

## ENHANCED INTEGRATED FRAMEWORK

### EXECUTIVE SECRETARIAT FOR THE EIF (ES) AND EIF TRUST FUND MANAGER (TFM)

#### PROCEDURES FOR FEASIBILITY STUDIES

October 2012

Selected EIF countries have requested the undertaking of Feasibility Studies as part of their Tier 2 projects, provided for in the Compendium Tier 2 guidelines as “project preparatory activities that may not have been provided for under Tier 1 projects”. The Feasibility Studies, though presented as Tier 2, are not necessarily fully-fledged projects and as such would not demand full compliance with the EIF Tier 2 guidelines. A streamlined approval process for Tier 2 feasibility studies will help further strengthen Tier 2 project development, while ensuring quality and coherence with the wider trade mainstreaming agenda.

The procedures below detail the process to be followed for the submission for approval of EIF Feasibility Studies.

1. **Letter of request from the government:** a letter of request for a Feasibility Study from the government, by the EIF Focal Point (FP) or where national procedures demand, by the controlling officer of the coordinating ministry, should be sent to the ES, copied to the TFM, including the Feasibility Study Request form (in Annex I). Three implementation modalities are foreseen for feasibility studies, (detailed in Annex II). If an MIE has not yet been identified, assistance can be obtained from the ES and TFM in its identification and selection upon request.

The ES and the TFM, after reviewing the proposal from their respective substantive and fiduciary perspectives, will decide whether to endorse this request and designation.

2. **Letter from the ES to the government and the selected MIE:** the ES will send a letter to the government, copying the proposed MIE (once it has been selected and that selection is endorsed by the ES and the TFM) and the TFM, stating the request for the Feasibility Study is acceptable to the ES and the TFM and asking them to prepare the documentation necessary for the next steps in collaboration with the MIE, namely:
  - (a) A revised Feasibility Study Request form (in Annex I);
  - (b) Terms of Reference, including accountability arrangements for the outcome of the Feasibility Study;
  - (c) a budget;
  - (d) a work plan; and
  - (e) NSC endorsement and/or TAC 2 minutes.

The letter will highlight that, to ensure ownership, the government should be consulted in the preparation of these documents, and that a meeting of the NSC and/or TAC2 meeting and minutes will be necessary to endorse the Feasibility Study before it can be submitted. The letter will also specify the budget threshold (US\$200,000) for an expedited approval by the Executive Director of the Executive Secretariat for the EIF (ED), and that any request above this threshold will be submitted to the EIF Board for approval.

3. **Preparation of the documentation:** the Main Implementing Entity (MIE) will then prepare the documents listed above, in collaboration with the government, and the MIE and/or government will

submit them to the ES and the TFM. These documents should be reviewed and endorsed by the government before submission to the ES and the TFM.<sup>1</sup>

4. **ES/TFM appraisal:** the ES and the TFM will undertake a desk appraisal of the documentation and prepare a summary page and short recommendations, as applicable, for the submission for approval to the ED (or, as applicable, the EIF Board) for approval.
5. **Approval:** depending on the level of funding required, three options are envisaged:
  - (a) **Up to US\$200,000:** Feasibility study request of up to this amount will be submitted for approval to the ED. Once approved by the ED, the ES will send the corresponding letter of approval to the TFM, based on the EIF Board delegation of authority to the ED on [DATE], notifying the TFM of the approval and requesting them to proceed with an agreement with the MIE.
  - (b) **Between US\$200,000 and US\$500,000:** Requests falling within this funding range will be submitted for approval to the EIF Board, under accelerated approval procedures – 10 business days. Once approved by the EIF Board, the ES will send the corresponding letter of approval to the TFM, notifying them of the approval and requesting them to proceed with an agreement with the MIE.
  - (c) **Over US\$500,000:** Requests falling over this threshold will undergo the normal Tier 2 approval process – namely submission to the EIF Board with a 20 business day review period.
6. **Legal agreement:** following the approval of the Feasibility Study, the TFM will enter into an applicable legal agreement with the MIE and subsequently release the first disbursement, as specified in the agreement and according to the ES/TFM recommendations. The legal agreement will specify the disbursement calendar and the applicable project milestones.

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<sup>1</sup> It is expected that a letter of agreement or other similar arrangement will be signed between the MIE and the government to undertake this Feasibility Study.

**ANNEX I –FEASIBILITY STUDY REQUEST FORM**

| Feasibility Study Request Form   |  |
|--|--|
| <b>A.1. Country:</b>   |  |
| <b>A.2. Request by (institution):</b>  |  |
|  |  |
| <b>B.1. Proposed topic and scope:</b>  |  |
| <b>B.2. Proposed starting date:</b>  |  |
| <b>B.3. Proposed duration:</b>   |  |
| <b>B.4. Link to DTIS and its Action Matrix, as well as other national development plans and trade strategies, as well as EIF medium-term programme (MTP) if available:</b>   |  |
|  |  |
| <b>B.5. Intended use and expected outcome, including Tier 2 project or implementation of DTIS Action Matrix:</b>   |  |
|  |  |
|  |  |
| <b>C.1 Development partner interest and support:</b><br><i>Including fundraising efforts for study and for potential Tier 2 project funding</i>  |  |
|  |  |
|  |  |
| <b>D.1 Tentative budget (US\$):</b>  |  |
|  |  |
| <b>E.1 Proposed Main Implementing Entity (MIE):*</b> <i>Either government, EIF Partner Agency or by another entity</i>   |  |
| <b>E.2. Justification for MIE:</b><br><i>Including expectations and reasons for choice of the MIE, and selection method when applicable</i><br><br><i>If the MIE proposed by the government is new to the EIF, some additional information on the MIE (legal status, background, experience with this type of work) should be provided, as well as the value added of the MIE to the activity, experience in the country, etc.</i> |  |
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*\* If an MIE has not yet been identified, assistance may be obtained from the ES and TFM in its identification and selection upon request.*

## **ANNEX II – IMPLEMENTATION MODALITIES**

### **1. Government implementation:**

The EIF Country government, through one of its entities, serves as the MIE and manages the process, assuming the accountability for the outcome and fiduciary aspects. This option will require an assessment of capacities of the MIE or implementing entity (IE), as designated by the government, by the ES and the TFM. 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 process. He/she could be the EIF FP, NIU Coordinator or other government staff closely involved in the EIF process. However, the task team leader is not paid from the budget of the Feasibility Study project.

In the case of government implementation, the government can either (i) recruit, through the applicable government procedures, individual consultants and experts for the Feasibility Study team (i.e., identify individuals, national and/or international, to work on the study as the Feasibility Study lead author and team members); (ii) subcontract a private firm through the government procurement procedures or other appropriate procedures to be approved by the ES/TFM, an entity to undertake the whole or part of the work; or (iii) assign another government entity, using appropriate procedures, to undertake the whole or part of the work. The government can acquire the services of an international advisor, not part of the Feasibility Study team, to manage the procurement process and the subsequent management of the Study.

In all 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, consultations should be undertaken with the ES and the TFM. The Feasibility Study team members, including the Feasibility Study lead author, can be international or national consultants. The Feasibility Study lead author typically writes some of the key Feasibility Study chapters and is responsible for producing the Feasibility Study report on the basis of the inputs from the team members. The cost of hiring the Feasibility Study team members, including the lead author, can be paid from the Feasibility Study budget. Inputs possibly provided by the FP, NIU Coordinator, NIU staff or any government staff cannot be paid from the Feasibility Study budget. In case the Feasibility Study 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, can be identified to serve as an external quality assurer. The cost of hiring an international advisor can be paid from the Feasibility Study project budget.

### **2. EIF Partner Agency implementation:**

The EIF Country government chooses an EIF Partner Agency to serve as the MIE in undertaking the Feasibility Study. 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 Feasibility Study process based on agreed TOR and in close collaboration and agreement with the EIF Country government. A task team leader (a government official), as explained above, should also be nominated to manage the process, act as the point of contact and be responsible for the overall implementation of the process.

### **3. Other entity implementation:**

The EIF Country government selects another entity as the MIE using government procurement procedures or other appropriate procedures to be approved by the ES/TFM. The MIE will in this case assume the accountability for the outcome and fiduciary aspects. 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 feasibility

study process based on agreed terms of reference 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 government implementation section.

If the MIE proposed by the government is new to the EIF (and, for example, no partnership agreement has yet been signed with them), some additional information on the MIE (legal status, background, experience with this type of work) should be provided, as well as the value added of the MIE to the activity, experience in the country, etc.

### **Conflict of interests**

In an effort to prevent conflicts of interest within the EIF programme, entities (apart from government entities) that benefit from a feasibility study request funding to undertake such work, cannot subsequently serve as main implementing entity for a Tier 2 project, if one is to be developed and approved by the EIF Board based on such an activity.