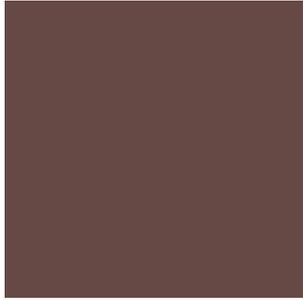




EIF Annual Report 2014



From results to
programme
sustainability



Enhanced Integrated Framework

Trade for LDC development

This report is based on a master set of data in a data hub that has been compiled by the Executive Secretariat for the Enhanced Integrated Framework (ES) and EIF Trust Fund Manager (TFM) and partner countries of the EIF in response to requirements of the EIF Board as endorsed by the EIF Steering Committee (EIFSC). The report covers the period 1 January to 31 December 2014, providing progress on EIF implementation at global and country levels.

The full report in English and French can be accessed on the internet at: www.enhancedif.org

A hard copy of the publication is available upon request eif.secretariat@wto.org.



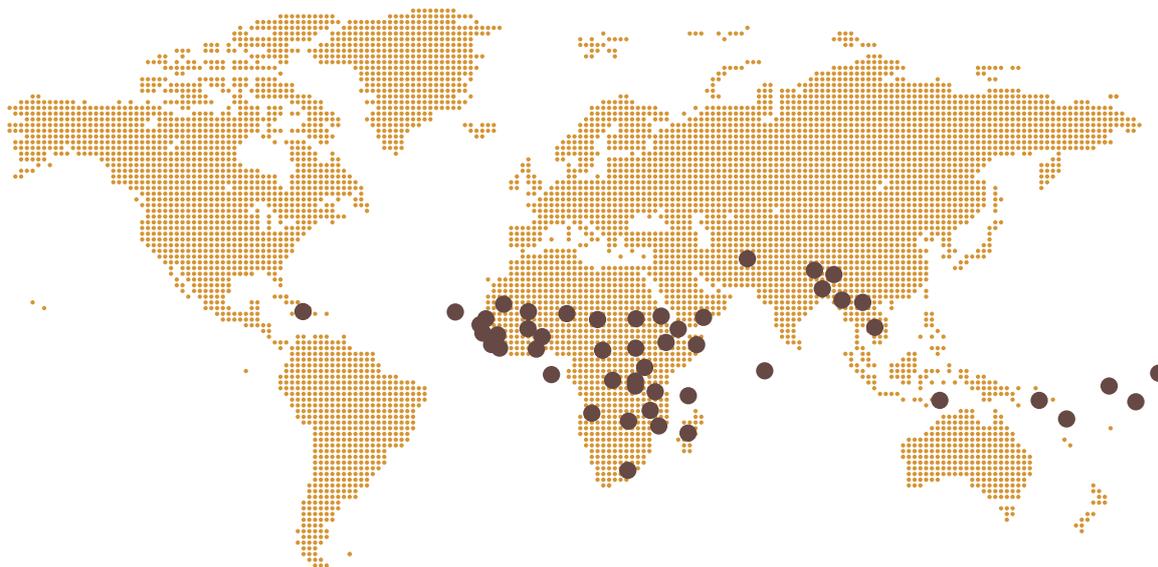
Enhanced Integrated Framework

Trade for LDC development

From results to
programme
sustainability

EIF Annual Report
2014

Where we work



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

The EIF programme is supported by

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

EIF Core Partner Agencies



International
Monetary
Fund



International
Trade
Centre



United Nations
Conference
on Trade
and Development



United Nations
Development
Programme



WORLD BANK GROUP



WORLD TRADE
ORGANIZATION

EIF Observer Agencies



United
Nations Industrial
Development
Organization



World
Tourism
Organization

EIF Trust Fund Manager



Acronyms

AfT	Aid for Trade	LDC	Least Developed Country
DF	EIF Donor Facilitator	MIE	Main Implementing Entity
DP	Development Partner	M&E	Monitoring and Evaluation
DTIS	Diagnostic Trade Integration Study	MOU	Memorandum of Understanding
DTISU	DTIS Update	MTE	Mid-term Evaluation
ED	Executive Director of the Executive Secretariat for the EIF	MTP	Medium-term Programme
EIF	Enhanced Integrated Framework	MTR	EIF Mid-term Review
EIFSC	EIF Steering Committee	NCE	No-cost Extension
EIFTF	EIF Trust Fund	NDP	National Development Plan
ES	Executive Secretariat for the EIF	NDS	National Development Strategy
EU	European Union	NES	National Export Strategy
FAO	Food and Agriculture Organization	NIAs	EIF National Implementation Arrangements
FP	EIF Focal Point	N/A	Not Applicable
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit	NIU	EIF National Implementation Unit
Icipe	International Centre of Insect Physiology and Ecology	NSC	EIF National Steering Committee
IF	Integrated Framework	ODA	Official Development Assistance
IFC	International Finance Corporation	PRSP	Poverty Reduction Strategy Paper
IFTF	IF Trust Fund	EIF	Annual Progress Report 2013
IMF	International Monetary Fund	PS	Permanent Secretary
ITA	International Trade Adviser	REC	Regional Economic Cooperation
ITC	International Trade Centre	RPM	TFM Regional Portfolio Manager
JICA	Japan International Co-operation Agency	SME	Small and Medium Enterprises
		SPS	Sanitary and Phytosanitary
		STDF	Standards and Trade Development Facility

SWAp	Sector Wide Approach
TAC 1	EIF Tier 1 Appraisal Committee
TAC 2	EIF Tier 2 Appraisal Committee
TFM	EIF Trust Fund Manager
TOR	Terms of Reference
TA	Technical Assistance
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
UNWTO	United Nations World Tourism Organization
WB	World Bank
WTO	World Trade Organization

EIF in Numbers

2016

Start of EIF Phase Two for a 7 year period up to December 2022.

2014

year in which Comprehensive Evaluation of the EIF was conducted.

131

total projects approved by the EIF Board.

41

Diagnostic Trade Integration Studies (DTIS) and Updates (DTISU)-analytical studies of the national trade environment.

50

countries benefitting from the EIF.

37

EIF Countries with approved Tier 1 'Support to NIAs' projects.

36

approved Tier 2 projects for a total of approximately 91.17million US\$.

27

EIF Countries with approved Tier 2 projects.

8

EIF Core and Observer Partner Agencies.

23

Donors supporting the EIF.

248.74

million US\$: approximate total Donor commitments to the EIF up to December 2014.

201.39

million US\$: approximate total donor contributions received up to December 2014.

182.65

million US\$: allocation for EIF activities.

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Foreword



As a unique partnership for building trade capacity of Least Developed Countries, the EIF continues to enhance its contributions both quantitatively and qualitatively in this area. Although the EIF's conviction that analytical work and institutional quality are the twin hallmarks underpinning support to LDCs remains valid, the real objective of poverty alleviation and sustainable development can be achieved only by providing catalytic support aimed at building productive capacity. In keeping with this philosophy, the EIF extended such support to 13 EIF Countries in 2014, which was made possible only because of the institutional capacity building coupled with analytical work undertaken in the past.

The year 2014 has been an exceptionally busy but rewarding year for the EIF, not least because of the expansion of the Programme and the Comprehensive Evaluation of Phase One the EIF. It is gratifying to note the Evaluation's finding which suggests that the EIF remains highly relevant for the LDCs and that it has generated considerable impact on the ground. What is more important is the assertion of the Evaluation that there is a good prospect for the sustainability, which is in line with the longterm goal of the Programme. However, like other multi-stakeholder Programmes working in difficult socio-economic and political environments and often highly volatile situations, created by natural disaster, health pandemic and civil war, among others, the Evaluation also revealed some challenges facing the EIF Programme. These predominantly concern the aspects of enhancing its efficiency and effectiveness.

In line with the recommendation of the Evaluation and based on the work carried out by the EIF Board Working Group, the EIF Board decided to extend the mandate of the programme for a sevenyear period starting in January 2016. The decision was subsequently endorsed by the EIF Steering Committee. Before the end of 2014,

the work on designing the scope and modalities for the second phase of the EIF and initiating quick win reform measures to enhance the effectiveness and efficiency of the Programme was well under way.

On the membership front, Somalia joined the EIF as its 50th member country. This was also the year in which Yemen acceded to the WTO as its 160th member for which the EIF provided both substantive as well as technical support. On the funding side, additional contribution totalling US\$9.9 million from Finland and Sweden was received during the year, thereby helping the EIF provide support to strengthen productive capacities of LDCs as varied as the Democratic Republic of Congo, Rwanda and Vanuatu, which would not have been possible without these additional resources. This underscores the critical role of the donors to contribute to EIF in helping LDCs leverage trade for development.

In order to promote sustainability of the national institutional structure and productive capacity building initiatives in the EIF Countries as well as provide credible signal to the countries that the EIF support would come to an end at some point, the EIF started strengthening the sustainability component in each project proposal. This was done by emphasizing financial, institutional and human resources sustainability in all the project documents. The Programme also encouraged countries to leverage resources and offered support in this endeavour, as a result of which some noteworthy success was achieved during the year, particularly by the Pacific Island countries.

On the public advocacy front, the EIF either organized or participated in several policy, advocacy and dialogue forums on issues ranging

from productive capacity building, landlockedness, aid for trade, regional integration, trade facilitation, and agriculture and rural development. Recognizing the role of the EIF in effectively delivering aid for trade support to the LDCs, the Open Working Group proposal for Sustainable Development Goals makes a reference to the EIF. This was followed by the Ministerial Meeting on Building Productive Capacity in LDCs (Benin, July 2014) and the Ministerial Meeting of Asia-Pacific LDCs on Graduation and Post-2015 Development Agenda (Nepal, December 2014).

In order to build capacity of the EIF Countries on issues ranging from monitoring and evaluation, communications, financial management and stakeholders' engagement, the EIF organized five capacity building events at the regional and national levels. This was bolstered by rolling out of stakeholders' engagement module in three countries in 2014. With the view to enhancing outreach of the Programme, the EIF launched its website in three languages (English, French and Portuguese) and started the publication of an EIF Newsletter in its new incarnation - aptly titled *Trade Works*.

It is worth highlighting that in 2014 the EIF organized the first ever Board meeting in an LDC, which was hosted by The Gambia. During the year, for the first time, Benin launched a project with national implementation modality with three agencies as service providers. Also, for the first time, EIF countries started following the template prepared by the EIF for entering into contractual arrangement with Main Implementing Entities.

The outlook for 2015 looks positive, not least because the EIF Partnership looks towards the adoption of the scope and modalities of the Phase Two of the Programme, which will pave the way for organizing the pledging conference for the replenishment of the EIF Trust Fund. The quick win reform measures, which have already been initiated and to be buttressed by scope and modalities for the Phase Two of the EIF are likely to help enhance efficiency and effectiveness of the Programme as well as deliver real value for money.

Before concluding, I would like to pay tribute to the EIF partnership comprising the LDCs, donors and agencies for their valued contribution, support, inputs, ideas and, above all, a shared commitment to make a difference in the lives and livelihoods of people in the LDCs. I would like to extend my gratitude to the EIF Board, in particular to the outgoing Chair H.E. Mr Minelik Alemu Getahun and to the new Chair H.E. Ms Yvette Stevens as well as to the outgoing Chair of the EIF Steering Committee H.E. Ms Päivi Kairamo and to the new Chair H.E. Mr Daniel Blockert for their leadership and commitment to the EIF Programme. My special thanks go to the members of the EIF Board Working Group for their continued engagement and dedication. The success achieved during the year would not have been possible without the dedication and hard work of my colleagues - both at the Executive Secretariat for the EIF and at the EIF Trust Fund Manager - for which I am grateful to them.



Ratnakar Adhikari
Executive Director
Executive Secretariat for
the EIF at the WTO

The EIF: a catalyst for achieving sustainable growth and poverty reduction in LDCs



The EIF is a unique global partnership dedicated to supporting the LDCs to use trade as a tool for economic growth and poverty reduction through job and income opportunities. It empowers LDCs to identify where trade can form an integral part of their national development strategies and assist them in harnessing Aid for Trade (Aft) towards this goal.

All but one of the 48 LDCs have signed up to the EIF. The EIF currently covers 50 countries:

34 countries in Africa,
9 in Asia,
5 in the Pacific,
1 in the Americas, and
1 in the Middle East.

In operation since 2010, the EIF is working in 50 countries across Africa, Asia, the Americas, the Middle East and the Pacific. Projects that are designed to help strengthen institutions and build trade capacity are funded through a multi-donor Trust Fund currently funded by 23 donors. Further funds are expected to be mobilized by EIF Countries from various agencies, the private sector, and philanthropic organizations.

Trade mainstreaming is integrating trade into National Development Plans, 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.

Evidence shows that trade can be a powerful enabler for fostering growth and poverty reduction. As a group of countries which face the most difficult development challenges, LDCs experience many and varied obstacles in their ability to trade. Therefore targeted support in priority areas identified and owned by LDCs themselves is required to help realize their full trade potential. The EIF contributes to achieving this goal through an equal partnership between LDCs, donors and international agencies.

The EIF works across fragile states and post-conflict countries, landlocked LDCs, those prone to natural disasters, major crises such as the 2014 Ebola outbreak

By building trade capacity, the partnership works to support the LDCs' ambitions to:

- Identify and address the priority constraints to trade;
- Ensure that trade directly supports the national development agenda;
- Set up institutional and coordination mechanisms to coordinate trade-related technical assistance ("Aid-for-Trade"); and
- Trigger policy reform and mobilize additional financial and technical resources to address priority trade needs.

Together with its focus on LDCs, the EIF's approach sets it apart from other Aft initiatives. It provides country-specific, customized support that addresses a range of trade capacity-building needs through:

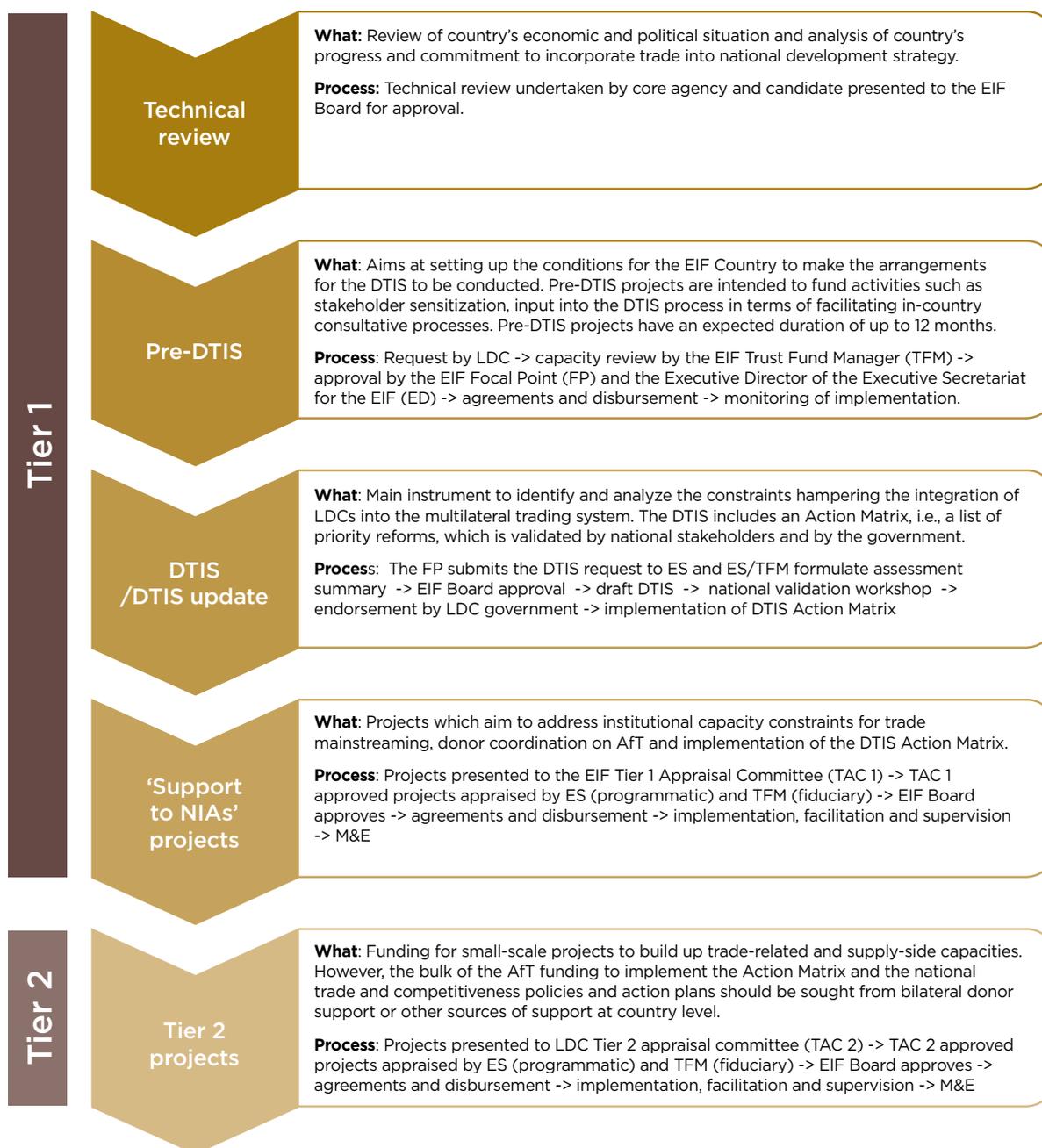
- A structured approach starting from providing institutional, policy and analytical related support to address specific constraints, including in sectors/products;
- Rigorous evidence-based needs analysis to guide prioritization for addressing constraints;
- Raising the profile of the role of trade and setting up of consultative processes involving all national stakeholders; and
- Effective implementation of projects that have the greatest impact, based on identified priority needs.

The EIF is guided by three core values, which ensure the results it delivers are sustainable, participatory and fully owned by all stakeholders:

- **Partnership approach** – the most effective way to use trade as a means to support growth and poverty reduction in the LDCs is by having the international community work together and coordinate better.
- **Country ownership** – the EIF is defined by the understanding that successful trade capacity- building can only occur if it is fully aligned with the priorities of LDC governments.
- **Results for impact** – the EIF has achieved good results and will continue to build on these by ensuring a sustainable impact.

The trade interventions of the EIF are delivered through two funding windows as depicted in Figure 1.

FIGURE 1: The EIF windows of funding



EIF results: moving towards sustainability



FIGURE 2: EIF results framework



The EIF measures its results through: outcome level program intervention which contributes to longer term purpose and goal of the EIF as depicted in Figure 2.

The EIF results framework spans two windows of support: Tier 1 for capacity development and Tier 2 for addressing LDCs' specific constraints.

Sustainable results being achieved at the project level

Last year (2014) was an important milestone for the EIF:

- By end-December a total of 131 projects had been approved across 46 countries.
- There were 95 Tier 1 projects, including 33 Diagnostic Trade Integration Study Updates (DTISUs), 8 Diagnostic Trade Integration Studies (DTISs), 10 pre-DTISs, 6 International Trade Advisers (ITAs) and one trade-mainstreaming support project.
- There were 37 Support to National Implementation Arrangements (NIAs) Projects, up from just four in 2010, with Ethiopia being the latest to benefit.
- There were 36 Tier 2 projects, compared with just two in 2011.

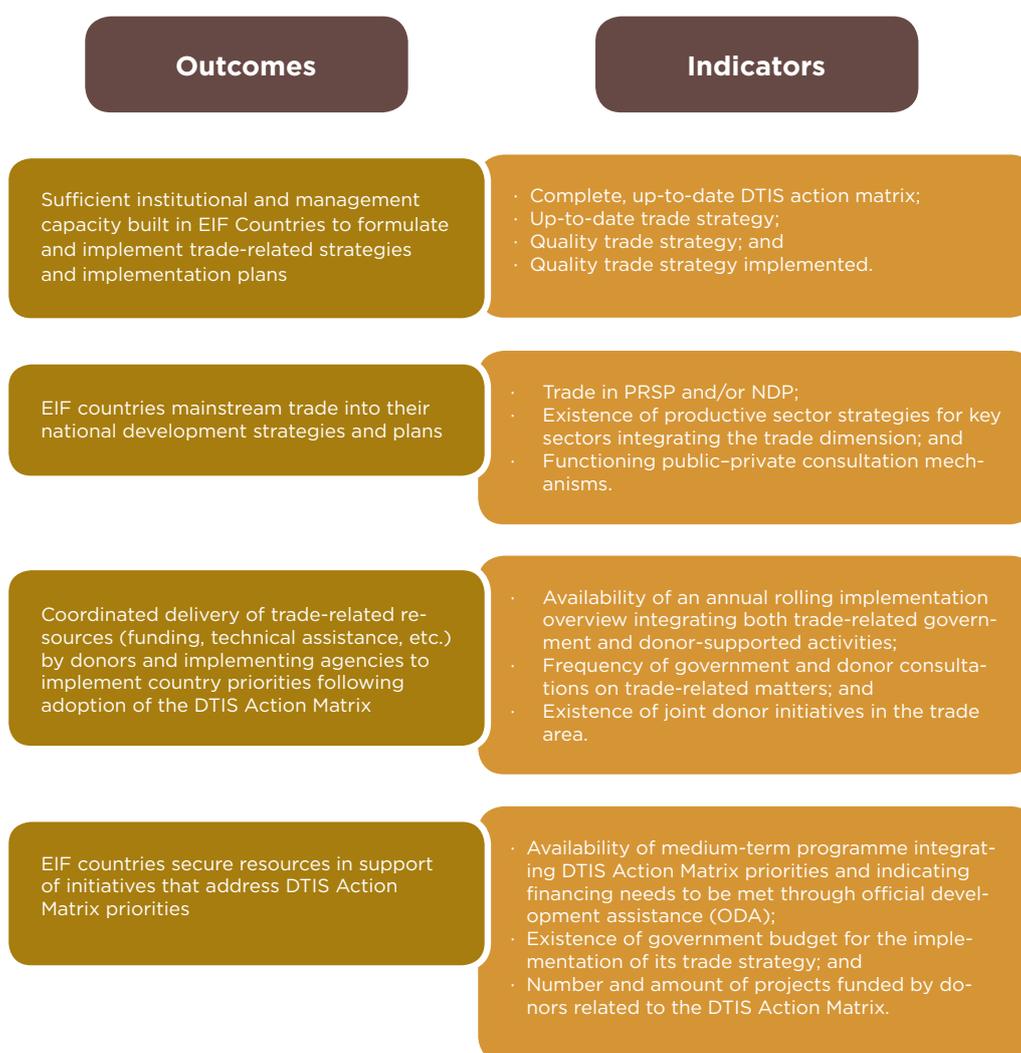
The total commitment portfolio of Tier 1 and Tier 2 projects stood at US\$143.39 million in 2014, up from US\$98.6 million in 2013. This demonstrates a clear demand by LDCs for EIF support and underlines the relevance of the programme to the trade needs of LDCs.

131 projects in
46 EIF Countries totalling
US\$143.39 million.

While 46 EIF Countries are now benefitting from Tier 1 projects, five countries are yet to benefit. With regard to Tier 2 projects, which address supply-side constraints to trade, 27 countries are benefitting, whilst 24 are yet to benefit. The EIF's allocation to LDCs for Tier 2 projects leapt from US\$52.7 million in 2013 to US\$91.2 million in 2014. The grand total of allocations to EIF activities was US\$182.6 million, up from US\$130.5 million in 2013.

The EIF has four outcome areas and related indicators through which it monitors progress of the programme in LDCs (Figure 3).

FIGURE 3: Results areas of EIF intervention



The DTIS is the centrepiece of the EIF – it is the evidence-based analysis that underpins priority identification and actions (the “Action Matrix”) needed to guide the trade agenda and the AfT needs of a country. A ‘validated DTIS’ refers to the consultative process involved in ensuring full ownership by a country of its DTIS. A “DTIS update” is a DTIS that has been revised to reflect latest developments.

OUTCOME 1: SUFFICIENT INSTITUTIONAL AND MANAGEMENT CAPACITY BUILT IN EIF COUNTRIES TO FORMULATE AND IMPLEMENT TRADE-RELATED STRATEGIES AND IMPLEMENTATION PLANS

Strong and well-organized institutions are at the heart of effective trade policies, strategies and implementation plans. LDCs require a sufficient level of tradespecific skills in the ministry responsible for trade and commerce and in other relevant ministries. The EIF is helping countries to develop institutional and policy capacity through providing support for the establishment of National Implementation Arrangements (NIAs).

37 countries have benefitted from EIF support to establish National Implementation Arrangements (NIAs) to lead the country’s trade agenda.

By the end of 2014, 37 out of 50 EIF countries had benefitted from EIF support to establish NIAs.

Validated diagnostic trade integration study (DTIS)/DTIS update

41 EIF Countries have validated or ongoing DTIS/update processes. Up to December 2014, the EIF Board approved eight DTISs and 33 DTISUs, of which 21 were completed by December 2014. Sudan validated its DTIS in 2014. At the Government’s request, World Bank provided its expertise to undertake the DTIS. With challenging country conditions and capacity, the DTIS included a chapter on capacity development which will be taken up in a Tier 1 project, demonstrating the coherence and value of different EIF tools to address key gaps and constrains at country level.

The **DTIS** is the centrepiece of the EIF – it is the evidence-based analysis that underpins priority identification and actions (the “Action Matrix”) needed to guide the trade agenda and the AfT needs of a country. A ‘validated DTIS’ refers to the consultative process involved in ensuring full ownership by a country of its DTIS. A “DTIS update” is a DTIS that has been revised to reflect latest developments.

The World Bank is using its work on the DTISs and DTISUs to inform their own country programmes, for example in Malawi and Zambia regarding business and regulatory reforms, improving trade in services and trade facilitation, removing non-tariff barriers and encouraging knowledge sharing amongst countries. Almost all first-generation DTISs were undertaken by EIF partner agencies, mainly by the World Bank and UNDP. Whilst EIF core agencies such as the World Bank, UNDP and UNCTAD continue to provide their expertise in this area, some EIF

Countries, including Cabo Verde, Lao People's Democratic Republic and Nepal, are updating their DTISs themselves.

Fiduciary management functions for Tier 1 "Support to NIAs" Projects

31 countries have at least satisfactory level of capacity to perform fiduciary programme management functions for Tier 1 "Support to NIAs" projects. This implies that the country meets the Trust Fund Manager's requirements for disbursement of Tier 1 funds.

EIF Countries with up-to-date trade strategies that are of at least a satisfactory quality and with a trade strategy implemented

21 countries with Tier 1 "Support to NIAs" projects have trade strategies in place, three of which were finalized in 2014. Trade strategies are

usually linked to a country's Poverty Reduction Strategy Papers (PRSP) or NDPs, which takes about five years to update. 13 countries have produced implementation plans for their trade strategies.

OUTCOME 2: EIF COUNTRIES MAINSTREAM TRADE INTO THEIR NATIONAL DEVELOPMENT PLANS (NDPs)

For the EIF, trade mainstreaming means integrating trade into national development plans, which includes incorporating trade into sector strategies, action plans and budgets. It requires strengthening both human and institutional capacities to systematically integrate trade into decision-making in the planning and execution of the broader national trade development agenda. The process requires trained staff, well-built institutions and a commitment to carefully monitor each country's DTIS Action Matrix and develop effective consultations with stakeholders.

BOX 1: Country specific example on trade Strategy

In Democratic Republic of the Congo (DRC) following a Donor Roundtable in March 2013 on the DTIS Action Matrix priorities, the DRC produced and pre-validated its trade strategy in 2014. Plans are under way to launch an implementation plan in line with the DTISU, to be supported by the European Union. The trade strategy focuses on developing the private sector, promoting interaction between the private and public sectors on trade and mobilizing internal and external resources for the implementation of DTIS Action Matrix priorities. Sensitization activities on the trade strategy in line with the DTISU have been undertaken in the main provinces of the DRC.

Myanmar's Ministry of Commerce developed its National Export Strategy (NES) which will be launched in 2015. The five-year strategy will promote Myanmar's exports as a means of attaining sustainable development through trade. It focuses on longterm policy and legislative changes and development of the small and medium-sized enterprises. With EIF Tier 1 support, the Ministry of Commerce leveraged additional funding from the German Agency for International Cooperation (BMZ) to develop the NES and received technical support from the International Trade Centre (ITC)

In **Niger** following the EIF board's approval of a Tier 2 project in hides and skins in August 2013, the government was encouraged to support the sector through a National Trade Strategy (NTP). Formulated in 2014, it will feed into the DTIS that is being updated with technical support from UNCTAD. The strategy links improvements in hides and skin to the broader aim of addressing Niger's competitiveness in the livestock sector, the country's second most important export, after uranium, to promote economic growth and reduce poverty. The strategy emphasizes building the capacity of those who participate in the leather value chain through interventions **across** Niger's eight regions.

Trade mainstreaming helps enhance policy coherence, institutional coordination and mobilization of resources for the implementation of trade-related priorities. To this end, the EIF is helping countries to better align their DTIS Action Matrix with their NDPs and link them with resource needs and mobilization through a mid-term programme. This has become a priority in the DTIS process for developing Tier 2-type projects that use EIF funding as a springboard to attract additional funds. This also helps the in-country coordination of Trade Related Technical Assistance and in building institutional capacity.

Trade integrated in NDPs or PRSPs

82% of EIF Countries with Tier 1 “Support to NIAs” projects have reached a satisfactory level of trade integrated into their PRSPs and NDPs compared with 32 per cent in 2010. Furthermore, in 2014, 38 per cent of EIF Countries described trade integration in their PRSPs and NDPs as “very good”.

Existence of productive sector strategies for key sectors integrating the trade dimension

93% of EIF Countries with Tier 2 projects under implementation have at least one productive sector that prioritizes trade in its strategy. Sectors that have mainstreamed trade into their strategies over the past five years include: agriculture, tourism, energy, industry, transport, and infrastructure. Livestock and apiculture are emerging subsectors. This is an indication that the EIF Countries are on the path to diversifying their economies.

Functioning public–private consultation mechanisms

89% of the EIF Countries with Tier 1 “Support to NIAs” project have “very good” public private consultative mechanisms for public private sector dialogue on trade policy issues and a high level of private-sector involvement in decision making, trade policy formulation and implementation.

Burundi established a public-private sector mechanism for the operationalization of its trade strategy. This implies frequent dialogue on trade-related issues and a higher level of private sector involvement in decision-making and trade-policy formulation and implementation.

OUTCOME 3: COORDINATED DELIVERY OF TRADE RELATED RESOURCES BY DONORS AND AGENCIES TO IMPLEMENT COUNTRY PRIORITIES FOLLOWING THE ADOPTION OF THE DTIS ACTION MATRIX

By developing and using analytical and evidence based tools such as the DTIS and action matrix, the EIF is helping LDCs to make trade a key part of their NDPs and poverty reduction strategies. This is helping countries to coordinate their Aft needs based on their requirements.

Aid for Trade (Aft) is that part of overseas development assistance which supports trade development and trade related activities.

Availability of an annual rolling implementation overview

81% of EIF Countries with Tier 1 “Support to NIAs” projects have an annual implementation report of trade related funding. The coordinated delivery of a country’s trade-related resources requires a regularly monitored plan that integrates all government and donor-supported activities.

Frequency of government and donor consultations on trade matters

84% of EIF Countries with Tier 1 Support to NIAs Projects involved government and donor consultations on trade matters. Translating government donor activities into tangible trade outputs require a series of consultations and dialogue between all parties.

Number of EIF Countries with joint donor initiatives

77% of EIF Countries with Tier 1 Support to NIAs Project have joint donor initiatives, which was 33% in 2010. Aid is better delivered and coordinated where donors meet to dialogue on national trade agenda. Joint donor initiatives provide synergies on donor interventions and prevent duplication of efforts.

In the Democratic Republic of Congo, the African Development Bank and the World Bank are providing basic road infrastructure in agriculture production areas while the European Union is supporting improvement in quality of products for export. DFID is engaged in promoting SMEs in productive sectors.

OUTCOME 4: EIF COUNTRIES SECURE RESOURCES IN SUPPORT OF INITIATIVES THAT ADDRESS DTIS ACTION MATRIX PRIORITIES

The EIF aims to strengthen and coordinate donors’ support for an LDC’s trade agenda. It is designed to be a catalyst for new projects that can be funded by development partners. Each LDC establishes a NIA comprising people in the public and private sectors, and donors represented by an EIF Donor Facilitator (DF). The EIF, thus, enables donors to deliver on their AfT commitments, while LDCs can use it as a vehicle to help coordinate donor support and to leverage more AfT resources.

EIF Countries with a Medium-term Programme (MTP) that integrates DTIS Action Matrix priorities and indicates financial needs to be met through Official Development Assistance

60% of EIF Countries with Tier 1 “Support to NIAs” projects have a MTP that is linked to the DTIS Action Matrix. The MTP is an implementation plan that integrates DTIS Action Matrix priorities and indicative financial needs through ODA. It provides an estimated cost outlay, indicating sequenced priorities that have been developed and validated by the EIF National Steering Committee as part of the NDP. Each LDC with Tier 1 Support to NIAs project must develop an MTP in consultation with the donor community (the DF should be a key counterpart) as part of the government-donor dialogue.

EIF Countries with a government budget for trade strategy implementation

65% of countries with Tier 1 “Support to NIAs” projects have allocated their own budgets to implement their trade strategy. This is a notable increase in the number of LDCs whose national governments are allocating funds for the implementation of their trade strategy.

Projects funded by donors related to the DTIS Action Matrix

35 projects were funded in 2014 by other development partners in countries with Tier 1 “Support to NIAs” projects. Leveraging additional funding for the implementation of priorities in the DTIS Action Matrix is a priority of the EIF as donor budget pressures are increasing the urgency of showing results. The EIF is helping LDCs to produce competitive bankable projects to access donor funds. The number of donor-funded projects linked to the DTIS action matrix rose from an average of one to three projects per country between 2010 and the end of 2014. Some EIF Countries are using the EIF to establish basket funds for trade related funding, which is coordinated by the ministry responsible for trade in collaboration with other institutions such as the Ministry of Finance.

Addressing Priority Constraints: projects in country owned DTIS Action Matrix



The DTIS and DTISUs developed as Tier 1 projects identify constraints to exports at the sector and subsector levels in trade-in goods and services. The selection of priority projects identified in the DTIS Action Matrix arises from close consultations with the major in-country stakeholders and reflects the current or potential contribution to export growth, as well as their impact on poverty alleviation and gender equity.

In 2011 just one Tier 2 project had been approved by the EIF Board. In 2014 alone 14 Tier 2 projects were approved bringing the total number to 36 across 27 countries and in three productive sectors (agribusiness, tourism, and textiles and apparel), two cross-cutting areas (standards and trade facilitation), and one study (feasibility study) as shown in Table 1. This increase signifies that LDCs are taking full ownership of EIF support.

TABLE 1: Tier 2 projects and financial commitments, 2011-2014

Sector	Number of projects	Sector subtypes	Sector budget (US\$)	Sector budget ratio of total (%)
Agribusiness	18	25	56,351,221	62
Trade facilitation	5	5	13,480,250	15
Standards	4	4	8,841,361	10
Tourism	4	4	8,634,700	9
Textile and apparel	2	2	2,865,950	3
Feasibility study	3	3	995,327	1
Overall total	36	43	91,168,809	100

EIF supports country priorities in the DTIS Action Matrix based on the project potential contribution to trade development, economic growth and poverty reduction.

EIF supports country priorities in the DTIS Action Matrix based on the project potential contribution to trade development, economic growth and poverty reduction.

The role of the Tier 2 projects is to follow on from the Tier 1 support by assisting in implementation of priority projects identified in the DTIS Action Matrix to address specific constraints. Therefore they are strategically selected to complement existing projects or fills gaps, as well as to help leverage additional resources to develop a strong and sustainable base for export growth.

Tier 2 projects accounted for 63 per cent of the EIF project portfolio in commitments at the end of 2014, US\$38.46 million in 2014 alone. EIF priorities for Tier 2 projects are based on their potential contribution to trade development, economic growth and poverty reduction as linked to the country’s priorities in the DTIS Action Matrix. Growth is more effective in helping to reduce poverty when it occurs in sectors where poor people earn their livelihoods and increases their access to markets for goods and services.

Since 2011, EIF Donors have funded and supported Tier 2 projects which tend to focus on SMEs and women as direct beneficiaries and therefore support poverty reduction. In some cases, these projects continue to be supported by EIF core and other partner agencies, whilst others are being implemented by the countries themselves, and in other cases, additional financial and technical resources have been leveraged. Up to December 2014, most Tier 2 projects were in agribusiness, followed by trade facilitation, standards, tourism, textiles and apparel, and feasibility studies (Table 1).

EIF supports livelihoods and agricultural productivity.

Agribusiness

The dominant sector in LDCs is agriculture, providing opportunities for initiatives that can tackle poverty and inequality. The EIF supports investment in this sector because it triggers a multiplier effect along the product-distribution value chain from production, marketing, logistics, processing, packaging and distribution, which in aggregate, can extensively impact growth, rural development and poverty reduction. Up to December 2014, the EIF Board approved 18 agribusiness subprojects equivalent to 62 per cent of the Tier 2 portfolio.

The fact that agribusiness projects are highly concentrated in food crop production (rice, corn, sesame, palm oil, cashew and groundnut), where the majority of poor people in LDCs earn their livelihoods, means they can be a major driver of growth. Benefits that can be felt in the short term include faster and easier access to cash income, and help financing requirements for Small and Medium Enterprises (SMEs), processors and exporters.

BOX 2: Examples of unlocking trade potential through catalytic support to agribusiness subsector

In Burkina Faso the EIF is helping to boost incomes along the sesame value chain.

- Sesame yield per hectare increased from 521 kg in 2012 to 602 kg in 2014;
- Sesame seed production more than doubled between 2013 and 2014.
- Improved capacity of more than 5,000 producers and extension agents to increase crop yield.
- Improved capacity of 102 female sesame stakeholders to comply with SPS measures.

Implemented and supported by the Netherlands SNV.

The Trade and Investment Project for Enhanced Competitiveness of Zambia's Apiculture Sector supports sustainable entrepreneurship in the apiculture sector.

- Production capacity of 5,000 targeted beekeepers increased by more than 50 per cent from 500 tonnes of honey to 753 tonnes since 2013.

National implementation supported by the Netherlands SNV

Through The Gambia's Sector Competitiveness and Export Diversification Project, the EIF is helping to develop the groundnut, cashew and sesame sectors. The EIF has helped to:

- Develop new sector strategies for cashew and sesame sectors that are under implementation.
- Set standards specific to the produce targeted by the project by The Gambia Standards Setting Bureau.
- Build capacity to upgrade The Gambia's groundnut exports.
- Set up The Gambia Trade Information Portal (www.gambiatradinginfo.gov.gm)

Implemented by ITC

The Horticulture Productivity and Trade Development project in Lesotho is supporting farmers to upgrade their production techniques by using greenhouse kits to grow mushrooms, cucumbers, tomatoes and peppers. With the project:

- 85 greenhouse kits have been installed together with bespoke training, enabling almost all of the recipients to produce quality vegetables for consecutive seasons.
- All produce sold to local supermarkets, hotels or the Basotho Cannery with demand outstripping supply.
- 30 per cent of benefiting farmers are female and 10 per cent are youths.
- Each greenhouse operation directly employs 3 workers on average.
- Complementary support from China - bringing equipment and expertise to the main mushroom lab means that all producers are supplied with high quality mushroom spawn.

Implemented by ITC and supported by China.

Trade Facilitation

The EIF mechanism is well established in LDCs to provide support for the implementation of the WTO Agreement on Trade Facilitation.

Evidence suggests that improved trade facilitation, which relates to streamlining and simplifying border processes and procedures for the cross border movement of goods, can promote growth and reduce income inequality. It has therefore been identified by many LDCs as a priority for improving trade performance.

25 per cent of the Tier 2 budget was used for addressing cross-cutting constraints to trade in trade facilitation and standards compliance.

Accordingly, EIF commitments have risen from US\$3 million in 2011 to US\$13.48 million in 2014. As the first generation of Trade Facilitation projects supported by the EIF are being implemented by the LDCs, consisting mainly of institutional and regulatory reforms to customs and port efficiency, it is becoming obvious that their successful integration into the world economy increasingly depends on the realization of a series of Trade Facilitation measures. The EIF mechanism is well suited to provide support to LDCs for the implementation of the WTO Agreement on Trade Facilitation owing to the range of instruments at its disposal: (1) the DTIS and DTISUs as diagnostic tools for Trade Facilitation; (2) the institutional support projects to facilitate the establishment of national Trade Facilitation committees or use similar national committees established with support from the EIF; (3) the feasibility study window to conduct Trade Facilitation needs assessments; and (4) the Tier 2 window, which can support technical assistance necessary for the implementation of the Agreement on Trade Facilitation.

BOX 3: Examples of unlocking trade potential through catalytic support to trade facilitation

The Gambia's EIF Trade Facilitation project is constructing a new cargo complex at the Banjul International Airport, training staff to operate the new facility and promoting the facility with exporters, cargo operators and the tourist industry with the following results:

- Enhanced capacity to handle perishable goods and cargo security.
- Sensitization material developed for a marketing campaign.
- Environmental assessment undertaken for building site work.

National implementation

An EIF TF project for Maldives is strengthening the institutional capacity of the Maldives Customs Services (MCS) and the Civil Aviation Authority (CAA). Under the leadership of the government, various Trade Facilitation related international organizations are coming together to support the recently graduated country leading to:

- The improvement of customs processes and procedures relating to risk management, valuation and post-clearance supported through a diagnostic report on customs processes and procedures.
- An upgrade of border clearance systems.
- A strengthening of the Civil Aviation Authority's functions.

National implementation

Uganda's National trade-sector development plan is implemented at district level through the EIF District Commercial Services Support Project (DICOSS). Around 23 per cent of all districts are receiving support:

- Trade has been mainstreamed into the district development planning frameworks of all 25 beneficiary districts.
- Almost a third of the districts have leveraged locally-raised revenues to fund commercial activities.
- Increased access to commodity data and potential markets for local business through information centres in 23 District Commercial Offices (DCOs).
- 56 officers trained to support producers and SMEs in policy and technical areas including trade facilitation.
- Increased business opportunities for local producers and SMEs through quarterly networking events.

National implementation

Standards

Agricultural exports are a mainstay for most LDCs, but they need to meet Sanitary and Phytosanitary (SPS) measures if market access is to be gained, especially in importing countries that impose higher or special standards. The EIF is supporting LDCs to comply with standards by creating the enabling policy and institutional

environment and supporting various standards-oriented initiatives. By the end of 2014, four SPS projects had been approved by the EIF Board, with a total commitment of US\$8.84 million, which translates to 10 per cent of the Tier 2 portfolio.

BOX 4: Examples of unlocking trade potential through catalytic support to standards

Burundi's EIF Trade Capacity Building project strengthens SPS compliance capacity for access to regional and international markets. The project supports the entire SPS chain in Burundi:

- The Burundi Standards Bureau (BSB) and the Plant Protection Department (PPD) as standard setting bodies, four labs testing for SPS compliance, and producers from different agro-industries:
- 19 lab technicians from 4 labs enabled to use and operate state-of-the-art equipment.
- Increased capacity for 52 staff in the BSB and the Plant Protection Department in market and disease monitoring.
- 60 producers, SME owners and experts enabled to support standard conformity and SPS compliance, ensure food quality and safety, and facilitate fair trade certification.
- 396 stakeholders trained on coffee standardization.
- The project attracted additional funding from the government of Norway.

Implemented by UNIDO and supported by Norway

The Ginger Competitiveness Project in Nepal, a joint project supported by the EIF and THE Standards and Trade Development Facility (STDF) improves the quality of ginger for export. The main output of the project includes:

- Design, construction and operationalization of a new ginger washing/processing facility will result in significant value addition for ginger producers, who can sell their ginger in washed form.
- Complementary project activities are training of producers, supply of quality ginger seeds and assessment of and training on SPS requirements for fresh and processed Nepalese ginger:
- Increased capacity for 89 trainers of trainers and 3,770 producers, farmers and traders, who can now apply better agricultural practices, undertake bookkeeping, reduce losses related to post-harvest loss or lack of SPS compliance and ensure the safe handling and transportation of ginger exports.

Implemented by FAO

The EIF supports Lao PDR with a project strengthening its national quality control infrastructure and the quality of industrial statistics:

- Twenty staff are now able to use the Quality System Manual on metrology according to ISO/IEC 17025, also developed under the project.
- The capacity and equipment of existing Temperature, Mass, Electrical and Dimension labs has been enhanced.
- Eighteen staff have been trained in standardization and metrology through an exchange programme with Vietnam.

Implemented by UNIDO

Tourism

Tourism can generate jobs and income for families across the LDCs and thus play a part in reducing poverty and contributing to overall economic growth. By the end of 2014, four tourism projects had been approved by the EIF Board (three in 2014 for Cambodia, Solomon Islands and Vanuatu with several others in the pipeline). The total commitment was US\$8.63 million, equivalent to 9 per cent of the Tier 2 project portfolio.

EIF supports the tourism sector – the most important service export for LDCs.

BOX 5: Examples of unlocking trade potential through catalytic support to tourism subsector

Tourism is a vital sector of the economy in Vanuatu. The EIF, together with the Governments of Vanuatu and New Zealand, is funding the regeneration of the port-side and seafront precincts into a functional, safe and attractive area of the capital, Port Vila. Valued at US\$18.8 million, the Vanuatu Tourism Infrastructure Project (VTIP) supports the implementation of Vanuatu's tourism strategy. The project will:

- Facilitate increased tourism arrivals by 36 per cent by 2017.
- Increase per-capita tourism expenditure from visitors resulting in decreased urban poverty and increased job creation for Ni-Vanuatu (Vanuatu nationals).
- Increase resilience to natural disasters and climate change.

National implementation supported by the Government of New Zealand

Textiles and apparel

The textile and apparel industry is economically and socially important to LDCs. It is the single largest formal-sector employer, especially in Asia, providing employment for poor and uneducated workers, most of them women. In the short term, it provides incomes and jobs. In the long term, with appropriate policies, it provides foreign currency receipts, creates opportunities for sustained economic development, encourages diversification of export destinations and builds the sector's productive capacity.

In 2014 the EIF supported two (up from one) textiles and apparel projects to the tune of US\$2.86 million, a share of 3 per cent of the Tier 2 project portfolio.

EIF supports textile export development for poverty reduction and women's economic empowerment in Asia.

BOX 6: Examples of unlocking trade potential through catalytic support to textile subsector

In Cambodia the EIF is supporting the High-Value Silk project, which helps 14 women-owned businesses working with weavers in rural areas, of which 86 per cent are women, to improve their technical and marketing skills. This has resulted in new sales and improvements in product design, marketing tools and processes, communication with buyers and showroom shops attracting more visitors and tourists:

- Profits for SME beneficiaries increased by 30 per cent.
- New export orders of US\$170,000 were registered and many beneficiaries reported increases in employment because of the new orders.
- VillageWorks, one of the women-owned beneficiary companies sells handicrafts certified by the World Fair Trade Organization. Since the beginning of the project sales are up by 40 per cent, and 20 new jobs have been created.
- Cambodian silk producers found new buyers, reported increased profits and job creation as a result of new sales resulting from project support.

Implemented by ITC

In Nepal the EIF Pashmina Enhancement and Trade Support (PETS) project strengthens Chyangra Pashmina (CP) products, manufactured by pashmina exporters in Nepal:

- Commercial linkages between 96 CP goat farmers (30 per cent women) and Kathmandu-based CP enterprises established.
- Average prices received by farmers increased from US\$31 to US\$48 per kilogramme of raw pashmina.
- Market penetration strategies for the lucrative Pashmina retail markets in Japan and the USA developed and 20 companies – including four women owned and managed enterprises – were selected and their skills in marketing, design, and export development enhanced for the implementation of these strategies.

Implemented by ITC

Feasibility studies

The EIF also supports countries to undertake feasibility studies, which enables a project to be tested for its technical feasibility and commercial viability. These studies are key for developing bankable projects that are linked to the priorities identified in the DTIS Action Matrix. Specific elements of the EIF's feasibility studies can include:

The review of trends of production and exports;

- Identification of major constraints 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 and export;
- Export diversification, including the identification of a country's most attractive markets; and
- Strategies for exploitation of the trading opportunities of traditional products by enhancing their value addition.

BOX 7: Examples of unlocking trade potential through catalytic support to feasibility studies

Burkina Faso used the EIF feasibility study funding for elaborating a national strategy for the shea nut sector. The Minister of Trade has recently submitted the strategy to the Council of Ministers for adoption. The project continues to strengthen capacities for the implementation of the strategy. The African Development Bank agreed to support the implementation of the strategy with US\$1 million in technical assistance in collaboration with Japan International Cooperation Agency (JICA) and the ministry of trade.

Impact-level results

Through its capacity development and support for addressing supply side constraints, the EIF seeks to contribute to the integration of LDCs into the global economy, as a self-sustaining pathway to economic development.

Supporting LDCs' accession to the WTO

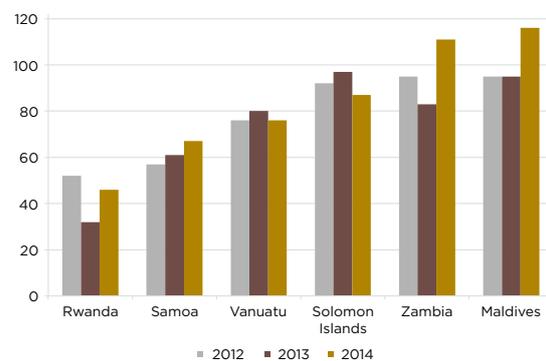
Acceding to the WTO is a roadmap for a country's full integration into the global trading system. From the list of EIF Countries, 71 per cent are WTO Members. Eight EIF-supported Countries (Afghanistan, Bhutan, Comoros, Equatorial Guinea, Ethiopia, Liberia, Sao Tomé and Príncipe, and Sudan) are in the process of acceding to the WTO. The EIF has been helping many LDCs with their accession process by having accession related issues analyzed in the DTIS and supporting participation in accession related meetings.

Yemen became the latest EIF Country to accede to the WTO as its 160th Member in 2014, with the EIF's support.

Ease of doing business

Participation in international trade requires an environment where new businesses, especially SMEs, can get started with little or no hindrance. The World Bank's annual Doing Business report provides a useful measure of each country's regulatory environment for trade. Some LDCs are performing well. Figure 4 shows the best performers in 2014 and how they have changed since 2012.

FIGURE 4: Ease of doing business



Source: World Bank, Doing Business rankings.

LDCs' export growth is increasing but much more needs to be done

In the last few years the EIF has focused on efforts in supporting the participation of LDCs in the multilateral trading system in order to help increase their exports and attract investment.

LDC's participation in international trade has increased during the last four years (Table 2), but their share in global trade remains marginal. It is worth noting that whilst LDC merchandise exports amounted to US\$218 billion in 2013, services exports reached US\$32 billion in 2013. Since 2000, exports of commercial services from LDCs have grown by 14 per cent per year on average (13 per cent in 2013), a much higher growth rate than in other economies (9 per cent on average). Significant growth was achieved by Bangladesh as an emerging exporter of information and communication technology (ICT), Cambodia as the leading LDC tourist destination, followed by Tanzania and Uganda as tourist destinations, and Ethiopia through the expansion of air transportation services. Despite these developments, LDCs' participation in world exports of commercial services remained at only 0.7 per cent in 2013¹.

Significant service growth was achieved by Bangladesh as an emerging exporter of (ICT), Cambodia as the leading LDC tourist destination, followed by Tanzania and Uganda as tourist destinations, and Ethiopia through expansion of air transportation services.

TABLE 2: Values of LDCs' trade in goods and commercial services (Billion US\$)

	2010	2011	2012	2013
LDCs' trade in goods and commercial services	413	508	529	561
Share in world	1.11	1.15	1.19	1.23
LDCs' goods exports	175	216	210	218
Share in world	1.16	1.19	1.15	1.17
LDCs' commercial services exports	22	26	28	32
Share in world	0.57	0.60	0.64	0.68

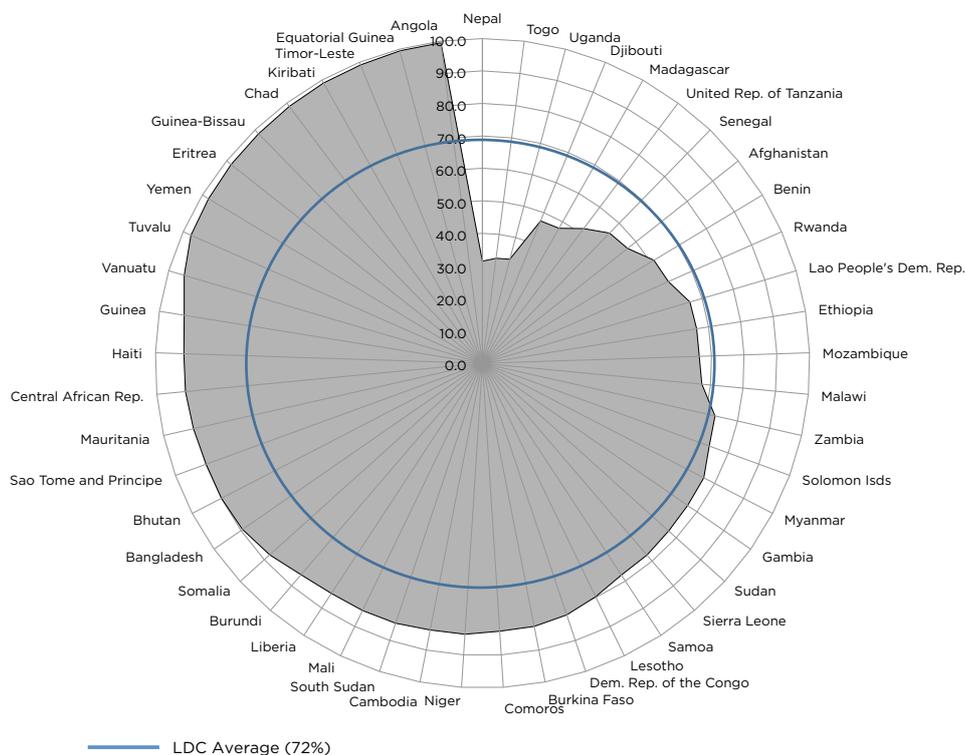
Source: WTO secretariat

Export diversification

LDCs exports are limited in composition. Export concentration remains a structural characteristic of LDCs with heavy dependence on a few agricultural products, some textile and apparel, and tourism for services exports, excluding fuels and minerals.

¹ World Trade Organization, International Trade Statistics, 2014, https://www.wto.org/english/res_e/statis_e/its2014_e/its14_highlights1_e.pdf

FIGURE 5: Percentage share of top three LDC products in their total merchandise exports, 2013



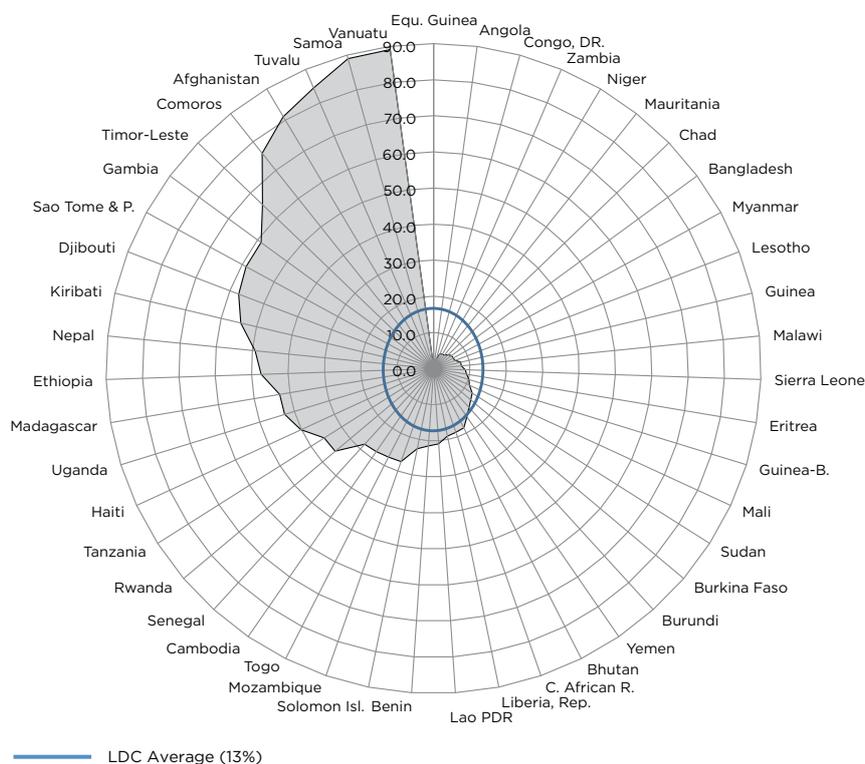
Source: WTO secretariat

On average, more than 70 per cent (Figure 5) of total merchandise exports depended only on three main products (composition varies from LDC to LDC with dried leguminous vegetables, cotton, seeds, fruits and nuts topping the list) in 2013 making economies of LDCs vulnerable to fluctuations in global trade.

Global trade vulnerability is also noticeable in Island LDCs such as Samoa, Tuvalu and Vanuatu, where the main source of export revenue is dependent on tourism (Figure 6). On average, at least a 13 per cent of exports are services, mainly tourism, of which the transport subsector dominates.

The EIF is helping LDCs to diversify their exports through identifying potential sectors and products for trade development through the DTIS and through support for specific projects in these areas.

FIGURE 6: Percentage share of commercial services in total exports by LDCs, 2013



Source: WTO Secretariat

Lessons learnt

A review of trends, experiences and impacts of the EIF from 2010 to 2014 highlighted that EIF tends to work best in countries when:

- It takes into consideration the recipient's development status when identifying priorities and designing national programmes.
- There is effective coordination between donors and governments as well as coordination among donors. There is coordination between government line ministries and between the government and the private sector.
- A country manages the DTIS and DTISUs and when EIF structures are effectively integrated into existing mechanisms, ministries and consultative groups and when the government and other ministries are willing to engage with all stakeholders.
- The DTIS and DTISUs are synchronized with the cycle of the NDP or the PRSP and linked with the formulation of an MTP. Engaging key stakeholders throughout the process is key to preparing the ground for successful trade mainstreaming.
- A Minister of Trade, another key minister or an influential private-sector representative champions the trade agenda.
- Countries adopt a sector-wide approach, supported by a single basket of donor funds, trade mainstreaming seems to work well.
- Countries effectively advocate and reach out to key stakeholders using tools such as films that document successful project implementation.
- The DF is a key player in the trade coordination processes such as technical working groups for private-sector development.



The EIF in 2014: achieving sustainability



Sustainability is at the core of the EIF programme. This is measured by the long-term capacity of the LDCs to lead their trade agendas, to integrate into the global economy, to make trade an engine for development and poverty reduction and to target and maximize both local and external resources for trade. As some of the Tier 1 projects progressed, the institutional, human and financial sustainability of the EIF functions became evident, and was therefore identified as a theme for 2014.

Integrating the NIU: 2014 saw countries propose specific plans to integrate key functions of the NIU into the Ministry of Trade, either through: (i) transforming the NIU into an AfT management division (for instance Burkina Faso and The Gambia); (ii) attaching NIU functions to different technical structures in charge of trade policy and/or foreign aid (for instance Mali); or (iii) increasing the number of government staff engaged in the NIU to absorb duties currently handled by contracted project staff or national consultants and to ensure transfer of knowledge (e.g., Burundi, Cambodia and Lao PDR where the NIU is already integrated in the main structure of the Ministry of Trade). Government contributions to Tier 1 Phase 2 projects have generally increased in comparison to Phase 1 with a view to gradually taking over some functions of the NIUs.

2014 saw an increase in LDC Government contributions and actions that will support sustainability.

Capacity development: some countries have undertaken a comprehensive capacity and skills assessment and elaborated capacity development plans with a view to enhancing institutional and human capacity dealing with trade-related issues, especially in trade mainstreaming and DTIS implementation (e.g., Cambodia, Malawi and Sierra Leone).

Adapting the NIA structure: the NIA structure should be seen as an integral part of the national trade-policy structure with programming

responsibility to address the country's trade agenda – and not an EIF stand-alone structure. Up to December 2014, ten Tier 1 projects (Burkina Faso, Cambodia, Comoros, The Gambia, Lao PDR, Lesotho, Liberia, Rwanda, Sierra Leone and Uganda) were extended for two years with sustainability integrated into their second phase. Some countries have reviewed the structure of the NSC and started to consolidate it with the existing mechanisms or capitalize on other existing structures to promote public-private dialogues and donor consultation (e.g. Cambodia, Lao PDR and Malawi). Some countries have opted for a two level NSC structure: a high level interministerial committee on trade/trade negotiations and a technical steering committee to oversee the implementation of Tier 1 and Tier 2 projects and other AfT projects.

Developing a communications strategy: communications is a crucial component of the success of the EIF programme, both globally and at the national level.

The EIF supports LDCs to link communication and M&E training, to strengthen capacities to define and identify results and to put results at the core of their communication efforts.

Only long-term commitment and support from global and national stakeholders can ensure full ownership by government, private-sector and development partners and ensure the sustainability of EIF results at the country level. Following the regional and national capacity building modules implemented across all the EIF regions in 2013-2014, countries have been developing communications plans to promote stakeholder engagement, buy-in and support in project implementation. As a consequence of the sensitization and training efforts, a growing number of countries have developed multi-stakeholders communication strategies, and communication components have been systematically integrated in Tier 1 and Tier

2 project design. To foster the involvement of private sector and the civil society in the EIF process, a “non-state actors” stakeholder-engagement module was developed and successfully piloted in Burkina Faso, Nepal and Zambia in 2014. Work is also ongoing to ensure that participative and inclusive DTIS and DTISU processes are used to raise awareness of the importance of trade as a lever of development and on the EIF as an effective way of delivering of AfT in LDCs.

EIF Countries have been using various communications tools to support programme delivery, from campaigns to newsletters, events, workshops and social media. AfT-related websites or webpages have been developed in Cabo Verde, Cambodia, Djibouti, Lao PDR, Lesotho, Liberia, Mali, Nepal and Uganda.

Sustainability through resource leveraging

A key strategy of the EIF is to support LDCs in leveraging resources for their trade agenda. Realizing that the EIF should be catalytic, LDCs are using the EIF to mainstream trade into national development strategies and mobilize financing at the same time. The whole process of resource mobilization begins with a country developing or updating a DTIS with the associated Action Matrix from which bankable projects are formulated to leverage funding from development partners. The EIF provides support throughout this process including a guidance note on the DTIS process, a module on producing an MTP, a module on stakeholder engagement, a guidance note on resource mobilization (still in draft) and organization of roundtable events for resource mobilization.

29 of **37** EIF Countries with Tier 1 projects leveraged resources for at least one project prioritized in their DTIS AM.

BOX 8: Examples of the EIF being used to attract additional resources to address trade needs

In 2013 the Governments of Burundi, Haiti and Mali provided funding of US\$15.6 million to support the trade-related activities of their NIUs and this is on the rise for some LDCs such as Mali.

The EIF has been used to attract more than US\$16 million from LDC budgets at the Tier 1 level, representing 19 per cent of Tier 1 project funds.

The EIF was used to attract additional support from Japan to support a sustainable silk production project in Lao PDR, while in Comoros the EIF support was used to attract EU funds for ASYCUDA implementation.

Rwanda used the EIF support to set up a Single Project Implementation Unit (SPIU) in the Ministry of Trade and Commerce to create maximum synergies, and was able to attract US\$59 million from the African Development Bank.

In Tanzania the EIF was used to attract 23 per cent of funds to the Tier 1 project from UNDP.

In Samoa the Government used the EIF support to leverage 11 per cent from its own budget towards a Tier 2 project whilst attracting an additional 12 per cent through the Chamber of Commerce.

In 2014, 29 EIF Countries reported leveraging resources for at least two projects prioritized in their DTIS Action Matrix. In all, 43 projects were funded from LDCs' DTIS Action Matrices in 2014 alone.

Furthermore, LDCs are exploring various ways of using EIF resources to mobilize additional financial resources for implementing projects prioritized in their DTIS Action Matrices from various sources including their own budgets, those of donors, international agencies, development banks and the private sector.

Up to December 2014, 10 Tier 1 projects (Burkina Faso, Cambodia, Comoros, The Gambia, Lao PDR, Lesotho, Liberia, Rwanda, Sierra Leone and Uganda) were extended, with sustainability integrated into their two-year second phase.

EIF Partnership for results and programme sustainability

The effective functioning of the EIF partnership is at the core of the EIF's ability to deliver development results. One of the unique and defining features of the EIF is that it recognizes that all partners – LDCs, donors and international agencies – have a specific role and responsibility in contributing to the objectives of the programme, including ensuring sustainability.

This partnership approach is underpinned by the belief by the partners themselves that the programme needs to be an international joint effort if it is to realize its full potential in supporting LDCs to build their trade capacity and better integrate into the global trading system.

Based on the experience of the first phase of the programme, and the findings of the Comprehensive Evaluation of Phase 1 of the EIF in 2014, the EIF programme will see a reinvigorated partnership together with measures for strengthened mutual accountability. This will result in enhanced programme effectiveness, efficiency and sustainability.

The functioning of the EIF partnership is at the core of the programme's ability to delivery results.

Governments of LDCs are increasingly engaging with local businesses to promote their national trade agendas. The EIF is proving useful at this interface, providing guidance for formulating and implementing development assistance programmes and helping to identify priorities for reforming local business environments. The EIF continues to assess various forms of collaboration such as the integration of private companies in blending projects on the grounds of cost-effectiveness, mutual accountability and shared interests.

Comprehensive evaluation of Phase One of the EIF: findings and response



In 2014, the first phase of the EIF was independently evaluated to assess its relevance, effectiveness, efficiency, impacts and sustainability both globally and nationally. This included a full evaluation of its operation and structures, as well as project and financial management processes.

Overall findings

Based on field visits, extensive interviews and analysis, the evaluation found that:

- The EIF is highly relevant to the trade needs of LDCs.
- LDCs are showing results with sustainable prospects.
- The EIF support is used to set trade related priorities and mainstream trade into NDPs.
- Institutional and management capacity has been built, with variations across countries.
- Challenges were also identified, including:
 - Weak in-country capacity to implement plans and strategies;
 - Mixed results across countries on donor coordination and building broad based support for the trade agenda; and
 - Limited results on leveraging additional resources at the country level.

The 2014 Comprehensive Evaluation highlighted areas for improvements in management and governance in order to increase the programme's effectiveness and efficiency. The Evaluation also recommended that the EIF's scope incorporates global value chains, regional integration and private-sector engagement with the objective of enhancing the relevancy of the programme.

The response

Based on the findings, the EIF partnership agreed to extend the EIF into a second phase for seven years (2016-2022). The second phase was based on agreement of the scope and modalities for the phase, which would be in the form of a new programme framework, taking into account a reform agenda in relation to the programme cycle, its related processes, governance and management arrangements.

EIF accountability mechanism



Accountability of the EIF to its partners is key to programme delivery and management in order to ensure that all projects are efficient, effective and with potential impact on the ground. The programme has instituted the following accountability mechanism:

- A results framework or logframe that is being operationalized globally and nationally.
- A culture of Monitoring and Evaluation (M&E) and results reporting, and communication to stakeholders.
- Efficient and effective financial and fiduciary management.

Results framework and the culture of M&E

It is imperative that each of the EIF's Tier 1 Support to NIAs Project and Tier 2 projects produce a results framework that is monitored, evaluated and communicated to its stakeholders. The central issue is to determine whether a project is contributing to the change it is designed to address, and to examine those aspects of a project that are contributing to or hindering its success.

The EIF is building better measures of global-level and country-level accountability, their performance and sustainability of project outcomes. It retains the sensible focus on country ownership while making the EIF itself far more accountable to its partners in order to capture more trade outcomes for the money. As part of the overall accountability system, the ES, the TFM and the MIEs are accountable to the EIF Board and to the national stakeholders for effective and efficient delivery of EIF funded projects, and for appropriate use of funds. Periodically, the programme is assessed to determine its performance and how it contributes to the achievement of its overall objectives.

Financial and fiduciary management

LEGAL FRAMEWORK

Establishing a legal partnership framework with all the EIF stakeholder groups has been a critical objective of the TFM. The EIF stakeholder group is composed of donor countries, LDC governments, EIF core agencies, UNIDO, UNWTO and other implementing partners. During 2014, 117 partnership agreements and amendments to existing Tier 1 and Tier 2 projects were signed off. A new implementation partner arrangement was signed with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) for a medicinal plants project in Nepal, and a Tier 2 project with the National Smallholder Farmer's Association of Malawi got under way.

DONOR COMMITMENTS AND CONTRIBUTIONS RECEIVED

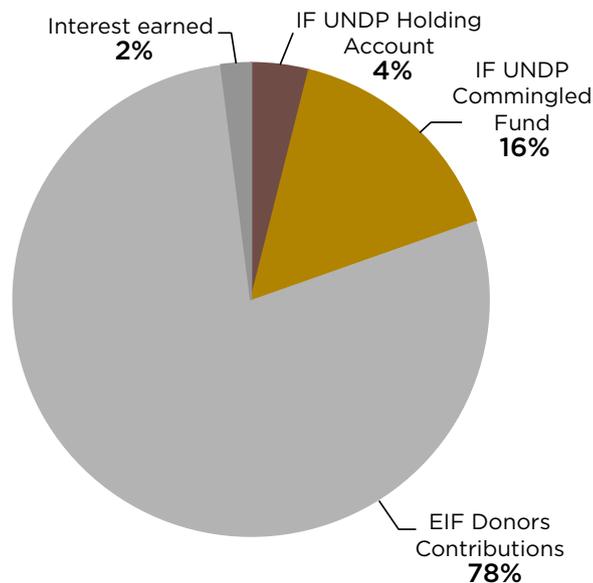
The funding target for the multi-donor Trust Fund of the current phase of the EIF programme amounts to US\$250 million over five years (up to 2013). Funds committed through a legal agreement by EIF donors in the Trust Fund represent close to 99 per cent of the funding target. As of the end of December 2014, the Trust Fund has received commitments of US\$248.74 million:

TABLE 3: Donor commitments			
Contributions	Reporting period (2014), US\$ million		
	2008-2013	2014	Sub total
IF UNDP Co-mingled fund	31.54	-	31.54
IF UNDP Holding account	7.87	-	7.87
Donor contributions	195.38	9.91	205.29
Sub total	234.79	9.91	244.71
Interest earned	3.49	0.54	4.03
Grand total	238.29	10.45	248.74

Funds deposited in the Trust Fund represent over 81 per cent of the US\$250 million target, an increase of 7.13 per cent from 2013 – see below:

TABLE 4: Contributions received			
Contributions	Reporting period (as of 31 Dec 2014), US\$ million		
	2008-2013	2014	Grand total
IF UNDP Commingled fund	31.54	-	31.54
IF UNDP Holding account	7.87	-	7.87
Donor contributions	148.04	9.91	
Sub total	187.46	9.91	197.37
Interest earned	3.49	0.54	4.03
Grand total	190.95	10.45	201.40

FIGURE 7: Contributions received as of 31 December 2014



2 Due to exchange rate difference between the time of the commitment and the time of receipt of donor funds, this figure has changed from what was presented in the EIF Annual Progress report of 2013.

Allocations for EIF activities

In 2014, allocations for EIF activities reached US\$52.09 million, of a grand total of almost US\$182.65 million. The 2014 allocation for EIF activities in LDCs consists mainly of Tier 2 projects (totalled almost US\$27.8 million), and Tier 1 projects stood at US\$3.85 million. The LDC implementation allocation is US\$97.23 million, representing around 53.2 per cent of the total. LDC implementation has continued at a steady pace amid growing demand for Tier 2 projects.

Agency implementation has slowed, as more Tier 2 projects are implemented by government or by other implementation entities such as SNV, ICIPE or GIZ. Agency implementation totaled US\$7.33 million in 2014, with a grand total of US\$32.9 million.

At its meeting in December 2013, the EIF Board approved the 2014 budgets for: (1) the ES's funding to cover its operational costs (around US\$4.6 million); (2) the TFM's funding to cover its operational costs and management fees involving all of the costs of the Geneva office and the regional offices in Bangkok, Dakar and Nairobi, (around US\$2.8 million); and (3) global activities to cover the LDC's participation at the EIF Board meetings, publications and the EIF evaluation for a total of approximately US\$333,559 (including cost savings from 2013). The 2014 TFM fee was US\$387,770.

TABLE 5: Allocations for EIF activities

Report category	Subtype	2008-2013	2014	Grand total
Agency implementation	DTIS	2,860,000	400,000	3,260,000
	DTISU	5,154,783	6,571,068	
		2,700,000	2,700,000	
NIA's support		1,326,930	1,604,580	
NIA's support - ITA		6,664,309	12,177,419	
Tier 2 - Agribusiness		199,741	389,053	
Tier 2 - Feasibility study		3,321,922	3,321,922	
Tier 2 - Standards				
Tier 2 -Textile and apparel				
WB Trust Fund (Unallocated)		461,150	(0)	
Agency implementation total		25,554,785	7,335,207	32,889,992
Other implementation	DTISU	160,000		160,000
Tier 2 - Agribusiness		8,177,430	12,188,740	
Tier 2 - Tourism		950,000	950,000	
Other implementation total		8,337,430	4,961,310	13,298,740

TABLE 5: Allocations for EIF activities

LDC implementation	PRE-DTIS	450,000	50,000	500,000
DTISU		1,290,484	(118,000)	1,172,484
NIAs support		32,371,173	3,718,000	36,089,173
Tier 2 - Agribusiness		18,309,507	13,675,555	31,985,062
Tier 2 - Feasibility study		606,274		606,274
Tier 2 - Standards		2,520,350	2,999,089	5,519,439
Tier 2 - Trade facilitation		7,050,157	6,430,093	13,480,250
Tier 2 - Tourism		2,990,000	4,694,700	7,684,700
Trade mainstreaming			198,500	198,500
LDC implementation total		65,587,945	31,647,937	97,235,882
ES	ES support	13,918,169	4,589,946	18,508,115
ES total		13,918,169	4,589,946	18,508,115
Global activities	Consultants	617,177		617,177
Database		192,300		192,300
M&E		256,955		256,955
LDC EIF Board Members' travels		316,644	131,558	448,201
Capacity building		1,118,524	(111,751)	1,006,773
Capacity needs assessment		1,000,000		1,000,000
Knowledge-building activities		120,910		120,910
Mid-term review		540,467		540,467
Workshops		297,616		297,616
TFM review		275,000	(50,948)	224,052
EIF evaluation			291,138	291,138
Publications - research & production				
Global activities total		4,735,593	333,559	5,069,152
TFM	TFM support	11,457,843	2,834,725	14,292,569
TFM total		11,457,843	2,834,725	14,292,569
Fee		971,938	387,770	1,359,708
Grand total		130,563,703	52,090,454	182,654,158

Notes

- There is a slight change in the prior reported figures as the 2013 EIF Annual Progress Report used budget figures for the ES, while this 2014 report now reports actual expenditure.
- The World Bank Trust Fund (Unallocated) entry refers to the funds in the EIF World Bank subsidiary trust fund, which was fully allocated in 2014.
- The reduction in DTISU funds in LDC implementation refers to DTISU, which were originally part of a Support to NIAs project, and were subsequently allocated for agency implementation following the agreed approval process.

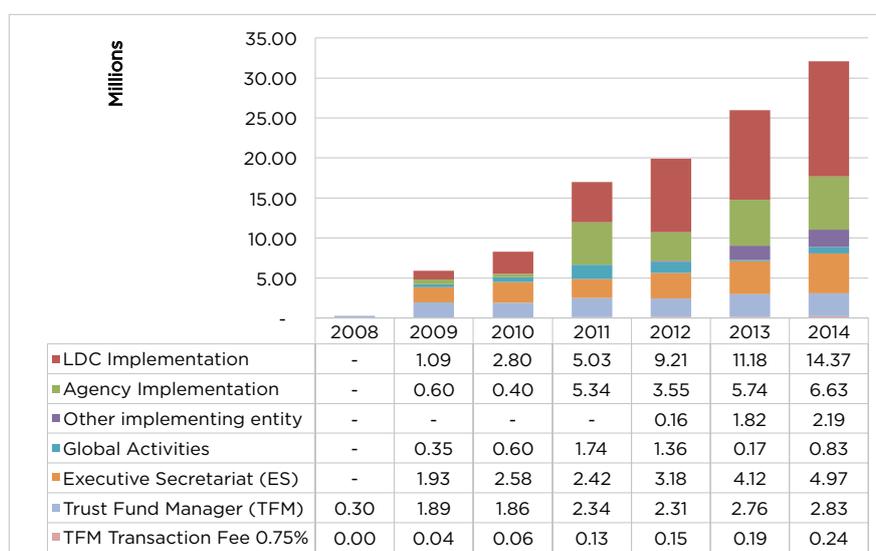
Disbursements

Based on the allocations detailed above, the TFM undertook disbursements as agreed in the respective legal agreements and payment calendars, for a total of US\$32.07 million in 2014 (an increase of 23 per cent compared with 2013). Total disbursements are US\$109.5 million, representing almost 60 per cent of total allocations.

TABLE 6: Disbursements, US\$ million

LDC implementation	29.32	14.37	43.69
Agency implementation	15.63	6.63	22.26
Other implementing entity	1.98	2.19	4.16
Global activities	4.22	0.83	5.05
ES	14.23	4.97	19.20
TFM	11.46	2.83	14.29
Trust fund management transaction fee 0.75%	0.58	0.24	0.81
Grand Total	77.42	32.07	109.48

FIGURE 8: Disbursements (in USD millions), as of 31 December 2014



Auditing practices

All the main implementing entities for EIF projects, whether government entities or others⁴, are due to submit annual audited accounts as stated in the respective agreements signed with UNOPS. Internal audit systems have been activated in all the LDCs implementing Tier 1 or Tier 2 projects and internal or external audit reports are being undertaken after one full year of project implementation as outlined in the respective Memoranda of Understanding and project budgets. In 2012 the TFM prepared audit guidelines to assist the NIUs in this task. It is also common practice for the NIUs to have the audit TORs reviewed by the TFM before launching the exercise.

Forty-four audit reports were received in 2014 and 11 are in progress.

In addition, all the TFM financial and funding management activities are subject to periodic audit exercises following the EIF accountability framework and the UNOPS audit rules. An internal audit of the UNOPS Switzerland Operation Centre was undertaken in June and in July 2011, including the TFM's operations. The audit exercise was satisfactory, and only one recommendation was made of the TFM to establish a mechanism to ensure audit reports from LDC countries are delivered on time.⁶ A monitoring mechanism was put in place by the TFM, enabling the TFM team to check the status of the audits and followup with the countries concerned.

TABLE 7: Status of audit reports

Report	Status	Number of reports		
		2008-13	2014*	Total
Audit	Received	47	44	91
	In progress	8	3	11 ⁵
Total		55	47	102

* 2014 audits are for the 2013 reporting period and, in some cases, a few months of 2012 implementation.

Database and information system

In 2014, the EIF Knowledge Hub (the hub) continued serving as a management and operational tool for the TFM, including feeding information into the EIF website. The second version of the Hub - updated and refined following the direct use and experience in previous years - is underway and will be progressively rolled out.

3 Inclusive of an adjustment of US\$ 12,959.00, which was not reported in the last report.

4 Agencies are audited internally, as per the EIF partnership agreements and the UN single audit principle.

5 Out of the 11 pending reports, 4 have been received in 2015.

6 The audit report states: "IAIG/1001/11 Develop guidelines for project audits and ensure that project audits are carried out for all projects and audit reports submitted within due dates."



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