Guidelines to Effect Sustainability of the Enhanced Integrated Framework's (EIF) Intervention at Country Level

November 2015

I. Background

1. The EIF Steering Committee approved in May 2015 the Programme Framework for Phase Two of the EIF, which provides a design for the extension of the programme that will produce a more dynamic and results-driven EIF, demonstrating increased efficiency, effectiveness, sustainability and value for money.

2. Although the EIF's purpose remains unchanged for the second phase as a unique global partnership dedicated to supporting the Least Developed Countries (LDCs) to use trade as a tool for economic growth and poverty reduction, the central focus of Phase Two will be on the objectives of leveraging Aid for Trade (AfT) resources while assuring that capacity improvements for all LDCs are sustainable at the end of the Phase Two period.

3. Specifically, one of the operational objectives of EIF Phase Two is to target programme results right from the start of this phase through specific measures identified by the LDCs in a sustainability plan.

4. In this regard, the EIF Board has tasked the Executive Secretariat for the EIF (ES) to elaborate guidelines for the sustainability of EIF interventions through Tier 1 and Tier 2 projects, including good practices, and exit strategies to maximize lasting EIF benefits and results by the programme's phase-out in 2022.

II. Key concepts and parameters to benchmark the sustainability of the EIF's intervention

5. Sustainability of development assistance is broadly viewed as the continuity of the project outcomes resulting in lasting impacts beyond the project life. To achieve overall sustainability, development programmes should focus on the three areas of: *(i) institutional sustainability; (ii) sustainability of human capacity; and (iii) financial sustainability.*

6. In the specific context of the EIF programme, the sustainability of its results is anchored in its core principles of ownership, partnership and results for impacts. This is reflected in the demand-driven approach of the programme in supporting the LDCs' own drive to set up structures and processes that are needed to coordinate the delivery of trade-related technical assistance, to mainstream trade into the national development strategies and to build trade capacity. Ultimately, the sustainability of the EIF programme is to be measured by the long-term capacity of the LDCs to lead their countries' trade agenda, to integrate into the global economy and to make trade an engine for development and poverty reduction. This understanding has been confirmed by both the EIF Mid-term Review (MTR) and the Comprehensive 2014 EIF Evaluation.

7. In practical terms, the sustainability of EIF interventions, country ownership and its ability to leverage resources for trade development are interlinked and mutually reinforced. Without

governments' commitments and proactive engagements in driving the programme and mobilizing resources, the programme's results will not have the desired impact. On the other hand, once the foundations for sustainability are in place (i.e., institutional, financial and human resource capacities), key stakeholders and actors will be empowered to lead the implementation of their AfT agenda, including resource mobilization.

8. Both the MTR and the Evaluation of the EIF scrutinized the sustainability of the programme through various indicators including: (i) engagement of wider stakeholders than trade officials in trade development; (ii) ability and willingness of the national government and institutions to continue EIF achievements in the four intended outcome areas; (iii) follow-up actions and resources to implement trade-related strategies; and (iv) effectiveness and contribution of EIF operating principles: ownership, partnership and trade as development tools towards increased capacity of LDCs, thus results for impact.

9. The MTR and the Evaluation of the EIF provided a mixed picture on strengths and weaknesses in sustaining EIF contributions, viewed in relation with other critical issues of ownership, partnership, governance and leveraging. Overall, the MTR concluded that many, if not most of the capacity-building contributions of the EIF, would leave some lasting benefits in the absence of the programme. It found that the EIF had started well in supporting the use of trade for development, country ownership and capacity-building support.

10. The MTR specifically highlighted weaknesses of the programme viewed from a sustainability perspective as follows:

    a. There is a mixed picture on the EIF's influence on other efforts, especially in leveraging support from the private sector and raising interest by other organizations to support EIF priorities or stimulating support to enhance productivity, which is important for financial sustainability. Furthermore, the engagement and appreciation of key officials and private sector trade actors of trade capacity-building measures in general and of the EIF implementation in particular, have been limited;
    b. Overall, the link between ownership and sustainability has been established, but the management of trade development and the implementation of trade mainstreaming as well as governance need to improve; and
    c. The EIF National Implementation Units (NIUs) and the EIF National Steering Committees (NSCs) are not sufficiently embedded in country institutional structures to sustain momentum after the EIF ceases. Institutions need continued capacity building and closer integration of the NIU into government structures. There is also the need to strengthen the understanding of how different elements in the country structures contribute to the EIF process. Finally, the NSC is not an appropriate mechanism for an effective representation of donors as part of the partnership.

11. The MTR also pointed out areas where ownership and sustainability of the EIF programme have been well demonstrated, for instance:

    - Where the EIF coordination structures are integrated into existing consultative mechanisms in the country;
    - Where NIUs are integrated into ministry structures;
    - When there is buy-in from ministries other than trade, such as the ministries of finance (often tasked with donor coordination) as well as sector ministries; and
    - When there is willingness for engagement with a wide range of stakeholders, including the private sector.

12. The Evaluation of the EIF confirmed a number of findings from the MTR in further emphasizing the need of a better integration of the private sector; mentoring and greater involvement of key stakeholders; sustained commitment of governments, key domestic stakeholders and donors to the trade agenda; stability in the mobilization of funds to priorities; and demonstration and communication of results and the potential for trade.

III. Guidelines to enhance sustainability of EIF's benefits and results

13. In light of key benchmarking parameters for sustainability and findings/recommendations from the MTR and the Evaluation of the EIF Phase One, the following guidelines are proposed to the EIF Countries with a view of enhancing the sustainability of the EIF's benefit and results during and beyond Phase Two of the EIF:

14. Consolidating institutional sustainability

14.1. Integration of EIF structures and processes into existing national structures and mechanisms:

- The sustainability of the EIF programme is very much embedded in the functionality of the EIF in-country structures to continue and consolidate the results of trade mainstreaming, AfT coordination and resource leveraging beyond the EIF funding support. This structure should not be seen as an EIF stand-alone structure but as an integral part of the national structures and/or programming responsible to address trade aspects and AfT coordination.

Specific to Tier 1 projects:

- As appropriate, the functions of the NSC should be organized through two mechanisms:

  a) A national consultative and coordinative mechanism on trade. It is highly recommended to use existing national mechanisms (e.g., WTO committee or other national trade policy consultation/coordination body, such as a trade facilitation committee, a trade negotiations committee, sector thematic working groups, etc.). The national consultative mechanism on trade needs broad representation by high-level officials and should be used as a national channel for the trade dialogue with relevant stakeholders; and

  b) An AfT (including EIF projects) steering committee. The AfT (including EIF projects) steering committee should be represented at the technical level to monitor the implementation of the projects.

- The ministry responsible for trade and the EIF Focal Point (FP) should coordinate the two mechanisms to ensure an appropriate feedback and coordination. The institutional set-up should be flexible and adaptable to different realities on the ground.

- The terms of reference of the NSC, the NIU, the FP and the EIF Donor Facilitator should be validated by official decisions of line ministries and relevant authorities to provide predictability of their respective functions and assurance of the government's recognition of the EIF and the broader AfT role in the national processes and development agenda.

- The NIU should support the ministry responsible for trade to establish linkages with the existing donor-government-private sector dialogue mechanisms, especially sector working groups (SWGs) covering trade so that trade mainstreaming and AfT coordination efforts could be sustained through SWG platforms.

- The ministry responsible for trade is expected to provide an institutional home to continue the institutional structures created through the EIF beyond the duration of support to the EIF National Implementation Arrangements (NIAs).

14.2. Engagement of a wider range of stakeholders in the implementation of the EIF programme and the trade development agenda:

- Establish trade focal points or liaison officers at technical level in key ministries to work with the NIU on trade mainstreaming, Diagnostic Trade Integration Study (DTIS) implementation and AfT coordination.

- Engage, where applicable, line ministries, public institutions, professional associations, the private sector and civil society as technical and financial partners in the implementation of relevant Tier 1 and Tier 2 activities to ensure ownership, buy-in and sustainability of the project results.

Specific to Tier 1 projects:

- The EIF governance structures and processes need to be more flexible and responsive to emerging priorities and needs from local stakeholders.

15. <u>Human Resources sustainability</u>

For both Tier 1 and Tier 2 projects, strengthening human resources to sustain EIF benefits should go beyond capacity building for NIU/Main Implementing Entities (MIEs) personnel. In this connection, the NIUs and the FPs should work closely with NSC members to:

- Develop training and institutional strengthening plans to ensure that sufficient human and institutional capacity is in place to exercise ownership and sustain EIF results. These plans should be drawn up taking into consideration existing knowledge, expertise and tools available at the ES/EIF Trust Fund Manager (TFM) and in EIF Partner Agencies. Where such plans already exist, the tools can be used for confirming the priorities identified.

- 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. The ES can support the development of a roster of resource people, in partnership with global and regional partners, to provide support to countries on demand. Capacity strengthening should focus on institutions and functions required for trade mainstreaming and AfT management rather than the less required personal needs of individuals hired by the NIU or those working for partners.

- Where applicable, the ministry of trade and/or relevant ministry should increase seconded staff to the project, to work with the NIU and international experts to tap into knowledge and expertise and to ensure a gradual transfer of skills.

- Salaries paid under EIF projects should be more in line with the government salaries and not oriented on the UNDP grid. The government is encouraged to assign well-qualified and committed staff to make up the NIU. In this case, payment of a salary supplement (top-ups) to government employees can be considered. Recruitment of external staff should be justified in countries with particular weak existing capacity in the Ministry responsible for trade.

16. Financial sustainability

Substantive EIF results and benefits can only be sustained in the long run if there are sufficient resources in place. To this effect, the NIUs and the FPs, under the auspices of the ministries of trade, should work closely with NSC members to mobilize resources from national budgets as well and not exclusively from donors for sustaining trade mainstreaming and supporting DTIS implementation through an integrated and holistic approach using various avenues, for instance:

Specific to Tier 1 projects:

- Ensure an upstream dialogue with donors on their country programmes and related budget cycles in using the DTIS and the MTP with a view of informing their own analysis for country and regional programming.

- Where applicable, reflect specific trade mainstreaming needs and DTIS/MTP priorities in budget support programmes, public investment programmes and government budget frameworks. Continuously engage sectoral agencies, such as ministries of finance/treasury, ministries of planning/planning commission, national development board/authority, as the case may be in the EIF work.

- Plan and manage the DTIS process in a way that it could feed into the national development programming and that DTIS priorities could secure resources in the national budget programmes.

- Link the MTP formulation process with the DTIS process and lead to a round table to leveraging resources. Expectations should be realistic with respect to the level and degree of donor support that can be promised at validation workshops.

For both Tier 1 and Tier 2 projects:

- Give consideration to the Sector-wide Approach and trust fund approach, which has been particularly successful in fostering ownership and resource mobilization, and thus the sustainability of the EIF programme.

- Elaborate and implement a communications strategy to effectively demonstrate and communicate AfT results and trade potentials to stakeholders and the donor community on the ground.

17. Sustainability and exit plan

- The sustainability and exit plan should specify how each and every output and outcome achieved by the project could be sustained beyond EIF funding and practical steps to be taken to implement such a plan, including the handover of tasks, the transfer of institutional memory and the identification of responsibilities for management and financial resources when EIF support ceases.

- At least twelve (12) months before the end of the project, the ministry assigns additional government staff from relevant divisions to work with the NIUs/MIEs on the handover of tasks to ensure a proper transfer of knowledge and institutional memory.

- Specific to Tier 1 projects, which request an extension into the second phase, the sustainability and exit plan proposal should outline specific steps to integrate NIU functions into relevant ministry departments/main government structures. This may involve the distinction of various responsibilities and the decentralization of various functions of the NIUs, such as AfT coordination and servicing of national policy committees. The sustainability and exit plan proposal should also clarify how the difference in the NIU salary scheme and the government salary scheme can be settled if the NIU staff will be integrated into the main government structure. Such a plan should be agreed upon by the ministry responsible for trade and by the NIU before being endorsed by the NSC and submitted to the ES and the TFM as part of the Tier 1 Phase 2 extension request.

- At least six (6) months before the closure of the Tier 1 project, the NIU in collaboration with relevant ministries and stakeholders, should elaborate a post-project work plan, which includes an agenda for the ministry of trade and the NSC in relation to trade mainstreaming and coordination of AfT. This work plan should be produced consultatively among key stakeholders, including the donor community and key ministries, and should be validated by the relevant authorities before the end of project.

- 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.

18. The proposed guidelines will be reflected in the Compendium of EIF Documents for EIF Phase Two. The application should be adapted to the country-specific context and stage of the project implementation.

19. All projects to be approved in EIF Phase Two should follow the guidelines from the start.