

DTIS explanatory note

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

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

DTIS and DTIS Update

DTIS and DTIS Update projects: preparations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DTIS and DTIS Update implementation modalities

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

Option 1: EIF Partner Agency implementation

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

Option 2: Government implementation

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

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

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

Option 3: Other entity implementation

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

Step 2: Project approval and Concept Note

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

Step 3: Draft DTIS/DTIS Update

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

Step 4: National validation workshop

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

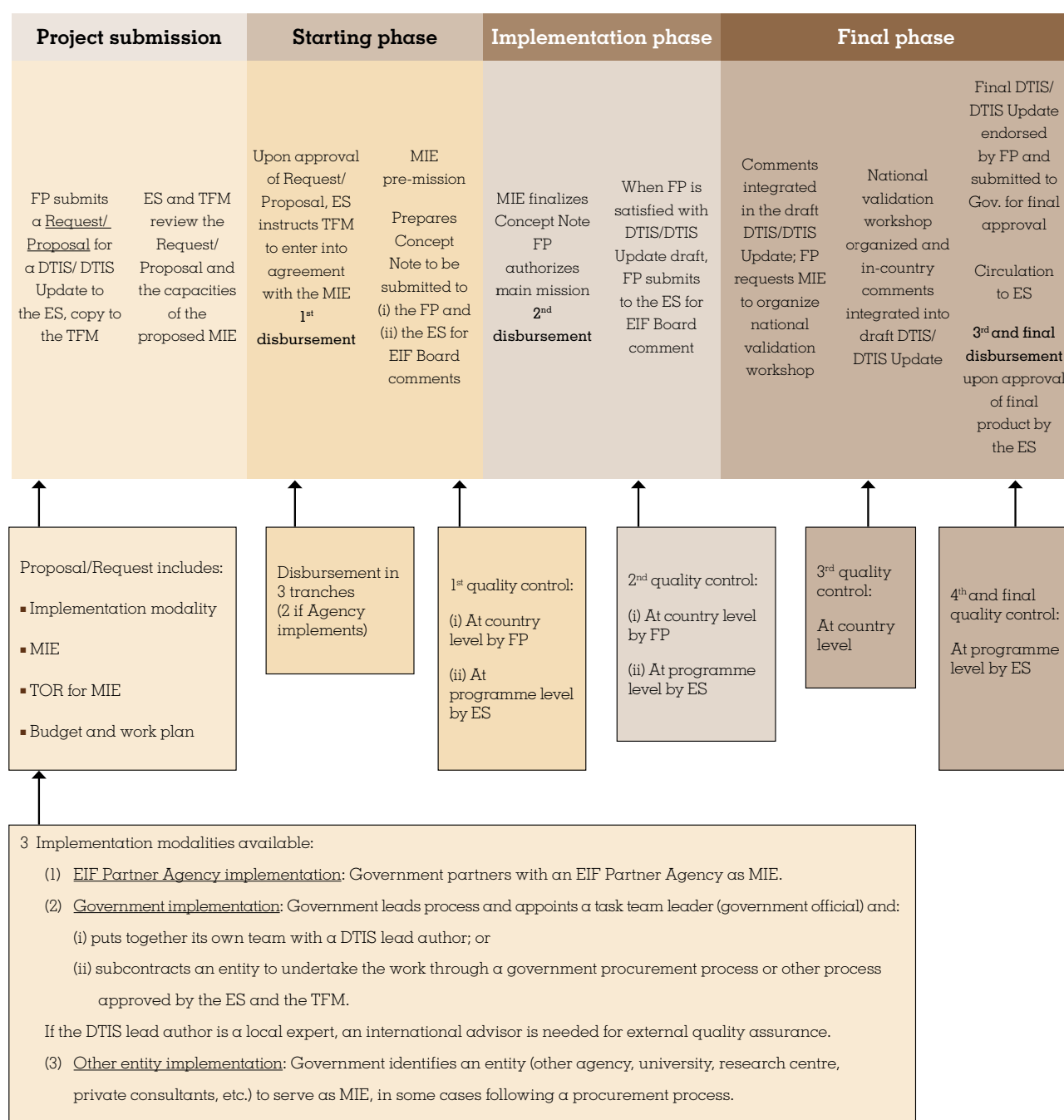
Step 5: Endorsement of the study by the EIF Country government

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

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

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

DTIS/DTIS Update Flow Chart





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

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

A. Executive Summary and Action Matrix

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

B. Overall Trade Issues

Macroeconomic environment

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

Structure and pattern

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

Trade policy and institutions

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

Trade agreements and market access

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

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

WTO accession (if applicable)

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

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

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

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

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

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

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

Business environment and institutional framework for trade and investment

25. The regulatory framework of the business environment is largely dependent on the status of trade-in-services in a given country. This section should be linked to the existing domestic regulations governing trade-in-services in a given LDC that are affecting the private sector.
26. The analysis should identify the services and regulations that are placing domestic producers at a disadvantage—both in terms of competing with imports and being competitive to exporters from other countries. Creating an enabling business environment and providing backbone services is, for many countries, a major bottleneck, and the analysis should identify a viable roadmap as the ultimate result. Such a roadmap may include a selection of the issues that mostly constrain trade. Such analysis may take into account that the constraints faced by men and women may be different due to differential access to resources (such as finance, land tenure, and power).
27. Examples of issues that might be considered include the following:
- Legal framework, judiciary system, banking system, including access to finance, availability of backbone services (e.g., electricity and telecommunications), land tenure, taxation, investment procedures, labour regulations, availability of education and vocational training and investment promotion;
 - Extent of services trade liberalization expressed in GATS terminology meaning mode of supply, limitations on national treatment and market access limitations, especially on the major trade sector affecting manufacturing or services supply; and
 - Roadmap on options and modalities to introduce reforms in the regulatory framework aiming at creating a competitive environment.

Trade facilitation and infrastructure

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

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

Standards and quality infrastructure

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

D. Sectoral Studies

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

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

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

E. Implementation Arrangements

35. An important building block of the EIF is a strengthened focus on in-country implementation.

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

Checklist for DTIS and DTIS Updates

36. The elements of the checklist aim at:

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

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

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

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