



ENHANCED INTEGRATED FRAMEWORK

Concept Note

Sustainability of EIF Tier 1 projects to support National Implementation Arrangements (NIAs)

Background

1. The EIF programme is designed as a process to support the LDCs to progressively mainstream trade into national development plans and to leverage additional resources for trade development. Since its overhaul in 2008, the programme is driving forward implementation that is action-oriented with demonstrable results on the ground.
2. In this direction, the EIF is focussing on strengthening the overall EIF governance structures to enhance the effectiveness of Aid for Trade (AfT) delivery and trade mainstreaming. In particular, emphasis has been on ensuring that at the country level, the National Implementation Arrangements (NIAs) structure is effectively and sustainably functioning towards achieving the EIF objectives. This structure is supported by a participatory process of relevant stakeholders and by technically equipped officials who are able to provide the necessary policy direction for the programme and undertake effective delivery.
3. The EIF is operating in line with the Paris Declaration on Aid Effectiveness, where sustainability is one of the main guiding principles. Significant efforts have been made to integrate sustainability parameters in the design and implementation of the projects/programme. The EIF Monitoring and Evaluation (M&E) Framework has also laid down specific indicators to assess sustainability of EIF intervention at both country and programme levels, as presented in Annex 2.
4. In the endeavour of reviewing and ensuring sustainability of the EIF programme, the Executive Secretariat for the EIF (ES) and the EIF Trust Fund Manager (TFM) jointly elaborate in this Concept Note key parameters to benchmark the sustainability of Tier 1 projects to guide the EIF countries in continuously monitoring the sustainability of the EIF process in the country and present for the EIF Board's consideration next steps and recommendations in this regard.

Key parameters of sustainability

5. In trade-related assistance and development programmes, sustainability is broadly viewed as the continuity of the project impacts, results and processes beyond the project life. Nevertheless, with differing missions, conceptual outlooks are not equivalent for all institutions.

6. The EIF M&E Framework refers to the sustainability concept as follow: "Sustainability is concerned with measuring whether the benefits of an activity are likely to continue after donor funding has been withdrawn. Projects need to be environmentally as well as financially sustainable". Sustainability is undertaken as one of the five main criteria of the OECD/DAC for evaluating development assistance.

7. It seems to be a common approach to integrate sustainability throughout the project cycle, with some specific parameters to ensure sustainability, including an exit plan, which covers the gradual transfer of management roles and responsibilities, training, funding of recurrent costs, equipment maintenance, etc.

8. Observation from different evaluation practices shows that the following parameters are often considered in evaluating the sustainability of a project/programme:

- (i) Relevance of the project/programme to national priorities and local needs: the project/programme is considered as highly sustainable if it is integrated into the national process and responsive to national priorities or the needs of communities;
- (ii) Ownership, active participation and support of government institutions and other key stakeholders: the more people are consulted at the formulation and implementation stage and committed to carrying on the activity after outside support has stopped, the more sustainable the project is. In this connection, the extent of gender equity and project outreach to vulnerable groups is considered as an important factor of sustainability;
- (iii) Institutional building and support (including a supportive legal/regulatory framework and organizational and management effectiveness) during and after the implementation of the project/programme (sustainability is also often seen to be the sustainability of project/programme outcomes and implementation functions rather than established units);
- (iv) Capacity building and training for key institutions and stakeholders involved in the follow-up of the project/programme process, results and activities (and not necessarily only for staff recruited specifically for the implementation unit);
- (v) Financial support, including fiduciary mechanisms, diversification and predictability of financial sources and cost recovery plans when support from donors has ceased;
- (vi) Effective M&E to ensure the delivery of expected results and the achievement of the project/programme purposes, objectives and sustainability; and
- (vii) Effective exit plan of the project/programme is considered among the key factors of the sustainability. The exit plan should be included in the project design and effectively monitored and evaluated during the implementation of the project. An exit plan is considered as effective if it clearly elaborates on processes/results/activities to be followed after the completion of the project, stages of transition with identification of responsibilities, management and financial sources.

Benchmarking the sustainability of the EIF programme and Tier 1 projects to support NIAs

9. First and foremost, the sustainability of the EIF programme is anchored in its principles of ownership, partnership, the fact that it is demand-driven and its purposes of supporting LDCs'

own drive to set up structures and processes needed to coordinate the delivery of trade-related technical assistance, to mainstream trade into the national development strategies and to build trade capacity. Ultimately, the sustainability of the EIF programme is to be interpreted in the strengthened capacity of the LDCs to lead their country's trade agenda, to integrate into the global economy and to make trade an engine for development and poverty reduction.

10. In this regard, the sustainability of the EIF programme is very much embedded in the sustainability of the NIA structure and its process being set up to deliver on the EIF objectives.

11. The ES and TFM have conducted a desk review of existing NIAs, including issues presented by consultants in the Situation Report and preliminarily benchmarked their sustainability based on common parameters outlined above. The following reflects initial fact-finding and benchmarking:

Relevance

12. The ES and TFM view that, to be relevant in a sustainable way, the NIAs should be in the position to (i) coordinate in-country AfT activities and implementation at national level; and (ii) provide a consultative mechanism between the government and all relevant stakeholders involved in mainstreaming trade into national development plans, Poverty Reduction Strategy Papers (PRSP) and other development plans.

13. The current practices show that while in some countries, the National Implementation Unit (NIU) is part of an AfT management division, which manages not only EIF-funded projects but also other AfT initiatives, there are a number of NIAs almost completely confined to coordinate EIF activities; thus they probably leave aside other AfT projects. This may challenge the relevance of NIAs when funding from the EIF has ceased.

14. In some countries, there are different layers of inter-ministerial consultative mechanisms or steering committees that may undermine the consultative role of the National Steering Committee (NSC) on trade-related issues.

15. To strengthen the relevance of the NIAs, it is crucial that their structure and process be integrated into the national process of AfT coordination and the cycle of PRSPs/national development plans and the role of Donor Facilitators (DF) be strengthened in supporting the NIU to coordinate AfT. Some trends and practices have emerged in LDCs, such as the models of AfT coordination in Rwanda, Mozambique, Lao PDR and Burkina Faso. It is important to analyze these trends and practices from institutional and contextual perspectives in order to share them across countries.

Ownership, active participation and support of Government institutions and relevant stakeholders

16. The ES and the TFM view that the sustainability of NIAs and Tier 1 projects rests on the premise that the full implication of national stakeholders and partners in the EIF implementation will be translated into long-term commitments and actions to build on the work and results achieved during the life of the project.

17. This should be a focus throughout the Tier 1 project on trade advocacy, collaboration, effective coordination and national dialogue on issues affecting the EIF and more generally, the national trade agenda.

18. Most countries have followed the guidelines in the EIF Compendium of Working Documents in that their NSC is composed of high-level members from key ministries, especially trade, finance, planning and development, as well as representatives of civil society and the private sector.

19. To facilitate active engagement and ownership of a wider range of stakeholders, the ES and TFM have been working with NIUs to build up a strong communications platform and in-country communication strategies.

20. To further enhance this parameter of the NIAs' sustainability, first and foremost, the role of each player in the NIAs should be well understood and undertaken, and they are equipped with sufficient knowledge to play their role. This is also a key element in institutionalizing the NIA process and structure. In this regard, the NIU should be qualified as a centre of expertise and knowledge hub to support relevant stakeholders in the NIA structure.

Institutional development and supports

21. The ES and the TFM view is that sustaining the process is as important as sustaining other aspects. In this regard, the NIA and its consultative process should (i) be institutionalized by the government; (ii) build on existing effective institutional set-up for the coordination and implementation of trade-related policies; and (iii) be largely used by line ministries, key stakeholders and donors.

22. Most active EIF countries have the NSC established by government or ministry decision. While the project document includes terms of reference (TOR) and an administrative and fiduciary responsibilities chart for the NSC, the NIU and the Focal Point (FP), these elements are not always made available for NSC members and their respective authorities, and also often do not appear in relevant government documents establishing the NSC. This may prevent the institutionalization of the NIAs' functions.

23. Most Tier 1 projects have reported on the establishment or enhancement of consultative mechanisms between and among government entities and the private sector. However, there are few evidences that these mechanisms have been institutionalized by law or government decree with a clear responsibility of follow-up recommendations thereof.

24. To speed up and sustain the institutionalization of the NIA structure and process, the ES and the TFM view that measures should be taken to encourage line ministries and donors to use the EIF process for AfT coordination and mainstreaming and to assign or second their staff to the NIA. Some good practices have emerged in EIF countries, and it would be useful to analyze these practices in the MTR in order to share applicable practices across countries.

Training and capacity building

25. Key to the sustainability of NIAs is the capacity of the NIU. This is to be the technical hub for disseminating knowledge and expertise on project management and trade mainstreaming. Therefore, capacity building of the staff of the NIU and retaining these staff beyond the project life is a crucial sustainability factor.

26. Beyond the knowledge hub of NIUs, the capacity of human and institutional resources involved in the NIAs and trade mainstreaming should be developed and enhanced in order to promote "buy-in" and to sustain the project results.

27. In the longer term, the capacity of NIAs and relevant stakeholders would only be sustained if in-country training resources and expertise are available, accessible and affordable. The capacity development of local training institutions and a national expert network would therefore be an important element to benchmark the project sustainability.

28. The ES's and the TFM's review shows that training and capacity building have been a major component in Tier 1 projects. However, the implementation varies from one country to another. Some countries focus on training of NIU staff, members of NSC and key ministries on issues of project management and trade mainstreaming/development. Others also include training for the private sector and civil society, as well as on sector-specific issues or generic topics related to business and export promotion.

29. The ES has, in partnership with other agencies, delivered on developing four Capacity-Building Modules for Project Identification and Formulation, for Trade Mainstreaming, for M&E and for Trade and Gender. In the coming course of actions, the ES and the TFM would work closely with the NIUs to develop a training plan and a local expert network to ensure that adequate capacity and expertise are in place to assume post-project activities and process.

30. The ES and the TFM also view that LDCs governments should intensify their efforts to have second more staff to the NIUs or to work with the NIUs/international experts for knowledge transfer.

Financial support

31. It is obvious that the NIA structure and process will not be sustainable if there is not sufficient financial support and a good fiduciary mechanism in place. The current practices show that government funds are often contributed to cover the NIUs' office rent, utilities and small meeting facilities. In some cases, government contributions cover staff as well, for instance in Solomon Islands, Cambodia and Lao PDR. However, government contribution is only planned for the period of project implementation. Very few Tier 1 projects indicate government contribution beyond the project life.

32. The ES and the TFM view that actions should be taken during the Tier 1 project preparation and implementation to expedite government plans to support beyond-project follow-up. A Mid-Term Programme (MTP) development is important in this regard, not only to ensure necessary follow-up activities and financial preparations, but also to help mobilizing additional resources from wider stakeholders.

M&E

33. To sustain the results of supporting and strengthening the NIAs, the Tier 1 projects should be, first and foremost, managed towards the achievement of expected results. In this spirit, M&E throughout the project cycle plays a critical role.

34. The NIU should also integrate a so-called "sustainability-based management" into the project management culture, which means for each project activity planned and implemented, the project should determine conditions to sustain their results and contribute to the achievement of broader project outcomes/impacts/purposes and goals.

35. The ES has provided capacity building on results-based management using the services of IOD-PARC. Eleven EIF Countries with Tier 1 'Support to NIA' projects approved (Burundi, Cambodia, Central African Republic, The Gambia, Lao PDR, Liberia, Nepal, Rwanda, Sierra Leone, Uganda and Yemen) have received training in formulating logframes and using them towards reaching the outcomes or results formulated and setting up M&E systems aligned with existing country systems where feasible.

36. Most active NIUs have identified M&E contact people and support the operation of the M&E Framework at the country level. An EIF M&E workshop was recently held in Uganda for 12 Anglophone EIF countries to support the country in updating their logframe and M&E plan.

37. Most Tier 1 projects have included M&E in their work plan and progress reports. However, focus is mainly placed on financial audit and compliance and less on M&E of performance indicators.

38. The ES and the TFM view that in the next course of actions, further efforts should be intensified to build up and institutionalize in-country M&E systems and to integrate results-based management into the project management. In this endeavour, the ES and the TFM are taking concrete steps to operationalize the EIF M&E Framework at both programme and country levels.

Exit strategy

39. The continuity of the NIAs functioning after the end of the project would depend on how the project prepares and monitors its exit plan with an effective handover of tasks, transfer of institutional memory and identification of responsibilities management and financial resources.

40. Most Tier 1 projects have proposed a common exit practice that is to transform the NIU into a technical unit of the ministry of trade and re-integrate seconded staff into the public service at the end of the project. However, only few Tier 1 projects have indicated a plan with practical steps to be prepared and taken during the project implementation so that this transformation could effectively take place.

41. There are also some countries, such as Cambodia, Lao PDR and Solomon Islands where a department of the ministry functions as the NIU. In these cases, the NIU is supported and staff

trained by advisors paid by the EIF. Although this is a positive development, there is still room for improvement, particularly in terms of more active involvement of government staff, targeted training and keeping sustainability in view.

Next Steps

42. Overall, the ES and the TFM are of the view that key parameters of sustainability have been reflected in the design of the EIF programme as well as of Tier 1 and Tier 2 projects. However, there is no “one size fits all” menu for strengthening the sustainability of NIAs and of the in-country EIF process at large. The upcoming MTR of the EIF programme and the mid-term evaluation of Tier 1 projects provide a crucial window of opportunities to review relevant parameters of EIF sustainability, good practices in place and conditions to share them across countries. The mid-term evaluation of Tier 1 projects should clearly review the actions taken or planned by the governments for the sustainability of the NIU and NIA functions in general, including redeployment of staff, salary issues and an exit plan at the end of the Tier 1 project in order to draw up a roadmap to strengthen the sustainability of the EIF process in the country.

43. In addition, the sustainability parameters of the Tier 1 projects should also be part of the M&E plan to be exercised by the NIUs throughout its implementation and beyond. In light of the observations and benchmarks analyzed in previous sections, the ES and the TFM present in Annex 1 an additional set of actions to be jointly undertaken by the NIU, the ES and the TFM towards strengthening the sustainability of Tier 1 projects, including the realization of full country ownership and financial support from the government.

Recommendation

44. The ES and the TFM recommend that an open-ended small group be established to:
- (i) Further refine relevant parameters for monitoring the sustainability of the EIF programme in general and Tier 1 projects in particular; and
 - (ii) Prepare the way forward to strengthen the sustainability of the EIF programme.

Annex 1: Proposed actions to strengthen the sustainability of a Tier 1 project

1. While key parameters governing the sustainability of the EIF programme should be included in the project work plan and subsequently monitored through the M&E plan, the following immediate actions are proposed to strengthen the sustainability of the Tier 1 project:

2. *Enhancing the relevance and ownership of NSCs through further integration of the NIA process into the government structure:* the NIUs and FPs will work closely with NSC members to (i) prepare a plan to house government staff to be seconded at the start-up of the project or during the project operation, either to sit in the NIU or to work with NIU staff and international experts to tap into knowledge and expertise and to ensure gradual transfer of skills; (ii) establish EIF FPs or liaison officers at technical level in key ministries to work with NIUs; (iii) have the TOR of the NSC, the NIU, the FP and the DF validated by official decision of line ministries and relevant authorities to provide predictability and assurance of the government's recognition of the EIF and the broader AfT role in the national processes and development agenda; and (iv) analyze in-country AfT coordination mechanisms and practical steps to add the coordination of AfT to the NIA portfolio by government decree and subsequently to enhance the NIUs' capacity to coordinate AfT project managements.

3. *Enhancing the role of NIUs as centre of expertise and its AfT coordination:* in this effort, the ES and the TFM will support NIUs through capacity-building modules and communication materials to enhance their secretariat services so that NSC members and relevant stakeholders can be better and more consistently informed of the issues under consultation. To enhance their role of AfT coordination, the NIUs will be requested to collaborate with the DFs to create databases on AfT and to proactively engage in donor coordination and subsequently report on this activity in the country's annual progress reports.

4. *Capacity building:* the ES and the TFM will closely monitor the development and implementation of the project work plans to ensure adequate engagement of local experts in all EIF activities, hence to develop in-country expertise on trade and project management. The ES and the TFM will also support the NIUs to develop a training plan at the start-up of the project, in close consultation with NSC members and relevant stakeholders, which should include training of trainers and capacity building, including fiduciary capacity to the staff of the NIUs, members of the NSC and technical staff of the ministries of trade and other line ministries, business associations, gender associations and civil society. Capacity strengthening should focus on institutions and functions required for AfT rather than the less required personal needs of individuals hired by the NIU or those working for partners. In this regard, the ES and the TFM will work with EIF partners to undertake capacity-needs assessments along with the trade mainstreaming module in order to support the country identifying capacity-building priorities and sequencing supports needed.

5. *Exit plan:* for existing Tier 1 projects, the NIUs will work closely with the ES and TFM to revise and monitor the exit plans developed in the Tier 1 project proposals, with practical steps to be taken during the operation of the projects. Key elements of the exit plan would include, among other things:

- A ministry/government decision to integrate the NIU, if not already integrated, into the ministry's function, with clear provisions on staffing, use of purchased materials/equipment and financing of the NIU operation costs.
- During the first year of Tier 1 project implementation, the government should propose a time-table to second at least three (3) staff to the NIU if this is not done at the start-up of the project.
- At least twelve (12) months before the end of the project, the ministry assigns additional government staff from relevant divisions to work with the NIU on the handover of tasks to ensure a proper transfer of knowledge and institutional memory.
- At least six (6) months before the closure of the Tier 1 project, the NIU in collaboration with relevant ministries and stakeholders, should elaborate a post-project work plan, which includes an agenda for the NIU and the NSC in relation to trade mainstreaming and coordination of AfT. This work plan should be consulted upon with stakeholders, including the donor community and key ministries and should be validated by relevant authorities before the actual end of project.

Annex 2: Measuring the sustainability of Tier 1 projects at the outcome level

1. The EIF M&E Framework provides a set of indicators to evaluate the achievements of Tier 1 project outcomes. Many of these indicators address the sustainability, at outcome level, of the Tier 1 project in general and of NIAs in particular.

2. Outcome 1: Sufficient institutional and management capacity built in EIF countries to formulate and implement trade-related strategies and implementation plans:

- Sustainability of fiduciary management skills and practice: full fiduciary supervision exercised by the FP and the NIU (as specified in the TFM Capacity Assessment Report and project proposal), including support to the NIU by the FP, engagement of the FP with the EIF, engagement of government officials and transfer of skills and knowledge;
- Quality trade strategy in place, formally approved, targets national competitiveness, follows a sector-by-sector approach, links with poverty, gender and the environment and identifies key target markets and issues related to trade facilitation and infrastructure; and
- Up-to-date trade strategy in place with an implementation plan and mechanism/indicators to monitor and revise the plan.

3. Outcome 2: EIF countries mainstream trade into their national development strategies and plans:

- Trade has been fully integrated into PRSPs and/or national development plans and has therefore been included into sector strategies and action plans with appropriate budget allocations; and
- Regular functioning public-private consultation mechanisms with high-level participation across the relevant government agencies and a full range of interest groups. The decisions taken by these meetings are followed up upon with an implementation plan, including monitoring.

4. Outcome 3: Coordinated delivery of trade-related resources (funding, technical assistance, etc.) by donors and implementing agencies to implement country priorities following the adoption of the Diagnostic Trade Integration Study (DTIS) Action Matrix.

- Availability of an annual rolling implementation overview integrating both trade-related government and donor-supported activities. Where it exists, trade is part of a budget support matrix;
 - Frequency of government and donor consultations on trade-related matters; and
 - Existence of joint donor initiatives in the trade area.

5. Outcome 4: EIF countries secure resources in support of initiatives that address DTIS Action Matrix priorities.

- Availability of a medium-term programme integrating DTIS Action Matrix priorities and indicating financing needs to be met through ODA;

- Existence of a government budget for the implementation of its trade strategy; and
- Number and amount of projects funded by donors related to the DTIS Action Matrix.