



Guidelines for the Diagnostic Trade Integration Study (DTIS) and DTIS Update (DTISU) under EIF Phase Two

November 2016

The Diagnostic Trade Integration Study (DTIS)/DTIS Update (DTISU) work is a distinguishing feature of the EIF. The concept was developed under the Integrated Framework (IF) more than ten years ago and aimed at providing Least Developed Countries (LDCs) with analytical tools for trade mainstreaming and providing a common basis for prioritization and hence mobilization of resources, including through donor support.

The DTIS/DTISU thus provided a comprehensive study on constraints to trade and opportunities for pro-poor sustainable trade development, including an Action Matrix. Over the last 15 years of IF then EIF, there has been an important growth of analytical work on LDC trade issues. Today, most LDCs have done at least one DTIS, and many LDCs have complementary studies on export competitiveness, sectoral value chains, trade facilitation and other cross-cutting constraints.

The Comprehensive Evaluation of the EIF in 2014 recommended that the approach to DTISs/DTISUs should be reviewed with a view to adapting them to the changes in the environment since 2001, enhancing their relevance, making them time-bound and flexible as well as grounded in the country ownership principle.

In light of the above mandate, the Executive Secretariat for the EIF (ES) has reviewed the DTIS guidelines which were developed for the IF and not changed for EIF Phase One. The ES has also undertaken a stakeholder survey and organized a workshop together with the World Bank to reflect on good practices, challenges, opportunities and lessons learnt and to identify actions on how to strengthen the DTIS work so that it is positioned to add value in today's operating environment.

The main conclusion and recommendations from the survey and the workshop were that while the DTIS/DTISU remain flagship analytical tools for trade mainstreaming and trade-related programming in LDCs, it is important that the *DTIS/DTISU and their process should be flexible; be built on existing analysis; are action-oriented, effective and accessible; and should be the result of an inclusive participatory processes with strong national ownership*. These will be guiding principles for the next generation of DTISs/DTISUs under EIF Phase Two.

Based on the above work, the ES proposes the following guidelines for the DTISs/DTISUs undertaken under the EIF Phase Two. These guidelines replace the information and procedures laid out in the Compendium of EIF Documents in Phase One and the Guidance Note on Enabling EIF Countries to ensure timeliness of the DTIS/DTISU processes, approved by the EIF Board on 19 June 2014.

GUIDELINES

Objectives for DTISs/DTISUs

Given that the environment for the EIF diagnostic work has radically changed since 2001 with an important growth of analytical studies on trade issues in LDCs, the DTISs/ DTISUs related work undertaken in the EIF Phase Two should be conceptualized in a more strategic and flexible manner to respond to the country's needs and built on existing analytical work. Depending on the country context, the DTISs/DTISU aims to promote economic transformation through trade.

The DTIS/DTISU project funding can be utilized for one or more of the following objectives, amongst others:

- ❖ Reviewing the trade sector with a view to filling any diagnostic gaps and supporting the Trade Policy/Trade Strategy formulation and monitoring mechanisms for implementation. This can include, if necessary, supporting sector studies/strategy formulation, trade-related development analysis and work on specific themes of interest, such as trade and poverty, gender, investment, environment, etc., with the scope to be defined based on the country's needs and context.
- ❖ Contributing to the Sustainable Development Goals (SDGs) Agenda, through supporting the implementation of trade dimensions and feeding into wider processes of SDGs reporting at country level.
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- ❖ Supporting the Trade Ministry's engagement and preparation of trade inputs in the National Development Planning (NDP) process.
- ❖ Supporting prioritization and implementation of the DTIS/DTISU Action Matrix, development of a Medium-Term Programme (MTP), outreach and stakeholder engagement activities (workshops, trainings, consultations, communication materials) in combination with the above mentioned analytical work and/or trade and sector strategies development.
- ❖ Undertaking a comprehensive study on constraints to trade and opportunities for pro-poor sustainable trade development, following traditional DTIS/DTISU work.

Principles, Operational Tools and Good Practices

In line with the new objectives of the DTIS/DTISU and programme framework of the EIF Phase Two, the following is a checklist of principles, operational tools and good practices for DTIS/DTISU projects:

Key principles	Through operational tools...
❖ Complementarities and value for money.	<ul style="list-style-type: none"> ➤ Brainstorming meeting at the beginning to map out specific country needs, purposes, conditions and processes. ➤ Desk review of existing studies and documents.
❖ Stronger national ownership and sustainability.	<ul style="list-style-type: none"> ➤ Frontloading engagement of key actors to ensure stakeholders' commitments throughout the process.

❖ Technical quality at check.	➤ Peer review mechanism within the Main Implementing Entity (MIE) and with relevant technical institutions.
❖ Effectiveness implementation.	➤ Resource mobilization and implementation arrangement in the DTIS/DTISU. ➤ Institutional framework for monitoring and evaluation as an integral part of the DTIS/DTIU report.
❖ User-friendly and accessibility.	➤ Using the DTIS/DTISU as a communications and advocacy tool. Non-technical summary for general release.

...and good practices ...

- ✓ The DTISs/DTIUs should involve more national/local experts who are more familiar with ground realities and are often more competitive than international experts. Gender balance should be given due consideration in the selection of the DTIS team.
- ✓ Establishment and institutionalization of an intra-ministerial coordination mechanism for DTIS/DTISU and implementation, including a two-way communication channel and time-bound feedback between key actors.
- ✓ Inclusiveness of state and non-state actors in the DTIS/DTISU processes and beyond (e.g., representatives from line ministries, especially ministries responsible for finance, planning and economy, parliament, private sector, civil society and donors).
- ✓ Where applicable, the DTIS/DTISU processes should provide with an option of having feedback through different avenues to collect comments on substance, and go beyond regular stakeholders, while keeping the technical quality at check.
- ✓ Outreach and consultative activities by the EIF National Implementation Unit (NIU) or lead Ministry to ensure that designated stakeholders adequately engage their constituencies in reviewing the report and providing comments from their respective institutions. Where applicable, consultation with target groups should be held, including through video conference, to discuss and collect comments on individual chapters of the report. This can happen before the chapters are consolidated into the draft report.
- ✓ If the DTIS/DTISU are synchronized with the NDP process, summary trade inputs to be integrated into the NDP should be prepared and submitted to the lead Ministry.
- ✓ Use the DTIS/DTISU Validation Workshop or launch as a pledging conference in which Government and development partners indicate their vision and plan to support the DTIS implementation.
- ✓ Streamlining the process of preparing the DTIS and the MTP to identify the priority programme at the validation of the DTIS.
- ✓ The integration of DTIS priorities/programmes into national development strategies, sector strategies and donor countries' programming should be pursued and monitored through the validated institutional framework for DTIS/DTISU implementation.
- ✓ The DTISs/DTISUs should not be too long. The DTIS Action Matrix (AM) is not a wish list but guidance for prioritization and sequencing actions.

Scope and Coverage

To fit its purpose, the coverage of the DTIS should remain flexible. The lead ministry and the MIEs should frontload consultations with relevant stakeholders to define specific objectives of the DTIS/DTISU in country-specific context and subsequently develop a Concept Note proposing, among other things, the coverage of the DTIS/DTISU. The following elements, which were not explicitly included in the previous generation of DTIS/DTISU, should be considered:

EIF Phase Two DTIS/DTISU: Additional focuses	Previous generation of DTIS
<ul style="list-style-type: none"> • Political economy analysis to shed light on the political feasibility of the Action Matrix recommendations. • Industrial performance, services, investment policies, regional integration and global/regional value chain. • Trade facilitation, e-trade, technology, innovation, competition, and "behind-the-border" regularly policies. • Role of the private sector. • Cross-cutting issues – included both in the SDGs and the EIF Phase Two Logframe – trade and poverty reduction, gender, and environment. • LDC graduation prospects or post-graduation transition as the case may be. 	<ul style="list-style-type: none"> A. Executive Summary and Action Matrix. B. Overall Trade Issues: <ul style="list-style-type: none"> • Macroeconomic environment. • Structure and pattern. • Trade Policy and Institutions. • Trade agreements and market access. • WTO accession (if applicable). • Trade facilitation, transportation and infrastructures. • Standards and quality infrastructure. C. Sectoral Studies. D. Implementation Arrangements.

However, not all topics are covered in every DTIS/DTISU. The above list provides an indicative example of trade issues to be covered in DTISs/DTISUs, rather than a prescriptive list of issues to be analyzed.

Process

The DTIS/DTISU should be a country-driven, participatory, inclusive and time-bound process. Country stakeholders should engage throughout the DTIS/DTISU processes and validate the analytical work as well as the action matrix.

The following DTIS/DTISU steps present an indicative process and timetable as a best practice. The process can be flexible, depending on the nature of the work, to respond to emerging needs and changes in country's context.



Step 1: Project Preparation

- **Pro-active planning** of the DTIS/DTISU in accordance with the schedule of the NDP. Ideally, the DTIS/DTISU starts 18 months before the new cycle of NDP in order to provide timely inputs to the NDP process.
- **Brainstorming Consultation** by lead Ministry with local stakeholders and in-country development partners, including EIF Core Agencies to identify specific objectives of DTIS/DTISU, implementation modality and/or implementing partners, timeline and resources needed.
- **Preparing Terms of Reference (TOR), including implementation arrangement, work plan and activity-based budget for the DTIS/DTISU** by the lead Ministry based on the outcomes of Brainstorming Consultations for discussion with key actors and the ES (on the substance of the TORs) and the TFM (on fiduciary matters) before the formal submission.

Step 2: Project Submission and Approval

- **Submission of a formal request and the TOR** to the Executive Director of the ES (ED) for approval. The decision of the ED should be communicated to the country and the TFM *within two (2) weeks from the submission*.
- **Signature of the Legal Agreement:** Upon receiving the approval decision from the ED, the TFM will enter into an agreement with the MIE *within two (2) weeks*, and proceed to the disbursement in accordance with the signed agreement.

Step 3: Project Implementation

- **Scoping Mission and Submission of a Concept Note:** as soon as possible within *four (4) weeks* after the selection of the experts team and the establishment of a DTIS inter-ministerial coordination team with designated representatives from key actors, a scoping mission should be carried out by the expert team, with support from the NIU to consult with local stakeholders, the EIF Donor Facilitator and development partners, and develop a Concept Note for the DTIS/DTISU. Consultations with stakeholders should be inclusive to maximize country ownership. The Concept Note should be submitted within two (2) weeks after the scoping mission.
- **Peer review of the Concept Note:** once a draft Concept Note is ready (in English and the *language of the country*), the EIF Focal Point (FP) circulates it to local stakeholders and to the EIF global partners (through the ES) for peer review and comments. The NIU, under the auspices of the FP, should organize relevant consultations and receive comments from national stakeholders (including the government, technical institutions, the private sector, civil society and other development partners). *Comments should be provided within two (2) weeks after the circulation. The Concept Note should be finalized with key stakeholders, the ES and the TFM within two (2) weeks after comments received.*
- **Main Mission and Submission of the First draft Report:** as soon as possible within *four (4) weeks after* the Concept Note has been finalized, the expert team should undertake a main mission to work on the DTIS/DTISU report, including an Action Matrix, under the auspices of the lead Ministry/FP and in close collaboration with the NIU team. The draft chapters and/or report (in English and the *language of the country*) should be circulated within *six (6) weeks* after the completion of the main mission to local stakeholders, including to development partners and the EIF Board as well as to global partners (through the ES) for peer review and comments.

Comments from local stakeholders and the EIF Board and partners should be sent to the FP and the MIE within *three (3) weeks*, or according to the schedule agreed in the TOR.

- **Validation Workshop:** A Validation Workshop should be organized to validate the DTIS/DTISU chapters and/or report, and its AM. The date should be announced early and at least *five (5) weeks* after the first draft report is circulated so that partners can prepare for their comments and participation.

The revised draft report should be translated into the language of the country and circulated to participant at least *one (1) week* before the Validation Workshop. If the translation of the full report is not possible before the validation workshop, the Executive Summary and the Action Matrix should be made available in local language. This arrangement should be agreed upon by the FP. A table listing the comments received and how they are being addressed is desirable to facilitate the assessment of the revised draft by stakeholders.

The Government's vision on the implementation of the DTISs, including the resources mobilization plan, and where applicable the support from the government, the private sector, donors and development partners, should be announced at the workshop.

- **Finalization of the DTIS/DTISU Report and AM:** Within *two (2) weeks* after the Validation Workshop, the DTIS/DTISU expert team should finalize the report, get internal clearance from the MIE and submit it to the FP and the ES. A table listing the changes addressing feedback from the Validation Workshop should be attached to the report.
- **Validation of the report by the Government:** Upon finalization of the report by the MIE and acceptance by the main stakeholders, the lead Ministry should submit the DTIS/DTISU report within *four (4) weeks* after the Validation Workshop, including the AM and the DTIS implementation arrangements to the Government for endorsement.
- **Publication and Formal Launch of the DTIS/DTISU:** the final report endorsed by the Government, should be promptly published/formally launched and widely distributed. Non-technical summaries and sub-products of the DTIS report should be produced for general release to enhance to accessibility of DTIS/DTISU.

Step 4: Project closing

- **Submission of the final report and closing fund balance:** upon the acceptance of the final report, and if applicable, its publication and dissemination, the MIE should proceed to the project closing formalities as stated in the Agreement/MOU with the TFM. The TFM shall get clearance from the ES to close the Project. When the project is formally closed, the remaining balance should be returned to the TFM within 3 months after the completion of project activities or in accordance with the legal agreement if otherwise specified.

The MIE/FP/NIU should check and monitor on a quarterly basis the timeline and milestones for consistency with the approved work plan in the TOR. If there is a change, in particular a delay, the MIE/FP/NIU should alert the ES and TFM immediately. The partnership (Government, MIE, ES/TFM) is to consult on how to address the delay and corrective measures to take to catch up with the agreed timetable if so desired. The FP/NIU Coordinator are to facilitate the DTIS/DTISU team activities and closely monitor adherence to the schedule.

In case of delay and a no-cost extension (NCE) is duly justified, the NCE process should follow the guideline for the EIF Tier 1 NCEs approved by the EIF Board in August 2015.

IMPLEMENTATION

The proposed guidelines will be reflected in the Compendium of EIF Documents for EIF Phase Two. The application should be adapted to the country-specific context and stage of the EIF programme in the country.

The guidelines should be periodically reviewed to reflect realities on the ground. If necessary, the ES should submit a proposal of updates or changes to the EIF Board for approval.

All DTIS/DTISU projects to be approved in EIF Phase Two, should follow the guidelines from the start.
