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Access to the EIF Programme: the Technical Review

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

Technical Review content

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

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

Modus operandi of Tier 1

Objectives

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

Budget and Timing

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

LDCs' Eligibility

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

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

Pre-DTIS Projects

Pre-DTIS project objectives, amount and duration

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

Pre-DTIS project purpose and description

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

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

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

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

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

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

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

Pre-DTIS project preparation: request to the EIF

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

Implementation modalities i. and ii. are strongly encouraged.

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

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

Pre-DTIS project appraisal

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

Pre-DTIS project approval

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

Agreements and disbursements for pre-DTIS projects

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

Monitoring of implementation of pre-DTIS projects

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

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

DTIS explanatory note

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

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

DTIS and DTIS Update

DTIS and DTIS Update projects: preparations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DTIS and DTIS Update implementation modalities

35. For DTIS/DTIS Updates, the following three implementation modalities are available: (1) EIF Partner Agency implementation; (2) government implementation; or (3) other entity implementation.

36. The DTIS/DTIS Update modalities including, *inter alia*, the selection of the implementation modality and the MIE as specified in the project proposal, are to be strictly adhered to, unless otherwise approved by the ES/TFM following a formal submission of a revision by the EIF Country.

Option 1: EIF Partner Agency implementation

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

Option 2: Government implementation

38. Under the second option, government implementation, the EIF Country government serves as the MIE and manages the process. This option will require an assessment of capacities by the ES and the TFM.

39. In the case of government implementation, a task team leader (a government official) should be nominated to manage the process, act as the point of contact and be responsible for the overall implementation of the DTIS/DTIS Update process. He/she is typically the EIF FP, NIU Coordinator or other government staff closely involved in the EIF process. He/she is not paid by the DTIS/DTIS Update project for his/her services as the task team leader. The task team leader does not participate in the drafting of the Concept Note for the DTIS/DTIS Update.

40. In the case of government implementation, the government can either (i) select, through the applicable government procedures, individual consultants and experts for the DTIS Team (i.e., identify individuals to work on the DTIS as the DTIS lead author and team members, and possibly an international advisor); or (ii) subcontract, through the government procurement procedures (for private firms) or other appropriate procedures to be approved by the ES/TFM, an entity to undertake the whole or part of

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

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

Option 3: Other entity implementation

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

Step 2: Project approval and Concept Note

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

Step 3: Draft DTIS/DTIS Update

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

Step 4: National validation workshop

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

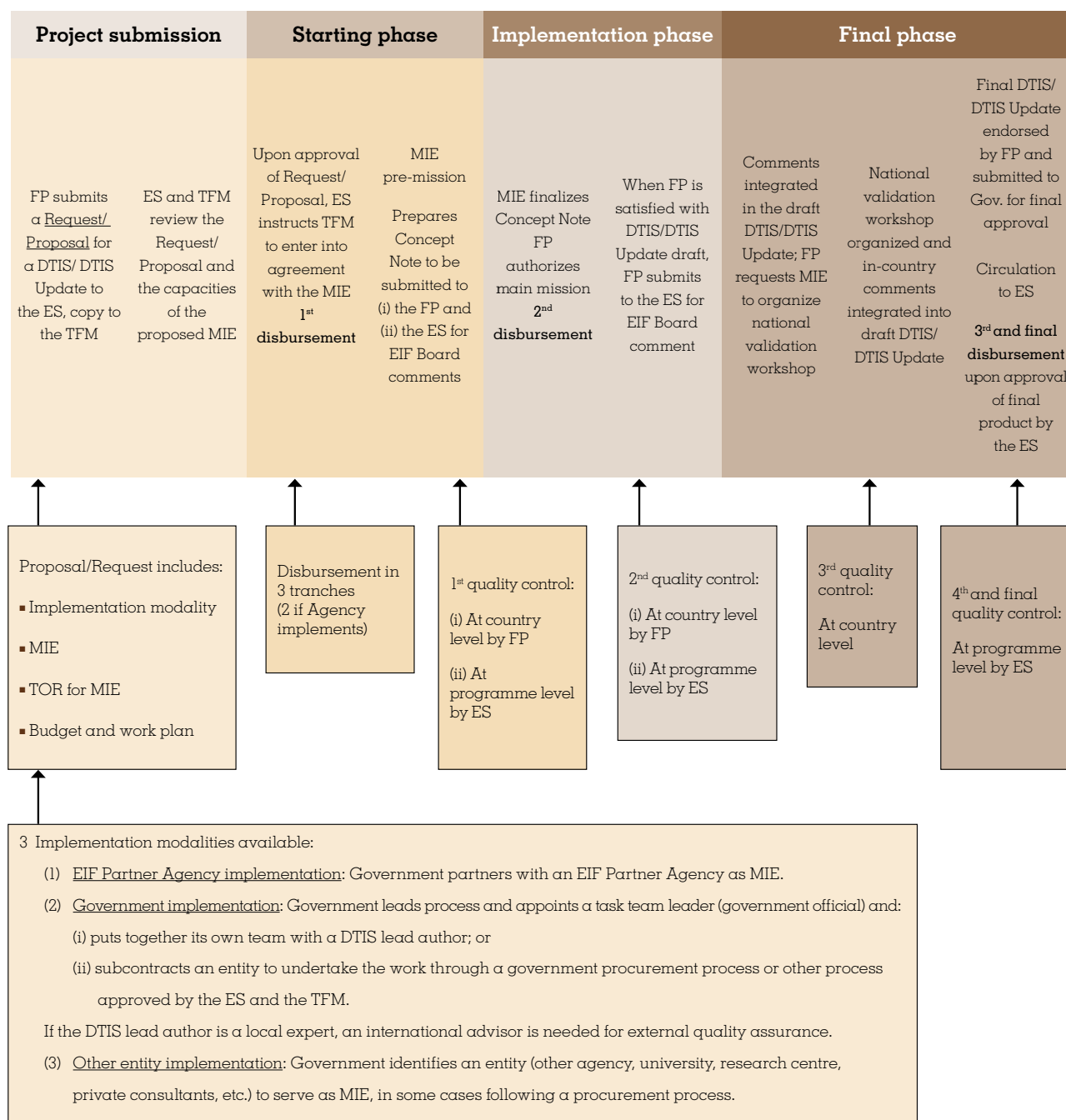
Step 5: Endorsement of the study by the EIF Country government

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

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

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

DTIS/DTIS Update Flow Chart



'Support to NIAs' Projects

Project preparations: Formulation of proposals

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

Project appraisal

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

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

Project approval

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

Agreements and disbursements

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

Implementation modalities

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

Option 1: Government implementation through the NIU

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

Option 2: Non-government implementation

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

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

Neutrality

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

Monitoring and Evaluation

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



Annex II.1: Pre-DTIS project template

Format of the request

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

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

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

Detailed Budget Template

Country:

Project Title:

Starting Date:

Project Duration:

Detailed Budget in US\$:

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



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

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

A. Executive Summary and Action Matrix

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

B. Overall Trade Issues

Macroeconomic environment

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

Structure and pattern

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

Trade policy and institutions

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

Trade agreements and market access

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

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

WTO accession (if applicable)

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

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

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

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

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

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

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

Business environment and institutional framework for trade and investment

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

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

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

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

Trade facilitation and infrastructure

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

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

Standards and quality infrastructure

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

D. Sectoral Studies

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

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

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

E. Implementation Arrangements

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

Checklist for DTIS and DTIS Updates

36. The elements of the checklist aim at:

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

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

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

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



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

SECTION I: Summary Page

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

SECTION II: Situation Analysis

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

SECTION III: Strategy and Project Description

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

III.5 Summary budget

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

III.6 Government contributions

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

III.7 Sustainability of the results

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

III.8 Project exit/graduation strategy

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

SECTION IV: Risk and Mitigation Strategy

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

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

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

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

SECTION V: Project Implementation Arrangements

V.1 Description of the implementing entity

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

V.2 National ownership

Description of how the project will ensure national ownership.

V.3 NIU implementation arrangements (if applicable)

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

² Notes:

Salary contributions and other recurrent costs

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

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

The project cannot fund severance payments.

Vehicles and other capital items

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

Payment of import duties and taxes

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

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

VI.1 Logical framework

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

VI.2 Work plan

Attach the work plan.

VI.3 Budget

See formats below.

SECTION VII: Project Accountability Arrangements

VII.1 Legal status of implementing entity

Legal personality and fiscal identification.

VII.2 Fiduciary responsibilities

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

VII.3 Financial and fiduciary management

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

VII.4 Audit requirements

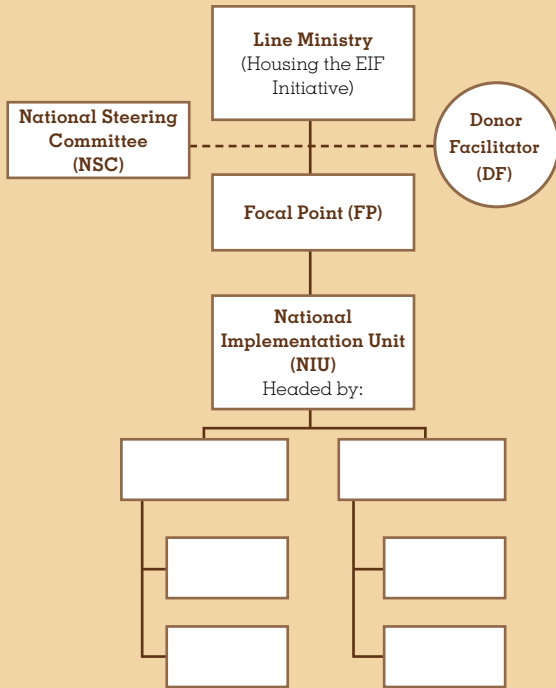
Description of internal audit procedures and external audit requirements.

VII.5 Monitoring and evaluation (M&E)

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

National Fiduciary Responsibility Framework

1. National Institutional Structure (example to be adjusted)



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

2. Functions and Fiduciary Responsibilities (summary)

Line Ministry:

National Steering Committee (NSC):

Focal Point (FP):

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

Accounting Officer:

Summary Budget by Category

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

Detailed Budget Template

Country: Project Title:

Starting Date:

Project Duration:

Approved Budget:

Funded by: Enhanced Integrated Framework Trust Fund (EIFTF)

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