

THE ENHANCED INTEGRATED FRAMEWORK: SUPPORTING LDCs TO DEVELOP TRADE



International
Monetary
Fund



International
Trade
Centre



United Nations
Conference
on Trade
and Development



United Nations
Development
Programme



The
World Bank
Group



WORLD TRADE
ORGANIZATION

**Least-Developed
Countries**

**Donor Community
and Other
Development
Partners**

Integrated Framework

Cadre Intégré

Marco Integrado



www.integratedframework.org

EIF BENEFICIARY LDCS

Afghanistan	Ethiopia	Niger
Angola	The Gambia	Rwanda
Bangladesh	Guinea	Samoa
Benin	Guinea Bissau	Sao Tomé e Príncipe
Bhutan	Haiti	Senegal
Burkina Faso	Kiribati	Sierra Leone
Burundi	Lao PDR	Solomon Islands
Cambodia	Lesotho	Sudan
Cape Verde*	Liberia	Tanzania
Central African Republic	Madagascar	Togo
Chad	Malawi	Tuvalu
Comoros	Maldives	Uganda
Democratic Republic of Congo	Mali	Vanuatu
Djibouti	Mauritania	Yemen
East Timor	Mozambique	Zambia
Eritrea	Nepal	

*Cape Verde graduated from LDC status on 1 January 2008

EIF DONORS

Belgium	Hungary	Saudi Arabia
Canada	Iceland	Spain
Denmark	Ireland	Sweden
European Commission	Japan	Switzerland
Estonia	Luxembourg	Turkey
Finland	Netherlands	United States
France	Norway	United Kingdom
Germany	Republic of Korea	

EIF CORE AGENCIES

International Monetary Fund – IMF
International Trade Centre – ITC
United Nations Conference on Trade and Development – UNCTAD
United Nations Development Programme – UNDP
International Bank of Reconstruction and Development – World Bank
World Trade Organisation – WTO

OTHER EIF PARTNERS

African Development Bank – AfDB (envisaged partnership for LDCs in Africa)
Asian Development Bank – ADB (envisaged partnership for LDCs in Asia)
Global Mechanism (cooperation on sustainable agriculture and trade in LDCs)
Inter-American Development Bank – IDB (envisaged partnership for Haiti)
Standards and Trade Development Facility – STDF (close collaboration on SPS issues in LDCs)
United Nations Industrial Development Organisation – UNIDO (observer and implementing agency)
United Nations Office for Project Services – UNOPS (Trust Fund Manager)

THE ENHANCED INTEGRATED FRAMEWORK (EIF)

NOW OPERATIONAL AND IMPLEMENTATION

WELL UNDER WAY

The EIF became operational in July 2009 when the IF interim Board started to approve multi-year projects in support of institutional capacity in Least Developed Countries (LDCs) and launched the programme by hosting the EIF Global Workshop that brought together all key EIF stakeholders in Geneva in the same month. The projects approved by the Board support National Implementation Arrangements (NIA) and address country-specific constraints to trade mainstreaming, to donor coordination and to productive capacity building.



Keynote speakers during the opening session of the EIF Global Workshop



Working session during the EIF Global Workshop



Reception on the occasion of the EIF Global Workshop

WHAT IS THE EIF?

The enhanced Integrated Framework (EIF) is an Aid for Trade partnership in action for the LDCs.

Through the EIF partnership, LDCs combine their efforts with those of the EIF Donors, EIF Core Agencies and other development partners to respond to their trade development needs so that they can become full and active beneficiaries of the multilateral trading system.

Supported by the overarching principle of country ownership, the EIF's structures and processes form building blocks available to LDCs to operationalize Aid for Trade.

To this end, the EIF assists LDCs in mainstreaming their prioritized trade-related needs into national development strategies, thereby strengthening country-level donor coordination and the dialogue with their development partners.

The mechanism was initially established by the Integrated Framework (IF) partners in 1997 at the WTO. In 2005, the programme was reviewed with the aim to enhancing the delivery of measurable results. This led to the current enhanced IF, which focuses on consolidating stronger LDC ownership, enhanced coordination and commitments from all the EIF partners, stronger national and global governance structures and enhanced financial resources to match LDCs' demand.

OBJECTIVES OF THE EIF

The objectives of the EIF are to

- support LDCs in mainstreaming trade into their national development strategy (such as Poverty Reduction Strategy Papers and National Development Plans, etc.) ;
- assist in a coordinated delivery of trade-related assistance in response to the priority needs identified by the LDCs; and
- to support the development of the capacity of LDCs to trade, including through capacity building and addressing supply constraints.

HOW DOES AN LDC BECOME AN EIF BENEFICIARY?

The LDC country puts in a request to the EIF Board to become a beneficiary country, upon which a Technical Review is undertaken. Following approval by the Board, the new LDC beneficiary engages in awareness-building on the importance of trade for development among their stakeholders and establishes an in-country EIF governance structure (see below: **WHO IS WHO IN THE EIF?**). This phase is supported by small EIF projects (pre-DTIS projects) to fund relevant activities, help setting up, within the framework of existing national structures, the in-country EIF mechanism and prepare the national stakeholders for the next phase.

During the second, diagnostic phase, the LDC undertakes a Diagnostic Trade Integration Study (DTIS) that identifies constraints to the LDC's overall competitiveness, weaknesses along supply chains, as well as the sectors of greatest export potential and other trade opportunities. LDCs are supported by an agency of their choice in preparing the DTIS. The DTIS includes an Action Matrix – a list of priority reform and support projects – for better integration into the global trading system. This matrix is validated by national stakeholders at a workshop at the end of the diagnostic phase; often the DTIS and the Action Matrix are also endorsed by Cabinet. Several LDCs have used the DTIS and Action Matrix to articulate their strategic priorities for trade and export promotion.

This is followed by the implementation phase during which strategic trade and export priorities should be integrated into the national development strategies and funding be sought from bilateral development partners or, in the absence hereof, from EIF funding, for priorities of the Action Matrix. Many beneficiary LDCs have by now reached the implementation phase.

To support LDCs to meet the challenge of implementing the priority Action Matrix, the EIF Trust Fund can finance "Support to National Implementation Arrangements" projects for beneficiary LDCs.

These projects can fund activities to support mainstreaming trade into the national development strategy, to help a coordinated delivery of trade-related assistance and to seek funding for productive capacity needs. Furthermore, LDC beneficiaries can, through these projects, update their diagnostic studies. The EIF Trust Fund also provides some funding for priority productive capacity measures. However, given the size of the needs, funding has to be mainly sought from local development partners.

HOW CAN BENEFICIARY LDCS ACCESS THE EIF TRUST FUND?

The EIF Trust Fund has two tiers. Tier 1 funds the pre-DTIS projects, the DTIS or DTIS update and the Support to NIA projects. As soon as an LDC is admitted to the EIF, it has access first to the pre-DTIS project, then to the DTIS funds, and later to the multi-year Support to NIA and DTIS update projects.

To facilitate access to the funding, the IF Executive Secretariat (IFES) has issued guidelines for pre-DTIS projects and the multi-year Support to NIA projects, as well as a template to guide the DTIS and DTIS updates. In addition, the IFES and the Trust Fund Manager (TFM) advise LDC beneficiary countries upon request on access to Tier 1 funding.

The second tier of the EIF Trust Fund will be operational from 2010 onwards and enable countries to access funding for DTIS Action Matrix priorities. All beneficiary LDCs that have validated their DTIS and Action Matrix will have access to Tier 2 funding. Guidelines for Tier 2 funding will facilitate the access of EIF beneficiaries to Tier 2. The IFES, the TFM, bilateral donors (in particular the EIF Donor Facilitators) and IF Core Agencies will be able to advise LDC beneficiary countries on access to Tier 2 funding.

Raising donor awareness of the importance and needs of trade development and efforts to better coordinate Aid for Trade is expected to result in faster and more effective delivery of Aid for Trade for LDCs.

The Tier 2 of the EIF TF is limited in size and can only fund small proportions of beneficiary LDCs' needs to implement their Action Matrix priorities. Therefore, much of the focus of the EIF process and the Tier 1 funding is on bringing trade-related priorities into national development strategies so that it will form a key element of the dialogue between LDCs and their development partners.

WHO IS WHO IN THE EIF?

IN-COUNTRY

The **National EIF Focal Point (FP)** leads the EIF process in-country. LDCs usually appoint a senior Government official to fulfil this key function in the EIF. Under the EIF, the beneficiary LDCs can decide to use Tier 1 funding to put in place a National Implementation Unit (NIU) to assist the FP in managing the EIF implementation.

The **EIF Donor Facilitator (DF)** works with the FP to facilitate donor coordination and donor-government dialogue on trade issues and Aid for Trade. The DF is identified by the local development partners in coordination with the Government. The DF is usually from a development partner agency that is a key supporter of the LDC's trade agenda.

The **EIF National Steering Committee (NSC)** is the senior level forum for decision-making and coordination among the Government entities concerned with trade issues, the private sector and, in some countries, civil society entities and the donor community.



Zambian NSC at work

The IFES and the TFM assist the countries in the day-to-day EIF implementation. Upon request, they visit the beneficiary LDCs and also supervise the EIF TF project implementation. The LDC Governments can also call upon bilateral donors and the EIF Core Agencies for assistance in the implementation of the EIF, including trade mainstreaming, donor coordination and project implementation.

AT THE GLOBAL LEVEL

The **EIF Board** serves as the key decision-making body for operational and financial oversight as well as the provision of the policy direction within the broad context set by the EIF Steering Committee (below). The Board is composed of three representatives each of the LDC and Donor communities and of one representative from each of the six IF Core Agencies and UNIDO as an observer. Currently, the Chair of the EIF Interim Board is *HE Ambassador Dr. Mothae A. Maruping, Permanent Representative of the Kingdom of Lesotho to the WTO*; the LDC representatives are Mali (Mr. Abdoulaye Sanoko), Rwanda (Mr. Edouard Bizumuremyi) and Yemen (Mr. Nagib Hamin). The Donor representatives are the European Commission (Mr. Jan Ten Bloemendal), Switzerland (Mr. Darius Kurek) and the United Kingdom (Mr. Edward Brown).

The **EIF Steering Committee (EIFSC)** is constituted by all LDCs, the six EIF Core Agencies, all Donors to the EIF Trust Fund and all those granted observer status by the EIFSC. Part of the EIFSC's responsibility other than reviewing the overall effectiveness of EIF operations is to ensure transparency of the EIF process.

The **EIF Executive Secretariat**, in close collaboration with the TFM, provides leadership and strategic direction for the EIF process and coordinates and facilitates the process at all levels. Since its inception in October 2008, the ES has focused its efforts on establishing operational procedures for the EIF and operationalizing the programme. In 2010, the ES will also focus on medium- to long-term priorities and on implementing the results-based management programme for the next five years. The IFES is administratively housed at the WTO and headed by *Ms. Dorothy Tembo, EIF Executive Director*.

The EIF has a multilateral Trust Fund attached to it. The **Trust Fund Manager** for the EIF is the UN Office for Project Services (UNOPS). The TFM has an office in Geneva and three Regional Trust Fund offices in Bangkok, Dakar and Nairobi. The EIF TFM Team is headed by *Mr. Jairo Morales, Trust Fund Executive Officer*.

HOW HAVE BENEFICIARY LDCS DEVELOPED EIF TRUST FUND PROPOSALS?

Seven multi-year Tier 1 Support to NIA project proposals have so far been approved. All of these projects answer to the specific constraints in the beneficiary LDC and have been prepared by the FP and his or her team, in close collaboration with the Ministry that leads the donor dialogue, often the Ministry of Finance or Development Planning, and with the DF.

In countries where NIUs to help implement the LDC's Aid for Trade strategy were not yet established, the Tier 1 proposals propose to set up such units, mostly as integral parts of the Government operations, and mostly also implemented through Government procedures, which is essential to country ownership.

The strategic focus of the proposals is to address the key constraint in the institutional structure. Where trade has not been fully integrated into the national development plans, the projects propose activities to increase awareness of the importance of trade for development among the Government and private sector stakeholders in the country. Since Donor alignment along Government priorities on the trade agenda is a key element for the effective delivery of Aid for Trade, most projects also include activities to improve cooperation and coordination between the Government and development partners on Aid for Trade.

Almost all of the Support to NIA projects – approved and in the pipeline – identify productive capacity building as the highest priority.

Institutional and human capacity building to articulate concrete project proposals on the basis of the priorities in the Action Matrix is a key element of all Support to NIA proposals.

Once a first draft of the Support to NIA project proposal has been developed, the FP engages the IFES and the TFM to advise on further development of the proposal, including the choice of the implementing entity. The TFM then undertakes a capacity assessment of the chosen implementing entity, to ensure that the capacities to manage the project are in place. The project is then submitted for local approval by a Tier 1 Approval Committee (consisting of the FP, a member of the NSC and the DF and other members if the FP in consultation with other members so chooses).

Once projects are approved locally, the IFES and the TFM prepare a project appraisal and recommendations for the EIF Board who will decide on the final approval of the project.

THE EIF TRUST FUND: FACTS AND FIGURES



**Signing of UNOPS Partnership Agreements
with ITC and UNCTAD, July 2009**



**EIF interim Board meeting with UNIDO's
Director-General Yumkella for talks about future
partnerships, July 2009**

The multilateral EITF is being managed under the financial rules and regulations of UNOPS as TFM and as mandated by its obligations to the EIF Board. Beneficiary LDCs can apply to obtain funds to support them in institutional capacity building or trade diagnostics (Tier 1) and some of the priority activities identified in the Action Matrices (Tier 2). The bulk of the activities identified in the Action Matrices will be funded by local, regional or multilateral donors active in the respective EIF beneficiary LDC; or, where applicable, the national budget.

■ EIF, Status of Pledged and Secured Funding - US\$ (M)

Name of Donor	Pledges **			Funding Received			Committed Through Signed Agreements						Total Secured Funding ***
	At Stockholm	After Stockholm	Through Agreements	2008	2009	Total	2009	2010	2011	2012	2013	Total	
IF Comingled Fund	-	-	23.50	23.50	-	23.50	-	-	-	-	-	-	23.50
Belgium	-	-	2.81	0.65	-	0.65	0.72	0.72	0.72	-	-	2.16	2.81
Canada	19.20	-	-	-	-	-	-	-	-	-	-	-	-
Denmark *	5.70	12.00	-	6.01	-	6.01	-	-	-	-	-	-	6.01
European Commission	14.10	-	-	4.15	-	4.15	-	1.15	-	-	-	1.15	5.30
Estonia	-	-	0.05	0.03	-	0.03	-	-	-	-	-	-	0.03
Finland *	6.77	-	-	2.87	-	2.87	-	-	-	-	-	-	2.87
France	1.41	4.40	-	-	1.43	1.43	-	-	-	-	-	-	1.43
Germany	4.17	-	-	1.94	-	1.94	-	-	-	-	-	-	1.94
Hungary	-	-	0.40	0.40	-	0.40	-	-	-	-	-	-	0.40
Iceland	0.33	-	-	-	-	-	-	-	-	-	-	-	-
Ireland	3.53	-	-	3.24	-	3.24	-	-	-	-	-	-	3.24
Japan *	0.17	-	0.46	0.17	0.46	0.63	-	-	-	-	-	-	0.63
Luxembourg	4.23	-	-	2.15	-	2.15	-	-	-	-	-	-	2.15
Norway	27.00	-	-	4.06	-	4.06	-	-	-	-	-	-	4.06
Rep. of Korea *	1.00	-	-	1.00	-	1.00	-	-	-	-	-	-	1.00
Saudi Arabia	-	3.00	-	-	-	-	-	-	-	-	-	-	-
Spain	7.05	-	-	-	4.18	4.18	-	-	-	-	-	-	4.18
Sweden	15.00	-	-	-	-	-	-	-	-	-	-	-	-
Switzerland	3.00	-	-	-	0.16	0.16	-	-	-	-	-	-	0.16
Turkey	1.00	-	-	-	-	-	1.00	-	-	-	-	1.00	1.00
United States	0.20	-	-	-	-	-	-	0.20	-	-	-	0.20	0.20
United Kingdom	60.53	-	-	12.27	-	12.27	12.27	9.21	9.21	9.21	9.21	49.10	61.37
Interest Income	-	-	-	0.48	-	0.48	-	-	-	-	-	-	0.48
Total	174.39	19.40	27.22	62.92	6.24	69.16	13.99	11.28	9.93	9.21	9.21	53.61	122.77

Notes:

* Funding received includes from the UNDP IF Holding Account plus the interest income.

** Pledges at Stockholm, new pledges after Stockholm and through signed agreements.

*** Secured funding covers amounts paid to the Trust Fund and commitments through signed agreements.

WHAT IS THE STATUS OF EIF PROJECTS?

APPROVED PROJECTS

By November 2009, seven Support to NIA projects were approved for Yemen, Sierra Leone, Rwanda, Uganda, Cambodia, Malawi and Liberia.



Submission to IFES of Cambodia's Tier 1 project.

LDC	Type of Project	Implementation Entity	Approved Budget (US\$)
Yemen	Support to NIA	Government	1,031,000
Sierra Leone	Support to NIA	Government	908,859
Rwanda	Support to NIA	Government	934,400
Uganda	Support to NIA	Government	1,000,000
Cambodia	Support to NIA	Government	909,250
Malawi	Support to NIA	Government	999,250
Liberia	Support to NIA	Government	999,900

Additionally, three Externally Funded Output documents (EFOs) have been signed with the World Bank to facilitate DTIS work in Afghanistan, the Democratic Republic of Congo (DRC) and Togo at a total cost of US\$1,200,000.

To date, the EIF Trust Fund has committed US\$7,982,659 in Tier 1 funding for ten LDC beneficiaries.

PROJECTS IN THE PIPELINE

The table below shows the current status of the projects in the EIF pipeline. It includes six pre-DTIS projects and nine multi-year Support to National Implementation Arrangements projects. The IFES and the TFM expect demand in particular for the multi-year projects to further increase in 2010.

**The current pipeline of EIF Tier 1 projects amounts to US\$14,300,000.
It is expected that a few more of these will be approved by the end of 2009, with the majority to be approved by the first quarter of 2010.**

LDC	Type of Project	Planned Implementation Entity	Estimated Approval Date	Estimated Budget (US\$)
Haiti	Pre-DTIS	TBD	Q4 2009	50,000
DRC	Pre-DTIS	TBD	Q4 2009	50,000
Togo	Pre-DTIS	TBD	Q4 2009	50,000
Timor Leste	Pre-DTIS	TBD	Q4 2009	50,000
Afghanistan	Pre-DTIS	TBD	Q1-2 2010	50,000
Bhutan	Pre-DTIS	TBD	Q1 2010	50,000
The Gambia	Support to NIA	Government	Q4 2009	1,000,000
Mali	Support to NIA	Government	Q4 2009	1,000,000
Lesotho	Support to NIA	Government	Q4 2009	1,000,000
Central African Republic	Support to NIA	Government	Q4 2009	1,000,000
Comoros	Support to NIA	TBD	Q4 2009	1,000,000
Burundi	Support to NIA	Government	Q4 2009	1,000,000
Zambia	Support to NIA	Government	Q4 2009	1,000,000
Nepal	Support to NIA	Government	Q4 2009	1,000,000
Lao PDR	Support to NIA	Government	Q4 2009	1,000,000
Solomon Islands	Support to NIA	TBD	Q1-2 2010	1,000,000
Vanuatu	Support to NIA	TBD	Q1-2 2010	1,000,000
Djibouti	Support to NIA	TBD	Q1-2 2010	1,000,000
Madagascar	Support to NIA	TBD	TBD	1,000,000
Guinea	Support to NIA	TBD	TBD	1,000,000

