing and delivering results; quickly address stakeholder needs by translating priorities identified in the Diagnostic Trade Integration Study (DTIS) Action Matrix into Tier 2 projects; and to demonstrate results through a good monitoring system at both project and programme levels.</p> <p>Conduct stakeholder, including the DF, buy-in activities throughout project implementation.</p>	
		Negative publicity (both local and international) from negative audit findings, severe cases of fund misuse or violation of human rights that is not quickly and effectively managed by the ES/TFM will damage the EIF's reputation with Donors. This will reduce the likelihood of Donors	M	M	Through the various in-country mechanisms (public-public, public-private and public-donor) for stakeholder engagement and raising awareness of governments to the importance that donors place on good financial management and governance, emphasis will be placed on the need to strengthen	ES, TFM, FP, NIU, DF

		contributing additional funds to the programme, and new donors will be dissuaded from joining the EIF.			<p>and improve financial control systems.</p> <p>The EIF will work to support LDC Governments in instituting good governance and financial discipline.</p> <p>The TFM will swiftly and accurately report all cases of financial misconduct to the EIF Board and follow set procedures to cease funding partners where necessary.</p> <p>The EIF Board will consider all cases of financial misconduct and advise the TFM where necessary.</p> <p>The TFM will follow its audit and fiduciary procedures to ensure that due diligence procedures are undertaken for all Main Implementing Entities (MIEs).</p>	
		Lack of capacity of the NIU to integrate poverty, gender and environmental programming through reflecting inclusiveness with respect to the poor, gender and vulnerable groups as well as environmental concerns in project planning, implementation and management processes that will affect project results.	H	M	<p>The NIU will dedicate significant resources to integrate poverty, gender and environmental issues into EIF-supported projects. EIF capacity building to focus on inclusion of the poor, women, youth and vulnerable groups of society to participate in the national trade agenda.</p> <p>EIF-supported projects to emphasize a gender-inclusive dialogue in planning and implementation of the national trade agenda. All project proposals should include gender-related indicators, which</p>	NIU/MIE, ES, TFM

					should be monitored and reported annually to EIF partners.	
Political risk	2	Perception of national stakeholders that the EIF is more political than technical and its funded projects are politically influenced rather than of national interest. This will lead to reduced national ownership due to low stakeholder buy-in that will undermine the pace of programme uptake and its effective implementation.	M	M	<p>The ES and the TFM will ascertain that all projects to be funded by the EIF are prioritized in the DTIS Action Matrix and that project monitoring will include stakeholder engagement and clear messaging.</p> <p>A number of coordinating mechanisms (public-public, public-private, and public-donor) in EIF Countries will be operationalized to enable participation of a large number of stakeholders in each EIF country. Also, meetings, workshops and communications strategies will create opportunities to raise awareness about the EIF and make it inclusive.</p> <p>At the programme level, the Annual Report will be reporting against poverty, gender inclusiveness, and environmental sustainability issues to confirm whether the programme is on track in its delivery against the related targets.</p>	ES, TFM, FP, NIU
		Structural and institutional weaknesses in the EIF Countries resulting from conflicts constrain their ability to implement projects.			The ES and the TFM will monitor country situations and periodically launch an assessment of the institutional capacity and the security situation for continuous engagement.	
Fiduciary and financial risk	3	Weak financial management capacity of NIUs for EIF-funded projects will	M	M	The ES and the TFM will put into place a financial and programme monitoring	FP, NIU TFM, ES

		lead to a poor utilization of funds, delays in disbursing funds for project activities or misuse/fraudulent use of funds, which will affect project implementation and ultimately lead to poor project results.			system that includes regular spot checks, internal audits and due diligence checks and support the NIUs with financial management capacity-building training.	
		Inadequate mobilization of financial resources by ministries responsible for trade in support of Tier 2 projects will lead to the EIF not being sustainable and undermine the objective of countries being able to increase their share in global trade.	M	M	<p>EIF Country engages stakeholders (government, private sector and donors) in the DTIS/DTIS Update and conduct a round-table conference on the DTIS Action Matrix priorities and mid-term program so that prioritized projects can be supported by the government, bilateral donors or other development partners or through multilateral funding arrangements.</p> <p>The TFM and the ES will keep Donors informed on the progress of programme results and ensure that a country's trade agenda is reflected in the national development plans, trade policy and trade related strategies.</p>	FP, NIU TFM, ES
		Non-compliance with contractual obligations by the MIEs, including the government, which will lead to delays in project implementation, which will negatively impact results in terms of delays in achieving project objectives or to a reappraisal of components of the project.	M	M	The ES in collaboration with the TFM should closely monitor progress made by MIEs against the deliverables elaborated in the MOUs. The EIF National Steering Committee (NSC) Chair and the FP will ensure the submission of timely and accurate financial and programmatic reports according to the ES and the TFM in accordance with the signed MOU. The NIU should cooperate closely with the	Ministry of Trade, FP, NIU, ES,TFM, NSC

					TFM and request relevant training to ensure the compliance of the MIEs, including the ministry responsible for trade and trade-related line ministries implementing EIF-funded projects.	
Policy risks	4	Government delays and/or non-adoption and ultimate implementation of trade-related policies, regulations and strategies produced through EIF support will slow down the uptake of the national trade agenda by both the public and the private sectors.	M	L	<p>NIUs to engage stakeholders early in the policy, regulation and strategy formulation and implementation processes and to mobilize political support.</p> <p>The FP to institute a continual dialogue with private sector stakeholders and trade-related line ministries on the importance of mainstreaming trade into their respective sector development strategies.</p> <p>NIU staff (including international technical advisors, where applicable) will be tasked with broad stakeholder consultation and advocacy to ensure that the EIF process continues to receive support from across the government and the private sector.</p> <p>The DF will be encouraged to support the trade mainstreaming process by advocating amongst donors the allocation of donor resources to trade as a priority.</p>	FP, NIU, ES, DF
Operational risks	5	Lack of an integrated approach to financial and technical monitoring by	M	M	The MIE in collaboration with the ES and the TFM to continually monitor and	NIU/MIE, ES, TFM

		NIUs and other MIEs will affect the achievement of project-level results and thus the overall impact of the EIF.			<p>review project performance, identify constraints to implementation and resolve problems in collaboration with the FP and the NSC Chair.</p> <p>The ES and the TFM will support a sound M&amp;E system of all activities in each EIF Board-approved project. Annual reports from MIEs will offer the opportunity to review past overall performance and adjust plans based on this review and on emerging opportunities for trade and trade reform.</p> <p>The ES will encourage the EIF partners to maintain flexibility in responding to the change in country needs and political context.</p>	
		Low capacity of local/international experts and implementing partners to support project delivery will lead to delays in project implementation and expected results of the project.	M	M	<p>The EIF-supported projects will have an in-built capacity development plan, particularly of local counterparts, to manage and monitor projects and address risks using the risk matrix. A specific funding mechanism has been provided in the EIF for a careful recruitment of international trade experts, where national staff recruitment fails, with the requisite technical expertise and the skills necessary to engage with a broad range of stakeholders in EIF Countries, particularly fragile countries and countries in which trade issues have not traditionally been</p>	NIU/MIE, ES, TFM

					prioritized. The DF's guidance will be sought in the recruitment process.	
		By the end of the EIF support to a national government, the NIU is not integrated into the ministry responsible for trade and therefore lacks the capacity to influence the national trade agenda (Poor aid effectiveness and sustainability).	M	M	<p>The ES will emphasize government ownership to effect sustainability of the project results by supporting the ministry responsible for trade to ensure that staff requirements are included in budget and planning submissions to the ministry of finance so that adequate staffing is guaranteed by the end of EIF support. An important element in this is the Board approved EIF sustainability guideline and the sustainability support window in Phase Two.</p> <p>The FP and the project staff to ensure a continued dialogue on this.</p> <p>Sustainability considerations through capacity building of national staff in trade-related line ministries and resource mobilization are at the center of the EIF programme strategy and will therefore be enforced through a continual dialogue with the government.</p> <p>The ES will emphasize a high-quality training of NIU staff and other partners in trade-related issues, so that staff can deliver on both Tier 1 and Tier 2 projects.</p> <p>The ES will also communicate good practices in sustainability through</p>	NIU/FP, ES, TFM



					different channels, including the website, newsletters and capacity building workshops.	
Global risks	6	Volatility of market prices alongside productivity gains will destabilize the value chain of productive sectors.	M	L	As part of project monitoring activities, prices will be constantly assessed by the NIU/MIE as implementation conditions evolve.  Flexibility to be built into projects designed by MIEs to adapt to change in both local and international prices of products in the productive sectors supported by the EIF.	NIU/MIE, ES, TFM
		Structural and institutional weaknesses in the EIF countries constrain their ability to cope with external shocks including commodity prices, diseases, environmental disasters, and have direct implications for programme implementation at country level.	M	L	The ES and TFM to monitor and inform the Board of events in EIF countries that may impact programme implementation for consideration and guidance.	

## Roles and responsibilities

83. The effectiveness of an EIF M&E Framework is dependent on having clearly defined roles and responsibilities for the different partners. The following Table 1 summarizes the roles and responsibilities of the various EIF partners on M&E.

**Table 1: Roles and responsibilities for M&E and reporting across the EIF partnership**

Partner	Key Roles and Responsibilities in M&E	Role in Reporting
EIFSC	<ul style="list-style-type: none"> <li>Provides strategic advice and guidance to the EIF stakeholders on the implementation of the programme and its overall goals, as well as provides a forum for transparency, information and experience exchanges.</li> </ul>	<ul style="list-style-type: none"> <li>Receives annual progress reports from the EIF Board.</li> </ul>
EIF Board	<ul style="list-style-type: none"> <li>Monitors performance of the ES and the TFM and adopts corrective measures.</li> <li>Adopts and revises the policy for M&amp;E for the EIF partnership.</li> <li>Oversees the M&amp;E Framework.</li> <li>Establishes TOR for external studies and evaluations.</li> </ul>	<ul style="list-style-type: none"> <li>Presents annual progress report to the EIFSC.</li> <li>Receives annual progress reports from the ES and the TFM.</li> <li>Receives quarterly financial reports from the TFM (via the ES).</li> <li>Receives annual certified statements from the TFM (via the ES).</li> <li>Receives financial project completion reports from the TFM (via the ES).</li> <li>Receives final programme reports and financial statements (via the ES).</li> </ul>
ES	<ul style="list-style-type: none"> <li>Establishes the baseline for the programme-level logframe indicators and provides yearly updates on the indicators; this will be used for the annual progress reports; the ES will be supported in this work by the TFM and external support as needed.</li> <li>Together with the TFM, supports (as needed) the NIUs in setting the baseline for projects where the NIU is the MIE.</li> <li>Coordinates and supervises</li> </ul>	<ul style="list-style-type: none"> <li>Coordinates reporting to the EIF Board by all partners, including MIEs at project level.</li> <li>Reports results at the programme and country levels annually to the EIF Board.</li> <li>Receives annual reports from the TFM on project implementation, resource utilization, activities, outputs and outcomes for all projects from a managerial, financial and fiduciary perspective.</li> <li>Receives semi-annual and annual progress reports from the NIU for those Tier 1 and Tier 2 projects for which the NIU is the MIE; for multi-year Tier 1 'Support to NIAs' projects under government implementation, these reports are prepared by the FP/NIU and address the implementation of EIF activities</li> </ul>

	the evaluation of projects, including external evaluations at the programme level.	in-country; this report also includes resource-leveraging and Donor coordination issues and is countersigned by the DF.
TFM	Regularly monitors and analyzes the project portfolio, particularly on managerial, financial and fiduciary issues, in collaboration with the ES on technical/programmatic aspects.	<ul style="list-style-type: none"> <li>• Reports quarterly via the ES to the EIF Board on expenditures on financial commitments, utilization of resources and activities implemented from a managerial, financial and fiduciary perspective.</li> <li>• Receives semi-annual and annual progress reports from the NIU for those Tier 1 and Tier 2 projects for which the NIU is the MIE; for multi-year Tier 1 'Support to NIAs' projects under government implementation, these reports are prepared by the FP/NIU and address the implementation of EIF activities in-country from a managerial, financial and fiduciary perspective; this report also includes resource-leveraging and Donor coordination issues and is countersigned by the DF.</li> <li>• Submits financial project completion reports via the ES to the EIF Board.</li> <li>• Receives reports from the MIEs as specified in the relevant legal agreements.</li> </ul>
FP/NIU	<ul style="list-style-type: none"> <li>• Establishes the baseline for the Tier 1 project logframe indicators, as well as the yearly update on the indicators that will be used for the annual progress report (if the MIE); in this task, the NIU will be supported by the ES and the TFM as needed.</li> <li>• Is responsible for internal project monitoring (if MIE).</li> </ul>	<ul style="list-style-type: none"> <li>• Submits quarterly financial, semi-annual and annual progress reports to the ES and the TFM for Tier 1 and Tier 2 projects (if the MIE); for multi-year Tier 1 'Support to NIAs' projects under government implementation, these reports are to include resource-leveraging and Donor coordination issues and are to be countersigned by the DF.</li> <li>• Submits technical project completion reports (PCR) to the ES and financial and fiduciary PCR to the TFM.</li> <li>• Submits annual audit reports to the TFM.</li> </ul>
MIE	<ul style="list-style-type: none"> <li>• Establishes the baseline for projects and provides yearly updates on the indicators that will be used for the annual progress report.</li> <li>• Is responsible for the internal monitoring of the projects.</li> </ul>	<ul style="list-style-type: none"> <li>• Reports to the FP/NIU, the ES and the TFM semi-annually, annually and upon completion of project implementation in terms of funds utilized, activities implemented, outputs delivered and outcomes achieved on Tier 1 and Tier 2 projects.</li> <li>• Submits progress, financial and project completion reports to the FP/NIU, the ES and the TFM.</li> </ul>

## **M&E**

### **Baseline**

84. Baseline data allows a better assessment of the success or failure of the EIF programme by providing for any differences in outcomes and outputs across the phases of programme implementation. The EIF Phase Two baseline year is established as 2015 for the indicators in the EIF programme logframe. Baseline data will be based on targets achieved for each indicator at the end of EIF Phase One, which are reflected in the EIF Phase Two logframe, and on new information collected through project-level surveys. Each Tier 1 and Tier 2 project approved during EIF Phase Two will establish baseline data to enable efficient and effective monitoring.

### **Monitoring**

85. Monitoring plays a critical role in realizing the results envisaged by the EIF and, therefore, planning for monitoring should be part of the overall project delivery process. EIF Countries should establish a monitoring system that assesses progress of EIF interventions in line with country trade needs and keep in-country stakeholders informed of the results achieved. The monitoring system should clearly identify how progress toward the targeted objectives will be assessed and thus provides the basis for measuring the performance of the MIE. In the absence of effective monitoring, it would be difficult to know whether the intended results are being achieved as planned, whether corrective action may be needed to ensure the delivery of the intended project results, and whether projects are making positive contributions towards the objectives of the programme.
86. At the country level, information produced by the M&E systems should be used to report to different stakeholders (FP, DF, NSC, ES, TFM, civil society, Donors and other DPs) on progress and the performance of a project. The M&E system should be a means to facilitate public awareness and to promote transparency and accountability.
87. At the global level, the M&E system will be used by the ES to review progress against the Change Management Plan and report to the EIF Board as a means to assess the performance of the ES. In addition, the ES will produce annual reports generated from the programme M&E system and submit it to the EIF Board. Each annual report should provide progress against the EIF Results Framework.

### **Evaluation**

88. While monitoring will ensure the tracking of project activities to achieve the desired results during project implementation as an integral part of the project management function, an evaluation of each EIF-funded project, on the other hand, will be independently conducted at discrete intervals, preferably at the mid-term and at completion of the project, along the dimensions of relevance, efficiency, effectiveness, impact and sustainability.
89. Like monitoring, evaluation is an integral part of programme management and a critical management tool. Evaluation complements monitoring by providing an independent and in-depth assessment of what worked and what did not work and why this was the case. Independent evaluation is necessary in order to provide feedback that can be used to improve in-country programming, policy and strategy, identify unintended results and consequences of the EIF programme, which may not be obvious in regular monitoring, as well as

use the information generated to contribute to the EIF knowledge base on development effectiveness. Each funded Tier 1 'Support to NIAs', Sustainability Support, and Tier 2 project (with funding of more than US\$500,000) will be evaluated.

90. At the programme level, EIF Phase Two will be independently evaluated in 2021 in order to:
- Confirm performance and provide final course corrections, if needed;
  - Sum up the evidence on the effectiveness, efficiency, impact and sustainability of the EIF against the objectives of helping the LDCs to integrate into the global trading system and advance their economic and social development; and
  - Provide recommendations for appropriate future directions in mobilizing TRTA for the LDCs, in good time for consideration and possible action by the end of EIF Phase Two.
91. Evaluation costs for Tier 1, Sustainability Support, and Tier 2 projects should be covered by the project budget. The responsibility to coordinate the evaluation of projects and support external evaluation at the programme level rests with the ES with support from the TFM where required. The following Table 2 summarizes the evaluation process at EIF programme and project levels.

#### **Project completion**

92. Upon project completion, a PCR is to be produced for each EIF-funded project, which helps to determine the overall project performance and will be used for feedback purposes. It will serve as a tool to identify the project accomplishments, problems faced and lessons learned. Findings of the evaluation report for each project will therefore inform the PCR.

**Table 2: Evaluation services – procurement and funding**

Level	Frequency	Procurement of Evaluation Services	Funding Source for Evaluation
EIF programme.	Final evaluation in 2021.	Competitive/open bidding based on TOR approved by the EIF Board.	EITF.
Tier 1 'Support to NIAs' projects.	All projects (assuming that these are for five years with initially only three years approved by the EIF Board): <ul style="list-style-type: none"> <li>• Evaluation process to commence 2.5 years from start to feed into the decision for an extension.</li> <li>• Final evaluation (after five years, if the project is extended).</li> </ul>	The ES is to provide guidelines and endorse the final TOR for the evaluation.  Procurement is to follow country procedures but must be: <ul style="list-style-type: none"> <li>• Open tender process.</li> <li>• Service providers independent of the MIE and other government agencies (e.g., a national audit office).</li> </ul>	Tier 1 project budget, to be supplemented as necessary by the EITF.
Sustainability Support	All projects: Final project review to commence at least three months before the end of the project.	The review will be jointly conducted by the MIE, the ES and the TFM. The review will recommend if an independent evaluation of the project is needed.	Project budget, if an independent evaluation is required.
Tier 2 projects (exceeding US\$500,000).	All projects: <ul style="list-style-type: none"> <li>• Mid-term evaluation, as specified in the relevant project agreement.</li> <li>• Final evaluation process to commence at least six months before the end of the project.</li> </ul>	The MIE is to elaborate TOR in cooperation with the ES; the ES and the TFM are to endorse the final TOR.  Procurement is to follow the procedures of the MIE while keeping the ES and the TFM informed; if national MIE, it is to follow country	Tier 2 project budget.

		procedures but must be: <ul style="list-style-type: none"> <li>• Open tender process.</li> <li>• Service providers independent of MIE.</li> </ul>	
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93. In line with the principle that EIF Phase Two will be run according to the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action<sup>8</sup>, the external evaluation will be approached to ensure country ownership of the process. Therefore, the TOR, which will be designed for the different levels of external evaluation, will take into consideration the two documents below that spell out the OECD/DAC principles for the evaluation of development assistance and OECD/DAC quality standards for development evaluation.

- 1. OECD/DAC Principles for Evaluation of Development Assistance  
<http://www.oecd.org/dataoecd/13/60/45438179.pdf>
- 2. OECD/DAC Quality Standards for Development Evaluation  
[http://www.oecd.org/document/29/0,3343,en\\_2649\\_34435\\_45124317\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/29/0,3343,en_2649_34435_45124317_1_1_1_1,00.html)

**Conclusion**

94. The EIF is a complex and ambitious global partnership. Relatively modest funds invested on a per-country basis are intended to be catalytic to the integration of trade and sustainable development strategies. The challenge for the EIF partnership is to ensure that there are adequate resources allocated and a clear M&E Framework to ensure that the ES, the TFM and the EIF partners both in their own capacity and jointly can manage for results.

95. To adequately implement the EIF M&E Framework across a programme that has 51 beneficiaries at different stages of the programme, it is important that M&E capacity be built at the country level, which will require ongoing support to embed the results orientation into the national EIF programmes. Therefore, it is important that the ES, the TFM and/or the MIEs will provide *ex ante* support on M&E in the project design phase, as well as during project implementation. The agenda for support and capacity-building for M&E will be based on the specific needs and will be provided using internal and external resources as is seen fit by the ES Expert on M&E. For M&E-specific information, go to: [www.enhancedif.org](http://www.enhancedif.org).

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<sup>8</sup> <http://www.oecd.org/dataoecd/11/41/34428351.pdf>.

## Annex A

### **Terms of Reference**

#### **EIF Phase Two**

#### **EIF Steering Committee**

##### **Mandate**

1. The mandate of the EIFSC is to provide strategic advice and guidelines to the EIF stakeholders on the implementation of the EIF programme and its overall goals. Bearing in mind the objective of integration of the LDCs into the multilateral trading system, the EIFSC will consider and transmit through the existing system-wide reporting mechanism on the LDCs the contributions of the EIF towards the 2030 Sustainable Development Agenda and the implementation of the Istanbul Programme of Action. The EIFSC will also provide a forum for transparency, information and experience exchanges.

##### **Functions**

2. The functions of the EIFSC are to:
  - Provide advice, guidance and recommendations on the overall goals of the EIF and on the overall implementation and effectiveness of the EIF programme;
  - Receive and advise on annual progress reports, including progress against the change management plan, the programme logframe, strategic plans and the evaluation presented by the EIF Board; ensure transparency of the EIF process;
  - Be a forum to share information, experiences and best practices by all the EIF partners and other stakeholders such as the private sector, including on:
    - Mainstreaming of trade into national development plans and strategies of EIF Countries;
    - Coherence and alignment of donor trade capacity-building programmes with country policies in EIF Countries;
    - Mainstreaming of other development concerns into country trade policies, in particular gender equality and environmental sustainability;
    - Private sector participation in the EIF processes on the ground; and
    - Mechanisms to leverage additional funding of EIF activities; and
  - Review the EIF Board's recommendations on the results and lessons of the EIF programme and determine action as appropriate.



## **Annex B**

### **Terms of Reference**

#### **EIF Phase Two**

#### **EIF Board**

##### **Mandate**

1. The EIF Board shall serve as the key decision-making body for operational and financial oversight and policy direction within the broad guidelines set by the EIF Steering Committee (EIFSC). The EIF Board shall focus on strategic decision-making; the number of EIF Board meetings will be capped at two, in principle (including one in a Least Developed Country (LDC)), with some flexibility, based on need.
2. The work of the EIF Board shall be guided by the principles set out in the Paris Declaration on Aid Effectiveness, the Accra Agenda for Action and the Busan Partnership for Effective Development Aid Cooperation. The EIF Board shall adopt detailed operational policies and business processes for the EIF operations in line with these principles.

##### **Functions**

3. The EIF Board shall perform the functions outlined below:
  - Establish overall policy direction on strategic, operational and financial matters relating to the EIF and oversee the effective implementation of the EIF as mandated by the EIFSC (delegating authority to the Executive Director of the Executive Secretariat for the EIF (ED) as appropriate in good strategic management practice);
  - Serve as a forum for mutual accountability among the partners, including discussing successes, challenges and lessons learnt. This platform will also be used for sharing examples of good practices, innovations, new developments, policy issues and trends (e.g., around Trade Facilitation Agreement implementation). Materials are to be widely shared among the partnership and reported to the EIFSC;
  - Regularly review the status of the partnership and the programme against the risk management assessment;
  - Supervise the overall management of the EIF process and the Executive Secretariat for the EIF (ES), on the basis of overall annual performance reviews worked out by the EIF Board Chair with the ED covering, among other things, regular tracking, reporting and review of the progress and performance of the portfolio. The performance of the ED will also be assessed against the Change Management Plan. These reviews will cascade down to the ED's performance reviews with ES staff members. Review performance

under this arrangement with the ED and provide direct assessments to the Director-General of the WTO as the administrative host for the ES;

- Review semi-annual reports of the progress of programme implementation against major milestones identifying delays in project implementation and indicating warning signs. Extended or repeated delays will trigger EIF Board review and problem-solving discussions with the ES, the EIF Trust Fund Manager (TFM) and partners involved;
- Perform oversight of the EIF Trust Fund management. Review any significant negative audit findings and take appropriate action. The EIF Board may commission independent auditing of accounts and evaluations;
- Assess the performance of the TFM as a contracted service provider and decide on performance agreements, revised terms, renewal or re-procurement of these services at the appropriate times;
- Approve the annual reports and financial statements for the ES and the TFM;
- Present annual progress reports and strategic plans to the EIFSC; and
- Based on project proposals submitted by the governments and endorsed by the ED and the TFM, considering and approving projects under Tier 1 and Tier 2. Where appropriate, delegate the authority to approve projects to the ED.

Fulfilling these general functions implies, in particular:

- Reviewing and approving the ES and the TFM annual budgets, any modifications thereof and the statements of expenditures;
- Monitoring country-specific progress and operations, for example with possible sample reviews of operations in several LDCs at each EIF Board meeting;
- Deciding on the admittance to the EIF of new beneficiary countries, new donors and other contributors, as well as new observers; approving the Compendium of EIF Documents and amendments thereof, as appropriate; and
- Approving the EIF strategic and resource mobilization plans.

## Annex C

### Terms of Reference

#### EIF Phase Two

#### Executive Secretariat for the EIF

##### Mandate

The overall mandate of the Executive Secretariat for the EIF (ES) is to coordinate the implementation of the EIF objectives, programme and process, in particular by:

- Supporting the EIF Countries and EIF Partners to use the EIF **as a framework** to deliver on the EIF Results Framework and the EIF Strategic Plan;
- Implementing **reform measures** based on the Change Management Plan adopted by the EIF Board for Phase Two of the programme with a view to enhancing the efficiency and value for money;
- Providing the necessary **support to the EIF Board and the EIF Steering Committee (EIFSC)**, including monitoring and evaluating the implementation of the programme; and
- Strengthening advocacy, partnership, resource mobilization, communications and outreach.

The ES is administratively housed in the WTO and is governed by internal WTO rules and practices for all administrative issues relating to its staff and its internal administrative functioning. The ES reports to the EIF Board on all matters of implementation of the EIF programme. The ES is headed by an Executive Director (ED), appointed by the Director-General of the WTO in agreement with the EIF Board. The ED is accountable for the performance of the entire ES to the Chair of the EIF Board.

##### Functions

In fulfilling the overall mandate, the ES undertakes the following tasks:

*Support the EIF Countries and EIF Partners to use the EIF as a framework to deliver on the EIF Results Framework based on the EIF Strategic Plan:*

- Provide general information on the EIF process;
- Provide, in collaboration with EIF Partners, customized support to the EIF Countries' participation in, and benefit from, the EIF programme and process. This includes, among other things, identification and formulation of projects for bilateral, multilateral and/or EIF funding; pre-Diagnostic Trade Integration Studies (DTISs) and DTIS/DTIS Update activities; strengthening of institutional and policy mechanisms;

reduction of supply-side constraints; leveraging of key drivers for investments in trade development; and promotion of gender equality and inclusive trade;

- Advise the EIF Countries to clarify and reinforce in-country governance as well as to develop sustainability strategies, particularly on the integration of EIF National Implementation Arrangements (NIAs) into the national structures and processes;
- Assist the NIAs with on-the-ground advocacy of the objectives of the EIF and a sustainable trade development agenda;
- Provide support to the country-level coordination and consultative process through meeting with local stakeholders, including the private sector, civil society, EIF Donor Facilitators and the donor community;
- Conduct appraisal, monitoring and/or support missions in-country when necessary.

#### Implement reform measures to enhance efficiency and value for money

- Execute reform measures listed in the Change Management Plan and the Programme Framework Document for EIF Phase Two;
- Supervise project delivery and ensure the sustainability of results across the entire EIF portfolio, as well as the performance of contractors, including implementing entities and the EIF Trust Fund Manager (TFM) as EIF service provider; and
- Ensure that programme delivery is efficient and effective and shows value for money.

#### Support EIF governing bodies (EIF Board and EIFSC)

- Provide administrative and secretarial support to the EIF Board and the EIFSC;
- Prepare documentation, reports and recommendations to be submitted to the EIF Board and the EIFSC for approval or for information;
- Implement and/or monitor the follow-up of EIF Board and EIFSC decisions;
- Ensure sure that the projects submitted to the approving authority (the EIF Board or the ED) meet certain quality thresholds and approve projects that fall within the delegated authority;
- Manage the monitoring and evaluation (M&E) functions at the EIF programme level, as required by the M&E Framework;
- Monitor and track the implementation and developments throughout the EIF process, including the preparation of annual work plans, budgets and progress reporting;
- Ensure transparency among all stakeholders and effective overall management of the EIF process by the EIF Board and the EIFSC;
- Prepare ES annual work programmes and budgets submitted to the EIF Board by the ED; and
- Sign a performance agreement with the TFM, monitor the performance of the TFM and submit TFM reports, annual work plans and budgets to the EIF Board.

#### Advocacy, partnerships, resource mobilization, outreach and communications

- Bring together the EIF Countries and DPs in a common platform to increase the efficiency and effectiveness of trade-related technical assistance going to the Least Developed Countries;
- Establish appropriate partnerships and coordination with global and regional institutions and Aid for Trade mechanisms to support the objectives and delivery of the EIF and formalize them as required;
- Establish clear work programmes with the TFM in line with the ES and TFM TOR and regular communications to ensure coordination;
- Link to and leverage partnerships in key thematic and functional areas;

- Lead the resource mobilization efforts for the EIF at the direction of the EIF Board;
- Advocate the EIF to existing and potential donors, governments, the private sector, civil society and EIF core and potential partners and within the global and regional development platforms;
- Raise the profile and visibility of the EIF in order to build a wider constituency of support for the programme, including through the organization of joint events with existing and potential partners of the EIF;
- Develop joint knowledge products and tools with different partners and disseminate them to stakeholders; and
- Conduct training and capacity-building events at national, regional and global levels in relation to EIF strategic and operational matters.

### **Other**

The ES shall perform other functions relevant to the mission and objectives of the EIF as may be decided by the EIFSC, the EIF Board and the ED.

## **Annex D**

### **Job Description**

#### **EIF Phase Two**

#### **Executive Director of the Executive Secretariat for the EIF**

##### **General functions/responsibilities**

3. The ED has the primary responsibility of managing the Executive Secretariat for the EIF (ES), which is housed administratively in the WTO. He/she directs the ES and is responsible for the fulfilment of all its responsibilities, as outlined in the Terms of Reference (TOR) for the ES. The ED reports to the EIF Board on all matters relating to the implementation of the EIF programme and remains accountable to the EIF Board. On all administrative matters related to its staff and the operation of the ES, he/she reports to the Director General of the WTO. In ensuring that excellent support services are provided to EIF Countries, the ED shall in particular:
  - Manage the ES with a view to ensuring the implementation of the TOR for the ES and the decisions made by the EIF governance structure: the EIF Steering Committee and the EIF Board;
  - Act as the ex-officio Secretary to the EIF Board;
  - Agree on the annual objectives of the ES with the Chair of the EIF Board and report to the EIF Board on progress achieved and achievements made to facilitate a more structured approach for performance review;
  - Coordinate, facilitate and provide leadership in the implementation of the role of the ES in the EIF processes, based on feedback from all stakeholders and on results of Monitoring and Evaluation at the country and EIF programme levels;
  - Serve as the key public advocate for the EIF in international fora and with civil society and the business communities;
  - Lead in the mobilization of resources for the EIF;
  - Strengthen partnerships with the EIF Agencies and build and strengthen partnerships with new partner organizations and/or initiatives and enter into formal understanding with them, as and when required;
  - Define detailed job descriptions for all ES positions necessary, streamline their functions, including reallocation, consolidation and/or merging of certain positions, with a view to enhancing value for money to fulfil the tasks outlined in the TOR for the ES in an efficient and effective manner;
  - Supervise the ES staff and conduct their Performance Evaluation Reviews, or delegate such responsibility to individual line managers and finally endorse their recommendations;
  - Present to the EIF Board a budget for the operation of the ES and for managing global activities for approval, and manage them efficiently and effectively, guided by the principle of value for money;

- After the completion of the quality assurance exercise, endorse productive capacity-building (Tier 2) project funding proposals for approval by the EIF Board and approve analytical and institutional support (Tier 1) projects, feasibility study support and project preparation support as delegated by the EIF Board. Communicate EIF Board project approvals and decisions in writing to the Trust Fund Manager (TFM) for action; and
- Set an Annual Performance Agreement for the TFM in consultation with the TFM and the EIF Board, monitor the TFM's performance with the EIF Board Chair and report to the EIF Board on an annual basis, through the ED's overall report to the Board.

## **Annex E**

### **Terms of Reference**

#### **for the EIF Trust Fund Manager for EIF Phase Two**

##### **Introduction**

1. Aid for Trade provides a framework that links trade assistance activities, from capacity-building training to trade policy and strategy development, within a coherent national development plan. Least Developed Countries (LDCs) face supply-side constraints that severely limit their ability to benefit from trading opportunities. They face trade integration obstacles in technical and hard infrastructure capacity, human resources, as well as managing adjustment and transition costs. To overcome these constraints and realize the benefits from trade, LDCs must build awareness of such opportunities and utilize them, which help the LDCs create an enabling environment for enhancing their participation in international trade.
2. In recognition of these challenges, the Integrated Framework (IF) was established in 1997 as an international initiative to assist LDCs in using trade as an engine for growth by mainstreaming trade into their national development plans and to coordinate delivery of aid to them. In 2007, the IF was revamped into the present Enhanced IF (EIF) which became operational in October 2008. This Phase One of the EIF will end on 31 December 2015. In 2014, a comprehensive evaluation of the EIF was carried out, which led to the extension of the EIF for another seven years into EIF Phase Two, which will start on 1 January 2016 and will last until 31 December 2022.
3. The EIF aims at creating a strong and effective results-oriented partnership among all its stakeholders. This involves a close cooperation amongst the LDCs, the current 24 Donors to the EIF Trust Fund, eight International Agencies, the Executive Secretariat for the EIF (ES), the EIF Trust Fund Manager (TFM) and other DPs who are supporting the LDCs' integration into the global trading system with a view to contributing to poverty reduction and sustainable development. The EIF is managed by the ES, which is administratively housed at the World Trade Organization (WTO).
4. As the EIF is financed through a multi-donor EIF Trust Fund (EITF), the services of a TFM are required to manage the EITF contributions, whether bilateral, regional or multilateral. In Phase Two of the EIF, the TFM shall act as trustee undertaking full fiduciary responsibility of the EITF, reporting on the discharge of its responsibilities to the Executive Director of the ES (ED). The function of the TFM shall be predominantly focused on, but not limited to, disbursing financial resources allocated to projects provided binding appropriate agreements are in place; reporting on all financial aspects of the EITF; advising on project formulation for fiduciary matters; managing cash flow management; participating in project appraisal and monitoring in order to carry out its fiduciary trustee functions and fulfilling other functions as mutually agreed with the EIF Board and the Donors. The TFM will work closely and collaboratively with the ES and will be ultimately accountable to the EIF Board and to the Donors through



the EIF Board, as provided for in the Standard Provisions of the Contribution Arrangements with the Donors to the EIFTF.

5. Phase Two of the EIF places added emphasis on the cohesion between Tier 1 and Tier 2 projects<sup>9</sup> objectives and recognize the different stages of development of beneficiary countries – in doing so, the support provided will be tailored to country level demand.
6. These TOR are to serve as the basis of the TFM's responsibilities and duties when serving in its functions for the EIF. The contractual arrangement, therefore, between the TFM and the EIF Board is based on these TOR, the Contribution Arrangements with the Donors to the EIFTF and the approved TFM's proposal to manage the EIFTF from 1 January 2016.

### **General provisions**

7. The TFM will follow its own financial policies, rules and audit procedures provided that these policies, rules and audit procedures are consistent with the objectives and modalities of the EIF and the trustee functions described in these TOR. Any proposed amendments to TFM policies, rules and audit procedures, which are relevant for the EIF, will be subject to mutual agreement in writing between the TFM and the EIF Board and to the Donors to the EIFTF. The TFM will be represented ex officio on the EIF Board and the EIF Steering Committee (EIFSC).
8. The TFM will be required to demonstrate value for money from the management of the EIF. Value for money will include demonstrating that administrative costs and fees for services are minimized, the management processes are designed to maximize cost effectiveness, and funds are allocated to ensure the greatest possible impact of the projects. Value for money also means that the TFM will strive to procure goods and services for projects approved by the EIF Board and the ED, conduct project financial and fiduciary management, and contribute to evaluating the projects, given available resources, in an efficient manner.

### **Responsibilities of the TFM: TFM services**

9. Phase Two of the EIF will commence on 1 January 2016. The full TFM services and the below provisions are required from this date to ensure continuity of the programme. To the extent possible and allowing for any necessary administrative adjustments, there should be minimal disruption to the project approval process and disbursements.

### **Trustee function**

10. The TFM will have full fiduciary responsibility and accountability for the EIFTF. Fiduciary responsibility is defined as a relationship imposed by law where someone has voluntarily agreed to act in the capacity of a "caretaker" of another's rights, assets and/or well-being. The fiduciary owes an obligation to carry out its responsibilities with the utmost degree of good faith, honesty, integrity,

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<sup>9</sup> Tier 1 projects include pre-Diagnostic Trade Integration Studies (DTIS), DTIS/DTIS Updates and 'Support to National Implementation Arrangements' projects. Tier 2 projects include priority projects identified by EIF Countries to build up trade-related and supply-side capacities. For additional information, please refer to the Compendium of EIF Documents: A User's Guide to the EIF, available at: [http://enhancedif.org/en/system/files/uploads/eif\\_user\\_guide\\_compendium.pdf](http://enhancedif.org/en/system/files/uploads/eif_user_guide_compendium.pdf).

loyalty and undivided service in the beneficiary's interest.

11. This responsibility includes all the appropriate trustee functions of the EIFTF, including the following:
  - I. Acceptance of pledges;
  - II. Negotiation and conclusion of agreements or arrangements with Donors. Each Donor and the TFM shall enter into a Contribution Arrangement (or similar contractual arrangement), which shall be in form and substance satisfactory to each Donor and which shall be governed by the Standard Provisions applicable to all Donors, and credit the funds to the EIFTF in a timely manner;
  - III. All relevant functions for the administration of the EIFTF, including but not limited to:
    - a. Collection, custody, and investment of voluntary contributions;
    - b. Preparation of annual and timely TFM budgets by October of every year;
    - c. Disbursements on the basis of approved projects by the EIF Board, provided that the appropriate legal documentation is in place and that such disbursements do not exceed the funds that are available in the EIFTF;
    - d. Monitoring of expenditures to ensure that funds are used for the intended purposes;
    - e. Ensuring of reimbursement by Main Implementing Entities (MIEs) of misused funds;
    - f. Timely financial reporting to the EIF Board and to the Donors, including quarterly interim reports, certified reports as of 31December of every year no later than 30 June of the following year, and sharing of audits;
    - g. Financial information on expenditures at the country level should be into an appropriate data and information system, including expenditure broken down into individual budget lines in each category and updated quarterly; it should also be prepared at the country level and updated on a quarterly basis;
    - h. Planning and programming of anticipated income and commitments/disbursements and preparing and updating of funding forecasts for the EIF Board;
    - i. Management of the EIFTF balance to ensure that large balances are not accumulated, including the coordination of Donor contributions that reflect efficient management of resources; and
    - j. Competitive procurement, as and when required and upon request, and contract management for the delivery of services.
  - IV. Attendance and participation, ex officio, in EIF Board and EIFSC meetings;
  - V. Attendance and participation in EIF constituency meetings, EIF working groups and EIF training workshops, as requested and as needed; and
  - VI. Participation in the design and development of EIF programmatic and operational tools and policies, as requested.

### **Managerial administration**

12. The TFM, as part of its managerial administration duties, will establish budgets in the financial system, and develop, in collaboration with the ES, reporting templates.

### **Preparation of master and annual work plans**

13. The TFM will prepare its own annual work plans as main programmatic instruments, including its operational budget and an internal logical framework matrix for the TFM's interventions as well as internal and external Monitoring and Evaluation (M&E) purposes by October of every year. The TFM will coordinate its work plans with the ES. Annual work plans will be submitted to the EIF Board in the third quarter for consideration and approval.

### **Preparation of budgets**

14. The TFM will prepare annual EIF budgets and submit them to the EIF Board for approval in a timely fashion, no later than October of each year. Budgets will include information on previous year's budgets and justification for any changes. The ES shall provide all the necessary information to the TFM, including its own operational needs, as well as information about Tier 1 and Tier 2 projects forthcoming and contribution forecasts, to ensure that the TFM can prepare the required budgets.

### **Allocation of funds to the ES**

15. Following the approval by the EIF Board of the budget for the ES, the TFM will transfer the approved amount to the WTO in its capacity as the administrative host of the ES in order for the ES to carry out the functions described in its TOR. It is the responsibility of the TFM to ensure that all relevant legal documentation is in place in order to make such transfer of funds while retaining its full fiduciary responsibility. It is the responsibility of the WTO to provide all the necessary financial reports and relevant information to ensure that the TFM can carry out its fiduciary responsibilities as trustee of the EIFTF.

### **Negotiation and conclusion of Partnership Agreements on behalf of the EIF**

16. The TFM will negotiate and conclude Partnership Agreements with the EIF Core Agencies and other agencies wishing to become partners in the implementation of the EIF Phase Two. The EIF Board will review and approve the proposed Agreements before signature.
17. It is understood that such Partnership Agreements aim at facilitating the preparation of project approvals and the conclusion of Implementation Agreements where the Partner Agency is chosen as the MIE, as well as monitoring the fiduciary and financial management of project implementation by the TFM of such projects. In this connection, it is also understood that when funds are disbursed by the TFM to a Partner Agency, the financial regulations and rules of that Agency are used, and the full fiduciary responsibility of the TFM is therefore exercised in accordance with the implementation modalities stipulated in the Partnership Agreement between the TFM and such Agency as approved by the EIF Board.

### **Negotiation and conclusion of agreements with EIF Country governments and other MIEs on behalf of the EIF**

18. The TFM will also draft and conclude agreements with the EIF Country governments (usually through Memoranda of Understanding) and other implementing entities for the implementation of EIF Tier 1 and Tier 2 projects. The signature of the agreements will take place only once the EIF Board has approved the specific project and the TFM has been officially informed in writing of this approval by the ED accordingly. The TFM will circulate the template agreement to the government for clearance and internal review. Provided that the government has cleared the document and provided all necessary information for the agreement, the TFM will provide the final agreement to the government for its signature within five (5) Switzerland business days following the approval of the project by the EIF Board.
19. As requested by the EIF Board and the ES, the TFM will seek competitive bids before negotiating and entering into contracts with agencies and private sector associations, and into agreements with civil

society organizations and/or Non-Governmental Organizations (NGOs), before such an entity has been designated as an MIE.

### **Project financial management**

20. The TFM will be responsible for the overall financial management of resources allocated to the EIFTF. To this end, it is expected that the TFM will enter into the relevant legal agreements and Partnership Agreements (or similar) with recipients of the funds and assume and retain full fiduciary responsibility for such projects and the disbursement of funds.
21. The TFM is expected to supervise the compliance by all recipients (including Partner Agencies) with the fiduciary aspects of the agreements. To this end, the TFM shall ensure that appropriate provisions are in place in order to be able to promptly suspend or cancel disbursements to any recipients of funds under the EIFTF in the event of non-compliance or under the terms and conditions included in the relevant agreements, as well as other measures to ensure the proper use of funds.
22. Project financial management activities undertaken by the TFM will include:
  - I. Entering into Legal Agreements, Partnership Agreements (or similar agreements) and any other relevant implementation agreements with any recipient of funds of the EIFTF and warranting that adequate provisions are in place to ensure that the TFM retains its full fiduciary responsibility;
  - II. Monitoring compliance with the agreements by the recipients of such funds. Taking all necessary actions provided for in the agreements in the event of non-compliance and promptly informing the EIF Board or the Donors (as required) of any event that may have a material adverse impact to an EIF project or the overall EIF programme including the escalation of all negative audit findings, and information on fiduciary programme delays to the EIF Board;
  - III. Disbursing funds to MIEs for approved projects in a timely manner and in line with the terms of the respective agreement and monitoring that the funds are used for the intended purposes; disbursement of subsequent tranches of funds are determined by progress on project implementation against predetermined and agreed upon results;
  - IV. Deliver a business-like provision of services to the MIEs such as performance-based payments, when possible, upon consultation with the ES for the elaboration of project milestones;
  - V. Competitive contracting for services delivered by the MIEs, when possible, upon instruction by the ES;
  - VI. Ensuring that proper due diligence including value for money and sustainability is followed by EIF Countries in developing project proposals;
  - VII. Support the NIU in preparing project budgets and review of those budgets, maintaining accounts, tracking expenditure and ensuring reporting based on project work plans, activities and deliverables;
  - VIII. Receiving and reviewing, along with the ES, project reports, including financial reports and narrative reports from implementing entities;
  - IX. Ensuring that expenditures are audited according to agreed-upon frequency and procedures and recording of the same in books of accounts and a projects database;
  - X. Ensuring the closing of project accounts upon completion;
  - XI. Ensuring reconciliation of bank transactions, as applicable;
  - XII. Closing of the TF accounts at the end of the year; and
  - XIII. Ensuring external audits of project accounts.

### **Project appraisal and assessment of the recipients' capacities**

23. The TFM is expected to be involved in the project formulation stage and to carry out the appropriate project appraisal as a desk review related to financial management and monitoring including advice on budget preparation. It is understood that recipients of funds may include (but are not limited to) any EIF Country government entity, any EIF Partner Agency, non-UN Agencies, UN or UN-like entities, NGOs, private sector associations, research institutions, etc., but not private companies.
24. The TFM and the ES shall jointly undertake a capacity assessment which shall include a TFM due diligence assessment of fiduciary aspects for prospective implementing entities.<sup>10</sup> To this end, the TFM shall prepare a Fiduciary Appraisal, which will be part of the Capacity Assessment Report (CAR) prepared together with the ES for each project, undertaking a mission as necessary. The CAR shall be circulated to the EIF Board by the ES for consideration during the project approval process. The CAR, including the Fiduciary Appraisal, shall include a due diligence assessment that reviews the fiduciary implementation capacity of the MIE as well as of downstream partners/service providers once identified. The full due diligence assessment shall include the following aspects:
  - I. National accountability principles;
  - II. Governance structures;
  - III. Financial management and IT systems;
  - IV. Procurement capacity;
  - V. Legal, anti-fraud and anti-corruption policies and capacity;
  - VI. Fiduciary monitoring, supervision and evaluation capacities;
  - VII. Fiduciary risk management;
  - VIII. Fiduciary capacity to implement the project according to the timeline proposed; and
  - IX. Any other relevant assessment of fiduciary capacity as may be needed pursuant to the project and the objectives of such project as outlined in the project proposal.
25. Annual audits of recipients of EIF funds will be made available to the Donors. Additional external independent audits may be undertaken at the request of the EIF Board. For the above-mentioned purposes, the TFM shall develop the necessary tools and processes to be used in the fiduciary appraisal/assessment of the entities and projects at any stage of the EIF programme.

### **Recommendations on strengthening fiduciary capacities**

26. As required, during field missions and the early stages of the EIF process, the TFM will advise the EIF Focal Point and the EIF National Implementation Unit (NIU) in following accountability and fiduciary principles so as to strengthen the EIF Country's ownership of the EIF process and compliance with the EIF rules and procedures.
27. In addition, the TFM will support the ES to put in place a start-up facilitation phase, to be implemented at the beginning of every project, if necessary, to advise the NIU or other national implementation entities on programmatic (ES) and fiduciary and financial management matters (TFM) as appropriate.

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<sup>10</sup> Unless the MIE is one of the EIF Partner Agencies.

28. The TFM will provide recommendations on capacity building and training on fiduciary matters, which are based on the above-mentioned assessments and on agreements with the EIF partners. The agreed-upon capacity-building and training measures will be incorporated as specific activities in the respective Tier 1 and Tier 2 projects and will include time estimates and resources required.

### **Coordination and relationship between the ES and the TFM**

29. The TFM will report to the ED on the discharge of its duties and responsibilities. Cooperation and coordination between the ES and the TFM will relate to the following:
- I. Preparation for EIF Board meetings as relevant to the TFM (reporting, planning, and financial and fiduciary matters);
  - II. Preparation of documentation, reports and recommendations related to projects to be submitted to the EIF Board for approval;
  - III. Joint appraisal, M&E/supervision missions in-country, when necessary;
  - IV. Implementation and follow-up of EIF Board decisions on projects and other matters;
  - V. Training events at national, regional and global levels in relation to the in-country EIF set-up and process;
  - VI. Joint facilitation of knowledge and information-sharing activities between all the EIF partners;
  - VII. Preparation of annual work plans, budgets and reporting;
  - VIII. Support of the ES's management of the M&E function, as required by the EIF M&E Framework;
  - IX. Participation in portfolio performance review meetings to be organized by the ES with MIEs and/or NIUs at regular intervals, and
  - X. Exchange of information and sharing of key official correspondence to, and information on, EIF Countries and the EIF projects.

### **Exchange of knowledge**

30. The TFM will promote the exchange of knowledge on EIF-related fiduciary responsibilities among all EIF partners. The TFM will assist the ES in the organization of global, regional and sub-regional training events aimed at improving fiduciary responsibilities of the programme or the projects funded by it and based on a needs assessment and in coordination with the EIF partners.
31. In addition, the TFM will support the ES to develop a database for common use in coordination and planning purposes.

### **M&E**

32. The TFM will normally carry out supervision missions to each of the EIF Countries to monitor, from a fiduciary perspective, the recipient's correct, efficient and transparent implementation of the projects funded by the EIFTF. All supervision missions will advise on, and thus aim to contribute to, the strengthening of the fiduciary capacities of the recipients in project implementation and management. However, cost-effectiveness should be sought, the responsibilities of the ES should not be duplicated and joint missions should be pursued when relevant. In addition, the TFM staff will be available to the EIF partners through telephone, e-mail, and other communication means. Supervision missions shall be coordinated with the ES and other partners as appropriate.

33. In the case of projects implemented by Partner Agencies as MIEs, supervision missions by the TFM will be undertaken when deemed necessary by the EIF Country government, the ES or the TFM.
34. The TFM will carry out its M&E functions as set out in the M&E Framework found in the Compendium and record on a quarterly basis to keep the online information portal up to date. Information should also be shared with the ES so that the EIF logical framework milestones can be updated annually for the purpose of preparing EIF annual progress reports and to inform programme management decisions including the EIF risk register and mitigating actions.

### **Signing off on the fiduciary aspect of a project**

35. As part of its full fiduciary responsibilities, the TFM will sign off on all fiduciary aspects of Tier 1 and Tier 2 projects, during the appraisal and the implementation phase before disbursing new funds. The appraisal and review of projects shall be done in coordination and consultation with the ES. The TFM will provide recommendations as captured in the CAR to be submitted to the EIF Board during the project approval process.
36. In the event that the sign-off is not provided, the TFM shall promptly submit a report to the ED detailing the reasons for the denial of the sign-off. In the exceptional case where such a project is approved contrary to the TFM's recommendations, the TFM's full fiduciary responsibility for this project shall be limited accordingly.

### **Reporting**

37. The TFM will submit to the EIF Board and to the Donors through the ES the following reports (in accordance with the approved M&E Framework and signed Donor Contribution Arrangements and Standard Provisions):
  - I. Quarterly expenditure reports detailing the TFM's expenditures of the EIF TF for the period (funds committed and spent);
  - II. Six-monthly reports on levels of disbursement;
  - III. Financial details of annual financial performance per EIF Country, showing allocations per country, disbursements (actual spending) and balance as an input to the annual narrative progress report. Information should be also provided for total management (ES/TFM) spending;
  - IV. Annual certified financial reports as of 31 December of every year, no later than 30 June of the following year including accrued interest at the TF level;
  - V. Annual report detailing all contributions and expenditures incurred under the EITF broken down into individual budget lines in each category, as needed;
  - VI. Fiduciary project completion reports for each EIF project;
  - VII. A final report and financial statement, no later than twelve (12) months after the completion of the TFM's mandate, detailing the funds received and the actual expenditures incurred for the trustee responsibilities – TFM Services; and
  - VIII. Interim expenditure reports and other reports as may be reasonably requested.
38. In addition, at each EIF Board meeting or as requested by the EIF Board, the TFM will provide a financial update, including remaining commitment authorities, funding forecasts, information about any negative audit findings and updates on project level disbursements.

39. The EIF Board will decide in consultation with the TFM on whether additional external auditing needs to be done on the TFM.

#### **Activities relating to the general EIF financial overview**

40. The TFM will keep under review the financial management of the EIFTF and, as appropriate, make recommendations to the EIF Board on measures that would improve the effectiveness and efficiency of its operations.
41. The TFM will keep under review the level of resources and commitment authority available in the EIFTF and make recommendations to the EIF Board as appropriate on financial forecasting and the need to undertake fundraising, including formal replenishment processes.
42. The TFM will exercise prudent financial controls to manage the contributions from Donors to ensure that there is a sufficiently high balance to make new programme commitments, and also to ensure that the fund balance does not grow too large.

#### **Performance of the TFM**

43. The TFM will be ultimately accountable to the EIF Board in all respects related to these TORs. UNOPS will submit reports to the Executive Director of the ES (ED) on the discharge of its duties and responsibilities and meet objectives established in an agreed Annual Performance Agreement, set by the ED in consultation with UNOPS and the EIF Board and monitored by the ED with the EIF Board Chair on an annual basis. The report will be shared with the EIF Board on an annual basis, through the ED's overall report to the EIF Board.

#### **Terms of engagement**

44. The TFM will be engaged for a seven-year period. In exceptional circumstances, an extension might be granted through mutual agreement.

#### **Termination of TFM service**

45. Should the EIF, through the EIF Board or the EIFSC, or the TFM wish to terminate the engagement with the programme as TFM, written notice shall be given to the other, providing six (6) months' notice. This termination shall be subject to the continuance in force of commitments assumed to permit for the orderly conclusion of activities, the completion of reports, withdrawal of personnel, fund and property, and settlement of accounts and contractual liabilities. As the TFM will have entered into legal relationships with Donors, Partner Agencies, other MIEs and entities on behalf of the EIF, those contractual arrangements will be adhered to for the winding up of the TFM's activities. The Contribution Arrangements with Donors, particularly the Standard Provisions, provide further information on the winding up of the EIFTF. Any specific issues to be settled and not foreseen by the applicable arrangements will be settled in agreement between the TFM and the EIF Board.



**Conflict of interest**

46. The TFM shall not enter into an agreement to implement any project or other activities funded by the EIFTF without the prior request from, and approval of, the EIF Board.

# PART TWO

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## A Compilation of Guidelines for EIF Phase Two

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*[Part Two will be completed at a later stage as agreed upon with the EIF Board.]*

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