Globalisation at the Crossroads

Rethinking Inequalities and Boundaries

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CASE of EIF: A Specially Created Partnership and Coordination Mechanism

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Objectives

1. To present the case of EIF: A Specially Created Partnership and Coordination Mechanism to provide support to LDCs
2. To explore the complexity of the EIF in coordinating between various IOs, Donors, Beneficiaries to achieve trade capacity building within EIF structure
3. To reflect on the challenges in achieving SDG 17.11, e.g. Regarding policy coherence

SDG 17 : Strengthen the means of implementation and revitalize the global partnership for sustainable development Partnership

Trade: Target 17.11 and Indicator 17.11.1

17.11	17.11.1
Significantly increase the exports of developing countries, in particular with a view to doubling the least developed countries' share of global exports by 2020	Developing countries' and least developed countries' share of global exports

Achieving this target will require boundary spanning and partnerships both at the domestic and international fronts

Achieving SDG Target 17.11

- Domestically, this means that the Ministry of Commerce/Trade needs to coordinate with other line ministries who are responsible in developing goods and services for international trade
- LDCs need market access (remains limited), exportable supplies-products (threat of tariff escalation) and effective development aid

What is IF?

- A Multilateral entity created to assist LDCs mainstreaming trade and align trade with development
- Multi-stakeholder partnership of beneficiaries, International Organisations (IOs) and donors

IF Normative Framework

Overarching goal: to enhance the capacity of the LDCs to integrate into multilateral trading system in order to reduce poverty and benefit from increased market access.

Strategic Objectives

- To mainstream trade into LDC's National Development Plans such as Poverty Reduction Strategy Papers (PRSP)
- To assist in the coordinated delivery of Trade-Related Technical Assistance (TRTA) in response to the needs identified by the LDCs
- To develop the capacities of the LDCs to trade, including capacity building and addressing supply constraints

Strategic Principles

- Country ownership of the process
- Tripartite partnership: LDCs, donors and EIF Agencies
- Demand driven and tailor-made approach
- Participatory approach, specially by Involving the private sector at all stages

IF Strategic Context

The EIF is both a trade development strategy and a trade development program in support of the LDCs

Trade development strategy
(Facts and Assumptions)

- There is strong relationship between trade and economic growth
- There is not automatic link between trade, economic growth and poverty Reduction
- The combination of trade reforms and poverty reduction strategies tend to increase poor countries welfare
- Sound institutional and policy mechanisms both at international and national levels can make possible that poor countries expand their share of Income generated by trade

Trade development program
(operational strategies)

- Mainstreaming trade into national policies and poverty reduction strategies
- Fostering national ownership of trade policy reforms
- Strengthening national capacities for trade policy formulation and implementation

Least Developed Countries

The Least Developed Countries (LDCs) are the focus of the EIF. LDCs are countries, which exhibit the lowest indicators of socio-economic development. A country is classified as LDC if it meet three criteria and does not have a population larger than 75 million:

- A *low income* criterion based on GNI per capita
- A *human assets* criterion based on the HDI
- An *economic vulnerability* criterion involving a composite index based on indicators of natural shocks, trade shocks, expose to shocks, economic smallness and economic remoteness

Africa (33 countries)			**Asia** (10 Countries)	**Oceania** (5 Countries)	**Americas** (1 Country)
Angola	Eritrea	Rwanda	Afghanistan	Kiribati	Haiti
Benin	Ethiopia	Sao Tome and Principe	Bangladesh	Samoa	
Burkina Faso	Gambia	Senegal	Bhutan	Solomon Islands	
Burundi	Guinea	Sierra Leone	Burma	Tuvalu	
Central African Republic	Guinea-Bissau	Somalia	Cambodia	Vanuatu	
Chad	Lesotho	Sudan	East Timor		
Comoros	Liberia	Tanzania	Lao People’s Democratic Republic		
Democratic Republic of the Congo	Madagascar	Togo	Maldives		
Djibouti	Malawi	Uganda	Nepal		
Equatorial Guinea	Mali	Zambia	Yemen		
	Mauritania				
	Mozambique				
	Niger				

POTENTIAL BENEFITS OF IF INCLUDE:

- Immediate benefits include:
  - Incorporation of trade into national development strategy (PRSP)
  - Identification and prioritization of trade-related issues
- Mid-term benefits include:
  - Coordinated funding aligned to priorities
  - Enhanced sectoral strategies
  - Greater use of international standards for testing, labeling, and certification and corresponding wider market access
- Long-term benefits include:
  - Increased trade and investment volumes
  - Improved access to advanced production technologies
  - Increases in productivity, competitiveness, and consumer choice

THERE WERE A NUMBER OF OBSTACLES TO SUCCESSFUL IMPLEMENTATION DURING THE IF PHASE:

- Overly Broad Mandate
- Asymmetrical Ministerial Authority
- Poor Interministerial Coordination
- Weak Public-Private Sector Consultation
- Inadequate Country Ownership
- Low Trade Capacity - Human Capital

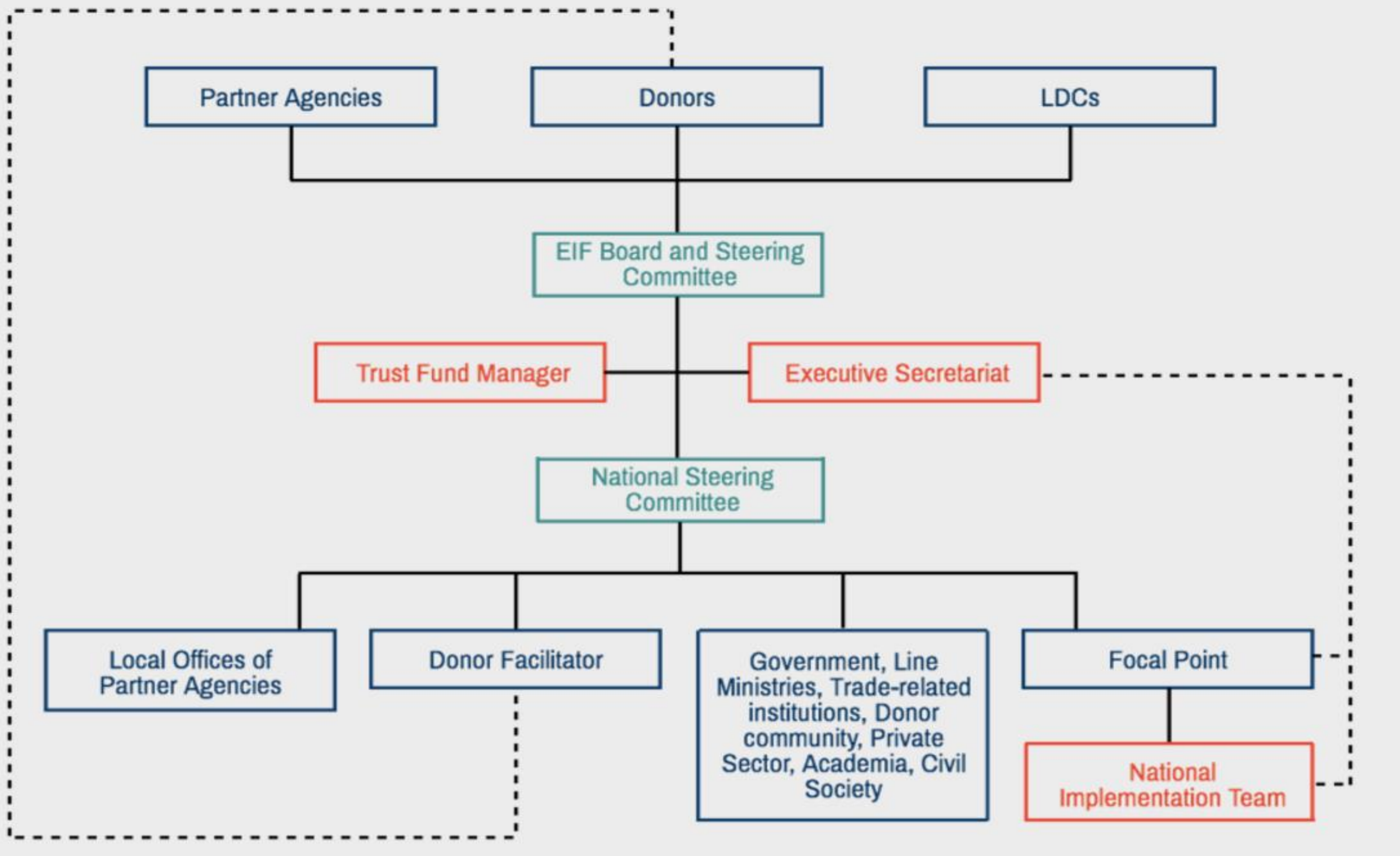
- Fatigued Donor and LDCs
- Unsatisfactory Donor Coordination
- Adverse Political Timing
- Mismatched Expectations
- Variable Action Matrix Form and Methodology

(Source: Study for USAID, 2005)

From IF to EIF

- **“Integrated Framework” Programme, created at the 1996 WTO Ministerial Conference in Singapore and launched in 1997 during the High Level Forum on LDCs (but considered ineffective).**
- **Resulting in international efforts to improve policy coherence by relaunching the IF as Enhanced Integrated Framework (EIF) Partnership in 2006**

EIF Governance Structure



THE EIF FUNCTIONS ON TWO BASIC LEVELS:

- At International Level
  - EIF Working Group (6 IOs: IMF, ITC, UNCTAD, UNDP, World Bank, and WTO + 3 LDCs + 3 Donors+ WTO LDC Group Coordinator)
  - EIF Steering Committee (22 members)
  - EIF Trust Fund: 17 donors pledged US$250 million by the end of 2017
- At National Level (EIF Structure)
  - National Steering Committee
  - National Implementation Unit
  - Focal Point
  - EIF Donor Facilitator

International Trade Centre

THE EIF FUNCTIONS ON TWO BASIC LEVELS:

- **National Level EIF Structure**
  - **National Steering Committee**
    (-A national forum for the trade dialogue with relevant stakeholders
    -An Aid for Trade steering committee, including for EIF projects, enabling the monitoring the implementation of the projects
  - **National Implementation Unit**
  - **Focal Point (leads)**
  - **EIF Donor Facilitator (facilitates donor coordination and the donor-government dialogue on trade issues and Aid for Trade)**

THE EIF PERFORMANCE ENHANCEMENT WORK INSTRUMENTS:

- Standardised Diagnostic Trade Integration Study (DTIS) Template, based on logframe and Action Matrix
- Results Based Monitoring and Evaluation Procedures & Reporting Requirements
- Role of Trust Fund Manager appointed by the Board but not part of EIF programme structure

Gaps in DTIS: trade policy coherence between key line ministries not addressed

- Domestic and Global Supply and Value Chains require inputs from different line ministries (e.g. electricity, water, transport, education, finance, health etc.)
- Each sectoral input for the DVC-GVC should be led by the respective line ministry and be coordinated with other ministries
- Lack of trade policy consultation between ministries, enterprises and civil society

Example of incomplete DTIS of Benin regarding Country Commodity Development Strategy Map

COUNTRY: BENIN

Commodities: 1. Cotton 2. Cashew nuts 3. Pineapple 4. Shrimps & fish

CRITERION	POLICY				INSTITUTION				ENTERPRISE			
	1	2	3	4	1	2	3	4	1	2	3	4
Warehousing and storage												
Electricity												
IT and Telecom												
Transportation												
Production inputs												
Processing the production inputs												
Standard setting												
Quality culture												
Quality infrastructure												
Distribution system												
Business linkages												
Pricing mechanisms												
Investment climate												
Social and environmental sustainability												

Key:

Shaded cells indicate correspondence of DTIS text with criterion

Blank cells indicate absence of DTIS text with respect to the criterion

Total no. of cells (No. of criteria x Levels of intervention x No. of commodities) =14 x 3 x 4 = **168**

Correspondence of DTIS to the criteria = **26 (15%)**

What Worked? What Not?

- **Review of the Trust Fund Manager's Operational Tools & Procedures (2014)**

To what extent are donors increasingly aligning their trade related assistance to the priorities in the DTIS AM?

(Source: EIF Evaluation Survey, 2014, p.21-22)

Change?	Overall (n = 77)	Donors (n=17)	Donor Facilitators (N=29)	NIU Staff (N=29)	FPs (N=19)
Not at all	5%	6%	8%	3%	5%
Marginal	27%	29%	17%	28%	37%
Fair extent	29%	18%	42%	21%	37%
Great extent	8%	18%	17%	45%	5%
Don't know	8%	18%	17%	0%	5%
No answer	6%	18%	0%	3%	5%

High Operational Costs

The method for programme and financial management has proven more costly than anticipated. The *EIF Compendium* indicates that the Board is responsible to ensure the EIF administrative fees and costs are no more than 13 per cent of the total contributions to the EIFTF.[49] As of October 27, 2014, however, the administrative cost had already reached 12.61% of the USD 250 million funding target and 15.68% of the funds received into the EIFTF. It is anticipated that if the full USD 250 million is disbursed by the end of 2017, the administration costs could reach 19%. However, given the yearly pace of disbursements to projects it is highly unlikely that the full USD 250 million will be made available and disbursed. This means the administrative costs could rise above 20%.

(Source: Evaluation of the EIF, 2014, p.33)

EIF Funding dwarfed by bilateral aid of key donors

- 24 donors disbursed US$204 Million (2008-2015), US$ 90 Million were pledged and only US$ 70 Million committed (2016-2022)
- In contrast bilateral aid is much higher:
  - EU through its Aid-for-Trade programme committed EUR 2.6bn in 2013 alone, an increase of 7% compared to EUR 1.8bn in 2012 (http://ec.europa.eu/trade/policy/countries-and-regions/development/aid-for-trade/)
  - USAID spent 2.7bn US$ in TCB in 2001-2008 in Developing Countries (USAID, 28 Nov 2010)

Closing Remarks

- Coordination amongst stakeholders of EIF not satisfactory (IOs and donors).
- EIF support should go beyond technical "hardware", e.g., manuals, toolbox, measures, work compendium etc.
- Instead, the relational aspect of support should be increased through building "trust" and shared values in Geneva and in the field (social capital formation).
- EIF Board members need to let go of micro-management, competition for resource allocation and reduce politizicing the EIF process

Closing Remarks 2

- IOs, as intermediary actors, need to emphasise more their bridging and "diplomatic" role to facilitate constructive interactions between donors and beneficiary countries; and should deemphasize their role as "national sales representative" and stop over controlling the recipient countries in fulfilling their obligations

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Merci

Hvalae

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Salamat

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