

# DRAFT GUIDELINES FOR THE IMPLEMENTATION OF THE ENHANCED INTEGRATED FRAMEWORK FOR LEAST-DEVELOPED COUNTRIES (LDCs)

**DRAFT**

COMPENDIUM OF WORKING DOCUMENTS



International  
Monetary  
Fund



ITC 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**



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# **ENHANCED INTEGRATED FRAMEWORK FOR LDCs**

## **DRAFT GUIDELINES FOR THE IMPLEMENTATION OF THE ENHANCED INTEGRATED FRAMEWORK FOR LDCs**

### **COMPENDIUM OF WORKING DOCUMENTS**

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#### **DRAFT**

The documents contained in this Compendium reflect the outcome of the discussions in the Integrated Framework (IF) Transition Team and its Clusters.

They are the basis of the Enhanced Integrated Framework (EIF) as approved by the Integrated Framework Working Group (IFWG) and the Integrated Framework Steering Committee (IFSC) at their meetings on 1 May 2007.

The documents contained in this Compendium are not final. They will be evolving as outstanding issues contained herein will be solved.

Geneva, 1 May 2007



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## LIST OF ACRONYMS

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<b>AFD</b>	Agence Française de Développement
<b>CG</b>	Consultative Group
<b>DAC</b>	Development Assistance Committee
<b>DF</b>	Donor Facilitator
<b>DTIS</b>	Diagnostic Trade Integration Study
<b>ED</b>	Executive Director
<b>EIF</b>	Enhanced Integrated Framework
<b>ES</b>	Executive Secretariat
<b>FAO</b>	Food and Agriculture Organisation
<b>FP</b>	Focal Point
<b>GTZ</b>	Gesellschaft für Technische Zusammenarbeit
<b>IF</b>	Integrated Framework
<b>IFIs</b>	International Financial Institutions
<b>IFSC</b>	Integrated Framework Steering Committee
<b>IMF</b>	International Monetary Fund
<b>ITC</b>	International Trade Centre UNCTAD/WTO
<b>LDC</b>	Least Developed Country
<b>NIA</b>	National Implementation Arrangement
<b>NIU</b>	National Implementation Unit
<b>NSC</b>	National Steering Committee
<b>ODA</b>	Official Development Assistance
<b>OECD</b>	Organisation for Economic Cooperation and Development
<b>PRS</b>	Poverty Reduction Strategy
<b>PRSP</b>	Poverty Reduction Strategy Paper
<b>RT</b>	Round Table
<b>TAC 1</b>	Tier 1 Appraisal Committee
<b>TAC 2</b>	Tier 2 Appraisal Committee
<b>TFM</b>	Trust Fund Manager
<b>TOR</b>	Terms of Reference
<b>TRTA</b>	Trade-related Technical Assistance
<b>UNCTAD</b>	United Nations Conference on Trade and Development
<b>UNDP</b>	United Nations Development Programme
<b>UNIDO</b>	United Nations Industrial Development Organisation
<b>WB</b>	World Bank
<b>WTO</b>	World Trade Organization



# **THE ENHANCED INTEGRATED FRAMEWORK (EIF)**

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## **I. INTRODUCTION**

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1. The IF Working Group and the IF Steering Committee approved on 23 and 25 June 2006, respectively, the recommendations of the IF Task Force to strengthen the Integrated Framework, focusing on three specific elements:
  - i. Increased, additional, and predictable financial resources;
  - ii. Strengthened in-country capacities to manage and implement the IF; and
  - iii. Enhanced IF governance.
2. The implementation of the IF Task Force recommendations to put the EIF in place required a transitional phase that lasted up to end-April 2007 to elaborate in greater detail the modus operandi of the EIF in close consultation with all IF stakeholders, namely, the LDCs, the donors and the Agencies. This phase was managed by a Transition Team, which coordinated the work of three Clusters on in-country, legal and administrative, and financial issues.
3. During the period between September 2006 and April 2007, a total of over 60 official meetings were held by the Clusters and the Transition Team resulting in extensive participation of, and large consensus-building by, all stakeholders. In addition, to ensure that the views of in-country stakeholders such as Focal Points and Donor Facilitators were taken into consideration in the transition process, a workshop on the EIF was organized in Dakar on 6-8 December 2006, and a Questionnaire was addressed to them with results compiled in January 2007. Finally, to assess the progress achieved and agree on conclusions on the way forward, an EIF Retreat was held in Bossey on 2-3 March 2007.
4. To build further consensus on the importance of enhancing the IF as an instrument to promote donor alignment with LDC development plans, thereby achieving greater aid effectiveness and harmonization among donors partnering with LDCs to reach aid effectiveness, four donor consultations were held in Doha on 6 November 2006, in Brussels on 11 December 2006, in Paris on 20 March 2007, and finally in Geneva on 24 April 2007.
5. Thanks to this intensive consultation, the following documents were agreed on by all stakeholders. They provide a clear indication of the different roles and relationships of the EIF entities.
  - i. Modus operandi of Tier 1;
  - ii. Modus operandi of Tier 2;
  - iii. Guidance Note for the National Implementation Arrangements (NIA);
  - iv. Guidance Note for the Donor Facilitator;
  - v. Terms of Reference for the IF Board;
  - vi. Terms of Reference for the IF Steering Committee;
  - vii. Terms of Reference for the IF Executive Secretariat;
  - viii. Job Description for the Executive Director of the Executive Secretariat; and
  - ix. Terms of Reference for the Trust Fund Manager.

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## II. MODUS OPERANDI OF TIER 1

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### A. BACKGROUND

Tier 1 is a financing arrangement of the enhanced Integrated Framework (IF), established following the recommendations of the IF Task Force and approved by all IF stakeholders "...Tier 1 funding for core activities should be predictable. Disbursement should be decided by the Focal Point in consultation with the Executive Secretariat..." to ensure greater Least Developed Country (LDC) ownership of the IF.

Building on the conclusions of the IF Questionnaire, a light and flexible process for the formulation and approval of Tier 1 projects has been retained to quickly disburse funds in support of efforts by LDC Governments.

### B. OBJECTIVE

Tier 1 is aimed at supporting greater in-country capacity and ownership. It provides financial resources to support the IF core functions with the following objectives:

- Building the human resource capacity of the IF National Implementation Arrangements (NIAs);
- Providing operational support to NIAs, including some local running costs and equipment;
- Preparing and/or updating of the LDCs' Diagnostic Trade Integration Study (DTIS); and
- Facilitating and supporting trade mainstreaming actions.

By building capacity and skills through Trade-Related Technical Assistance (TRTA) within NIAs, Tier 1 interventions will facilitate project formulation, appraisal, and implementation of Tier 2 projects. Regional projects could be considered at the request of the LDC Governments concerned.

### C. BUDGET AND TIMING

An estimated amount of US\$77 million is available for Tier 1 from the enhanced IF Trust Fund. The funding ceiling per country is set at US\$2,000,000. Such a budget can be used for a period of up to five years starting from the signature of the Tier 1 proposal by the Executive Director of the ES for the following actions:

Pre-DTIS support: up to US\$50,000 only for LDCs newcomers in the IF process.

DTIS: up to US\$400,000<sup>1</sup> only for LDCs where the DTIS has not been prepared yet.

DTIS update: up to US\$200,000<sup>2</sup> whenever required, on the assumption that it will be carried out twice over the 5-year period. Some flexibility is allowed for the budget ceiling of the DTIS and DTIS update, provided that the IF Board is agreeable and that the total budget for such activities does not exceed US\$500,000<sup>1</sup>. Inputs by Agencies will be on a fully costed recovery basis.

Support to NIAs: up to US\$1,500,000 with a maximum of US\$300,000 per year.

Applications for funding under Tier 1 can be made anytime during the participation of the LDC in the IF initiative. Project activities are, in principle, to be implemented up to December 2012. Such date can be revised by the IF Board, based on a possible extension of the IF arrangements and budget.

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<sup>1</sup> Or as otherwise agreed by the IF Board.

<sup>2</sup> Or as otherwise agreed by the IF Board.

## **D. LDCS' ELIGIBILITY**

All LDCs participating in the IF initiative are eligible and can access Tier 1 funds.

As regards LDCs graduating from the LDC group and applying to Tier 1 during the transitional period, the IF Board will decide on an ad hoc basis if such countries can access Tier 1 funds and for which period.

## **E. APPROVAL PROCESS**

### **Formulation of proposals**

Project proposals for funding are prepared (see Annex A) by the National Implementation Unit (NIU) in close consultation with the National Steering Committee (NSC), the Donor Facilitator (DF) and the ES. In preparing such proposals, the NIU may request the advice and assistance of other partners such as the IF Agencies, the donors, NGOs, etc. A project proposal must contain a short description of the objectives in relation to the NIU work plan, execution and management arrangements and budget according to the attached Format (see Annex C).

### **Appraisal and approval of proposals**

The project proposal must be appraised, before its approval, by a Tier 1 Appraisal Committee (TAC 1), which reviews the project proposal in accordance with substantial and formal criteria and ensures that it complies with the Modus Operandi of Tier 1.

The TAC 1 is chaired by the Focal Point and includes the Donor Facilitator (or, in exceptional circumstances, another donor designated by the DF), a representative of the Ministry of Trade (if the FP is not from such ministry) and a member of the NSC designated by the Chair of the NSC. The Focal Point, in consultation with the other core members, may decide to invite other representatives of the private sector or Government departments to participate in the appraisal.

After the appraisal, the project proposal must be approved and signed at the country level by the IF Focal Point (on behalf of NIU), the representative of the NSC, and the Donor Facilitator.

In case that such an agreement cannot be reached, any of the three parties can address the issue to the ES Executive Director and, if necessary, to the IF Board.

The project proposal to be approved must follow the Tier 1 format and contain all the necessary elements to ensure a smooth and quick implementation, including the minutes of the TAC 1 meeting.

The ES will ensure that the Tier 1 approval process is closely followed and will operate a final quality control on behalf of the IF Board with the ED signing the project based on a delegation of authority by the IF Board.

## **F. EXECUTION MODALITIES**

Two types of execution modalities are available for projects under Tier 1. TAC 1 is to decide which one is the most suitable for a specific project, and such decision is to be clearly mentioned in the TAC 1 minute.

### **Option 1: LDC Government execution through the NIU**

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This execution modality is strongly encouraged for Tier 1 projects. The responsibility and accountability for the management of the project lies with the NIU and its Focal Point, which will act under the overall supervision of the NSC and will be facilitated by the ES. Under this modality, project funds are

transferred to the NIU. This implies that an auditable account is established within the NIU. In those cases where this is not possible or too complicated, funds can be transferred to a Local Fund Agent who will assist the NIU and be accountable for project expenses.

A project under NIU execution can include some specific activities to be implemented by other entities such as the Agencies, NGOs, a private sector TRTA provider, etc. In this case, such entities will be contracted directly by the NIU and will have to report to the NIU.

#### Option 2: Execution by one of the six IF core Agencies or another entity

This execution modality is to be retained only if TAC 1 provides clear evidence that Option 1 is not feasible or strongly discouraged. In this case, the project's responsibility and accountability lies with one of the six IF core Agencies to be selected by the NIU in consultation with the TAC 1 members. This choice will be based on an assessment by the parties of the Agency's comparative advantages, including in-country presence, specialized expertise in TRTA, possible synergies with other ongoing projects, past experiences, etc. In any case, because of the specific nature of Tier 1, the executing Agency will take into consideration the basic IF principles of enhancing national ownership, building partnership for development, transparent budget, light procedures, etc.

In particular, the present IF review mechanisms as regards the DTIS preparation, or its updating, will be regularly reviewed by the IF Board.

#### **Neutrality**

In order to avoid any possible conflict of interest, when an IF Agency is acting as Donor Facilitator in a given LDC, such Agency cannot be considered as a service provider for the implementation of the project's activities. In exceptional cases (e.g., presence in the country of very few donors) the IF Board may decide to waive the application of this clause, upon specific request by the Focal Point on behalf of the LDC Government, after prior consultation with the other donors present in the country.

#### **Awarding**

After the signature of the Project by the four parties, the activities can be implemented according to the established work plan. Thus, under delegated authority by the IF Board, the Executive Director (ED) of ES will instruct the IF Trust Fund Manager to allocate funds according to the project's work plan and budget. Upon allocation, the Trust Fund Manager will proceed with the disbursement actions as per the agreed work plan.

### **G. MONITORING AND REPORTING**

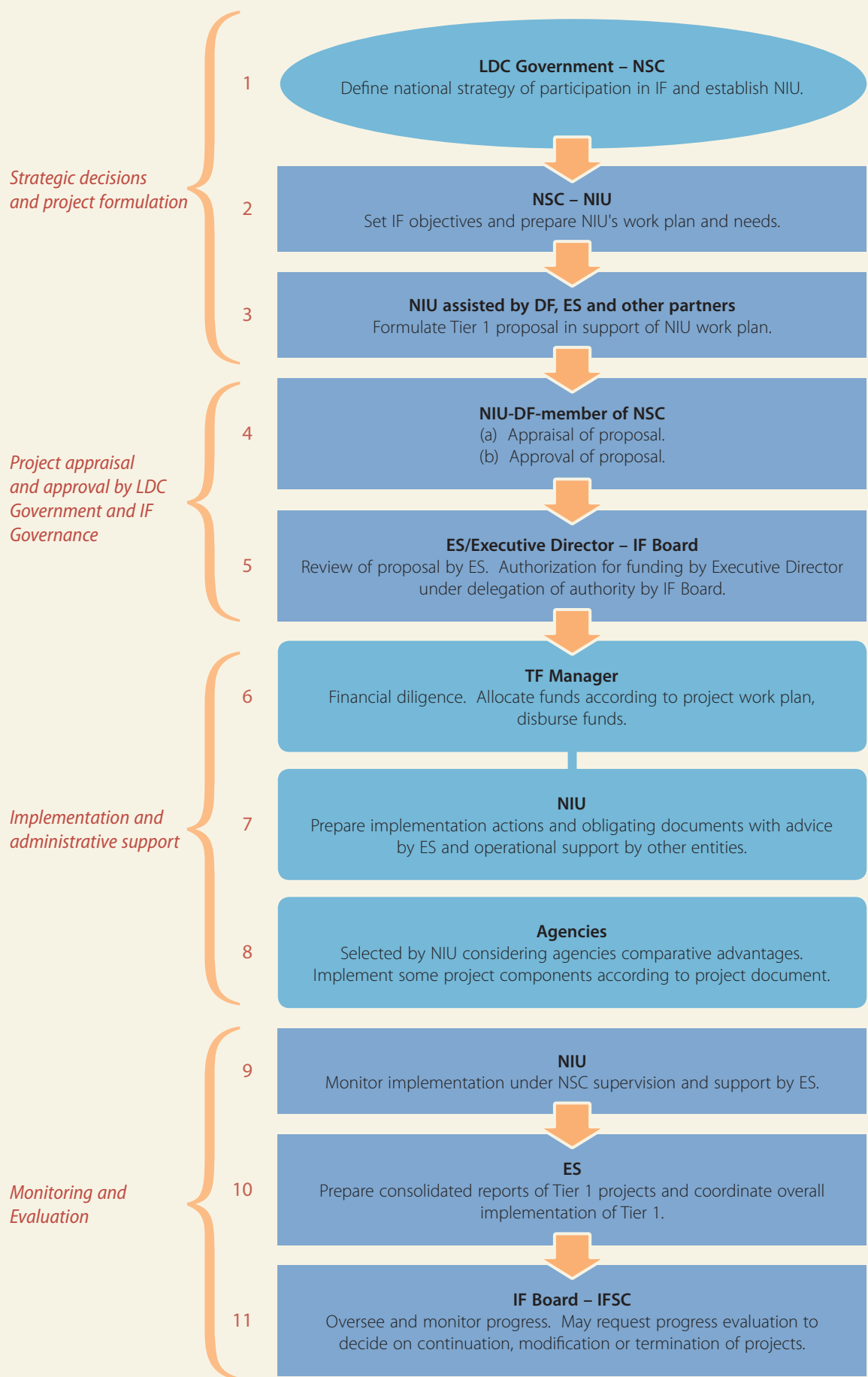
The day-to-day monitoring of the activities will be ensured by the NIU/FP. During the execution of the project, there will be a regular dialogue and close consultations between the NIU/FP, the DF and the ES. For the specific reporting tasks of the ES on Tier 1 projects, reference is made to the TORs of the ES.

### **H. REVIEW AND EVALUATION**

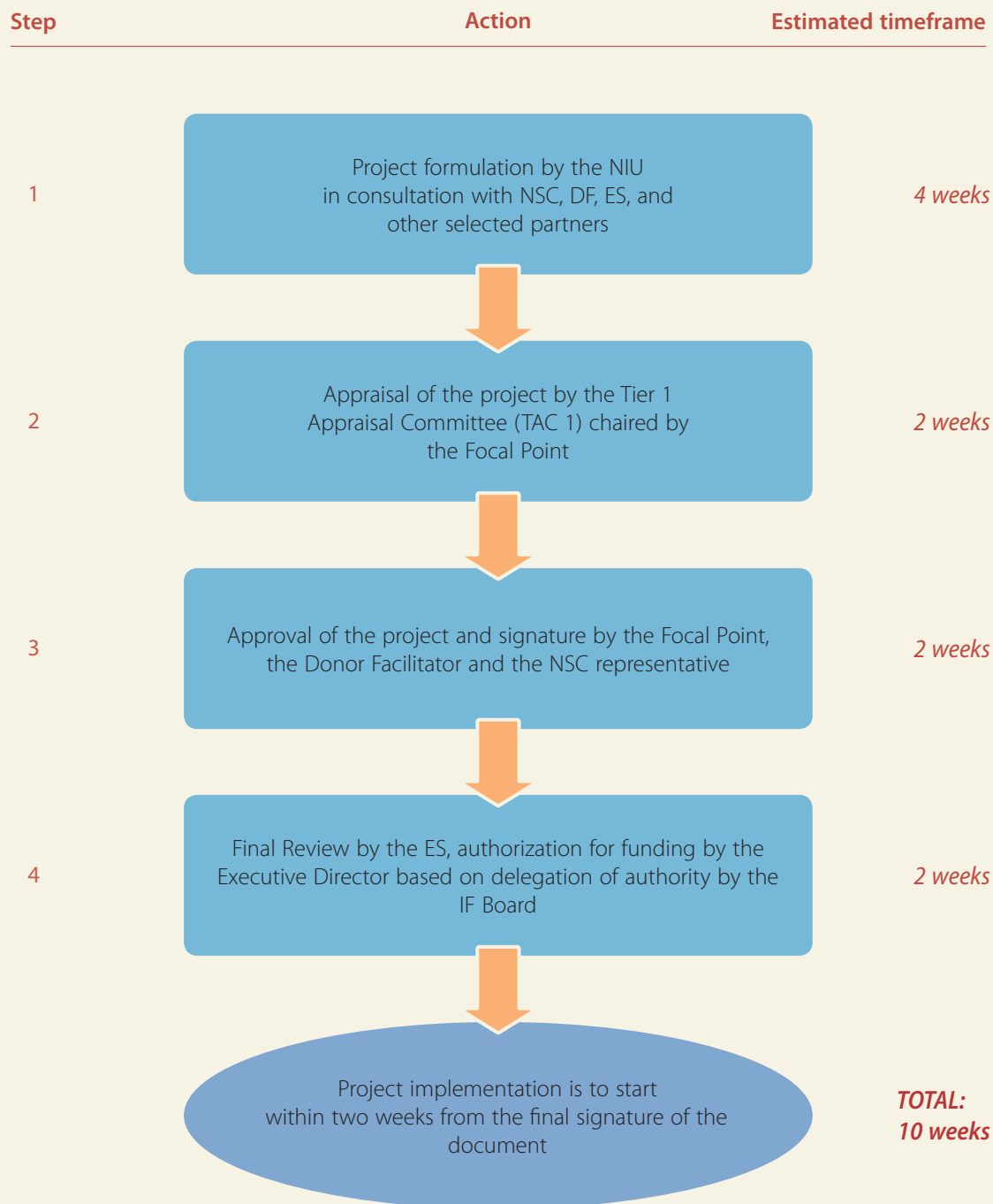
The IF Board and the IFSC may request that a mid-term review or an evaluation of specific Tier 1 projects be undertaken. In such cases, the ES/Executive Director will propose the modalities to carry out such review or evaluation in consultation with the NIU and the IF Board.

Based on the conclusions of the review or the evaluation, the IF Board can decide on the continuation, suspension, modification or termination of the project.

■ **ANNEX II. A – Comprehensive Flow Chart of Tier 1 Projects**



■ **ANNEX II. B** – Detailed Timeline for the Approval Process of Tier 1 Projects



**A. Cover Page**

Government of \_\_\_\_\_

Title:

Starting date:

Duration:

<b>Budget (US\$)</b>	
<b>2008:</b>	
<b>2009:</b>	
<b>2010:</b>	
<b>2011:</b>	
<b>2012:</b>	
<b>Total:</b>	_____
	=====

Short description:

Approved by:

\_\_\_\_\_

(Focal Point)

\_\_\_\_\_

(Donor Facilitator)

\_\_\_\_\_

(NSC representative on behalf  
of NSC Chair)

\_\_\_\_\_

(ES Executive Director on behalf of  
IF Board)

## **B. Background**

(information on the IF process in-country and progress achieved)

## **C. NIA Analysis**

(short description of the present NIA and distribution of work)

## **D. Objective**

(problems addressed by the project and expected outcome)

## **E. Project strategy**

(explain how the project will strengthen the NIAs and achieve the expected results, in relation to the NIU work plan)

## **F. Execution modality and management arrangements**

(specify the retained execution modality and explain the roles and responsibilities of the different actors for the management of the project and implementation of activities)

## **G. Monitoring, review and evaluation**

(short description of monitoring and review mechanisms, and final evaluation, indication of success criteria and impact assessment)

## **H. Minutes of the TAC 1 meeting**

(attach the Minutes of the TAC 1 meeting or report its conclusions in terms of its compliance with Tier 1 modus operandi)

## I. Work plan

YEAR 1 – 2008		Budget (US\$)	
Description of activity	Inputs required	Budget Line	Amount
Activity 1:		1	-----
Activity 2:		2	-----
-----		3	-----
<b>TOTAL</b>			-----

YEAR 2 – 2009		Budget (US\$)	
Description of activity	Inputs required	Budget Line	Amount
Activity 1:		1	-----
Activity 2:		2	-----
-----		3	-----
<b>TOTAL</b>			-----

## J. Budget

2008-2012 Budget							
Description		2008	2009	2010	2011	2012	TOTAL
BL 1	Senior Officer						
BL 2	Officer						
BL 3	Secretary						
BL 4	Equipment						
BL 5	Travel						
BL 6	Training						
BL 7	DTIS						
BL 8	Round Table						
<b>TOTAL</b>							

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### **III. MODUS OPERANDI OF TIER 2**

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#### **A. BACKGROUND**

Tier 2 is a financing arrangement of the enhanced IF, established following the recommendations of the IF Task Force to provide funding for priority activities as identified in the DTIS, its update, and its Action Matrix.

Building on the conclusions of the IF Questionnaire, a light and flexible process for the formulation and approval of Tier 2 projects has been retained.

#### **B. OBJECTIVE AND PROJECT ELIGIBILITY**

Tier 2 is aimed at providing bridging funding to jump start project-related activities identified in the DTIS, its update, and its Action Matrix, such as small priority projects, project development activities, feasibility studies and seed projects. For large programmes identified in the Action Matrix, such as infrastructure projects, financing would be sought from other funding mechanisms, such as the Consultative Group meetings and the Round Table meetings. Tier 2 projects should possibly leverage additional resources and contribute to ensure the overall coherence of TRTA interventions.

The LDC Government is encouraged to also take into account the availability of alternative funding for such purposes.

Illustrative examples of eligible Tier 2 projects include the following: (i) assistance to implement WTO or other trade policy commitments; (ii) project preparatory activities, including needs assessments, feasibility studies, and project formulation for large trade development and infrastructure projects; (iii) trade mainstreaming activities to integrate DTIS conclusions into the national development plans, such as PRSPs; (iv) capacity-building activities for key trade support institutions; (v) formulation and implementation of sectoral and national export development strategies; (vi) small projects to enhance the supply-side response of the country; (vii) specific actions aimed at enhancing SMEs competitiveness for priority sectors identified in the DTIS; (viii) assistance for WTO accession; (ix) strengthening of trade support services, etc.; and (x) preparation of sector-wide approaches (SWAP) for priority sectors identified in the DTIS. Regional trade-related projects including objectives listed above would also be considered.

#### **C. BUDGET AND TIMING**

The IF Task Force estimated that an amount of US\$320 million is available for Tier 2 interventions. Out of this, approximately half, i.e., US\$160 million, will be borne by the Integrated Framework Trust Fund (IFTF), with the funding ceiling per country set at [US\$12 million]. The remainder will be met through bilateral donors.

The level of allocations per country and the share of resources to be inscribed under the IFTF will be decided by the IF Board in consultation with the concerned LDC Governments, the ES, and the IFSC.

The IF Board should consider the following factors, *inter alia*, to decide on the level of allocations from Tier 2: (i) date of entry of the LDC in the IF initiative; (ii) the extent to which trade is mainstreamed into development plans; (iii) the possibility of leveraging additional resources; and (iv) the size of the population, etc.

Project documents will have to specify the expected starting date and duration of the project. In principle, such duration should not exceed the overall life span of the IF programme.

## **D. LDCS' ELIGIBILITY**

All LDCs participating in the IF initiative and having validated their DTIS are eligible and can access Tier 2 funds, up to the ceiling established by the IF Board.

Applications for funding under Tier 2 can be made anytime after the validation of the DTIS.

## **E. APPROVAL PROCESS**

### **Formulation of project proposals**

Project proposals for funding are prepared under the coordination of the National Implementation Unit (NIU), in close consultation with the National Steering Committee (NSC). To ensure a smooth process, it is advisable to request the assistance of the Donor Facilitator (DF) and the ES at an early stage. In preparing such proposals, the NIU will request, depending on the contents of the proposal, the advice and assistance of other national institutions and the private sector as well as international partners, such as IF Agencies, the donors, NGOs, specialized UN Agencies, etc.

A project proposal must contain a short description of the objectives in relation to the DTIS conclusions and the mainstreaming of trade into the national development plans, and it must explain the specific area of the Action Matrix that is being addressed. In addition, proposals must explain the institutional framework, the intended beneficiaries, and the execution modality. The document needs to contain a description of the expected outcome, activities, inputs, management and fiduciary arrangements, monitoring, reporting, work plan, and budget. Evidence that the Tier 2 appraisal and approval process has been followed must also be shown.

The NIUs will decide, preferably in consultation with the ES and/or the DF, the format to be used for the project proposal, taking into consideration the prospective executing entity.

### **Appraisal and approval of proposals**

The project proposal must be appraised, before its official approval, by a Tier 2 Appraisal Committee (TAC 2), which reviews the project proposal under the substantial and formal points of view. The TAC 2 will ensure that the project has been formulated in a result-oriented manner, responds to priority areas of intervention of the DTIS and its Action Matrix and complies with the Modus Operandi of Tier 2.

The composition of the TAC 2 will be decided by the FP in consultation with the NSC, the DF and ES. It may vary depending on the LDC and the technical content of the project proposal being appraised.

In any case, the TAC 2 will be chaired by the FP, and will always include the following core Members: the DF (or, in exceptional circumstances, another donor representative designated by the DF), a representative of the Ministry of Trade and one of Finance and/or Planning or another Government entity and a representative of the Private Sector.

The minutes of the TAC 2 are transmitted to the NSC and accompanied by the project proposal for formal approval by the NSC and signature by the Chair of the NSC. Such Minutes of the TAC 2, which are always copied to the ES, are to be considered an integral part of the project proposal and, therefore, the recommendations included in the Minutes will be made available to the public, in particular IF stakeholders, through the IF website.

The ES will provide advice throughout the process and ensure that the Tier 2 approval process and criteria have been complied with. The ES, upon receipt of the signed document, will transmit it to the IF Board for its financial approval. If this is received, the ES Executive Director will sign the document based on a delegation of authority by the IF Board.

## Neutrality

The TAC 2 is an ad-hoc Committee convened only for a specific project proposal and is not a permanent body.

In order to avoid any possible conflict of interest, when an IF Agency or IF Donor is acting as DF, as a TAC 2 member, or is an NSC member in a given LDC, it cannot be considered as a service provider for the implementation of the project's activities. In exceptional cases (e.g., presence in the country of very few donors), the IF Board may decide to waive the application of this clause, upon specific request by the FP and after prior consultation with the other donors present in the country. The TAC 2 decision-making process will be based on consensus.

## Awarding

After the signature of the project by the Executive Director of the ES on behalf of the IF Board, the project can be implemented. In those cases where the project is to be executed by the Government, an Agency, a private sector entity, an NGO, or any other entity, the project proposal or contract will be signed also by the designated representative of such entity. Upon signatures of all parties, the Trust Fund Manager will proceed with allocating funds to the project-executing entity within a maximum delay of two weeks from the receipt of the signed project document.

## F. EXECUTION MODALITIES

Two types of execution modalities are available for projects under Tier 2. TAC 2 is to decide which one is the most suitable for a specific project, and such decision is to be clearly mentioned in the TAC 2 Minutes:

### Option 1: LDC Government execution

The project is executed by a Government entity, whereby overall responsibility and accountability for the management of the project lies with the selected Government entity. In this case, funds are transferred to this governmental entity.

### Option 2: Non-LDC Government execution

In this case, because of the specific nature of the IF Initiative, the Executing entity will have to take into consideration IF principles on enhancing the country's ownership, such as close consultations with the NIU, a transparent budget, etc. Overall responsibility and accountability for the management of the project lies with the selected entity.

The following three main possibilities are envisaged, though the following list is not exhaustive:

- i. Execution by a UN Agency, such as ITC, UNDP, UNCTAD, UNIDO, FAO: Under this modality, an Agency intervenes to execute the project, based on an assessment by the Government of the Agency's comparative advantage in a specific sector. Funds are transferred to the Executing Agency.
- ii. Execution by a development Agency such as GTZ, AFD, etc., based on their specific know-how, possible synergies with other programmes, etc. Funds are transferred to this Agency.
- iii. Execution by an NGO, a private sector consulting firm, a research institute or academic body, etc.: In this case, an NGO, a private sector consulting firm or a research institute or any other for-profit entity is entrusted with project execution, based on the specific know-how, reputation, country knowledge, etc., of the service provider. Funds are transferred to this entity.

The retained execution modality and related implementation arrangements must be clearly defined in the Tier 2 project proposal.

## **G. MONITORING AND REPORTING**

The day-to-day monitoring of the activities will be ensured by the NIU/FP in coordination with the Executing entity. During the execution of the project, there will be a continuous dialogue and close consultations with the DF and the ES.

A clear link will be established between the NIU/NSC and the projects funded under the bilateral window of Tier 2 to ensure that proper monitoring and coordination of all Tier 2 projects takes place according to the IF principles of country ownership and trade mainstreaming.

Under the supervision of the NSC, the NIU/FP will prepare, at least on an annual basis, project progress reports jointly with the Executing entity. These will be sent for information to the NSC, the DF, and the ES, and for transparency reasons and to facilitate access to information to all IF stakeholders will be put on the IF website. Based on such information, the ES will prepare consolidated reports on the status of Tier 2 projects to the IF Board and IFSC at their request.

For the specific reporting tasks of the ES on Tier 2 projects, reference is made to the TORs of the ES.

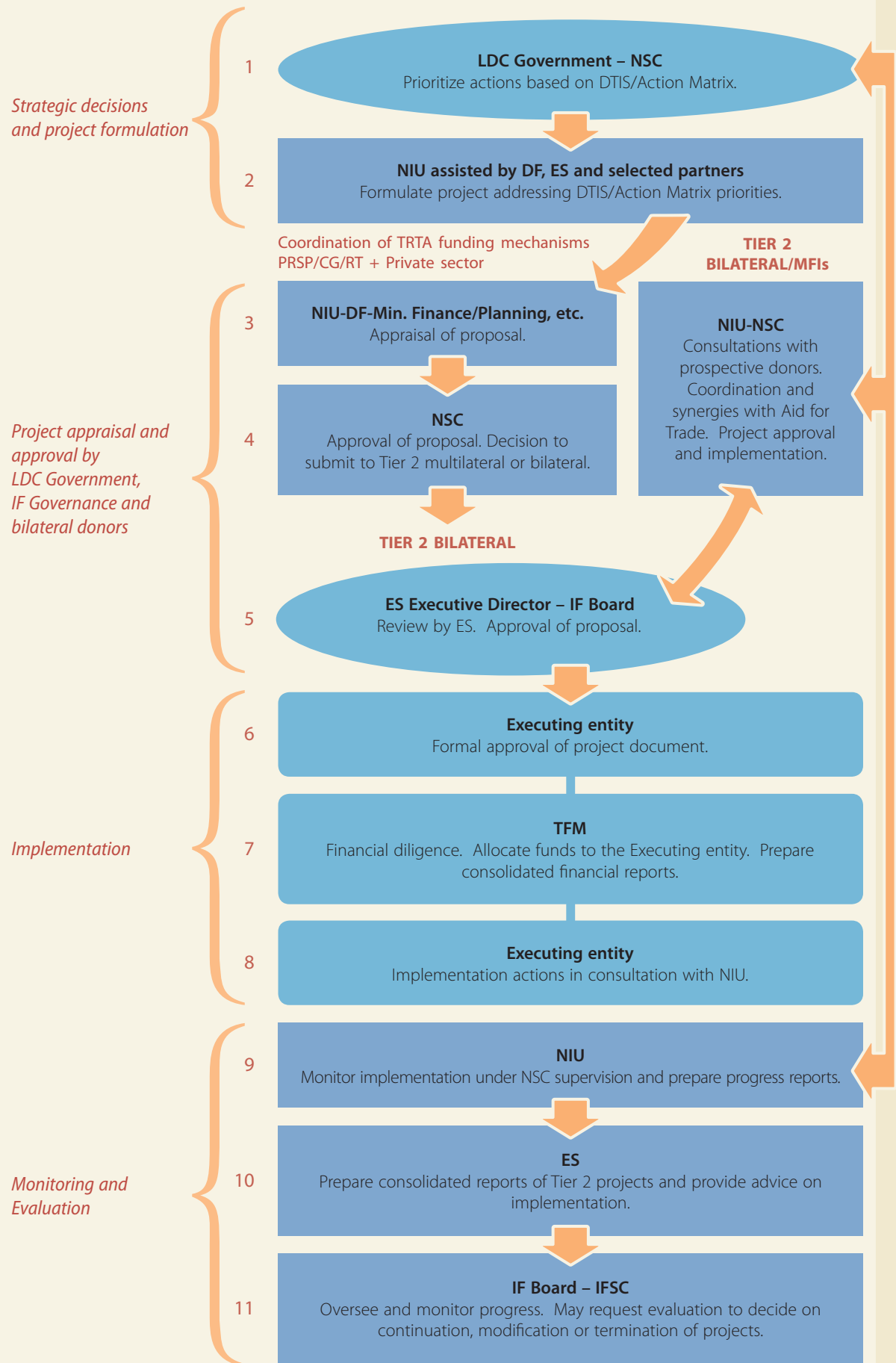
## **H. REVIEW AND EVALUATION**

Review and evaluation modalities will vary depending on the LDC and the specific project's content. Such modalities will be built into the project document and will contain all necessary details. The use of local mechanisms already in place for the PRSP is encouraged.

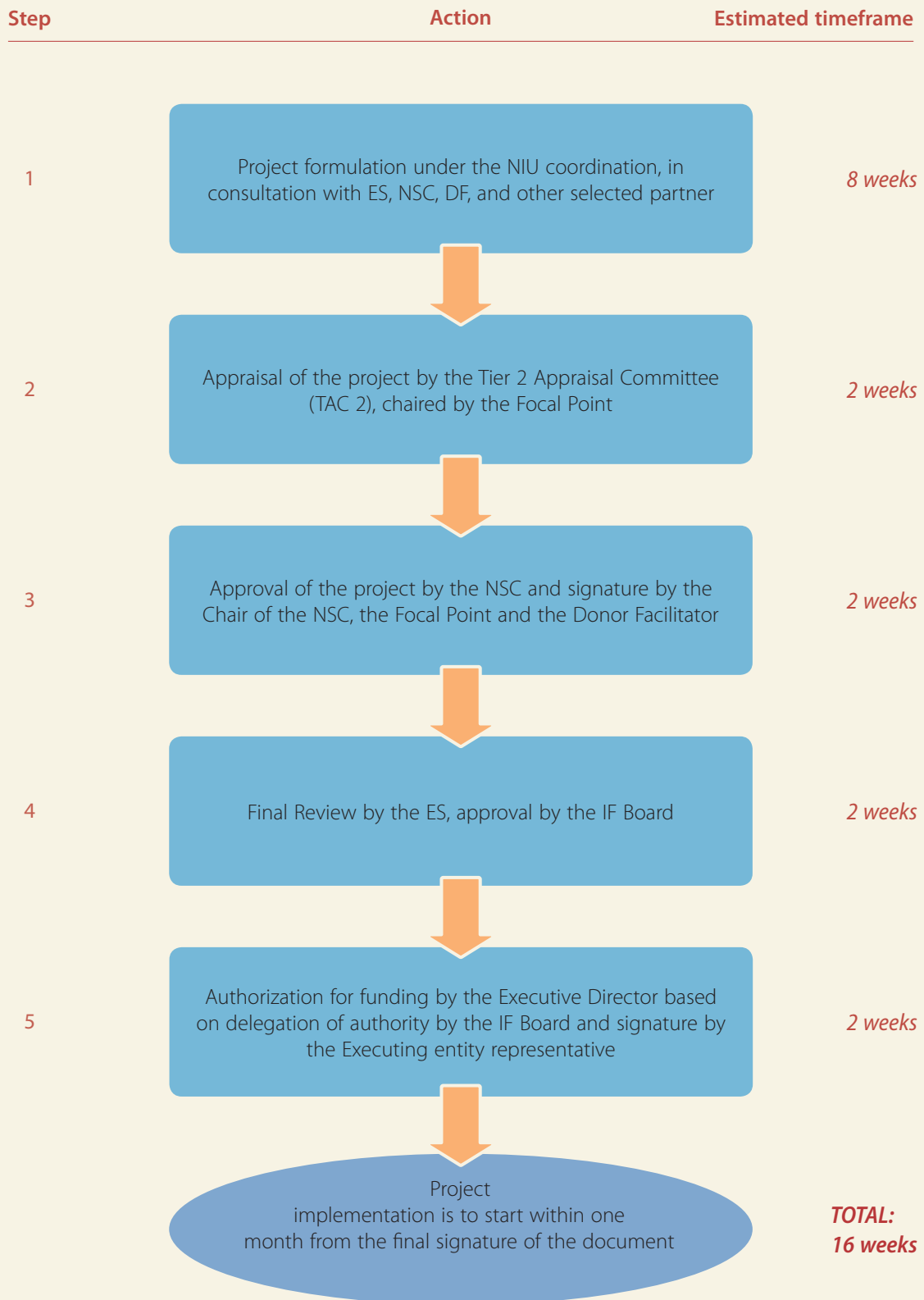
In any case, the ES, with the endorsement of the IF Board and the IFSC, may request that a mid-term review or an evaluation of specific Tier 2 projects be undertaken at any time during the course of the project's execution, even if not foreseen in the project document. In such cases, the ES/Executive Director will propose the modalities to carry out such review or evaluation in consultation with the NIU and the IF Board.

Based on the conclusions of the review or the evaluation, the IF Board can decide on the continuation, suspension, modification or termination of the project.

■ ANNEX III. A – Comprehensive Flow Chart of Tier 2 Projects



■ **ANNEX III. B** – Detailed Timeline for the Approval Process of Tier 2 Projects



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#### **IV. GUIDANCE NOTE FOR THE TERMS OF REFERENCE AND CRITERIA OF THE EIF NATIONAL IMPLEMENTATION ARRANGEMENTS: THE NATIONAL STEERING COMMITTEE (NSC), THE IF FOCAL POINT (FP) AND THE IF NATIONAL IMPLEMENTATION UNIT (NIU)**

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The present Guidance Note was prepared based on the Recommendations of the IF Task Force, which stressed that "the IF Focal Point should be strengthened through the creation of a National Implementation Unit (NIU)". The NIU is responsible for coordinating in-country IF activities and for IF implementation at the national level. To provide senior level engagement and coordination on trade policy and to provide political commitment, a high-level inter-ministerial committee should be established".

This Guidance Note was further discussed with the IF Focal Points at the Dakar workshop of 6-8 December 2006. Participants emphasized the need for the guidelines to be interpreted flexibly, possibly by providing only the description of the minimum necessary functions that National Implementation Arrangements (NIA) should ensure and an example of some types of additional activities that NIAs could undertake.

Accordingly, this paper contains some examples, which the LDC governments could use, in consultation with the other IF stakeholders, to decide on how to structure themselves with respect to the EIF and the consequent distribution of responsibilities and tasks among the national entities in charge of ensuring an effective and efficient implementation of the IF.

Thus, the specific TORs for each NIA will have to be developed in-country, taking into consideration the already existing IF institutional setup.

In line with the Paris Declaration on Aid Effectiveness, NIAs should normally be integrated into an existing governance structure and process, rather than a new independent entity isolated from the rest of the Government. In principle, the LDC Government shall appoint a Focal Point who could be supported by an NIU. Such a Unit should be an existing office, or if an appropriate office does not exist, created within an appropriate agency. The NIU will be provided by the LDC Government with the necessary authority and support.

The performance of the National Implementation Arrangements will be evaluated not only in terms of the proper management of Tier 1 and Tier 2 actions, but also with respect to mainstreaming results.

A diagram illustrating information flows and setting out an example of a possible inter-relationship among IF stakeholders is attached.

##### **A. THE NATIONAL STEERING COMMITTEE (NSC)**

###### **Necessary functions of the NSC**

1. Monitors the overall IF process and activities, including trade mainstreaming into the PRSP and other development plans.
2. Ensures effective coordination and buy-in among LDC Government institutions, the private sector, civil society and other IF stakeholders.
3. Based on the NIU's proposal, approves Tier 2 projects, in close consultation with the Donor Facilitator and the ES. A member of the NSC designated by the NSC Chair participates in the appraisal and approval process of Tier 1 projects.
4. Decides to submit Tier 2 proposals to the bilateral or the multilateral window of Tier 2.
5. Ensures that trade-related issues are included and receive due attention in donors' conferences, such as the Consultative Group Meetings and Round Table Meetings.

### **Examples of activities in support of the necessary functions that the NSC could undertake**

1. Monitors IF implementation issues and supervises the work of the NIU.
2. In consultation with other relevant line ministries, assesses the DTIS and its Action Matrix and approves prioritized interventions ensuring, if needed, the subsequent endorsement by the LDC Government.
3. Provides national space for discussion and identification of DTIS priorities and issues to be taken into account in the DTIS updating.

### **Suggested criteria**

1. The NSC should work closely with the governmental committee in charge of the PRSP or national development plan. Ideally, the NSC should be integrated into this Committee.
2. It is advisable that the NSC be composed of high-level members of the LDC Government, for instance from the Trade, Finance, Planning and Development Ministries, and representatives of civil society and the private sector. The IF Focal Point should also be a member of the NSC.
3. The NSC composition should ideally reflect that the IF's scope and process are broader than the traditional trade domain and encompass several development issues and dimensions.

## **B. THE IF FOCAL POINT (FP)**

### **Necessary functions of the FP**

1. Oversees the functioning of the NIU and advises the LDC Government on NIU staffing and operations.
2. Chairs TAC 1 and TAC 2 and decides, in consultation with the other members, to invite other representatives to participate in these committees.
3. Works closely with the relevant line Ministries, the Donor Facilitator, the ES, other donors and IF Agencies to ensure that TRTA projects are mainstreamed into the PRSP and respond to DTIS priorities.
4. Leads on the preparation of the DTIS and its updating.
5. Reports to the LDC Government and the ES on IF progress.

### **Examples of activities in support of the necessary functions that FP could undertake**

1. He/she could be the head of the NIU and coordinate the day-to-day work of the NIU. The FP or eventually an NIU Coordinator would provide continuous guidance and coaching to NIU staff. In some cases, a deputy FP could be considered.
2. Advises the LDC Government on NIU staffing, housing and operational issues.
3. Coordinates NIU expenditures.
4. Develops strong linkages with the ES and reports to it quarterly on IF progress.
5. Works closely with, and maintains, a continuous in-country dialogue with the private sector, civil society, the Donor Facilitator, other donors and IF Agencies.
6. Formulates the sensitization/communication action plan aimed at enhancing support and involvement of key IF stakeholders, to be implemented by the NIU.

7. Works closely with the Ministry of Finance and Planning to ascertain that DTIS priorities are mainstreamed into the PRSP and other national development plans, such as the Private Sector Development programme.
8. Reports regularly and no less than biannually to the NSC and the government authority responsible for overseeing the PRSP/national development plans.

### **Suggested criteria**

1. It is advisable that the FP be a civil servant sufficiently senior to command the authority and accountability necessary to move trade reform supported by the IF forward. The FP could be from the Ministry of Trade or from one of the core IF Ministries, i.e., Planning, Finance, Development, or the Prime Minister's Office or other involved institutions such as the Chamber of Commerce. The FP should be appropriately remunerated.
2. The FP should have development experience and understanding of how to consult with a wide group of stakeholders and have demonstrated success in previous endeavours.
3. Experience in areas such as project formulation and implementation, trade development, trade policy, and export strategy are necessary.
4. The FP must be dedicated to the IF process and related activities.

## **C. THE IF NATIONAL IMPLEMENTATION UNIT (NIU)**

### **Necessary functions of the NIU**

1. It is supervised by the IF Focal Point.
2. Works with the Ministries of Trade, Finance and Planning, and other Ministries and trade-related institutions, such as the Chamber of Commerce and the private sector and civil society to ensure coordination at all stages of the IF process.
3. Works closely with the ES, the Donor Facilitator and IF Agencies for the preparation of the DTIS, the formulation and appraisal of Tier 1 and Tier 2 project proposals and other TRTA actions, as appropriate.
4. Monitors the implementation of Tier 1 and Tier 2 projects under NSC supervision and reports on progress to the ES. Organizes, as appropriate, IF implementation meetings to assess progress of the IF initiative.
5. Works with all relevant partners to advocate for, and assist in, the inclusion of a trade integration strategy and its priorities in the PRSP or national development plans.
6. Prepares its multi-year work plan and a detailed annual operational plan.

### **Examples of activities that NIU could undertake**

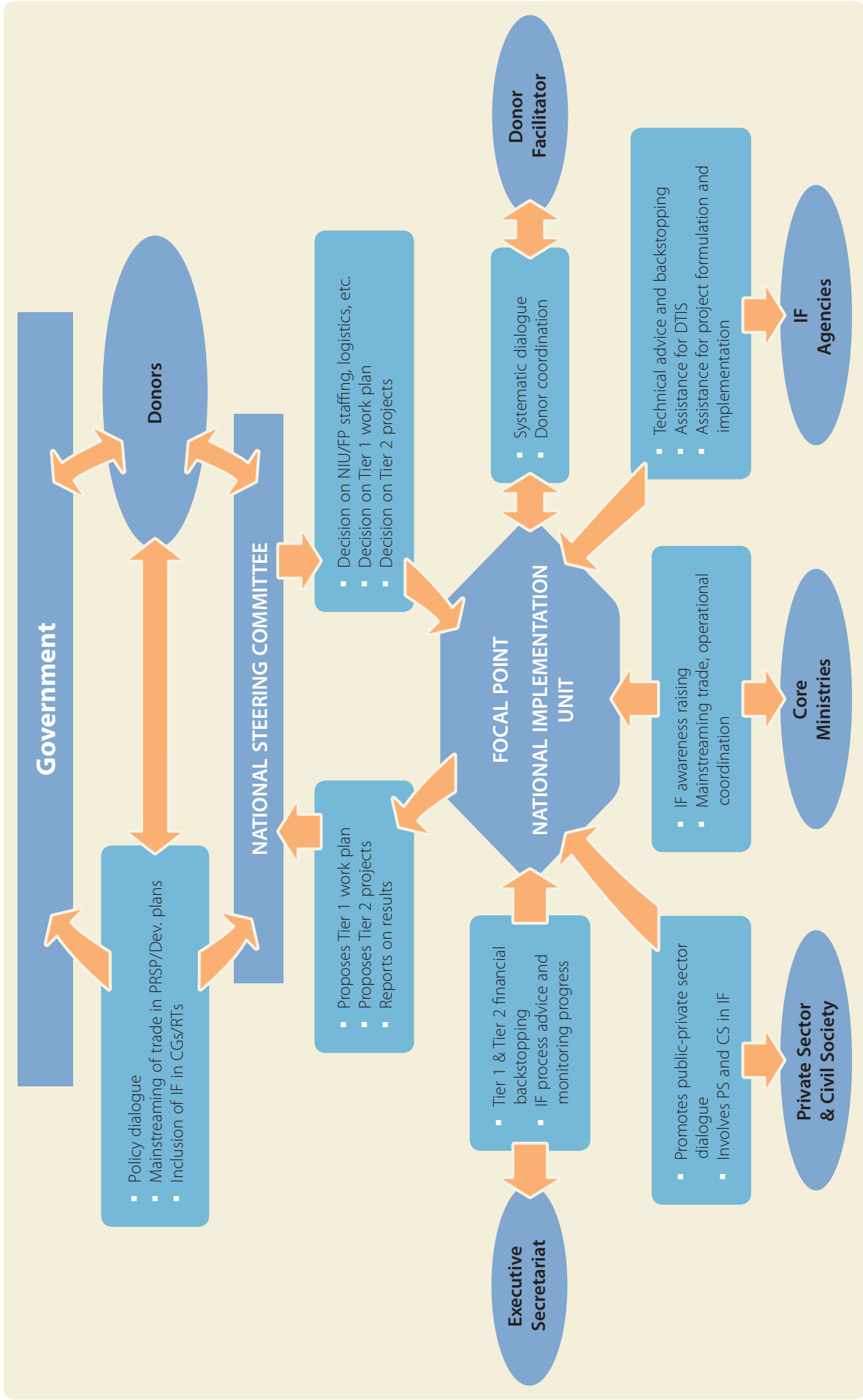
1. Raise awareness among Ministries, the private sector and civil society on the relationship between trade, economic growth, and poverty reduction with the aim of ensuring that agreed priorities are integrated into the PRSP/national development plans, relevant line ministry plans and the national budget.
2. Facilitate intra-governmental and donor coordination, as well as public-private sector dialogue on trade development, using proper consultation processes such as the PRSP, other national development plans and private sector development programmes.

3. Advise on sectoral and cross-sectoral trade issues, including the regional trade dimension, involving meaningfully the IF line Ministries, such as Agriculture, Public Works and Communications, etc.
4. Identify the preparation of diagnostic work to be carried out in partnership with other Ministries. This can range from full-fledged DTIS or DTIS updates to more narrowly specified analytical work that is required as a follow-up to the DTIS or to assist project identification/preparation.
5. Select, in consultation with the ES, one of the six IF core agencies, or other partners, according to their competence, that will assist in the preparation of the diagnostic work. To facilitate programming needs, the NIU would inform the ES on its diagnostic needs and request agency help as soon as possible, with a six-month previous notice.
6. Work with implementing partners to turn priorities in the action Matrix into "bankable projects", including Tier 2 projects and projects for the financial consideration of bilateral and multilateral donors. Implementing partners is broadly understood to mean Ministries, other LDC Government entities, the private sector, civil society, NGOs and other development partners.
7. Maintain and promote the dialogue between the national authorities and bilateral and multilateral development partners with a view to achieving a coordinated and comprehensive support to the implementation of the country's trade integration strategy, and its inclusion into the country's national development strategy (PRSP).
8. Recommend to the NSC, through the Focal Point, prioritized areas for IF actions and elaborate strategies of intervention.
9. Implement the national IF sensitization/communication activities aimed at enhancing support and involvement by local stakeholders.
10. Monitor the implementation of the overall trade integration strategy, including the implementation of programmes supported by the IF Trust Fund, in close collaboration with key government agencies (e.g., Ministry of Planning) as well as development partners (e.g., donors and IFIs). This would include the integration of an IF monitoring and evaluation system into existing systems for monitoring development programmes.
11. Report on progress of IF implementation at relevant government coordination meetings (e.g., PRSP, national development plans, Private Sector Development Programme, etc.) where they exist. Where these do not exist, organize quarterly meetings.
12. Report on IF implementation progress to the NSC and to the ES.
13. Prepare an inventory of all ongoing and planned TRTA projects in the country, if existing capacities allow for it.
14. Organize IF implementation meetings, in consultation with local stakeholders including donors, to assess IF progress at the country level.
15. Coordinate mid-term reviews and evaluations of the IF at the request of the IF Board and IFSC.

### **Suggested criteria**

The LDC Government is to decide on the best options to establish the NIU, including staffing requirements and NIU office venue. As an example, three/four members of the core IF Ministries could be seconded to the NIU for a given time and/or national consultants could be hired by the NSC.

Depending on the specific arrangement, some staff working full time for the NIU could be remunerated, according to local practices, under Tier 1 funds.



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## V. GUIDANCE NOTE FOR THE TERMS OF REFERENCE AND CRITERIA OF THE DONOR FACILITATOR (DF)

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The present Guidance Note for the Terms of Reference and criteria of the Donor Facilitator was prepared based on the Recommendations of the IF Task Force, which stressed that "to provide an effective response and avoid duplication of the agencies, donors and beneficiaries need to work together through local processes. To this end, it is vital that an effective local Donor Facilitator, with clear terms of reference adapted to the local situation, be appointed by donors in consultation with the local authorities".

This Note was also discussed at the Dakar Workshop of 6-8 December 2006 with the IF Focal Points.

The main objective of the DF is to help mainstream trade into donor programming to ensure timely implementation of the Action Matrix. The precise task of the DF will be based on a work programme to be elaborated in cooperation with the LDC Government.

The suggested Terms of Reference and criteria have therefore to be understood as guiding principles to be adapted with flexibility to each country-specific situation.

Specific TORs for the DF can be prepared in agreement with the concerned LDC and adapted to the specific situations. The DF will inform all other IF stakeholders accordingly of the existence and content of such TORs.

### **Necessary functions of the DF**

1. Assists the LDC Government to enlist and coordinate donor responses to the Action Matrix produced, including liaison with donors to ensure effectiveness, complementarity and harmonisation of interventions, including exploring the possibilities for pool funding arrangements for implementation of action matrix priorities.
2. Follows up on the Action Matrix, especially on donors' responses, to promote maximum coordination among donors.
3. Supports the NIU and the FP in the conduct of their responsibilities as per the established TORs.
4. Assists the NIU to formulate and appraise Tier 2 projects.
5. Assists the NIU to formulate and appraise Tier 1 projects and participates in their approval process.
6. Facilitates the LDC Government's contacts with the donors by functioning as a link between the donors and the LDC Government (when the LDC Government and donors so desire). This entails ensuring that all relevant pieces of information regarding the IF and its implementation are adequately transmitted to IF stakeholders, including from the donors to the Government and from the Government to the donors.

It also entails close coordination with, and being sensitive towards, the wishes of the National Implementation Unit and the National Focal Point.

7. Provides regular briefing updates to donors on IF progress and arranges for consultation and coordination possibilities for the donors present in the country.
8. Informs stakeholders, including the donors, on the progress and results of IF implementation.
9. Assists the local authorities in creating knowledge and understanding of the IF process in the country, especially at the higher political level.

### **Examples of the additional functions that the DF could undertake**

1. Supports the LDC Government in efficiently steering the IF process, possibly including the assessment of the institutional needs required and the establishment of the IF FP, NIU and NSC.
2. Advises, as appropriate, on the establishment/strengthening of inter-ministerial consultation mechanisms.
3. Supports the National Implementation Unit and its Focal Point in the conduct of its responsibilities as per the established TORs. This may include assisting in:
  - i. providing guidance and help in awareness-raising activities and in the preparation of documents for IF-related meetings with donor participation, such as the IF Validation Workshop, Implementation Meetings, CGs/RTs, etc.;
  - ii. reporting to the ES on activities undertaken and follow-up required.
  - iii. putting in place a structure for following up on the implementation of the Action Matrix and assisting in developing capacity to manage ODA;
  - iv. identifying and formulating priority projects from the Action Matrix that could be assessed by the National Steering Committee included in the Government's PRS/national development strategy and submitted to the donors for financing; and
  - v. keeping continued consultation with stakeholders.

### **Suggested criteria**

1. In principle, the role should be undertaken by the donor most active in the field of TRTA in the country; however, full commitment of the DF to the role is essential.
2. In the instance the Donor cannot allocate sufficient internal resources to undertake the role, it may be worth considering the possibility of enlarging the DF's team by employing a new person, eventually a national of the concerned LDC, to ensure the functions of DF as satisfactorily fulfilled.
3. The DF must be resident in the country, or at least in the region.
4. At the request of the LDC Government or the Donor Facilitator's Government, and after consultation with the key IF stakeholders in the country, the DF can be replaced by another donor.
5. The function of a deputy DF may be envisaged in certain LDCs.

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## VI. TERMS OF REFERENCE FOR THE INTEGRATED FRAMEWORK BOARD

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The Integrated Framework Board shall serve as the key decision-making body for operational and financial oversight and policy direction within the broad policy context set by the Integrated Framework Steering Committee (IFSC). It shall meet as necessary, at least every three months, to conduct its business. The IF Board shall report to the IFSC.

The work of the IF Board shall be guided by the principles set out in the Paris Declaration on Aid Effectiveness. The IF Board shall adopt detailed operational policies and business processes for the IF operations in line with these principles.

### Membership

The IF Board shall be composed of one representative each from the six IF agencies and by three representatives each of LDCs and donors.

The IF Board will revisit this composition within two years and decide in light of experience and the evolution of funding sources whether any adjustments are called for. The Executive Director (ED) will represent the IF Secretariat on the IF Board in an *ex officio* role and without voting powers and the Executive Secretariat (ES) will act as secretary to the IF Board. The Trust Fund Manager will be accorded observer status on the IF Board without voting powers.

The IF Board shall decide on the admittance of new agencies, beneficiary LDCs, donor countries or private sector contributors as *ad hoc* participants in its deliberations.

Members of the IF Board shall serve for a term of two years. The IF Board shall determine modalities to that effect, based on current best practice in board efficiency.

Members of the IF Board representing the interests of LDCs and of donors shall be responsible to their respective constituencies. Each constituency shall determine how to organize its representation at the IF Board level. It is, however, expected that Members serving on the IF Board will have substantial standing and experience in development assistance matters.

Members of the IF Board shall enjoy immunities in the exercise of their duties.

### Chairperson

The IF Board shall elect a Chairperson from its own current Membership. The Chairperson shall serve in an individual, not institutional capacity for a term of two years, to be renewable upon a decision of the IF Board for [one] additional term. The stakeholder constituency, which the Chairperson was previously representing, shall be entitled to nominate a replacement as its representative for the duration of the Chairperson's term.

### Decision-making

The IF Board shall normally make its decisions by consensus and shall make every effort to this end. In the event no consensus can be reached, the IF Board shall have recourse to a vote.

In such cases, the representatives of LDCs and donors shall each have one vote, and a simple majority shall be needed to make any decision. In the event of a tie, the Chair would cast a deciding vote.

In its Rules of Procedure, the IF Board is expected to establish suitable procedures to avoid any conflict of interest arising for individual members of the IF Board. In the event that it is deemed appropriate for members to exclude themselves from the decision-making process, this should not affect the overall weighting between the stakeholder groups.

## Functions

The IF Board shall perform the functions outlined below:

- Supervise the overall management of the IF process.
- Provide ongoing policy direction to the ES on operational and financial issues.
- Perform oversight of the Trust Fund management and take overall fiduciary responsibility, including independent auditing of accounts, while delegating specific agreed tasks to the Trust Fund manager. Approve the annual report and financial statements.<sup>3</sup>
- Establish clearly delineated delegation powers to the ED to authorise financial disbursements by the Trust Fund Manager for Tier One projects.
- Based on proposals submitted by National Steering Committees and reviewed by the ED, consider and approve country programmes and funding allocations for projects under Tier Two.
- Review and approve a multi-year Business Plan and the annual operational plan (programme of activities) prepared by the ED.
- Monitor country-specific progress and operations, including on the basis of in-country monitoring reports.
- Conduct periodic reviews and evaluations of IF activities.
- Decide on the admittance to the enhanced IF of new beneficiary countries, new donors and private sector contributors.
- Prepare recommendations for endorsement by the IFSC, with the assistance of the ED.

The IF Board may delegate specific operational tasks to the ES but shall remain responsible for their achievement.

## Rules of Procedure

The IF Board shall develop its own rules of procedure, to be endorsed by the IFSC.

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<sup>3</sup> This sub-paragraph needs to be reviewed in light of the outcome of work and future decisions on the precise role and responsibilities of the Trust Fund Manager.

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## VII. TERMS OF REFERENCE FOR THE IF STEERING COMMITTEE

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The IF Steering Committee (IFSC) shall serve as the overall governing body of the IF. It will have the same fundamental purpose and functions as the existing IFSC and as outlined by the Task Force on an Enhanced IF. It shall:

- Establish overall policy direction and oversee the work of the IF.
- Keep under review the overall effectiveness of IF operations.
- Promote coordination among participants.
- Ensure transparency of the IF process.
- Provide oversight on policy implementation and assess progress of the IF, including in implementing the overall goals of the IF.
- Keep under review the adequacy of resourcing of the IF.
- Provide a platform to ensure effective information-sharing on best practices at the in-country level throughout the IF process by holding periodic comparative reviews of country experience and engagement, defining evolving best practices and policies for consideration by the IF Board, IF Secretariat, LDCs, donors and agencies.

### **Rules of Procedure**

**Rules of Procedure:** The IFSC shall operate under standard WTO rules of procedure (set out in WT/L/161) *mutatis mutandis* except as otherwise specified below or by specific decision of the IFSC.

**Membership:** The IFSC shall be composed of all Least Developed Countries (LDCs) designated as such by the United Nations, the six IF agencies (the IMF, ITC, UNCTAD, UNDP, World Bank, and WTO) and all donors to the IF. The IFSC may decide, on the basis of recommendations made by the IF Board, to admit as new members other agencies and organizations in light of their contribution to the IF.

**Decision-Making:** IFSC members shall normally take decisions on a consensus basis and shall make every effort to this end. Where decisions cannot be arrived at on a consensus basis, the IFSC may have recourse to a vote. In such cases, a simple majority shall be needed to make any decision.

**Chairmanship:** The IFSC Chair shall be a Geneva-based representative of a country member of the IFSC. He/she shall be selected through a broad consultation process carried out by the incumbent Chair. In order to ensure continuity in the IF process, the period of appointment for the Chair shall normally be two years.

**Frequency of Meetings:** The IFSC will meet as often as necessary, but at least two times per year.

**Observers:** Members of the WTO that are not members of the IFSC shall have automatic observer status. Requests for observer status by non-Members of the WTO and other organizations or entities shall be considered on a case-by-case basis by the IFSC, taking into account the nature of work of the organization/entity concerned and the relevance of its work and contribution to the IF. The OECD, DAC, UNIDO and FAO should continue to be invited as observers. The participation of Regional Development Banks should be encouraged. Observers shall have no say in decision-making.

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## **VIII. TERMS OF REFERENCE FOR, AND FUNCTIONS OF, THE INTEGRATED FRAMEWORK EXECUTIVE SECRETARIAT**

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The IF Executive Secretariat will be administratively housed in the WTO. The Secretariat will report to the IF Board on policy and program implementation issues and to the Director General of the WTO on Secretariat administrative issues. Management of the IF Trust Fund will be undertaken by [a separate entity outside the WTO to be determined]. The Secretariat will be headed by an Executive Director (ED).

The overall mandate of the Executive Secretariat will be to ensure that the fundamental objectives of the Integrated Framework are met, in particular to 1) mainstream trade into PRSPs and/or national development plans; and 2) to assist in the coordinated delivery of trade-related technical assistance with a view to assisting LDCs to gain capacity to trade including by addressing short- and longer-term supply-side needs. Members have mandated that the Executive Secretariat should operate in a flexible, pro-active, service-oriented and creative manner and be consistent with the Paris Declaration on Aid Effectiveness.

In fulfilling the overall mandate, the Secretariat shall undertake the following functions:

### **Support LDCs' Participation in the IF Process**

- i. Provide general information on the IF process.
- ii. Respond to individual requests of LDCs for assistance in the IF process, including by troubleshooting and solving problems.
- iii. Assist LDCs to identify and select appropriate entities to undertake pre-DTIS and DTIS roles.
- iv. Assist LDCs in the post-DTIS phase, for example, in mainstreaming of trade and in identification of suitable expertise to formulate projects addressing DTIS and Action Matrix priorities.
- v. Assist LDCs (with relevant IF agencies/donors) in the establishment of the national institutional arrangements (focal point, National Implementation Unit, National Steering Committee, donor facilitator) and provide them with the necessary training on the IF process.
- vi. Assist with on-the-ground advocacy of the objectives of the IF.
- vii. Provide assistance as key IF contact points for individual IF countries, as necessary to facilitate LDC participation and communication with other stakeholders.
- viii. Assist countries in following the required IF procedures to gain access to Tier 1 and Tier 2 funding and providing any advice necessary for these purposes.

### **Support IF Governing Bodies (IF Board and IF Steering Committee)**

- i. Provide administrative and secretarial support for the IF Board and IFSC.
- ii. Review and authorize, under delegation of authority by the IF Board, payment for Tier I projects approved in-country.
- iii. Review Tier II project proposals put forward by the countries in support of the NIUs/NSC and IF Board approval. Implement and follow through decisions of the IF Board, under its guidance.
- iv. Draft papers at the request of, and under the guidance of the IF Board.
- v. Monitor and track implementation and developments throughout the IF process and prepare consolidated reports to facilitate IF Board and IFSC oversight and management.

- vi. Ensure transparency among all stakeholders and effective overall management of the IF process by the IF Board and IFSC through intensive information-sharing processes.
- vii. Assist in the preparation of the work programme, including the annual operational plan (programme of activities) submitted to the IF Board by the ED, which would include an annual programme of monitoring and evaluation of the IF process.
- viii. Develop IF business plans and budgets for the IF process and the IF Secretariat.
- ix. Ensure that adequate information is available to the IF Board to evaluate the effectiveness of individual projects and country programmes and identify any problems that may arise.

### **Coordination and Monitoring of IF Process**

- i. Oversee, provide support, including by trouble-shooting, and ensure effective coordination of the IF process, IF bodies and between stakeholders at all levels of the IF process.
- ii. Ensure that effective monitoring and evaluation are undertaken throughout the IF process, including assistance to LDC NIUs to establish and maintain their own monitoring processes, and monitoring of relevant bilateral aid.
- iii. Support all stakeholders in the IF process by ensuring timely and effective distribution of all relevant information.
- iv. Encourage communication between IF countries, focal points and donor facilitators to improve the IF process.
- v. Share best practices and common solutions to common problems with other IF beneficiaries, IF agencies and donors.
- vi. Design and ensure active communication between Geneva and capital-based officials, IF agencies and donors.
- vii. Serve as a clearing house for requests for assistance, encourage assistance by international agencies or donors with specific expertise, physical capacity and on-the-ground presence to deliver responses, particularly where these will help build local in-country capacity.
- viii. Establish appropriate relationships with regional institutions to support objectives of the Integrated Framework.
- ix. Liaise with other aid for trade mechanisms to ensure coordination at the international level.
- x. Explore strategies to include private sector engagement in the IF process.
- xi. *[NOTE: Need to determine appropriate program operational role, if any, following clarification of trust fund manager role and in-country operational mandates.]* [Further work is needed to refine the description of the Monitoring and Evaluation functions.]

### **Outreach**

- i. Advocate the IF in international meetings, and, as appropriate, with the media.
- ii. Advocate the IF to existing and potential donors, civil society, IF agencies, governmental communities and the private sector.
- iii. Assist in mobilizing resources for the IF, in particular, at the direction of the IF Board, on mobilizing funding.

- iv. Maintain and ensure a user-friendly website providing consolidated up-to-date and accurate "one-stop shopping" information on the IF and its goals, the evolution of the IF processes, individual country programmes and the IF's successes and challenges targeted to outside audiences.
- v. Work with the LDCs, IF Agencies and donors to expand knowledge of the IF through their respective public diplomacy processes.
- vi. Publicize successes of the IF.

**Other**

The Secretariat shall perform other functions relevant to the fundamental objectives of the Integrated Framework as may be decided by the IF Board.

Members of the Secretariat will be appointed on renewable, fixed-term contracts.

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## **IX. JOB DESCRIPTION FOR THE EXECUTIVE DIRECTOR OF THE EXECUTIVE SECRETARIAT**

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### **TITLE AND GRADE:**

Director – Grade 11

### **STARTING SALARY:**

Based on WTO rules and regulations

### **OTHER CONDITIONS:**

Position will be offered and, after hiring, be provided in accordance with WTO regulations and staff rules and WTO pension plan regulations. A package of expatriate benefits is available to those recruited internationally.

Reports to DG on administrative matters, with guidance on performance from IF Board; reports to IF Board on policy matters.

### **TYPE OF APPOINTMENT:**

Fixed-term for two years, with the possibility of extension.

### **EXPERIENCE/QUALIFICATIONS:**

- (a) Significant trade-related development experience and stature.
- (b) Strong hands-on leadership, management and team-building skills.
- (c) Familiarity with management of trade-related capacity development programs and knowledge of the multilateral trading system and the Integrated Framework.
- (d) Proven ability to function pro-actively, with a service-oriented, "can-do" and non-bureaucratic approach to management of programs.
- (e) Significant knowledge of the trade and development needs of low-income countries, PRSP/ national development processes, based on in-country experience.
- (f) Strong skills in programming, planning and budgeting.
- (g) Proven communication skills and experience in outreach activities and ability to engage and consult at very senior levels with a wide variety of stakeholders, including LDC Governments, the private sector and civil society, donors and IF agencies.
- (h) Knowledge of monitoring and evaluation of large multi-donor, multi-country initiatives and use of evidence-based policy development.

## **GENERAL FUNCTIONS/RESPONSIBILITIES:**

The Executive Director (ED) will have the primary responsibility of managing the IF Executive Secretariat which will be housed in the WTO. He/she will direct the Integrated Framework Executive Secretariat and will be responsible for fulfilment of all its responsibilities, as outlined in the Terms of Reference for the IF Executive Secretariat. The ED will report to the Integrated Framework Board on policy issues and to the Director General of the WTO on all administrative matters related to the operation of the Secretariat. In addition, in ensuring excellent support services are provided to LDCs, the ED shall;

- (a) Manage the IF Secretariat and its resources as per the TORs for the Secretariat.
- (b) Coordinate, facilitate and provide leadership and strategic direction to all IF processes, based on feedback from all stakeholders and results of monitoring and evaluation at the country and EIF-wide levels.
- (c) Assist the IF Board and IFSC in carrying out their policy and oversight responsibilities and assist the IF Board in establishing their Rules of Procedure.
- (d) Undertake planning and budgeting functions for IF policy and project implementation, on behalf and in support of the IF Board and IFSC oversight responsibilities.
- (e) Serve as the key public advocate for the IF in international fora and civil society and business communities.
- (f) Direct mobilization of resources for the IF.
- (g) Define detailed job descriptions for all IF Secretariat positions necessary to fulfil the tasks outlined in the TORS for the Secretariat, work with the WTO Human Resources and Administration and General Services Divisions on recruitment of staff and establish a manual of operating procedures for the Executive Secretariat.
- (h) Manage resources and materials designed to improve communication between and within all levels of IF stakeholders.

## **LANGUAGES:**

Fluency in English and French.

## ■ ANNEX IX. A – Selection Process

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The ED will be selected through the following process:

1. The foregoing job description will be converted into a WTO job advertisement.
2. The WTO will submit the job solicitation to a variety of major international journals.
3. A selection committee composed of IF Board Members and representatives of the WTO Secretariat will be established to review all applications.
4. The selection committee will forward its recommendations, in ranked order, to the WTO Director General, who will proceed with the ED appointment, based on the selection committee's recommendations. If the Director-General does not feel able to act on this basis, he will consult with the selection committee.

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## **X. TERMS OF REFERENCE FOR THE TRUST FUND MANAGER**

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### **Introduction**

The Enhanced Integrated Framework is financed through a multilateral Trust Fund (the Trust Fund) and bilateral contributions. The services of a Trust Fund Manager (TFM) are required to manage the former. The TFM shall act as trustee, disburse financial resources allocated to projects, provide reporting on all financial aspects of the Trust Fund, and fulfil other functions as mutually agreed with the IF Board. The TFM will work closely with the Executive Secretariat (ES) and will be responsible to the IF Board through the Executive Secretariat.

### **General Provisions**

The TFM will follow its own financial policies, rules and audit procedures. These policies, rules and audit procedures will be consistent with the objectives and modalities of the enhanced IF. Any proposed amendments to these policies, rules and audit procedures will be notified to the ES and mutually agreed on by the IF Board and the TFM. If modifications to the financial rules and audit procedures are required in order to meet the requirements of the IF, these amendments will be jointly agreed by the IF Board and the TFM. The TFM will be accorded observer status on the IF Board.

### **Trustee Function**

The TFM will have responsibility for the Trust Fund's financial resources. This responsibility includes the following functions:

- i. Acceptance of pledges;
- ii. Conclusion of agreements with contributors;
- iii. Administration of the Trust Fund, including:
  - collection, custody, and investment of voluntary contributions;
  - preparation of cost plans;
  - disbursements; and
  - financial reporting.

Contributions shall be credited to the Trust Fund in a timely fashion.

### **Preparation of Budgets**

The TFM will assist the Executive Secretariat in the preparation of annual and biennial budgets. These budgets are subject to approval by the IF Board.

### **Allocation of Funds to the Executive Secretariat**

Following approval by the IF Board of the budget, the TFM will transfer the approved amount to the WTO in its capacity as the administrative host of the Executive Secretariat.

### **Projects Financial Management**

The TFM will be responsible for the financial management of resources allocated for projects. A project is defined as an activity approved by the IF Board or the Executive Secretariat in accordance with the rules and delegations of authorities these two bodies agree on. Each project will identify an

implementing agency, which will receive payments from the TFM for the purposes of the project and will enter into financial agreements with the TFM to this end. Project financial management activities undertaken by the TFM will involve:

- i. Concluding financial agreements as necessary with implementing entities;
- ii. Advancing funds to approved projects in a timely manner and in line with the terms of the respective agreement;
- iii. Receiving project reports, including financial reports and narrative reports from implementing entities;
- iv. Ensuring that expenditures are audited and recording the same in books of accounts and projects data base;
- v. Closing project accounts;
- vi. Reconciling bank transactions;
- vii. Closing accounts at the end of the year;
- viii. Internal Auditing of accounts.

## **Reporting**

The TFM will provide a comprehensive annual financial report and narrative report to the IF Board through the ES in a format to be jointly agreed on between the TFM and the IF Board. This report will include information on disbursements to projects. In addition, and at each IF Board meeting, the TFM will provide the IF Board with a financial update, including remaining commitment authorities. The TFM will make available to the Executive Secretariat on request copies of documents, including contribution agreements with donors.

## **Performance of the TFM**

Performance indicators on which to evaluate the TFM will be developed by the IF Board. These performance indicators will include the maximum time for a contributed amount to be credited to the Trust Fund, the parameters the TFM is responsible for checking before making a disbursement, and the maximum time for the TFM to make a disbursement. The IF Board will establish a process to deal with complaints in cases in which the TFM is perceived to have not fulfilled its stated duties.

## **Additional Activities**

The TFM will keep under review the financial management of the Trust Fund and as appropriate make recommendations to the IF Board on measures that would improve the effectiveness and efficiency of its operations.

The TFM will keep under review the level of resources and commitment authority available in the Trust Fund and make recommendations to the IF Board as appropriate on the need to undertake fund-raising, including formal replenishment processes.

## **Terms of Engagement**

The TFM will receive a fee for the services provided. The fee will be agreed on by the IF Board. Any modification to the agreed amount, or to the manner in which the TFM is financially compensated, shall be jointly agreed on by the IF Board and the governing body of the TFM.

The TFM will be engaged for an initial five-year period. The services of the TFM may be re-engaged for subsequent periods by mutual consent and following a performance review and the approval of

the IF Board. The TFM shall not terminate the performance of its duties without the consent of the IF Board. The engagement of the TFM can be terminated by the IF Board for cause.

The current TFM will fulfil the functions of TFM until such time as the section process has been concluded and an agreement has been reached with the new TFM. It is understood that it may be necessary to amend current arrangements to take into account the requirements to launch the enhanced IF.

**Conflict of Interest**

The TFM or its parent organization shall not enter into an agreement to implement any project funded by the trust fund without the prior approval of the IF Board.

## ■ ANNEX X. A – Selection of the TFM

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The TFM will be selected by means of the following process:

Interested entities will be invited to provide a written proposal and/or presentation in response to these TORs. The proposal and/or presentation will include, inter alia, a cost component;

Proposals will be reviewed by a committee of IF country members, chosen by the Chairman of the IFWG or IF Board. This committee may be assisted by an independent consultant. The committee will recommend to the IFWG or IF Board the entity to be invited to act as the TFM. IF agency members of the IFWG or IF Board shall be recused from taking a decision on the selection of the TFM;

The IFWG or IF Board will authorize the IF Secretariat to negotiate a contract or other appropriate arrangement with the entity it decides to invite to act as the TFM.

### **Selection Criteria**

In selecting the TFM, the following attributes will be taken into account:

- i. Financial rules and audit procedures, which will allow it to fulfil the audit and financial management functions outlined above;
- ii. A proven track record of prudential management of an investment portfolio;
- iii. Flexibility to adapt its procedures to the exigencies of the IF;
- iv. Representation in most potential IF client countries, or be able to enter into agreements with local service providers in most potential IF client countries;
- v. A solid track record of running multi-country, multi-donor trust funds;
- vi. A demonstrated track record in working closely with international agencies and/or donor and developing country governments;
- vii. A client-service ethos;
- viii. Have a knowledge of government institutional processes;
- ix. Can provide the services required in a cost-effective manner;
- x. Is willing to enter into a long-term commitment, and, if the entity is drawn from the private sector, is willing to provide a security bond or similar security;
- xi. If the entity or its parent organization has the capacity and interest to enter in program delivery, an appropriate mechanism to ensure that there will be no conflict of interest.

The committee will inform interested parties of the relative weight assigned to these criteria.



