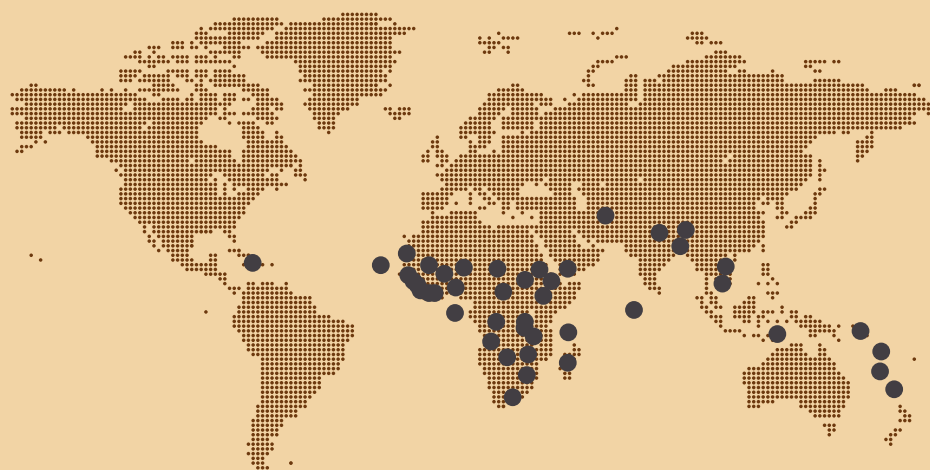


Enhanced Integrated Framework (EIF)
for trade-related assistance for Least Developed Countries (LDCs)

COMPENDIUM OF EIF DOCUMENTS: A User's Guide to the EIF



EIF Countries and Partners¹



EIF Countries:

Afghanistan	Democratic Republic of the Congo	Liberia	Sierra Leone
Angola	Djibouti	Madagascar	Solomon Islands
Bangladesh	Eritrea	Malawi	Sudan
Benin	Ethiopia	Maldives	Tanzania
Bhutan	The Gambia	Mali	Timor-Leste
Burkina Faso	Guinea	Mauritania	Togo
Burundi	Guinea-Bissau	Mozambique	Tuvalu
Cambodia	Haiti	Nepal	Uganda
Cape Verde	Kiribati	Niger	Vanuatu
Central African Republic	Lao People's Democratic Republic	Rwanda	Yemen
Chad	Lesotho	Samoa	Zambia
Comoros		São Tomé and Príncipe	
		Senegal	

Donors to the EIF Trust Fund:

Australia	Finland	Japan	Sweden
Belgium	France	Luxembourg	Switzerland
Canada	Germany	Norway	Turkey
Denmark	Hungary	Republic of Korea	United States
Estonia	Iceland	Saudi Arabia	United Kingdom
European Union	Ireland	Spain	

Current EIF Partner Agencies:



Current EIF Additional Partners:

African Development Bank – AfDB
Common Market for East and Southern Africa – COMESA
Standards and Trade Development Facility – STDF
TradeMark Southern Africa – TMSA
World Bank Trade Facilitation Facility – TFF

¹ New partners may join the EIF at any time.



Enhanced Integrated Framework (EIF)
for trade-related assistance for Least Developed Countries (LDCs)

COMPENDIUM

OF EIF DOCUMENTS: A User's Guide to the EIF

As adopted on 11 April 2011

Compendium Foreword

A warm welcome to this Compendium of documents for the Enhanced Integrated Framework (EIF) – the **complete user's guide to the programme**, developed in consultation with a wide range of partners. This guide brings together essential information on the EIF process directed at everyone involved in the EIF, in-country and internationally, covering operating principles, roles and responsibilities, guidelines, checklists and templates.

The **Compendium facilitates the navigation through different stages of the EIF programme** and sheds light on the support being made available to EIF Countries to access funds from the EIF Trust Fund (EIFTF) and, importantly, how to deliver, monitor and evaluate results. EIF glossaries, diagrams and terms of reference break down programme functions and roles.

- For **Least Developed Countries (LDCs)**, and recently graduated countries, the Compendium explains how to access EIF support to strengthen institutional trade structures, undertake a Diagnostic Trade Integration Study (DTIS) or DTIS update, and coordinate the delivery of trade-related assistance and supply side capacity support. This guide also shows how to use the EIF to promote trade mainstreaming and leverage additional Aid for Trade funds in line with national priorities.
- For **Donors** and members of the international community, the Compendium explains how to fully engage with the EIF trade and development agenda and promote the role of development partners in supporting an EIF Country's trade priorities. This guide also explains how to get involved in facilitating donor coordination on Aid for Trade with the help of EIF mechanisms and address identified national trade and development priorities through bilateral channels.
- For **EIF Core and Partner Agencies**, the Compendium maps out their important engagement with EIF Countries, including the potential to support the development of projects, as well as through the role as implementing partner, where this is demanded by EIF Countries who are leading the national process.
- For EIF global partners, the Compendium provides details of the expected oversight functions in reviewing the overall effectiveness of the programme as members of the Geneva-based **EIF Steering Committee or EIF Board**.

At the Fourth United Nations Conference for Least Developed Countries and the Third Global Review on Aid for Trade in 2011, **the EIF was shown to play a key part in helping LDCs to integrate into the global trading system**. What is needed is to build on this momentum.

EIF Countries need to take up this challenge and make the most of the financial resources available. All EIF national stakeholders have a role to play to promote trade, economic growth and sustainable development and ultimately advance the fight against poverty.

Many Donors have demonstrated active support to the EIF programme through contributions to the EIFTF, as well as through bilateral channels. Both **Donors and Agencies have a key role to play through their ongoing commitment and support** in providing technical assistance and coordinating trade and development issues in-country and globally.

The **strong, active and inclusive partnership** between EIF Countries, Donors, and Core and Partner Agencies is at **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. This user's guide supports the EIF Partnership to undertake this important task.



H.E. Ambassador Anthony Mothae Maruping
Chairman of the EIF Board

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List of Acronyms

AFD	Agence Française de Développement
CAR	Capacity Assessment Report
CEM	Country Economic Memorandum
DAC	OECD Development Assistance Committee
DF	EIF Donor Facilitator
DP	Development Partner
DTIS	Diagnostic Trade Integration Study
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
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
IF	Integrated Framework
IFIs	International Financial Institutions
IMF	International Monetary Fund
ITC	International Trade Centre
LDC	Least Developed Country
MDGs	Millennium Development Goals
MIE	Main Implementing Entity
M&E	Monitoring and Evaluation
NGO	Non-Governmental Organization
NIA_s	EIF National Implementation Arrangements
NIU	EIF National Implementation Unit
NSC	EIF National Steering Committee
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Paper
SPS	Sanitary and phytosanitary standards
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

List of Definitions

“Contribution Arrangements” means the agreements entered into by the Donors and the Trust Fund Manager (TFM), whereby Donors contribute funds to the EIF Trust Fund (EIFTF) and the TFM agrees to provide its services as trustee of the EIFTF.

“EIF Donor Facilitator” or **“DF”** means the donor counterpart for the EIF in an EIF Country.

“Diagnostic Trade Integration Study” or **“DTIS”** means the study assessing the competitiveness of the country’s economy and of the sectors that are engaged or have the potential to engage in international trade.

“DTIS Action Matrix” means the matrix prepared on the basis of the Diagnostic Trade Integration Study (DTIS) and the DTIS Update, which identifies 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.

“EIF Core Agencies” are the founding agency 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 a Least Developed Country (LDC) that has become a beneficiary of the EIF.

“EIF Graduating Country” means an LDC that has been a beneficiary of the EIF and has since been reclassified as a developing country according to the United Nations.

“EIF Partner Agencies” are agencies that have concluded a Partnership Agreement (or equivalent) with the TFM. These can be EIF Core Agencies or other strategic partners.

“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, information and experience exchanges.

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

“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.

“Main Implementing Entity” or **“MIE”** means a government entity or an EIF Partner Agency (e.g., ITC, UNCTAD, UNDP, WB or UNIDO) or other entity (such as DP, NGO, research institute, academic body or private sector consulting firm) 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.

“EIF National Implementation Arrangements” or **“NIAs”** means the national EIF implementation structures in an EIF Country, usually consisting of the FP, NIU, NSC and DF.

“EIF National Implementation Unit” or **“NIU”** means the government unit in an EIF Country designated to assist the FP in the coordination, implementation and monitoring of the EIF in-country.

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

“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.

“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 budget; intragovernmental and government-private sector relations, as well as government-donor relations.

“EIF Trust Fund Manager” or “TFM” means the trustee for the EIFTF.



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What is the EIF?

1. The EIF is an Aid for Trade (AfT) partnership in action for the Least Developed Countries (LDCs). The EIF is a global partnership involving LDCs, donors and international organizations, which support LDCs to be more active players in the global trading system by helping them tackle obstacles to trade. In this way, the programme works towards a wider goal of promoting economic growth, sustainable development and helping lift more people out of poverty. EIF activities are financed through a multi-donor trust fund, the EIF Trust Fund (EIFTF).

History of the EIF

2. In response to the concerns of LDCs regarding their integration into the multilateral trading system, raised during the first WTO Ministerial meeting held in 1996 in Singapore, the Integrated Framework (IF) was established in 1997. The programme was revamped in 2001 and subsequently reviewed in 2005. 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 EIF 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 to match LDCs' demands.

Purpose of the EIF

3. The EIF programme aims at creating a strong and effective results-oriented partnership among all EIF stakeholders. This involves close cooperation amongst the current 23 donors, six Core Agencies, one Observer Agency, the EIF Executive Secretariat (ES), the EIF Trust Fund Manager (TFM) and other Development Partners who are supporting the LDCs' own drive to:

- Mainstream trade into national development strategies;
- Set up structures needed to coordinate the delivery of Trade-related Technical Assistance (TRTA); and
- Build capacity to trade, which also includes addressing critical supply-side constraints.

4. The EIF process aims to strengthen donors' support to a country's trade agenda. LDCs can use the EIF as a vehicle to assist in coordinating donor support and to lever more AfT resources, whereas donors can sign up to the EIF as a vehicle to deliver on their AfT commitments.

Who are the EIF actors and who does what?

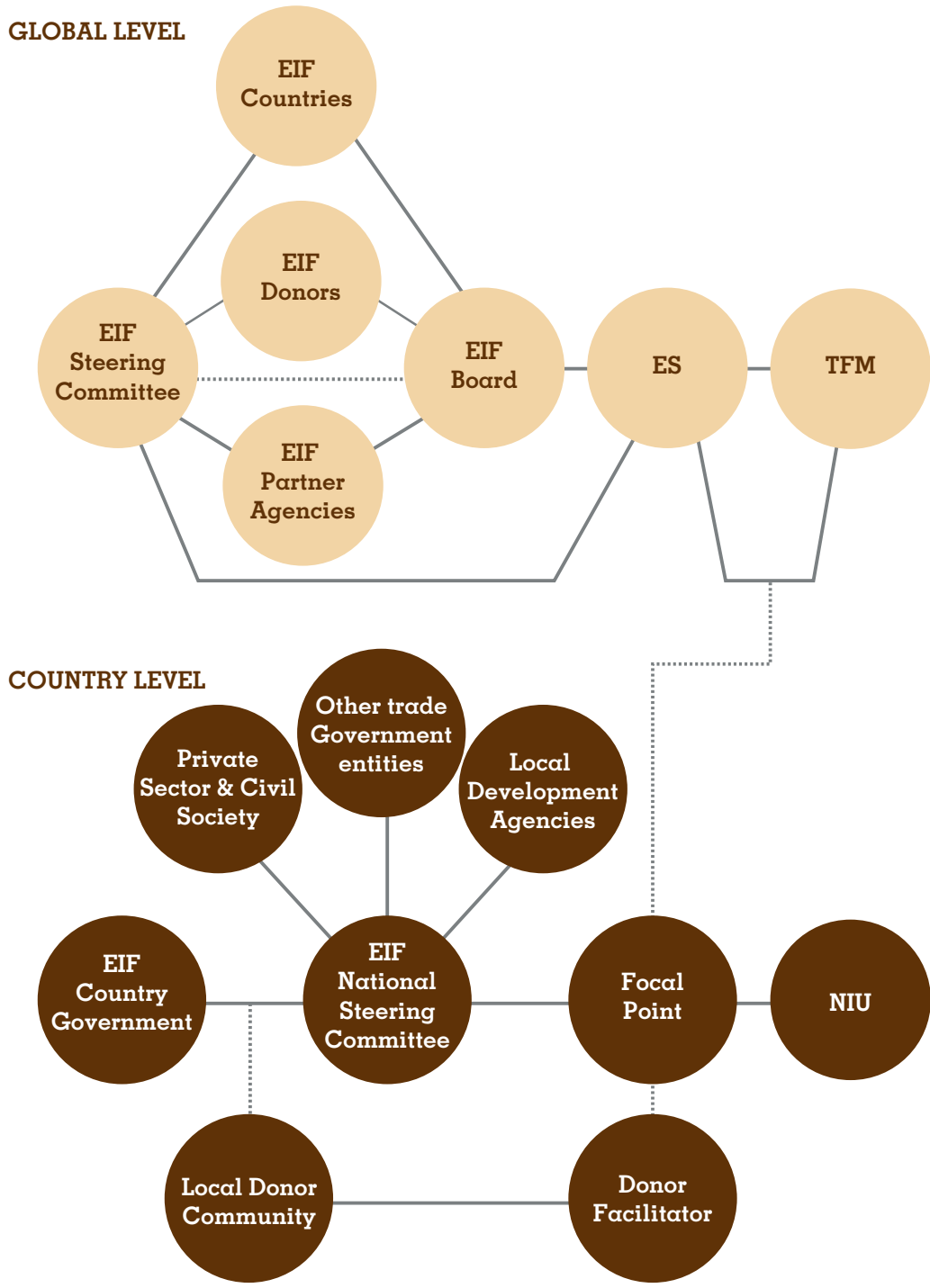
In-country

5. The national **EIF Focal Point (FP)** leads the EIF process in-country – a senior government official appointed by the LDC and supported by a National Implementation Unit (NIU).
6. The **EIF Donor Facilitator (DF)** works with the FP to facilitate donor coordination and the donor–government dialogue on trade issues and AfT. The DF is a representative from 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 the in-country lead donor for TRTA and/or support for supply-side capacity building.
7. The **EIF National Steering Committee (NSC)** is the senior-level forum for decision-making and coordination among government partners on trade, the private sector, civil society and the donor community.

Globally

8. The **EIF Steering Committee (EIFSC)** reviews the overall effectiveness of the EIF and ensures transparency of the EIF process. The EIFSC is made up of all LDCs, all Donors to the EIFTF, the six EIF Core Agencies, the ES and the TFM ex officio, and others granted observer status by the EIF Board.
9. The **EIF Board** is the key decision-making body for the EIF programme for operational and financial oversight and policy direction. The EIF Board is made up of three capital-based LDC and donor representatives each, as well as members from the Core and Observer Agencies, and the ES and the TFM ex officio.
10. The **EIF Executive Secretariat (ES)**, housed in the WTO, works in support of the programme together with the United Nations Office for Project Services (UNOPS), who currently acts as the **EIF Trust Fund Manager (TFM)**.

EIF overall governance framework



How does the EIF work?

11. There are two windows of funding for the EIFTF: Tier 1 and Tier 2. The *Modus operandi* for Tier 1 and for Tier 2, respectively, in this Compendium provides guidance to EIF Countries in developing associated project proposals.
12. The EIF process and funding mechanisms are set out below:

Tier 1 funds pre-DTIS, DTIS/DTIS Updates and 'Support to NIAs'

- i. An LDC submits a request to become an EIF Country, which is followed by a Technical Review. Once approved, the LDC builds up in-country support for the trade and development agenda through stakeholder outreach, advocacy and awareness-raising and sets up a national EIF structure. **This phase is supported by EIF pre-Diagnostic Trade Integration Study (DTIS) funds of up to US\$50,000 and is available only to new entrants to the programme.**
- ii. The next phase for the new entrants is to undertake a **DTIS** to identify constraints to competitiveness, supply chain weaknesses and sectors of greatest growth and/or export potential. The DTIS includes an Action Matrix, i.e., a list of priority reforms, which is validated by national stakeholders and by the government. **This is supported by EIF DTIS funds of up to US\$400,000.**

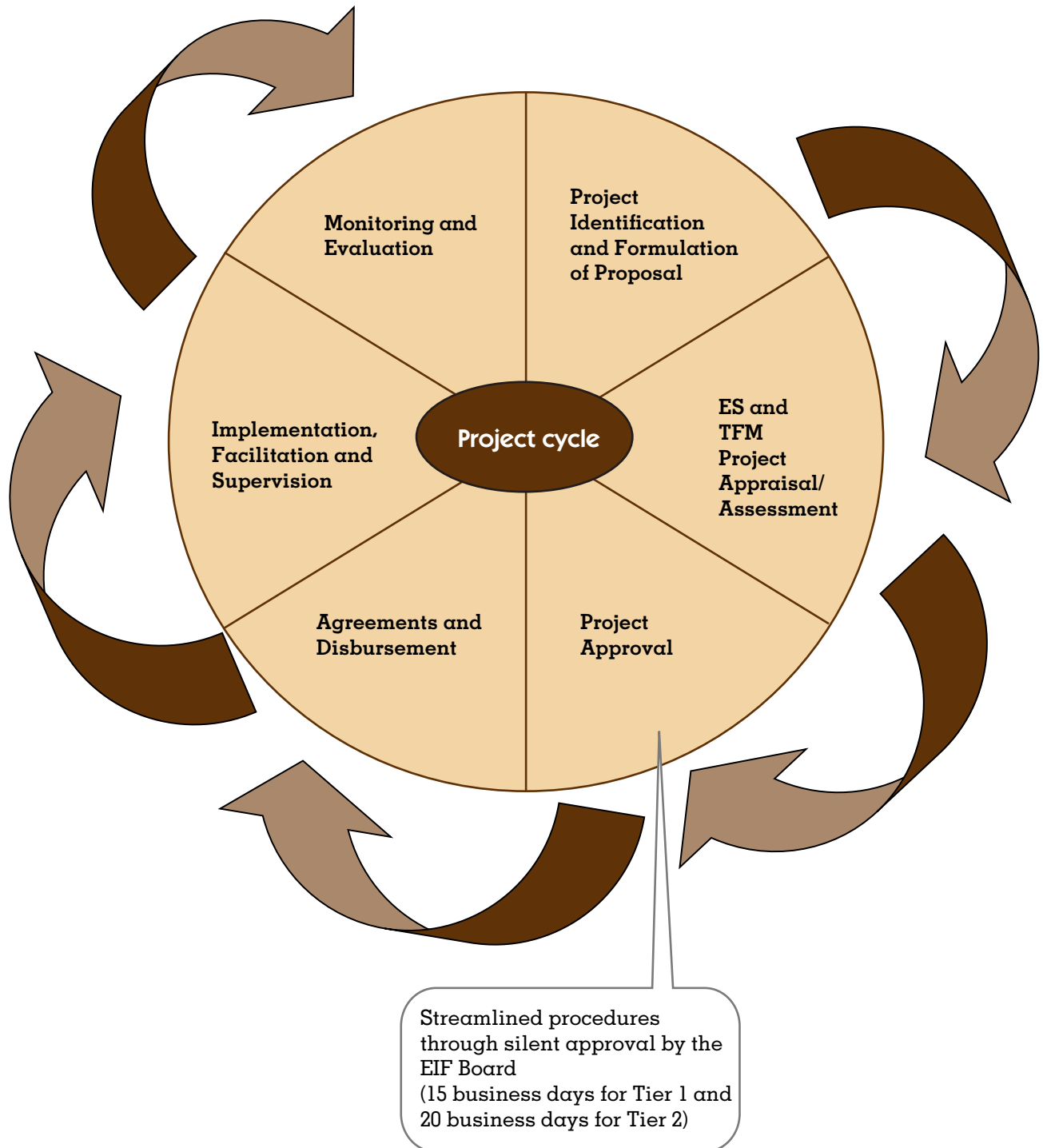
For existing EIF Countries, a request may be made by the country to fund a comprehensive or partial DTIS Update. **DTIS Updates of up to US\$200,000 will be approved by the Executive Director of the ES (ED); requests for DTIS Updates exceeding US\$200,000 will be approved by the EIF Board.**

- iii. The implementation phase supports priorities relating to the integration of trade and strengthening of productive capacities into national development strategies, as well as their translation into specific national trade and competitiveness policies and action plans, while identifying funding for the selected priorities. Support can also be used to help coordinate the delivery of trade-related assistance. **This phase is supported by the EIF assistance to EIF National Implementation Arrangements (NIAs) projects and/or through bilateral donor support. Tier 1 'Support to NIAs' projects can be formulated for up to five years. Projects of more than three years will be approved in a phased manner. Funding to Tier 1 'Support to NIAs' projects is up to US\$300,000/year, i.e., up to US\$900,000 for the first three years of the project.**

Tier 2 funds Action Matrix priority projects to build up trade-related and supply-side capacities

This phase is supported by the EIFTF for priority small-scale projects to build up trade-related and supply-side capacities. However, the bulk of the AfT funding to implement the Action Matrix and the national trade and competitiveness policies and action plans should be sought from bilateral donor support or other sources of support at country level. **The total level of EIF funding for a Tier 2 project is expected to be in the range of US\$1.5-3 million. However, the EIF Board may consider approving projects with a total cost above or below this amount should it deem it fit to do so from facts presented in the project proposal(s).**

EIF Project Cycle: Tier 1 and Tier 2



Operating principles of the EIF

13. The operating principles at the EIF are:

- The effective use of **trade as a development tool** by LDCs;
- **LDC ownership** of the in-country programme and projects funded by the EIF, including the responsibility to identify their trade development priorities and manage their trade development activities with the support of the relevant national, regional and international bodies and donors; and
- A **partnership approach** in accordance with the principles of the Paris Declaration on Aid Effectiveness, whereby donors and international agencies coordinate their response to the needs of LDCs, manage for results, ensure LDC leadership and accept mutual accountability.

14. Building upon these principles, the purpose and procedures of the EIF programme provide for:

- **Increased capacity-building support** to LDCs through the EIF process, including increased financial resources, support provided to NIUs and technical assistance, training and knowledge transfer to be provided for by implementing bodies in project delivery; and
- **Stronger governance** of the EIF, including collective decision-making through the EIF Board, the ES and the TFM, as well as through clearly defined accountability and rigorous monitoring and evaluation.

15. 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.

16. It is understood that the Board is responsible and will seek timely and adequate measures to limit the total budget of the EIF administrative fees and costs to no more than 13 per cent of the total contributions to the EIFTF, based on the current minimum estimate of US\$250 million over a five-year period. EIF administrative fees and costs shall include the management fee and reimbursable expenses of the TFM and the ES.

Status of this Compendium and amendments

17. The EIF Board has, on 11 April 2011, adopted this Compendium.

18. This Compendium amends and supersedes all decisions previously taken by the EIF Board (or the EIF interim Board) in relation to the administration, management and operation of the EIF process, unless those decisions are specifically referred to in this Compendium.

19. This Compendium may be amended by consensus of the voting members of the EIF Board. The ES will maintain and distribute clear records of any such amendments and update the Compendium accordingly.



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Access to the EIF Programme: the Technical Review

1. All Least Developed Countries (LDCs) that became beneficiaries of the Integrated Framework (IF), prior to the IF enhancement, automatically become beneficiaries of the Enhanced IF (EIF). Graduating EIF Countries will automatically continue to access EIF benefits for three years following graduation and a further two years subject to justification and approval by the EIF Board. New LDC entrants will be deemed to qualify as beneficiaries to the EIF programme when the following has taken place: (i) the interested LDC has submitted a request to the EIF Board to become an EIF Country; (ii) upon consent by the EIF Board for a Technical Review to be carried out, the Executive Secretariat for the (ES) has appointed one of the EIF Core Agencies to carry out a Technical Review; (iii) the EIF Core Agency undertaking the Technical Review has made a favorable recommendation; and (iv) the EIF Board has taken the decision confirming the eligibility of the LDC to become an EIF Country, and the ES has communicated such a decision to the LDC.
2. Once LDCs have become EIF beneficiaries, they shall be referred to as **EIF Countries**.

Technical Review content

3. The Technical Review should contain a brief description of the economic and political situation of the country, followed by a proposed recommendation to the EIF Board on the country's participation in the EIF based on the following four criteria:

- i. Demonstration of commitment to integrate trade into the national development strategy/Poverty Reduction Strategy Paper (PRSP):
 - Explain how the government is integrating trade into a development strategy;
 - What are the policies and measures foreseen to that end; and
 - Conclusion/recommendations.
- ii. Preparatory stage of the PRSP/national development strategy:
 - Timeline, steps to follow; and
 - Conclusion/recommendations.
- iii. Existing in-country donor coordination mechanism:
 - Description of the overall donor coordination mechanism, such as consultative group or round table; and
 - Conclusion/recommendations.
- iv. Conducive operational country environment (level of infrastructure, participation in Aid for Trade (AfT) activities by the in-country offices of EIF Core and Partner Agencies, donor response):
 - Existing capacity: human, technological and financial;
 - Commitment to dedicate human and technological resources to effectively integrate trade into the national policies and strategies;
 - Donor involvement in general and in trade, competitiveness and private sector development in particular;
 - Relations with (IFIs);
 - General thrust of reforms, including the government dialogue with the private sector; and
 - Conclusion/recommendations.

Modus operandi of Tier 1

Objectives

4. Tier 1 is aimed at supporting greater in-country capacity and ownership. It provides financial resources with the following objectives:
 - Building the human resource capacity of the National Implementation Arrangements (NIAs);
 - Providing operational 'Support to NIAs', including some local running costs and equipment;
 - Preparing and/or updating the Diagnostic Trade Integration Studies (DTIS); and
 - Facilitating and supporting trade mainstreaming actions, such as workshops and studies.
5. By building human resource capacity and skills through Trade-related Technical Assistance (TRTA) within NIAs, Tier 1 funding will help in building capacity for policy formulation and facilitate project preparation, appraisal and implementation, including of EIF-financed Tier 2 projects. It is understood that all EIF partners will implement the EIF process in conformity with the provisions contained in this Compendium.

Budget and Timing

6. The funding ceiling per country over the first five-year mandate of the EIF is broken down below:
 - Pre-DTIS support: up to an aggregate amount of US\$50,000 for new entrants to the EIF programme;
 - DTIS: up to an aggregate amount of US\$400,000 for EIF Countries where a DTIS is being initiated for the first time;
 - DTIS Update: US\$200,000 to be approved by the Executive Director of the ES (ED) through delegated authority from the EIF Board; requests for DTIS Updates exceeding US\$200,000 are to be approved by the EIF Board; and
 - 'Support to NIAs' and other assistance to mainstream trade: Tier 1 'Support to NIAs' projects can be formulated for up to five years. Projects of more than three years will be approved in a phased manner. Funding to Tier 1 'Support to NIAs' projects is up to US\$300,000 per year, i.e., up to US\$900,000 for the first three years of the project. Approval of the second phase is linked to the periodic review as set out in the Monitoring and Evaluation (M&E) modalities of this Compendium.

LDCs' Eligibility

7. All LDCs are eligible and can access Tier 1 funds upon becoming EIF Countries. All LDCs that became beneficiaries of the IF, prior to the IF enhancement, automatically become beneficiaries of the EIF. All graduating EIF Countries have access to Tier 1 funds for an automatic three years and an

additional two years subject to justification and approval by the EIF Board. The process of becoming an EIF Country for LDCs that are not yet beneficiaries of the programme is detailed in the section on "Access to the EIF Programme: the Technical Review".

Pre-DTIS Projects

Pre-DTIS project objectives, amount and duration

8. The pre-DTIS phase, where needed, aims at setting up the conditions for the EIF Country to make the arrangements for the DTIS to be conducted, to set up the basic overall governance structure proposed by the EIF process for mainstreaming trade and to provide the conditions for the establishment of an institutional structure, which aims at ensuring the involvement of local stakeholders and donors with the government (EIF Donor Facilitator (DF), EIF Focal Point (FP) and EIF National Steering Committee (NSC)). In other words, this pre-DTIS phase is crucial as it lays the foundation upon which the whole trade mainstreaming and EIF process at country level will be built.
9. New countries under the EIF can access EIF Trust Fund (EIFTF) Tier 1 funding before their diagnostic phase is completed to support in-country capacity and ownership of the EIF process. To this end, the EIFTF Tier 1 pre-DTIS projects are intended to fund activities, such as stakeholder sensitization, input into the DTIS process in terms of facilitating in-country consultative processes, etc., up to US\$50,000. Pre-DTIS projects have an expected duration of up to 12 months. Although the project may have several components, it should be requested in one single grant to cover all budget items. This applies to projects funded from the EIFTF.
10. The pre-DTIS phase is the first phase of the EIF process in-country, starting after the country is admitted as an EIF Country and ending with the validation of the DTIS.

Pre-DTIS project purpose and description

11. The project funding can be utilized for the following purposes, amongst others:

- Sensitizing national stakeholders (FP, potential NSC members), key government, private sector and civil society representatives) about the importance of the mainstreaming of trade, the role that the EIF process can play in it and the link between trade and development/poverty reduction;
- Sensitizing national stakeholders about the various roles and functions within the EIF process, potentially leading to the selection of individuals/entities as FP, DF and members of the NSC, and prepare for the designation/establishment of a National Implementation Unit (NIU); and
- Sensitizing national stakeholders about the role of the DTIS and how to best ensure full country ownership and participation in the DTIS process.

12. Three main outputs are expected from pre-DTIS funding, these being:

- i. The foundation of the institutional governance structure (NSC) and the technical/executive structure (FP, DF and, if possible, NIU) for the EIF process at country level is set up;
- ii. Key stakeholders (FP, DF, NSC), where already identified, are trained in the EIF process; and
- iii. The EIF Country is prepared to undertake the DTIS, and relevant stakeholders are ready to provide input into the DTIS process to ensure full ownership.

13. Four types of expenses are considered for pre-DTIS funding:
 - i. Procurement of equipment for the FP, NSC and NIU (if already set up);
 - ii. Consultancy services for assistance in setting up EIF operations;

Missions/travels and attendance at, or organization of, meetings and training workshops (at national, regional or global/Geneva levels) and/or study tours to other EIF Countries where necessary;¹ and

- iii. Development of written and other sensitization tools and material.

Pre-DTIS project preparation: request to the EIF

14. The ES, at the request of an EIF Country, will assist in identifying appropriate entities/individuals to undertake pre-DTIS and DTIS roles. If the FP has already been appointed by the government and the appointment has been formally communicated to the ES by the EIF coordinating ministry's controlling officer, the FP, as provided for in the respective government procedures, can then issue a request on behalf of the EIF Country government for pre-DTIS funding. If the FP has not yet been appointed at this stage, the EIF coordinating ministry's controlling officer should issue the request for pre-DTIS funding.
15. The request issued by the FP/controlling officer would, in addition to the description of the activities to be funded under the project, have to identify and describe the mechanism through which the funds would be transferred, received and managed and how the activities would be implemented. Options as to the recipients of funds and Main Implementing Entities (MIEs) could be:
 - i. The EIF coordinating ministry or an entity identified by the EIF coordinating ministry;
 - ii. The ministry of finance for onward transmission to the EIF coordinating ministry/entity;
 - iii. On an exceptional basis, one of the EIF Partner Agencies or another Donor/development agency, as identified and approached by the FP/controlling officer with, if needed, the assistance of the ES and the EIF Trust Fund Manager (TFM); or
 - iv. On an exceptional basis, another mechanism to be proposed by the FP/controlling officer and approved by the ES/TFM.

Implementation modalities i. and ii. are strongly encouraged.

16. The recipient of funds may call upon the assistance of sub-recipients for the implementation of some of the planned activities.
17. The request would normally be done through a letter of the FP, or where procedures demand, under signature of the controlling officer in the coordinating ministry, stating briefly the purpose of the request (one page), including a simple work plan, timeline and a budget (templates to be provided by the TFM). No logical framework is required. In order to ensure its fiduciary responsibility, the TFM may request, prior to or during the course of the project implementation, additional information, such as terms of reference (TOR) for staff or consultants, information on any planned missions or meetings and/or training workshops. The pre-DTIS project template is attached in Annex II.1.

¹ Subject to ES/TFM approval unless already itemized in the approved work plan and budget.

Pre-DTIS project appraisal

18. The capacity review to be done by the TFM will be based on one or several of the following components as appropriate with regard to each country, the implementing entity and the size of the grant:
 - i. The mission and preliminary assessment have been conducted by the ES, and the recommendations have been produced;
 - ii. A desk review of capacities of the recipients and of the project proposal has been done;
 - iii. In the case of implementation by an EIF Partner Agency (UN or development agency), an implementation note drafted by the relevant EIF Partner Agency has been submitted to the ES/TFM for the project appraisal; and
 - iv. When deemed necessary, the TFM may decide to undertake an assessment mission.
19. The supervision role of the ES/TFM applies *ex ante*: their role is to assist the EIF Country in establishing satisfactory conditions for the management of pre-DTIS funding and the implementation of pre-DTIS activities, which would, later on, facilitate the operationalization of other Tier 1 and Tier 2 projects.

Pre-DTIS project approval

20. In-country, the pre-DTIS project proposal is approved by the FP or the EIF coordinating ministry's controlling officer (where an FP has not yet been nominated or where the government procedures require this) and addressed to the ES. The request is to be approved by the ED through delegated authority by the EIF Board. The ES/TFM will prepare an assessment summary sheet to inform the EIF Board of the decision of the ED.

Agreements and disbursements for pre-DTIS projects

21. Upon approval of the project, a basic model agreement between the TFM and the EIF Country or an exchange of letters with the concerned EIF Partner Agency will be prepared by the TFM. In case of implementation by a private entity, a service contract will be signed. Disbursements will normally take place in two instalments throughout the pre-DTIS process: the first at the beginning of the project and the second after receipt of the mid-term report.

Monitoring of implementation of pre-DTIS projects

22. A succinct mid-term financial report, signed by the FP, and a final report (narrative and certified financial) upon project completion must be submitted to the TFM. If the project's duration needs exceptionally to be extended beyond one year, a prior approval for the extension must be obtained, and a mid-term narrative report may be requested. The reporting format will be part of the legal agreement mentioned above. The reporting process is to ensure that the outputs listed in the project have been achieved.
23. The MIE will provide the TFM with certified financial statements, issued by the comptroller of the relevant MIE, at the end of the project and at the end of each calendar year for projects exceptionally approved with a duration exceeding 12 months. If deemed necessary, the TFM can demand a specific

internal or external audit at the expense of the EIFTF or an audit as part of a subsequent Tier 1 project audit. An amount of up to US\$4,000 in addition to the US\$50,000 per pre-DTIS project will be made available if and when necessary to cover such additional cost.

DTIS explanatory note

24. A DTIS is the cornerstone of the EIF programme in terms of mainstreaming and integrating trade into an EIF Country's national development plan. The DTIS and the country's policies and action plans are the basis for all subsequent EIF projects, and it is therefore a fundamental component of the programme.
25. The paramount objective of a DTIS is to identify the constraints that are hampering the integration of LDCs into the multilateral trading system and the mainstreaming of trade issues into the PRSPs and national development plans. It follows that the DTIS should serve as an instrument to conduct a deeper analysis of these constraints beyond descriptive evidence. It should constitute the "new frontier" for EIF Countries and suggest a series of pragmatic remedies and trade policy reforms that should be identified through the Action Matrix and implemented through national development strategies, as well as through specific trade- and private sector-related policies and action plans. The DTIS should provide analysis and recommendations agreed to by the EIF stakeholders in-country while leaving adequate country ownership in terms of policy space and options in implementing the findings and the recommendations.
26. Any updating of the DTIS should be carried out bearing in mind any relevant lessons learned during the previous DTIS exercise and the implementation record of the IF/EIF at country level. Country ownership will determine the area and sectors to be updated and the overall approach of the updating process in consultation with relevant stakeholders. Countries may wish to opt for updating parts or sections of their DTIS and may use some of the sections of the template or may revisit them in line with their objectives. Overall, the updating process may serve to refine the prioritization process by deepening the analysis in a certain sector or may serve to redirect the priorities in light of the results achieved or the lessons learned.
27. The template in Annex II.2 summarizes the main topics that could be covered by the DTIS. It also includes some additional topics related to trade and the attainments of the Millennium Development Goals (MDGs), which, as appropriate, may be considered as a priority by the EIF Country. However, not all topics are covered in every DTIS, nor is there the expectation that they will be covered in their entirety in future DTIS or DTIS Updates. This template provides an indicative example of trade issues to be covered in DTIS/DTIS Updates, rather than a prescriptive list of issues to be analyzed. In preparing DTIS/DTIS Updates, other studies, especially those conducted at country level, such as the Investment Climate Assessments and Growth Diagnostic studies (World Bank), Investment Policy Reviews (UNCTAD), Trade Policy Reviews (WTO), Human Development Impact Assessments (UNDP), Decent Work Country Programme (ILO), etc., should be used to the extent possible. However, such studies should be used as building blocks to deepen the findings and the analysis rather than to describe a sector or an issue. Duplication should be avoided, and coordination with other ongoing studies should be ensured.
28. The main challenge of DTIS/DTIS Updates is the prioritization of topics to be addressed in the studies and to be covered in the Action Matrix. DTIS and especially DTIS Updates should provide building blocks for this prioritization process, and this process should take place during an interactive dialogue with stakeholders prior to the finalization of the DTIS or during the updating process. This dialogue should be continued during the DTIS drafting exercise or updating, as active participation of stakeholders during this exercise is likely to produce the best results. It is of critical importance that the Agency/entity/individual possibly assisting the country in drafting/updating the DTIS provides maximum efforts in the capacity building of the government and other local stakeholder counterparts during the drafting/updating process in order to ensure ownership and adequate follow-up during the implementation phase.

29. The prioritized set of recommendations of the Action Matrix must be validated through the convening of a national validation workshop with the ultimate objective of coming up with a series of pragmatic actions on selected trade-related issues contained in the Action Matrix. In the short to medium term, the actions foreseen in the Action Matrix should be translated into actions funded by bilateral development partners (DPs) and complemented by EIF-financed Tier 2 projects commensurate to the amount of funding available in the EIFTF. In the medium term, these actions should translate into, and form part of, the EIF Country's policies and corresponding priority action plans aimed at strengthening the country's productive and trade capacities.

DTIS and DTIS Update

DTIS and DTIS Update projects: preparations

30. **DTIS:** The ED, when informing the EIF Country authorities that the country has been accepted as a new EIF Country, also informs the EIF Country that the FP may initiate preparations for a DTIS. The first step of the preparations is to produce a request for a DTIS to be carried out. The request will include the information detailed below in paragraph 33.
31. **DTIS Update:** For a DTIS Update, an EIF Country will prepare a separate stand-alone Tier 1 proposal for the DTIS Update only. The EIF Country can include in its Tier 1 'Support to NIAs' project a budget line for DTIS Update preparatory work. The separate stand-alone proposal for the DTIS Update will include the information detailed below in paragraph 33.
32. Both the **DTIS and DTIS Update** processes, respectively, are as follows:

Step 1: Submission of a DTIS request/DTIS Update proposal to the ES, copied to the TFM.

Step 2: Upon receipt of the request/proposal by the EIF Board or ED, depending on the situation, first consultative process resulting in a Concept Note.

Step 3: Upon finalization of the Concept Note, main consultative process and analysis resulting in a draft DTIS/DTIS Update.

Step 4: Upon expiry of commenting time-frame on the draft DTIS/DTIS Update, organization of a national validation workshop.

Step 5: Upon incorporation of the final comments received at the national validation workshop, finalization of the study and formal endorsement of the study by the EIF Country government.

Step 6: Communication of the endorsement by the FP to the ES; commencement of the implementation of the priorities identified in the DTIS/DTIS Update and its Action Matrix.

The steps outlined above are elaborated in the subsequent paragraphs of this section of the Compendium.

The ES and the TFM, where necessary, will assist the EIF Country government by providing guidance on the process to follow and the requirements.

Step 1: Submission of a DTIS request/DTIS Update proposal

33. The request for a DTIS/proposal for a DTIS Update should be submitted to the ES, copied to the TFM, by the FP or, where national procedures demand, by the controlling officer of the coordinating ministry and should include, *inter alia*, the following:

- The chosen implementation modality (agency, government or other entity implementation);
- The designation of the MIE;

- TOR for the DTIS/DTIS Update, including a clear statement of objectives, as well as a notional statement of contents and coverage (including roles and inputs of the identified stakeholders) for the DTIS/DTIS Update;
- A budget; and
- A work plan, including the expected date of completion of the forthcoming Concept Note and the draft DTIS/DTIS Update, respectively.

34. Based on this request, the ES/TFM will undertake an appraisal of the proposed project and prepare their recommendations for the EIF Board or ED, as applicable, in the form of an assessment summary sheet.

DTIS and DTIS Update implementation modalities

35. For DTIS/DTIS Updates, the following three implementation modalities are available: (1) EIF Partner Agency implementation; (2) government implementation; or (3) other entity implementation.
36. The DTIS/DTIS Update modalities including, *inter alia*, the selection of the implementation modality and the MIE as specified in the project proposal, are to be strictly adhered to, unless otherwise approved by the ES/TFM following a formal submission of a revision by the EIF Country.

Option 1: EIF Partner Agency implementation

37. Under the first option, EIF Partner Agency implementation, the EIF Country government chooses an EIF Partner Agency to serve as the MIE in undertaking the DTIS/DTIS Update. The EIF Partner Agencies and the TFM have entered into Partnership Agreements meant to facilitate the implementation of this modality, and the ES/TFM will verify that the Agency has the capacity to carry out the work. Under EIF Partner Agency implementation, the selected Agency manages the overall DTIS/DTIS Update process based on agreed TOR and in close collaboration and agreement with the EIF Country government.

Option 2: Government implementation

38. Under the second option, government implementation, the EIF Country government serves as the MIE and manages the process. This option will require an assessment of capacities by the ES and the TFM.
39. In the case of government implementation, a task team leader (a government official) should be nominated to manage the process, act as the point of contact and be responsible for the overall implementation of the DTIS/DTIS Update process. He/she is typically the EIF FP, NIU Coordinator or other government staff closely involved in the EIF process. He/she is not paid by the DTIS/DTIS Update project for his/her services as the task team leader. The task team leader does not participate in the drafting of the Concept Note for the DTIS/DTIS Update.
40. In the case of government implementation, the government can either (i) select, through the applicable government procedures, individual consultants and experts for the DTIS Team (i.e., identify individuals to work on the DTIS as the DTIS lead author and team members, and possibly an international advisor); or (ii) subcontract, through the government procurement procedures (for private firms) or other appropriate procedures to be approved by the ES/TFM, an entity to undertake the whole or part of

the work. In both cases, the funds are disbursed by the TFM to the government who is then responsible for any subcontracts and payments. The use of government procedures should be clearly recorded in the proposal, and before undertaking any selection/procurement process, particularly for an MIE or DTIS lead author, consultations should be undertaken with the ES and the TFM.

41. The DTIS team members, including the DTIS/DTIS Update lead author, can be international consultants, from a local private consulting firm or from a local university or research centre. The DTIS/DTIS Update lead author typically writes some of the key DTIS/DTIS Update chapters and is responsible for producing the DTIS/DTIS Update report on the basis of the inputs from the team members. The cost of hiring the DTIS team members, including the lead author, can be paid from the DTIS/DTIS Update project budget. Inputs possibly provided by the FP, NIU Coordinator, NIU staff or any government staff cannot be paid from the DTIS/DTIS Update budget. In case the DTIS/DTIS Update lead author is from a local consulting firm, university or research centre, an international advisor, with knowledge of the EIF process and the country's trade agenda, will be identified to serve as an external quality assurer. The cost of hiring an international advisor can be paid from the DTIS/DTIS Update project budget.

Option 3: Other entity implementation

42. Under the third option, other entity implementation, the EIF Country government selects another entity as the MIE. This can be, for instance, an international organization, a local university, a research centre, a private consulting firm, a bilateral donor agency, etc. This option, too, will require an assessment of capacities by the ES/TFM. The selected MIE will have to enter into a legal agreement/contract with the TFM. Under this modality, the selected MIE manages the overall DTIS/DTIS Update process based on agreed TOR and in close collaboration and agreement with the EIF Country government. In this case, too, the government should nominate a task team leader (a government official) as per the modalities presented in the above paragraph 39.

Step 2: Project approval and Concept Note

43. Taking into account the ES/TFM assessment summary sheet, the EIF Board or ED will review and decide upon the DTIS request/DTIS Update proposal. For the DTIS Updates, proposals with a budget of under US\$200,000 are approved by the ED through delegated authority by the EIF Board, and the assessment summary sheet is shared with the EIF Board following approval, while proposals with a budget exceeding US\$200,000 are approved by the EIF Board.
44. Upon approval of the DTIS request/DTIS Update proposal, the ES instructs the TFM to enter into an agreement with the MIE. The MIE carries out a mission and a first consultative process and produces a Concept Note. The Concept Note will have to be produced irrespective of who is leading the process. As stated in the 'Checklist for DTIS/DTIS Updates' at the end of the Annex II.2, a Concept Note outlines the country's trade strategy or existing practices; the links to the PRSP/national development plans and other main issues on mainstreaming; objectives and key issues of the DTIS/DTIS Update; the approach to, and modalities of, the process; the list of local stakeholders and international/bilateral DPs that were consulted or have participated in the consultative meetings; and an outline of the consultative process and validation and dissemination of findings. In the case of a DTIS Update, the Concept Note should also be based on any relevant lessons learned from the initial DTIS process and specify the direction in which the government wishes to proceed following the updating. The MIE submits the draft to the FP for approval, who, after having requested and incorporated in-country stakeholders' comments, submits the Concept Note to the ES. The ES circulates the Concept Note to the EIF Board members for comments.

Step 3: Draft DTIS/DTIS Update

45. Once relevant comments from the EIF Board have been incorporated and the Concept Note has been approved as final by the FP, he/she will request the MIE to commence further research and consultations for the DTIS/DTIS Update and produce a draft for review, in line with the DTIS template and the checklist provided in Annex II.2. Once the FP, based on in-country consultative reviews of the draft, is satisfied with the quality of the DTIS/DTIS Update, he/she will submit it to the ES.

Step 4: National validation workshop

46. The ES circulates the draft DTIS/DTIS Update to the EIF Board members. The FP will ensure the taking into account of relevant EIF Board members' comments together with those received as part of final in-country consultations before organizing an in-country validation workshop.

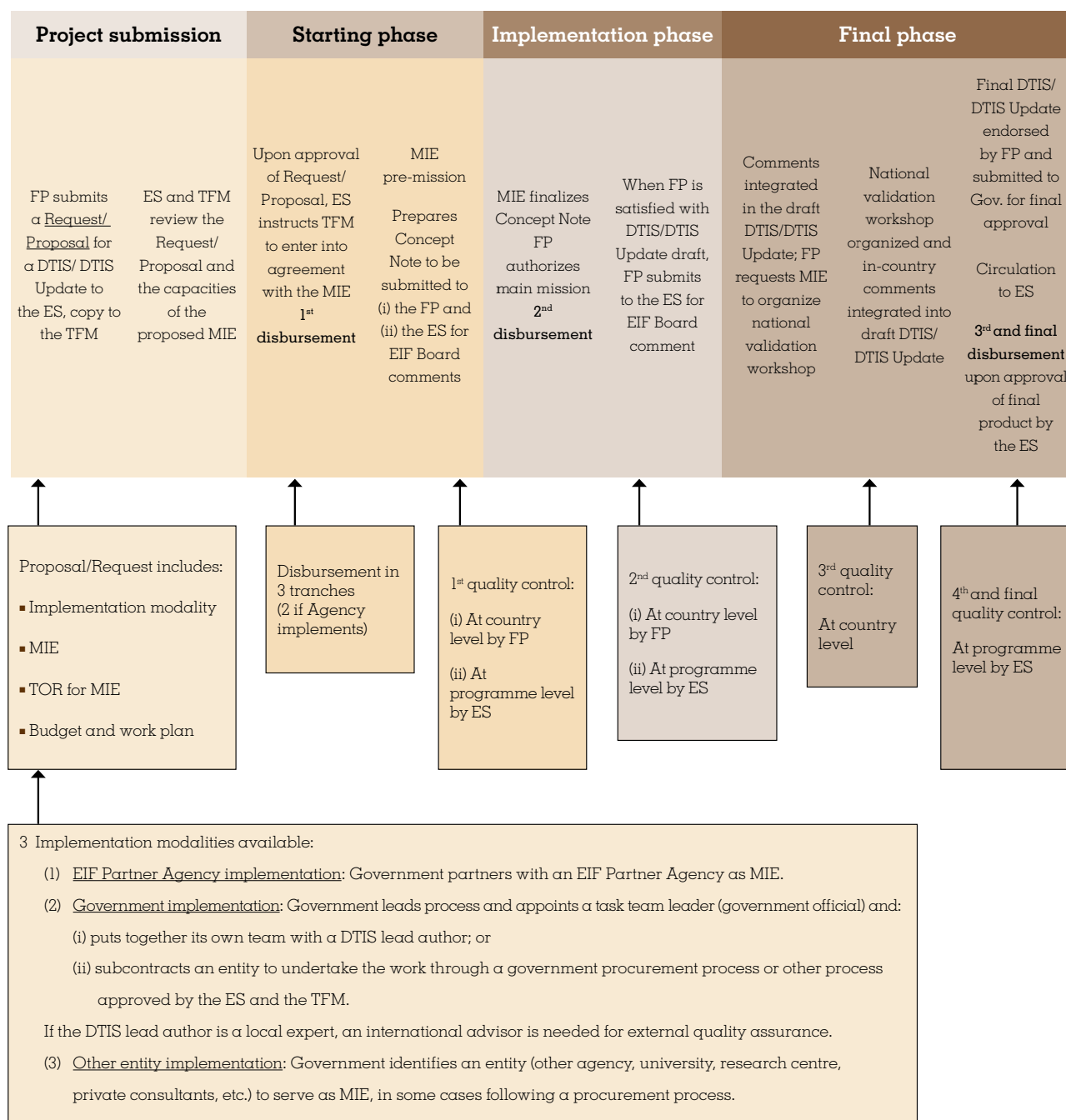
Step 5: Endorsement of the study by the EIF Country government

47. Inputs and comments made during the national validation workshop will be taken into account and a final draft prepared. The government must officially endorse the final DTIS/DTIS Update.

Step 6: Implementation of the DTIS/DTIS Update Action Matrix

48. Once the government has officially endorsed the DTIS/DTIS Update, the FP submits the final DTIS/DTIS Update to the ES for information and dissemination, while the government is expected to integrate the priorities identified in the Action Matrix into its strategy and action plans for its implementation.
49. Should an EIF Country receive funding for a DTIS/DTIS Update from a donor other than the EIFTF, it is still strongly recommended that the procedures outlined in the above section be followed.

DTIS/DTIS Update Flow Chart



'Support to NIAs' Projects

Project preparations: Formulation of proposals

1. Project proposals are prepared, under the responsibility of the FP, by the NIU, where in place, and in close consultation with the NSC and the DF. In preparing such proposals, the FP may request the advice and assistance of other partners, such as the EIF Partner Agencies, regional or other international agencies, donors, NGOs, etc. The project proposal will be prepared pursuant to the EIF format for Tier 1 proposals (see Annex II.3 for the Tier 1 project template).
2. The ES and the TFM will provide advice throughout the process with a view to ensuring that the requirements for the Tier 1 project and approval process have been complied with. In the event that the project proposal identifies an MIE other than the government, the NIU shall seek its input during the project preparation phase.
3. Tier 1 projects can be formulated for up to five years. Projects of more than three years will be approved in a phased manner. These phases will be linked to the periodic reviews as foreseen in the relevant M&E modalities.

Project appraisal

4. The Tier 1 Appraisal Committee (TAC 1) appraises the project proposal in-country. It is chaired by the FP and includes the DF (or, in exceptional circumstances, another donor designated by the DF), a representative of the ministry of trade (if the FP is not from such a ministry), a member of the NSC designated by the chair of the NSC and the selected MIE in case it is not represented by any of the stipulated members of the TAC 1 (this does not apply when the implementation is to be through consultants or when the MIE has not yet been selected). These are the core members of the TAC 1 and form the minimum mandatory membership. The FP, in consultation with the other core members, may decide to invite other representatives, who may include the private sector or government departments, to participate in the appraisal. The TFM and the ES may attend the TAC 1 meetings as observers.
5. The TAC 1 shall review the project proposal, including the selection of the MIE, and any appraisal reports and memoranda made available to it prior to conducting its appraisal. The TAC 1 shall hold an appraisal meeting, and minutes of such meeting shall be prepared. The minutes shall reflect, *inter alia*, the agreement by the TAC 1 members on the MIE. The minutes shall be circulated promptly to the core members of the TAC 1 for their signatures and to those observers who participated in the meeting. The signed minutes of the TAC 1 are to be considered as an integral part of the project proposal.
6. The members of the TAC 1 shall as part of their deliberations decide whether to recommend the project for approval. Only projects approved by all TAC 1 mandatory members can be submitted to the ES for transmission to the EIF Board for approval.
7. Prior to submitting to the EIF Board, the ES and the TFM shall undertake a project appraisal. This provides for a review of all aspects of the project. The aim of the appraisal is to examine and evaluate the project objectives, to assess whether the proposed project is likely to meet these objectives efficiently, and, where necessary, to recommend conditions that should be met to ensure that the objectives of the project will be achieved. The appraisal covers both the project and the entity or entities that will implement it.

8. The appraisal process will lead to the preparation of an ES Recommendations Memorandum, incorporating both ES and TFM assessments and conclusions.
9. The ES shall assess and make recommendations as appropriate on the programmatic and substantive aspects of the project, including the consistency of the project with the EIF objectives and the quality of expected project outcomes and performance indicators in the project proposal, in accordance with the EIF M&E Framework. A mission or additional correspondence exchange, as appropriate, may be required for the ES to consolidate this appraisal.
10. The TFM shall, in accordance with its full fiduciary responsibility, (i) carry out a comprehensive fiduciary review of the project, including financial, procurement, disbursement, legal and anti-corruption review of the project; (ii) carry out an assessment of the operational and financial implementation capacity of the MIE, including the MIE's own internal project monitoring capacity; and (iii) formulate recommendations for capacity building in the above-mentioned aspects as needed. The TFM undertakes a desk review of the proposal and, as necessary, a mission for its appraisal (in conjunction with the ES if possible). The assessment, review and recommendations of the TFM for the project shall be properly formalized in the Capacity Assessment Report (CAR) and shall ensure that the proposal adheres to the fiduciary requirements set out in the attached Tier 1 project template.

Project approval

11. Tier 1 projects shall be submitted for approval to the EIF Board through a written procedure. A Tier 1 project proposal shall be deemed approved unless an EIF Board member with voting rights presents an objection within fifteen (15) Switzerland business days from the date of its submission to the EIF Board. If an EIF Board member objects to the approval of a project, such an objection will be communicated in writing to the ES within a 15 Geneva working-day period from circulation of the proposal. Comments and questions received on the proposal will be addressed by the ED through consultations with the TFM, the MIE and the FP, and a response will be provided to the EIF Board without undue delay. These comments and questions, though, will not in themselves prevent the approval of a project proposal.
12. The ED will consult with the TFM, the MIE and the FP in an effort to resolve the objection. The ED may, with respect to any project proposal under consideration, require additional information or adjustments in the design or cost structure, or request any other changes. After such a consultation, and where appropriate upon revision of the project proposal, the ED shall ensure that any objection is addressed. In cases where the objection is resolved to the satisfaction of the FP, MIE and the EIF Board member(s) concerned, and any possible revision of the project proposal is limited, the project proposal may be considered as approved, and the ED shall circulate the final project proposal and an explanatory note to the EIF Board members for their information. In cases where the objection cannot be resolved or in any case where the ED deems this appropriate, such a project may be re-submitted under the above-mentioned written procedure for approval by the EIF Board.
13. The re-submission will include an explanatory note by the ED specifying the modifications made in the project proposal and/or the complementary information considered relevant for not requesting changes concerning the points in the project proposal to which relate the objections expressed by the EIF Board member(s). This consultation period is allocated a maximum of ten (10) Switzerland business days. In case of objection by an EIF Board member upon such re-submission, the project proposal shall be presented for consideration at the next regular meeting of the EIF Board.
14. The EIF Board may decide to delegate the approval of Tier 1 projects to the ED for up to a certain amount to be agreed upon by the EIF Board.

Agreements and disbursements

15. Upon the approval of a Tier 1 project by the EIF Board, the ED shall send a formal communication to the TFM that the project has been approved. The TFM shall then enter into the legal agreement with the MIE. It is the responsibility of the TFM to ensure that all necessary terms and conditions and the rights and responsibilities of the parties, including those identified during the project preparation and appraisal phase, be included in the relevant agreements. The TFM shall facilitate the disbursement to the recipient within ten (10) Switzerland business days of the signature of the final legal agreement, assuming there are no delays caused by banking transaction requirements that are out of the TFM's control.

Implementation modalities

16. Two types of implementation modalities are available for projects under Tier 1. The TAC 1 is to recommend which one is the most suitable for a specific project.

Option 1: Government implementation through the NIU

17. This implementation modality is strongly encouraged for Tier 1 projects. The responsibility and accountability for the management of the project lies in the first instance with the FP and the NIU, which will act with the oversight of the NSC. With this modality, project funds are transferred to the government for the NIU through the agreed banking arrangements. This implies that an auditable account is established within the ministry responsible for the EIF implementation or the NIU where authorization for an interim stand-alone structure has been given by the ED through delegated authority from the EIF Board.
18. A project under NIU implementation can identify that some specific activities be undertaken by other entities than the MIE, such as the EIF Partner Agencies, regional or other international agencies, NGOs, a private sector TRTA provider, etc. In this case, such entities will, following procurement procedures or other appropriate procedures to be approved by the ES and the TFM, be identified, subcontracted and report to the NIU. In the event that certain activities are to be undertaken by an EIF Partner Agency (or in some instances, another entity as approved by the EIF Board) with which the TFM has entered into a Partnership Agreement (or similar agreement), it is expected that the TFM, for efficiency purposes, may disburse such funds directly to such entity upon the written request of the MIE.

Option 2: Non-government implementation

19. This implementation modality is to be retained only if the TAC 1, based on appropriate consultations with the relevant stakeholders (including the ES/TFM) and documentation, determines that government implementation through the NIU is not feasible or strongly discouraged. In this case, the project's responsibility and accountability lies with one of the EIF Partner Agencies or a bilateral donor agency to be selected by the NIU and to be approved by the TAC 1. The NIU choice will be based on an assessment by the parties of the comparative advantages of such entity, including specialized expertise in TRTA, possible synergies with other ongoing projects, past experiences, etc. In any case, the implementing agency will take into consideration the basic EIF principles of enhancing national ownership and building partnerships for development, as well as principles of transparency (transparent budget), light procedures, etc.

20. In cases where the implementation of a Tier 1 project will not be undertaken by an EIF Partner Agency, the selection of the MIE will have to be done in consultation with the ES and the TFM. The selected entity will have to enter into a legal agreement/contract with the TFM.

Neutrality

21. In order to avoid any possible conflict of interest, the DF should not usually be considered as a service provider for the implementation of a project's activities (as MIE or otherwise). However, in duly justified cases, the EIF Board may decide to waive the application of this clause, upon specific request by the FP or the controlling officer where procedures thus demand, on behalf of the EIF Country government, after prior consultation with the other donors present in the country.

Monitoring and Evaluation

22. The M&E of the project will take place in accordance with provisions of the section on the M&E Framework of the EIF.



Annex II.1: Pre-DTIS project template

Format of the request

The request would normally be a letter of the Focal Point (FP) stating briefly the purpose of the request (one page); including as attachment the document provided in this Annex 1 duly filled in, a simple work plan and a detailed budget according to the template provided below. No logical framework is required. From the fiduciary perspective, the TFM may request some additional information prior or during the course of the activities, such as terms of reference for staff or consultants, information on any planned missions, meeting and/or training workshops.

ENHANCED INTEGRATED FRAMEWORK	PRE-DTIS PROJECT PROPOSAL
SECTION I: Summary Page	
I.1 Project title	Encapsulated description of project aim and focus.
I.2 Grant recipient entity	Name, nature (public, private, other), national or international.
I.3 Implementing entity (if different from grant recipient entity)	Name, nature (public, private, other), national or international.
I.4 Project duration	Months, years, indicating expected start date.
I.5 Total project costs	In US\$ by year.
I.6 EIF funding sought	In US\$ by year.
I.7 Other sources of funding (including counterpart funding if applicable)	In US\$ by year; in kind listed separately.
I.8 Brief description of the main results and activities	Summary of 12 and 13 below.
I.9 Approved by and date	FP and ES.
SECTION II: Project Description	
II.1 Context	Brief summary of trade policy regime, role of trade in overall development strategy and summary of EIF process so far (application, Technical Review, planned DTIS coverage and time-frame if applicable).
II.2 Objective	State the project purpose, which should include preparing the ground for the EIF process to be successfully implemented in the country and thus trade mainstreamed, support to the trade agenda delivered in a coordinated fashion and trade capacity improved.
II.3 Outputs	List the specific outputs the project seeks to achieve to realize the purpose stated above; these should include: <ul style="list-style-type: none"> ■ Familiarization of stakeholders with the EIF and with trade-growth-poverty links; ■ Establishment of EIF National Implementation Arrangements (NIAs – FP, NSC, DF, NIU) in-country; ■ Training of key stakeholders in EIF process and institutional set-up; and ■ Providing input into DTIS and DTIS process.

ENHANCED INTEGRATED FRAMEWORK	PRE-DTIS PROJECT PROPOSAL
II.4 Key activities	<p>List the key activities under the project for each of the outputs to be achieved with these activities. The activities would include:</p> <ul style="list-style-type: none"> ▪ Familiarization workshops (number, location, audience); ▪ Outreach activities to sensitize national stakeholders (brochure, radio or TV programmes, press articles); ▪ Setting up EIF institutional framework (appointment of DF, NSC members, NIU process); ▪ Time-table for setting up EIF NIAs in-country; ▪ Training events (local or participation in regional workshops or study tours to experienced EIF Countries); ▪ Time-table and work plan for DTIS input (workshops/meetings to provide input for concept, draft chapters and draft report; meetings with DTIS team during concept and main fact-finding stage); and ▪ Other activities (to be described).
II.5 Sustainability	<p>Describe how the results of the project will be made to last beyond the life of the project. Note that except for the DTIS-related results, all will be continued under further Tier 1 projects to support the NIAs.</p>
SECTION III: Project Implementation Arrangements	
III.1 Selection and description of the implementing entity	<p>Description of the selection process and nature of the Implementing Entity, experience in providing services as requested, references, etc.</p>
III.2 National ownership approach	<p>Description of how the project will realize the national ownership principle.</p>
SECTION IV: Project Operational Settings	
IV.1 Work plan	<p>Provide a month-by-month work plan for the activities listed above.</p>
IV.2 Budget	<p>Provide a detailed budget (see below).</p>
SECTION V: Project Accountability Arrangements	
V.1 Legal status of implementing entity	<p>Legal personality and fiscal identification.</p>
V.2 Fiduciary responsibilities	<p>Organization of the project and description of roles and functions of key staff assuming fiduciary responsibilities.</p>
V.3 Financial and fiduciary management	<p>Description of procedures for accounting, financial management, etc.</p>
V.4 Reporting scheme	<p>Types of reports, frequency, signatory staff.</p>
V.5 Audit requirements	<p>Description of audit procedures.</p>

Detailed Budget Template

Country:

Project Title:

Starting Date:

Project Duration:

Detailed Budget in US\$:

Budget Account	Expenditure Account	Category	Description	Unit	Unit	Unit Cost	Total Cost	Comments
71200	71205	International experts	International consultants	Month	0	0	-	
71300	71305	Support staff	Administrative support	Month	0	0	-	
71400	71410	National experts	National consultants	Month	0	0	-	
71600	71615	Travel & missions	Travel DSA	Days	0	0	-	
71600	71610	Travel & missions	Travel air tickets	Tickets	0	0	-	
71600	71635	Travel & missions	Travel other	Travel	0	0	-	
63400	63405	Learning costs	Miscellaneous costs	Training	0	0	-	
63400	63406	Learning costs	Ticket costs	Training	0	0	-	
63400	63407	Learning costs	Subsistence allowance	Training	0	0	-	
63400	63408	Learning costs	Subcontracts	Training	0	0	-	
72100	72120	Subcontracts	DTIS activities	Contract	0	0	-	
72100	72125	Subcontracts	Research & studies	Contract	0	0	-	
72100	72145	Subcontracts	Services	Contract	0	0	-	
72100	72155	Subcontracts	Secretariat cost	Contract	0	0	-	
72200	72205	Equipment	Equipment	Lump sum	0	0	-	
72200	72220	Equipment	Office furniture	Each	0	0	-	
74200	74215	Communication	Communications outreach & advocacy	Month	0	0	-	
74100	74110	Professional services	Auditing	Audit	0	0	-	
73100	73125	Premises	Rent & maintenance	Month	0	0	-	
74500	74525	Sundries	Miscellaneous expenses	Month	0	0	-	
Total								



Annex II.2: DTIS/DTIS Update template and checklist

1. The present template summarizes the main topics typically covered by a DTIS and includes some additional topics regarding the relation between trade and the attainments of the Millennium Development Goals (MDGs), as appropriate and considered a priority by the LDC government. However, not all topics are covered in every DTIS nor is there the expectation that they will be covered in their entirety in future DTIS or DTIS Updates. This template provides an indicative example of trade issues to be covered in DTIS/DTIS Updates, rather than a prescriptive list of issues to be analyzed.

A. Executive Summary and Action Matrix

2. A short and focused Executive Summary will be presented, highlighting the key points and main messages of the DTIS, especially the unequivocal facts and findings identified at country level that are hampering the integration of the LDC into the Multilateral Trading System (MTS), and how trade is expected to contribute to the attainment of the MDGs, including, where relevant, any differences in constraints to trade faced by the poor, women and men.
3. This section also contains the Action Matrix, which summarizes, in concrete terms, the prioritized strategic objectives and key actions that will be needed to address the main constraints to trade. The Action Matrix will include pragmatic policy recommendations that may be translated into the specific government programmes or action plans to be formulated to give follow-up to the DTIS and into specific projects and measures, including those for which external assistance will be sought. The Action Matrix should specify the following:
 - An appropriate time-frame;
 - The responsible bodies for implementing the recommendations; and
 - The source of existing and potential donor support.
4. Preferably, the Action Matrix should be presented in a format that can easily be integrated into a country's Poverty Reduction Strategy paper (PRSP) or development plan in the short term and form the basis for more specific trade and private sector development programmes to be formulated by the government in the medium term after the completion of the DTIS in order to support a sustained development of the country's productive and trade capacities.
5. In defining the Action Matrix and reporting the existing and potential donors, it would be important to reflect, in case of existing support, the support that has recorded a measurable impact of effectiveness and, in case of potential support, where a pledge was already made.

B. Overall Trade Issues

Macroeconomic environment

6. A stable macroeconomic environment, including a stable exchange rate, is a prerequisite for improving trade performance. The DTIS may therefore contain a current analysis and assessment of the macroeconomic environment and how it relates to main binding constraints to the development of the country's productive and trade capacities, which could include the following elements:
 - The general macroeconomic environment (growth, monetary and fiscal policy, debt situation, remittances), state of the financial sector, including availability of credit for investment and financing;
 - The trends in the real exchange rate *vis-à-vis* its major trading partners and implications for competitiveness;
 - The impact of trade liberalization on the country's macroeconomic performance, including the government budget and monetary policy; and
 - The impact of macroeconomic policy on poverty reduction and the attainment of the MDGs.
7. Generally speaking, this section of the DTIS should be succinct and linked with the rest of the DTIS rather than being a stand-alone section.

Structure and pattern

8. To provide background context on the general trade environment, the DTIS should present an overview of existing trends in trade and investment flows and the origin and destination of these flows. The length and depth of this section should be related to the importance of the subject matter in relation to the country's trade and investments performance, i.e., if a country shows poor trade and investment performance, it is better to move on to identifying the reasons for such performance, rather than describe such performance using data that most of the time are elusive. In addition, this section will address the (potential) comparative advantages of the country concerned. Sex-disaggregated data is recommended to be included where possible.
9. Specific issues could include the following:
 - Pattern and trends in imports and exports (including an analysis of their skills and capital intensity and degree of diversification) and investment;
 - International comparisons with the trade performance of similar countries;
 - Quality of trade data; and
 - Lessons learnt from previous actions to attract foreign direct investment (FDI) and stimulate trade performance.

Trade policy and institutions

10. This section is a key aspect of the DTIS and should clearly identify the facts and figures that are affecting the country's trade performance. It should analyze in detail the country's trade policy regime and point out areas for improvement. This section should clearly explain the country's trade policy decision-making, its mechanisms, the dialogue channels with the private sector, the existence of intergovernmental consultation machinery on trade issues, especially but not only with the ministry in charge of the PRSP or other national development plans or finance. Similarly, trade interventions and incentive arrangements will be analyzed to explore their effectiveness in supporting trade expansion and the development of the private sector in-country capacity; bottlenecks on this subject should be given special consideration. A description of external assistance available to the LDC to promote trade and investment should be included.
11. Specific issues could include the following:
 - The trade policy decision-making of a country and capacity in the ministry of trade to elaborate a trade policy roadmap, including coordination of a country's trade policy with other line ministries, the private sector, non-state actors and trade promotion institutions;
 - Trade regime in terms of tariffs, tariff dispersion, effective rate of protection, potential anti-export bias and other non-tariff trade restrictions, such as export and import licences, export taxes and export bans;
 - Other interventions in trade, including state trading enterprises, countervailing measures, anti-dumping duties, and safeguards; and
 - Institutional trade incentives, including export processing zones, trade promotion institutions and consultative arrangements with the private sector and civil society organizations.
12. The issues in bullet points two to four above should be not limited to a description of the various aspects of the trade regime but should be linked to the overall framework analyzed under bullet point one so as to understand the policy reasons of a certain trade measure, its degree of support by the different stakeholders and the options that may be available to address aspects of the trade regime that are not properly working.

Trade agreements and market access

13. LDCs enjoy preferential treatment in many markets and are increasingly part of multilateral, regional and bilateral trade agreements and are involved in negotiations. This section should analyze the extent of the utilization and relevance of trade preferences and assess the country's negotiating capacity and internal negotiating machinery as they relate to trade negotiations and the implementation of the agreements concluded.
14. In particular, this section could include:
 - An analysis of the consultative process when developing national negotiating positions, including consultations with the private sector and other ministries;
 - An assessment of the country's technical capacity to participate effectively in trade negotiations and represent its interests by drafting negotiating proposals;
 - Status of negotiations and capacity to implement multilateral, regional and bilateral trade agreements, including in the area of intellectual property;

- Benefits and costs of involvement in several trade agreements;
- Utilization of preferences (at disaggregated and tariff line level where possible) and other market opportunities;
- An analysis of possible access challenges in export markets, such as standards including sanitary and phytosanitary standards (SPS), technical barriers to trade (TBT), tariff peaks and tariff escalation, including modalities and options to comply with such requirements, and to take advantage of the opportunities;
- Recommendations to improve preferential agreements with other countries and to improve the utilization of existing arrangements; and
- Trade implications of a country's possible graduation from its LDC status, where applicable.

WTO accession (if applicable)

15. For countries that are in the process of WTO accession, it is useful to discuss in the DTIS how the country can maximize the benefits of WTO accession and membership.
16. Examples of issues that may be addressed could include the following:
 - Outline of the main expected benefits from WTO accession and constraints to meet the related requirements (e.g., tariff bindings, domestic support for agriculture, implementation of trade-related regulatory agreements, etc.);
 - Assess areas for the possible improvements in terms of negotiating capacity and consultation at the national level;
 - Present experiences of similar countries that have recently acceded to the WTO;
 - Review of policies and regulations affected by WTO obligations (e.g., those governing subsidies, standards, intellectual property, state trading enterprises, import licensing, trade remedies, customs, etc.), implications for national policy and suggested priorities for the country's legislative action plan;
 - Present technical assistance available and needed to implement these reforms; and
 - Overview on issues of particular importance to the country where greatest benefits from accession are to be expected.

Trade, poverty reduction and sustainable development (and/or the attainment of the MDGs)

(The title and content of this section might be modified depending on the country-specific situation. In addition to trade and poverty issues, based on the LDC priorities, it may focus on other sustainable development issues, such as gender and the environment, that may have a decisive impact on the country.)

17. The pattern of economic development taking place through trade matters to poverty reduction. Since trade is a means to foster more sustainable economic and social development and the attainment of the MDGs and is not an end in itself, trade development, poverty reduction and environmentally sound strategies have to be thought of together.

18. To promote the achievement of pro-poor growth, this section of the DTIS would analyze the implications of increased international trade for poverty reduction. Given that international trade can have both direct and indirect effects on poverty, the DTIS may provide estimates of the effects of trade expansion on the poor.
19. If appropriate data are available, the DTIS may examine the links between trade and poverty by making use of quantitative estimates at county level and in sectors. If data are not available, a qualitative assessment can be made. Other strategies or research, such as PRSPs, can also be used to provide a better understanding of poverty.
20. The following issues could be addressed:
 - Implications of trade policy on incomes, prices, availability of commodities, employment, wages, skills and working conditions and estimates of the net impact on the poor over time;
 - Identification of trade opportunities that benefit the poor, with a view to facilitating their participation in the export value chain;
 - Analysis of the patterns of poverty (including gender distribution), supply-side constraints on pro-poor and inclusive trade, such as the lack of education, skills and economic opportunities for the poor and most vulnerable groups and distribution of gains from trade by income group; and
 - Analysis of incentive arrangements and their effectiveness in supporting pro-poor and inclusive trade and fostering a sustainable development.
21. Trade and economic development that creates substantial income and reduces poverty but that does not close or widens the gender gap and endangers the environment is not desirable. This section of the DTIS would highlight the link between trade and the attainment of other MDGs, in particular those related to gender and the environment.
22. Gender and environmental implications might be addressed building on available studies and relevant data of international institutions on these issues. Gender-disaggregated data might be gathered from the PRSP or provided by international institutions. The same refers to data that reflects the impact of trade on the environment, in particular on natural resources and biological diversity.
23. Depending on the priorities defined by the LDCs and based on the countries' specific situation, the following issues could additionally be addressed:
 - Implications of trade liberalization/trade on gender equality and trade opportunities that could benefit particularly women;
 - Environmental impacts of trade, e.g., impact on natural resources (scarcity, degradation) and biological diversity;
 - Trade opportunities that benefit both economic development and the environment, such as environmentally sound products (e.g., organic agriculture and sustainable forestry plantation), protection and sustainable use of biological diversity (e.g., tourism), etc.; and
 - Analysis of incentive arrangements and their effectiveness in supporting an environmentally sustainable development.

C. Cross-Sectoral Issues and Institutional Framework for Trade, Investment and Growth

24. This section of the DTIS should address binding constraints for sustained growth and export competitiveness issues through an assessment of the business environment and other cross-cutting issues that affect exports and supply capacity, such as infrastructure and trade facilitation, customs, human capital constraints and constraints resulting from SPS, TBT and private standards.

Business environment and institutional framework for trade and investment

25. The regulatory framework of the business environment is largely dependent on the status of trade-in-services in a given country. This section should be linked to the existing domestic regulations governing trade-in-services in a given LDC that are affecting the private sector.

26. The analysis should identify the services and regulations that are placing domestic producers at a disadvantage—both in terms of competing with imports and being competitive to exporters from other countries. Creating an enabling business environment and providing backbone services is, for many countries, a major bottleneck, and the analysis should identify a viable roadmap as the ultimate result. Such a roadmap may include a selection of the issues that mostly constrain trade. Such analysis may take into account that the constraints faced by men and women may be different due to differential access to resources (such as finance, land tenure, and power).

27. Examples of issues that might be considered include the following:

- Legal framework, judiciary system, banking system, including access to finance, availability of backbone services (e.g., electricity and telecommunications), land tenure, taxation, investment procedures, labour regulations, availability of education and vocational training and investment promotion;
- Extent of services trade liberalization expressed in GATS terminology meaning mode of supply, limitations on national treatment and market access limitations, especially on the major trade sector affecting manufacturing or services supply; and
- Roadmap on options and modalities to introduce reforms in the regulatory framework aiming at creating a competitive environment.

Trade facilitation and infrastructure

28. Effective customs administration, transportation infrastructure, and trade logistics services are critical to developing countries' participation in world markets. This section must establish a series of unequivocal findings and clear proposed actions to address them. Since trade facilitation and infrastructure involve cross-border operations, this section must take into account the regional setting, context and initiatives, in particular in relation to landlocked countries, and indicate what could/should be done at national and at regional level. The significance of this exercise is derived from the need to provide efficient in-country transportation and to ensure that the country is connected to foreign markets. Effective trade facilitation institutions and infrastructure stimulate trade and reduce one of the most significant bottlenecks to the movement of goods. Trade facilitation complements infrastructure—most of the delays in transport take place because of cumbersome procedures and regulations both at and behind the border and include trade-in-services aspects, such as transport.

29. The trade facilitation section might undertake the following, taking into account the specific circumstances and challenges faced by women where relevant:
- Assess the trade facilitation chain in terms of infrastructure support—from the manufacturer to the forwarder, to the line haul, to customs, to outbound transport (handling and scheduling), to the user;
 - Assess the non-infrastructure support of the supply chain, including regulations and institutional arrangements;
 - Assess the transport sector policies, including for road transport, the backloading of trucks and trade measures affecting the sector examined in the preceding section; and
 - Identify actions by neighbouring countries and/or joint action at the regional level to facilitate the transfer of goods and provide alternative routings.

Standards and quality infrastructure

30. A country's standards regime and quality infrastructure (e.g., metrology, standardization, testing, quality management and conformity assessment, including certification and accreditation), including but not limited to SPS measures, has an important impact on its integration into the world economy. In addition, albeit from a small base, market shares of sustainably produced and traded goods have seen unprecedented growth and demand.
31. Therefore, it would be important to identify respective constraints and capacity issues of national or regional quality infrastructure as they relate to trade. In any case, the minimal basis of a quality infrastructure is needed for any recognized conformity assessment with international standards. However, for specific topping-up, this issue can more appropriately be dealt with in sectoral studies. It is encouraged to consult the Standards and Trade Development Facility (STDF) and use the findings and results of SPS-related capacity assessment tools developed by international and other organizations where applicable.
32. Specific issues could identify the following:
- Products where standard issues have already been raised or are likely to arise as exports develop;
 - Policies, infrastructure and training needed to promote higher standards throughout the production chain; and
 - Potential for LDC producers and exporters to participate in sustainable production and trading practices and the potential costs and benefits of adopting such standards.

D. Sectoral Studies

33. As a follow-up to the analysis conducted in the cross-sectoral issues examined in Section C and strictly related to the roadmap outlined under bullet point three in Section C (paragraph 27), the DTIS may thoroughly address constraints to exports at the sector and subsector levels in trade-in-goods and services. The (sub)sectors will be drawn from agriculture, manufacturing and services. The selection arises from close consultations with the major stakeholders and may reflect the current or potential contribution to export growth, as well as their impact on poverty alleviation and gender equity.

34. Specific elements of sectoral studies could include the following:

- Review of trends of production, exports and employment levels of specific sectors;
- Identification of major constraints (through value chain analysis or another suitable methodology) to production and export expansion in terms of external market conditions/demand and a country's overall competitive position;
- Assessment of the scope for increased production and or quality of the production, export and export diversification, including the identification of a country's most attractive markets, exploitation of the trading opportunities of traditional products by enhancing their potential value added through the use of labelling and other instruments provided by the MTS;
- Discussion of implications for poverty alleviation and employment generation and review of the poverty alleviation dimension of increased production and exports through direct and indirect employment generation, in both the formal and informal sectors; and
- Proposals to address sectoral constraints, including policy, legislative or institutional changes, capacity-building measures and investments.

E. Implementation Arrangements

35. An important building block of the EIF is a strengthened focus on in-country implementation. The report of the IF Task Force and the ensuing work of the Transition Team and the EIF interim Board include important recommendations to achieve this goal. In future DTIS and DTIS Updates, recommendations can be formulated using an approach to concretely organize the in-country implementation process and the specific tasks of the appropriate bodies, which should be the subject of specific policies and medium-term programmes to be formulated by the government to implement reforms and to strengthen the country's productive and trade capacities.

Checklist for DTIS and DTIS Updates

36. The elements of the checklist aim at:

- Ensuring a high degree of ownership of the DTIS by the in-country stakeholders;
- Avoiding duplication of the diagnostic;
- Ensuring high quality of the diagnostic; and
- Ensuring that the diagnostic provides a good basis for EIF implementation.

37. A non-exclusive list of checkpoints is as follows:

- Submission of a Concept Note to the ES by the respective government. This Concept Note outlines the country's trade strategy or existing practices; objectives and key issues of the DTIS/DTIS Update; the approach to and modalities of the DTIS/DTIS Update process (including indicating individuals/entities to be partnered with, a budget and timing, an outline of the consultative process and of dissemination and the validation of findings); and links to the PRSP/national development plans, as well as other main issues on mainstreaming. In the case of DTIS Updates, the Concept Note should be based on the lessons learned and the direction the government wishes to take with the updating;
- Where applicable, staff from the country office of the DTIS lead agency (if such an entity is assigned by the government) is included in the DTIS team as are staff/experts of other agencies and entities as indicated by the government;
- A team of national consultants is capacitated through on-the-job training;
- The Concept Note is discussed with all relevant stakeholders, including non-state actors. The FP and the NSC remain key in this process;
- TOR for the DTIS team are shared and discussed with the FP, government experts, the NSC and the DF and are subsequently shared with the ES;
- A kick-off meeting (or meetings for each sector/theme) is agreed upon before the beginning of the main fact-finding mission/consultative process to discuss with whom the DTIS team will meet and what information it will gather;
- A wrap-up meeting (or meetings for each sector/theme) is held at the end of the main mission/consultative process to discuss/validate some of the preliminary findings by the DTIS team;
- Draft chapters including priority actions are shared and discussed with the FP, government experts, the NSC "pre-workshop" and the local donor community;
- The submission of written comments by government teams is facilitated by in-house or external training on specific issues that the government attaches particular importance to;
- Key stakeholders for consultation, such as private sector representatives, academia, NGOs, trade unions/employers' federation, are identified and made aware of the DTIS and EIF processes;
- For the national validation workshop, chairpersons for breakout sessions are identified in advance and fully briefed on their role;
- The DTIS lead author (international or national) has relevant experience in the field of trade, knowledge of the EIF and experience in a comparable multi-stakeholder dialogue in LDCs;

- DTIS team members (national and international) are proven experts in their field with demonstrated record of field experience;
- Review of the documents by, and involvement of, the local donor community to ensure that relevant external points of view are also taken into account; and
- The Executive Summary and the draft Action Matrix contain realistic and prioritized actions arising from the analysis undertaken.



Annex II.3: Tier 1 'Support to NIAs' project template

ENHANCED INTEGRATED FRAMEWORK	TIER 1 'SUPPORT TO NIAs' PROJECT PROPOSAL
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SECTION I: Summary Page

I.1 Project title	Encapsulated description of project aim and focus.
I.2 Category of project	Tier 1.
I.3 Grant recipient entity	Name, nature (public, private, other), national or international.
I.4 Implementing entity (if different from grant recipient entity)	Name, nature (public, private, other), national or international.
I.5 Project duration	Months, years, indicating expected start date.
I.6 Total project costs	In US\$ by year.
I.7 EIF funding sought	In US\$ by year.
I.8 Other sources of funding (including counterpart funding)	In US\$ by year.
I.9 Objective of the project	One-line summary of Section III.1 below.
I.10 Results statement	Short summary of Section III.2 below.
I.11 Brief description of the project	Which sector is addressed, what are the main activities under the project.
I.12 Approved by and date	FP, Chair of the NSC, DF, ED.

SECTION II: Situation Analysis

- II.1 Provide an overview of the implementation of the Aid for Trade and trade development agenda in the country, including any problems/difficulties that are being encountered.
- II.2 Summarize briefly the IF process in-country and progress achieved, Window 1 and Window 2 projects and their results, as well as weaknesses in the implementation.
- II.3 Summarize the support to the trade agenda by the government and other donors (existing and pipeline as known).
- II.4 Describe the status of NIAs, including capacity constraints that may exist, including consultation mechanisms in place on trade policy and inter-ministerial and external stakeholder level.

SECTION III: Strategy and Project Description

- III.1 Strategy
State the overall objective and specific project purpose as it relates to I.9. above.
- III.2 State which results the project aims at achieving (narrative of the logframe).
- III.3 Describe how the project will achieve the results (what are the key activities and outputs), i.e.:
Summarize the EIF programme that the project will help implement, if available.
If there is no programme yet, how will the project assist in prioritizing areas in the Action Matrix?
How will the project help in the preparation for Tier 2 projects?
How will the project achieve the capacity development to implement the Aid for Trade and the larger trade development agenda, including the EIF process?
How will the project contribute to trade mainstreaming?
How will the project contribute to inter-ministerial and donor coordination?
- III.4 Link the project strategy to the DTIS findings and Action Matrix.

III.5 Summary budget

Mention main budget items and government funding (according to Summary Budget); these should be monetized if possible; it is expected that government contributions increase over the course of the project (if multi-year).²

III.6 Government contributions

What are the government contributions (financial, in-kind (premises, vehicles, overheads, insurance, etc.) or complementary activities necessary to achieve the results of the project) and other demonstrations of government commitment?

III.7 Sustainability of the results

How will the project/government ensure the sustainability of the results? What plans does the government have for the appropriate phasing-out of the project over time? Sustainability of results should be linked to the (in-kind) contribution by the government. The LDC should ensure that results of the project will be sustained past the Tier 1 project horizon. Note that sustainability of outcomes does not require sustainability of the same inputs after closure of the project. How will EIF contributions and government contributions be phased in/out over the course of the project?

III.8 Project exit/graduation strategy

What are the project's exit/graduation strategy options? What is to happen with capital goods purchased under the project?

SECTION IV: Risk and Mitigation Strategy

IV.1 Identify risks for project delivery and/or project results

Risks should be categorized into those that are integral to the project, i.e., those that the project design can address, and other risks outside of the project and outside of the influence of the project.

IV.2 Describe how the risks under Section IV.1 will be mitigated

For risks integral to the project, show how the project design intends to mitigate the risks; for risks outside of the project, describe what mitigation strategy the government might have.

SECTION V: Project Implementation Arrangements

V.1 Description of the implementing entity

Nature of the implementing entity, experience in providing services as requested, references, etc.

V.2 National ownership

Description of how the project will ensure national ownership.

V.3 NIU implementation arrangements (if applicable)

Description of internal supervision arrangements adopted by the NIU while implementing and/or coordinating activities to be undertaken by other government entities.

² Notes:

Salary contributions and other recurrent costs

A project may support salaries on a country-specific basis provided that a detailed justification/explanation is given and demonstrates how such salary contributions shall be temporary in nature. Therefore, the section on sustainability in Sections III.6 and 7 above should address the project's graduation strategy with reference to the salaries and how the sustainability of the results is ensured in light of the graduation strategy.

The NIUs may be composed of government staff and/or externally recruited experts. In any case, a justification for the composition should be provided. Governments are encouraged to assign staff to the NIUs on an appropriate basis or to release them so that they may compete for positions in, or associated with, the NIUs. All staff associated with the NIU should be remunerated in accordance with local standards; salaries are in any case not to exceed the UN grid for each country.

The project cannot fund severance payments.

Vehicles and other capital items

The purchase of a vehicle may be granted, but a justification in Section III.3 above is necessary.

Payment of import duties and taxes

Governments are requested to afford the EIF programme the same treatment they afford to international organizations present in their countries.

SECTION VI: Logical Framework, Work Plan and Budget Project Implementation Arrangements

VI.1 Logical framework

Fill in a logical framework including the overall objective, purpose, results, indicators and sources of verification for the project.

VI.2 Work plan

Attach the work plan.

VI.3 Budget

See formats below.

SECTION VII: Project Accountability Arrangements

VII.1 Legal status of implementing entity

Legal personality and fiscal identification.

VII.2 Fiduciary responsibilities

Organization of the project and succinct description of roles and functions of key staff assuming fiduciary responsibilities (line ministry, FP, NIU, NIU Coordinator, accounting/finance officer) (see National Fiduciary Responsibility Framework, including reporting and control mechanisms.

VII.3 Financial and fiduciary management

Detailed description of procedures for recruitment, procurement, subcontracts, accounting, etc.

VII.4 Audit requirements

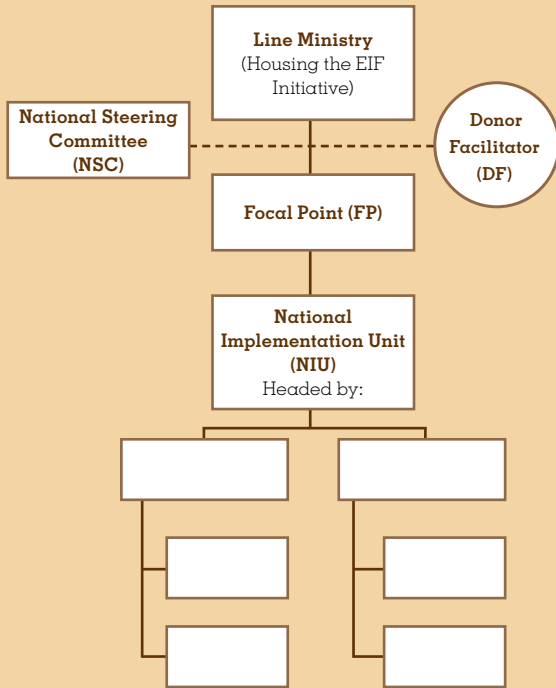
Description of internal audit procedures and external audit requirements.

VII.5 Monitoring and evaluation (M&E)

Summarize the M&E mechanism of the project, including a clear identification of who performs the various tasks. Must be consistent with the EIF M&E Framework.

National Fiduciary Responsibility Framework

1. National Institutional Structure (example to be adjusted)



For indicative purposes only, to be adjusted according to project specificities

2. Functions and Fiduciary Responsibilities (summary)

Line Ministry:

National Steering Committee (NSC):

Focal Point (FP):

National Implementation Unit (NIU)
Coordinator (if the case):

Accounting Officer:

Summary Budget by Category

Account	Category	Year 1	Year 2	Year 3	Year 4	Year 5	Total	Comments
71200	International experts							
71300	Support staff							
71400	National experts							
71600	Travel & missions							
75700	Training & workshops							
72100	Subcontracts							
72200	Equipment							
74200	Communication							
74100	Professional services							
73100	Premises							
74500	Sundries							
Total								

Detailed Budget Template

Country: Project Title:

Starting Date:

Project Duration:

Approved Budget:

Funded by: Enhanced Integrated Framework Trust Fund (EIFTF)

Account Code	Account Code Description	Unit	Total		Year 1		Year 2		Year 3		Year 4		Year 5		Comments
			Unit Cost	Total Cost	Units	Total	Units	Total	Units	Total	Units	Total	Units	Total	
71200	International experts	Month													
71300	Support staff	Month													
71400	National experts	Month													
71600	Travel & missions	Trip													
75700	Training & workshops	Training													
72100	Subcontracts	Training													
72100	Subcontracts	Contract													
72200	Equipment	Lump sum													
72200	Equipment	Vehicle													
72200	Equipment	Each													
74200	Communication	Month													
74100	Professional services	Audit													
74100	Professional services	Contract													
73100	Premises	Month													
73100	Premises	Lump sum													
74500	Sundries	Month													
Total															



III. Modus operandi of Tier 2

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Objective, country and project eligibility

1. All EIF Countries that have finalized and validated the Diagnostic Trade Integration Study (DTIS) and its Action Matrix are eligible for Enhanced Integrated Framework (EIF) Trust Fund (TF) funding for Tier 2 projects. Tier 2 is aimed at assisting in the implementation of priority projects identified in the DTIS Action Matrix. These priority projects should be strategically selected to complement existing projects or fill gaps. Additionally, the Executive Secretariat for the EIF (ES) and the EIF Trust Fund Manager (TFM) will work with the EIF Countries to ensure that, where appropriate, small, low-cost and strategic projects are consolidated into a broader Tier 2 project.
2. Given the size of Aid for Trade (A/T) needs, the bulk of the external resources necessary to implement the priorities identified in the EIF Countries' DTIS and Action Matrices will, however, need to come from programmes funded by bilateral or multilateral Development Partners (DPs).
3. The decision to give priority to a particular sector or type of activity within the Action Matrix and to start the preparation of a project for EIFTF funding has to be taken by the EIF Country government after a documented process of consultation involving all country-level stakeholders and concluded with the approval by the EIF National Steering Committee (NSC).
4. EIF projects funded through DPs should have full EIF Country ownership through the use of the government–donor coordination structures and process. The EIF Focal Point (FP) and the EIF National Implementation Unit (NIU) will ensure that the EIF Donor Facilitator (DF) and the NSC are involved in the in-country appraisal and approval process. Without prejudice to donors' requirements, the FP and the NIU may want also to use the EIF Tier 2 project template (Annex III.1) for their bilateral/multilateral Tier 2 projects; this, however, is not a condition for a project to be counted as a bilateral Tier 2.
5. Before an EIF Country sets out to draft a Tier 2 project proposal for funding by the EIFTF, the FP supported by the DF needs to have ensured that the proposed project does not duplicate any projects in the pipeline of any bilateral or multilateral donors.
6. Bilateral, multilateral or other donors that have signalled that a specific project proposal is under preparation for their funding should fund this project within a year from the submission; otherwise, the EIF Country can proceed to present the project to the EIF Board for due consideration.
7. In addition to the adoption of the DTIS Action Matrix and in order to ensure that EIF activities are consistent with the overall national development objectives, EIF Countries are expected, within three years of the first EIF funding decision for a project in the country, to develop a programme aimed at strengthening their productive and trade capacities, including reforms that are essential to improving the business environment. These programmes will be based on the DTIS Action Matrix and provide a further prioritization of actions identified in the Action Matrix. The programmes are expected to include a coherent plan of reforms, capacity-building projects and other actions that may be necessary, accompanied by a narrative explanation of how the plan supports the overall development objectives. The programmes will form the basis of discussion between the EIF Country (supported by the DF) and the local donors and will assist in specifying which activities are funded by the government and which are co-funded by donors.
8. Notwithstanding the above, it is acknowledged that some EIF Countries may not currently have in place such programmes, and this will not be a condition for them to access Tier 2 EIFTF resources. However, it is expected that such countries will start working on developing their programmes, for which Tier 1 support or support by the local donors may be requested. Access to EIF Tier 2 project funding by countries without such a programme will generally be limited to an initial period of a maximum of three (3) years after the first funding by the EIF of a Tier 1 or Tier 2 project (whichever comes first), not exceeding 31 December 2014. For funding during this period, the link with a priority identified in the DTIS Action Matrix should be duly justified.

9. The programming exercise is expected to be led by the FP and the NIU in close collaboration with the relevant ministries (including finance and planning), and the programme is expected to be approved by the NSC. Note that the scope and budgeted cost of the programme should be of a magnitude that can be realistically expected to be provided by the government and local DPs, with the EIFTF resources as a complement.
10. Project proposals from countries that have such a programme in place should explain where the proposed project fits within the programme. The programme should also be annexed to the proposal.
11. Illustrative examples of eligible Tier 2 projects include the following: assistance to implement WTO or other trade policy commitments; project preparatory activities that may not have been provided for under Tier 1 projects; trade mainstreaming activities to integrate DTIS conclusions into national development strategies, such as PRSPs; preparation, formulation and implementation of sectoral strategies; capacity-building activities for key trade support institutions and government officials, representatives of local communities, professional federations, NGOs and other local stakeholders or to enhance the supply-side response of the country; specific actions aimed at enhancing small and medium enterprises' competitiveness for priority sectors identified in the DTIS; assistance for WTO accession; and strengthening of trade support services. Small infrastructure projects may also be considered by the EIF Board on a case-by-case basis if they are of a limited and focused scope, if they address a supply-side constraint that has been identified in the DTIS Action Matrix and if they are part of the implementation of the programme mentioned in Section 7 above, where they are in place.
12. The EIF Board will decide at a later stage how the EIF addresses the regional dimension.
13. While cost-sharing with EIF Country governments is encouraged, co-funding by other donors and its modalities will be considered on a case-by-case basis.

Budget and timing

14. The ES and the TFM will upon approval by the EIF Board communicate the total allocation of the EIFTF to fund Tier 2 projects for all EIF Countries on a semi-annual basis.
15. The total level of EIF funding for a Tier 2 project is expected to be in the range of US\$1.5-3 million. However, the Board may consider approving projects with a total cost above or below this amount should it deem it fit to do so from facts presented in the project proposal(s).
16. Project agreements will specify the expected starting date and completion date of the project. EIFTF-funded Tier 2 projects should not normally exceed three years. However, exceptionally, provided adequate justification is provided in the project proposal, the EIF Board may approve a longer-term project of up to five years.

Project preparation: formulation of proposals

17. Project proposals are prepared and coordinated by the 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 the advice and assistance of other partners, such as the EIF Partner Agencies, regional or other international agencies, donors, NGOs, etc. The project proposal will be prepared pursuant to the template for project proposals and budgets contained in the Tier 2 project template (see Annex III.1).

18. To assist the NIUs in their role in the development of Tier 2 project proposals, throughout the implementation of the EIF, the ES and the TFM will provide the necessary guidance on compliance with EIF requirements. Assistance in developing project proposals may also be provided through Tier 1 projects or through bilateral support or other relevant in-country partner institutions/entities or international agencies.
19. The FP, guided by the NSC, will propose the Main Implementing Entity (MIE) for a project submitted for EIFTF Tier 2 funding. Once a project is approved and the relevant agreement signed with the TFM, the TFM will disburse directly to the MIE, whether a government/national or international implementing entity (UN Agency, non-UN development agency, bilateral partner, NGO or other). Government/national implementation is encouraged. EIF Countries have full flexibility in selecting MIEs that are best suited to implement their projects, provided the MIE has been determined as per EIF requirements to have sufficient capacity whilst ensuring emphasis on country ownership and accountability. There is no restriction as to the number of projects that an MIE can implement.
20. In the event that the project proposal identifies an MIE other than the government, the NIU shall seek its input during the project preparation phase. In addition, the selection of an MIE should be discussed and approved during a Tier 2 Appraisal Committee (TAC 2) meeting, with signed minutes reflecting the decision.
21. If necessary, the MIEs will assume the responsibility for contracting and monitoring sub-implementing entities.

Project appraisal

22. The TAC 2 appraises the project proposal in-country. It is chaired by the FP and includes the DF (or, in exceptional circumstances, another donor designated by the DF), a representative of the ministry of trade (if the FP is not from such a ministry) and one from finance and/or planning or another government entity, a representative of the private sector and a representative of the MIE in case it is not represented by any of the other mandatory members of the TAC 2. These are the core members of the TAC 2, and they form the minimum mandatory membership. The FP, in consultation with the other core members, may decide to invite other representatives of the private sector or government departments to participate in the appraisal. The TFM and the ES may attend the TAC 2 meetings as observers.
23. The TAC 2 shall review the project proposal and any appraisal reports and memoranda made available to it prior to conducting its appraisal. The TAC 2 will assist in ensuring that the project is formulated in a results-oriented manner, is in alignment with the country's latest national development plans, forms part of the country's programme (where available) and responds to priority areas of intervention of the DTIS and its Action Matrix. The TAC 2 shall hold an appraisal meeting, and minutes of such meetings shall be prepared. The minutes shall be circulated promptly to the core members of the TAC 2 for their signatures and to those observers who participated in the meeting. The minutes are transmitted to the NSC and annexed to the project proposal for formal approval by the NSC and signature by the Chair of the NSC for final endorsement by the respective EIF Country government and transmission to the ES with the request for EIF funding. The signed minutes of the TAC 2 are to be considered as an integral part of the project proposal.
24. The members of the TAC 2 shall decide as part of their deliberations whether to recommend the project for approval. Only projects approved by all TAC 2 mandatory members can be submitted to the ES for transmission to the EIF Board for approval.

25. The subsequent project appraisal by the ES and the TFM provides a review of all aspects of the project. The aim of the appraisal is to examine and evaluate the project objectives, to assess whether the proposed project is likely to meet these objectives efficiently and to recommend conditions that should be met to ensure that the objectives of the project will be achieved. The appraisal covers both the project and the entity or entities that will implement it.
26. The appraisal process will lead to an ES Recommendations Memorandum and a TFM Capacity Assessment Report (CAR) as detailed below.
27. The ES shall assess and make recommendations as appropriate on the programmatic and substantive aspects of the project, including the consistency of the project with the EIF objectives, the relevant programmatic and substantive capacity of the MIE and the operational quality of substantive performance indicators and expected project outcomes in the project proposal, in accordance with the M&E Framework. A mission may be required for the ES to consolidate this appraisal.
28. The TFM shall, in accordance with its full fiduciary responsibility, (i) carry out a comprehensive fiduciary review of the project, including a financial, procurement, disbursement, legal and anti-corruption review of the project; (ii) carry out an assessment of the operational and financial implementation capacity of the MIE, including the MIE's own internal project monitoring capacity; and (iii) formulate recommendations for capacity building in the above-mentioned aspects as needed. The TFM undertakes a desk review of the proposal and, as necessary, a mission for its appraisal (in conjunction with the ES, if possible and needed). The assessment, review and recommendations of the TFM for the project shall be properly formalized in the TFM CAR and shall ensure that the proposal adheres to the fiduciary requirements set out in this Compendium.

Project approval

29. Tier 2 projects shall be submitted for approval to the EIF Board through a written procedure. A Tier 2 project proposal shall be deemed approved unless an EIF Board member with voting rights presents an objection within twenty (20) Switzerland business days from the date of its submission to the EIF Board. Comments and questions received on a proposal will be addressed by the Executive Director of the ES (ED), through consultations with the TFM, the MIE and the FP, and a response will be provided to the EIF Board without undue delay. These comments and questions will not in themselves prevent the approval of a project proposal. If an EIF Board member objects to the approval of a project proposal, it will communicate such objection and the reasons therefore in writing to the ES within the 20-day period.
30. The ED will consult with the TFM, the MIE and the FP in an effort to resolve the objection. The ED may, with respect to any project proposal under consideration, require additional information or adjustments in the design or cost structure or request any other changes. Upon such consultation, and where appropriate upon revision of the project proposal, the ED shall ensure that any objection is addressed. In cases where the objection is resolved to the satisfaction of the FP, the MIE and the Board member(s) concerned and any possible revision of the project proposal is limited, the project proposal may be considered approved, and the ED shall circulate the final project proposal and an explanatory note to the EIF Board members for their information. In cases where the objection cannot be resolved or in any case where the ED deems this appropriate, such a project may be re-submitted under the above-mentioned written procedure for approval by the EIF Board.
31. The re-submission will include an explanatory note by the ED specifying the modifications made in the project proposal and/or the complementary information considered relevant for not requesting changes concerning the points in the project proposal that the objections expressed by the EIF

Board member(s) relate to. This consultation period is allocated a maximum of ten (10) Switzerland business days. In case of objection by an EIF Board member upon such re-submission, the project proposal shall be presented for consideration at the next regular meeting of the EIF Board.

32. The ES and the TFM will provide advice throughout the process and ensure that the Tier 2 approval process and criteria have been complied with.

Agreements and disbursements

33. Upon the approval of a Tier 2 project by the EIF Board, the ED shall send a formal communication to the TFM that the project has been approved. The TFM shall then enter into the legal agreement with the recipient of the funds. It is the responsibility of the TFM to ensure that all necessary terms and conditions and the rights and responsibilities of the parties, including those identified during the project preparation and appraisal phase, be included in the relevant agreements. The TFM shall facilitate the disbursement to the recipient within ten (10) Switzerland business days of the signature of the final legal agreement, assuming there are no delays caused by banking transaction requirements that are out of the TFM's control.

Implementation modalities

34. Three types of implementation modalities are available for projects under Tier 2. The TAC 2 is to recommend which one is the most suitable for a specific project.

Option 1: Government implementation

35. The project is implemented by a government entity, whereby overall responsibility and accountability for the management of the project lies with the selected government entity. In this case, funds are transferred to this governmental entity.

Option 2: EIF Partner Agency implementation

36. Under this implementation modality, an EIF Partner Agency is selected by the government as the MIE to implement a Tier 2 project and is endorsed in the TAC 2 minutes. This choice will be based on an assessment by the parties of the comparative advantages of such an entity, specialized expertise in Trade-related Technical Assistance (TRTA), possible synergies with other ongoing projects, past experiences, etc. In any case, the EIF Partner Agency will take into consideration the basic EIF principles of enhancing national ownership and building partnerships for development, as well as principles of transparency (transparent budget), light procedures, etc.
37. The responsibility and accountability for the project lie with the selected MIE, and the implementation will take place on the basis of the project documents as approved by the EIF Board. The EIF Partner Agencies and the TFM have entered into Partnership Agreements meant to facilitate the procedures for project implementation.

Option 3: Other entity implementation

38. In this case, the responsibility and accountability for the project lie with the MIE selected by the TAC 2 following appropriate procurement procedures validated by the ES/TFM. This choice will be based on an assessment by the parties of the comparative advantages of such an entity, including specialized expertise in TRTA, possible synergies with other ongoing projects, past experiences, etc. In any case, the MIE will take into consideration the basic EIF principles of enhancing national ownership and building partnerships for development, as well as principles of transparency (transparent budget), light procedures, etc.
39. Under this Option 3, the following main possibilities are envisaged (or a combination thereof), though not exhaustive:
- i. Implementation by another international organization;
 - ii. Implementation by a bilateral DP agency, such as GIZ, AFD, etc.;
 - iii. Implementation by local entities, such as an NGO, a research institute or an academic body; and
 - iv. Implementation by a private sector consulting firm. In this case, government procurement rules would normally be applied.

Neutrality

40. In order to avoid any possible conflict of interest, the DF should not usually be considered as a service provider for the implementation of a project's activities (as MIE or otherwise). However, in duly justified cases, the EIF Board may decide to waive the application of this clause, upon specific request by the FP or the controlling officer where procedures thus demand, on behalf of the EIF Country government, after prior consultations with the other donors present in the country.

Monitoring and Evaluation

41. The M&E of the project will take place in accordance with provisions of the section on the M&E Framework.



Annex III.1: Tier 2 project template

Tier 2 project template and guidance for completion

ENHANCED INTEGRATED FRAMEWORK	TIER 2 PROJECT PROPOSAL
SECTION I: Project Accountability Arrangements	
I.1 Project title	Encapsulated description of project aim and focus.
I.2 Category of project	Technical assistance, or capacity building and training, or special study or other.
I.3 Grant recipient entity	Name, nature (public, private or other), national or international.
I.4 Implementing entity (if different from grant recipient entity)	Name, nature (public, private or other), national or international.
I.5 Project duration	Months, years, indicating expected start date.
I.6 Total project costs	In US\$ by year.
I.7 EIF funding sought	In US\$ by year.
I.8 Other sources of funding (including counterpart funding)	In US\$ by year.
I.9 Objective of the project	One-line summary of Section III.1 below.
I.10 Results statement	Short summary of Section III.2 below.
I.11 Brief description of the project	Which sector is addressed, what are the main activities under the project.
I.12 Approved by and date	FP, Chair of the NSC, DF, ED.
SECTION II: Strategic Context	
<p>II.1 Succinct explanation of how the project is covered by the medium-term programme aimed at strengthening the country's productive and trade capacities (annexing a copy of this)</p>	
<p>In the absence of such a programme, provide the explanation linked to the DTIS Action Matrix and narrate any progress in developing such a medium-term programme.</p>	
<p>II.2 Support to the national trade and private sector development agenda by the government and other donors</p>	
<p>Overview of actions under implementation and in the pipeline, specifying for each of the actions foreseen in the medium-term programme which part of funding is provided by the government and which by donors.</p>	
<p>II.3 Status of sector targeted by the project (if applicable)</p>	
<p>Summary description of sector targeted by project; highlight constraints, including those the project will address.</p>	
SECTION III: Project Description	
III.1 Overall objective and specific project purpose	State the project's overall objective with reference to impact to be obtained and specific purpose with reference to outcomes to be obtained.
III.2 Results	State the specific results (outputs) the project seeks to achieve; this section has to be congruent with the logframe in Section VI.1 below.
III.3 Key activities	List the key activities under the project for each of the outputs to be achieved with these activities. These outputs must be sufficient to reach the outcomes identified in Section III.1.
III.4 Document fundraising activities preceding the preparation of the Tier 2 project proposal	State when and on which occasion (consultative group meeting, round table meeting, special trade round table, etc.) the donor community had been asked to fund the project contained in this proposal. Attach a report/minutes of the meeting.

III.5 Summary budget, specifying government funding	Mention main budget items and government funding (according to Annex 2); these should be monetized if possible; it is expected that government contributions increase over the course of the project (if multi-year).
III.6 Sustainability strategy	Describe how the results of the project (see Section III.2 above) will be made to last beyond the life of the project.
III.7 Exit strategy	What happens at the end of the project? What happens to capital goods purchased under the project?
SECTION IV: Risk and Mitigation Strategy	
IV.1 Identify risks for project delivery and/or project results	Risks should be categorized into those that are integral to the project, i.e., those that the project design can address, and other risks outside of the project and outside of the influence of the project.
IV.2 Describe how the risks under IV.1 will be mitigated	For risks integral to the project, show how the project design intends to mitigate the risks; for risks outside of the project, describe what mitigation strategy the government might have.
SECTION V: Project Implementation Arrangements	
V.1 Description of the implementing entity	Nature of the implementing entity, experience in providing services as requested, references, etc.
V.2 National ownership	Description of how the project will ensure national ownership.
V.3 NIU implementation arrangements (if applicable)	Description of internal supervision arrangements adopted by the NIU while implementing and/or coordinating activities to be undertaken by other government entities.
SECTION V: Logical Framework, Work Plan and Budget	
VI.1 Logical framework	Fill in a logical framework including the overall objective, purpose, results, indicators and sources of verification for the project.
VI.2 Work plan	Provide a month-by-month work plan for the activities listed above.
VI.3 Budget	See format below.
SECTION VI: Project Accountability Arrangements	
VII.1 Legal status of the implementing entity	Legal personality and fiscal identification.
VII.2 Fiduciary responsibilities	Organization of the project and succinct description of roles and functions of key staff assuming fiduciary responsibilities (see National Fiduciary Responsibility Framework).
VII.3 Financial and fiduciary management	Detailed description of procedures for recruitment, procurement, accounting, etc.; see fiduciary administrative process.
VII.4 Audit requirements	Description of internal audit procedures and external audit requirements.
VII.5 M&E	Summarize the M&E mechanism of the project, including a clear identification of who performs the various tasks. Must be consistent with the EIF M&E Framework.

Operational policies on specific project inputs/budget items

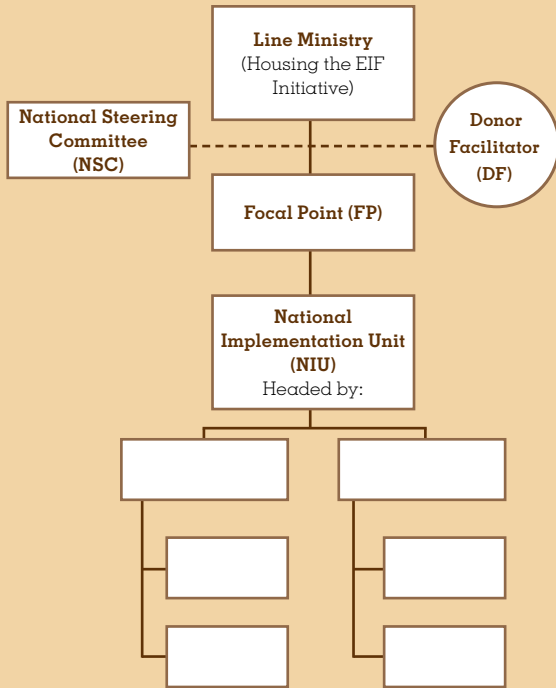
1. Vehicles and other capital items: purchase of a vehicle or other capital items may be granted for the purpose of delivery of public service and implementation of governmental or technical assistance functions, but a justification in the project description is necessary.
2. Payment of import duties and taxes: governments are requested to afford the EIF-funded projects the same treatment they afford international organizations present in their country.

Procurement guidelines

3. The procurement rules to be applied are usually the ones of the implementing entity provided they are in line with international standards.

National Fiduciary Responsibility Framework

1. National Institutional Structure (example to be adjusted)



For indicative purposes only, to be adjusted according to project specificities

2. Functions and Fiduciary Responsibilities (summary)

Line Ministry:

National Steering Committee (NSC):

Focal Point (FP):

National Implementation Unit (NIU)
Coordinator (if the case):

Accounting Officer:

Summary Budget by Category

Account	Category	Year 1	Year 2	Year 3	Year 4	Year 5	Total	Comments
71200	International experts							
71300	Support staff							
71400	National experts							
71600	Travel & missions							
75700	Training & workshops							
72100	Subcontracts							
72200	Equipment							
74200	Communication							
74100	Professional services							
73100	Premises							
74500	Sundries							
Total								

Detailed Budget Template

Country:

Project Title:

Starting Date:

Project Duration:

Approved Budget:

Funded by: Enhanced Integrated Framework Trust Fund (EIFTF)

Account Code	Account Code Description	Unit	Total		Year 1		Year 2		Year 3		Year 4		Year 5		Comments
			Unit Cost	Total Cost	Units	Total	Units	Total	Units	Total	Units	Total	Units	Total	
71200	International experts	Month													
71300	Support staff	Month													
71400	National experts	Month													
71600	Travel & missions	Trip													
75700	Training & workshops	Training													
72100	Subcontracts	Training													
72100	Subcontracts	Contract													
72200	Equipment	Lump sum													
72200	Equipment	Vehicle													
72200	Equipment	Each													
74200	Communication	Month													
74100	Professional services	Audit													
74100	Professional services	Contract													
73100	Premises	Month													
73100	Premises	Lump sum													
74500	Sundries	Month													
Total															



IV. EIF Monitoring and Evaluation Framework

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Background

1. M&E is an important aspect of the EIF and a management tool. It allows the verification of the state and quality of implementation of the EIF projects and of the overall EIF programme and proceeds through the measurement of results obtained with a view to achieving the objectives of the EIF projects and the overall programme. During the implementation, it is a way to assess whether targets are being met and, if not, to recommend corrective measures.
2. Objectively verifiable indicators against which performance can be monitored and evaluated have been established for the EIF programme in the programme-level logframe (see Annex IV.1). The indicators for M&E of EIF-funded projects are established in the logframes specific to each project.
3. The EIF M&E 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 steps would be taken to address the constraints.

Scope and objectives of the EIF M&E Framework

4. The EIF M&E Framework covers all activities and projects financed by the EIF Trust Fund (EITF). The objective of the M&E Framework is to provide a tool for:

- i. Ensuring **accountability** for achievement of EIF objectives;
- ii. Effective M&E of **progress in achieving results** through EIF-supported activities; and
- iii. Identifying lessons learnt for **feedback and knowledge-sharing** among all EIF partners as a basis for improving delivery of ongoing or future projects.

Structure of the EIF M&E Framework

5. For the EIF programme, monitoring is essential, and evaluation will need to be undertaken at the programme level and in relevant cases for projects, with costs commensurate to the activities and the available budget. The EIF M&E Framework is based on logframes for specific projects funded by the EIF and a logframe for the overall programme. The approach taken allows that part of the information gathered at the project level can feed into the M&E at the programme level.

EIF Programme

6. An EIF programme logframe has been elaborated, identifying the programme's goal, purpose and four outcomes; targets have been defined at the outcome level.³ The programme will integrate outcomes at EIF Country level and monitor progress against the targets through a defined set of indicators. The programme logframe can be found in Annex IV.1; a Technical Note for the programme logframe can be found in Annex IV.2.

³ No targets have been defined for indicators at the goal and purpose levels because other factors besides the EIF programme may contribute to determine whether the EIF targets were achieved.

7. The EIF programme aims at creating a strong and effective results-oriented partnership among all EIF stakeholders. This involves close cooperation amongst the current 23 donors, six Core Agencies, one Observer Agency, the Executive Secretariat (ES), the Trust Fund Manager (TFM) and other Development Partners (DPs) who are supporting the LDCs' own drive to achieve the EIF objectives:

- Mainstream trade into national development strategies;
- Set up structures needed to coordinate the delivery of Trade-related Technical Assistance (TRTA); and
- Build capacity to trade, which also includes addressing critical supply-side constraints.

8. The EIF process aims to strengthen donors' support to a country's trade agenda. LDCs can use the EIF as a vehicle to assist in coordinating donor support and to lever more Aid for Trade (AfT) resources, whereas donors can sign up to the EIF as a vehicle to deliver on their AfT commitments.

9. The programme will be assessed against the following provisions set out in the EIF programme-level logframe:

Goal

The goal of the EIF is to support the LDCs' integration into the global trading system with a view to contributing to poverty reduction and sustainable development.

Purpose

The purpose of the EIF is to enable EIF Countries to become fully integrated and active players in, and beneficiaries of, the global trading system through mainstreaming trade.

Outcome⁴

10. Four specific outcomes have been identified:

- i. EIF Countries mainstream trade into their national development strategies and plans;
- ii. 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;
- iii. EIF Countries secure resources in support of initiatives that address DTIS Action Matrix priorities; and
- iv. Sufficient institutional and management capacity is built in EIF Countries to formulate and implement trade-related strategies and implementation plans.

EIF project level

11. An EIF Country is required to develop logframes for each Tier 1 'Support to National Implementation Arrangements (NIAs)' project and each Tier 2 project to be approved by the EIF Board. EIF Countries

⁴ A number of indicators have been identified for each of the four outcomes (see the logframe for details).

are being supported by the ES to develop a light but effective monitoring system with a clear focus on results and with a limited number of SMART (specific, measurable, achievable/agreed-upon, relevant, and time-bound) indicators. Using these indicators as the basis of the monitoring system will enable EIF Countries to follow the progress towards the objectives and specific targets of the projects.

12. At the same time, information on certain core indicators for Tier 1 'Support to NIAs' projects will be used for reporting on some of the programme level logframe indicators. It is expected that all Tier 1 'Support to NIAs' projects will address institutional capacity constraints for trade mainstreaming, donor coordination on AfT and implementation of the DTIS Action Matrices.
13. Therefore, all Tier 1 'Support to NIAs' projects are expected to include the following outcomes (which are also identified at the programme level) in their project level logframes:
 - i. Building institutional and management capacity to formulate and implement trade-related strategies and implementation plans;
 - ii. Mainstreaming trade into national development strategies;
 - iii. Coordinating the delivery of TRTA and AfT; and
 - iv. Implementing DTIS Action Matrix priorities.
14. For purposes of programme-level reporting, some of the indicators for the Tier 1 'Support to NIAs' project outcomes have been pre-identified. These indicators should thus be used by all Tier 1 projects if possible.⁵ As a prerequisite for reporting at the programme level, it is thus important that information on the project-level indicators is collected and reported in a timely manner.
15. As part of Tier 1 'Support to NIAs' projects, EIF Countries set up small National Implementation Units (NIUs) to strengthen the policy and coordination role of the trade and related departments and to lead in the preparation and implementation of the national EIF-funded projects.
16. It is expected that the project-level M&E will use national M&E systems, or 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 in the national experts as part of the ongoing capacity-building efforts in EIF Countries.
17. Each Tier 2 project will have an appropriate logframe with outcomes and indicators specific to the project and country needs. Owing to the nature of Tier 2 support, which is likely to address a wide variety of constraints, there are no pre-identified indicators that all Tier 2 project logframes should include. However, for programme-level reporting and future evaluations, the identified outcomes and indicators will be verified in the project proposals.
18. DTIS and pre-DTIS work under Tier 1 does not have a logical framework but utilizes a checklist approach (see Annex II.2 of the Compendium).

Roles and responsibilities

19. The effectiveness of an EIF M&E Framework is dependent on having clearly defined roles and responsibilities of the different partners. The following Table 1 summarizes the roles and responsibilities of the various EIF partners on M&E as spelled out elsewhere in the Compendium and their role in the flow of reports.

⁵ For Tier 1 'Support to NIAs' projects already approved and under implementation, the indicators required at the programme level will need to be monitored through other means than the MIE reporting and project implementation.

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
EIF Steering Committee (EIFSC)	<ul style="list-style-type: none"> ■ 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. 	<ul style="list-style-type: none"> ■ Receives annual progress reports from the EIF Board.
EIF Board	<ul style="list-style-type: none"> ■ Monitors performance of the ES and the TFM and adopts corrective measures. ■ Adopts and revises the policy for M&E for the EIF Partnership. ■ Oversees the M&E Framework. ■ Establishes TOR for external studies and evaluations. 	<ul style="list-style-type: none"> ■ Presents annual progress report to the EIFSC. ■ Receives annual progress reports from the ES and the TFM. ■ Receives quarterly financial reports from the TFM (via the ES). ■ Receives annual certified statements from the TFM (via the ES). ■ Receives project completion reports from the TFM (via the ES). ■ Receives final programme reports and financial statements (via the ES).
EIF Executive Secretariat (ES)	<ul style="list-style-type: none"> ■ 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. ■ Together with the TFM, supports (as needed) NIUs in setting the baseline for projects where the NIU is the MIE. ■ Coordinates and supervises the evaluation of projects, including external evaluations at the programme level. 	<ul style="list-style-type: none"> ■ Coordinates reporting to the EIF Board by all partners, including Main Implementing Entities (MIEs) at project level. ■ Reports results at the programme and country levels annually to the EIF Board. ■ 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. ■ 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; this report also includes donor coordination issues and is countersigned by the DF. ■ Receives annual light reports every twelve months, starting six months after the implementation of EIF activities in-country. This interim report, which is to also include donor coordination issues and is to be countersigned by the DF, is to be prepared by the FP/NIU to highlight problems that may threaten the achievement of the objectives during the next reporting cycle.

Partner	Key Roles and Responsibilities in M&E	Role in Reporting
EIF Trust Fund Manager (TFM)	<ul style="list-style-type: none"> ▪ 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"> ▪ 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. ▪ 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; this report also includes donor coordination issues and is countersigned by the DF. ▪ Submits project completion reports via the ES to the EIF Board. ▪ Receives annual light reports every twelve months, starting six months after the implementation of EIF activities in-country. This interim report, which is to also include donor coordination issues and is to be countersigned by the DF, is to be prepared by the FP/NIU to highlight problems that may threaten the achievement of the objectives during the next reporting cycle. ▪ Receives reports from the MIEs as specified in the relevant legal agreements.
EIF Focal Point (FP)/National Implementation Units (NIUs)	<ul style="list-style-type: none"> ▪ 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 MIE); in this task, the NIU will be supported by the ES and the TFM as needed. ▪ Is responsible for internal project monitoring (if MIE). 	<ul style="list-style-type: none"> ▪ Submits quarterly financial, semi-annual and annual progress reports to the ES and the TFM for Tier 1 and Tier 2 projects (if MIE); for multi-year Tier 1 'Support to NIAs' projects under government implementation, these reports are to include donor coordination issues and are to be countersigned by the DF. ▪ Submits a light report every twelve months, starting six months after the implementation of EIF activities in-country to the ES/TFM (if MIE). This interim report, which is to also include donor coordination issues and is to be countersigned by the DF, is to be prepared by the FP/NIU, to highlight problems that may threaten the achievement of the objectives during the next reporting cycle. ▪ Submits project completion reports to the TFM. ▪ Submits annual audit reports to the TFM.
Main Implementing Entity (MIE)	<ul style="list-style-type: none"> ▪ Establishes the baseline for projects and provides yearly updates on the indicators that will be used for the annual progress report. ▪ Is responsible for internal monitoring of the projects. 	<ul style="list-style-type: none"> ▪ Reports to the TFM semi-annually, annually and upon completion on project implementation in terms of funds utilized, activities implemented, outputs delivered and outcomes achieved on Tier 1 and Tier 2 projects. ▪ Submits progress, financial and project completion reports to the TFM.

Monitoring and Evaluation

Baseline

20. Baseline data allows a better assessment of the success or failure of the EIF programme by providing for any differences in outcome across phases of programme implementation. Baselines will be established for the indicators in the EIF programme logframe (backdating to the beginning of the programme, i.e., 2009) and for the indicators of each of the Tier 1 and Tier 2 projects. Roles of the various partners in setting the baseline have been included in Table 1 above.

Monitoring

21. The obligation of the NIUs to report progress to the ES that will feed into the ES M&E Framework would provide a strong incentive to improve the design and implementation of EIF programmes and focus on managing for results. NIUs will submit at least one monitoring progress report per year, which will be validated at the level of the ES.

Evaluations

22. The EIF evaluation process has the following elements:

Mid-term review

23. The main purpose of the mid-term review is to confirm whether the programme is performing towards achieving the targets set and to take remedial action where the programme might not be on track. The purpose of the mid-term review is also to inform the decision by the partnership whether the EIF programme is to be extended for a second five-year phase.

Final evaluation

24. The purpose of the final evaluation is to take stock of the results achieved by the EIF programme over its five-year implementation span and to identify lessons learned, which would inform the design of the second phase, if a second phase is to be pursued.

Tier 1 projects

25. All Tier 1 projects will be evaluated after the first phase. For those projects for which funding for a second phase (Years 4 and 5) is sought, this evaluation will inform the design and decision-making for the extension of the project. Tier 1 projects that are extended will also undergo a final evaluation to assess whether the intended results have been achieved. Evaluation costs for Tier 1 projects should normally be covered by the project budget; however, the EIFTF may supplement the amount budgeted in exceptional cases if deemed necessary.

Tier 2 projects

26. As a minimum, the first ten completed projects will be evaluated. For Tier 2 projects completed thereafter, evaluations will be conducted for a sample of projects. The evaluation of the first ten Tier 2 projects at the beginning will provide a maximum of lessons to inform project design, development and implementation for the future. Evaluation costs for Tier 2 project should normally be covered by the project budget.
27. The responsibility to coordinate the evaluation of projects and supporting external evaluation at the programme level rests with the ES with support from the TFM where required. The following Table 2 summarizes the evaluation at EIF programme and project levels.

Table 2: Evaluation services – procurement and funding

Level	Frequency	Procurement of Evaluation Services	Funding Source for Evaluation
EIF programme	<ul style="list-style-type: none"> ▪ Mid-term review. ▪ Final evaluation. 	Competitive/open bidding based on TOR approved by the EIF Board.	EIFTF.
Tier 1 'Support to NIAs' projects	<p>All projects (assuming that these are for five years with only three approved by the EIF Board initially):</p> <ul style="list-style-type: none"> ▪ Evaluation 2.5 years from start to feed into the decision for an extension. ▪ Final evaluation (after five years if project is extended). 	<p>ES to provide guidelines and endorse the final TOR for the evaluation.</p> <p>Procurement to follow country procedures, but must be:</p> <ul style="list-style-type: none"> ▪ Open tender process. ▪ Service providers independent of MIE and other government agencies (e.g., a national audit office). 	Tier 1 project budget, to be supplemented as necessary by the EIFTF.
Tier 2 projects – first 10 projects	<p>All projects:</p> <ul style="list-style-type: none"> ▪ Mid-term evaluation, as specified in the relevant project agreement. ▪ Final evaluation.⁵ 	<p>MIE to elaborate TOR in cooperation with the ES; the ES and the TFM to endorse the final TOR.</p> <p>Procurement to follow procedures of the MIE; if national MIE, to follow country procedures, but must be:</p> <ul style="list-style-type: none"> ▪ Open tender process. ▪ Service providers independent of MIE. 	Tier 2 project budget.
Tier 2 projects from the 11 th approved project onwards	<p>Sample (x per cent):</p> <ul style="list-style-type: none"> ▪ Final evaluation.⁶ 	<p>MIE to elaborate TOR in cooperation with the ES; the ES and the TFM to endorse the final TOR.</p> <p>Procurement to follow procedures of the MIE; if national MIE, to follow country procedures, but must be:</p> <ul style="list-style-type: none"> ▪ Open tender process. ▪ Service providers independent of MIE. 	Tier 2 project budget.

⁶ The final evaluation is expected to commence before the project is concluded.

28. In line with the principle that the EIF will be run according to the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action,⁷ the external evaluation will be approached to ensure country ownership of the process. Therefore, 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. Annex IV.4 gives a summary of the OECD/DAC criteria for evaluating development assistance.

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

Conclusion

29. 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.

30. To adequately implement the EIF M&E Framework across a programme that has more than 40 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 provided using internal and external resources as is seen fit by the ES expert on M&E. One element of such capacity building is a module in the EIF Capacity-Building Programme, which is planned to be available from the end of 2011.

For M&E-specific information, go to: www.enhancedif.org – EIF toolbox – Monitoring and evaluation.

⁷ <http://www.oecd.org/dataoecd/11/41/34428351.pdf>



Annex IV.1: EIF programme logframe

This programme-level logical framework is intended to report on aggregate activities and outcomes at project level and to report on the identification of country priorities and resource mobilization across the EIF programme.

The M&E Framework states that the specific objectives and key results of the EIF are to:

- Mainstream trade into national development plans and PRSPs;
- Set up structures needed to coordinate the delivery of TRTA; and
- Build capacity to trade, which also includes addressing critical supply-side constraints.

In this context, **trade mainstreaming** means:

Integrating trade into national development plans and PRSPs and the operationalization of the trade coverage thereof, including through the incorporation of trade into sectoral strategies and action plans, intra-governmental and government–private sector relations, as well as government–donor relations and the national budget.

For further information on the EIF programme and a glossary of EIF terms, please refer to the EIF Compendium.

Note:

This logframe is accompanied by a Technical Note, which provides explanations for the five-point scoring system.

It was agreed that no targets would be set for the programme goal and purpose levels and that at the end of the programme, as well as at a future impact evaluation stage, the actual situation would be recorded against the baseline. It was also agreed that this logic would be applied to the Tier 1 logframes used in the countries for Tier 1 ‘Support to NIAs’ projects.

Goal	Context Indicators	Baseline	Target (ten years out)	Source/Frequency	Assumptions/Risks/Notes
LDCs' integration into the global trading system with a view to contributing to poverty reduction and sustainable development	G1. LDC Members of WTO who have completed the accession process.	31 December 2009. 32 Members and 12 in accession.		Annual update from WTO.	It is recognized that the EIF may contribute towards progress on the context indicators but that direct attribution at this level cannot be established. No LDC that is active in the EIF moves into conflict or suffers from a major disaster (environment, food shortage, etc). Capacity building at country level has included strategic planning assessment and implementation approaches for gender, poverty and the environment.
	G2. Per cent share of international non-oil trade from LDCs.	31 December 2009.		Annual update.	
	G3. Poverty head count.	31 December 2009 or latest (tracked for each country).		National statistics. Disaggregated data for gender.	
	G4. Per capita growth rate.	31 December 2009 or latest (tracked for each country).		National statistics.	
	G5. Gini-coefficient.	31 December 2009 or latest (tracked for each country).		National statistics.	

Purpose	Context Indicators	Baseline	Target (end of programme phase)	Source/Frequency	Assumptions/Risks/Notes
To enable EIF Countries to become fully integrated and active players in, and beneficiaries of, the global trading system through mainstreaming trade.	P1. Value of non-oil goods traded.	3-year average as at 31 December 2009.		Customs data (collected quarterly) – COMTRADE database.	It is recognized that the EIF should contribute towards progress on the context indicators. As these performance indicators on trade are influenced by many variables, a direct link between the EIF programme in EIF Countries and the results to be measured through the indicators cannot be established.

Purpose	Context Indicators	Baseline	Target (end of programme phase)	Source/Frequency	Assumptions/Risks/Notes
	P2. Non-oil goods trade diversification.	3-year average as at 31 December 2009.		Customs data (collected quarterly) – COMTRADE database. (Note: WTO has data on this in the AfT country fact sheets).	The meaning of the term non-traditional exports is context-sensitive.
	P3. Logistics performance Index (LPI).	3-year average as at 31 December 2009.		World Bank Logistics Performance Index.	NOTE: The LPI 2010 includes only 37 LDCs; the following were NOT covered: Burundi, Cape Verde, Central African Republic, Equatorial Guinea, Kiribati, Lesotho, Malawi, Mauritania, Samoa, São Tomé and Príncipe, Timor-Leste, Tuvalu and Vanuatu.
	P4. World Bank Doing Business – trading across borders.	3-year average as at 31 December 2009.		World Bank Doing Business database.	
	P5. Employment in non-traditional export sectors.	3-year average as at 31 December 2009.	P5.	National statistics. World Bank data. Gender disaggregated if possible.	Data issues? Non-traditional is defined by a country context.
	P6. SMEs registered for import and export trade.	3-year average as at 31 December 2009.		National Statistics. Where possible, disaggregated by gender of CEO/registrant.	Data issues?

Outcome 1	Indicators	Baseline	Target (end of programme phase)	Source/Frequency	Assumptions/Risks/Notes
Sufficient institutional and management capacity built in EIF Countries to formulate and implement trade-related strategies and implementation plans	Ol.1. Tier 1 'Support to NIAs' project completed or under implementation in EIF Countries.	December 2009. (pre-DTIS, DTIS, DTIS update, 'Support to NIAs' preparation, support to NIA approved.)	That all EIF Board-agreed EIF Countries have an approved Tier 1 'Support to NIAs' project by 2013. All three-year EIF Board-approved Tier 1 'Support to NIAs' projects extended to full five years.	ES documentation updated on an annual basis.	Need to differentiate those countries in different stages of the EIF process. First target excludes countries that suspend the EIF programme. Second target under condition that proposals for extension of the Tier 1 'Support to NIAs' projects have been submitted for approval by the EIF Countries. Active = those with either pre-DTIS, DTIS or 'Support to NIAs' project activities. Sufficient funds in EIFTF to include all LDCs that wish to join the EIF for a five-year programme.
	Ol.2. Number (and per cent) of active EIF Countries with complete, up-to-date (less than three years old) validated DTIS Action Matrices.	December 2009.	100 per cent of active EIF Countries post-DTIS validation phase.	DTIS and Action Matrices. FP/NIU reports.	
	Ol.3. Level of capacity of the NIU to perform fiduciary programme management function for Tier 1 'Support to NIAs' project.	Status of initial Tier 1 TFM capacity assessment, as captured in the EIF Board approval letter.	That more than 80 per cent of the EIF Countries with Tier 1 'Support to NIAs' projects under implementation have at least a good level of capacity (five-point scale). Capacity plans agreed (by TFM and ES) for those countries that do not meet the satisfactory standard.	TFM supervision reports; other documents as available, e.g., NIU reports and consultations with relevant EIF stakeholders (NIU, FP, DF and other DPs).	

Outcome 1	Indicators	Baseline	Target (end of programme phase)	Source/Frequency	Assumptions/Risks/Notes
	Ol.4. Number of EIF Countries with up-to-date (not older than five years) trade strategies.	Baseline.	All EIF Countries with Tier 1 'Support to NIAs' projects have a strategy.	Trade Policy Reviews (TPRs) and other relevant information from, e.g., export strategies (ITC), trade policy papers (UNCTAD) or World Bank (CEMs). Other reports. Ministry website.	
	Ol.5. Number of EIF Countries with quality trade strategies.	December 2009.	80 per cent of EIF Countries with Tier 1 'Support to NIAs' projects have a strategy that is at satisfactory level or above. Others have an agreed plan to develop such strategies.	TPRs (for WTO Accession Countries may not yet be ready). Government strategy documents. External assessments of strategies, including by the ES if necessary.	Quality assessments are made through the TPR process for Members of the WTO or by other institutions. If there is no assessment yet, the ES will assess the strategy.
	Ol.6. Number of EIF Countries with quality trade strategy implemented.	December 2009.	50 per cent of EIF Countries with Tier 1 'Support to NIAs' projects have at least satisfactory implementation of trade strategy. These include Benin, Cambodia, Cape Verde, Central African Republic, Djibouti, The Gambia, Lao PDR, Liberia, Maldives, Mali, Nepal, Niger, Rwanda, Senegal, Sierra Leone, Tanzania, Togo, Uganda and Zambia.	TPRs (for WTO Accession Countries may not yet be ready). Government strategy documents. External assessments of strategy, including by the ES if necessary.	The target list of countries is based on an assessment by the ES Coordinators in July 2011 and subject to change owing to reasons beyond the ES's control.

Outcome 1	Indicators	Baseline	Target (end of programme phase)	Source/ Frequency	Assumptions/ Risks/Notes
	OI.7. Number of EIF-funded projects achieving the expected results.		80 per cent of Tier 1 and Tier 2 projects are externally evaluated as satisfactory or above.		Technical Note to be prepared; the external assessment needs to be linked to the M&E Framework and DAC evaluation standards. Decision on whether to externally evaluate projects depends <i>inter alia</i> on size.

Outcome 2	Indicators	Baseline	Target (end of programme phase)	Source/Frequency	Assumptions/Risks/Notes
EIF Countries mainstream trade into their national development strategies and plans ⁸	O2.1. Trade in PRSP and/or national development strategies	Use UNDP 2008 'Trade and Poverty Reduction – the Role of Trade Policy in PRSPs' as one of the possible sources for establishing a baseline.	That all EIF Countries with Tier 1 'Support to NIAs' projects have trade mainstreamed satisfactorily (five-point scale). These include Benin, Burundi, Cambodia, Cape Verde, Djibouti, Democratic Republic of the Congo, The Gambia, Guinea, Guinea-Bissau, Lao PDR, Lesotho, Liberia, Malawi, Maldives, Mali, Mozambique, Nepal, Rwanda, Sierra Leone, Tanzania, Uganda, and Zambia.	NIU/FP/DF reports. PRSPs and national development strategies. TPRs where available. Other reports/assessments of trade mainstreaming.	The target list of countries is based on an assessment by the ES Coordinators in July 2011 and subject to change owing to reasons beyond the ES's control.
	O2.2. Existence of productive sector strategies for key sectors, integrating the trade dimension.	31 December 2009.	That all EIF Countries with Tier 2 projects have trade incorporated in 80 per cent of relevant sector strategies.	NIU/FP/DF reports. Sectoral strategies.	The following sector strategies (if available) will be scanned for trade mainstreaming: agriculture/rural development, industry, energy, transport, tourism, specific commodities (e.g., coffee, tea, cacao, cashew, cotton and horticulture), extractive industries, intellectual property, FDI; other sector strategies upon recommendation by the FP or the NIU.

⁸ This is an outcome for those EIF Countries that are at the DTIS Action Matrix phase, i.e., likely to have taken up a Tier 1 'Support to NIAs' project.

Outcome 2	Indicators	Baseline	Target (end of programme phase)	Source/Frequency	Assumptions/Risks/Notes
	O2.3. Functioning public/private consultation mechanism.	31 December 2009.	That all EIF Countries with Tier 1 'Support to NIAs' projects have satisfactory public/private consultation mechanisms in place; in at least 50 per cent of the countries, these mechanisms rate very good or good (five-point scale).	Assessment through existing information if available (e.g., World Bank, ITC or AfT documents) or, if necessary, independent survey of private sector satisfaction with consultation mechanism (categories: mechanism is positive, has some benefit, or none). Assessment for baseline, at mid-term and at the end of the project.	Private sector willing to engage in review exercises.

Outcome 3	Indicators	Baseline	Target (end of programme phase)	Source/Frequency	Assumptions/Risks/Notes
Coordinated delivery of trade-related resources (funding, Technical Assistance, etc.) by donors and implementing agencies to implement country priorities following the adoption of the DTIS Action Matrix. ⁹	O3.1. Availability of an annual rolling implementation overview integrating all trade-related government and donor-supported activities (where applicable, identifying activities specifically addressing gender and the environment).	31 December 2009.	Annual publicly available overview for trade-related funding in 80 per cent of active EIF Countries and all EIF Countries with Tier 1 projects.	EIF Country government.	That in-country donors are willing to operate in a coordinated manner, both those involved in the EIFTF and other bilateral development partners, as well as NGOs and philanthropic organizations.
	O3.2. Frequency of government and donor consultations on trade-related matters.	31 December 2009.	All EIF Countries with Tier 1 'Support to NIAs' projects have at least satisfactory donor/government consultation mechanisms and 50 per cent have good mechanisms (five-point scale).	NIU/FP reports; if necessary, ES to ask FP/NIU/DF for this information. AfT Questionnaire reports.	
	O3.3. UN CEB Cluster activities are based on DTIS Action Matrix priorities in EIF Countries.	31 December 2009.	100 per cent of EIF Countries where the Cluster is active.	NIU/FP reports. Programme evaluations.	EIF and the UN CEB Cluster are able to organize in a synchronized manner. Currently, the Cluster is active in the following LDCs: Afghanistan, Bhutan, Cape Verde (graduated, but still EIF Country), Comoros, Haiti, Lao PDR, Lesotho, Madagascar, Malawi, Mali, Mozambique, Rwanda and Tanzania. Government and donor agreement required for individual countries.

⁹ This is an outcome for those EIF Countries that are at the DTIS Action Matrix phase, i.e., likely to have taken up a Tier 1 'Support to NIAs' project.

Outcome 3	Indicators	Baseline	Target (end of programme phase)	Source/ Frequency	Assumptions/ Risks/Notes
	O3.4. Number of countries with joint donor initiatives in the trade area (such as needs assessments; strategy formulations; programming; pooled funding; M&E; etc.).	31 December 2009.	That all EIF Countries with Tier 1 'Support to NIAs' projects have joint donor initiatives in the trade area.	AfT monitoring report (based on donor and country questionnaires). For EIF Countries that have not replied to the AfT Questionnaires, the ES will collect the EIF-relevant information directly from the governments.	Track this with identification of case studies for lesson-learning.

Outcome 4	Indicators	Baseline	Target (end of programme phase)	Source/Frequency	Assumptions/Risks/Notes
EIF Countries secure resources in support of initiatives that address DTIS Action Matrix priorities ¹⁰	O4.1. Number of EIF Countries with implementation plan integrating DTIS/Action Matrix priorities and indicating financing needs to be met through ODA.	31 December 2009.	All EIF Countries with Tier 1 'Support to NIAs' projects and Tier 2 projects have a satisfactory medium-term programme linked to the DTIS Action Matrix and the PRSP/ national development plan (five-point scale).	DTIS Action Matrix , medium-term programme. FP/NIU reports. AfT monitoring report (AfT partner country self-assessments).	
	O4.2. Number of EIF Countries where a government budget exists for the implementation of its trade strategy.	31 December 2009.	100 per cent.		
	O4.3. AfT flows to EIF Countries.	31 December 2009.	Commitments for AfT for the medium-term programme are monitored annually in all EIF Countries with Tier 1 and Tier 2 projects.	AfT monitoring report/OECD CRS.	That financial resources will be available at reasonable levels during the time-frame of the EIF. Quality of data from the OECD.
	O4.4. Number and amount of projects funded by donors related to the DTIS Action Matrix.	31 December 2009.	One per year per EIF Country.		

¹⁰ This is an outcome for those EIF Countries that are at the DTIS Action Matrix phase, i.e., likely to have taken up a Tier 1 'Support to NIAs' project.



Annex IV.2: Technical Note for the programme logframe

EIF Technical Note on the Logical Framework at the Programme Level

Guidelines for the Five-Point Standards to be used for the Logical Framework Baselines and Reporting

Introduction

For seven indicators, the EIF programme-level logframe proposes the use of a five-point scale. This note sets out to describe the standards used for the five categories in the seven indicators. Below are the five categories for the scale.

Colour	Category
1	Very good
2	Good
3	Satisfactory
4	Deficient
5	Unsatisfactory

Linking Programme Logframe and Multi-year Tier 1 Project Logframe Reporting

At the outcome level, each logframe for the multi-year Tier 1 projects will address the four outcomes around country capacity to deliver mainstreaming, donor coordination and Tier 2 implementation, and in addition, the logframe will include indicators reflecting the individual situation in the country. It is critical to allow this diversity of indicators, while it is also clear that the EIF programme must be able to summarize information from different sources and provide a status report to the EIF Board and other stakeholders.

To facilitate this, a number of indicators at the programme level will use a 'five-point' scoring system, which will involve the use of non-qualitative data, such as FP/NIU self-assessment, TFM assessments, etc.

Outcome 1, Indicator 3 ¹¹	Baseline	Target
Level of capacity of the NIU to perform fiduciary programme management function for Tier 1 'Support to NIAs' projects	Status of initial Tier 1 TFM capacity assessment, as captured in the EIF Board approval letter.	That 80 per cent of the EIF Countries with Tier 1 'Support to NIAs' projects under implementation have at least a satisfactory level of capacity (five-point scale). Capacity plans agreed (by TFM and ES) for those countries that do not meet the satisfactory standard.

Colour	Category	Standard
1	Very good	<p>Country programme operating efficiently and effectively, meeting <u>all or most</u> milestones on fiduciary programme management, including:</p> <ul style="list-style-type: none"> ■ TFM recommendations: Meeting all or most TFM recommendations from the EIF Board approval process and as may arise from ongoing supervision, as determined by the TFM. ■ Audits: (a) Financial audits undertaken by timeline specified in legal agreement; and (b) satisfactory financial audit reports issued for Tier 1 project. ■ Reporting: (a) All reports submitted by timelines specified in legal agreement; and (b) all financial reports are accurate and comprehensive. ■ Recruitment: All recruitments undertaken following the agreed-upon recruitment plan and procedures in a transparent and efficient manner (as specified in the TFM CAR and project proposal). ■ Procurement: All procurement undertaken following the agreed-upon procurement plan and procedures in a transparent and efficient manner (as specified in the TFM CAR and project proposal). ■ Financial management: Financial management undertaken following the agreed-upon procedures in a transparent and efficient manner (as specified in the TFM CAR and project proposal). ■ Sustainability of fiduciary management skills and practice: Full fiduciary supervision exercised by the FP and the NIU (as specified in the TFM CAR and project proposal), including support to the NIU by the FP, engagement of the FP with the EIF, engagement of government officials, transfer of skills and knowledge.
2	Good	<p>Country programme meeting <u>key</u> milestones on fiduciary programme management, including:</p> <ul style="list-style-type: none"> ■ TFM recommendations: Meeting key TFM recommendations from the EIF Board approval process and as may arise from ongoing supervision, as determined by the TFM. ■ Audits: (a) Financial audits undertaken by timeline specified in legal agreement; and (b) satisfactory financial audit reports issued for Tier 1 project with areas for improvement being linked to capacity plan. ■ Reporting: (a) All reports submitted by timelines specified in legal agreement; and (b) financial reports are accurate and comprehensive, requiring minimal back and forth for final reports to be produced. ■ Recruitment: Recruitments undertaken substantially following the agreed-upon recruitment plan and procedures in a transparent and efficient manner (as specified in the TFM CAR and project proposal). ■ Procurement: Procurement undertaken substantially following the agreed-upon procurement plan and procedures in a transparent and efficient manner (as specified in the TFM CAR and project proposal). ■ Financial management: Financial management undertaken substantially following the agreed-upon procedures in a transparent and efficient manner (as specified in the TFM CAR and project proposal). ■ Sustainability of fiduciary management skills and practice: Fiduciary supervision substantially exercised by the FP and the NIU (as specified in the TFM CAR and project proposal), including support to the NIU by the FP, engagement of the FP with the EIF, engagement of government officials, transfer of skills and knowledge.

¹¹ For this indicator, please refer to Project Appraisal for Tier 1 – 'Support to NIAs' projects; and Project appraisal and assessment of recipients' capacities – TFM TOR for the baseline exercise; as well as Recommendations on strengthening fiduciary capacities, and Monitoring and Evaluation, in the TFM TOR for the ongoing monitoring of projects.

Colour	Category	Standard
3	Satisfactory	<p>TFM <u>basic</u> requirements for disbursement of Tier 1 funds met, including at least five of the following criteria:</p> <ul style="list-style-type: none"> ■ TFM recommendations: Meeting some of the TFM recommendations from the EIF Board approval process and as may arise from ongoing supervision, though with a plan in place to achieve compliance within a set time-frame, as determined by the TFM. ■ Audits: (a) Financial audits undertaken with some delays; and (b) satisfactory financial audit reports issued for Tier 1 project but with minor issues. ■ Reporting: (a) Reports submitted with minor delays; and (b) financial reports are satisfactory, though requiring substantial back and forth for final reports to be produced. ■ Recruitment: Recruitments undertaken within six months of the first disbursement with minor issues and delays, as compared to the recruitment plan. ■ Procurement: Procurement undertaken with minor issues and delays, as compared to the procurement plan. ■ Financial management: Financial management undertaken with minor issues, but a corrective plan of action is agreed upon. ■ Sustainability of fiduciary management skills and practice: Fiduciary supervision exercised by the FP and the NIU with repeated weaknesses (as specified in the TFM CAR and project proposal), including support to the NIU by the FP, engagement of the FP with the EIF, engagement of government officials, transfer of skills and knowledge.
4	Deficient	<p>Issues could be failure to comply with criteria listed above, including the set-up of the NIU and recruitment of personnel as per the recruitment plan within six months of Tier 1 approval, failure to meet TFM set-up requirements or reporting requirements or an adverse audit opinion. This would initiate an active plan of capacity support to the country programme to ensure the move to a satisfactory position.</p>
5	Unsatisfactory	<p>This would cover major issues, e.g., financial management failure or failure to set the NIU up within 12 months of Tier 1 approval. This may result in EIF operations in-country being put on hold until the issue is resolved.</p> <p>A country could also be 'flagged' red if it has not improved following a concerted programme of capacity support after being 'flagged' amber.</p>

Outcome 1, Indicator 5:	Baseline	Target
Number of EIF Countries with quality trade strategies	31 December 2009.	80 per cent of EIF Countries with Tier 1 'Support to NIAs' projects have a strategy that is at satisfactory level or above. Others have an agreed plan to develop such strategies.

Colour	Title	Standard
1	Very good	<p>It is expected that a "very good" trade strategy fulfils the eight conditions below; however, a trade strategy can still be labelled "very good" if it fulfils Conditions 1 to 5 and at least one of 6, 7 and 8:</p> <ol style="list-style-type: none"> 1. Is formally approved and published. 2. Targets national competitiveness (i.e., identifies comparative and competitive advantages) and productivity improvements. 3. Follows a sector-by-sector approach, including reference to quality standards. 4. Identifies links with poverty, gender and the environment. 5. Has had an effective stakeholder process during development. 6. Link to other formally adopted national strategies. 7. Identifies key target markets including reference to bilateral, regional and multilateral trade arrangements. 8. Includes issues relating to trade facilitation and infrastructure.
2	Good	<p>It is expected that a "good" trade strategy fulfils the eight Conditions below; however, a trade strategy can still be labelled "good" if it fulfils Conditions 1 to 4 and at least one of 5, 6 and 7:</p> <ol style="list-style-type: none"> 1. Is formally approved and published. 2. Targets national competitiveness. 3. Follows a sector-by-sector approach, including reference to quality standards. 4. Has had an effective stakeholder process during development. 5. Identifies links with poverty, gender and the environment. 6. Identifies key target markets. 7. Includes issues relating to trade facilitation and infrastructure.
3	Satisfactory	<p>A trade strategy that:</p> <ol style="list-style-type: none"> 1. Is formally approved and published. 2. Targets national competitiveness. 3. Follows a sector-by-sector approach, including reference to quality standards. 4. Has had an effective stakeholder process during development.
4	Deficient	The trade strategy is under development OR is missing one or more of the key elements listed under satisfactory.
5	Unsatisfactory	There is no trade strategy.

Outcome 1, Indicator 6:		
Number of EIF Countries with quality trade strategies implemented	31 December 2009.	50 per cent of EIF Countries with Tier 1 'Support to NIAs' projects have at least satisfactory implementation of a trade strategy. These include Benin, Cambodia, Cape Verde, Central African Republic, Djibouti, The Gambia, Lao PDR, Liberia, Maldives, Mali, Nepal, Niger, Rwanda, Senegal, Sierra Leone, Togo, Tanzania, Uganda, and Zambia. The target list of countries is based on an assessment by the ES Coordinators in July 2011 and subject to change owing to reasons beyond the ES's control.

Colour	Category	Standard
1	Very good	<ol style="list-style-type: none"> 1. Implementation plan established with clear and measureable indicators. 2. Mechanism to revise implementation plan established. 3. Implementation on target/as foreseen.
2	Good	<ol style="list-style-type: none"> 1. Implementation plan established with clear and measureable indicators. 2. Mechanism to revise implementation plan considered. 3. Progress in implementation (65 per cent or above of plan are implemented as foreseen).
3	Satisfactory	<ol style="list-style-type: none"> 1. Implementation plan established with clear and measureable indicators. 2. Progress in implementation (50 per cent or above of plan are implemented as foreseen).
4	Deficient	<ol style="list-style-type: none"> 1. Implementation plan not agreed with clear and measureable indicators. 2. Little progress in implementation; only a couple of priorities addressed if at all.
5	Unsatisfactory	There is no implementation plan.

Outcome 2, Indicator 1:	Baseline	Target
Trade in PRSP and/or national development strategies	Use UNDP 2008 <i>“Trade and Poverty Reduction; The Role of Trade Policy in Poverty Reduction Strategy Papers”</i> as one of the possible sources of establishing a baseline.	That all EIF Countries with Tier 1 ‘Support to NIAs’ projects have trade mainstreamed satisfactorily; these include Benin, Burundi, Cambodia, Cape Verde, Djibouti, Democratic Republic of the Congo, The Gambia, Guinea, Guinea-Bissau, Lao PDR, Lesotho, Liberia, Malawi, Maldives, Mali, Mozambique, Nepal, Rwanda, Sierra Leone, Tanzania, Uganda and Zambia. The target list of countries is based on an assessment by the ES Coordinators in July 2011 and subject to change owing to reasons beyond the ES’s control.

The EIF Compendium uses ‘trade mainstreaming’ as follows: ‘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 and action plans and budgets, intra-governmental and government/private sector relations, as well as government–donor relations.’

Colour	Category	Standard
1	Very good	<p>Trade has been fully integrated into national development and poverty reduction strategies and has therefore been included into sector strategies and action plans with appropriate budget allocations. It is expected that mainstreaming at a “very good” level fulfils the nine Conditions below; however, mainstreaming can still be labelled “very good” if it fulfils Conditions 1 to 7 and at least one of 8, 9 and 10:</p> <ol style="list-style-type: none"> 1. There is an identifiable section in the PRSP/national development plan relating to trade. 2. The DTIS cycle is aligned with the PRSP cycle. 3. The trade discussion is related back to, and informed by, the description and analysis of poverty at the beginning of the PRSP/national development strategy. 4. The PRSP/national development plan covers other national and international factors affecting trade (supply-side constraints, such as infrastructure, demand-side constraints, such as market access, and trade issues relating to local and regional markets in addition to the international level). 5. Trade is fully integrated into the key sector strategies. 6. Action plans for implementation are defined. 7. A specific budget for implementation of the action plan is defined. 8. Where the poverty analysis section of the PRSP (or where relevant in the national development strategy) discusses non-income aspects of the poverty, this informs the trade content of the document. 9. The PRSP/national development plan discusses trade policy options explicitly (describing how they differ by productive sector, their different impact on vulnerable groups, explicit trade and gender linkages, and differentiations between consumers, producers and employees in an urban and rural environment). 10. There is a description of how the content of the trade policy in the PRSP/national development plan was formed.

Colour	Category	Standard
2	Good	<p>Trade has been incorporated into the PRSP/national development plan on the basis of the DTIS Action Matrix, and the process of budget allocation, etc., is moving forward. The trade ministry is increasingly able to play a key role in national economic development planning. It is expected that mainstreaming at a “good” level fulfils most of the conditions below; however, mainstreaming can still be labelled “good” if it fulfils Conditions 1 to 6 and at least one of 7, 8 and 9:</p> <ol style="list-style-type: none"> 1. There is an identifiable section in the PRSP/national development plan relating to trade. 2. The DTIS cycle is aligned with the PRSP cycle. 3. The trade discussion is related back to, and informed by, the description and analysis of poverty at the beginning of the PRSP/national development strategy. 4. The PRSP/national development plan covers other national and international factors affecting trade (supply-side constraints, such as infrastructure, demand-side constraints, such as market access, and trade issues relating to local and regional markets in addition to the international level). 5. Trade is fully integrated into the key sector strategies. 6. Action plans for implementation are defined. 7. A specific budget for implementation of the action plan is defined. 8. Where the poverty analysis section of the PRSP (or where relevant in the national development strategy) discusses non-income aspects of the poverty, this informs the trade content of the document. 9. The PRSP/national development plan discusses trade policy options explicitly (describing how they differ by productive sector, their different impact on vulnerable groups, explicit trade and gender linkages, and differentiations between consumers, producers and employees in an urban and rural environment).
3	Satisfactory	<p>The DTIS Action Matrix and the PRSP/national development plan are linked, but trade has yet to be ‘embedded’ into the overall approach to economic development. The trade ministry is linked to the PRSP/national development strategy, but capacity is still a constraint for full participation. To be labelled “satisfactory”, the mainstreaming process needs to fulfil at least the Conditions 1, 2 and 3 below, and one of 4, 5, 6 and 7:</p> <ol style="list-style-type: none"> 1. There is an identifiable section in the PRSP/national development plan relating to trade. 2. The DTIS cycle is aligned with the PRSP cycle. 3. The trade discussion is related back to, and informed by, the description and analysis of poverty at the beginning of the PRSP/national development strategy. 4. The PRSP/national development plan covers other national and international factors affecting trade (supply-side constraints, such as infrastructure, demand-side constraints, such as market access, and trade issues relating to local and regional markets in addition to the international level). 5. Trade is integrated into the key sector strategies. 6. Action plans for implementation are defined. 7. A specific budget for implementation of the action plan is defined.

Colour	Category	Standard
4	Deficient	<p>The DTIS Action Matrix and the PRSP are not yet linked, but there is a process for doing this, e.g., through DTIS revision. Capacity for a wider national development plan is being prepared but not yet implemented.</p> <p>The following criteria are met:</p> <ol style="list-style-type: none"> 1. There is an identifiable section in the PRSP/national development plan relating to trade. 2. The trade discussion is related back to, and informed by, the description and analysis of poverty at the beginning of the PRSP/national development strategy. 3. Efforts are under way to link the DTIS cycle to the PRSP cycle.
5	Unsatisfactory	<p>No linkage between the DTIS and PRSP/national development strategy.</p> <p>If the criteria described above are not met for inclusion at least under "deficient" above.</p>

Outcome 2, Indicator 3:	Baseline	Target
Functioning public/private consultation mechanism.	31 December 2009.	That all EIF Countries with Tier 1 'Support to NIAs' projects have satisfactory public/private consultation mechanisms in place; in at least 50 per cent of the countries, these mechanisms are rated "Very good" or "Good" (five-point scale).

Colour	Category	Standard
1	Very good	<ol style="list-style-type: none"> 1. Public/private consultation mechanisms on policy formulation and implementation are operating regularly (at least every six months). 2. The consultations are chaired at ministerial level with high-level participation across the relevant government agencies. 3. The decisions taken by these meetings are followed up upon with an implementation plan, including monitoring. 4. A full range of interest groups, including women's business groups, is included in the consultations. 5. The private sector can initiate consultations on matters of relevance to the private sector.
2	Good	<ol style="list-style-type: none"> 1. Public/private consultation mechanisms on policy formulation and implementation are operating regularly (at least every six months). 2. The consultations are chaired at political level, with some high-level participation across the relevant government agencies. 3. The decisions taken by these meetings are followed up upon. 4. A full range of interest groups, including women's business groups, is included in the consultations.
3	Satisfactory	<ol style="list-style-type: none"> 1. Public/private consultation mechanisms on policy formulation and implementation are operating regularly (at least every six months). 2. The consultations are chaired at political level, with participation across the relevant government agencies. 3. Some of the decisions taken by these meetings are followed up upon. 4. A full range of interest groups, including women's business groups, is included in the consultations.
4	Deficient	<ol style="list-style-type: none"> 1. Public/private consultation mechanisms on policy formulation and implementation are set up but do not meet regularly. 2. A range of private sector groups is included in the consultations.
5	Unsatisfactory	No public/private consultation mechanisms planned or in place managed by the EIF implementing agency or other nominated government partner.

Outcome3, Indicator 2:	Baseline	Target
Frequency of government and donor consultations on trade-related matters.	December 2009.	All EIF Countries with Tier 1 'Support to NIAs' projects have at least "satisfactory" donor/government consultation mechanisms and 50 per cent have "good" mechanisms (five-point scale).

Colour	Category	Standard
1	Very good	<ol style="list-style-type: none"> Two or more development partner/government formal meetings per year where trade is included as a specific agenda item. These meetings address trade policy issues and greater coordination of donor interventions. High-level government participation (at ministerial level) at these meetings is the norm. Where it exists, trade is part of the budget support matrix.
2	Good	<ol style="list-style-type: none"> Two or more development partner/government formal meetings per year where trade is included as a specific agenda item. These meetings address greater coordination of donor interventions. High-level government participation (at ministerial level) at these meetings is not consistent. Where it exists, trade is part of the budget support matrix.
3	Satisfactory	<ol style="list-style-type: none"> Two or more development partner/government formal meetings per year where trade is included as a specific agenda item. These meetings address greater coordination of donor interventions. High-level government participation (at ministerial level) at these meetings is minimal.
4	Deficient	<ol style="list-style-type: none"> One development partner/government formal meeting every two years where trade is included on the agenda. Minimal coordination of donor interventions.
5	Unsatisfactory	No development partner/government formal meetings where trade is included on the agenda.

Outcome 4, Indicator 1:	Baseline	Target
Number of EIF Countries with implementation plan integrating DTIS/Action Matrix priorities and indicating financing needs to be met through ODA.	31 December 2009.	All EIF Countries with Tier 1 'Support to NIAs' projects and Tier 2 projects have a satisfactory medium-term programme linked to the DTIS Action Matrix and the PRSP/national development plan (five-point scale).

Colour	Category	Standard
1	Very good	<p>The government and development partners are working around an operational medium-term sector programme for trade that is linked to the national development plan of the country:</p> <ol style="list-style-type: none"> 1. Costed medium-term EIF/AfT programme, indicating priorities and sequencing, has been developed and validated by the NSC. 2. Medium-term programme is part of the national development plan. 3. Medium-term programme has been developed in consultation with the donor community (with DF as key counterpart). 4. Medium-term EIF/AfT programme is part of the government–donor dialogue.
2	Good	<ol style="list-style-type: none"> 1. Costed medium-term EIF programme, indicating priorities and sequencing, has been developed and validated by the NSC; some AfT needs may still be outside of this programme. 2. Medium-term EIF programme is linked (or being linked) to the national development plan. 3. Medium-term programme has been developed in consultation with the donor community (with DF as key counterpart). 4. Medium-term EIF programme is part of the government–donor dialogue.
3	Satisfactory	<ol style="list-style-type: none"> 1. Costed medium-term EIF programme has been developed and validated by the NSC. 2. Efforts are under way to link the medium-term programme to the national development plan. 3. Medium-term programme has been developed in consultation with the DF.
4	Deficient	Medium-term EIF programme has been developed (or is being developed) in consultation with the DF.
5	Unsatisfactory	No actions have yet been taken to develop a medium-term EIF programme.



Annex IV.3: Outcomes and list of indicators that should be included in all Tier 1 'Support to NIAs'¹²

¹² Some programme-level indicators that are not relevant at the project level are not included in the list.

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

- Complete, up-to-date DTIS Action Matrix (O1.2)
- Up-to-date trade strategy (O1.4)
- Quality trade strategy(O1.5)
- Quality trade strategy implemented (O1.6)

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

- Trade in PRSP and/or national development plan (O2.1)
- Existence of productive sector strategies for key sectors integrating the trade dimension (O2.2)
- Functioning public–private consultation mechanisms (O2.3)

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

- Availability of an annual rolling implementation overview integrating both trade-related government and donor-supported activities (O3.1)
- Frequency of government and donor consultations on trade-related matters (O3.2)
- Existence of joint donor initiatives in the trade area (O3.4)

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

- Availability of medium-term programme integrating DTIS/Action Matrix priorities and indicating financing needs to be met through ODA (O4.1)
- Existence of government budget for the implementation of its trade strategy (O4.2)
- Number and amount of projects funded by donors related to the DTIS Action Matrix (O4.4)



Annex IV.4: OECD/DAC criteria for evaluating development assistance

When evaluating programmes and projects, it is useful to consider the following criteria, as laid out in the DAC Principles for Evaluation of Development Assistance:

Relevance

Relevance is the extent to which the aid activity is suited to the priorities and policies of the target group, recipient and donor.

In evaluating the relevance of a programme or a project, it is useful to consider the following questions:

- To what extent are the objectives of the programme still valid?
- Are the activities and outputs of the programme consistent with the overall goal and the attainment of its objectives?
- Are the activities and outputs of the programme consistent with the intended impacts and effects?

Effectiveness

Effectiveness is a measure of the extent to which an aid activity attains its objectives.

In evaluating the effectiveness of a programme or a project, it is useful to consider the following questions:

- To what extent were the objectives achieved/are the objectives likely to be achieved?
- What were the major factors influencing the achievement or non-achievement of the objectives?

Efficiency

Efficiency measures the outputs – qualitative and quantitative – in relation to the inputs. It is an economic term that signifies that the aid uses the least costly resources possible in order to achieve the desired results. This generally requires comparing alternative approaches to achieving the same outputs, to see whether the most efficient process has been adopted.

When evaluating the efficiency of a programme or a project, it is useful to consider the following questions:

- Were activities cost-efficient?
- Were objectives achieved on time?
- Was the programme or project implemented in the most efficient way compared to alternatives?

Impact

By impact, we mean the positive and negative changes produced by a development intervention, directly or indirectly, intended or unintended. This involves the main impacts and effects resulting from the activity on the local social, economic, environmental and other development indicators. The examination

should be concerned with both intended and unintended results and must also include the positive and negative impact of external factors, such as changes in terms of trade and financial conditions.

When evaluating the impact of a programme or a project, it is useful to consider the following questions:

- What has happened as a result of the programme or project?
- What real difference has the activity made to the beneficiaries?
- How many people have been affected?

Sustainability

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.

When evaluating the sustainability of a programme or a project, it is useful to consider the following questions:

- To what extent did the benefits of a programme or project continue after donor funding ceased?
- What were the major factors that influenced the achievement or non-achievement of sustainability of the programme or project?

Sources

The DAC Principles for the Evaluation of Development Assistance, OECD (1991)

Glossary of Terms Used in Evaluation, in 'Methods and Procedures in Aid Evaluation', OECD (1986)

Glossary of Evaluation and Results Based Management (RBM) Terms, OECD (2000)

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V. Terms of Reference

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Guidance Note for Enhanced Integrated Framework (EIF) National Implementation Arrangements (NIAs): EIF Focal Point (FP), EIF National Implementation Unit (NIU) and EIF National Steering Committee (NSC)

1. The FP and NIU are the key EIF actors within the NIAs and responsible for coordinating in-country EIF activities and implementation at the national level. To provide senior level engagement, coordination on trade policy and political commitment, a high-level interministerial committee should equally be established to better reflect the type of institutional modalities that the EIF process is to promote in order to better mainstream trade into the country's policies.
2. The specific Terms of Reference (TOR) for each NIA will have to be developed in-country, taking into consideration the already existing institutional set-up for the coordination and implementation of trade-related policies.
3. In line with the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action, NIAs should be part of the existing governance structures and process and not be a new independent entity isolated from the rest of the government. In principle, the EIF Country government shall appoint an FP who should be supported by an NIU. Such a unit should be an existing office, or if an appropriate office does not exist, be created within an appropriate agency. The FP and NIU will be provided by the EIF Country government with the necessary authority and support. The FP and NIU will be supported by the EIF process and funding in identifying strengths and weaknesses in the NIU capacities to mainstream trade and to coordinate the preparation and implementation of Tier 1 and Tier 2 projects. The FP and NIU in collaboration with other actors, which are part of the EIF-related country process, and in particular the NSC and the Donor Facilitator (DF), will jointly address potential policy, institutional and operational weaknesses and incorporate measures in the respective processes and project documents.
4. The performance of the NIAs will be evaluated not only in terms of the proper management of Tier 1 and Tier 2 actions, but also with respect to trade mainstreaming results.
5. Reference is made to the overall governance framework included in the Compendium introduction, illustrating information flows and inter-relationships among EIF stakeholders.

The EIF Focal Point (FP)

Mandate

1. The FP is to coordinate the formulation and implementation of the government's policies and programmes aimed at mainstreaming trade into national development plans/PRSPs.

Functions

2. The recommended specific functions of the FP are, in particular:

- To oversee the functioning of the NIU and to advise the EIF Country government on NIU staffing and operations;
- To work closely with the relevant line ministries, the DF, the EIF Executive Secretariat (ES), the EIF Trust Fund Manager (TFM), donors, the EIF Partner Agencies and other Development Partners (DPs) to ensure that trade priorities are mainstreamed into the national development plans/the PRSP and line ministry implementation strategies and the national budget;
- To chair the Tier 1 and Tier 2 Appraisal Committees (TAC 1, TAC 2) and to decide, in consultation with the other members, to invite other representatives to participate in these committees;
- To lead on the preparation of the Diagnostic Trade Integration Study (DTIS) and its updates and of the programme aimed at strengthening the country's productive and trade capacities (as per the section on DTIS and DTIS Updates and paragraph 7 of the *Modus operandi* for Tier 2 projects);
- As the official counterpart for the EIF programme, the FP will be signatory of official EIF documents or countersign in case his/her controlling officer is the main signatory; and
- To report to the EIF Country government, the NSC and the ES and the TFM on EIF implementation.

3. It is recommended that the FP is a civil servant sufficiently senior to command the authority and accountability necessary to move trade reforms forward. The FP could be from the ministry of trade or from one of the core EIF ministries, i.e., planning, finance, development, or the prime minister's office or other involved institutions, such as the chamber of commerce. The FP's salary cannot be funded from the EIF Trust Fund (EIFTF). The official appointment of the FP comes from the coordinating minister or the FP's controlling officer.

The EIF National Implementation Unit (NIU)

Mandate

1. The NIU is to assist the FP in the implementation of the overall EIF activities. Towards this end, it is strongly recommended to designate an NIU Coordinator to assist the FP and manage the day-to-day activities of the NIU.

Functions

2. The recommended specific functions of the NIU are, in particular:

- To work closely, on a daily basis, with the ministries of trade, finance, development and planning and other ministries and trade-related institutions, such as the chamber of commerce and the private sector, and civil society to ensure coordination at all stages of the EIF Country process;
- To work closely with the ES, the TFM, the DF, EIF Partner Agencies and other competent entities for the preparation of the DTIS, the DTIS Update and the formulation of Tier 1 and Tier 2 project proposals and other Trade-related Technical Assistance (TRTA) actions, as appropriate;
- To coordinate the implementation of Tier 1 and Tier 2 projects and prepare progress reports for the projects funded by the EIF. It may provide other additional information as requested or needed by the ES and the TFM.
- To work with all relevant stakeholders and partners to advocate for, and assist in, the inclusion of a trade integration strategy and its priorities in the national development plans and the PRSP, as well as in the line ministries' implementation strategies and the national budget;
- To assist the FP in the preparation of the programme aimed at strengthening the country's productive and trade capacities (as per Section 5 of the DTIS explanatory note and Section 4 of the *Modus operandi* for Tier 2 projects); and
- To prepare its multi-year work plan and a detailed annual operational plan.

Examples of activities that the NIU could undertake:

- Raise awareness among ministries, the private sector and civil society on the relationship between trade, economic growth, and poverty reduction with the aim of ensuring that agreed priorities are integrated into the national development plans and the PRSP, relevant line ministry plans and the national budget;
- Facilitate intra-governmental and donor coordination, as well as the public-private sector dialogue on trade development, using proper consultation processes, such as the PRSP, other national development plans and private sector development programmes;

- Advise on sectoral and cross-sectoral trade issues, including the regional trade dimension, involving meaningfully the line ministries, such as agriculture, public works and communications, etc.;
 - Identify the preparation of diagnostic work to be carried out in partnership with other ministries. This can range from fully-fledged DTIS or DTIS Updates to more narrowly specified analytical work that is required as a follow-up to the DTIS or to assist project identification and preparation;
 - Select, in consultation with the ES, an EIF Partner Agency or other partner, according to their competence, that will assist in the preparation of the diagnostic work. To facilitate programming needs, the NIU would inform the ES and the TFM on its diagnostic needs and request the Agency's help as soon as possible, with a six-month prior notice;
 - Work with implementing entities and the TFM and the ES to turn priorities included in the Action Matrix into viable projects to be funded by the government's own resources, the EIFTF or other funding sources. Implementing entities can be ministries, other EIF Country government entities, the private sector, civil society, NGOs and DPs;
 - Maintain and promote the dialogue between the national authorities and bilateral and multilateral development partners with a view to achieving a coordinated and comprehensive support to the implementation of the country's trade integration strategy and its inclusion into the country's national development strategy and PRSP;
 - Recommend to the FP prioritized areas for EIF actions and elaborate strategies of intervention;
 - Implement the national EIF sensitization and communication activities aimed at enhancing support and involvement by local stakeholders;
 - Monitor the implementation of the overall trade integration strategy, including the implementation of programmes supported by the EIFTF and other donors, in close collaboration with key government agencies (e.g., ministry of planning) as well as DPs. This would include the integration of an EIF-related monitoring and evaluation (M&E) system into existing systems for monitoring development programmes;
 - If government coordination meetings take place (e.g., national development plans, PRSPs, private sector development programmes, etc.), report on progress of implementation of EIF-funded projects and programmes and those funded by other donors at such meetings. In the event that such meetings have not yet taken place, ensure the organization of such meetings periodically; and
 - Coordinate mid-term reviews and evaluations of the implementation of the EIF Country process at the request of the EIF Board or the EIF Steering Committee (EIFSC).
3. The EIF Country government is to decide on the best options to establish the NIU, including staffing requirements and NIU office premises.

The EIF National Steering Committee (NSC)

Mandate

1. The NSC is to provide the national consultative mechanism between the government and all relevant stakeholders involved in the mainstreaming of trade into the national development plan, the PRSP and through other development plans, such as the government's programmes aimed at strengthening the country's productive and trade capacities.
2. It is recommended that the NSC is composed of high-level members of the EIF Country government, for instance from the trade, finance, planning and development ministries – including the FP and representatives of civil society and the private sector.
3. The NSC composition should ideally reflect that the EIF's scope and process are broader than the traditional trade domain and encompass several development issues and dimensions.

Functions

4. The recommended specific functions of the NSC are, in particular:

- To monitor the overall EIF process and activities;
- To ensure effective coordination and buy-in among EIF Country government institutions, the private sector, civil society and other EIF stakeholders, in particular by advising on the DTIS and DTIS Action Matrix and their updates, which are to be the basis of the government's plans and programmes;
- To advise the government on the submission of Tier 1 and Tier 2 proposals for funding by the EIFTF or other sources. In this connection, the Chair of the NSC or a designated representative participates in the appraisal of the Tier 1 and Tier 2 projects; and
- To contribute to ensuring that trade-related issues are included and receive due attention in conferences of the government with donors, such as consultative group and round table meetings.

Guidance Note for the Terms of Reference of the EIF Donor Facilitator (DF)

Mandate

1. The main objective of the DF is to help mainstream trade into country policies and programmes, as well as into donor programming, in particular to assist in the timely implementation of the DTIS Action Matrix. The precise task of the DF will be defined in the TOR established between the EIF Country government, the local donors and the DF and, where possible, be further detailed in a work programme to be elaborated in cooperation with the EIF Country government. The present guidance note proposes the guiding principles for the TOR of the DF, which need to be adapted with flexibility to each country-specific situation.

Functions

2. The recommended specific functions of the DF are, in particular:

- To support the FP and the NIU in the conduct of their responsibilities, in particular by advising the EIF Country government and the NSC in their tasks;
- To enlist and coordinate donor responses to the Action Matrix produced, including liaison with donors to ensure effectiveness, complementarity and harmonization of interventions and including exploring the possibilities for division of labour and pooling funding arrangements for funding implementation of Action Matrix priorities, in particular those defined in the government's implementation programme referred to hereafter;
- To prepare or further develop the country programme aimed at strengthening the country's productive and trade capacities, setting out the policies to implement the priorities contained in the Action Matrix as a coherent plan of reforms, capacity-building projects and other actions;
- To prepare and appraise Tier 1 and Tier 2 projects. In this connection, the DF is a member of the TAC 1 and TAC 2;
- To provide regular updates to donors and other country-level key stakeholders that are part of the NSC, on EIF in-country progress and arrange for consultation and coordination possibilities for the donors present in the country; and
- To raise awareness in the country, especially at the higher political level, of the importance of the in-country process, in particular of enhancing dialogue with the private sector and civil society, as well as coordination with the donors (including for the EIF process).

Choice of DF

3. In principle, the role of DF should be undertaken by the donor being the lead donor in the field of TRTA and/or private sector development in the country; in the absence thereof, the donor should be active in the fields of trade and private sector development in the country. If no such donor is active in

the country, a donor present in a country elsewhere in the region may take up the role of DF, provided that the donor in question is effectively in charge of assistance to the country for which it is to take up the role of DF and, moreover, active in the field of trade and private sector development in the country from which it operates.

4. In exceptional cases where a donor cannot be identified to take up the role of the DF, the FP may propose that an agency present in the country fulfils the role, provided that the agency is not in charge of implementation of Tier 1 or Tier 2 projects.

Terms of Reference for the 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 EIFSC. It shall meet as necessary, at least every three months, to conduct its business. The EIF Board Rules of Procedure can be found below.
2. The work of the EIF Board shall be guided by the principles set out in the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action. 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;
- Supervise the overall management of the EIF process and the ES;
- Perform oversight of the EIFTF management. The EIF Board may commission independent auditing of accounts and evaluations;
- Approve the annual reports and financial statements for the ES and TFM; and
- Present annual progress reports and strategic plans to the EIFSC.

Fulfilling these general functions implies, in particular:

- Where deemed appropriate, delegating approval of Tier 1 projects to the ED of the ES for up to a certain amount as determined by the EIF Board;
- 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;
- Reviewing and approving EIF multi-year business plans, expenditure forecasts and operational plans;
- Reviewing and approving ES and TFM annual budgets, any modifications thereof and the statements of expenditures;
- Monitoring country-specific progress and operations;
- Deciding on the admittance to the EIF of new beneficiary countries, new donors and other contributors;
- Approving presentations prepared by the ED for the EIFSC;
- Approving the Compendium and amendments thereof, as appropriate; and
- Approving the EIF strategic and resource mobilization plans.

EIF Board Rules of Procedure

(As approved on 10 December 2009)

Chapter I — Meetings

Rule 1

- 1.1 The EIF Board shall meet as appropriate and at least every three months. The date of each meeting shall be fixed by the EIF Board at a previous meeting. In addition, meetings may be held at the initiative of the Chairperson or by any two EIF Board Members from either the Least Developed Country (LDC) or Donor constituency upon written request to the Executive Secretariat for the EIF (ES) with a copy to the EIF Board Chairperson, or by non-voting Members upon written request to, and approval by, the EIF Board Chairperson with a copy to the ES, giving no less than fifteen (15) business days' notice. Notice of meetings shall be given to Members at least fifteen (15) business days before the meeting.

Chapter II — Agenda

Rule 2

- 2.1 The provisional agenda and any supporting documentation for each meeting shall be drawn up by the Chairperson in cooperation with the ES and shall be communicated to all the Members of the EIF Board fifteen (15) business days before the meeting. It shall be open to any Member of the EIF Board to propose to the Chairperson items for inclusion in this provisional agenda up to ten (10) business days before the meeting, together with accompanying documentation to be issued in connection with that item.

Rule 3

- 3.1 The first item of business at each meeting shall be the consideration and approval of the agenda.
- 3.2 The second item of business at each meeting shall be the consideration and approval of the report of the previous meeting.

Rule 4

- 4.1 The EIF Board may give priority to certain items at any time during the course of the meeting.

Chapter III — Members

Rule 5

- 5.1 The EIF Board shall be composed of one representative each from the six EIF Core Agencies and by three representatives each of the LDCs and the Donors.
- 5.2 The EIF Board Members shall as a rule serve for a term of at least two (2) years, which can be extended upon decision by their respective constituencies.
- 5.3 Members of the EIF Board representing the interests of the LDCs and of the Donors shall be responsible to their respective constituencies. Each constituency shall determine how to organize its representation at the EIF Board level. It is, however, expected that all EIF Board Members will have substantial standing and experience in development assistance matters.
- 5.4 For the case that an EIF Board Member is absent from any meeting or part thereof, he or she shall nominate an alternate according to the EIF Board guidelines.

Chapter IV — Ex officio Members and Observers

Rule 6

- 6.1 The EIF Trust Fund Manager (TFM) will be represented ex officio and without voting powers on the EIF Board.
- 6.2 The Executive Director of the ES (ED) will represent the ES on the EIF Board in an ex officio role and without voting powers, and the ES will act as secretary to the EIF Board.
- 6.3 The EIF Board may grant observer status with no voting rights to any entity that it deems relevant to the objectives of the EIF.

Rule 7

- 7.1 The EIF Board may invite any individual or entity to its meetings.

Chapter V — Officers

Rule 8

- 8.1 A Chairperson and Vice-Chairperson shall be elected from among the LDCs and the Donors on an alternating basis between the two. The Chairperson and the Vice-Chairperson shall come from different voting constituencies. A representative of the respective constituency shall replace the Chairperson, or the Vice-Chairperson when he or she is acting as the Chairperson, as a Member of the EIF Board.

Rule 9

- 9.1 If the Chairperson is absent from any meeting or part thereof, the Vice-Chairperson shall perform the functions of the Chairperson. When the Chairperson and the Vice-Chairperson are absent, the EIF Board shall elect an interim Chairperson for that meeting or that part of the meeting.

Rule 10

- 10.1 If the Chairperson can no longer perform the functions of the office, the stakeholder constituency from which the Chairperson originates shall be entitled to nominate a replacement as its representative for the remainder of the Chairperson's term.

Rule 11

- 11.1 The Chairperson shall, as a rule, serve for a term of two (2) years. Normally, the chairpersonship will alternate between the two voting constituencies.

Chapter VI — Conduct of Business

Rule 12

- 12.1 The EIF Board Members shall constitute a quorum, provided that at least two LDCs, two Donors and at least three Agencies are present.

Rule 13

- 13.1 In addition to exercising the powers conferred elsewhere by these rules, the Chairperson shall declare the opening and closing of each meeting, direct the discussion, recognize the right to speak, submit questions for decision, announce decisions, rule on points of order and, subject to these rules, have complete control of the proceedings. The Chairperson may also call a speaker to order if the remarks of the speaker are not relevant.

Rule 14

- 14.1 During the discussion of any matter, a Member of the EIF Board may raise a point of order. In this case, the Chairperson shall immediately state the ruling. If the ruling is challenged, the Chairperson shall immediately submit it for decision by the EIF Board, and it shall stand unless overruled.

Rule 15

- 15.1 During the discussion of any matter, a Member of the EIF Board may request the adjournment or closure of the debate. Any such motion shall have priority. In addition to the proponent of the motion, one representative may be allowed to speak against the motion or to present additional arguments for the motion, after which the motion shall be submitted for decision immediately.

Rule 16

- 16.1 During the course of the debate, the Chairperson may announce the list of speakers and, with the consent of the meeting, declare the list closed.

Rule 17

- 17.1 The EIF Board Members shall endeavour, to the extent that a situation permits, to keep their oral statements brief.

Chapter VII — Decision-Making

Rule 18

- 18.1 The EIF Board shall normally make its decisions by consensus and shall make every effort to this end. The consensus shall include the representatives of the Donors, the LDCs and the WTO, taking into consideration the views of the other five Core Agencies. In the event that no consensus can be reached, the Donors and the LDCs shall have recourse to a vote. In case of a vote, the representatives of the LDCs and the Donors shall each have one vote, and a simple majority shall be needed to make any decision. In the event of a tie, the Chairperson would cast a deciding vote.
- 18.2 Decisions in-between meetings can be taken virtually. In this case, specific documents or issues have to be submitted for approval by the EIF Board on a no-objection basis. In such cases, the approval is presumed to have been given in the absence of objection by an EIF Board Member. In case an objection is expressed by one or more EIF Board Members within the time-frame of the virtual procedure, the document or issue in question shall be referred to the next EIF Board meeting for decision.

Chapter VIII — Languages

Rule 19

- 19.1 English and French shall be the working languages of the EIF Board. Board documents will initially be provided in the language in which they have been drafted.

Chapter IX — Records

Rule 20

- 20.1 Summary records of the meetings and records of the decisions shall be kept by the ES and be adopted by the EIF Board. These records shall be circulated to the EIF Board within ten (10) business days of the EIF Board meeting and comments received within ten (10) business days thereafter.

Chapter X — Publicity of Meetings

Rule 21

- 21.1 The meetings of the EIF Board shall ordinarily be held in private. The EIF Board may decide whether a particular meeting or part thereof shall be held in public.
- 21.2 The Chairperson may decide for transparency purposes and information exchange with the broader EIF stakeholder group to make public all or part of the adopted summary records of the meetings and records of the decisions.

Chapter XI — Revision

Rule 22

- 22.1 The EIF Board may decide at any time to revise these rules or any part of them. This requires a qualified majority of two LDC representatives and two Donor representatives.

Chapter XII – Reclusion in a Conflict of Interest

Rule 23

- 23.1 Any EIF Board Member shall reclude himself or herself where he/she could be seen to be 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 replaced for discussion and decision on the issue concerned by another Member from the same or another constituency of the group concerned (LDC or Donor group).

Terms of Reference for the EIF Steering Committee (EIFSC)

Mandate

1. The mandate of the EIFSC is to provide strategic advice and guidance to the EIF stakeholders on the implementation of the programme and its overall goals, as well as 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 and strategic plans presented by the EIF Board;
- Ensure transparency of the EIF process;
- Be a forum to share information, experiences and best practices by all EIF partners, including *inter alia* 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 process and the trade policy formulation at country level; and
 - Mechanisms to leverage additional funding of EIF activities.
- Review the EIF Board's recommendation on the continuation of the EIF programme on its expiry in 2013 and determine action as appropriate.

Rules of Procedure

Rules of Procedure

1. While the EIFSC is not a body subject to WTO rules, the standard WTO rules of procedure (as set out in WT/L/161) can be used as a guiding reference on the functioning of the EIFSC *mutatis mutandis* except as otherwise specified below or by specific decision of the EIFSC.

Membership

2. The EIFSC shall be composed of all Least Developed Countries (LDCs) designated as such by the United Nations, the six EIF Core Agencies (the IMF, ITC, UNCTAD, UNDP, the World Bank and the WTO), all Donors to the EIFTF and Observers to the EIF Board, as well as the ES and the TFM as *ex officio* Members of the EIF Board.

Decision-making

3. EIFSC members shall normally take decisions on a consensus basis and shall make every effort to this end. Where decisions cannot be arrived at on a consensus basis, the EIFSC may have recourse to a vote. In such cases, a simple majority of Donors and LDCs in their respective constituencies shall be needed to make a decision.

Chairpersonship

4. The EIFSC Chairperson shall be a Geneva-based representative at ambassadorial level selected from amongst the EIF Countries or EIF Donor countries. He/she shall be identified through a broad consultative process carried out by the incumbent Chairperson and the EIF Board. The Chairperson shall be elected by the EIFSC on an annual basis.

Frequency of meetings

5. The EIFSC shall meet at least once a year.

Observers

6. Countries, institutions and agencies that have observer status in the WTO shall have observer status in the EIFSC. Requests for observer status by other entities shall be considered on an *ad hoc* basis by the EIFSC, taking into account the nature of work of the organization/entity concerned and the relevance of its work and its potential contribution to the EIF.

Terms of Reference for the EIF Executive Secretariat (ES)

Mandate

1. The overall mandate of the ES is to coordinate the implementation of the EIF objectives, programme and process, in particular by:
 - Facilitating EIF Countries' participation in the EIF programme and process and their use of the funding possibilities of the programme;
 - Providing the necessary support to the EIF Board and EIFSC, including in the area of monitoring the implementation of the programme; and
 - Undertaking the necessary activities in the area of communication and outreach.
2. The ES ensures all the cooperation and coordination with the TFM necessary for the TFM's accountability.
3. 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 programme. The ES is headed by an ED, appointed in agreement with the EIF Board.

Functions

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

Support EIF Countries' participation in the EIF process

- Provide general information on the EIF process;

In close coordination with the TFM:

- Facilitate and administer individual requests of EIF Countries for funding of projects under the programme; as well as provide assistance in the EIF process as needed;
- Assist EIF Countries to identify appropriate entities to undertake pre-DTIS and DTIS activities;
- Advise EIF Countries in the post-DTIS phase, for example, on issues relating to mainstreaming of trade and in the identification of suitable expertise to formulate projects addressing DTIS, DTIS Update and Action Matrix priorities;
- Advise EIF Countries on the establishment of the NIAs foreseen for the implementation of the EIF process at country level (FP, NIU, NSC, DF) and address their training needs on the EIF process;
- Assist the FP and DF with on-the-ground advocacy of the objectives of the EIF;
- Provide support to the country-level process and the DF in particular for meeting the EIF Countries' requests for support and encourage assistance by international agencies or donors with specific expertise, physical capacity and on-the-ground presence to deliver joint responses, particularly where these will help build local in-country capacity; and
- Explore strategies to include private sector engagement in the EIF process.

Support EIF governing bodies (EIF Board and EIFSC)

- Provide administrative and secretarial support to the EIF Board and the EIFSC;
- Perform quality review of Tier 1 and Tier 2 project proposals. Ensure that all proposals are supported by the appropriate documentation and follow the established formats;
- Review the operational capacity of implementing entities;
- Assist the TFM in the preparation of the EIF annual budget for submission to the EIF Board before the end of the third quarter of the year preceding the budget year; and support the WTO, as necessary, in providing the necessary reports to the TFM on the funds received from the TFM as per the budgets approved by the EIF Board to ensure the TFM can carry out its full fiduciary responsibility;
- Draft documents at the request of and under the guidance of the EIF Board;
- Monitor and track (in close cooperation with the TFM) implementation and developments throughout the EIF process. Receive and review progress reports and prepare consolidated reports to facilitate EIF Board and EIFSC oversight;
- Ensure transparency among all stakeholders and effective overall management of the EIF process by the EIF Board and EIFSC; and
- Prepare the work programme, including the annual operational plan (programme of activities) submitted to the EIF Board by the ED, which is to include an annual programme of M&E of the EIF process (in close cooperation with the TFM).

Outreach and communication

Advocate the EIF to existing and potential donors, civil society, EIF Core and other Agencies, governments and the private sector, in particular through:

- Target awareness-raising, advocacy and outreach activities and support to EIF stakeholders to increase knowledge, understanding and engagement with the EIF process with a focus at country-level;
- Raise the profile and visibility of the EIF in order to build a wider constituency of support for the programme through priority messaging using press and publicity (and audio-visual channels) across a range of platforms and events, in particular through showing results on the ground, as well as success stories and challenges through country-centred material;
- Enhance the EIF programme's capacity to deliver through developing an online forum for exchange for stakeholders with the new website, as well as promoting the dissemination of lessons learned and good practice.

Partnerships and resource mobilization

- Assist in mobilizing resources for the EIF at the direction of the EIF Board; and
- Establish appropriate relationships with global and regional institutions and AfT mechanisms to support the objectives of the EIF and coordination between the EIF and those other institutions and mechanisms.

Relationship between the ES and the TFM

5. The cooperation and coordination between the ES and the TFM will relate to the following activities, in particular:
 - Preparation of documentation, reports and recommendations related to projects to be submitted to the EIF Board for approval;
 - Joint appraisal, M&E/supervision missions in-country when necessary;
 - Implementation and follow-up of EIF Board decisions on projects and other matters;
 - Training events at national, regional and global levels in relation to the in-country EIF set-up and process;
 - Joint facilitation of knowledge and information-sharing activities between all the EIF partners;
 - Preparation of annual work plans, budgets and reporting;
 - Management of the M&E functions at the EIF programme level, as required by the M&E Framework; and
 - Sharing of key official correspondence to, and information on, EIF Countries and the EIF projects.

Other

6. The ES shall perform other functions relevant to the fundamental objectives of the EIF as may be decided by the EIF Board.

Job Description for the Executive Director (ED) of the EIF Executive Secretariat (ES)

General functions/responsibilities

1. The ED has the primary responsibility of managing the 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 TOR for the ES. The ED reports to the EIF Board on all matters relating to the implementation of the EIF programme and to the Director General of the WTO on all administrative matters related to its staff and the operation of the ES. 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;
- Coordinate, facilitate and provide leadership in the implementation of the role of the ES in the EIF process, based on feedback from all stakeholders and on results of M&E 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;
- Define detailed job descriptions for all ES positions necessary to fulfil the tasks outlined in the TOR for the ES and supervise and assess ES staff;
- Manage resources allocated for the operation of the ES by the EIF Board; and
- Endorse Tier 1 and Tier 2 project funding proposals for approval by the EIF Board. Approve Tier 1 projects as delegated by the EIF Board. Communicate EIF Board project approvals and decisions in writing to the TFM for action.

Terms of Reference for the EIF Trust Fund Manager (TFM)

Introduction

1. The EIF is financed through a multi-donor trust fund (EIFTF) and contributions, whether bilateral, regional or multilateral. The services of a TFM are required to manage the EIFTF. The TFM shall act as trustee, undertaking full fiduciary responsibility of the EIFTF. The function of the TFM shall include but not be limited to disbursing financial resources allocated to projects provided binding appropriate agreements are in place, reporting on all financial aspects of the EIFTF, advising in project formulation for fiduciary matters, participating in project appraisals and ensuring monitoring of the programme implementation 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 with the ES and will be responsible 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 EIF Donors.
2. These TOR are to serve as the basis of the TFM's responsibilities and duties when serving in its functions for the EIF. As the EIF Board does not have the legal status to issue a contract, the legal link between UNOPS (TFM) and the EIF Board is based on the approved UNOPS proposal to manage the EIFTF of 9 April 2008, these TOR and the Contribution Arrangements with the EIF Donors.

General provisions

3. The TFM will follow its own financial policies, rules and audit procedures. 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 these policies, rules and audit procedures, which are relevant for the EIF, will be notified to the EIF Board and the Donors. The TFM will be represented ex officio on the EIF Board and the EIFSC.

Responsibilities of the TFM: TFM services

Trustee function

4. 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, loyalty and undivided service in the beneficiary's interest.

5. This responsibility includes all the appropriate trustee functions of the EIFTF, including the following:

- Acceptance of pledges;
- 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 standard conditions applicable to all Donors and credit the funds to the EIFTF in a timely manner;
- All relevant functions for the administration of the EIFTF, including but not limited to:
 - Collection, custody, and investment of voluntary contributions;
 - Preparation of TFM budgets;
 - 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;
 - Monitoring of expenditures to ensure that funds are used for the intended purposes;
 - Financial reporting to the EIF Board and the Donors; and
 - Planning and programming of anticipated income and commitments/disbursements and preparing and updating of funding forecasts for the EIF Board.
- Procurement and contract management for the ES and EIF Board as requested;
- Attendance and participation, ex officio, in EIF Board and EIFSC meetings;
- Attendance and participation in EIF constituency meetings, EIF working groups and EIF training workshops, as requested and as needed; and
- Participation in the design and development of EIF programmatic and operational tools and policies, as requested and as needed.

Managerial administration

6. The TFM, as part of its managerial administration duties, will establish budgets in the financial system, develop, in collaboration with ES, reporting templates, and select and recruit Geneva-based and regional staff.

Preparation of master and annual work plans

7. 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 for all programmatic and internal and external M&E purposes. The TFM will coordinate its work plans with the ES.

Preparation of budgets

8. The TFM will prepare annual EIF budgets and submit them to the EIF Board for approval in a timely fashion, usually before the end of the third quarter. The ES shall provide all the necessary information to the TFM, including its own operational needs, as well as 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

9. Following 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 included in this Compendium. 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

10. 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. The EIF Board will review and approve the proposed Agreements before signature.
11. 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 Main Implementing Entity (MIE), as well as the monitoring 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

12. 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 approval of the project by the EIF Board.

13. As requested by the EIF Board and the ES, and as necessary, the TFM will also negotiate and enter into contracts with private firms, and into agreements with civil society organizations and/or NGOs, in the case that such an entity has been designated as an MIE.

Project financial management

14. The TFM will be responsible for the overall financial management of resources allocated to the EIF. To this end, it is expected that the TFM will enter into the relevant grant agreements and Partnership Agreements (or similar) with recipients of the funds and assume and retain full fiduciary responsibility for such projects and disbursements.
15. The TFM is expected to supervise 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.
16. Project financial management activities undertaken by the TFM will include:
 - Entering into grant agreements, Partnership Agreements (or similar agreements) and any other relevant implementation agreements with any recipient of funds of the EIFTF. Ensuring that adequate provisions are in place to ensure that the TFM retains its full fiduciary responsibility;
 - 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;
 - 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 their intended purpose;
 - Ensuring that proper due diligence is followed by EIF Countries in developing project proposals;
 - Receiving and reviewing, along with the ES, project reports, including financial reports and narrative reports from implementing entities;
 - 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;
 - Closing project accounts upon completion;
 - Ensuring reconciliation of bank transactions, as applicable;
 - Closing accounts at the end of the year; and
 - Ensuring external audits of accounts as applicable.

Project appraisal and assessment of the recipients' capacities

17. The TFM is expected to be involved in the project formulation stage and to carry out the appropriate project appraisal as a desk review. The TFM shall be responsible for the fiduciary capacity assessment of any recipient of the funds of the EIFTF. To this end, the TFM shall prepare a Fiduciary Appraisal and Capacity Assessment Report (CAR) for each project, undertaking

a mission as necessary. The TFM's CAR shall be shared with the ES and circulated to the EIF Board for consideration during the project approval process. It is understood that recipients of funds may include (but not be limited to) any EIF Country governmental entity, any EIF Partner Agency, non-UN Agencies, UN or UN-like entities, NGOs, private companies, research institutions, etc. The assessment shall review the implementation capacity, including of national ownership and accountability principles, financial management and IT systems, procurement capacity, legal, anti-corruption capacity, monitoring and supervision capacities and any other relevant assessment of capacity as may be needed pursuant to the project and the objectives of such project as outlined in the project proposal.

18. 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.
19. In the event that a project is to be implemented by a Partner Agency as an MIE, the TFM shall carry out the appropriate capacity assessment of such entity to implement the project according to the terms and conditions of the Partnership Agreement (or similar agreement).

Recommendations on strengthening fiduciary capacities

20. During field missions and the early stages of the EIF process, the TFM will advise the FP and the 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.
21. In addition, the TFM will 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 fiduciary and financial management matters as appropriate.
22. 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 include time estimates and resources required.

Coordination and relationship between the ES and the TFM

23. Cooperation and coordination between the ES and the TFM will relate to the following:
 - Preparation for EIF Board meetings as relevant to the TFM (reporting, planning, financial and fiduciary matters);
 - Preparation of documentation, reports and recommendations related to projects to be submitted to the EIF Board for approval;
 - Joint appraisal, M&E/supervision missions in-country, when necessary;
 - Implementation and follow-up of EIF Board decisions on projects and other matters;
 - Training events at national, regional and global levels in relation to the in-country EIF set-up and process;
 - Joint facilitation of knowledge and information-sharing activities between all the EIF partners;
 - Preparation of annual work plans, budgets and reporting;

- Support of the ES's management of the M&E function, as required by the EIF M&E Framework; and
- Sharing of key official correspondence to, and information on, EIF Countries and the EIF projects.

Exchange of knowledge

24. The TFM will promote the exchange of knowledge on EIF-related fiduciary responsibilities among all EIF partners. The TFM will assist 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.
25. In addition, the TFM will develop, in consultation with the ES, a shared database for common use in coordination and planning purposes.

Monitoring and evaluation

26. The TFM will normally carry out supervision missions to each country to monitor 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. In addition, the TFM Regional Portfolio Managers will be available to the EIF partners in their respective region through telephone, e-mail, etc. Supervision missions shall be coordinated with the ES and other partners as appropriate.
27. 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, ES or TFM.
28. The TFM will carry out the M&E functions as set out in the M&E Framework.

Signing off on the fiduciary aspect of a project

29. 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 TFM's CAR to be submitted to the EIF Board during the project approval process.
30. 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 case the ED decides, nevertheless, to submit the project for approval by the EIF Board, the ED shall provide a report containing the specific reasons put forward by the ED for approval. In that case, the project cannot be submitted to the written approval procedure but shall be a subject of discussion at the next EIF Board meeting. 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

31. The TFM will submit to the EIF Board and to the Donors through the EIF Board, or to the ES as appropriate, the following reports (in accordance with the approved M&E Framework and signed Donor Contribution Arrangements and Standard Provisions):
- Quarterly expenditure reports detailing the TFM's expenditures for the period (funds committed and spent);
 - Annual narrative progress reports, detailing the progress of the programme, to be submitted no later than 30 June of the year following the reporting period. These reports shall contain an appraisal of the results obtained in relation to goals set out in perennial and yearly planning documents;
 - Annual certified financial reports as of December of every year, no later than 30 June of the following year, detailing all contributions and expenditures incurred under the EIFTF, as well as the accrued interest;
 - Project completion reports for each EIF project;
 - 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 actual expenditures incurred for the trustee responsibilities – TFM Services; and
 - Interim expenditure reports and other reports as may be reasonably requested.
32. 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 and funding forecast.
33. The TFM may be subject to internal and external auditing requirements according to UNOPS rules and regulations on auditing procedures.

Activities relating to general EIF financial overview

34. 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.
35. 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.

Performance of the TFM

36. Performance indicators on which to evaluate the TFM will be developed by the programme through the M&E Framework, with ES and TFM input, and presented by the ES and TFM to the EIF Board and be subject to monitoring on the basis of its annual work plans and reports. These performance indicators will focus on the TFM's fiduciary functions, including receipt of contributions and disbursements, as well as the other functions described in these TOR. The EIF Board may provide for an independent evaluation of the TFM and may establish a process for cases in which the TFM is perceived to have not fulfilled its stated duties as determined between the TFM and the EIF Board.

Terms of engagement

37. The TFM management fee approved by the EIF interim Board will be charged on the total amount contributed to the EIFTF account, as per the terms of the UNOPS TFM bid accepted by the EIF interim Board.
38. Additionally, the TFM's reimbursable expenses for the delivery of its full fiduciary responsibilities as set out in these TOR will be charged directly against the EIFTF, as detailed in the budgets to be approved by the EIF Board on an annual basis.
39. The fee structure and amount has been agreed to by the EIF interim Board. Any modification to the agreed amount or to the manner in which the TFM is financially compensated, shall be jointly agreed on by the EIF Board and the TFM.
40. The TFM will be engaged for an initial five-year period. The services of the TFM may be re-engaged for subsequent periods by mutual consent and following a performance review and the approval of the EIF Board.

Initial assumptions of the UNOPS 2008 approved bid for TFM services

41. The above functions of the TFM will be carried out on the basis of the following initial assumptions included in the UNOPS proposal and approved by the EIF TFM Selection Committee on 9 April 2008:
 - With regard to UNOPS' approved bid for TFM services, the Accountability Framework of December 2007 shall be referred to as a guiding document, as attached in Annex V.1;
 - The total amount of contributions will be equal or in excess of US\$250 million over a five-year period;
 - The number of countries to be covered by the TFM regional structure will not be greater than 51;
 - There will be an average of two project MIEs per EIF Country that require a full capacity assessment and a full fiduciary review;¹³
 - One TFM Regional Portfolio Manager can cover eight to ten EIF Countries, based on UNOPS's experience in supervision of similar projects;
 - Reporting formats should be uniform for all Donors; and
 - Reporting formats for implementing partners should be harmonized as much as possible.
42. Any change to these initial assumptions made in 2008 would modify the terms of the TFM's services and would therefore require a discussion between the TFM and the EIF Board to determine budgetary implications, if any.

¹³ This assumption has since been changed as a result of the EIF interim Board's consultations with UNOPS resulting into its decision on the matter (see the *Modus operandi* for Tier 2 projects on the selection of MIEs available).

Termination of TFM services

43. Should the EIF, through the EIF Board or the EIFSC, or UNOPS wish to terminate the engagement of UNOPS 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, funds 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

44. 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.



Annex V.1: Accountability Framework

Preamble

1. This paper sets out the Accountability Framework for the management of the multilateral trust fund of the partnership for the EIF for LDCs.¹⁴ By extension, the paper establishes the responsibilities and accountabilities of the TFM, its relationship to the ES and the EIF Board, and the criteria against which proposals to undertake the TFM function will be assessed.

Background

2. This Accountability Framework builds on the principles, objectives and procedures agreed upon by the Integrated Framework Steering Committee (IFSC) and set out in the Integrated Framework Task Force Recommendations adopted by the IFSC on 5 July 2006 (WT/IFSC/M/16).
3. In particular, the IFSC agreed that the operating principles that guide the EIF should facilitate:

- The effective use of trade as a development tool by LDCs;
- The LDCs ownership of the in-country programme and projects to be funded by the EIF, including the responsibility to identify their own trade development priorities and manage their own trade development activities – with the support of the relevant national, regional and international bodies and of donors; and
- A partnership approach through which, in accordance with the principles of the Paris Declaration on Aid Effectiveness, donors and international agencies coordinate their response to the needs of LDCs, manage for results and LDC leadership and accept mutual accountability.

4. Building upon these principles, the IFSC established the objectives and procedures for the EIF programme to provide for:

- Increased capacity-building support to LDCs throughout the EIF process, including increased financial resources, support provided to NIUs and technical assistance, training and knowledge transfer to be provided by national, regional and international implementing bodies in project delivery; and
- Stronger governance of the IF, including collective decision-making through a reconfigured Board, a strengthened ES, clearly defined accountability, and rigorous monitoring and evaluation.

5. To achieve these objectives, the Accountability Framework addresses two important risks. The first risk, inherent in all funding programmes, is that financial resources are used inappropriately – that expenditures are not for approved activities and that these are not effective in achieving the objectives of the EIF overall programme. The second risk is that the funds will not be used – that is, that the design of the EIF overall programme does not facilitate its use by LDCs. If the design is too complex, the procedures are too rigid, or insufficient technical support is provided throughout the EIF process, LDCs may have difficulties making effective use of the EIF overall programme. The design of the EIF overall programme and its Accountability Framework and M&E Framework must minimize both of these risks.

¹⁴ The use of the term Partnership in this document is understood to reflect the cooperative relationship among the entities involved in the EIF global alliance. It shall not be understood or implied that this alliance is a legal partnership.

EIF programme management

6. LDCs will have the primary responsibility for managing the EIF process in-country and will take on this responsibility with the active support of national, regional and international bodies, donors (particularly through the DF) and the ES. The principal coordinating mechanism in each LDC is the NIU, designated and/or put in place by the LDC government, which is responsible for preparing and coordinating project proposals, integrating them into national development strategies/poverty reduction processes and managing projects under the EIF.
7. In order to give effect to the partnership approach adopted by the EIF stakeholders:

- The EIF partners delegate to the EIF Board (i) the responsibility for the oversight of the overall EIF programme; (ii) funding decisions in accordance with the approval process and the terms set forth in this Accountability Framework and the revised Compendium; (iii) the adoption of the revised Compendium as the initial charter of the EIF Partnership by consensus by all EIF Board members and the TFM.¹⁵ The delegation referred to in (i), (ii) and (iii) above shall be approved by the EIFSC; and
- The EIF Board shall make its decisions by consensus and shall make every effort to this end. In the event no consensus can be reached, the EIF Board shall have recourse to a vote. In such cases, the representatives of LDCs and Donors shall each have one vote, and a simple majority shall be needed to make any decision. In the event of a tie, the EIF Chairperson would cast a deciding vote. The projects shall be approved as follows:
 - i. Tier 1 projects shall be appraised and approved by the in-country Tier 1 Appraisal Committee (TAC 1). The TFM shall provide the fiduciary assessment and the sign-off on the fiduciary aspects of the project, all as set forth in paragraph 9 below and in the revised Compendium. The ES shall undertake its final review, and upon the endorsement by the ED, the project shall be submitted to the EIF Board for approval under a streamlined approval process. Tier 1 projects shall be deemed approved unless an Board member presents an objection within fifteen (15) Switzerland business days of its submission to the EIF Board. The EIF Board may decide to delegate the approval of Tier 1 projects to the ED for up to a certain amount; and
 - ii. Tier 2 projects shall be appraised and approved by the in country Tier 2 Appraisal Committee (TAC 2). The TFM shall provide the fiduciary assessment and the sign-off on the fiduciary aspects of the project, all as set forth in paragraph 9 below and the revised Compendium. The ES undertakes its final review and upon the endorsement by the ED, the project shall be submitted to the EIF Board for approval under regular procedures.

8. An institution with the appropriate expertise and technical capacity to deliver trust fund management services shall be selected to be the TFM of the EIF and to assume full fiduciary responsibility and accountability. Each Donor and the TFM shall enter into a Contribution Agreement (or similar contractual arrangements), which shall be in form and substance satisfactory to each Donor and which shall be governed by standard conditions applicable to all Donors. The Donors agree to have all funding contributions in one multi-donor trust fund. The Compendium shall be attached to the agreements and serve as the initial charter of the EIF Partnership.

¹⁵ Note that the wording 'and the TFM' is subject to change should there be a change concerning the TFM's representation at the Board.

9. The TFM is part of the EIF Partnership, and its responsibilities are described below. The TFM will be represented ex officio on the EIF Board. Project funding decisions will be made on the basis of:

- A quality assessment of the proposed project by the ES, based on the project document and project appraisals completed in-country by the TAC 1 or TAC 2, coordinated by the NIU.¹⁶ The NIU or LDC government shall seek the advice of the TFM as early as needed to ensure that the TFM can carry out its fiduciary assessment and sign off on the fiduciary aspects of the project in an efficient manner; and
- An appraisal by the TFM of the financial management and accountability procedures, procurement and safeguards aspects of the project.¹⁷ The TFM shall ensure that its fiduciary assessment and sign-off on the fiduciary aspects of the project is carried out promptly, and to this end, it is expected that the TFM shall (i) whenever possible, use simplified procedures for procurement and safeguards adapted to the specific needs of the EIF programme and projects; (ii) have the necessary dedicated staff resources familiar with the EIF programme; and (iii) have customized standard legal documentation for the EIF programme (including the relevant grant, inter-agency agreements, MOUs, as the case may be).

10. In the event that the TFM does not provide the sign-off on the fiduciary aspects of a project, it shall promptly submit a report to the EIF Board detailing the reasons for the denial of the fiduciary sign-off, and not later than within 2 (two) working days. In addition, the ED shall provide regular reports to the EIF Board listing the project proposals under consideration and a brief status summary (project pipeline report).
11. The responsibility for the overall EIF programme is assumed by the EIF Board, consistent with the processes described above; the full fiduciary responsibility and accountability is assumed by the TFM. Notwithstanding paragraph 9 above, the TFM shall perform the necessary assessments and activities to ensure that it retains full fiduciary responsibility and accountability. To this end, the TFM, the relevant government entities and the ES shall coordinate and integrate the work to minimize overlap and duplication while ensuring that the TFM retains full fiduciary responsibility.
12. The role of the TFM at the project level in-country is to assume full fiduciary responsibility, in the sense of providing the fiduciary assessment and sign-off on the fiduciary aspects of the project. Accordingly, the TFM will be responsible for project appraisal as per paragraphs 9 and 11; issuance of disbursements as per paragraph 14; and supervision/M&E as per paragraph 15. Project implementation will be undertaken by a national, regional or international implementing entity, as specified in the approved project.
13. The NIU will propose the implementing entity for a project. For Tier 1 and Tier 2 projects, the TFM will disburse directly to national, regional or international implementing entities or to a pooled funding arrangement for the implementation of trade-related assistance, which will take responsibility for the delivery of project activities proposed by the NIU or assist the NIU in overall project management and/or coordinate the work of implementing entities (if applicable). The TFM may disburse funds directly to the beneficiary LDC government where the activities are being delivered by the government and the disbursements cover their direct costs. At the request of the NIU, more than one implementing entity may receive direct disbursements from the TFM.

¹⁶ The assessment will consider, *inter alia*, whether the project is in accordance with the EIF objectives; the results are realistic; activities are clearly described and respond to identified needs; the analysis is appropriate; the options for management, coordination and financing arrangements are appropriate and supportive of institutional strengthening and local ownership objectives; the capacity of the implementing entity; the project is likely to be sustainable and if the proposed implementation arrangements are in line with the Paris Declaration on Aid Effectiveness.

¹⁷ The assessment will consider, *inter alia*, whether the funds are to be used for eligible costs; the capacity of the implementing entity is sufficiently ensured; due diligence is sufficiently provided for; and the financial accountabilities of all participants are well defined.

Financial management

14. The TFM takes responsibility and is accountable for the receipt of funds, the management of the funds while held in trust, the disbursement of funds to recipients, and reporting to the ES and the EIF Board. The TFM will be responsible and accountable for establishing appropriate contractual agreements with national, regional and international implementing entities clearly articulating their financial accountabilities towards the TFM. The TFM will be solely responsible for the supervision of activities financed under the established contractual agreements and shall be held accountable by the Donors for the adequate and financially diligent use of funds.

Supervision/M&E

15. The TFM will be responsible for supervision/monitoring and auditing the proper use of funds, consistent with the M&E Framework as adopted by the EIF Board. The respective roles of the NIU and the ES in monitoring will be specified in the M&E Framework.

Conflict of interest

16. Subject to EIF Board approval on a case-by-case basis, the parent agency hosting the TFM can serve as implementing entity for a project, provided explicit and effective measures are taken to avoid conflict of interest. EIF Board assessment of the project will include a careful review of such measures. Given the critical importance of avoiding real or perceived conflict of interest when the TFM may be involved in fund management and programmatic implementation, the EIF Board will make an assessment based on the TFM's official policy or practice regarding the avoidance of conflict of interest.



Annex V.2: EIF Contribution and Partnership Agreements

1. UNOPS as TFM, on behalf of the EIF, has entered into a number of agreements, either obtaining contributions or establishing a partnership for the benefit of the EIF.
2. For the receipt of contributions from Donors, the TFM first negotiated common Standard Provisions with all of the Donors, then signed individual Contribution Arrangements with individual Donors.
3. To establish Partnership Agreements with the Core and Partner Agencies, the TFM undertook thorough negotiations with the Agencies, followed by a review of the EIF Board to approve the proposed Agreements before signature.
4. The Agreements entered into on behalf of the EIF are detailed in the table below:

Partner Agency	Type of Agreement	Status	Framework
Donors	Contribution Arrangements Standard Provisions	23 signed Approved 24 October 2008	Legal agreement that maintains the integrity of the EIFTF as a multilateral financing facility through the use of individual Contribution Arrangements for each donor, along with common Standard Provisions.
WTO	Exchange of letters	Exchanged 25 November 2008	Legal agreement with WTO as administrative host of the ES to enable the provision of technical services by the ES.
ITC	Standard Partnership Agreement	Signed 8 July 2009	Global Memorandum of Understanding, with exchange of letters with the Agency for the implementation of specific Tier 1 and Tier 2 projects.
UNCTAD	Standard Partnership Agreement	Signed 8 July 2009	Global Memorandum of Understanding, with exchange of letters with the Agency for the implementation of specific Tier 1 and Tier 2 projects.
UNIDO	Standard Partnership Agreement	Signed 24 June 2009	Global Memorandum of Understanding, with exchange of letters with the Agency for the implementation of specific Tier 1 and Tier 2 projects.
UNDP	UNDP-specific Partnership Agreement	Signed 12 July 2010	Global Joint Partnership Letter, with Country Level Contribution Agreement to be signed with respective UNDP Country Offices for the implementation of specific Tier 1 and Tier 2 projects.
World Bank	Subsidiary Trust Fund	Signed 19 April 2011	Trust Fund administration agreement establishing a Trust Fund within the World Bank for the implementation of EIF Tier 1 and Tier 2 projects.

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