

## ENHANCED INTEGRATED FRAMEWORK (EIF)

### GUIDANCE NOTE ON EIF SUSTAINABILITY SUPPORT PHASE PROCESS

August 2016

#### Background

1. Tier 1 'Support to National Implementation Arrangements (NIAs)' projects (hereinafter referred to as Tier 1), as outlined in the Compendium of EIF Documents, are aimed at supporting greater in-country capacity and ownership. They provide resources with the following outcomes:
  - Building institutional and management capacity to formulate and implement trade-related strategies as well as to prepare/update Diagnostic Trade Integration Studies (DTIS);
  - Mainstreaming trade into national development strategies and plans, including sector strategies, the policy dialogue and improving the business climate;
  - Coordinating the delivery of trade-related resources; and
  - Securing resources in support of initiatives and policy reforms identified in the DTIS.
2. The Compendium of EIF Documents provides specific guidelines for Tier 1 projects, specifying that Tier 1 projects can be formulated for up to five years.
3. The Programme Framework for EIF Phase Two includes a provision for *"targeted and limited support to NIAs beyond the five-year Tier 1 'Support to NIAs' projects on request for specified phase-out or sustainability purposes"*. This Sustainability Support would be tailored to the specific needs of EIF beneficiary countries to sustain the EIF momentum and results achieved under the Tier 1 and Tier 2 projects.
4. The EIF Board approved "Guidelines to effect sustainability of EIF interventions at country level"<sup>1</sup> in November 2015. The guidelines set out specific sustainability principles and actions to be taken by all projects under EIF Phase Two. Specific to the Sustainability Support, the guidelines specify that *"the consideration and approval of support for institutional capacity building beyond the two phases of the Tier 1 'Support to NIAs' (in the form of sustainability support) should be made conditional upon the implementation of the sustainability and exit plan. The sustainability support should, in principle, be utilized to fund project-related costs rather than the cost of human resources or administrative expenses"*.
5. In light of the above, this Guidance Note is to guide the development and appraisal of the Sustainability Support Phase.

#### Objectives and operating principles

6. The starting point of the Sustainability Support Phase is that the NIAs are fully integrated into the countries' national structures and processes. The objective of the Sustainability Support Phase is that:
  - a. The EIF Countries own a trade agenda conducive to sustainable pro-poor growth and achieve the expected outcomes under the EIF Phase Two programme logframe; and
  - b. The EIF Country governments sustain results achieved under the Tier 1 and Tier 2 projects.

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<sup>1</sup> These Guidelines have been shared with the EIF Countries and are also available on the EIF website.

7. The operating principles of the Sustainability Support Phase should be, amongst others:
- a. Actions to ascertain that the sustainability of project results is front-loaded in the design and implementation of all project activities, in accordance with the EIF Sustainability Guidelines;
  - b. To the extent possible, the EIF National Steering Committee (NSC) should be integrated into, or merged with, existing and effective national consultative and coordinative mechanisms on trade and/or sector working groups (SWGs) covering trade so that trade mainstreaming and Aid for Trade (AfT) coordination efforts can be sustained through SWG platforms;
  - c. The EIF National Implementation Unit (NIU) functions should be integrated into the ministry responsible for trade. A technical department of the ministry should be assigned to act as the executing entity of the Sustainability Support Phase; and
  - d. The EIF Trust Fund resources should, in principle, be utilized to fund project-related costs rather than the cost of human resources or administrative expenses. In this aspect, the Government should:
    - i. Assign or second staff with government salaries to implement the Sustainability Support Phase. Incentives could be provided by the EIF through a top-up scheme and training opportunities, provided there is no objection from the government (top-ups should be exclusively in line with government top-up rules and not those of international organizations/donors); and
    - ii. Where applicable, the government is encouraged to absorb the NIU staff into the national structure with the government salary scheme, plus top-ups if provided by the EIF or another programme. Otherwise, in exceptional cases, essential NIU staff members could be maintained through a skills transfer plan and part-time consultancy service arrangements, with remunerations aligned with government rules.

### **Sustainability Support Phase process**

8. The following steps will apply to all EIF Countries seeking a Sustainability Support Phase of an additional maximum of US\$300,000 for two years, with the support not exceeding US\$150,000 per year.

#### ***Step 1: Stakeholders consultation and Proposal formulation***

Based on the results of the Tier 1 end-phase evaluation, the Project Completion Report (PCR), in-country stakeholders' consultation and legitimate needs of the country, the government can submit a request for a Sustainability Support Phase to the Executive Director of the Executive Secretariat for the EIF (ED). The Sustainability Support Phase proposal (detailed later in this Note) is to be prepared by a technical department hosting the EIF responsibilities and/or the NIU functions, with support from the NIU, under the guidance of the EIF Focal Point (FP) and the NSC.

#### ***Step 2: Appraisal by the Executive Secretariat for the EIF (ES)/EIF Trust Fund Manager (TFM)***

Upon receipt of the Sustainability Support Phase proposal and supporting documents, the ES and the TFM will assess it based on gaps in achieving the expected results of the Tier 1 project and long-term trade objectives of the country. The assessment is submitted to the ED for approval under delegated authority from the EIF Board.

### **Step 3: Approval**

Upon approval by the ED, the ES will inform to the government and the TFM for necessary actions. The Sustainability Support Phase will then be implemented through a new Memorandum of Understanding (MOU) to be signed between the TFM and the Main Implementing Entity.

9. An indicative timeline required for each step is elaborated below. In order to avoid delays, an early start of the preparations for a Sustainability Support Phase request is highly recommended.

<b>Step</b>	<b>Indicative duration</b>
Formulation of the Sustainability Support Phase proposal for consultation with local stakeholders and the ES and the TFM.	3 to 4 months.
NSC appraisal and validation once the Sustainability Support Phase proposal and supporting documents are finalized.	
Formal submission of the request by the FP with the following documents: (i) the Sustainability Support Phase proposal signed by the Chair of the NSC, the DF and the FP; (ii) the NSC appraisal minutes; (iii) the Tier 1 end-phase evaluation report; and (iv) the PCR.	
Appraisal by the ES/TFM and submission to the ED for approval	1 month.
Signature of the MOU, upon the ED's approval	2 weeks.
Disbursement of funds by the TFM.	2 weeks.

## Annex 1

### Template for a Sustainability Support Phase proposal

#### **1. Rationale for the Sustainability Support Phase request**

The rationale and justification for a Sustainability Support Phase should be clearly spelled out and linked to the constraints, gaps and recommendations identified in the Tier 1 end-phase evaluation and the PCR. The rationale for the Sustainability Support Phase should also be supported by a brief write-up on the strategic position of the project, the context of project implementation, any changes compared to the original context of the project design and an update on government priorities on trade that need to be addressed in the Sustainability Support Phase.

#### **2. Logframe**

A logframe for the Sustainability Support is required. The logframe should be (i) adapted from the EIF Phase Two programme logframe, including baselines or milestones achieved at the end of the Sustainability Support Phase; (ii) built on results achieved under Tier 1 and Tier 2 projects; (iii) where applicable, aligned with national trade development agenda. The EIF Phase Two programme logframe is available at the EIF website: <http://www.enhancedif.org/en/results/monitoring>.

#### **3. Overall and annual work plans of the Sustainability Support**

These should be aligned with the project logframe and include the necessary activities contributing to each and every indicator elaborated in the logframe. In addition, the proposed activities should address, among other things: (i) the Tier 1 end-phase evaluation conclusions and recommendations; (ii) gaps, constraints and challenges identified in the PCR; and (iii) exit measures before the end of the Sustainability Support Phase. A template for the Sustainability Support Phase work plan is provided in Annex 2.

#### **4. Budget**

An activity-based budget is required, in addition to the summary and detailed budgets by account codes. (see the Detailed Budget Template in Annex 3).

#### **5. Exit plan**

This should clearly address how the main outcomes outlined in the EIF Phase Two programme logframe will be continued beyond the EIF funding and the Sustainability Support Phase. The exit plan is not abstract but actionable, and concrete practical steps should be reflected in the Sustainability Support Phase work plan, with the following considerations:

- Full integration of the EIF structures and processes into existing national structures and mechanisms at the end of the Sustainability Support Phase;
- Engagement of a wider range of stakeholders in the implementation of the EIF programme and the trade development agenda, for example trade focal points networks in key ministries, with a view to having stakeholders take over relevant EIF interventions after the EIF funding ceases;
- Effective implementation of a capacity-building plan to ensure sufficient knowledge and competency within the broader governmental institutional framework in trade mainstreaming, trade policy formulation/implementation, AfT coordination and leveraging of funds. A portion of an EIF-funded project can be allocated to implement human and institutional capacity-building activities, preferably using local expertise and local training institutions. Capacity-strengthening

should focus on institutions and functions required for trade mainstreaming and AfT management rather than the less required personal needs of individuals;

- Specific strategies and activities to mobilize resources from national budgets, the private sector and other actors, and not exclusively from donors, for creating and exploiting business/trade opportunities, sustaining trade mainstreaming and supporting DTIS implementation through an integrated and holistic approach with a view to achieving pro-poor, sustainable and inclusive growth.

## **6. Fiduciary arrangements**

This section should indicate fiduciary arrangements for the Sustainability Support Phase, including an organizational chart and funds flows.

**Annex 2: Template for the Sustainability Support Phase work plan**

Outcome & Output	Indicator Reference*	Activity Reference	Description of activity	Inputs*	Year 1				Year 2				Budget*	Budget code	Notes	
					Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4				
<b>Outcome 1: [Name/description as indicated in the project logframe and/or EIF logframe]</b>																
<i>Outcome Indicator 1</i> **	O1-ID1	O1.1-ID1-A1														
		O1.1-ID1-A2														
		...														
<i>Outcome Indicator 2</i> **	O1-ID2	O1-ID2-A1														
		...														
...	...	...														
<b>Output 1.1: [Name/description as indicated in the project logframe and/or EIF logframe]</b>																
<i>Output Indicator 1</i> **	O1Op1-ID1	O1Op1-ID1-A1														
		O1Op1-ID1-A2														
		...														
	O1Op1-ID2	O1Op1-ID2-A1														
		...														
<i>Output Indicator 2</i> **	...	...														
<b>Output 1.2: [Name/description as indicated in the project logframe and/or EIF logframe]</b>																
<i>Output Indicator 1</i> **	O1Op2-ID1	O1Op1-ID1-A1														
		O1Op1-ID1-A2														
<i>Output Indicator 2</i>	...	...														
<b>Outcome N: [Name/description as indicated in the project logframe and/or EIF logframe]</b>																
<i>Outcome Indicator 1</i> **	O(n)-ID1	O(n)-ID1-A1														
...	...	...														

<b>Output N.1: [Name/description as indicated in the project logframe and/or EIF logframe]</b>												
Output Indicator 1	O(n)Op1-ID1	O(n)Op1-ID1-A1										
...	...	...										
<b>Project management and operation</b>												
	Management	Management										
	...	...										

\* The same as the budget plan.

\*\*Name/description as indicated in the project logframe adapted from the EIF Phase Two Logframe.

1. Indicator reference at **OUTCOME** level should be listed in the following manner: *Outcome number-indicator number*

**example:**

Indicator reference:

**O1-ID1**

Meaning: Indicator 1 linked to Outcome 1 in the logframe

2. Indicator reference at **OUTPUT** level should be listed in the following manner: *Outcome number-Output number-Indicator number*

**example:**

Indicator reference:

**O1Op1-ID1**

Meaning: Indicator 1 linked to Output 1 under Outcome 1 in the logframe

3. Activity reference at **OUTCOME** indicator level:

Numbering Activity reference in the following order: *Outcome number-Indicator number-Activity number*

Reference for each Activity must be unique and the same as in the budget plan for conciliation

Activity(ies) must be directly linked to Outcome Indicator(s) and should be limited to a maximum of four (4) Activities per Indicator

**example:**

Activity reference:

**O1-ID1-A1**

Meaning: Activity linked to Indicator 1 of Outcome 1 in the logframe

4. Activity Reference at **OUTPUT** indicator level:

Numbering Activity reference in the following order: *Outcome number-Output number-Indicator number-Activity number*

Reference for each Activity must be unique and the same as in the budget plan for conciliation

Activity(ies) must be directly linked to Output Indicator(s) and should be limited to a maximum of four (4) Activities per Indicator

**example:**

Activity reference:

**O1Op1-ID1-A1**

Meaning: Activity linked to Indicator 1 of Output 1 under Outcome 1 of the logframe

5. Project Management and operation:

All activity references under this category should be named as "management"

**Annex 3: Detailed Budget Template**

**Country:**

**Project title:**

**Funded by:**

Indicator Reference*	Input Account **	Input Account Title**	Activity & Input description ***	Unit	Year 1			Year 2			Total Budget for Years	Note
					No Units	Unit Cost	Total	No Units	Unit Cost	Total		
<b>O1-ID1</b>	<i>e.g., 71200</i>	<i>e.g., International Expert</i>	<i>e.g., Trade integration study/ consultant</i>	<i>Day</i>								
	<i>e.g., 72100</i>	<i>e.g., Subcontract</i>	<i>Trade integration workshop/ venue</i>	<i>L.S.</i>								
	<i>e.g., 72200</i>	<i>e.g., Equipment</i>	<i>Trade integration workshop/ materials</i>	<i>L.S.</i>								
...	...	...										
<b>Sub-Total: O1-ID1</b>	...	...	...	...								
<b>O1-ID2</b>	<i>e.g., 74000</i>	<i>Operating cost</i>	<i>Trade sector working group/ refreshment</i>	<i>Day</i>								
	<i>e.g. 71300</i>	<i>National staff</i>	<i>Trade coordination mechanism/ national consultant</i>	<i>Day</i>								
...	...	...										
<b>Sub-Total: O1-ID2</b>	...	...	...	...								
<b>O1Op1-ID1</b>	<i>71200</i>	<i>International expert</i>	<i>Training on trade policy/ International consultant</i>	<i>Month</i>								
	<i>72200</i>	<i>Equipment</i>	<i>Training on trade policy/ materials</i>	<i>L.S.</i>								
	<i>72100</i>	<i>Sub-contracts</i>	<i>Training on trade policy/venue and facility</i>	<i>L.S.</i>								
...	...	...										
<b>Sub-total: O1Op1-ID1</b>	...	...	...	...								



Management	71300	National staff	Project Manager	Month									
Management	71300	National staff	Finance Officer	Month									
Management	71600	Travel	Project visit	L.S.									
Management	72200	Equipment	Purchase of computers	PC									
Management	74000	Operating costs	Office rent	Month									
Management	74100	Professional services	Audit	L.S.									
<b>Sub-total: Management</b>	...	...	...	...									
<b>TOTAL</b>													

\* Same as the work plan.

\*\* As per the list of available accounts below. Account codes can be repeated in cases where more than one line is required; for example for staff cost, there should be a separate line for each position.

\*\*\* For each input, details should be provided and linked to description of activity in the work plan.

**List of available accounts:**

Input Account	Input Account Title
71200	International expert
71300	National staff
71600	Travel and missions
72100	Sub-contracts
72200	Equipment
72600	Grants
74100	Professional services
74000	Operating costs