

Criteria for the prioritization and the selection of EIF Tier 2 funding 3 May 2017

Background

1. Following the conclusion of contribution agreements with most Donors for EIF Phase Two, funds started to flow into the EIF Trust Fund (EITF), but only limited funds are now available for funding Tier 2 projects before the EIF Replenishment Conference planned for 2018.
2. All EIF Countries are encouraged to continue the development of high-quality and catalytic Tier 2 projects corresponding to the Action Matrices (AMs) of Diagnostic Trade Integration Studies (DTIS)/DTIS Updates (DTISU) for mobilizing funding from development partners, donors and the EIF. When it comes to EIF funding, there is a need to prioritize and select project proposals to ensure that no EIF Country will be left behind, while ensuring the primary focus on efficiency, leveraging and sustainability in EIF Phase Two.
3. This paper sets out the process for Tier 2 project design and the criteria for prioritization and selection of EIF Tier 2 funding before the replenishment of the EITF. The selection does not pre-empt the ultimate appraisal and approval of the project proposals by delegated authority following the new EIF Guidelines for Tier 2 projects and the Quality at Entry (Q@E) criteria.

Project design

4. Upon the validation of an AM and/or a Medium-term Plan (MTP), the EIF Countries should rapidly develop bankable projects, including EIF Tier 2, to respond to priorities identified in the AM. Ideally, the identification of funding for the priorities should take place at the same time as, or soon after, the validation of the DTIS/DTISU or the MTP. For this to happen, a resource-mapping exercise should proceed in parallel with the formulation of both the DTIS and the priorities to be included in the AM or the MTP.
5. In the case where the AM is outdated and there is a new trade strategy and/or a new national development plan in place, the EIF Tier 2 projects can be linked to new trade priorities identified therein.
6. Currently, the EITF will be able to finance Tier 2 projects up to a maximum of US\$1.5 million. Co-funding is strongly encouraged. Guidelines for EIF Tier 2 project design and formulation, including new logframe, work plan and activity-based budget templates, are now available.
7. EIF Countries are encouraged to prioritize Tier 2 project ideas through an inclusive and participatory consultation process with in-country stakeholders. Based on the results of the consultation, the EIF National Implementation Unit, under the guidance of the EIF Focal Point, should develop a brief project concept note as a basis for further discussion with development partners/donors and the EIF for securing funding. A suggested template for the EIF Tier 2 Project Concept Note is in Annex I.
8. In case external expertise is needed to develop project proposals, the Tier 1 resources can be used for this purpose. If a Project Concept Note is accepted by development partners and/or the EIF, a further project preparation grant could be provided by the EIF if needed to develop

full-fledged project proposals. The feasibility studies and project preparation grants can cover multiple sectors, based on pre-consultation with development partners, to ensure that project proposals fit into the country programming and funding envelopes.

Prioritization and selection criteria

9. The Executive Secretariat for the EIF (ES) and the EIF Trust Fund Manager (TFM) will assess and prioritize project proposals submitted by the EIF Countries based on the following criteria. These criteria will be particularly important in the prioritization of projects from countries that have already implemented an EIF Tier 2 project. The selection criteria are built around the requirements to accelerate the development and approval of high-quality and high-impact projects, taking into account new focus areas of EIF Phase Two.
10. Tier 2 project selection and prioritization criteria:
 - a. The project proposal is submitted by a country that has not previously benefited from a Tier 2 project;
 - b. The project proposal includes a strong leveraging component from the Government, other donors or partners, including the private sector (for instance, where 50% of the project is co-financed by another partner and/or part of the national programme is jointly funded by the Government and development partners/donors);
 - c. The project proposal focuses on improving competitiveness and market access for strategic and potential productive sectors with great impacts on poverty reduction, job creation, gender inclusiveness and environmental sustainability;
 - d. The project proposal strongly demonstrates value for money and efficiency, in particular as concerns the salary scheme, administration costs, implementation arrangements and budgets that are logically backed by activities and a work plan. The priority is accorded to projects that are lower than the ceiling of US\$1.5 million;
 - e. The project proposal strongly demonstrates national ownership and sustainable results;
 - f. The project proposal directly benefits two or more EIF countries; and
 - g. The submitting country has a strong track record in the implementation of EIF projects (satisfactory fiduciary rating and evaluation reports).
11. These criteria should not be seen as rigid ones in the application but as principles to guide the ES in the prioritisation of projects to be submitted to the Board for approval. These criteria will be reviewed after Dec 2018
12. The project proposals that meet the selection and prioritization criteria shall be appraised through the Q@E assessment procedures before submission to the EIF Board for approval.

Annex I: Template for a Tier 2 Concept Note (maximum 6 pages)

Project title

Grant recipient entity

Implementing entity (if different from grant recipient entity)

Project duration

Estimated project costs

EIF funding sought

Other sources of funding for the project: (government, private sector or development partners)

I. Strategic context (about 1,000 words)

- Succinct explanation of how the project is covered by the DTIS/DTISU AM/MTP aimed at strengthening the country's productive and trade capacities and contributing to the national trade and private sector development agenda.
- Status of sector targeted by the project (if applicable): summary description of the sector targeted by the project; highlighting constraints, including those that the project will address.

II. Overall objective and specific project purpose

- State the project's overall objective with reference to expected impacts.

III. Expected results and main activities

- State expected results (outputs and outcomes) that the project seeks to achieve and main activities leading to the achievement of each output/outcome.

IV. Estimated budget

- Mention the main budget items, if possible.

V. Leveraging

- Succinct description on how additional resources will be leveraged (from the government, the private sector and development partners) through the implementation of the project.

VI. Sustainability

- Succinct description on how the expected results of the project will last beyond the life of the project.

VII. Poverty reduction, gender and environment

- Describe how the project will contribute to poverty reduction, gender equality and environmental sustainability.

VIII. Description of implementation arrangements and the implementing entity

- Indicate the nature of the implementing entity, its experience in providing services as requested, references, etc.
- Indicate salary schemes, staff costs and administrative charges (if applicable).

IX. National ownership

- Describe how the project will ensure national ownership.
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