

## Evidence based Monitoring System for effective Aid for Trade

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### **Abstract**

This paper focuses on the criteria of “Paris Declaration 11: Need for Monitoring” and suggests a stronger focus on monitoring and less on evaluation of Aid for Trade (Aft) and Enhanced Integrated Framework (EIF) programmes and projects. The authors examine monitoring & evaluation as a means to assist partner countries in developing their own governance capacity in managing their development process and in better leveraging Aid for Trade based capacity development programmes and projects. In conclusion, the authors propose an outline for an Evidence-Based Monitoring System as the backbone of the Aid for Trade and EIF implementation process. The authors also suggest that while Monitoring and Evaluation are complementary instruments of development aid, the stakeholders of Aft/EIF (beneficiaries, donors and experts) should put much more emphasis on monitoring than is the case at present. This proposed monitoring system could provide the missing link for effective inter-ministerial coordination and for ensuring the quality of evaluations.

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## **Introduction**

In many Least Developing Countries (LDCs), external trade is an important source of revenue and economic growth. Globalisation of the economic system has intensified the competition between nations pitting actors of various weights and competence against each other with unified rules and open market access. Since the Doha Development Round launched in 2001, strengthening trade-related capacity and enhancing their trade performance have been recognised as crucial for the LDCs to benefit from their participation in the multilateral trading system and trade negotiations. In this regard, challenges are greater and more difficult to surmount since the high volume and standardised products and services continue to lose their cash value and consumer appeal while niche markets demand continuous innovation for specialised products and services.

A number of technical assistance instruments have been implemented by donors and the international community. However, the results have not been promising. These targeted technical assistance programmes are yet to deliver the results that are expected to improve standards of living of growing populations through improved trade performance in the LDCs. There are many factors contribute to this disappointing outcome. In the context of Aid for Trade<sup>2</sup>, it was recognised that the Aid for Trade Initiative has been successful in raising the profile of trade as a development tool, but real success requires the assessment of aid-for-trade outcomes and impacts in terms of trade capacities, poverty reduction and environmental sustainability.<sup>3</sup> Assessing impact of aid-for-trade programmes has been hampered by various factors ranging from lack of common definitions, diverse objectives, varied approaches among donors, to multiple channels of resource allocations and to the lack of coherent and high quality information on the ground. Programme and project evaluation at the impact level therefore remains challenging and subjective.

Shortcomings concerning aid-for-trade evaluation lay in “the absence of a results-based design in most projects and the poor use of monitoring and evaluation tools”<sup>4</sup>. The recent publication of a draft “Quality Standards for Development Evaluation” by the OECD (2010)<sup>5</sup> is a bold step toward the right direction. However, this Quality Standards falls short in addressing the fundamental challenge existing in many of the developing countries regarding their governance capacity in steering and managing the development processes and aid inputs.

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<sup>2</sup> Aid for Trade is about providing financial and technical assistance to developing countries, especially the LDCs, to help them build up their supply-side capacity and strengthen their trade-related infrastructure to enable them to produce and trade more. [http://www.wto.org/english/thewto\\_e/coher\\_e/mdg\\_e/a4t\\_e.htm](http://www.wto.org/english/thewto_e/coher_e/mdg_e/a4t_e.htm)

<sup>3</sup> OECD (2009). *How to evaluate aid for trade? A scoping note*. <http://www.uneca.org/atpc/events/100531aide4trade/HowtoEvaluateAid-for-TradeMichaelHynesOECD.pdf>

<sup>4</sup> OECD (2006). *The Development Dimension. Aid for Trade: Making it effective*. <http://www.oecd.org/dataoecd/27/14/37198197.pdf>

<sup>5</sup> OECD (2010). *Quality Standards for Development Evaluation*. <http://www.oecd.org/dataoecd/55/0/44798177.pdf>

The current approach to strengthening the aid-for-trade management continues to under-estimate the importance of a robust monitoring system for the LDCs which would be aligned to the national development objectives and strategies. Without such a management information system based on evidence accumulated through careful tracking, it will not be possible for the partner countries to receive on-going feedback in order to fine tuning their development policies and implementation strategy. Routine mid-term reviews and end-of-the pipe evaluations do not provide timely information for possible correction at the implementation level, nor institutional learning at the policy level.

A round table discussion on this issue (organised by the CSEND) with LDC representatives revealed that all the capacity building activities in trade-related issues were not accurately followed, monitored nor assessed in a set standard format and framework. It hinders effective continuation of trade-related capacity building activities as they are often not based or designed based on correct data and information that shows what has been done and what has been left out by the past activities. In addition, the recent study conducted by UNDP on “Commodity Development Strategies in the Integrated Framework” calls for policy coherence, harmonised international development assistance and for building robust national agencies with strong policy coordination and monitoring instruments for efficient and effective use of aid funding.

Initiatives like Aid for Trade and the Enhanced Integrated Framework<sup>6</sup> (EIF) target the needs of developing and least developed countries to integrate more fully into the multilateral trading system, while pursuing a path of sustainable economic development and poverty reduction. Trade is viewed as an engine of such growth and development, but is itself dependent on the existence of adequate capacities, both human and infrastructural. Capacity building is crucial to the implementation of Aid for Trade and other development policies to integrate LDCs, DCs and transition economies into the world economy.

Experience in implementing capacity building initiatives under the trade-related technical assistance activities of the WTO, or by bilateral donors and multilateral organisations and programmes like the EIF, have highlighted the need for 'coherence' and 'effectiveness' in all such endeavours. The Aid for Trade and EIF Task Forces has underscored the relevance of the Paris Principles on aid effectiveness<sup>7</sup>. The Paris Declaration recognises capacity building as a key

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<sup>6</sup> The Enhanced Integrated Framework (EIF) is the mechanism assisting LDCs to strengthen their productive capacity. Through the EIF partnership, LDCs combine their efforts with those of EIF donors, core agencies and other development partners to respond to their trade development needs so that they can become full and active beneficiaries of global economic growth. [http://www.integratedframework.org/enhanced\\_if.htm](http://www.integratedframework.org/enhanced_if.htm)

<sup>3</sup> Report of the Chairman of the Task Force on an Enhanced Integrated Framework: WT/IFSC/W/15, 29 June 2006; Recommendations of the Task Force on Aid for Trade; WT/AFT/1, 27 July 2006. <sup>2</sup> “Three reasons why the Paris Declaration will make a difference significantly increase the impact of aid”, The Paris Declaration, Development Co-Operation Directorate (DCD-DAC), [http://www.oecd.org/document/18/0,2340,en\\_2649\\_3236398\\_35401554\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/18/0,2340,en_2649_3236398_35401554_1_1_1_1,00.html), accessed 29.09.2008

element for improving development results and stresses *ownership, aid alignment, harmonisation and mutual accountability*. The 12 indicators of progress contained with the Paris Declaration establishes consistent and visible measures “to track progress against the broader set of partnership commitments”<sup>8</sup> and in doing so is designed to improve transparency, accountability and efficient use of scarce development resources.

However, despite years of reiterating the benefits of the Paris Declaration by donors and experts alike, the reality on the ground is disturbingly sombre. The most recent OECD survey on monitoring the Paris Declaration and effective aid declares that:

*“Less than 10% of countries have sound frameworks to monitor and assess development results. While some progress has been made since 2005, an enormous effort will be required to meet the target of 35% by 2010”<sup>9</sup>*

Many developing countries currently lack appropriate and adequate tools to effectively manage their own capacity development processes, which thereby jeopardises the sustainability of TA programmes and projects. The lack of strategic management tools in host country actors often result in unsuccessful project completion which in turn leads to reactive donor-driven evaluation studies to find out what went wrong and how.

### **Capacity Building in Aid for Trade and the Paris Declaration**

Developing capacity and strengthening management systems in partner countries are crucial to the implementation of the Paris Declaration. The Paris Declaration recognises that capacity building is key to improving the results of development aid, as well as achieving the objectives of ownership, aid alignment and mutual accountability. Yet all too often, capacity building absent effective domestic management systems lead to disappointing results.

Capacity development programmes or projects address two basic needs, namely, human resource and management gaps or insufficient institutional environments for economic performance. Both require greater input and involvement from partner countries in order to identify deficiencies in capacity under both headings, and in managing the process building capacities in areas thus identified.

As underlined in the 2006 OECD report titled “the Challenge of Capacity Development, Working Towards Good Practice” and again in the 2008 OECD report mentioned above, there is a need for

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<sup>9</sup> 2008 Survey on Monitoring the Paris Declaration: Effective Aid by 2010? What will it take, vol. 1 overview, p11, OECD, Paris?

'a fundamental change in development practice, including focusing on capacity as an endogenous process, agreeing at country level on capacity objectives and monitoring outcomes from the *perspective of the beneficiaries*'<sup>10</sup> (*italic added*).

The absence of strategic management tools in partner countries often causes suboptimal project design and implementation, which can in turn lead to reactive donor-driven evaluation studies, which shed insufficient light on what aspect of the project design, missed the mark and how the process could be improved. It also discourages a culture of learning and self-directed continuous improvement and innovation. The partner country in the traditional scenario remains dependent on the good will of the donor country.

Evaluation serves an essential function in getting the work done better; *next time*. Taking an example from the Swiss Development Cooperation (SDC), evaluation means "judging the results and effectiveness of projects, programmes and strategies. ... Evaluations promote institutional learning, offer management support in making decisions and at the same time serve as a means of accounting to politicians and the general public for any actions taken"<sup>11</sup>. However, while post project evaluations with proper quality control and their findings can be informative and offer significant insights for future project design and implementation, evaluation studies offer **no immediate remedial actions** for ongoing projects nor possibilities for just-in-time and results-driven adjustments. The essence of evaluation results are related to aid projects that have already been completed, but offer no reiterative courses of action for self-correction and continuous improvement while projects are still operational. Hence, the quest for **self-sustaining** results from TA programmes remains unfulfilled and returns on investments in aid remain insecure. This is due in large part to the absence of effective monitoring in AfT and EIF projects.

Evaluations offer *ex ante* assessments of results achieved or missed, but they remain an inadequate instrument for providing partners and external stakeholders (donors and experts) with opportunities to reshape AfT and EIF processes while in motion, or for illuminating the topography of accountability over what they achieve or fail to achieve. The process for most evaluations remains exogenous rather than endogenous. As a result, learning remains at best temporal, at worst short-lived on part of the partners. No mechanism exists to facilitate endogenous institutionalisation of learning or to ensure more effective endogenous management decision-making.

An approach should be adopted which emphasises on-going self-regulation and continued improvement by partner countries in a manner that is typical of modern monitoring management systems. Modern management systems incorporate evaluation as part of the overall process but

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<sup>10</sup> OECD (2006). The challenge of Capacity Development, Working towards Good Practice, p.3.

<sup>11</sup> <http://www.deza.admin.ch/en/Home/Activities/Evaluation>, accessed 06.09.07.

**NOT** as the sole basis of assessment. Monitoring can create the right conditions for workplace behavioural change, productivity gains and improving service quality. Proactive monitoring would incorporate sustained and endogenous dynamics of change within partner countries, which would in turn lead to sustainable institutional development and continuing improvements in performance. Applying a continuous monitoring approach in comparison to a one off evaluation approach better enables AfT to act as an investment for the future rather than as a single expenditure.

Adoption of a monitoring management system in AfT programmes is in line with the stated goals of the Paris Declaration and the stated development assistance objectives of AfT. Twenty-one targets were set to monitor the progress made till 2010.<sup>12</sup>

A monitoring system can strengthen the capacities of Developing and Least Developed Countries to benefit from AfT programmes by supporting overall progress towards achieving the listed 2010 targets. It supports ownership of the implementation process by both donor and partner countries and could also contribute directly to the attainment of the indicator focusing on *managing for results* which will be measured in 2010 by:

“The proportion of countries without transparent and monitorable performance assessment processes should be reduced by one-third.”

A sound monitoring system following the quality assurance principles of a) say what will be done, b) do what was said, c) check what has been done, and d) document all above actions would be best fit to secure successful implementation of the target above. Once installed either within a country assistance programme or adopted by the aid management unit of the developing country, an effective monitoring system would provide transparent and continuous data for assessing and improving the performance of all parties (i.e. beneficiaries, donors and experts) throughout the AfT processes. In this context, an intelligent monitoring system could contribute to the achievement of the indicator focusing on *harmonisation* and vertical alignment within the project domain.

Efforts by the donor community under the headings of monitoring and evaluation should seek to ensure an acceptable and sustainable return on investment of AfT activities relating to beneficiary countries' needs and not be biased towards addressing accountability and good governance policy requirements of the donor country or execution agency (e.g. World Bank, ITC, UNCTAD etc). This approach can be pursued by establishing reliable monitoring management systems and common procedures or arrangements as articulated in the Paris Declaration. A robust monitoring management system, which empowers the partner country to effectively manage its capacity building processes, is needed in order to realize tangible results under AfT.

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<sup>12</sup> Indicators of Progress: to be measured nationally and monitored internationally. Paris Declaration for Aid Effectiveness, March 2005. <http://www.oecd.org/dataoecd/57/60/36080258.pdf>; OECD Civil Society, May 2005, “Why the Paris Declaration on Aid Effectiveness Counts”, OECD Observer, [http://www.oecdobserver.org/news/fullstory.php/aid/2072/Why\\_the\\_Paris\\_declaration\\_on\\_aid\\_effectiveness\\_counts.html](http://www.oecdobserver.org/news/fullstory.php/aid/2072/Why_the_Paris_declaration_on_aid_effectiveness_counts.html), accessed on 3 September 2007.

This can only be achieved if the partner/beneficiary has the means to analyse domestic performance needs, to document analysis, to identify priorities, to identify means of implementation and to carry out knowledge management and organisational learning in real time. Partner countries require a monitoring management system guaranteeing that investments made in AfT to develop organisational, institutional and societal capacities will indeed improve organizational and societal effectiveness of their country. This can only be done through monitoring as an embedded process, not solely by evaluation as an activity.

A monitoring management system would enable partner country actors to assume full management responsibilities and to become accountable for the outcomes of AfT and EIF investments offered by donors for developing countries or other partner countries without the feeling of being overruled or misrepresented. At the same time, an effective monitoring system would provide the donor community with a richer information database for post-project evaluations thereby reducing imprecision in post-project evaluations.

Annex 1 provides a suggested conceptual overview of a monitoring Management System in relation to the EU Commission's development aid cycle of operations and Paris Declaration.

### **Monitoring management systems**

Monitoring is a systematic and continuous collection, analysis and use of management information to support decision-making throughout the life cycle of a project.

In other words, monitoring is an *internal* management responsibility. Partner countries should be allowed to take the lead and the responsibility in operating, maintaining and reviewing the AfT or EIF monitoring and evaluation system at the country level. The top management of the AfT/EIF process in the recipient country, e.g., a National Steering committee (NSC) or a National Implementation Unit (NIU) should be responsible for making sure that the monitoring system is operated properly and for exercising quality control.

Evaluation is supposed to be conducted by neutral and independent consultants (third party) at the mid-term and/or end of the project under the guidance of EIF secretariat and results are to be presented for approval by the EIF Board. Indicators used for evaluations are intended to assess progress toward objectives and are specified to measure *input, throughput, output, outcome and impact*<sup>13</sup>.

Monitoring differs fundamentally from evaluation in that monitoring is an ongoing management system allowing for in-project corrections while evaluations are normally assessments of previous aid projects. The former offers information that can be used while a project is operating. The latter

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<sup>13</sup> See EIF Summary Note from the Chair, Monitoring and Evaluation Framework for the EIF: Definitions, Principles, Timing and Indicators.

assesses results achieved against predefined objectives thus generating information that cannot be used for corrective action.

Monitoring also differs from the traditional monitoring “inspection”. While monitoring collects dynamic information and supports its intelligent use for problem solving by all key actors; inspection reviews (wrongly labelled as “monitoring”) evaluate events/outputs against contractual agreement at intervals. The on-going monitoring practice suggested so far for AfT/EIF is more of the “inspection type” than what we and other TRTA experts would understand under “monitoring”.

### **Outline of a Monitoring Management System**

Monitoring of AfT and EIF projects and programmes could be envisioned at the steering level (e.g. of activities undertaken by EIF Board and EIF secretariat) or at the in-country level of project and programme implementation. What follows focuses on the in-country monitoring management system<sup>14</sup>.

#### **In-country project Cycle: A five-stage process**

A systematic and standardised project cycle could make an important contribution towards improving AfT and EIF capacities to improve process efficiency by minimizing the burden on beneficiaries of assuming the primary role in operating and maintaining required M&E systems for AfT activities.

A project management process for an AfT or EIF programme or project can be contemplated in the form of a project cycle diagramme<sup>15</sup> shown in Figure 1.

For selecting and implementing projects to build up trade-related capacities and to implement national trade policies, respective management teams within the AfT governance structure and within the DC beneficiary government should monitor the following stages:

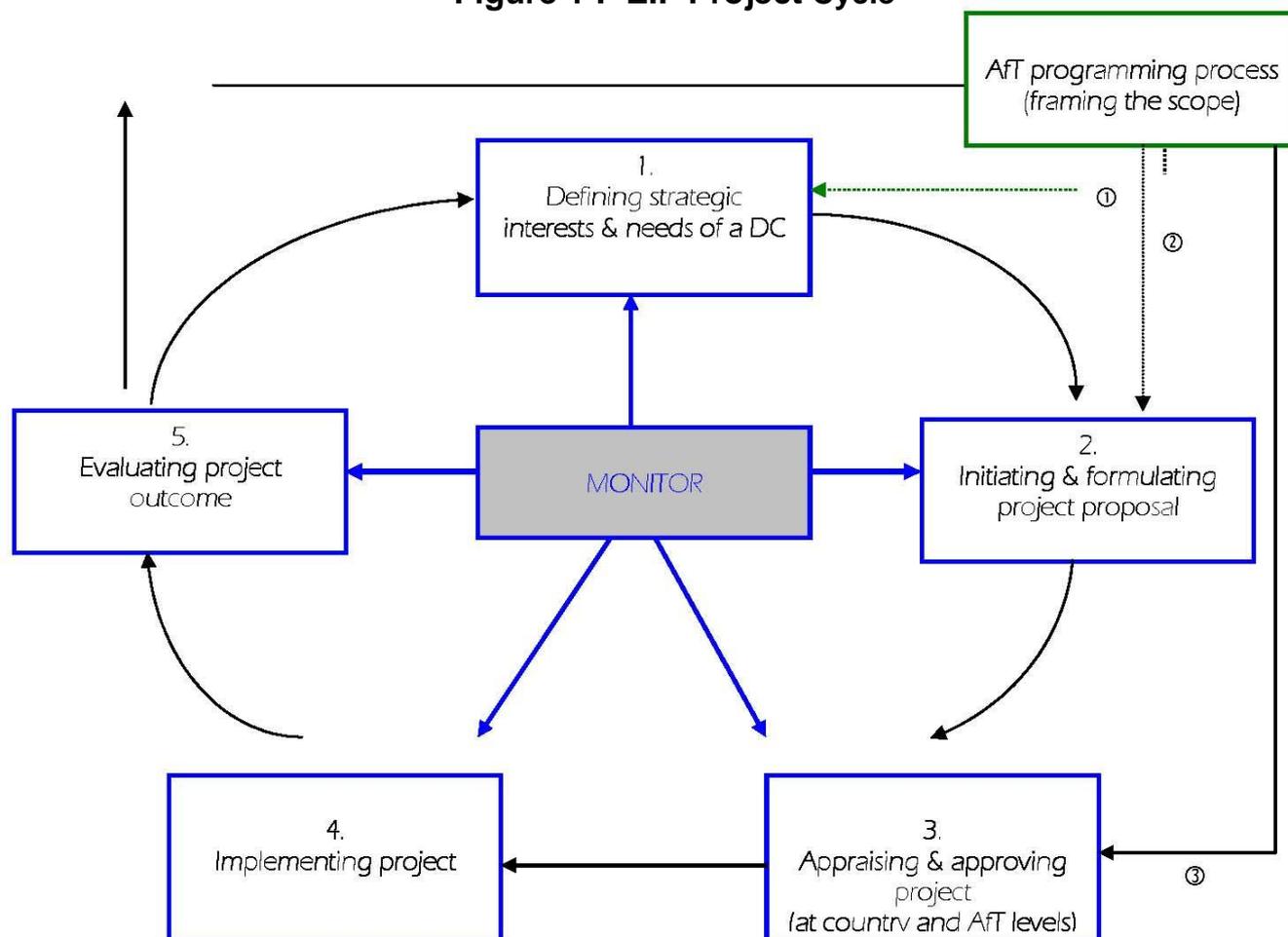
- a) Defining the strategic interests and needs of the DC partner
- b) Initiating and formulating project proposal
- c) Appraising and approving project
- d) Implementing the project
- e) Evaluating the outcome of an AfT project.

As illustrated in Figure 1, the output of one stage will provide the input for the following stage.

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<sup>14</sup> Based on a concept paper drafted by the authors for the EIF board titled « Management System for Monitoring & Evaluation of the EIF », 21st May 2008.

<sup>15</sup> A synthesis from the comprehensive flow chart for the Tier 1 & Tier 2 projects depicted in the EIF Compendium of Working Documents, 2007.

**Figure 1 : EIF Project Cycle\***

\*This project cycle diagram covers the basic structure of any AfT M&E system.

### Monitoring and improving the AfT process

The main purpose of monitoring is to ensure that each stage of the project cycle has been carried out according to specifications. It involves reviewing the entire project cycle at each of the stages (see Figure 1). It also involves validating the assumptions made during the project formulation stage.

Specialised personnel should conduct the monitoring. Wherever possible, such personnel should not have job functions within the processes they are monitoring. Methods of monitoring may include consultation, observation and data collection. Methods should have been decided during the project formulation stage.

Overall, reviews of the project cycle and its processes should seek to identify new areas for improving the governance of AfT at any stage of the project cycle. Lessons learned should be shared with the AfT/EIF partners.

Records should be maintained of the various monitoring and evaluation activities conducted, the results obtained and the actions planned.

A detailed chart of roles and responsibilities (Annex 2) must be developed in accordance with the institutional architecture presented in AfT/EIF documents. The following scheme is suggested for use in developing a matrix structure and delineating levels of responsibility between various actors according to their differentiated accountabilities.

1. AfT institutional roles/actors
2. Level of responsibilities regarding monitoring
3. Periodicity of monitoring actions
4. Inputs needed and from
5. Outputs produced
6. Monitoring criteria & indicators
7. Records

An template of a Monitoring Management System as applied to the beneficiary country within an EIF context is presented in Annex 3.

In order to sustain the in-country monitoring capacities developed through the AfT project implementation, the monitoring management system needs to be reviewed in an on-going basis. Such a system review activity should be institutionalised, independent of the AfT process and be integrated within the trade governance structure of recipient countries and the Aid Effectiveness Framework. Third party audit is recommended.

A documented monitoring process is the basis for organizational and institutional learning and the basis for continuous improvement. While sector level development is a complex matter, achieving the desired outcome of alleviating poverty through trade sector development can be a long and slow process. A disciplined approach by all institutional actors and individuals undertaking various functions within the AfT/EIF process is essential. A verifiable and evidence based approach to monitoring is a must.

## **Conclusion**

This short article outlines the need for strengthening monitoring within AfT and EIF programmes and projects that to date reflect a defective emphasis on evaluation. A just-in time tracking and documentation system (an integral part of a monitoring system) could provide the AfT task force, the WTO Secretariat, the participating LDCs and DCs and implementing experts with timely and robust information for crosscutting programme review and performance enhancement.

An effective and efficient Monitoring Management System is a tool for consolidating collaborative partnerships between donors and partner countries, which is an integral objective of the Aid for

Trade initiative. Its use would promote the ability of partner countries to become more actively engaged in the diagnostic and strategic planning phase of the capacity building process. Its result would be to support the development of self-sustaining capacity for development planning and implementation. Monitoring Management Systems are a well-proven means for improving performance within the private sector. Their use within the context of AfT would at once create references for fostering coherence among all stakeholders within its processes, and provide a new instrument for improving its governance and thus effectiveness in attaining its stated objective of alleviating poverty in LDCs and DCs through trade. Most importantly, this evidenced based monitoring system will provide *credible and useful* data to strengthen the usefulness of evaluation and contribute to the institutional learning processes that is urgently needed at both donor and partner country sides.

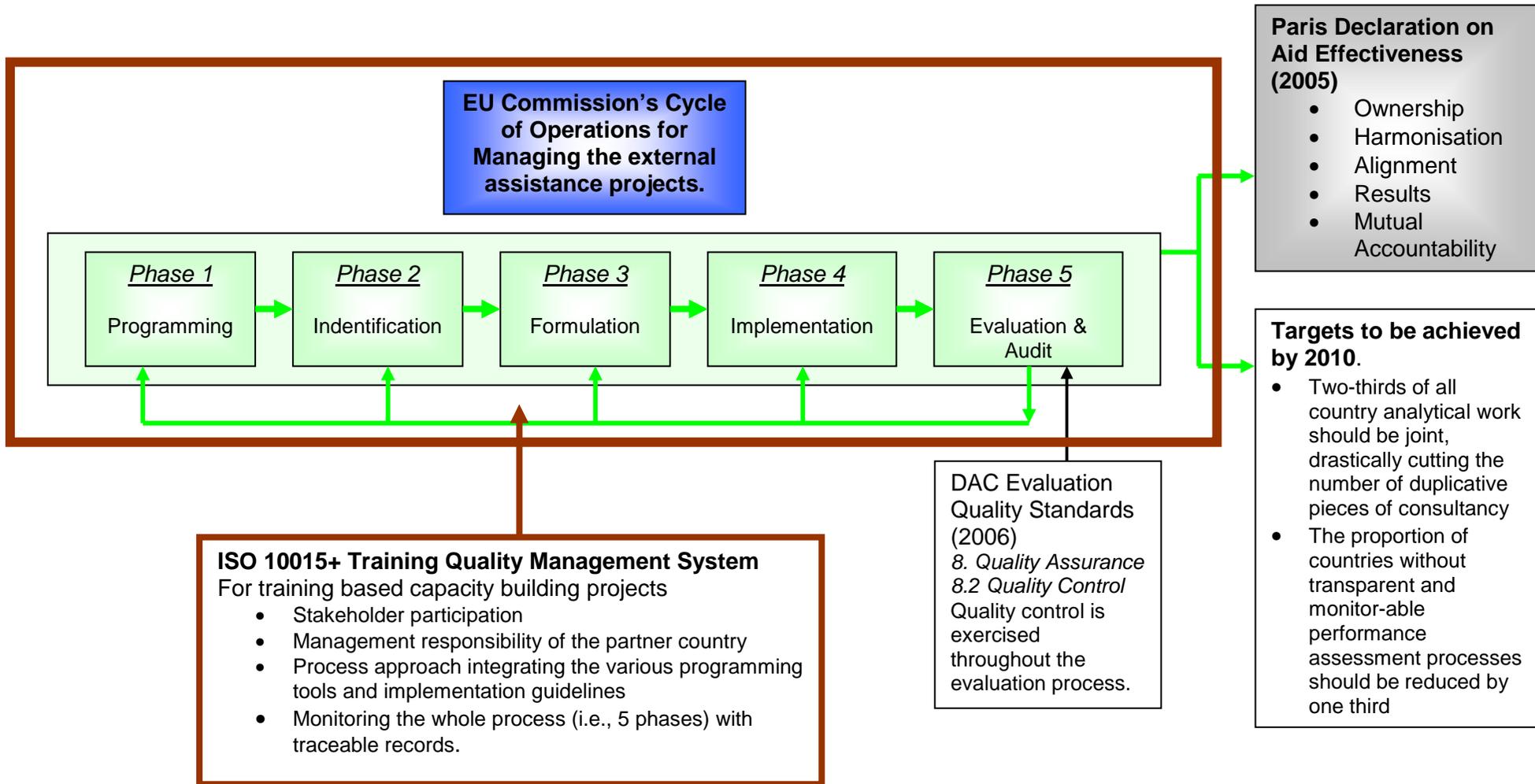
## Annexes

- Annex 1: A Monitoring Management System applied to the EU Commission's Cycle of Operations achieving 2010 Paris Declaration Targets
- Annex 2: Example of possible M&E System and Management Responsibility for the Monitoring and Evaluation of the EIF Process.
- Annex 3: Aid Monitoring Template (sample)

## Related Research & Publications by CSEND

1. Trade Policy Governance through Inter-Ministerial Coordination: A source book for trade officials and development experts, Raymond Saner, Republic of Letters, Dodrecht NL, 2010
2. *Commodity Development Strategies in the Integrated Framework*. (2009). New York: United Nations Development Programme.
3. "Government Governance (GG) and Inter-Ministerial Policy Coordination (IMPC) in Eastern and Central Europe and Central Asia" (2008). Saner, Raymond; Toseva, Gordana; Atamanov, Aziz; Mogilevsky, Roman & Sahov, Aleksandar. *Public Organization Review*. Springer. vol. 8(3), p.215-231.
4. "Regional Trade Agreements and Foreign Direct Investment: Impact of existing RTAs on FDI and trade flows in the Andean Community and implications of a hemispheric RTA in the Americas" (2008). Paez, Laura. *Aussenwirtschaft*, Zurich: Rügger.
5. "The International Monetary Fund's Influence on Trade Policies of Low-income Countries: A Valid Undertaking?" (2007). by Saner, Raymond & Guilherme, Ricardo. *Journal of World Trade*, London: Kluwer Law International, vol. 41(5), pp 931-981.
6. "Technical Assistance to Least-Developed Countries in the Context of the Doha Development Round: High Risk of Failure" (2006). by Saner, Raymond & Paez, Laura. *Journal of World Trade*, London: Kluwer Law International, vol. 40(3): 467-494.
7. "Technical Assistance and Capacity Building for LDCs: Time to Reconsider" (2005). Saner, Raymond & Paez, Laura. *Briefing Paper*. Jaipur: CUTS Centre for International Trade, Economics & Environment. No. 5/2005.

**Annex 1: A Monitoring Management System applied to the EU Commission's Cycle of Operations in achieving 2010 Paris Declaration Targets**



|   | EIF Institutional Roles/ Actors | Level of Responsibilities regarding Monitoring  | Periodicity of Monitoring Actions | Inputs   | Outputs  | Monitoring Criteria & Indicators  | Records  |
|---|---------------------------------|---|-----------------------------------|--|--|---|--|
| 1 | IFSC                            | Overall Governance and supervision  | Every 24 months                   | <ul style="list-style-type: none"> <li>■ EIF Compendium (2007)</li> <li>■ EIF Policy Review Report prepared by the IF Board</li> <li>■ Board's Annual Monitoring reports</li> <li>■ Board's annual performance reviews</li> </ul>  | <ul style="list-style-type: none"> <li>■ Recommendations regarding EIF policies, strategic objectives and performance targets</li> <li>■ Approved EIF Annual Report</li> </ul>   | <p><u>Monitoring Criteria</u></p> <ul style="list-style-type: none"> <li>■ Compliance to EIF Operating Principles</li> <li>■ Conformity to EIF process and procedures</li> </ul> <p><u>Evaluation Indicators</u></p> <ul style="list-style-type: none"> <li>■ EIF annual performance targets (e.g., disbursement ratio, completion ratio, effectiveness ratio, efficiency rate, and cost-benefits analysis, MDGs)</li> </ul>  | <ul style="list-style-type: none"> <li>■ IFSC recommendations</li> <li>■ EIF Monitoring Records</li> <li>■ Request for Corrective or Preventive actions</li> </ul>   |
| 2 | IF Board                        | <p>Oversight of the overall EIF programme</p> <p>Decision-Making on Policy Priorities, project funding and supervision of operational and financial management</p> <p>Accountable to the IFSC</p> | Every 12 months                   | <ul style="list-style-type: none"> <li>■ EIF Compendium (2007)</li> <li>■ IFSC recommendations</li> <li>■ IF Board decisions on EIF Policies, overall Performance Targets and strategic goals</li> <li>■ TFM fiduciary assessment reports for project funding</li> <li>■ ES Project Reviews</li> <li>■ TFM financial reports</li> <li>■ ES interim programme management &amp; monitoring review</li> <li>■ ES Annual Policy Review Report</li> </ul> | <ul style="list-style-type: none"> <li>■ EIF strategic objectives and operational policies (annual)</li> <li>■ Programme funding and project funding approval</li> <li>■ EIF Interim Performance Review every 12 months</li> <li>■ EIF Annual Policy Review Report</li> <li>■ Semester Monitoring reports</li> <li>■ Budget allocations</li> </ul> | <p><u>Monitoring Criteria</u></p> <ul style="list-style-type: none"> <li>■ Conformity to EIF project funding approval procedure</li> <li>■ Compliance to EIF policies and approval duration</li> <li>■ Compliance to M&amp;E principles and rules</li> </ul> <p><u>Evaluation Indicators</u></p> <ul style="list-style-type: none"> <li>■ Performance targets (e.g., disbursement ratio, completion ratio, effectiveness ratio, efficiency rate, and cost-benefits analysis, MDGs)</li> </ul> | <ul style="list-style-type: none"> <li>■ Board's decisions</li> <li>■ Board's project approval records</li> <li>■ Board's Monitoring Records</li> <li>■ Board's Interim Performance Review Records</li> <li>■ Request for Corrective or Preventive actions</li> <li>■ Requests for Corrective or Preventive actions</li> <li>■ Corrective action report</li> </ul> |

|   | EIF Institutional Roles/ Actors | Level of Responsibilities regarding Monitoring  | Periodicity of Monitoring Actions | Inputs   | Outputs  | Monitoring Criteria & Indicators  | Records  |
|---|---------------------------------|---|-----------------------------------|--|--|---|--|
| 3 | ES                              | Oversight on policy and programme implementation at the global and programme levels<br>Reporting to the IF Board (programmatic) and DG of WTO (administrative)<br>Accountable to the IF Board | Every 6 months                    | <ul style="list-style-type: none"> <li>▪ EIF strategic objectives and operational policies (annual)</li> <li>▪ LDC Country DTIS' and Action Matrices</li> <li>▪ Country PRSP trade sector Plan and Priorities</li> <li>▪ TAC 1 &amp; TAC 2 project appraisal &amp; recommendation reports and project documents</li> <li>▪ TFM project fiduciary assessment reports</li> <li>▪ NIU semester implementation reports on Tier 2 projects</li> <li>▪ Requests for Corrective and Preventive actions</li> </ul> | <ul style="list-style-type: none"> <li>▪ ES project quality assessment report</li> <li>▪ ES Interim Programme Management Review every 6 months</li> <li>▪ ES Annual Policy Review Report</li> <li>▪ Quarterly Monitoring reports</li> <li>▪ Quarterly Progress Report Dashboard by agencies</li> <li>▪ Selected country programme implementation reviews</li> <li>▪ Technical backstopping and internal operational audit reports (of programmatic aspect)</li> <li>▪ Corrective action reports</li> </ul> | <p><u>Monitoring Criteria</u></p> <ul style="list-style-type: none"> <li>▪ Compliance to Project approval procedure</li> <li>▪ Compliance to EIF operational rules and procedures including M&amp;E</li> <li>▪ Agency performance dashboard criteria</li> </ul> <p><u>Evaluation Indicators</u></p> <ul style="list-style-type: none"> <li>▪ Performance targets (e.g., completion ratio, effectiveness ratio, MDGs)</li> <li>▪ EIF programme objectives and targets</li> <li>▪ Country programme objectives and targets</li> <li>▪ "Customer" satisfaction Report</li> </ul> | <ul style="list-style-type: none"> <li>▪ ES project funding review and endorsement records</li> <li>▪ Backstopping records</li> <li>▪ ES Programme Monitoring Records</li> <li>▪ Progress Report Dashboard by agencies</li> <li>▪ ES audit records</li> <li>▪ Requests for Corrective or Preventive actions</li> <li>▪ ES Customer feedback records</li> <li>▪ Corrective action report</li> </ul>                                 |
| 4 | TFM                             | Managing the multilateral Trust Fund of the EIF as trustee in fund disbursement and performing fiduciary responsibilities<br>Reporting and accountable to the IF Board on fiduciary matters   | Every 3 months                    | <ul style="list-style-type: none"> <li>▪ Financial Rules</li> <li>▪ EIF programme priorities</li> <li>▪ Budget allocations</li> <li>▪ Approved country projects</li> <li>▪ Project implementation report</li> <li>▪ Voluntary contributions</li> <li>▪ NIU procurement reports and Contracts</li> </ul>  | <ul style="list-style-type: none"> <li>▪ Contribution Agreements</li> <li>▪ Project fiduciary assessment and approval Report</li> <li>▪ Quarterly Disbursement Report by region and country</li> <li>▪ Monthly disbursement review by project</li> <li>▪ Annual financial report</li> </ul>  | <p><u>Monitoring Criteria</u></p> <ul style="list-style-type: none"> <li>▪ Compliance to Fund Disbursement procedure</li> <li>▪ Adherence to Disbursement Table by projects and country</li> <li>▪ Compliance to Financial rules and procurement rules</li> </ul> <p><u>Evaluation Indicators</u></p> <ul style="list-style-type: none"> <li>▪ Project implementation milestones</li> <li>▪ Disbursement ratio</li> </ul>   | <ul style="list-style-type: none"> <li>▪ Fiduciary assessment and sign-off records</li> <li>▪ IA Declaration of Independence records</li> <li>▪ Annual Internal Audit Records</li> <li>▪ Disbursement review records</li> <li>▪ Quarterly financial review records</li> <li>▪ Agency Agreements</li> <li>▪ Annual accounts</li> <li>▪ Requests for Corrective or Preventive actions</li> <li>▪ Corrective action report</li> </ul> |

|   | EIF Roles/<br>Actors | Level of<br>Responsibilities<br>regarding Monitoring   | Periodicity<br>of<br>Monitoring                           | Inputs  | Outputs  | Monitoring Criteria &<br>Indicators  | Records  |
|---|----------------------|--|---|---|--|--|--|
| 5 | NSC                  | Oversight on the Use of EIF resources for the country<br><br>Setting national policy regarding trade development and performance targets<br><br>Supervise the performance of National Implementation Organs and mechanisms | Every 12 months   | <ul style="list-style-type: none"> <li>■ National Trade Development Plan and Priorities</li> <li>■ PRSP Country Strategy and Programme Priorities if exist</li> <li>■ DTIS and Action Matrix</li> <li>■ NIU quarterly implementation reports (both technical and financial)</li> <li>■ NIU process audit reports</li> </ul> | <ul style="list-style-type: none"> <li>■ Country EIF programme, strategies, workplans</li> <li>■ Semester Country EIF Implementation Review (Tier 1 &amp; 2)</li> <li>■ Annual Country EIF Programme Performance Report</li> </ul>   | <u>Monitoring Criteria</u> <ul style="list-style-type: none"> <li>■ Compliance to National EIF programme formulation procedure</li> <li>■ Compliance to National EIF project approval procedure</li> </ul> <u>Evaluation Indicators</u> <ul style="list-style-type: none"> <li>■ National EIF programme performance targets for Tier 2 (e.g., disbursement ratio, completion ratio, effectiveness ratio, efficiency rate, and cost-benefits analysis, MDGs) National capacity building targets for Tier 1</li> <li>■ Performance requirements as specified in the NIA</li> </ul> | <ul style="list-style-type: none"> <li>■ Decisions on Tier 1 workplan and Tier 2 programme priorities</li> <li>■ EIF Country Programme Monitoring Records</li> <li>■ NSC audit records</li> <li>■ Request for Corrective or Preventive actions</li> <li>■ Corrective action report</li> </ul>  |
| 6 | NIU                  | Financial backstopping for Tier 1 & Tier 2 projects<br><br>Monitoring EIF process in country<br><br>Responsible for donor coordination and systematic dialogues  | On-going tracking<br>Every 6 months<br>End of the project | <ul style="list-style-type: none"> <li>■ NIA</li> <li>■ TAC 1 and TAC 2 decisions</li> <li>■ Monthly IA project workplan</li> <li>■ Quarterly TFM financial reports</li> <li>■ National EIF programme performance targets for Tier 2</li> <li>■ TAC 1 &amp; TAC 2 progress reports</li> </ul>                               | <ul style="list-style-type: none"> <li>■ NIU quarterly implementation reports (both technical and financial)</li> <li>■ Project implementation contracts</li> <li>■ Donor coordination meetings</li> <li>■ Inter-ministerial coordination and private sector consultation/dialogue meetings</li> <li>■ NIU procurement report and contracts</li> </ul> | <u>Monitoring Criteria</u> <ul style="list-style-type: none"> <li>■ Compliance to the project approval procedure</li> <li>■ Tier 1 &amp; Tier 2 project implementation milestones</li> <li>■ Compliance to procurement rules and procedures</li> </ul> <u>Evaluation Indicators</u> <ul style="list-style-type: none"> <li>■ National programme performance targets for Tier 2 (e.g., disbursement ratio, completion ratio, effectiveness ratio, efficiency rate, and cost-benefits analysis, MDGs)</li> </ul>   | <ul style="list-style-type: none"> <li>■ Project based Logframe records</li> <li>■ TAC 1 &amp; TAC assessment records</li> <li>■ Quarterly project Review records</li> <li>■ Project Documents</li> <li>■ Procurement records and Contracts</li> <li>■ Stakeholder (including donors) Consultation records</li> <li>■ Project Audit records</li> <li>■ Request for Corrective or Preventive actions</li> <li>■ Corrective action report</li> </ul> |

|   | EIF Roles/<br>Actors   | Level of<br>Responsibilities<br>regarding Monitoring  | Periodicity<br>of<br>Monitoring                                    | Inputs   | Outputs   | Monitoring Criteria &<br>Indicators  | Records  |
|---|--|---|--|--|---|--|--|
| 7 | IA<br>(Implement<br>ation<br>Agencies)   | Accountable for Specific<br>Project Implementation<br>Technical inputs for trade<br>specific sector<br>development programme<br>under EIF mandate | On-going<br>tracking<br>Every 3<br>months<br>End of the<br>Project | <ul style="list-style-type: none"> <li>■ Project Documents and entailed performance criteria and milestones</li> <li>■ Budget</li> </ul> | <ul style="list-style-type: none"> <li>■ Detailed operational plan</li> <li>■ Monthly IA project implementation report (light)</li> <li>■ Quarterly project performance reviews</li> <li>■ End of project report</li> </ul> | <u>Monitoring Criteria</u> <ul style="list-style-type: none"> <li>■ Agreed milestones and performance criteria as stated in the Project Doc.</li> </ul> <u>Evaluation Indicators</u> <ul style="list-style-type: none"> <li>■ TFM financial management requirements</li> </ul> | <ul style="list-style-type: none"> <li>■ Operational Plan Specification document</li> <li>■ Project implementation reports (light)</li> <li>■ Performance audit records</li> <li>■ Request for Corrective or Preventive actions</li> <li>■ Corrective action report</li> </ul> |
| 8 | Donor<br>Facilitator<br>(external<br>to the EIF<br>manage-<br>ment<br>structure) | Representing donors on<br>the ground<br>Liaison with EIF ES and<br>TFM<br>Monitoring project<br>implementation                                    |  | <ul style="list-style-type: none"> <li>■</li> </ul>  | <ul style="list-style-type: none"> <li>■</li> </ul>   | <ul style="list-style-type: none"> <li>■</li> </ul>  | <ul style="list-style-type: none"> <li>■</li> </ul>  |

