Phase Three
of the
Enhanced Integrated Framework (EIF).

Key results:

- Trade and investment institutional environment strengthened

- Trade and investment coordination mechanisms strengthened.

- LDCs' trade competitiveness catalysed and market opportunities expanded.

- Trade- and investmentrelated technical, operational and human capacities increased.

- Targeted support to innovation and technology adoption, standards compliance, market linkages and trade facilitation delivered.

- Innovative business and financing models developed and tested

Justification for support:

- *Promotion of trade in developing countries in Africa will particularly increase the ability of African LDC countries' by laying the foundations for increased exports and job creation across the continent, as well as better trade opportunities between the EU and Africa, paving the way for even stronger trade partnerships.*

- This support is a good example of how Denmark are combining development, foreign and trade policies to a greater extent. All well aligned with central elements in Denmark's Development Strategy and the Danish Strategy for Africa.

Major risks and challenges:

- *Risk that evolving political contexts or institutional transitions, due to changes in political leadership, regime changes or large-scale reforms may disrupt EIF support. Mitigation will be a flexible programming.*

- Risk that EIF programme sustainability may be compromised because of limited government ownership and shifting national priorities. Mitigation: Support mainstreaming of trade and investment priorities into national development frameworks and maintain technical and high-level policy dialogue at the WTO, with funding partner capitals and in the LDCs.

File No.	25/25712					
Country	Africa and Interregional.					
Responsible Unit	UN Mission in Geneva					
Sector	33120, Trade facilitation					
Partner	United Nations Office for Project Services (UNOPS)					
DKK million	**2025**	**2026**	**20xx**	**20xx**	**20xx**	Total
Commitment	20					20
Projected disbursement	10	10				20
Duration	01.10.2025-31.12.2027					
Previous grants	2006-2016 EIF Phase I, DKK 102 million 2016-2025 EIF Phase II, DKK 80 million					
Finance Act code	§06.32.01.32					
Head of unit	Ib Petersen					
Desk officer	Fin Poulsen					
Reviewed by CFO	Alberte Sofie Linde Forsell					

Relevant SDGs

No Poverty	No Hunger	Good Health, Wellbeing	Quality Education	Gender Equality	Clean Water, Sanitation
Affordable Clean Energy	Decent Jobs, Econ. Growth	Industry, Innovation, Infrastructure	Reduced Inequalities	Sustainable Cities, Communities	Responsible Consumption & Production
Climate Action	Life below Water	Life on Land	Peace & Justice, strong Inst.	Partnerships for Goals	

Strategic objectives

To foster competitive, diversified, inclusive and resilient LDC economies integrated into the global trade and investment system, by strengthening productive capacities thanks to greater investments in the LDCs for greater market access, improving the trade and investment policy and the regulatory framework and developing the human capacities.

Environment and climate targeting - Principal objective (100%); Significant objective (50%)

	Climate adaptation	Climate mitigation	Biodiversity	Other green/environment
Indicate 0, 50% or 100%	0			0
Total green budget (DKK)	**Est. 1**			**Est. 1**

Justification for choice of partner:

Long standing and capable partner well linked to WTO mandate and with solid financial oversight by UNOPS. And the only existing multilateral support modality to LDC Economies.

Summary:

Supporting the EIF programme has been a long-standing Danish priority which underlines Denmark and the EU as a credible and long-term partner. EIF programme support will assist LDCs using trade as an engine for growth, sustainable development and poverty reduction.
The EIF programme is a unique, and the only existing, multilateral support program assisting LDC countries' in integrating into the global trade and investment system.

Budget:

EIF Phase 3 activities (direct costs)	18.74 million DKK
ES management (indirect costs, 0.75%)	0.14 million DKK
TFM management (indirect costs, 6%)	1.12 million DKK
Total	**20.00 million DKK**

UDENRIGSMINISTERIET

Project Cover Page

Ministry of Foreign Affairs of Denmark. Permanent Mission of Denmark to the United Nation and international Organisations in Geneva.

Project title: Phase Three of the Enhanced Integrated Framework (EIF)

Project period: 01.10.2025 – 31.12.2027.

P360 number: 25/25712

Final project document

Date of document version
04. Dec. 2025

1. Introduction

The present project document describes the Danish development cooperation contribution to phase three of the Enhanced Integrated Framework (EIF) implemented by the multilateral donor facility, which has been established as legal identity – the Executive Secretariate for EIF - under the financial oversight of UNOPS as the Trust Fund Manager and closely link to the overall political framework of WTO. The Danish contribution will cover the first two years of implementation, fourth quarter for 2025 to end 2027, of the overall five-year EIF programme frame 2025-2031 (Annex A). The MFA responsible unit for the project is the Permanent Mission of Denmark to the United Nation and international organisations in Geneva.

The Danish contribution to the project takes the form of a non-earmarked funding to the "EIF Programme Framework Document" support to least developed countries (LDC's) where the clear majority are African countries.

This project document and its annexes are an integral part of the legal bilateral agreement with the implementing partner UNOPS, who is the Trust Fund Manager.

2. Summary of the project

The EIF Phase Three objective is to foster competitive, diversified, inclusive and resilient LDC economies integrated into the global trade and investment system, by strengthening productive capacities thanks to greater investments in the LDCs for greater market access, improving the trade and investment policy and the regulatory framework and developing the human capacities necessary to accompany the LDCs' trade and investment development agenda, thereby driving inclusive and sustainable economic transformation.

This will be achieved by:

- Strengthening the institutional and regulatory environment for trade and investment;
- Building human and institutional capacity;
- Unlocking and leveraging additional public and private financing;
- Catalysing productive capacity development in high-potential sectors;
- Deepening LDC participation in regional and global value chains.

A Resource Mobilization Strategy for EIF Phase Three has been approved by the EIF Executive Board. The goal is to raise USD 200 million through a phased and diversified approach. During 2026 the goal is to raise USD 80 million. By October 2025 USD 21 million has been raised.

All 44 LDCs and 2 recently graduated countries, and 33 of them are African, will potentially benefit from EIF Phase Three. This is well aligned with Danish priorities and focus on Africa and poverty reduction. EIF will enable each country to craft its own trajectory within a modular framework that balances flexibility, focus and accountability. EIF's core principles of country ownership, partnership and results-driven programming will be in focus.

Outcome 1 – Conducive trade and investment institutional environment strengthened – serves as the foundational enabler, creating the conditions for predictability, transparency and alignment with global standards.

Outcome 2 – LDC trade competitiveness catalysed and market opportunities expanded – reflects the system's capacity to respond to policy shifts. A more competitive and diversified private sector – especially SMEs – can better integrate into regional and global value chains, reinforcing the demand for, and effectiveness of, policy reform. Catalytic investments in productive capacity also contribute to increased resilience and the ability to move up value chains, enhancing export potential and fostering sustained competitiveness. This outcome also creates pressure for ongoing innovation and institutional learning, accelerating adaptation across the system.

3. Relevance and justification of support

Supporting the EIF programme has been a long-standing Danish priority throughout first and second phase of the programme with a total of DKK 182 million in support. Promotion of trade in developing countries in Africa will particularly increase the ability of African LDC countries' by laying the foundations for increased exports and job creation across the continent, as well as better trade opportunities between the EU and Africa, paving the way for even stronger trade partnerships.

The support to the EIF programme is a good example of how Denmark are combining development-, foreign- and trade policies to a greater extent. All well aligned with central elements in Denmark's Development Strategy and the recent Danish Strategy for Africa, which underlines Denmark and the EU as a credible and long-term partner. EIF programme support will assist LDCs using trade as an engine for growth, sustainable development and poverty reduction.

The EIF programme is a unique, and the only existing, multilateral support programme assisting LDC countries' in integrating into the global trade and investment system, by strengthening their productive capacities and national legal and political framework. Partnerships and clear national aligned interventions are promoted through national anchored and responsible implementations units' which are well functioning within the relevant national framework for coordination and implementation.

4. Theory of change and key assumptions

The theory of change, ToC, is linked to the key programme outcomes; 1) trade and investment institutional environment strengthened and 2) trade competitiveness catalysed and market opportunities expanded will be followed by a relevant set of outputs and activities. Some of the key assumptions considered is that the Global trade-, investment-, and financial systems remain open and supportive of LDC participation as well as LDC governments sustain commitment to inclusive, sustainable and resilient economic transformation aligned with the SDGs and the Doha Plan of Action, DPoA. As well as regional and global economic conditions, alongside development partner support, remain favourable for strengthening institutions and enhancing participation in trade and investment systems.

The programme document includes a detailed log frame and a ToC presentation.

5. Summary of results framework

Monitoring of all EIF interventions is structured to capture results, operational processes, risks, value for money (VfM) and cross-cutting priorities. At the global level, the following will be monitored: the global programme log frame drawing from the Theory of Change (ToC), the EIF Secretariat's annual work plans, EIF operational processes, the global and portfolio risk registers and the EIF VfM matrix. At the country/project level, the National Implementation Units are responsible for formulation and implementation of the respective Country Development Programmes (CDP), establishing log frames, annual work plans, VfM actions; they will undertake risk assessments, registration and monitoring. Cross-cutting areas – such as gender equality, youth employment, private sector engagement, climate resilience and digital transformation – are monitored at both levels.

The Permanent Mission of Denmark in Geneva will use the following outcome and output indicators to report on the progress achieved in RFI:

Result chain	Indicator Number	Indicator	Baseline (2024)	Target (2031)	Source of Data	Assumptions
Outcome 1 Trade and investment Institutional environment strengthened.	OC1.2	Number of LDCs demonstrating increased participation in the global/regional trade and investment systems.	0	40	Country Programme Document (CPD) and project progress reports, World Bank B-ready score.	• LDC governments sustain political will and institutional commitment to pursue trade and investment reforms. • Regional and global economic conditions, alongside development partner support, remain favourable for strengthening institutions and enhancing participation in trade and investment systems.
	OC1.3	Number of LDCs with improved and functional trade and investment coordination mechanisms.	0	40	CPD and project progress reports, decrees establishing or modifying the functioning of coordination mechanisms.	

Outcome 2 LDCs' trade competitiveness catalysed and market opportunities expanded.	OC2.3	Number of direct jobs created. (Disaggregated by gender and age).	62,000	136,000	CPD and project progress reports.	• LDC enterprises and institutions have the capacity and enabling environment to sustain competitiveness gains and effectively respond to expanded market opportunities. • Global and regional market conditions remain sufficiently stable and open to allow LDCs to capitalize on new trade opportunities.
	OC2.4	Total funds mobilized/leveraged by NIUs and IPs to build on EIF intervention. (Disaggregated by source of funding).	2.2 billion	4.8 billion	CPD and project progress reports.	

6. Project budget and financial management

Budget summary

EIF Phase 3 activities (direct project costs)	18.74 million DKK
ES management (indirect costs, 0.75%)	0.14 million DKK
TFM management (indirect costs, 6%)	1.12 million DKK
Total	**20.00 million DKK**

Indirect charges and overheads

In accordance with EIF Phase 3 Standard Provisions (Article 3.1), the following indirect fees will be charged against Denmark's contribution:

a) The UNOPS Trustee Management Fee on transactions of 0.75% will be charged on the total amount contributed to the EIF Phase Two Trust Fund Account. This percentage will be charged based on the actual expenditures incurred.

b) UNOPS will also charge a 6% administrative fee on TFM implemented activities as specified in the TFM annual work plans and budget approved on an annual basis by the Board.

Accounting, Progress and Financial Reporting

In accordance with EIF Phase Three Standard Provisions (Article 6.1), UNOPS will submit to the Donors the following documentation:

(i) Quarterly financial reports detailing UNOPS’ expenditures for the period (funds received, committed and spent, on the basis of actual expenditures compared to approved budgets), provided no later than two months following the reporting period;

(ii) Financial Trust Fund updates at each Board meeting, including a forecast of signed contributions, commitments and disbursements;

(iii) Project completion reports, from a fiduciary and financial perspective for each EIF project including any projects implemented by any EIF Core Agency as the case may be;

(iv) No later than 30 June of the following year, annual certified financial reports as of December every year, detailing all contribution and expenditures incurred under the EIF Phase Three Trust Fund as well as any accrued interest; and

(v) No later than six months after the completion date, a final report plus a financial statement showing the funds received and actual expenditures incurred for discharging the Trustee Responsibilities as a provider of trust fund management services.

The project will be audited as part of UNOPS External Audit provided by the United Nations Board of Auditors. Should audit reports contain observations relevant to the EIF Phase Two Trust Fund or Donor contributions, such reports and official comments will be made available to the Donors by the Board. The costs of such audit coverage will be borne by UNOPS.

At the request of the Board, or by a Donor through the Board, UNOPS will carry out an exceptional audit of its EIF Phase Three Trust Fund accounts, records and annual statements or part therein. These exceptional audits of the Project will be performed in accordance with the UNOPS financial rules and regulations. UNOPS will engage the services of a third party independent professional audit firm to conduct such audits on behalf of the UNOPS Internal Audit and Investigation Group. The audits will follow TOR approved by the UNOPS Internal Audit and Investigation Group of such scope as the Board or the Donor through the Board will specify with UNOPS. The audit report will include, inter alia, an examination of the UNOPS project expenditure statement or, alternatively, a reconciliation of the project financial statements to the UNOPS' project expenditure statement. The UNOPS' project expenditure statement (or reconciliation) must be included in the audit report. The audit reports will be completed no later than 30 June of the subsequent year under review, or no later than 6 months following a period under review. UNOPS will make available to the auditors for the project, all financial and accounting records pertaining to the project, including their supporting documentation, as well as any other information related to the project that may be required in connection with the audit. Without prejudice to the provisions herein, original documents related to the project will be made available to the auditors at the UNOPS country office. The cost for such exceptional audits, after approval by the Board, will be considered to be an eligible expenditure under the project.

7. Project management, monitoring and reporting

EIF Phase Three governance architecture is organised in the following way:
An Executive Operational Board (EOB) provides strategic oversight and ensures accountability across the programme. Since September 2025 Denmark holds a seat at EOB.
A High-level Platform for LDC Partnerships will meet annually, or as needed, for transparency and information-sharing to give guidance to EIF's strategic implementation.
The Executive Secretariat (ES) for the EIF at the World Trade Organization (WTO) assumes an enhanced coordination and technical assistance role, while the EIF Trust Fund Manager (TFM) at the United Nations Office for Project Services (UNOPS) retains fiduciary and compliance responsibilities.
At the country level, the EIF strengthens the EIF National Implementation Arrangements (NIAs), including EIF Focal Points (FPs), EIF National Steering Committees (NSCs) and EIF National Implementation Units (NIUs). The programme also promotes sustainability by embedding these structures into national development systems and assisting governments in resource mobilization.

Financial reporting is provided quarterly and annually, including certified financial statements and project-level updates. All reporting aligns with the established monitoring, evaluation and learning, MEL; framework and EIF Funding partner requirements as indicated in the Danish agreement.

To ensure sustainability and a smooth exit process, 6-12 months before the programme or project ends, a closure plan will be submitted and sustainability milestones will be verified. Furthermore, to ensure post-closure learning, the evaluation and assessment findings will be integrated into global learning reports and presented at national and regional forums.

8. Risk Management

A detailed Risk Management section is described in the Programme Framework Document, Annex A. Furthermore, please find attached a comprehensive risk matrix (Annex E), which translate the risks into actionable strategies, ownership structures and monitoring mechanisms to safeguard the effectiveness, efficiency and sustainability of EIF Phase Three operations. Seen from a Danish point of view there is a systemic and internal risk that the Programme might find it difficult to successfully reach out to a large group of LDC countries in an efficient and cost-effective way. However, having two regional hubs (Africa and Asia) should ensure knowledge sharing and efficient coordination with the national implementation units.

DOC 4

Phase Three of the Enhanced Integrated Framework:

Programme Framework Document

As approved by the EIF Executive Operational Board, 24-25 July 2025

GLOSSARY

AfCFTA	African Continental Free Trade Area
AfT	Aid for Trade
AI	Artificial intelligence
CPD	Country Programme Document
DG	WTO Director-General
DFI	Development Finance Institution
DPoA	Doha Programme of Action
DTIS	Diagnostic Trade Integration Study
DTISU	DTIS Update
ED	Executive Director of the Executive Secretariat for the EIF
EIF	Enhanced Integrated Framework
EIFTF	EIF Trust Fund
EOB	EIF Executive Operational Board
ES	Executive Secretariat for the EIF
FCAS	Fragile and Conflict-Affected State
FDI	Foreign Direct Investment
FP	EIF Focal Point
FPF	EIF Funding Partner Facilitator
GVC	Global Value Chains
HLAC	EIF High-Level Advisory Committee
IP	Implementing Partner
LDC	Least developed country
MEL	Monitoring, Evaluation and Learning
MIS	EIF Management Information System
MOU	Memorandum of Understanding
MSME	Micro-, Small- and Medium-Sized Enterprise
MT	Metric tonne
M&E	Monitoring and Evaluation
NDP	National Development Plan
NIAs	EIF National Implementation Arrangements
NIU	EIF National Implementation Unit
NSC	EIF National Steering Committee
PCR	Project Completion Report
PFD	EIF Programme Framework Document
Q@E	Quality at Entry
SDG	Sustainable Development Goal
SME	Small- and Medium-Sized Enterprise
TFA	WTO Trade Facilitation Agreement
TFM	EIF Trust Fund Manager
TOC	Theory of Change
TOR	Terms of Reference
VfM	Value for Money
WTO	World Trade Organization

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EXECUTIVE SUMMARY

Phase Three of the Enhanced Integrated Framework (EIF) is launched at a critical moment for the least developed countries (LDCs) and recently graduated countries. Set to run from October 2025 to December 2031, this phase represents a renewed commitment to support the LDCs in harnessing trade and investment for inclusive, resilient and sustainable economic transformation. It builds on the legacy of EIF Phases One and Two, responds to lessons learned and reflects an evolved global trade landscape marked by volatility, inequality and opportunity.

The LDCs face persistent structural vulnerabilities: narrow export bases, underdeveloped trade and investment frameworks, high exposure to external shocks and limited access to finance and technology. The COVID-19 pandemic, climate crises, global supply chain disruptions and increasingly protectionist trade environments have further eroded their competitiveness. Yet new opportunities are emerging through green trade, digitalization, services trade, regional integration (e.g., the African Continental Free Trade Area – AfCFTA) and greater South-South cooperation.

To address these dynamics, EIF Phase Three reflects a paradigm shift. It moves from a project-driven to a systems-based, multi-year country programming approach. It emphasizes flexibility, catalytic impact and sustainable capacity. Strategic alignment with the Sustainable Development Goals (SDGs) and the Doha Programme of Action (DPoA), particularly the goal of doubling the share of LDC trade in global markets by 2031, underpins this new direction of the programme.

Vision and strategic framework

The vision of EIF Phase Three is "Inclusive trade and investment for resilient, sustainable and transformative development". Its mission is to "Empower the LDCs to lead their sustainable economic transformation by harnessing their trade and investment potential" in a dynamic, systemic and scalable manner.

The EIF Phase Three goal is to foster competitive, diversified, inclusive and resilient LDC economies integrated into the global trade and investment system. This will be achieved by:

- Strengthening the institutional and regulatory environment for trade and investment.
- Building human and institutional capacity.
- Unlocking and leveraging additional public and private financing.
- Catalysing productive capacity development in high-potential sectors.
- Deepening LDC participation in regional and global value chains (GVCs).

The core operational logic is embedded in a systems-based theory of change (TOC), which emphasizes the interdependence between institutional reform and firm-level competitiveness, and the need for adaptive, learning-oriented interventions. This approach ensures that interventions are context-specific, scalable and driven by feedback loops embedded in robust monitoring, evaluation and learning (MEL) systems.

Cross-cutting priorities and inclusive impact

EIF Phase Three integrates four key cross-cutting priorities – climate resilience, gender equality, youth employment and digital transformation – into all aspects of its programming. These priorities address core development challenges and help ensure that trade contributes to inclusive and sustainable outcomes across the LDCs.

Climate resilience is promoted through support for green value chains, climate risk analyses and improved access to climate finance. Gender equality is advanced by mainstreaming gender-sensitive design and implementation, with targeted support for women-led enterprises. Youth employment is fostered through skills development, entrepreneurship development and digital innovation tailored to young people. Digital transformation is supported through e-commerce strategies, digital infrastructure and improved digital literacy.

Rather than addressing these priorities in isolation, EIF Phase Three embeds them into its broader systems-based approach – ensuring inclusive participation, resilience and long-term impact across LDC trade ecosystems.

Value for Money

The EIF Phase Three Value for Money (VfM) framework continues to build on the "4Es" – Economy, Efficiency, Effectiveness and Equity. It ensures that EIF Phase Three delivers strategic, inclusive and lasting results. Key features include:

- Integrated VfM metrics in project cycle and MEL systems.
- A lean operational model (regional clustering and scalable staffing).
- Streamlined and transparent operational systems.
- A tiered cost classification system linking expenditures to outputs and outcomes.
- Tiered cost-tracking and outcome-based reporting.
- Digital MEL systems for real-time performance-tracking.

Governance and institutional innovation

In response to past limitations, EIF Phase Three introduces a significantly restructured governance architecture:

- An **Executive Operational Board (EOB)** provides strategic oversight and ensures accountability across the programme.
- A **High-Level Advisory Committee (HLAC)** fosters political momentum and coherence with global development agendas.
- The **Executive Secretariat for the EIF (ES)** at the World Trade Organization (WTO) assumes an enhanced coordination and technical assistance role, while the **EIF Trust Fund Manager (TFM)** at the United Nations Office for Project Services (UNOPS) retains fiduciary and compliance responsibilities.

At the country level, the EIF strengthens the EIF National Implementation Arrangements (NIAs), including EIF Focal Points (FPs), EIF National Steering Committees (NSCs) and EIF National Implementation Units (NIUs). The programme also promotes sustainability by embedding these structures into national development systems and assisting governments in resource mobilization.

Partnerships and resource mobilization

EIF Phase Three redefines the EIF's partnership model by expanding beyond traditional implementing agencies to engage a wider array of actors. New alliances will be pursued with development finance institutions (DFIs), climate finance mechanisms (such as the Green Climate Fund and the Global Environment Facility), philanthropic foundations, impact investors, blended financing institutions, non-governmental organizations and private sector actors, including industry platforms. These partnerships are central to delivering on the programme's ambition to scale impact, leverage additional resources and strengthen the trade and investment ecosystems in the LDCs.

The EIF Resource Mobilization Strategy targets to mobilize USD 200 million over the life of EIF Phase Three, with an ambitious front-loaded goal of USD 110 million by the end of 2026. Contributions may be unearmarked or directed toward specific priorities, such as green trade, digital inclusion, youth employment or support for women-led enterprises. All funding will adhere to the principles of co-financing and catalytic leverage, with an emphasis on projects that unlock further public or private investment.

Modular, country-led and catalytic programming

At the heart of EIF Phase Three is a flexible and demand-driven programming model that respects the diversity of LDC contexts. The programme adopts a modular approach that allows each country to define its own priorities, entry points and sequencing of support. This ensures that interventions are tailored to specific national realities – whether related to institutional maturity, sectoral opportunities or financing needs.

Country ownership remains a cornerstone of the EIF, with national stakeholders – particularly government institutions – leading programme design and implementation. The NIAs, including the NIUs, serve as the operational backbone, ensuring alignment with national development plans (NDPs), coordination with funding partners and inclusive engagement with the private sector and civil society.

Programming is organized around two core funding facilities. The first focuses on institutional development – supporting policy reform, coordination mechanisms and capacity-building. The second provides catalytic support to value chains and sectors with a high potential for competitiveness and market expansion. These catalytic projects are designed not only to generate impact on the ground but also to leverage additional resources, test innovative models and inform broader reforms.

This modular and catalytic structure enables EIF Phase Three to function as a strategic platform, creating space for nationally grounded and high-impact solutions that can drive systemic change across the trade and investment landscape of the LDCs.

Monitoring, risk management and adaptive learning

MEL systems will be digitally integrated, real-time and participatory. A unified EIF Management Information System (MIS) that integrates the functions of the current Knowledge Hub will improve transparency, facilitate learning and enable more adaptive decision-making across the partnership.

In recognition of heightened global volatility, EIF Phase Three adopts a proactive and integrated risk management approach:

- Country- and project-level risk assessments guide project design.
- Financial and fiduciary oversight mechanisms include independent audits, due diligence and recovery safeguards.
- MEL data feeds directly into risk tracking, enabling adaptive programming and course correction.

This approach ensures responsiveness to emerging challenges and reinforces the EIF's capacity to support resilience-building in the LDCs.

Positioning for systemic impact

EIF Phase Three positions itself as a **catalyst** and **connector**, linking policy reform to investment, mobilizing partnerships, identifying scalable innovations and anchoring trade and investment strategies in inclusive development objectives. The programme is designed to mobilize the right actors around the right problems in ways that amplify country ownership and systemic transformation. In essence, EIF Phase Three marks a decisive shift – from a project delivery mechanism to a strategic platform for inclusive economic transformation. It reflects the urgency of LDC challenges, the complexity of the trade and investment landscape and the promise of partnership-driven solutions that scale.

1. CONTEXT AND RATIONALE

1.1. Background

EIF Phase Three represents a strategic evolution of the EIF, conceived as a renewed, responsive and fit-for-purpose mechanism to support the LDCs and recently graduated countries in building trade and investment capacity, deepening integration into the global trading system, leveraging financing and catalysing inclusive economic transformation.

Anchored in the principles of the DPoA and aligned with the SDGs, this new phase will unfold over six years, **from October 2025 to December 2031**. Its design reflects a candid assessment of the lessons from previous phases – particularly the need for more flexibility, differentiated support, greater leveraging of resources and a stronger link to national priorities.

In total, **44 LDCs and 2 recently graduated countries**[1] are expected to benefit from EIF Phase Three. Rather than prescribing a uniform set of interventions, the EIF will enable each country to craft its own trajectory within a modular framework that balances flexibility, focus and accountability. This Phase takes forward the EIF's core principles of **country ownership**, **partnership** and **results-driven programming**, while introducing greater modularity, stronger governance mechanisms and a robust emphasis on institutional sustainability and resource mobilization.

While EIF Phase Three introduces important novelties, it also builds on the experiences made and lessons learnt in preceding phases. To understand the rationale for the changes in EIF Phase Three, it is important to learn from the experience gained from the EIF's phases to date. This section therefore provides the key lessons learnt that have influenced the programmatic, governance and operational changes introduced for EIF Phase Three.

The EIF has played a pivotal role in supporting the LDCs to harness trade as a driver of sustainable development. Since its inception, the EIF has sought to integrate trade into national development agendas, strengthen institutional capacity and mobilize resources for trade-related initiatives. As the programme has evolved, comprehensive evaluations have surfaced critical lessons and insights, shaping the design of a more impactful, inclusive and adaptive EIF Phase Three – one that is country-led, learning-driven, grounded in partnership, focused on catalysing innovation, boosting LDC competitiveness and productivity, and leveraging additional finance for sustainable, system-wide transformation. This section provides a summary of the lessons learned and recommendations made across various evaluations and the EIF Taskforce, which was established in September 2023 to make recommendations on the future of the EIF after the closure of EIF Phase Two.

1.2.Trade and development dynamics in the LDCs

Since the EIF was launched, the global political, economic and trade context has changed fundamentally, with dynamics becoming increasingly volatile in recent years, with direct implications for trade policy and the LDCs. Since the onset of the global financial crisis of 2008, LDC exports have suffered a serious blow, due to several events that had a bearing on LDCs market opportunities, leading to near stagnation in the share of their global exports, despite the aspirations of doubling the share of their global trade, as indicated in the Istanbul Programme of Action and the SDGs, which was later reiterated in the DPoA. The ongoing polycrisis heightened by COVID-19, supply-chain disruptions, climate-induced vulnerabilities, inflationary pressure, geopolitical upheaval and tariff uncertainty have made the fulfilment of these aspirations almost impossible. Recent geopolitical turmoil, including wars and tensions, and increasingly protectionist trade and tariff policies further increase uncertainty. While this affects all countries globally, the LDCs tend to be among the most vulnerable ones. Especially since 2015, they have not been able to catch up with the world average in terms of per capita growth.

The performance of LDC trade since 2000 can be summarized as follows: Until about 2011, LDC **goods trade** (both imports and exports) expanded faster than world trade, leading to an increase in the LDCs' trade share from about 0.6% in global goods trade to about 1.0%. Since then, the share of LDC exports in global exports has all but stagnated. With LDC exports worth USD 274 billion in

[1] 44 LDCs, including 39 active and 5 inactive countries in 2025, due to the geopolitical context (Afghanistan, Eritrea, Myanmar, Sudan and Yemen). Two recently graduated countries: Bhutan and São Tomé and Príncipe.

2024 and LDC imports worth USD 349 billion, the aggregate LDC goods trade deficit in 2023 was USD 75 billion.

With regard to LDC **services trade,** the LDC share in global services imports rapidly increased during the 2000s, from about 1.0% to 1.6%, plateauing at that level until 2014 and then dropping sharply again to 1.1% in 2023. The share of LDC services exports is considerably smaller and has increased at a slower pace, but more steadily, from about 0.4% in the early 2000s to 0.7% in 2019. With tourism, travel and transport services being an important component of LDC services exports, the pandemic had a particularly damaging effect: the LDC share dropped to 0.5% again in 2021 and has not recovered since. In absolute terms, however, the performance has been more positive: LDC commercial services exports reached USD 43.5 billion in 2023; in the same year, services imports amounted to USD 78.8 billion.

Foreign direct investment (FDI) inflows to the LDCs increased from less than 1% of global FDI during the 2000s to between 1% and 2% in the 2010s – and jumped to 4% in 2023. Although the upward trend is encouraging, the share of FDI flows into the LDCs is in line with their share in global GDP – although it should be higher than the GDP share to finance, the additional investments that are needed to spur economic development. Also, FDI to the LDCs often flows into extractive sectors, cementing current concentrated economic structures that are typically associated with limited employment opportunities. An indication of the continued financial capacity constraints of the LDCs is also the fact that the FDI outflows from them are minuscule. LDCs also have a variety of resources (mining, agriculture, farming, a young workforce, etc.) to improve their investment climate and attract and facilitate FDI flows, the main objective being to promote sustainable development.

In response to both the manifest trade capacity and financing constraints, the LDCs have been receiving sizeable **Aid for Trade** (AfT), which in constant 2023 USD terms increased substantially from less than USD 6 billion up to 2006 to more than USD 14 billion in 2019 but has since stagnated. This is leading the OECD (2024) to conclude that progress remains insufficient to meet the commitments made to significantly increase AfT with the objective of doubling support from 2018 levels by 2031, as stated in the DPoA.[2] Due to announcements by major funding partners of their intent to decrease their overall Official Development Assistance in the coming years, meeting the objective looks even more challenging.

While these trends show aggregate developments for the LDCs, individual experiences and developments have varied widely across the countries as a result of the extreme heterogeneity of the LDCs – which range from small island developing states to large land-locked countries; from fragile and conflict-affected states (FCAS) to those with stable regimes; and from agricultural and/or raw materials-based economies to services ones.

Challenges and opportunities for LDC development

These trends are proof that LDC trade faces persistent structural **vulnerabilities** that have been amplified by recent global developments. Economic vulnerabilities remain acute. **Most LDC economies rely on a narrow export base** – often a few commodities – leaving them highly exposed to price shocks. From 2019 to 2021, fully 74% of the LDCs depended on just three commodities (oil, copper and cotton) for at least 60% of their merchandise export earnings. Such heavy concentration means that downturns in global commodity markets or demand can quickly erode LDC export revenue. The volatility of commodity prices over the past decade, combined with the various global economic shocks, caused the LDCs' share of global exports to stagnate. Although some recovery took place after the 2014/2015 commodity shock, the latest data for 2023 show another drop. What is more, due to terms-of-trade effects since 2010, the aggregate trade balance across all the LDCs has deteriorated substantially.

Another vulnerability is a **high debt burden and limited financing**. The pandemic exacerbated debt distress across low-income countries, as growth setbacks and emergency spending pushed debt ratios higher. Many LDC governments now face a constrained fiscal space and higher borrowing costs, limiting their ability to invest in trade-related infrastructure or to cushion shocks. At the same time, despite encouraging trends, the LDCs struggle to attract sufficient private investment. As noted above, FDI inflows to the LDCs remained highly volatile and overall insufficient for LDC catch-up growth. This reflects perceptions of risk and structural bottlenecks. The LDCs also rely heavily on

[2] https://www.oecd.org/en/about/programmes/aid-for-trade.html.

external aid and finance and have thus been negatively affected by the stagnation of AfT flows in recent years and will be further affected by the decline that has already started and is expected to continue for the foreseeable future. This limited access to finance impedes diversification and upgrading of their economies.

Compounding these issues is the heightened **vulnerability of the LDCs to climate change and related trade risks**. The LDCs contribute least to global emissions but are on the frontlines of climate impacts – 17 of the world's 20 most climate-vulnerable countries are LDCs. Climate change threatens key export sectors (for example, agricultural commodities and tourism) through more frequent disasters, shifting weather patterns and infrastructure damage. Moreover, new climate-related unilateral trade measures by other nations pose risks, potentially imposing tariffs on carbon-intensive imports. The LDCs generally lack the technology and capital to adapt production to stringent green standards overnight. Thus, climate change presents a dual challenge – physical impacts on production and the need to meet demanding environmental standards in global markets.

Despite these challenges, there are emerging **opportunities** that LDCs can leverage to foster more resilient and inclusive trade growth. One major opportunity lies in an area that also constitutes a key challenge (climate change and environmental challenges): **green trade**. There are growing opportunities for the LDCs to engage in green trade, driven by global demand for sustainable goods and services. Key sectors include organic and climate-smart agriculture, bio-based and circular products, responsibly sourced critical minerals, renewable energy technologies, sustainable fisheries and emerging carbon markets. With the right support – such as blended finance, technical assistance and access to sustainability certifications – the LDCs can leverage their natural assets and local innovation to integrate into green value chains, enhance competitiveness and attract responsible investment aligned with evolving global standards.

Another opportunity, supported by a responsible use of artificial intelligence (AI), is **digital trade and the services economy**. Advances in information and communication technology are reducing the barrier of physical distance that has long constrained the LDCs. E-commerce platforms, digital marketplaces and online services offer new avenues for entrepreneurs in the LDCs to reach global customers. Digitalization can help LDC firms integrate into GVCs through IT outsourcing, online freelancing and fintech services. And AI, if used wisely, can play an important role in democratizing knowledge access, integration and application to different value chains, including agro-business, tourism, finance and others. While the LDCs currently account for a very small share of global services exports, as noted above, there is significant untapped potential if constraints like internet access, skills and regulatory frameworks are addressed. In addition, services sectors, such as tourism, were booming in several LDCs and remain areas to rebuild and expand in a sustainable way post-pandemic.

Additionally, **diversifying into new sectors and value-added products** offers an opportunity for the LDCs to increase resilience. Some LDCs have demonstrated success stories in niche exports: for instance, with EIF technical assistance, Togo transformed into the European Union's largest supplier of organic soy by 2022 from a negligible base and attracted foreign investment worth USD 250 million in soya processing; and Cambodia built a competitive high-quality milled rice export industry with the export volume having increased to 630,000 metric tonnes (MT) and export revenue totalling USD 414 million. These cases show that given the right support, the LDCs can move up the value chain in agriculture and light manufacturing.

There is also scope for capitalizing on the services sector – as noted above, for many LDCs, the travel and tourism sectors were the top foreign exchange earners pre-COVID-19. Reviving sustainable tourism and leveraging cultural assets can create jobs and spur services exports. Going forward, the LDCs can also look to creative services, remote work and regional services markets (like education and healthcare provision) as areas for growth. Crucially, realizing these opportunities will require overcoming internal barriers – such as weak infrastructure, small firm size, skills gaps and gender disparities in economic participation. Targeted support is needed to build the capacity of micro-, small- and medium-sized enterprises (MSMEs) – often women- and youth-led – so that they can benefit from digital platforms and regional market access. With inclusive policies and investment in human capital, the LDCs can leverage these emerging avenues to gradually reduce their dependence on a few vulnerable sectors.

Another opportunity is **regional integration**, exemplified by initiatives like the AfCFTA. In Africa, where the majority of LDCs is, intra-regional trade has historically been very low – about 80% of

African LDC exports still go to non-African markets, mainly as unprocessed commodities. This leaves exporters extremely vulnerable to external demand swings and global price volatility. The AfCFTA aims to change this dynamic by creating a single African market of 1.3 billion people, which could catalyse industrialization and value addition. The full implementation of the AfCFTA is projected to boost intra-African trade by nearly 400% by 2045, raising Africa's intra-regional trade share from 15% in 2020 to over 25%. Such an expansion would particularly benefit the LDCs by opening new markets next door for their products, spurring regional value chains in agro-processing, textiles, pharmaceuticals and other sectors. To seize these gains, the LDCs will need support in implementing the agreement, upgrading standards and improving trade facilitation at borders.

Regional integration also provides a platform for South–South trade beyond Africa, as many LDCs can expand trade with dynamic developing economies in Asia and the Middle East. For example, several LDCs in Asia are members of the Regional Comprehensive Economic Partnership, and the LDCs in general are also becoming more active in negotiating and concluding bilateral trade and investment agreements. In fact, over half of LDC exports already go to developing countries of the Global South. Strengthening these South–South links – for instance by complementing existing preferential schemes, such as the African Growth and Opportunity Act and the Generalized System of Preferences with those from countries like China, India and the United Arab Emirates – can reduce reliance on a few markets.

The LDCs also face a complex set of **challenges and opportunities in relation to policy-making in the multilateral trading system**, particularly within the framework of the WTO. Accession to the WTO remains a significant hurdle for the LDCs that are not already members, often requiring substantial legal and economic reforms to meet WTO rules, which can strain limited institutional capacities. Even post-accession, the implementation of WTO agreements such as the Trade Facilitation Agreement (TFA), the Agreement on Technical Barriers to Trade, and the Agreement on Fisheries Subsidies presents considerable difficulties. These Agreements demand not only regulatory changes but also infrastructure upgrades and sustained administrative capacity – areas where the LDCs often face acute resource constraints. Yet, these Agreements also offer strategic opportunities: the TFA, for example, has the potential to reduce trade costs and improve competitiveness by streamlining customs procedures, provided the LDCs receive the necessary technical and financial support promised under the Agreement. In addition, other emerging initiatives represent promising avenues for the LDCs to attract sustainable FDI by enhancing transparency, predictability and administrative efficiency in investment processes. Nonetheless, LDC participation in such negotiations can be limited by technical expertise and negotiating capacity. The special and differential treatment provisions within WTO agreements are critical to addressing the developmental asymmetries that the LDCs face. Ensuring that these provisions are meaningfully operationalized remains a key priority.

One indicator for the development performance of the LDCs is the extent of **graduations from LDC status** over the years. This points to a mixed performance over the past decades, reflecting the mix of challenges and opportunities just outlined. Since 1994, when Botswana graduated, only seven (small) countries have graduated out of the LDC status – Cabo Verde in 2007, Maldives in 2011, Samoa in 2014, Equatorial Guinea in 2017, Vanuatu in 2020, Bhutan in 2023 and São Tomé and Príncipe in 2024 – bringing the total number of LDCs to 44 today. In the coming three years, four further LDCs are poised to graduate, including several larger economies: Bangladesh, Lao PDR and Nepal in 2026 and Solomon Islands in 2027. In addition, several LDCs – Rwanda, Uganda and Tanzania – met the graduation criteria for the first time in 2024. At the same time, graduation from LDC status in itself poses another challenge to the LDCs. Although the WTO and some developed economies have been working on easing the transition from LDC to developing country status, graduating countries must still cope with the loss of preferences and concessional financing avenues reserved for the LDCs.

1.3. Lessons learned from previous EIF Phases

Relevance and national ownership: The EIF has consistently demonstrated a strong alignment with the trade-related development priorities of the LDCs. A notable achievement has been the successful integration of trade into NDPs and sector strategies across all participating countries. The utilization of Diagnostic Trade Integration Studies (DTISs) and DTIS Updates (DTISUs) has facilitated policy formulation and strategic planning. However, the application of a standardized "one size fits all" model proved insufficient in addressing the nuanced needs of FCAS, small island developing states and countries that recently graduated from LDC status. The 2021 EIF evaluation emphasized the need for greater adaptability in the design and delivery of better-tailored interventions to respond effectively to country-specific contexts.

Sustainability of institutional arrangements: A significant accomplishment of the EIF was the integration of the NIUs into trade ministries in 45 countries. These structures played a pivotal role in mainstreaming trade and managing, implementing and leveraging AfT processes and projects. However, the long-term sustainability of these units remained uncertain in contexts where domestic budgetary support was lacking. The 2021 EIF evaluation highlighted the need for more robust sustainability planning and improved monitoring frameworks to assess the institutional durability of EIF-supported arrangements.

Inclusivity and stakeholder engagement: Despite effective engagement with government stakeholders, the EIF's collaboration with non-state actors – particularly the private sector, MSMEs and civil society – was relatively limited. Chambers of commerce, often perceived as representative of the private sector, did not always reflect the realities of informal enterprises or women-owned businesses. However, EIF initiatives like "Empower Women, Power Trade" and "SheTrades" have shown the potential benefits of gender-transformative interventions, indicating that future projects should replicate and expand such thematic initiatives.

Productive capacity development and trade impact: The EIF's contribution to enhancing productive capacity, especially within agricultural value chains, is well documented. EIF support resulted in increased exports, employment generation and strengthened sectoral performance. For instance, a regional initiative in Benin, Burkina Faso, Mali and Togo greatly surpassed its goals, raising annual shea production to 45,829 MT – well above the targeted 5,880 MT – and boosting exports by 45,167 MT, which generated USD 21.2 million for local communities. Several countries leveraged EIF diagnostic outputs to attract substantial public and private sector investments. Nonetheless, challenges persisted in implementing DTIS Action Matrices, particularly in FCAS contexts, where resource constraints and institutional fragility limited the translation of diagnostics into actionable reforms. Moreover, regional integration objectives received limited operational focus and financial allocation, representing a missed opportunity to amplify trade impacts through regional coordination.

Governance and strategic focus: The governance framework of the EIF exhibited certain limitations with regard to strategic oversight and responsiveness. The EIF Board primarily adopted a reactive posture, with limited capacity to enforce accountability or provide directional leadership. While project approval processes were streamlined to some extent in EIF Phase Two, many country stakeholders reported them to be onerous and time-consuming. Furthermore, the expansion of the EIF's cross-cutting and thematic focus areas – such as gender, environment, digital trade and e-commerce – was not accompanied by a commensurate increase in resources or a clear delineation of institutional roles, including with partners. This led to a degree of strategic overstretch.

Adaptability and crisis response: The EIF demonstrated commendable adaptability during the pandemic. The implementation of a business continuity plan and the enhancement of risk management systems enabled the programme to maintain momentum amidst global disruptions. This ability to respond flexibly to external challenges highlights the need to incorporate adaptive management principles into future programme design. Accordingly, a business continuity plan will be developed for EIF Phase Three to institutionalize crisis preparedness and ensure operational resilience, as well as to complement the regular risk management of its operations (see also Section 6.3 below). These mechanisms have become essential for successful programme management in the current volatile global environment.

1.4. Strategic recommendations of the EIF Taskforce

Based on the lessons and recommendations identified in EIF evaluations, notably the 2021 evaluation of EIF Phase Two, the EIF Taskforce in March 2025 formulated a set of recommendations to be implemented in EIF Phase Three. These recommendations are reflected throughout this Programme Framework Document (PFD). They can be summarized as follows:

Implementation of the 2021 EIF evaluation recommendations (Recommendation 1[3]): The EIF Taskforce affirmed the strategic recommendations of the 2021 EIF evaluation and emphasized the need for their full implementation in EIF Phase Three. These include adopting a more tailored and

[3] Numbers refer to the numbering of recommendations in the summary (Section 2 of the EIF Taskforce report, also used in its Appendix 4).

flexible approach to programme design; reforming the DTIS model to allow for sectoral and thematic diagnostics; reinvigorating the EIF partnership, including funding partner and agency engagement; and enhancing sustainability by supporting countries to mobilize alternative sources of finance, such as climate or private sector finance. In this context, it must be noted that the capacity of countries for attracting leveraged financing varies; for example, it will be quite limited in FCAS.

Alignment with global development agendas (Recommendation 2): The EIF Taskforce recommended that Phase Three of the EIF align explicitly with the SDGs and the DPoA, with a specific focus on doubling the LDCs' share of global exports by 2031.

Institutional anchoring within the WTO (Recommendation 3): The EIF should strengthen its institutional anchorage within the WTO to enhance its global visibility and coordination function. Leveraging the WTO's convening power and legitimacy will enable the EIF to better support LDC engagement in multilateral trade negotiations and funding partner coordination platforms.

Reformed governance architecture (Recommendation 4): To address previous governance limitations, the EIF Taskforce proposed the establishment of an EOB supported by an HLAC. These bodies will enhance strategic guidance, increase accountability and ensure that the LDC voice remains central in programme governance.

Renewed and expanded partnership framework (Recommendation 5): The EIF must reinvigorate its multilateral partnership model by engaging new stakeholders – including DFIs, climate funds, new funding partners and the private sector, among others – and securing renewed commitments from existing funding partners. This collaborative approach is essential for resource mobilization and addressing emerging development challenges.

Catalytic and leverage-oriented interventions (Recommendation 6): EIF Phase Three should prioritize high-impact and catalytic projects that demonstrate the potential to leverage additional finance and scaling-up. The ES will adopt a more proactive coordination role to facilitate co-financing opportunities and leveraging additional financing, and align interventions with broader national and regional strategies.

Sustainable institutional capacity-building (Recommendation 7): The NIUs should remain a core component of EIF support. However, flexibility needs to be introduced to accommodate different country contexts. Countries unable to sustain NIUs should not be excluded from accessing EIF resources. New approaches should emphasize institutional integration, sustainability planning and linkages to broader public sector reforms.

New Theory of Change (TOC) and logframe (Recommendation 8): The EIF Taskforce called for a new TOC and logframe to reflect the changes in the EIF design during EIF Phase Three in response to the substantive recommendations made. In particular, the former three-pronged approach is to be replaced by two main activity areas focusing on dynamic institutional capacity-building and catalytic value added through interventions to boost productive capacity in the LDCs.

Enhanced VfM and operational efficiency (Recommendation 9): EIF Phase Three should ensure that a greater proportion of resources are directed to the LDCs by reducing administrative overheads and streamlining operational costs. Budget allocations between technical cooperation and administrative functions should be revisited to improve efficiency and enhance the programme's overall effectiveness.

Strengthened MEL (Recommendation 10): The MEL system must be further enhanced through real-time data integration, improved results reporting and more robust performance-tracking. Monitoring frameworks should include indicators specific to the sustainability of the NIUs, project outcomes and alignment with national development priorities.

These recommendations guide the design and implementation of the EIF Phase Three, as set out in this document. Table 1 provides an overview of how the recommendations have been reflected in the PFD.

Table 1: Matching of EIF Taskforce recommendations and responses in the PFD

EIF Taskforce Recommendation	Corresponding Section in this PFD
1 Implementation of the 2021 EIF evaluation recommendations	The four main areas of the 2021 EIF evaluation recommendations are addressed in Section 3 (better tailored support and redefined role of the DTIS), Section 4.4 (enhanced partnership framework) and Section 5 (resource mobilization).
2 Alignment with global development agendas	While temporal aspects of the recommendation (alignment of EIF Phase Three with the DPoA, ending in 2031) has already been decided and is not further addressed in this document, substantive alignment of EIF Phase Three with the SDGs and the DPoA is addressed in Section 3, based on a brief analysis in Section 2.
3 Institutional anchoring within the WTO	Section 4 provides the new EIF governance structure and Annex A the terms of reference (TOR) for the governance bodies.
4 Reformed governance architecture	
5 Renewed and expanded partnership framework	Section 4.4 sets out the EIF Phase Three partnership framework and is complemented by specific considerations for resource mobilization in Section 5.
6 Catalytic and leverage-oriented interventions	Section 3 provides the new strategic framework and results chain, complemented by the TOC in Annex B and the logframe in Annex C. This also addresses how EIF Phase Three activities will focus on the two main activities – catalytic interventions for enhancing productive capacity and sustainable institutional capacity-building.
7 Sustainable institutional capacity-building	
8 New TOC and logframe	
9 Enhanced VfM and operational efficiency	VfM considerations and operational efficiency are addressed in Section 5 (see particularly Section 5.4) and Section 6.
10 Strengthened MEL learning framework	The MEL framework for EIF Phase Three is explained in Section 6.3. Annex D provides the full MEL framework.

The EIF has made a significant contribution to supporting the LDCs in leveraging trade for sustainable development. Nonetheless, critical challenges remain, particularly in the areas of inclusive stakeholder engagement, regional integration, strategic focus and institutional sustainability. The recommendations of the EIF Taskforce provide a well-considered blueprint for a reinvigorated EIF Phase Three, grounded in the principles of country ownership, strategic alignment, multilateral cooperation and a learning-driven and adaptive approach that responds to evidence and feedback. With a strengthened governance framework, a comprehensive Resource Mobilization Strategy – including concessional and private finance – and a clearer focus on catalytic and innovative interventions that boost competitiveness and productivity, the EIF is well positioned to continue serving as a vital and partnership-based mechanism for advancing the trade and development objectives of the LDCs through sustainable, system-wide transformation.

2. STRATEGIC FRAMEWORK FOR EIF PHASE THREE

The EIF Phase Three aims to **catalyse inclusive and sustainable (competitive, diversified and resilient) economic transformation in the LDCs**, in alignment with the key SDGs, notably SDG 8 on Decent Work and Economic Growth, where the EIF is mentioned explicitly under Target 8a, recalling how the EIF is a unique mechanism to be used to increase AfT support to the LDCs. The EIF also contributes to the following SDGs:

- SDG 1 (No Poverty).
- SDG 5 (Gender equality).
- SDG 9 (Industry, Innovation, Technology and Infrastructure).
- SDG 10 (Reduced inequality).
- SDG 13 (Climate action).
- SDG 17 (Partnerships for the goals).

EIF Phase Three **remains committed to poverty alleviation** (SDG 1, especially Target 1a and Target 1b relating to resource mobilization for implementing development programmes and supporting the development of policy frameworks that support investment for poverty reduction); and the **reduction of inequalities** (SDG 10, specifically Target 10b related to encouraging Official

Development Assistance and FDI flows to the LDCs), being keenly aware of the **potential distributional inequities of trade and investment benefits**, notably including the LDCs themselves, but also vulnerable groups within those countries, including small- and medium-sized enterprises (SMEs), the informal sector and women. This approach is aligned with the Addis Ababa Action Agenda, which calls for increased international support for financing sustainable development in the LDCs, including through blended finance, private sector engagement and country-led frameworks that prioritize inclusive growth. This was similarly reaffirmed through the Sevilla Commitment at the 4th International Conference on Financing for Development. Holding on to its legacy as a **partnership framework** and taking into account the EIF Taskforce recommendation on the need to reinvigorate the EIF partnership, particularly **private sector engagement**, SDG 17 on Partnerships for the Goals will be a priority under EIF Phase Three. EIF Phase Three will continue to address the EIF's cross-cutting priorities from EIF Phase Two, including **gender mainstreaming** and the **engagement of youth** and other vulnerable groups; and **climate change mainstreaming**. A key cross-cutting area for EIF Phase Three relates to further engaging with the **private sector**, with particular attention to the needs of MSMEs, as well as wider partner engagement throughout the programme.

At the core of EIF Phase Three is **a dynamic, systems-based approach that embraces the complexity and interdependence of trade and investment** as mutually reinforcing drivers of **structural transformation in the LDCs**. Recognizing that trade-related reforms alone cannot yield sustainable and inclusive growth, the approach integrates the **trade and investment climate and leveraging of productive sector finance** as co-dependent levers of change. Likewise, **meaningful and sustained investment flows** require a stable, transparent and inclusive trade policy environment. EIF Phase Three operationalizes this through the adaptive orchestration of tailored technical assistance, institutional and policy reform, catalytic project design and innovative financing instruments – generating virtuous cycles and emergent outcomes across the **trade and investment ecosystem**. This complex systems lens enables the programme to respond flexibly to **context-specific dynamics**, fostering **innovation, resilience and long-term impact**. Empirical evidence affirms that integrated strategies combining trade facilitation, private sector engagement and investment promotion generate significantly higher development returns than siloed interventions, especially in low-capacity environments.

Box 1. The EIF Phase Three TOC in a nutshell

Targeted support to the LDCs in addressing complex, system-wide trade and investment enablers and constraints – spanning human capacity, policy and regulatory dimensions – will 1) improve the trade and investment climate; and 2) boost LDC competitiveness and economic diversification also through leveraged finance, leading to expanded market access and entry. Key enablers include a) strengthening institutional and human capital through agile, demand-responsive capacity-building; b) fostering dynamic public-private collaboration to co-create solutions; c) promoting adaptive, evidence-informed policy reforms; and d) unlocking finance to fuel innovative, resilient and inclusive growth models. This will be achieved by identifying high-potential catalytic projects capable of leveraging blended and commercial finance, with the aim of scaling replicable, context-sensitive business models. Central to the EIF approach is a commitment to adaptive learning, feedback loops and systems thinking, underpinned by a robust MEL framework that enables real-time decision-making and course correction. The innovative, networked nature of EIF Phase Three partnerships – connecting LDC governments, the private sector and development actors – will drive systemic change, foster resilience and accelerate transformation at scale.

EIF Phase Three brings together a **wide coalition of partners –** including national governments, the EIF Funding Partners, the WTO, UN agencies, development banks, the private sector and non-traditional funding partners in a new set of governance structures to provide support particularly in the OECD AfT Category 1) trade policy and regulation; and Category 3) building productive capacity. The EIF will focus, but not exclusively, on Category 1, trade policy and regulation and will aim to catalyse further support through improving the trade and investment environment and through catalysing Category 3 support through pilot projects, with the explicitly defined purpose of catalysing additional public and private finances.

Weaknesses in trade infrastructure – which includes transport, storage, communications and energy infrastructure – are a major constraint to trade across developing countries. Recognizing limited EIF resources to tackle the large-scale structural challenges faced by most LDCs, EIF Phase Three plans to strategically focus on catalytic productive capacity interventions that are well aligned, coordinated and can be scaled up through additional interventions driven by LDC governments, DFIs and funding partners, which have the means to finance these major investments.

The EIF Phase Three strategic framework is informed by the EIF vision and mission and the TOC, which defines its goal, impacts and strategic outcomes, which are supported by an adaptive set of outputs and activities, driven by core EIF supporting functions. The strategic framework is underpinned by EIF guiding principles and cross-cutting priorities.

2.1. EIF vision and mission

The EIF Vision of **"Inclusive trade and investment for resilient, sustainable and transformative development"** reflects our commitment to the achievement of the SDGs.

The corresponding EIF mission is to **"Empower the LDCs to lead their sustainable economic transformation by harnessing their trade and investment potential"**.

2.2. Strategic logic and enablers

2.2.1. EIF Phase Three goal

The EIF Phase Three goal is to foster competitive, diversified, inclusive and resilient LDC economies integrated into the global trade and investment system in line with DPoA Pillar 4 by *strengthening productive capacities thanks to greater investments in the LDCs for greater market access, improving the trade and investment policy and the regulatory framework and developing the human capacities necessary to accompany the LDCs' trade and investment development agenda,* thereby driving inclusive and sustainable economic transformation.

Trade can support poverty reduction by boosting productivity and growth, but its benefits are often uneven, potentially harming less competitive sectors. While evidence in the LDCs is limited, studies (e.g., Gasiorek et al., 2019; WEF, 2021) suggest that well-designed trade reforms can deliver inclusive gains for poorer and marginalized groups. EIF Phase Three will encourage the LDCs to align trade reforms with complementary measures, such as social protection and skills development, targeting support to SMEs, women[4] and other vulnerable groups, and ensuring broad stakeholder participation in trade and investment policy reform processes.

The goal will be achieved by improving investment, trade, competitiveness and the productive sector. This will include increasing trade and the share of global trade for the LDCs, as well as increasing inflows of FDI and improving its quality.

Trade, investment, and value chain integration in the LDCs interact in a deeply interconnected and systemic way, each reinforcing and amplifying the others. Increased trade – both imports and exports – can expand market opportunities, incentivize productive upgrading and signal openness to international investors. At the same time, improved FDI flows – particularly when oriented toward high-quality, productive investments – enhance technology transfer, skills development and access to global production networks.

This, in turn, strengthens the capacity of the LDCs to not only have hypothetical but real access to new markets and to participate more competitively in regional and GVCs. Evidence from the World Bank (2020) and UN Trade and Development (2021) shows that countries that successfully integrate into GVCs tend to attract more and higher-quality investment and experience stronger export growth. Conversely, this integration often depends on domestic trade and investment climate reforms, suggesting a feedback loop where reforms in one area unlock progress in others. Thus, fostering systemic coherence across trade and investment is critical to achieving inclusive and sustained economic transformation in the LDCs.

[4] Recent WTO-OECD reviews (2015, 2022) have flagged persistent gaps in understanding the effects of trade on SMEs and gender equality.

2.2.2. EIF Phase Three strategic outcomes and outputs

In a complex and interdependent global trade and investment architecture, trade and investment climate reforms and the competitiveness of the LDC private sector function as mutually reinforcing levers within a broader adaptive system. Recognizing this interconnectivity, EIF Phase Three strategic outcomes are designed not as isolated interventions but as components of a dynamic system that evolves in response to feedback, context and opportunity.

Outcome 1 – Conducive trade and investment institutional environment strengthened – serves as the foundational enabler, creating the conditions for predictability, transparency and alignment with global standards.

Outputs:

- Inclusive and improved trade and investment policy and regulatory frameworks, along with other legal and institutional reforms that are prioritizing investment-ready sectors.
- Strengthened trade and investment coordination mechanism in coordination with the government, with development partners and with the private sector in the LDCs and at the global level (to promote coherence between trade, investment, climate and other private sector development policies).
- Increased LDC technical, operational and human capacities on trade- and investment-related themes and negotiations, resource mobilization, investment leverage, project management cycle and fiduciary management.
- Trade and investment knowledge and learning generated, consolidated and shared.

However, regulatory reform alone cannot drive transformation unless paired with improvements in firm-level performance and ecosystem-wide capabilities.

Outcome 2 – LDC trade competitiveness catalysed and market opportunities expanded – reflects the system's capacity to respond to policy shifts. A more competitive and diversified private sector – especially SMEs – can better integrate into regional and global value chains, reinforcing the demand for, and effectiveness of, policy reform. Catalytic investments in productive capacity also contribute to increased resilience and the ability to move up value chains, enhancing export potential and fostering sustained competitiveness. This outcome also creates pressure for ongoing innovation and institutional learning, accelerating adaptation across the system.

Outputs:

- Bankable, catalytic productive sector projects introduced that are aligned with national priorities.
- Targeted support for innovation, technology adoption, standards compliance and certification, including linkages to GVCs, connecting local firms to markets.
- Innovative business and financing models mobilized through EIF catalytic projects that have been identified/developed or tested.

Together, these two Outcomes support a **virtuous cycle of systemic change**, in which the reforms and capabilities and business competitiveness interact iteratively to unlock inclusive and sustainable transformation in the LDCs. The effectiveness of this approach depends not only on the strength of each outcome, but also on the **coherence, sequencing and adaptability of the interventions across the system**.

Enhancing regulatory transparency, reducing trade barriers and improving business environments not only **attract higher-quality investment** but also **stimulate private sector productivity and innovation**. In turn, a more **competitive and diversified private sector** strengthens the LDCs' capacity to **access and sustain entry into regional and global markets**, while simultaneously **reinforcing investor confidence.** This dynamic interplay generates **positive feedback loops** that can accelerate structural transformation – provided interventions are **context-sensitive, coordinated and responsive** to evolving constraints and opportunities.

2.2.3. EIF Phase Three key functional areas

Underpinning this logic are key EIF Phase Three functions:

- **Leveraging additional finance, including innovative financial instruments and private finance** – Attract additional, concessional finance and design and scaling of innovative, blended financial instruments that de-risk private capital, building local financing capacity and enabling the replication of successful business models – working in close partnership with relevant organizations, turning improved policy environments into investable, scalable ventures. This includes support for project pipeline development; the definition of transparent investment readiness criteria; partnerships with public and private financiers (e.g., multi-lateral development banks, vertical climate funds, philanthropic and private investors and environmental, social and governance impact investors) and systems to monitor leverage, additionality and scalable impact.
- **Private sector and partner engagement** – The private sector is the engine of trade and investment. Facilitate structured public-private dialogues and partnerships between LDC governments, local private sector entities, international businesses and civil society organizations to identify trade and investment opportunities and address bottlenecks. Promote inclusive policy and regulation, engaging the private sector in advocating for policy and regulatory reforms that improve the business climate for trade and investment; investor matchmaking and catalytic project co-design with anchor firms and financial partners to attract and retain trade-related investment (both domestic and foreign); and link local firms to value chains. Private sector actors with relevant expertise may also be engaged in the implementation of some catalytic interventions.
- **Trade and investment (human) capacities** – Assess and strengthen the institutional and technical capabilities of both public and private actors through targeted training on trade policy and investment facilitation, benefiting from existing trade agreements and export competitiveness, fostering cross-sector collaboration and reform ownership.
- **Generation and dissemination of knowledge products** – Produce and share context-specific value chain analyses, trade and investment opportunity maps and actionable policy briefs to inform reform priorities, stimulate private sector engagement and support evidence-based decision-making across the LDCs.
- **Relevant and effective MEL** – Embed adaptive MEL systems that track system-level outcomes, generate real-time insights and support continuous learning and scaling through participatory approaches, such as outcome harvesting and policy learning exchanges.

2.2.4. EIF Phase Three assumptions

At the goal level, the assumptions underpin a vision of inclusive and sustainable development driven by trade and investment. It is assumed that expanded market access will translate into **broad-based and equitable growth across vulnerable and marginalized populations**, rather than exacerbate inequalities. For this to occur, LDC governments must not only commit to reforms but also have the administrative and fiscal capacity to implement and enforce them consistently. At the same time, domestic firms – especially informal and small-scale enterprises – must be supported to build the **capabilities needed to access and compete in new markets**. This transformation also depends on the existence of basic and resilient **infrastructure**, from logistics and energy to digital systems and **public services**, including inclusive education, vocational training and extension services.

The impact-level assumptions focus on reform as a catalyst: improved trade and investment environments are expected to **attract sustained, higher-quality and development-aligned foreign and domestic investment**, provided policy reforms are contextually appropriate, aligned with LDC development strategies and implemented in a coordinated, cross-sectoral manner. A functioning feedback loop – where interventions are monitored using locally relevant indicators, lessons are generated through participatory learning processes, and adaptations are made – is essential to sustain momentum and ensure that reforms remain effective in dynamic and resource-constrained settings.

At the strategic outcome level, success depends on **strong national ownership and coordination**. Governments must drive reform agendas aligned with locally defined development priorities; endorse catalytic, inclusive and pro-poor investment projects; and ensure that development efforts are coordinated with funding partner, regional and private sector initiatives to avoid fragmentation. Cross-ministerial collaboration, effective NIUs and meaningful private sector engagement –

especially from local and regional actors – are seen as key enablers, alongside access to blended and concessional finance that can scale high-impact ventures aligned with national goals.

The operational level assumptions hinge on **implementation readiness in the LDCs** and on the ability of the EIF to mobilize USD 200 million over the course of EIF Phase Three. This includes investments that **align with national strategies** and are relevant to **local market conditions**; **transparent project selection** based on clear developmental additionality; and **de-risking financing tools** (e.g., guarantees, concessional finance and technical assistance) that are **accessible and appropriate for LDC investors and institutions**. **Institutional capacity, stakeholder coordination** and targeted support to priority ministries, local authorities and business associations are critical. Use of locally grounded policy analysis and adaptive learning systems, supported by a collaborative research and data ecosystem, is expected to reinforce policy effectiveness. Finally, inclusive innovation systems, digital access and targeted skills development are essential to enable long-term transformation in LDC trade and investment systems.

2.3. Cross-cutting issues

To maximize impact and ensure resilience across diverse LDC contexts, EIF Phase Three embeds a set of interlinked cross-cutting priorities – **climate resilience, gender equality, youth employment and digital transformation** – into its strategy, programmes and results frameworks. These priorities are not standalone themes but part of a mutually reinforcing system that influences how trade and investment contribute to inclusive, sustainable development. For example, climate-smart trade interventions can open new green market opportunities, particularly for youth-led or women-owned enterprises; digital transformation can expand access to GVCs while amplifying the voice of the private sector; and meaningful engagement of underrepresented groups enhances the adaptive capacity of the entire system. Recognizing the limitations of any one actor, the EIF's partnership framework ensures these priorities are delivered through strategic collaboration with agencies best positioned to lead. In doing so, EIF Phase Three fosters a dynamic, context-sensitive ecosystem where policy coherence, institutional learning and systemic change can be embedded.

Climate resilience

Learning from EIF Phase Two and recognizing the LDCs' vulnerability to climate change and the growing importance of environmental sustainability in the global trade and investment landscape, EIF Phase Three will focus on addressing climate risks and opportunities for the LDCs with the aim to promote greater climate-resilient and green trade and investment practices. This will be mainstreamed in the following ways:

- **Climate analysis:** This will include a more systematic inclusion of climate vulnerability assessments; identification of climate vulnerable sectors like agriculture and fisheries; and policy reforms that align with nationally determined contributions, national action plans and other low-emission development strategies. EIF Phase Three will prioritize EIF funding for trade interventions that improve climate resilience, adaptation and mitigation.
- **Sustainable value chains:** Supporting the development of sustainable, climate-resilient value chains and green export sectors in the LDCs and attracting investments in these areas.
- **Environmental standards:** Enhancing the LDCs' capacity to meet international environmental and sustainability standards, opening new market opportunities.
- **Climate finance mobilization:** Supporting the LDCs in their efforts to access climate finance for trade-related investments that contribute to emissions reduction or adaptation. Most critically, the EIF aims to design joint programming or co-financing arrangements with vertical climate funds (e.g., the Green Climate Fund, the Global Environment Facility and climate investment funds), as well as relevant multilateral development banks, supporting LDC capacity to identify and design relevant project pipelines for climate-smart export diversification.
- **Policy integration:** Supporting the integration of climate and environmental considerations into the LDCs' national trade and investment policies and strategies supported by EIF interventions.

Gender equality

Recognizing the pivotal role all genders play in driving economic development, paying specific attention to the specific challenges and needs of the different genders in trade and investment is a strategic move. EIF Phase Three will intensify its efforts to promote gender equality, creating equal opportunities for men, women and youth. This involves:

- **Targeted interventions:** Designing and implementing trade-related programmes that specifically address the needs of specific genders affected disproportionately.
- **Gender-responsive analysis:** Integrating gender analysis into country programme documents (CPDs), project proposals, DTISs/DTISUs, trade and investment policies supported by the EIF and other assessments to identify gender-specific constraints and opportunities in trade.
- **Capacity-building:** Strengthening the capacity of LDC institutions and women's business associations to advocate for, and implement, gender-sensitive trade policies and programmes.

Youth employment

With the LDCs experiencing an increasing demographic, engaging young people in productive economic activities is crucial for sustainable development and poverty reduction. EIF Phase Three catalytic interventions will focus on fostering youth employment and engagement in entrepreneurship:

- **Skills development:** Supporting the development of demand-driven, trade-related skills and vocational training relevant to emerging sectors and GVCs that employ youth.
- **Entrepreneurship support:** Facilitating access to finance, mentorship, business development services and capacity-building on export readiness for young entrepreneurs in trade-related sectors.
- **Policy advocacy:** Encouraging LDC governments to integrate youth-specific considerations into their national trade and investment strategies.

Digital transformation

The rapid pace of digitalization offers significant opportunities for the LDCs to overcome geographical barriers and enhance trade competitiveness. EIF Phase Three will promote digital transformation for inclusive trade by:

- **Digital policies and regulations:** Promoting the development and implementation of inclusive, transparent and coherent digital policies and regulatory frameworks to foster trust, enable innovation and ensure data protection, cybersecurity and fair competition in the digital space.
- **E-commerce development:** Supporting the development of national e-commerce strategies, policies and regulations, along with related platforms conducive to digital trade.
- **Digital skills:** Enhancing digital literacy and skills among LDC entrepreneurs, particularly women and youth, to participate in the digital economy.
- **Digital infrastructure:** Providing catalytic support for digital infrastructure to enhance accessibility, affordability and application of digital technologies.

2.4.EIF Phase Three operational principles

The effectiveness of the EIF's support is not solely determined by what it does but critically by how it operates. EIF Phase Three adheres to a set of core operational principles that guide its approach to partnerships, programme delivery and accountability, ensuring maximum impact and sustainability.

Commitment to the partnership: As a multi-stakeholder partnership, the EIF is committed to promote and reinforce **shared responsibility**, **mutual accountability**, **transparent communication** and the **inclusive engagement** of all relevant and involved stakeholders and partners.

Country ownership: LDC ownership remains paramount in ensuring the relevance and sustainability of EIF support. In this regard, EIF Phase Three supports **country-led**, **demand-driven** and **context-specific** programming, while also **strengthening the LDCs' technical capacities** to effectively manage and sustain their trade development efforts.

Leaving no-one behind: In line with the 2030 Agenda, EIF Phase Three applies **inclusive, flexible, adaptive and gender- and conflict-sensitive** approaches to ensure that no LDC or vulnerable group is left behind. The new phase will continue to **deliver targeted support** to MSMEs – especially those led by women, youth and other marginalized groups, and to fragile and conflict-affected LDCs.

Delivery of results for impact: EIF Phase Three aims to demonstrate tangible results and sustainable impact from its interventions. This is underpinned by rigorous monitoring and evaluation (M&E) that drives evidence-based decision-making, supports programme accountability and facilitates learning and adaptation.

2.5. Value for Money

The EIF Phase Three VfM Framework responds to today's development financing challenges by ensuring that funds invested deliver maximum sustainable impact for the LDCs. Grounded in global best practices and lessons from earlier phases, the Framework adopts the "4E" model: Economy, Efficiency, Effectiveness and Equity, promoting smarter planning, leaner operations and inclusive, locally driven results. Economy ensures high-quality inputs at the lowest cost, while Efficiency focuses on minimizing overhead and optimizing resource use to achieve results with an optimal level of inputs. Effectiveness tracks progress toward outcomes, such as trade capacity enhancement and financial leverage. Equity guarantees inclusive support, particularly for fragile states, and gender-focused trade strategies.

VfM principles are integrated throughout the EIF programme lifecycle, from project design to closure. Proposals must demonstrate VfM from the outset, using cost benchmarks and efficiency measures. The overall VfM Framework includes a dedicated VfM monitoring matrix aligned with the MEL system and the TOC. This provides measurable indicators for ongoing performance tracking, strategic review and course correction.

Institutional reforms reinforce accountability. The EOB reviews VfM indicators annually, and the HLAC ensures alignment with global development goals. The NIUs are expected to strengthen domestic ownership by integrating into national structures and spearheading VfM reporting. The roles of the ES, the TFM and the NIUs are clearly defined to enable coordinated planning, implementation and performance management.

Operational enhancements include lean and modular staffing, regional clustering, the use of local consultants, shared office spaces and hybrid working models, all of which boost the economy and efficiency. Procurement reforms prioritize competitive bidding and local sourcing. Targeted capacity-building, adaptable staffing and strategic resource mobilization for high-impact projects reinforce effectiveness. Equity is promoted by encouraging national ownership and addressing the needs of women, young people, MSMEs and vulnerable groups.

A revamped digital MEL system enables real-time tracking, automated data collection and performance dashboards, facilitating responsive and transparent management. Strategic resource mobilization is embedded in project design to encourage co-financing and the leveraging of additional resources from DFIs, the private sector and impact investors. Clear guidance helps countries blend EIF grants with external financing.

The VfM Framework is a strategic and systematic mindset rather than just a financial tool. A tiered cost classification system tracks spending by function and category, linking resources with results. Improvements will be guided by continuous learning, annual reviews and an independent evaluation in 2028, making EIF Phase Three a model for accountable, efficient and inclusive trade-related development in the LDCs.

For a full overview of VfM, see the Enhance VfM Framework for EIF Phase Three.

3. GOVERNANCE STRUCTURE

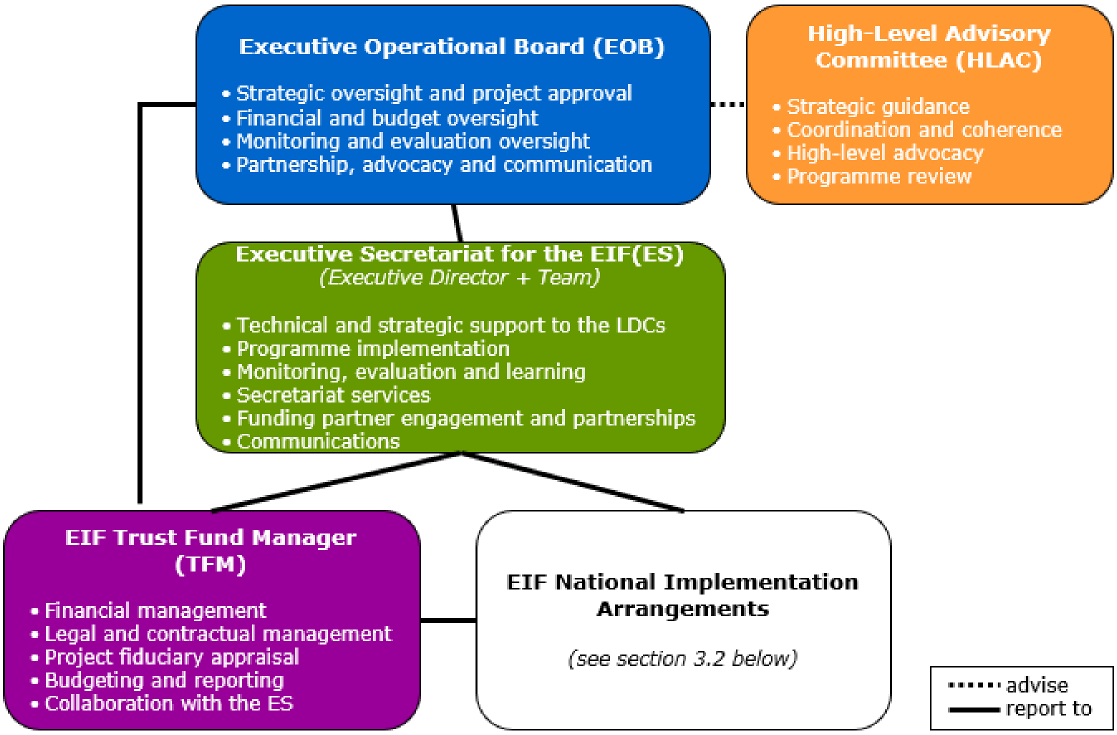
The conclusions of the 2021 evaluation of the EIF determined certain limitations with regard to strategic oversight, responsiveness and directional leadership and also found a need to strengthen the role of the LDCs in the partnership. In response, one of the key recommendations of the EIF Taskforce was to reform the EIF governance structure for EIF Phase Three both at the global (Section 4.1) and country level (Section 4.2). These changes are aimed at enhancing accountability across the partnership (Section 4.3) and raising country ownership and the partnership approach (Section 4.4).

3.1.Governance at the global level

EIF overall governance will be exerted by four entities (Figure 1). Programme implementation and financial and legal/contractual issues will continue to be the responsibility of the ES and the EIF Trust Fund Manager (TFM), albeit with amended TOR. Strategic oversight and high-level guidance will be provided by two new entities, the EOB, which replaces the former EIF Board, and the HLAC. The EIF Steering Committee has been removed from the governance structures of the EIF. The aim of these changes is to strengthen oversight, raise the profile of LDC trade and investment-related priorities, enable more effective resource mobilization and strengthen accountability across the partnership.

Broadly speaking, the EOB sets policies, approves budgets and evaluates EIF performance across entities. The HLAC provides strategic feedback, helping align EIF efforts with global development goals and political realities. The ES and the TFM collaborate closely on project implementation, financial compliance and joint monitoring missions. The remainder of this section describes their structures, responsibilities and relationships in somewhat more detail. Full TOR for the four bodies are provided in Annex A.

Figure 1: Organigramme of EIF Phase Three



The **EOB** is the central decision-making authority within the EIF structure. It provides strategic, fiduciary, financial and operational oversight of EIF Phase Three and ensures alignment with the SDGs and the DPoA. Chaired by an LDC representative, it has six LDC and four EIF Funding partner representatives (both country- and Geneva-based), as well as the Executive Director of the ES (ED) and the Executive Officer of the TFM as non-voting members. The EOB composition is aimed at strengthening the LDCs' active strategic role in the partnership.

The core responsibilities of the EOB are:

- Strategic direction and oversight: The EOB approves EIF strategic plans, ensures alignment with the DPoA and the SDGs and oversees programme performance with a view to maximizing impact and sustainability. The EOB also reviews and approves country programme or project proposals, a task that it may delegate to the ED below a defined threshold.

- Financial and performance oversight: The EOB approves the budgets for the ES, the TFM and EIF Global Activities; reviews reports on audit and issues of non-compliance; and assesses ES and TFM performance.
- Partnership and advocacy: The EOB strengthens collaboration with all EIF stakeholders and guides resource mobilization, advocacy and engagement with potential partners.
- M&E: The EOB oversees EIF results and impact via the MEL framework and provides strategic feedback and guidance.
- Communication and information-sharing: The EOB ensures regular and transparent internal communication and guides and oversees effective external communication by the ES on performance and results.

The EOB normally meets twice per year, although extraordinary and informal meetings are also possible. EOB decisions are made by consensus. However, a double-majority vote from both the LDCs and the EIF Funding Partners is needed for a decision to pass in the absence of consensus.

The **HLAC** is a strategic advisory body composed of high-level representatives of all LDCs (including recently graduated countries) and funding partners contributing to the EIF Trust Fund (EIFTF), invited heads of partner agencies, as well as ex officio the EOB Chair, the ED and the TFM Executive Officer. Its purpose is to provide a platform for engaging high-level decision-makers with a view to secure shared commitment, mobilize political support and resources and sustain momentum for EIF objectives. The HLAC will be co-chaired by an EIF Funding partner representative and the WTO Director-General (DG), thereby also providing a strong anchor of the EIF within the WTO. Meetings will normally take place yearly, with a higher frequency planned in the initial and final stages of EIF Phase Three.

The main responsibilities of the HLAC are:

- Strategic advice: The HLAC advises on the overall direction and goals of the EIF, the integration of the LDCs into the multilateral trading system and the EIF's alignment with the DPoA and the SDGs. Advice is provided to the EOB and the ED.
- Support coordination and coherence: The HLAC promotes alignment among EIF stakeholders and partnership-wide coherence in supporting LDC priorities and advises on potential coordination challenges.
- Advocacy: The HLAC advocates for high-level political and financial support.
- Programme review: The HLAC assesses EIF implementation progress, identifies systemic challenges and supports knowledge-sharing across countries.

The **ES** is housed at the WTO and led by the ED. The ES serves as the operational and coordination hub of EIF Phase Three. It is responsible for managing technical delivery and strategic alignment.

Among its core responsibilities are the following ones:

- Technical and strategic support: The ES assists the countries with project identification, design and implementation and coordinates the development of country-level trade and investment priority action matrices.
- Programme implementation and operational efficiency: The ES implements the agreed reforms for EIF Phase Three and strengthens portfolio management. It monitors project progress, conducts field missions and ensures efficient delivery aligned with the MEL framework. The ES also monitors the performance of contractors, implementing partners (IPs) and the TFM as EIF service provider.
- Governance and secretariat services: The ES provides support to the EOB and the HLAC, manages documentation and meeting logistics and ensures timely programme reporting.
- Resource mobilization and partnerships: The ES advocates for the EIF and its unique role in the AfT landscape and leads engagement with funding partners, private sector actors and international agencies to sustain and scale support. It also furthers collaboration with existing and new partners, including private sector organizations, both regionally, globally and in the LDCs.
- Communications: The ES promotes EIF results and achievements, facilitates learning and peer exchange and ensures transparency across the LDCs and the EIF stakeholders and partners.

Through the ED, the ES reports and is accountable to the EOB for all programme- and policy-related matters and to the WTO DG for all the administrative matters.

UNOPS continues to serve as the **TFM** for EIF Phase Three. It holds full fiduciary responsibility for managing the EIFTF.

Among the TFM responsibilities are (for more detail, see Section 6.1):

- Financial management and fiduciary oversight: The TFM is responsible for maintaining high standards of financial integrity and accountability. This includes receiving and managing EIF Funding partner contributions to the EIFTF and disbursements, reporting and ensuring that projects are audited according to agreements, ensuring that funds are used as intended and recovering any unspent fund balance, including possible misused funds.
- Legal and contractual management: The TFM negotiates and concludes Contribution Arrangements with EIF Funding Partners. It manages the agreements with governments, partner agencies and other IPs.
- Project fiduciary appraisal: The TFM conducts due diligence and capacity assessments of the IPs and risk assessments and signs off on fiduciary aspects of projects.
- Budgeting and reporting: The TFM prepares its annual budgets and financial (quarterly and annual) statements to the EOB and the EIF Funding Partners.
- Collaboration with the ES: The TFM participates in joint project reviews, missions and performance assessments to ensure coherent financial and programmatic oversight.

The TFM reports to the ES, including at the project level and within consolidated reporting structures to ensure effective tracking of the LDCs' trade and investment priorities and EIF support and interventions. However, the TFM also reports separately to the EOB in line with the EIF Funding Partners' fiduciary requirements and best practices based on the recommendations of the ES.

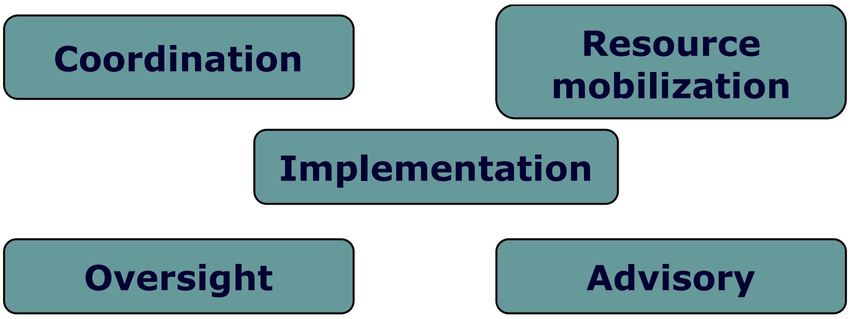
3.2. Governance at the national level

In line with the principle of country ownership and building on the NIAs[5] established over the previous phases, the EIF relies on engaging the countries' own structures and supporting specialized capacities to deliver on the EIF's strategic goals.

The objective of EIF Phase Three remains to ensure that the NIUs are fully sustainable, self-sustaining and integrated in, or linked to, government structures to better support trade-related engagement and related benefits in line with national priorities. The new approach to institutional development is intended to build enhanced capacity within the existing NIAs to shift the emphasis towards mobilizing finance. The NIAs must also be grounded in high-level commitments and must reflect national priorities to achieve smooth subsequent integration and sustainability.

Under EIF Phase Three, the NIAs will operate through a set of clearly defined functions to ensure coherence, sustainability and impact. These functions include the coordination of trade and investment-related priorities across national and regional stakeholders, resource mobilization to support national priorities, oversight of implementation progress, provision of advisory inputs to policy and programming, and the implementation of EIF-supported activities in alignment with national trade and investment-related priorities and needs and the SDGs (Figure 2).

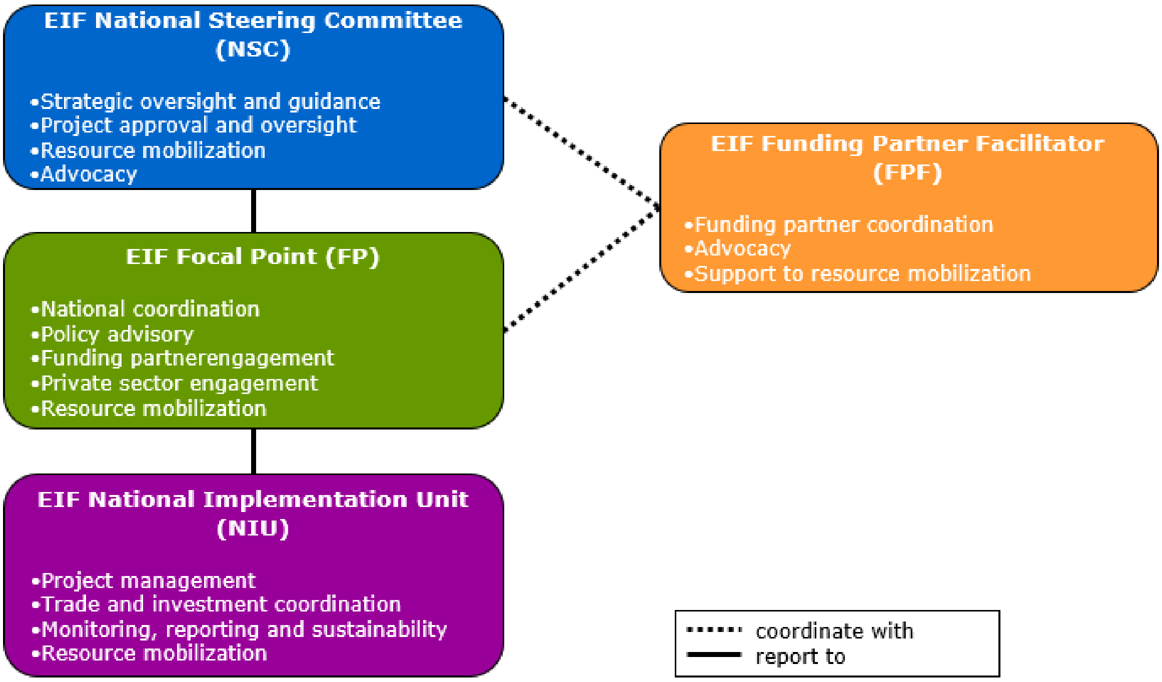
Figure 2: Functions of EIF Phase Three NIAs



[5] For more details, please refer to the Guidelines on NIAs.

To deliver on these core functions effectively, EIF Phase Three builds on an institutional architecture composed of interrelated national entities. These include the NSC, the FP, the NIU and the EIF Funding Partner Facilitator (FPF) – each playing a distinct but complementary role (Figure 3).

Figure 3: Organigramme of EIF Phase Three NIAs



The functions and interactions of these national structures can be summarized as follows:

The **NSC** oversees and monitors the country's overall EIF process and activities. It serves as the central governance body responsible for ensuring strategic direction, accountability and alignment with national development priorities. The NSC is mandated to review and endorse EIF project proposals, monitor implementation progress against agreed milestones, oversee risk management and assess the performance of the NIU and other national actors involved in EIF implementation. The NSC should comprise the FP, the FPF and representatives from the ministry in charge of trade, line ministries, the private sector, academia, civil society and other relevant EIF stakeholders. In EIF Phase Three, the NSC is expected to take a more active role in guiding resource mobilization, approving sustainability and transition plans and ensuring full integration of trade priorities within national systems. The role of the NSC is also to share information and discuss ongoing AfT-related initiatives in their respective areas, including the EIF projects, to ensure transparency and coordination across sectors and institutions. Depending on the specific situation in each country, taking these new functional elements into account may require updating the TOR and, in some cases, the text establishing the NSC, including its membership.

The **FP** oversees and leads the EIF process in-country. The FP is usually a senior government official and is supported by a team, often called NIU. The FP is working closely with the government, line ministries, the FPF and other funding partners/development partners to ensure that trade priorities are mainstreamed into the NDP and funding partners' country programming.

The **FPF** works with the FP and the NIU to facilitate funding partner coordination and the funding partner-government dialogue on trade and investment issues and AfT. During EIF Phases One and Two, the FPF was a representative of a funding partner active in supporting the country's trade agenda and was identified by the FP in consultation with the NSC and other funding partners/partners. The key role of FPF was to engage funding partner at the national level, including:

- Supporting the NIU resource mobilization efforts in addressing trade priority needs, particularly through coordinating and linking the funding partner community and other in-country EIF stakeholders with the NIU to increase synergies and impacts.
- Representing EIF Funding Partners at the NSC meetings.

- Advocating and promoting EIF projects to both the in-country and the global funding partner communities.

While the role of the FPF remains relevant, in EIF Phase Three, it will, where feasible, be integrated into existing funding partner coordination mechanisms in the LDCs, as recommended by the EIF Taskforce. For example, if a platform already exists for a trade-related sectoral dialogue with funding partners or a dedicated funding partner roundtable is in place, these could assume the FPF's responsibilities with regard to the EIF. This would help address the shortcomings of earlier approaches, where the FPF role proved to be less effective. Each country should adopt the most suitable approach based on its institutional framework and capacity to meet the current challenges of resource mobilization. Active involvement of the ministry responsible for development cooperation and funding partner coordination throughout this process is essential to ensure its success.

The NIU is the implementation arm of the EIF in-country. Often led by a Coordinator and composed of experts in trade, project management, M&E, finance and communications from relevant technical departments, the NIU is integrated or linked to the government structure. The NIU is responsible for:

- Ensuring the efficient, effective and sustainable delivery of EIF-funded interventions, and where feasible, those of other partners, for which it is the IP or plays a coordination and supervisory role.
- Coordinating the AfT and trade-related technical assistance agenda and resource-leveraging, including coordinating or facilitating the coordination of trade-related intersectoral bodies, and government-funding partner/partners and government/private sector dialogues to ensure greater investment and impacts.
- Reporting to the NSC through the FP on the progress, results, risks and challenges of EIF-supported activities. These reports must include performance metrics linked to national trade objectives and should be available to key stakeholders, including funding partners, the private sector and civil society, through appropriate channels.

Under EIF Phase Three, the objective remains to ensure the full sustainability of the NIUs as global public goods and go-to entity for relevant partners, with staff and recurring costs managed by the governments, supported by the EIF in their resource mobilization efforts.

The ES and the TFM will enhance the effectiveness of the NIAs and promote sustainable structures by providing tailored support to each country's context. The Guidelines on NIAs will serve as a toolkit to help the NSCs, FPFs, FPs and NIUs develop and implement sustainability plans, by offering guidance, templates and benchmarks.

In addition, the EIF will provide policy and technical support to improve institutional and project management capacities, including financial planning and risk management. Through targeted capacity-building initiatives, the EIF aims to align national governance with EIF Phase Three objectives and ensure long-term sustainability.

3.3.Transparency and accountability

Transparency and accountability are central to EIF Phase Three, forming the foundation for trust-based partnerships and impactful results. Drawing lessons from earlier phases, EIF Phase Three introduces a performance-informed, risk-aware and stakeholder-responsive accountability model that supports national ownership, while maintaining global oversight.

From EIF Phase One onward, the EIF has emphasized inclusive governance, fiduciary discipline and public accountability. The 2007 Accountability Framework formalized the TFM's fiduciary role and introduced risk safeguards. EIF Phase Two strengthened these with clearer role definitions and early implementation of results-based management systems but also revealed the need for improvements – particularly in real-time data-sharing, broader access to performance data and more structured feedback mechanisms, especially at the country level. EIF Phase Three responds with strategic enhancements by embedding accountability across the full results chain, enhancing transparency and reinforcing mutual accountability. **These shifts signal a transformation:**

- From activity reporting to outcome accountability.
- From compliance to performance culture.
- From centralized control to decentralized transparency.

This evolution enables the EIF to support the LDCs in leading their inclusive and sustainable economic transformation.

Results-based monitoring and adaptive learning

The MEL system is tightly aligned with the TOC, with all interventions being monitored using a focused set of common indicators at output and outcome levels. Countries and projects may add context-specific indicators. Feedback loops allow course correction and ensure that data informs decision-making at the ES, TFM and EOB levels, thus strengthening accountability and strategic alignment.

Open access to information via the MIS

The MIS is a user information gateway that offers real-time access for:

- EIF governance: proposal submission and approval and EOB meeting-related documents.
- EIF operations: project pipeline and approvals, implementation status, risk status and progress reporting requirements.
- EIF financials and fiduciary: resource allocation to project portfolios and to ES and TFM operations, disbursements to projects and fiduciary reporting requirements.
- EIF results: Results tracking along the EIF programme logframe.

This transparency tool enables all stakeholders – governments, funding partners, agencies, the private sector and civil society – to monitor resource use and progress. This increases the accessibility to key data points for EIF Phase Three and will complement the information provided on the EIF website.

Risk-based fiduciary oversight

Fiduciary accountability is maintained through a risk-based oversight model led by the TFM. This includes tailored due diligence, adaptive oversight and enforceable covenants to ensure disciplined, transparent and effective resource use, in alignment with the EIF's VfM Framework.

Mutual accountability and role clarity

Reflecting the TOC's focus on systemic alignment, EIF Phase Three ensures that roles and responsibilities across the partnership are well-defined and mutually accountable. Defined reporting lines from the ES and the TFM to the EOB ensure the timely delivery of actionable information, enabling data-informed decision-making, promoting complementarity and allowing the EOB to provide strategic direction or corrective guidance when necessary.

At the institutional level, all decisions related to staffing, procurement and financial management adhere to WTO and UNOPS frameworks and oversight mechanisms, ensuring compliance with international standards.

At the country level, delivery aligns with national systems and is overseen by the NSC. Funding partners receive harmonized reports, and IPs are accountable for achieving measurable results under the results framework.

The ES and the TFM jointly monitor performance and apply adaptive management measures where necessary. Continuous learning is integrated into programming, promoting a culture of improvement and ensuring VfM.

This comprehensive approach strengthens downward accountability to national stakeholders and reinforces transparency, credibility and trust across the entire EIF partnership.

4. PARTNERSHIPS, RESOURCE MOBILIZATION AND OUTREACH

4.1. New approach for partnership engagement

Since its inception, the EIF has relied on EIF Core Partner Agencies – including the International Monetary Fund, the International Trade Centre, UN Trade and Development, the UN Development Programme, the World Bank and the WTO – for programme design, implementation and coordination. Their main roles have evolved over time: in EIF Phase One, they served as primary implementers; in EIF Phase Two, they shifted towards more targeted technical support, as the LDCs assumed greater ownership and capacity.

In EIF Phase Three, partnership engagement will evolve again, reflecting the LDCs' growing capabilities and changing global challenges, such as climate change, digital trade and regional integration. It also responds to recommendations from the 2021 EIF evaluation and the EIF Taskforce, which called for expanded and more strategic partnerships. Key elements of the new partnerships framework are:

- **Demand-driven engagement:** EIF Partner Agencies will support LDC-identified priorities through responsive and flexible operational engagement. This includes acting as IPs or technical advisors, especially where national capacity is limited. Agencies will also help design and implement regional and thematic initiatives in areas such as trade facilitation, digital trade, climate adaptation and regional integration. The ES may collaborate with them to deliver capacity-building, generate knowledge products and provide policy advice aligned with the EIF's goals.
- **Co-financing and leveraging resources:** EIF Partner Agencies are encouraged to co-finance interventions – especially innovative pilot projects with scaling potential – and use their influence to attract additional funding. EIF-supported activities will serve as platforms for showcasing innovation, generating evidence and informing policy dialogues at national and regional levels.
- **Strategic dialogue and governance:** EIF Partner Agencies will continue contributing to strategic guidance through the HLAC, helping align EIF programming with the DPoA and the SDGs. They may also support governance processes at the request of the EOB, drawing on their institutional expertise and global perspectives.
- **Thematic expansion and knowledge contributions:** EIF Phase Three will expand the EIF's thematic focus, including on green trade, digital readiness, trade facilitation and investment facilitation. EIF Partner Agencies will collaborate with new, specialized institutions to bring in complementary expertise. They will contribute knowledge resources – tools, methodologies and training materials – shared as EIF public goods via learning events, policy dialogues and digital platforms, thus enhancing capacity and policy learning across the LDCs.
- **Transparent and structured engagement:** The ES will ensure clarity and transparency in selecting IPs, including non-traditional ones, and prevent mandate overlap by defining roles and institutional comparative advantages. Clear guidance on funding eligibility, access to EIFTF funds and legal arrangements will be outlined in the EIF Compendium to ensure efficient engagement and execution.
- **Knowledge coordination and synergy:** The EIF will strengthen its function as a knowledge hub, using the NIUs and regional networks to coordinate information, track project results and identify synergies. A centralized repository will give real-time visibility into initiatives and support peer learning, joint reviews and thematic exchanges. This fosters continuous improvement and better coordination across the EIF partnership.

This renewed engagement framework reinforces LDC ownership while leveraging EIF Partner Agency expertise and networks. Built on mutual collaboration, it ensures that the EIF partnership remains transparent, strategic and responsive to the dynamic needs of the LDCs.

For a complete overview of the new partnerships engagement, see the Framework for Partnerships Engagement in EIF Phase Three.

4.2. Resource mobilization overview

The Resource Mobilization Strategy for EIF Phase Three aims to raise a minimum of USD 200 million through a phased and diversified approach. This target, more ambitious than the USD 143 million secured in EIF Phase Two, reflects the DPoA goal to significantly increase AfT to the LDCs by 2031 and the EIF Taskforce's recommendation to scale up ambition in response to growing needs.

Unlike earlier phases that depended heavily on bilateral funding partners, EIF Phase Three seeks to broaden the funding partner base by engaging emerging economies, philanthropic foundations, the private sector and other non-governmental actors. This shift responds to changes in the global development financing landscape and supports the EIF's commitment to resilience, inclusivity and financial sustainability. While flexible unrestricted finance will remain vital, particularly for institutional reforms and project preparation, the Strategy also aims to leverage additional investment, including private capital.

The new Strategy introduces a sequenced funding model, with annual targets leading up to 2031. An early surge is anticipated, with USD 30 million in 2025 and USD 80 million in 2026, providing early momentum while allowing new partners to gradually engage.

The ES will lead implementation, supported by the TFM for compliance and legal matters. LDC representatives, EIF Funding Partners and EIF Partner Agencies will advocate for the EIF at high-profile global events, such as WTO Ministerial Conferences, UN International Conferences on Financing for Development and World Bank/International Monetary Fund meetings. To support these efforts, the communications strategy will include advocacy toolkits, tailored funding partner pitches, animations and LDC-led video testimonials to showcase the EIF's unique impact.

To ensure effectiveness, the Strategy includes adaptive management and ongoing monitoring, with a mid-term review set for 2028.

In essence, this Strategy aims not just to mobilize funds, but rather to position the EIF as a catalyst for transformative, inclusive, resilient and sustainable trade development in the LDCs.

For a complete overview on resource mobilization for EIF Phase Three, see the EIF Phase Three Resource Mobilization Strategy 2025-2031.

4.3. Communications and outreach

Communications and outreach will play a central role in advancing the bold new vision of EIF Phase Three, including the USD 200 million funding envelope, which is designed to be catalytic, country-led and truly transformative – delivering scaled-up, targeted support to the LDCs and recently graduated countries in an increasingly complex global environment.

This Phase marks a strategic shift: the EIF positions itself not just as a mechanism for AfT delivery but as a unique multilateral partnership fostering trade-led development, investment mobilization, economic resilience and inclusive growth in the world's most vulnerable economies. Communications must therefore match this ambition – in tone, reach and impact.

To reflect the evolving strategic framework and global context, EIF communications in EIF Phase Three will become more **proactive**, **targeted** and **collaborative**. Communications efforts will deepen engagement with existing partners, attract new ones – including the private sector and philanthropic actors – and support the LDCs in telling their own stories of ambition and progress.

Purpose and key focus

Communications will support a new level of ambition in EIF Phase Three, positioning the EIF not only as a development partner but as a platform for investment, innovation and impact in the LDCs. The aim is to foster a perception of the EIF that is **positive**, **constructive** and **highly valued** by current and prospective partners.

Communications during this Phase will:

- **Highlight the EIF's renewed value proposition** as a catalyst for sustainable trade and investment in the LDCs, one that connects global support with national priorities and delivers catalytic and transformative interventions that turn local potential into lasting impact.
- **Engage both long-standing and new partners**, from funding partners and multilateral institutions to the private sector, foundations and other emerging champions, through clear, accessible and results-driven storytelling.
- **Elevate the voices of the LDCs** by working closely with the NIUs and LDC governments so that they can share their progress, priorities and perspectives with global audiences on their terms.

Strategic direction

Communications in EIF Phase Three will not be "business as usual". As the EIF adapts to a rapidly changing global context, outreach efforts will focus on engaging evolving audiences in real time, through both established platforms and emerging tools.

EIF Phase Three communications will aim to:

- **Leverage existing digital platforms**, mainly the EIF website, LinkedIn and YouTube, and to a certain degree also Facebook, Instagram and X, with tailored content that meets diverse audiences where they are.
- **Stay attuned to evolving digital trends**, adjusting platforms and formats to ensure that communication remains relevant, accessible and impactful. Emerging social media platforms, such as Bluesky, may be considered as part of this effort.
- **Strengthen country-level outreach** by supporting the LDCs in showcasing EIF-funded progress through local media, public campaigns and NIU-led social media content.
- **Leveraging champions in the EIF partnership**, including the WTO DG/DG Office, LDC ministers, the WTO LDC Group Coordinator, FPs and NIU Coordinators, as well as critical EIF Funding partner representatives, such as Ambassadors, Deputy Permanent Representatives, Counsellors and capital-based focal points.
- **Further leveraging partners' communications teams and tools**.
- **Ensure clear, consistent and prominent branding and visibility** for the EIF and its funding partners across all communications channels and products, reinforcing recognition, credibility and ownership at global, regional and country levels.

Target groups and messaging

Communications will prioritize both **existing and new audiences**, such as traditional OECD-DAC funding partners, non-traditional and emerging development partners, the private sector, foundations and impact investors and multilateral institutions, as well as civil society, non-governmental organizations, academic community, the media and the public in the LDCs.

Messaging will be strategically aligned and evolve alongside EIF Phase Three priorities and the strategic framework. Key themes will for example include:

- The EIF as a **catalytic** mechanism, leveraging financing for a bigger impact.
- The EIF as **transformative**, enabling lasting change by strengthening institutions, improving policy environments and building the foundations for sustainable, inclusive growth.
- The EIF as **adapted to today and the future**, aligned with global development agendas – such as the SDGs and the DPoA – and agile in the face of climate, digital and economic disruptions.
- The EIF as **LDC-led and inclusive**, where countries and communities shape solutions that work.
- The EIF as **a learning- and evidence-driven partnership**, continuously generating insights, sharing experiences and adapting approaches to improve the quality and impact of trade and investment support in the LDCs.

Coordination and implementation

This communications approach will be anchored in collaboration across the EIF partnership, including the ES, the NIUs, LDC representatives, funding partners, EIF Partner Agencies and other partners, as feasible.

It will be supported by **a comprehensive communications strategy** to be developed early in EIF Phase Three, which will guide implementation through practical tools, performance indicators and clear roles across the partnership, with the overall aim of ensuring a clear, consistent brand identity for EIF Phase Three that reinforces the EIF's role as the leading AfT mechanism for the LDCs. As part of this evolution, a refreshed visual identity may also be considered to better reflect the renewed vision, ambition and forward-looking character of EIF Phase Three, offering a fresher, more contemporary look and feel, as compared to previous phases.

All in all, throughout EIF Phase Three, the EIF aims to be not only better known but also better understood, recognized as a relevant, responsive and results-driven global partnership that transforms trade into inclusive development for the world's most vulnerable economies.

5. PROGRAMMATIC MANAGEMENT

5.1. Programming modalities

The 2021 EIF evaluation identified a critical tension in previous programme phases: the tension between inclusivity and responsiveness. While the EIF was widely lauded for promoting country ownership and aligning with national development strategies, many countries – particularly those in fragile or transitional contexts – found the programme's offerings too rigid or mismatched to their capacities. To address this, EIF Phase Three will adopt a **modular design architecture** that will both allow the LDCs to design country-specific programmes reflecting their individual needs and priorities and address common challenges and LDC joint approaches to regional and thematic issues.

5.1.1. Country programming

Instead of uniform programming across countries, each participating government will be invited to design a **CPD**, allowing countries to:

- Prioritize interventions suited to their specific developmental context.
- Sequence reform and capacity-building based on readiness and institutional strength.
- Maximize synergies with other funding partner-supported initiatives.

All LDCs will be expected to prepare an up to six-year CPD aligned with EIF Phase Three objectives. This document will serve as the foundation for accessing EIF support and will undergo peer and technical review (see Section 5.4 below).

Each CPD will be grounded in up-to-date diagnostics (e.g., DTIS/DTISU and sectoral studies and analyses); national development frameworks (e.g., Vision 2030 strategies and investment and trade policies/strategies); lessons from past EIF support, identifying institutional, policy and implementation gaps; and the country's absorptive capacity, institutional readiness and resource-leveraging potential. This strategic foundation allows the countries to develop a programmatic approach that reflects both ambition and realism.

The CPD should include:

- **Context and rationale:** A diagnostic overview drawing on DTIS/DTISU sectoral analyses' findings, trade performance and trends and policy priorities; overview of institutional capacities; and reference to prior EIF and funding partner interventions.
- **Modular strategy:** Selection of relevant facilities; sequencing and phasing of activities clearly linked to national goals; and consideration for regional or multi-country initiatives. Built-in agility and flexibility will be a cornerstone allowing for necessary changes along the way.
- **Results and monitoring framework:** TOC and logical framework; outputs, outcomes and impact indicators with attention to gender, climate resilience and private sector outcomes; MEL system; and risk management plan.
- **Institutional arrangements:** Description of coordination mechanisms, NIU integration, stakeholder engagement processes and accountability; and integration into national planning and budget systems.
- **Proposed staffing:** Outline how project personnel or shared government personnel will ensure project implementation and reporting within the context of the IP.
- **Leveraging plan:** Outline of co-financing, in-kind support, a strategy for leveraging domestic resources and external partnerships and synergies with other AfT initiatives and funding partners' interventions.
- **Partnerships, communications and resource mobilization:** Strategy for engaging key stakeholders; for promoting visibility and results- and knowledge-sharing; and for mobilizing and coordinating additional resources.
- **Sustainability and exit strategy:** Approach for ensuring institutional, human resource and financial sustainability of results beyond the CPD lifecycle; and mechanisms for ownership transfer, capacity retention and integration of activities into national frameworks.

A rolling submission and approval cycle will allow flexibility in country readiness and planning. In addition, countries are encouraged to adopt a consultative approach, involving government agencies, the private sector, civil society, non-governmental organizations and development partners in shaping their CPDs.

5.1.2. Regional and thematic support

To complement country-level programming and foster economies of scale, peer learning and shared solutions, EIF Phase Three will introduce a dedicated **regional and thematic support modality**. This modality is designed to support multi-country initiatives and thematic projects that address cross-border and system-wide trade and investment challenges facing the LDCs.

Key features include:

- **Collaborative and cross-country projects:** Projects must involve a minimum of three countries (for regional initiatives) or five countries (for thematic initiatives) and align with shared priorities as articulated in national CPDs, regional strategies or sector-specific plans.
- **Multi-year programming:** All supported initiatives under this modality will operate over a minimum three-year period, enabling deep collaboration, learning and institutional embedding.
- **Strategic funding:** The envelope for each project is subject to resource availability and programmatic quality. Funding will be allocated based on a rigorous appraisal against criteria including strategic relevance, level of country ownership, leverage potential, implementation readiness and anticipated impact. Projects must secure at least 50% co-financing from participating countries, development partners or third-party financiers. This requirement strengthens ownership, ensures additionality and promotes sustainability.
- **Leadership and implementation modalities:** These projects will be led by specialized regional or multilateral agencies, regional economic communities or technical partners with a strong track record in the thematic area. NIUs and national stakeholders will be involved in the project design, validation and implementation oversight to ensure alignment with national priorities and institutional integration.

Priority focus areas include:

- **LDC graduation support**, including resilience-building, export diversification and institutional transition.
- **Inclusive trade programming**, focusing for instance on women's economic empowerment, youth entrepreneurship, minorities and persons with disabilities, inclusive value chains and gender-smart policy frameworks.
- **Digital trade and e-commerce readiness**, including regulatory frameworks, SME enablement, skills development, digital infrastructure and paperless trade.
- **Regional integration**, supporting the implementation of the AfCFTA and other regional trade protocols.
- **Trade facilitation** and border management, including the implementation of the WTO TFA, streamlined customs procedures, improved logistics and strengthened inter-agency coordination.
- **Green trade and investment promotion**, covering sustainable value chains, carbon labelling and climate-aligned investment facilitation.

By tackling shared constraints and fostering collective innovation, the regional and thematic support modality seeks to multiply impact, enhance cooperation and accelerate systemic transformation.

5.2. Funding architecture for the LDCs

The architecture of EIF Phase Three is centered on two interdependent and complementary **funding facilities for the LDCs**, designed to support the LDCs in achieving inclusive, trade- and investment-led development. Together, these facilities address both institutional strengthening and market-facing economic transformation.

5.2.1. Funding Facility 1: Institutional development support

This funding facility capitalizes on the EIF's established comparative advantage in institutional strengthening and trade and investment mainstreaming. It aims to build robust national systems capable of designing, managing and scaling development strategies anchored in trade. It provides support for:

- **Development and implementation of national trade and investment policies and regulatory frameworks**, ensuring alignment with global standards and national development priorities.
- **Strengthening of NIAs**, including sustained support to NIUs to coordinate trade-related initiatives.
- **Training and capacity developmen**t for government officials, investment promotion agencies and private sector actors – particularly MSMEs.
- **Integration of trade and investment objectives** into NDPs and sectoral strategies, ensuring policy coherence across the government.
- **Enhancement of national coordination mechanisms**, fostering greater inter-ministerial and stakeholder collaboration on trade and investment matters.
- **Learning and peer exchange opportunities**, enabling countries to share experiences on trade policy, investment facilitation and innovative financing approaches.

5.2.2. Funding Facility 2: Catalytic support for trade competitiveness and market opportunity expansion

This funding facility transforms institutional capacity into concrete economic outcomes by stimulating investment, enhancing enterprise competitiveness, building productive capacity and improving access and entry to markets. It supports strategic, high-impact interventions that help the LDCs unlock value chains, attract investment and build a more competitive and inclusive private sector.

By bringing together catalytic development initiatives and investment-enabling activities, this facility serves as a single, flexible mechanism to foster economic transformation and private sector resilience.

Key areas of support include:

- **Value chain development and export diversification pilots** to identify and scale high-potential products and services.
- **Productivity enhancements** in key sectors, such as agriculture, services and digital trade, enabling businesses to compete more effectively in regional and global markets.
- **MSME development**, including formalization, productivity improvements and export preparedness, ensuring that smaller enterprises are integrated into national and global markets.
- **Upgrading trade logistics, quality standards and certification systems**, reducing barriers to market entry and improving compliance with international requirements.
- **Feasibility studies and project preparation**, particularly for public-private partnerships, enabling countries to structure viable and investment-ready projects with transformative potential.
- **De-risking blended and green finance structuring**, enabling the LDCs to leverage public and private capital for sustainable development investments.
- **Country-specific diagnostics and prioritized action planning** to guide investment and policy reforms based on evidence.
- **Targeted investment promotion and facilitation initiatives**, designed to strengthen national capabilities in attracting and retaining high-quality investment.

5.3. Indicative budget and resource allocation

The minimum total indicative budget for Phase Three of the EIF has been set at USD 200 million. This envelope is structured around five key components for the LDCs; each aligned with the programme's strategic objectives and operational modalities:

- **Institutional development support facility:** This component finances the CPDs and regional and thematic projects focused on building institutional capacity and strengthening trade and investment policy frameworks.
- **Catalytic investment for private sector competitiveness facility:** This funding stream supports the CPDs and regional/thematic projects aimed at enhancing LDC productive capacity, market access and value chain integration. Projects are expected to demonstrate strong catalytic potential and alignment with national and regional priorities.
- **EIF Global Activities:** This component covers global-level expenditures essential for the programme's functioning and coherence, including technical capacity-building, the

development and maintenance of the MIS, support to the EIF governance (e.g., EOB meetings), strategic management consulting and independent reviews and evaluations.

- **Technical assistance:** These are direct, attributable costs linked to EIF-funded outputs and activities. They include expert support and advisory services that contribute tangibly to the delivery of results on the ground. Technical assistance under this component is primarily provided by relevant staff from the ES and the TFM, who work closely with the IPs, including the NIUs, to ensure high-quality implementation and compliance with programme standards.
- **Programme management:** These are indirect costs necessary to ensure the effective and efficient delivery of the overall programme. Although not attributable to a single output, project or country, they are critical for the functioning of the EIF. They include expenditures on core administrative personnel, IT systems and infrastructure, office facilities and programme-wide M&E systems.

This indicative budget allocation reflects the EIF's commitment to delivering VfM, ensuring that most resources are directed to country-level and catalytic interventions, while safeguarding essential programme coordination and oversight functions. The budget figures in the table below are provisional and provided for illustrative purposes. They are subject to change based on exchange rate fluctuations, actual funding partner contributions received and potential revisions to staff costs arising from currency volatility and inflation. Therefore, they do not constitute final budgetary commitments. In line with the EIF Phase Three governance provisions and operational framework, detailed annual budgets for the ES, the TFM and the EIF Global Activities will be prepared and submitted to the EOB for review and approval each year.

Table 2. Indicative budget estimates for EIF Phase Three based on anticipated commitments (in USD million)

Key budget items	2026	2027	2028	2029	2030	2031	Total
Facility One	8,00	12,00	16,00	4,00	-	-	**40,00**
Facility Two	24,00	35,00	47,50	12,00	-	-	**118,50**
EIF Global Activities	1,10	1,20	1,25	1,10	1,00	0,70	**6,35**
Technical assistance for programme delivery (direct costs)	2,97	3,71	3,71	3,71	2,97	2,60	**19,66**
ES management (indirect costs)	1,39	1,88	1,88	1,88	1,50	1,32	**9,85**
TFM management (indirect costs)	0,85	1,07	1,07	1,07	0,85	0,75	**5,64**
Total	**38,31**	**54,85**	**71,40**	**23,75**	**6,32**	**5,36**	**200,00**

Funding allocations will be guided by programmatic quality, country context and demonstrated potential for catalytic impact. While indicative average funding envelopes may range between USD 1.5 million and USD 3.5 million for CPDs and up to USD 1.5 million for regional and thematic projects, allocations will be determined on a case-by-case basis. Key considerations will include the scope and ambition of the proposed proposals in terms of impact, institutional capacity and track record, leveraging potential and fragility or post-conflict dynamics.

Importantly, the full USD 200 million budget is not expected to be available at the outset of EIF Phase Three. Instead, the EIF will pursue a progressive Resource Mobilization Strategy over the six-year period (see Section 5 above and separately the Resource Mobilization Strategy). As such, funding commitments to the CPDs will not be made in full upon approval but will be phased based on the EIFTF's financial situation. Therefore, approval of a CPD represents a strategic endorsement of a country's engagement trajectory but not an entitlement to the entire national funding envelope. Annual disbursements will be based on approved work plans, implementation progress and realistic cash flow forecasts submitted by the countries and timely, compliant financial reporting alongside technical reporting, taking into account country-specific factors, such as fiduciary risk ratings, absorptive capacity and delivery track record. This adaptive financing strategy supports better sequencing, reduces fiduciary risk and ensures alignment with country capacity and delivery potential. This phased approach will not apply to regional and thematic projects, which will only be approved subject to funding availability.

The ES and the TFM will monitor fund liquidity and country execution closely, informed by VfM indicators and MEL systems. Adjustments to disbursement schedules may be made as needed, and transparent communication on resource availability and financial planning will be maintained with the EOB. This dynamic model aims to maximize impact, ensure equitable access to funding and safeguard the integrity of the EIFTF.

By embedding performance-informed financing into programme delivery, EIF Phase Three reinforces its commitment to results-driven development, stronger national ownership and long-term sustainability.

5.4. Programming cycle and operational support

EIF Phase Three adopts a **modular, differentiated and results-based cycle**, ensuring flexibility and VfM across diverse LDC contexts. The workflow for each CPD and regional and thematic project is structured into five interlinked stages: **Inception → Appraisal and approval → Implementation → MEL → Closure and sustainability planning**, underpinned by adaptive management, continuous stakeholder engagement and continuous communication efforts.

The purpose of the **inception phase** is to enable country ownership through tailored programming, based on diagnostics and stakeholder consultation. The key steps in this phase are:

- *Orientation and onboarding* of LDC partners takes place through global and/or regional onboarding sessions and in-country technical briefings organized by the EIF, where guidance notes and templates are provided and countries are introduced to the modular programme design and VfM principles.
- *Diagnostics and analytical foundation work* is carried out in the form of country trade and investment diagnostics or compiling similar sectoral studies and analyses. These will map national priorities, institutional gaps and private sector needs framed in a *prioritized action matrix* developed based on the ES's and the NIAs' engagement and expertise from the EIF partnership.
- The analytical work is complemented by *stakeholder mapping and engagement,* including the establishment or revalidation of NIAs and inclusive consultation with public, private and civil society stakeholders to prioritize trade and investment needs.
- Based on the analyses and stakeholder consultations, the country designs an up to six-year CPD. The scope of the CPD is based on absorptive capacity, sector priorities and leveraging potential. The CPD emphasizes logical sequencing while maintaining flexibility for adjustments to be made during implementation. It also prioritizes cost-effectiveness and alignment with other AfT initiatives. Before submission, the CPD is reviewed and endorsed by the NSC or any other relevant in-country governance bodies.
- In addition to the CPDs is the formulation, based on countries' priorities, of *regional or thematic projects* by the EIF Partner Agencies and other partners. For regional projects, the participation of a minimum of three countries is required and of five countries for thematic projects. Regional and thematic projects will be reviewed and endorsed by the NSCs or any other relevant in-country governance bodies in the participating LDCs, thus ensuring country ownership.

Throughout the inception phase, the ES and the TFM provide technical support: The ES provides templates, technical guidance and country-tailored support, while the TFM advises on cost structuring, fiduciary standards and budget realism. In addition, joint ES-TFM reviews ensure coherence of technical and financial design.

The purpose of the **appraisal and approval phase** is to ensure technical soundness, VfM alignment and fiduciary compliance of EIF-funded programmes and projects before funding approval. Key steps in this phase are:

- The ES and the TFM conduct a *technical and fiduciary review assessing the proposed CPD's and regional/thematic projects' Quality at Entry (Q@E)*. The ES focuses on programmatic quality, the results framework and alignment with national strategy and the EIF's TOC. The TFM prepares a capacity assessment, including NIU/IP financial and fiduciary systems (covering, inter alia, financial management, procurement and accountability systems), for new IPs and updates for continuing IPs, budget realism, procurement plans and fiduciary environment readiness. Jointly, the ES and the TFM assess sustainability pathways and VfM criteria. Recommendations for capacity support are embedded in the project design.
- *Review and approval by the EOB and delegation to the ED:* Based on the Q@E assessment, the EOB reviews and approves the CPDs and regional/thematic projects and ensures

alignment with EIF Phase Three objectives. The approval of the CPDs and regional/thematic projects with an envelope of under USD 1.5 million is delegated to the ED. This also applies to requests for the expansion of CPDs with an additional budget up to USD 1.5 million.

In the **implementation phase**, the CPDs and regional/thematic projects are translated into timely, results-oriented delivery with accountability and flexibility. The implementation covers the following key steps:

- Legal agreements and start-up: The TFM signs legal project (grant) agreements with IPs and initiates the initial tranche release based on the completion of start-up conditions and work plan validation.
- Countries submit annual work plans and budgets with clear outputs, timelines and disbursement forecasts. The ES reviews their programmatic soundness, and the TFM validates cost realism and procurement viability. Disbursements are conditional and linked to milestones and satisfactory financial reporting from prior disbursements.
- The ES and the TFM work together to provide joint oversight and technical support through regular joint missions for performance monitoring, technical advice and risk mitigation (for more detail on the operational support provided, see below). Back-to-back missions and remote engagement are conducted where feasible to reduce costs. These activities are complemented by real-time dashboards that track outputs, budget execution and risks.
- Throughout implementation, adaptive programming is applied. Countries and IPs are allowed to adjust activities and budgets in response to external shocks or implementation challenges. The established change request mechanism at the EIF ensures flexibility without compromising integrity.
- To support regional learning and innovation, short-term experts can be deployed for complex interventions (e.g., climate finance and value chain design). Also, the ES and the TFM support peer learning workshops and promote global and regional synergies.

Ensuring evidence-based learning, performance improvement and stakeholder accountability is the main objective of **MEL**. MEL will apply throughout the EIF workflow and processes to support evidence-based decision-making and necessary course corrections.

Finally, the **closure and sustainability planning phase** ensures the sustainability of results and institutional capacities post-EIF support. It comprises the following key steps:

- *Exit strategy implementation:* 6-12 months before the programme or project ends, a closure plan is submitted and sustainability milestones are verified (e.g., NIU integration, institutional anchoring and private sector engagement).
- Upon project completion, a *project audit and completion report* are prepared. The TFM validates the final financial report and the audit, and the ES synthesizes lessons learned for broader knowledge dissemination. Any remaining funds are reconciled and closed by the TFM.
- Finally, to ensure *post-closure learning*, the evaluation and assessment findings are integrated into global learning reports and presented at national and regional forums, including capitalization workshops. This learning is used to refine future CPD designs and inform EIF Phase Four planning.

These five stages will be underpinned by adaptive management and continuous stakeholder engagement. It will also include continuous communications efforts to share updates, results and achievements with key stakeholders and funding partners.

Operational guidance and support tools

To ensure consistency, quality and efficiency across all country programmes and regional/thematic projects, the ES and the TFM provide comprehensive operational support throughout the programme cycle. This support is both technical and procedural, offering countries a clear roadmap and set of standards to guide the successful design, implementation, monitoring and closure of projects under EIF Phase Three.

Specifically, operational support includes:

- **Standardized templates** for CPDs, regional and thematic projects, annual work plans and budgets, monitoring dashboards, progress and completion reports and closure documentation to streamline planning, execution and reporting.
- **Step-by-step guidance notes** for each stage of the programme cycle, from inception and appraisal to closure and sustainability planning. These guides help ensure coherence with the EIF Phase Three TOC, alignment with programme priorities and compliance with fiduciary and VfM standards.
- **Comprehensive technical toolkits and checklists** covering areas such as procurement, fiduciary risk management, MEL integration, sustainability planning and verification and institutional capacity-building. These tools are designed to support both the NIUs and the IPs in managing projects effectively and transparently.
- **Orientation materials and modular training programmes** to support the onboarding and continuous professional development of NIU staff, IPs and other national stakeholders. These include e-learning modules, webinars and in-person workshops tailored to country-specific needs and contexts.
- **A centralized digital resource library**, which serves as a repository of good practices, technical briefs, guidance documents and case studies from across the EIF portfolio. The MIS is designed for user-friendly access, enabling peer learning, information exchange and institutional memory.
- **Live support mechanisms**, including helpdesk services and regular Q&A sessions, to respond to country queries in real time and provide on-demand advisory services.
- **Joint ES-TFM technical advisory missions and remote clinics**, which offer strategic and hands-on support to countries, ensuring that country teams receive timely and relevant assistance throughout the programme cycle.

These tools and support measures will be reviewed and refined regularly based on lessons learned, implementation feedback and evolving development contexts. Through this proactive and responsive support framework, the ES and the TFM will help strengthen national ownership, promote operational excellence and drive results-oriented delivery across the EIF Phase Three portfolio.

6. FINANCIAL, PERFORMANCE AND RISK MANAGEMENT

6.1. Fiduciary and financial management

In EIF Phase Three, financial management will be governed by the principles of transparency, fiduciary integrity, mutual accountability and country ownership. The TFM holds full fiduciary responsibility for funding partner funds, disburses resources, negotiates financial agreements and provides oversight aligned with international public sector standards.

The TFM leverages UNOPS systems – Enterprise Resource Planning platforms, financial oversight, legal and procurement tools and regional networks – to ensure VfM, quality assurance and compliance. It is central to ensuring transparent funds management and robust financial reporting to the EOB.

Roles and responsibilities

As defined in its TOR, the TFM leads fiduciary oversight of the EIFTF, interacting with LDC governments, IPs and the ES. In EIF Phase Three, the TFM will streamline financial reporting templates and conduct training for IPs to improve understanding and compliance. These simplified tools will strengthen analytical reporting and enhance EOB decision-making while enabling IPs to adopt best practices.

Aligned with EIF Taskforce recommendations, the EIF will upgrade its financial reporting systems to ensure real-time access to data through the MIS. This will support both financial and programmatic transparency across the partnership.

Funds disbursement and financial oversight

The TFM establishes legal agreements with the IPs – including governments and agencies – detailing funds disbursement conditions tied to performance milestones. It ensures timely and accountable funds flow through close coordination with the ES and the TFM regional teams, relying on streamlined templates and performance-based disbursement mechanisms.

Financial reporting is provided quarterly and annually, including certified financial statements and project-level updates. All reporting aligns with the MEL framework and EIF Funding partner requirements.

Supervision, audit and risk management

The TFM carries out day-to-day financial supervision, including regular engagement with the IPs and joint supervision missions with the ES. Audits are used to ensure compliance, assess VfM and serve as learning tools for the IPs, helping them improve procurement, human resources, financial transactions and reporting systems. Where national audit systems are weak, the TFM commissions external audits.

A risk registry is maintained, and high-risk issues are escalated to the EOB. Risk management is integrated into all project stages – from design to closure – and coordinated with programmatic oversight. The IPs are guided to manage risks to achieve timely and quality results within budget.

VfM and capacity-building

As part of the VfM Framework for EIF Phase Three, the TFM will promote VfM by tracking resource use, analysing performance data, advising on financial risks and supporting learning. The ES and the TFM jointly lead capacity-building for the IPs, equipping them with tools, guidance and training across the project cycle – from budgeting and planning to financial reporting and closure.

Capacity-building efforts also focus on practical support, such as software use, troubleshooting implementation issues and facilitating funds recovery and project closure in line with fiduciary standards.

Alignment with the partnership model

All financial systems are embedded within the EIF's broader partnership model, consistent with the Paris Declaration on Aid Effectiveness. The TFM works with the ES, the EIF Funding Partners and the LDCs to ensure that systems support national priorities while maintaining accountability and transparency. The goal is to safeguard funding partner funds while empowering the LDCs to lead implementation and achieve sustainable development outcomes.

6.2. MEL system

The EIF Phase Three MEL system ensures strong institutional accountability, performance tracking and learning at both global and country levels. It supports evidence-based decision-making, strategic learning and continuous improvement across all programme interventions.

6.2.1. Institutional arrangements

EIF Phase Three MEL system combines **centralized oversight with decentralized implementation**[6]. At the global level, the system is anchored in the EIF TOC and global programme logframe and managed by the ES. At the country/project level, the NIUs manage country/project-specific MEL systems aligned with their CPD/project logframes, which feed back to the global programme logframe.

The centralized MEL function is a dedicated unit within the ES organigramme,[7] operating separately from the country coordination unit overseeing EIF project implementation. This arrangement ensures greater objectivity of the function, while allowing for sufficient coordination with all ES units. This facilitates a wider acceptance and use of MEL findings to improve programme and project operations, report EIF results to partners and inform senior management decision-making. **At the country level**, the MEL function is embedded in the NIU as a dedicated function or dual responsibility undertaken by a project officer engaged in project implementation. This direct embedding facilitates the use of MEL knowledge for improving day-to-day operations and promoting real-time learning.

[6] A vertically aligned hybrid MEL system.
[7] With some centralized monitoring also being undertaken by the TFM.

Institutional and technical alignment between MEL functions at the global and country levels. To ensure **institutional alignment** between the global- and country-level MEL functions, MEL requirements are formalized through legal agreements in the form of Memoranda of Understanding (MOUs) between the EIF and the NIUs or IPs. **Technical alignment** between both MEL systems is ensured through the Q@E assessment of the CPDs to ensure that CPD/project logframe indicators contribute to the global logframe. Each NIU will be required to establish a functioning MEL function – either in the form of a dedicated MEL unit or by designating a staff member responsible for supporting country-level results monitoring and reporting.

6.2.2. Monitoring

Monitoring is structured to capture results, operational processes[8], risks, VfM and cross-cutting priorities. At the global level, the following will be monitored: the global programme logframe drawing from the TOC, the ES annual work plans, EIF operational processes, the global and portfolio risk registers and the EIF VfM matrix. At the country/project level, the CPD/project logframe, annual work plans, VfM actions and the CPD and project risk registers are monitored. Cross-cutting areas – such as gender equality, youth employment, private sector engagement, climate resilience and digital transformation – are also monitored at both levels.

A mix of qualitative and quantitative tools support the collection of data from a range of sources, including from projects' semi-annual narrative reports, quarterly financial reports, country/field mission reports, global and project-level work plan implementation trackers, evaluation documents and field-level tools, such as checklists, surveys and beneficiary stories.

Baseline data is systematically established to ensure meaningful benchmarks for assessing progress. For indicators continuing from the EIF Phase Two logframe, final EIF Phase Two results will serve as baselines. For newly introduced indicators, values will be set at zero or informed by secondary data sources, sectoral studies or national databases.

At project level, each project logframe defines baseline data for each indicator. Baseline data at project level is informed by achievements from the previous year or, where available, the average performance over multiple years for the relevant indicators. Where existing data is unavailable, projects may undertake baseline studies.

6.2.3. Evaluation

A comprehensive evaluation framework underpins evidence-based learning and accountability. Guided by the EIF Evaluation Guidelines and the OECD-DAC evaluation criteria, evaluations are conducted at both global and country/project levels. EIF evaluations at country or global level systematically assess the contribution of EIF interventions to EIF cross-cutting priorities, including VfM.

At the global level, planned assessments include mid-term and endline programme evaluations, global learning reviews, thematic cluster evaluations and selected project impact assessments.

Country- or project-level evaluations, depending on the project size and implementation timeline, include mid-term reviews, final project/CPD evaluations and project completion reports (PCRs). Countries may also commission impact evaluations or sustainability reviews.

Learning is purposefully embedded in the evaluation design at both global and country levels. Lessons learned from evaluations are disseminated through country and global learning events and documented in knowledge products. MEL findings serve to inform new project design, enhance service delivery by the ES and the TFM and support adjustments to implementation strategies at country level, ensuring continuous relevance and responsiveness.

6.2.4. M&E data and the MIS

An upgraded digital data management system drives MEL modernization. A dedicated online platform, hosted on the MIS, replaces the EIF Phase Two programme database and the EIF Interim Facility MS Access database. The platform features both front-end and back-end components. The

[8] This includes processes such as project review and approval timelines, disbursement timelines, budget-execution rates, No-cost Extensions, etc.

front-end digital dashboard provides the EIF stakeholders with access to view progress on global logframe results and key operational and financial data, such as project pipelines, portfolio composition, approval statuses, disbursement rates and implementation or closure updates – thereby promoting greater transparency within the partnership. The back-end facilitates secure data management, entry and system administration.

At the country level, the NIUs are encouraged to create MEL databases that mirror their country programme and project logframes.

High data quality standards guide every stage of MEL implementation. Uniform tools, such as standardized questionnaires, templates and reporting formats ensure consistency in data reported. Validation rules, spot checks, data triangulation and error resolution protocols are applied to ensure the validity and reliability of data captured in the database. Every data correction is documented for transparency. At country-level, besides the aforementioned, a great emphasis is placed on accessibility to the data sources, especially with regards to direct beneficiary MSMEs and direct individual beneficiaries of EIF interventions.

Data analysis and visualization. The digital data management system has data analysis and visualization capabilities. In addition, EIF data from the data management system may be downloaded for analysis and visualization through other quantitative or qualitative data analysis platforms, including Excel, PowerBI, AI, etc.

6.2.5. Reporting

Structured reporting ensures transparency, accountability, decision support and learning. The EIF ensures programme accountability to the partnership and specifically to the EOB through various reporting requirements. The ES produces an annual report documenting progress against the global programme logframe and selected project results. These reports will also describe how cross-cutting priorities are being addressed and mainstreamed into operations. Dedicated quarterly and semi-annual reports to the EOB are also prepared by the ES and the TFM on the programme's operations, finances and results. The programme also directly reports to some EIF Funding partner reporting systems and to some global transparency initiatives, for example the International Aid Transparency Initiative reporting system and to global platforms, such as the Sevilla Platform for Action.

Countries report quarterly and semi-annually in line with MOU reporting requirements, using standardized templates. The IPs provide semi-annual narrative progress reports aligned with approved project work plans and logframes and also submit quarterly financial reports.

6.2.6. Supporting processes

Capacity development is central to strengthening MEL practices in the IPs. The ES and the TFM provide ongoing demand-driven training for the NIUs and the IPs on MEL and general project management, including on financial management.

Strategic collaboration between MEL and Communications functions is amplified to ensure a greater reach and visibility of the EIF programme. Through this collaboration, data from the MEL system is used for crafting evidence-based, high-impact communications pieces published on different EIF online platforms. Joint training for the NIUs will improve their ability to use data for storytelling and public outreach, ensuring that EIF-supported projects have both a voice and an impact.

At the country level, the NIUs receive support to strengthen their communication of results with an emphasis placed on the effective use of M&E data to craft compelling communications material (impact stories, social media, video/animation, etc.) and results pieces that highlight the achievements of the country programme. In contexts where resources do not permit the recruitment of dedicated M&E and Communications officers, the ES encourages the integration of both roles, enabling M&E officers to also take on responsibilities related to communicating results.

6.3. Risk management

The EIF operates within a dynamic and often challenging environment, particularly across its multi-country operations in the LDCs. Recognizing that all programme, country and project activities inherently carry elements of risk, the EIF emphasizes the necessity of an efficient Risk Management Framework to ensure successful implementation, mitigate threats and maximize opportunities.

The EIF Phase Three Risk Management Framework is an integral part of the MEL system, hence it applies to all stages of the EIF project operation cycle, from proposal review and approval to implementation and closure, and at both the global (programme-wide and portfolio-specific sub-level) and the country/project levels of the EIF partnership[9]. The Risk Management Framework will be complemented by the Business Continuity Plan as described in Section 1.3 above.

6.3.1. Risk governance

The governance of the EIF Phase Three Risk Management Framework applies to both the global and country levels of the EIF partnership. The table below describe the different actors involved in risk governance.

Table 3. Actors involved in the risk governance

Entity	Function	Role in reporting
Global programmatic and global portfolio levels		
EOB	As the governing body of the EIF, the EOB: • Provides policy oversight and reviews risk and issue management. • Monitors risks and issues at the programme level, with checkpoints at its biannual meetings, supported by regular reporting from the ES and the TFM.	• Receives semi-annual reports from the ES and the TFM.
ES and TFM	Responsible for risk management at the global programmatic level and the global portfolio level: • Oversee, regularly monitor and review programmatic risks within the Risk and Issues Management Taskforce. • Co-lead the regular joint ES and TFM portfolio reviews to assess project progress and risks at the programmatic and fiduciary levels. These meetings also include a review of the ES and the TFM processes to ensure continuous improvement and effective implementation. • Prepare reports to the EOB on the programmatic risk situation. • Continuously improve the risk management policy, strategy and supporting framework. • Support the IPs to comply with the risk and issues management policy.	• Prepare risk updates for the EOB. • Receive semi-annual reports on country and/or project risks from the IPs. • Receive PCRs and evaluation report from the IPs.
Project and country levels		
NIUs/IPs	The NIUs and the IPs are responsible for risk management at the country/project level: • Foster a culture of risk and issues management at the IP level. • Comply with risk management policies and procedures.	• Prepare risk updates to the ES as part of the semi-annual technical reporting. • Prepare PCR and evaluation reports at mid-term and/or end of the project.

1. [9]**Global level:**
    a. **Global programme-wide:** Risk management at this level focuses on programme-wide risks covering portfolio operations, partnership engagement, governance, etc. Risks assessment under this level focus on all the risk categories defined.
    b. **Global portfolio-specific**: Risk management at this level focuses only on portfolio-related risks, and the assessment under this level mainly focuses on a limited category of risks, specifically operational and fiduciary risks.
2. **Country-/project-level**: Risk management at this level focuses on country programme and or project-specific risks.

	• Report to the ES and the TFM on the risk status on a regular basis. • Escalate risks and issues to the ES and the TFM.	
NSC	The NSC serves a governance and leadership role: • Provides direction and can serve to address high exposure risks escalated by the FP or the NIU. • Can serve to address more operational risks on greater frequency if needed.	• Receives risk updates from the FP or the NIU.

6.3.2.Risk types and categories

The EIF Risk Management Framework differentiates between two main types of risks – internal and external risks. Internal risks are risks that are inherent to the EIF operations and processes, over which the EIF may have direct control, while external risks are potential external factors beyond the EIF's direct control and that could have an impact on EIF operations.

EIF Phase Three builds on the seven risk categories defined under the EIF Phase Two, plus an additional risk category focusing on environmental and climate change risks.

- **Reputational risks:** Factors that, if materialized, could negatively impact the EIF's image and perception of the EIF as a funding partner, partner or entity providing technical assistance (e.g., poor implementation and negative project consequences).
- **Political and governance risks:** Factors within the political arena that could negatively impact project implementation and outcomes at the country level.
- **Policy risks:** Existing or emerging policies that could hinder the success of EIF-funded projects.
- **Fiduciary and financial risks:** Factors related to financial management that could negatively impact project implementation and outcomes (e.g., misappropriation of funds).
- **Operational risks:** Factors that could negatively affect project delivery or the achievement of results (e.g., staff turnover, delays in MOU signatures or funds disbursement).
- **Global risks:** Potential global factors that could hamper project success (e.g., the COVID-19 pandemic and geopolitics).
- **Safeguarding risks:** Potential threats leading to harm, abuse, neglect or exploitation of vulnerable individuals, including children, at-risk adults or marginalized groups.
- **Environmental and climate risks:** Focusing on resilience, this will assess potential adverse environmental and climatic conditions that could hamper the programme's success.

6.3.3. Risk management process

The EIF risk management process is structured around a continuous cycle. It involves the following key processes:

A. **Risk identification:** Resulting in the description of identified risks at the global programme, global portfolio or country-/project-level into risk registers/logs.
B. **Risk assessment:** This determines the extent to which the EIF global programme, portfolio or an EIF project is exposed to a given risk, based on three criteria: risk probability, impact and (temporal) proximity. The exposure rating determines risks classification/prioritization as low, medium, high or very high risks.
C. **Risk response planning:** This involves the development of strategic options and decisions on actions to enhance opportunities and reduce threats against specific risks. Four main risk response types are distinguished: acceptance, avoidance, mitigation or transfer. The risk response plan assigns risk owners and defines the escalation pathways.
D. **Risk monitoring, review and reporting:** This is conducted regularly in line with EIF reporting requirements by the relevant EIF stakeholders. At the global level, the ES and the TFM are responsible for risk monitoring, review and reporting to the EOB on a semi-annual basis[10]. At the country-/project-level, the IPs are responsible for risk monitoring, reviewing and reporting to their respective NSCs periodically and to the ES semi-annually.

[10] In emergency contexts (such as a conflict in a country or a global pandemic), which may lead to severe consequences on EIF operations, emerging risks would be reported to the EOB for guidance and decision-making on an ad hoc basis.

6.3.4. Ecosystem, tools and resources for risk management

The EIF leverages various tools and resources to support its Risk Management Framework at the global and country-/project-levels:

- **Global programme risk register/log:** A standardized, comprehensive online system for recording identified risks, assessing risk exposure, defining mitigation measures, assigning risk ownership and escalation and tracking the status of each risk. The Head of MEL serves as the owner of all programme-level risks, ensuring oversight, coordination and periodic review. Data from this system is used to inform the risk matrix on the global programme risks.
- **Global programme risk matrix:** A visual matrix summarizing and reporting information from the risk register. It is used for prioritizing risks into a scale ranging from Very High to Low based on the overall exposure level of the programme.
- **Portfolio risk register:** Conducted quarterly by the ES Coordinators and the TFM Regional Portfolio Managers as part of the joint ES/TFM portfolio review process, portfolio operational and fiduciary risks are assessed for individual projects with associated mitigation measures and escalation paths defined. These reviews are key for managing implementation and closure-related risks for individual projects.
- **Country risk register:** Reviewed quarterly by the ES Coordinators and the TFM Regional Portfolio Managers, this tool complements the portfolio risk register by conducting an assessment of risks in the countries implementing EIF projects. The assessment mainly focuses on political and policy risks.
- **Country programme risk register:** With the introduction of the CPD in EIF Phase Three, a country programme risk register prepared by the NIUs will be introduced. The Excel-based system will allow for risk identification risk assessment, risk mitigation measures and risk status update.
- **Country programme risk matrix:** Similar to the global programme risk matrix, the NIUs maintain a risk matrix aimed at summarizing, prioritizing and reporting on the different risks identified in the country programme risk matrix.
- **Project risk register:** A simplified template used by the IPs within the project proposal template to identify project-specific risks and define risk mitigation strategies. The risks defined here are monitored, updated and reported (semi-annually) throughout the project lifecycle.
- **Risk response plan:** A tool outlining the proposed response measures, actions or due diligence to address individual risks. It includes information on the risk, the risk owner, the escalation path, risk response measures and the trigger or threshold required for initiating the response measures.
- **Online risk management platform:** The new MIS will comprise digital dashboards for recording, assessing and reporting global programmatic risk and portfolio risks.
- **Training and capacity-building:** Continuous efforts to sensitize the NIUs and the IPs on risk management and reporting obligations, particularly concerning project closures. Risk management is integrated into regular capacity-building activities and e-learning courses.

Annex 2: Partner Assessment

Danish Support to phase three of the Enhanced Integrated Framework, EIF.

1. Brief presentation of partners

The Trust Fund Manager, UNOPS, together with the Executive Secretariat of EIF, are the two essential partners. However, as described in Annex A, the framework and modality of all EIF operations gives an essential role that the National Implementations Units, as they are responsible for national implementation. The Executive Secretariat are playing a key role in facilitating and supporting national units and supporting a strong link to WTO and international standards and best practices.

The Enhanced Integrated Framework (EIF) – a unique global partnership between the LDCs, donors and partner agencies – is dedicated to supporting the LDCs to use trade and investment as a tool for economic growth and poverty reduction. This multilateral framework for support of LDC Economies was initially established as a LDC trade facilitation and capacity building program in 1997 and based on first years of implementation a more comprehensive program was initiated with the 1 phase of EIF in 2007. The Phase 2 of EIF started in 2016, which was prolonged by an interim phase until the start of phase 3 in October 2025.

2. Summary of partner capacity assessment

The EIF is the only multilateral partnership exclusively dedicated to assisting the LDCs in using trade to power growth, sustainable development and poverty reduction. It uses a unique model built around National Implementation Units, NIU, that are homegrown and embedded into national governing structures – primarily ministries of trade (commerce), to create local ownership, value for money (VfM) and a lasting public good. Throughout the two first phases EIF as modality and its implementing secretariat globally developed very strong links to all National Implementation Units which has demonstrated very positive results.

3. Summary of key partner features

Name of Partner	Core business ***What is the main business, interest and goal of the partner?***	Importance ***How important is the project/programme for the partner's activity-level (Low, medium high)?***	Influence ***How much influence does the partner have over the projectprogramme (low, medium, high)?***	Contribution ***What will be the partner's main contribution?***	Capacity ***What are the main issues emerging from the assessment of the partner's capacity?***	Exit strategy ***What is the strategy for exiting the partnership?***
EIF	*The EIF Phase Three aims to catalyse inclusive and sustainable (competitive, diversified and resilient) economic transformation in the LDCs, in alignment with the key SDGs, notably SDG 8 on Decent Work and Economic Growth, where the EIF is mentioned explicitly under Target 8a, recalling how the EIF is a unique mechanism to be used to increase AfT support to the LDCs.*	*High.* *While the Resource Mobilization target set out for the full EIF phase 3 is USD 200 million, the current pledges are at approximately USD 23 million with the Danish contribution to the EIF making up a substantial portion of these pledges.*	*High* *Denmark is part of the EIF phase 3 Executive Board, i.e. the key decision-making body of the EIF, which provides strategic, operational, fiduciary and financial oversight to ensure the efficient and effective implementation of EIF Phase 3.*	*The EIF will be providing targeted support to the LDCs in addressing complex, system-wide trade and investment enablers and constraints – spanning human capacity, policy and regulatory dimensions – to 1) improve the trade and investment climate; and 2) boost LDC competitiveness and economic diversification also through leveraged finance, leading to expanded market access and entry.*	*The EIF is the only global programme solely dedicated to LDCs' trade development needs, enjoying strong buy-in from LDC governments and international organizations. Established National Structures: With over 45 National Implementation Units (NIUs) fully integrated into government systems, the EIF model promotes ownership, sustainability, and policy alignment. Proven Impact: EIF interventions have supported, amongst much else, 300+ market transactions and USD 1 billion in exports facilitated for the LDCs, USD 2 billion in financing linked to EIF structures or Diagnostic Trade Integration Studies (DTIS), 37 countries integrated trade into their new National Development Plans, the accession of 10 LDCs to the WTO, enabled over 170,000 women to participate in trade-related activities, and catalysed significant co-financing and investment.*	*Upon exiting the partnership, Denmark should ensure a smooth handover to another member from the funding partner constituency for the seat in the Executive Board. Denmark may also wish to continuously remain engaged on the EIF and multilateral trade and investment-related support through the WTO EIF funding partner coordinator.*

EIF Enhanced Integrated Framework
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Phase Three of the Enhanced Integrated Framework (EIF)

Logical framework

EOB's action required: For discussion and decision.

Result chain	Indicator Number	Indicator	Baseline (2024)	Target (2031)	Source of Data	Assumptions
GOAL **Competitive, diversified, inclusive and resilient LDC economies aligned with the SDGs and the DPoA.**	G. I1	LDC share of global goods and services exports (%).	1.1%	2%	WTO Secretariat	• *Global trade, investment, and financial systems remain open and supportive of LDC participation.* • *LDC governments sustain commitment to inclusive, sustainable and resilient economic transformation aligned with the SDGs and the DPoA.* • *Adequate and predictable international support, including Aid for Trade and FDI, is sustained to complement domestic efforts.*
	G. I2	LDC total share of FDI in global FDI flows (%). *(Disaggregated by Inflows and Outflows)*	33 (2023)		UNCTAD – World Investment Report	
	G. I3	Aid for Trade flows to the LDCs (USD billion).	14.9 (2023)		WTO Secretariat OECD	
	G. I4	Goods exports concentration index.	0.183		UNCTAD Data Hub	
	G. I5	Human Development Index in the LDCs.	0.526 (2023)		UNDP – Human Development Report	
OUTCOME 1 **Trade and investment institutional environment strengthened.**	OC1.I1	Number of LDCs demonstrating improved trade and investment environment.	0	40	Monitoring reports	• *LDC governments sustain political will and institutional commitment to pursue trade and investment reforms.* • *Regional and global economic conditions, alongside development partner support, remain favourable for strengthening institutions and enhancing participation in trade and investment systems.*
	OC1.I2	Number of LDCs demonstrating increased participation in the global/regional trade and investment systems.	0	40	Country Programme Document (CPD) and project progress reports, World Bank B-ready score	
	OC1.I3	Number of LDCs with improved and functional trade and investment coordination mechanisms.	0	40	CPD and project progress reports, decrees establishing or modifying the functioning of coordination mechanisms	

Result chain	Indicator Number	Indicator	Baseline (2024)	Target (2031)	Source of Data	Assumptions
	OC1.I4	Evidence of an improved EIF global partnership coordination for promoting trade and investment opportunities in the LDCs.	0	20	Monitoring the EIF global partnership's engagements, events, declarations, agreements, etc.	
	OC1.I5	Average implementation rate of Prioritized Action Matrices (PAMs).	0	50%	CPD and project progress reports, PAM monitoring reports	
	OC1.I6	Percentage of NIUs that are sustainable. *(Disaggregated by degree of sustainability*)	0	41	CPD and project progress reports, EIF Assessment of NIUs, Evaluations	
<u>Output 1.1</u> **Inclusive trade and investment policy and regulatory frameworks developed.**	OP1.1. I1	Number of new/revised trade and investment policies/regulations drafted/adopted.	195 (75 policies/ 120 regulations)	425 (165 policies/ 260 regulations)	CPD and project progress reports, published policy and regulation documents.	*LDC governments have the political will, technical capacity and institutional stability to draft, adopt and enforce inclusive trade and investment policies, with sufficient consultation to prioritize investment-ready sectors.*
	OP1.1. I2	Percentage of new/revised policies and regulations assessed as inclusive.	25%	75%	CPD and project progress reports, policy and regulation documents	
<u>Output 1.2</u> **Trade and investment coordination mechanisms strengthened.**	OP1.2. I1	Number of trade and investment coordination mechanisms supported.	177	212	CPD and project progress reports	*Relevant government institutions, development partners and private sector actors remain committed to engaging in coordination mechanisms and allocate adequate time, resources and expertise to ensure their functionality and effectiveness.*
	OP1.2. I2	Percentage of supported coordination mechanisms rated as fully functional and inclusive.	New (TBD)	90%	CPD and project progress reports, EIF assessment on functionality and inclusiveness of mechanism	
	OP1.2. I3	Number of actions supported to enhance coordination between trade departments and national investment promotion agencies.	New (TBD)	90	CPD and project progress reports, MOU documents	

Result chain	Indicator Number	Indicator	Baseline (2024)	Target (2031)	Source of Data	Assumptions
<u>Output 1.3</u> **Trade- and investment-related technical, operational and human capacities increased.**	OP1.3. I1	Number of persons trained on trade- and investment-related themes. *(Disaggregated by gender, public/private actors trained and by themes of training)*	80,603	177,000	CPD and project progress reports, Concept notes or TOR of trainings, attendance list	*LDC governments and partners remain committed to prioritizing trade and investment as drivers of development, so that trained personnel are retained within relevant institutions and adequate political will, financial resources and institutional arrangements are maintained to integrate and sustain the NIUs and other trade-related structures beyond EIF support.*
	OP1.3. I2	Number of evidence of uptake/application of knowledge/skills in institutional processes.	0	50	CPD and project progress reports	
	OP1.3. I3	Percentage of trade and investment institutions supported, with improved technical and operational capacities.	New (TBD)	75%	CPD and project progress reports, impact stories from secondary sources, evaluations	
<u>Output 1.4</u> **Trade and investment learning and knowledge generated and shared.**	OP1.4. I1	Number of trade and investment knowledge products produced and disseminated by the EIF.	389 knowledge products	466 knowledge products	CPD and project progress reports, published knowledge products, website document download analytics	*Stakeholders are willing to engage in knowledge-sharing processes and apply the knowledge products and lessons generated to strengthen trade and investment policies and practices.*
	OP1.4. I2	Number of multi-stakeholder knowledge-sharing/ coordination initiatives on trade and investment convened or co-organized by the EIF.	68	150	Event reports	
	OP1.4. I3	Number of participants attending knowledge-sharing events facilitated by the EIF. *(Disaggregated by gender, stakeholder group and satisfaction rate)*	0 (New)	4,000	Event registration records, post-event surveys	
	OP1.4. I4	Percentage of supported countries with improved communications and marketing tools for promoting trade and investment.	0	80%	CPD and project progress reports, NIU communication platforms and products	

Result chain	Indicator Number	Indicator	Baseline (2024)	Target (2031)	Source of Data	Assumptions
<u>OUTCOME 2</u> **LDCs' trade competitiveness catalysed and market opportunities expanded.**	OC2.I1	Total direct export value (USD) generated.	1.18 billion	2.6 billion	CPD and project progress reports, secondary data on export value in specific value chains, beneficiary survey data	• *LDC enterprises and institutions have the capacity and enabling environment to sustain competitiveness gains and effectively respond to expanded market opportunities.* • *Global and regional market conditions remain sufficiently stable and open to allow LDCs to capitalize on new trade opportunities.*
	OC2.I2	Number of direct international market entries facilitated.	342	752	CPD and project progress reports, beneficiary survey data	
	OC2.I3	Number of direct jobs created. *(Disaggregated by gender and age).*	62,000	136,000	CPD and project progress reports	
	OC2.I4	Total funds mobilized/leveraged by NIUs and IPs to build on EIF interventions. *(Disaggregated by source of funding)*	2.2 billion	4.8 billion	CPD and project progress reports	
	OC2.I5	Total private investments (USD) in the LDCs, which is linked to EIF institutional environment support and/or initial EIF catalytic investment in specific sectors/value chains.	TBD	TBD	CPD and project progress reports, secondary data on investments channelled in value chains supported by the EIF	
<u>Output 2.1</u> **Catalytic and value-added interventions developed to enhance productive capacity.**	OP2.1. I1	Percentage of supported interventions that are catalytic/scalable.	0	75%	CPD and project proposals, CPD and project progress reports, EIF assessment of the project proposals	*National and regional partners, including governments, development partners, and the private sector, remain committed and able to co-invest in and scale up EIF-supported interventions that demonstrate catalytic potential and strong links to productive capacity development.*
	OP2.1. I2	Number of MSMEs, cooperatives, social enterprises and associations supported. *(Disaggregated by youth and women-led)*	33,791	74,340	CPD and project progress reports, list of beneficiary MSMEs	
		Percentage of women-led	42%	50%		

Result chain	Indicator Number	Indicator	Baseline (2024)	Target (2031)	Source of Data	Assumptions
	OP2.1. I3	Percentage of catalytic/value-added interventions demonstrating measurable improvement in productive capacity or market entry.	0	75%	CPD and project progress reports	
	OP2.1. I4	Number of activities/initiatives implemented through EIF interventions to address at least two of the four EIF cross-cutting priorities.	435	957	CPD and project progress reports, proposals for CPD and projects	
	OP2.1. I5	Percentage of total women directly benefitting from EIF-funded productive sector interventions.	61%	64%	CPD and project progress reports, EIF Master database	
<u>Output 2.2</u> **Targeted support to innovation and technology adoption, standards compliance, market linkages and trade facilitation delivered.**	OP2.2. I1	Number of people trained in value chain practices. *(Disaggregated by age and gender)*	224,620	494,164	CPD and project progress reports, attendance lists	*LDC enterprises, institutions, and producers are willing and able to adopt new technologies, comply with standards, and engage in innovation and market linkage initiatives, supported by an enabling policy, regulatory, and infrastructure environment that facilitates uptake and sustainability of EIF interventions.*
	OP2.2. I2	Number of innovations and technologies adopted by beneficiaries.	134	295	CPD and project progress reports	
	OP2.2. I3	Number of standards compliance initiatives supported, with evidence of increased compliance to market access requirements and greater entry to international markets.	New (TBD)	50	CPD and project progress reports	
	OP2.2. I4	Number of trade facilitation initiatives implemented with evidence of reduced trade time/costs.	184	405	CPD and project progress reports	
<u>Output 2.3</u> **Innovative business and financing models developed and tested.**	OP2.3. I1	Number of innovative business/financing models introduced, piloted, adopted and/or scaled up among LDC stakeholders.	New (TBD)	40	CPD and project progress reports	*Public and private actors are willing to collaborate and provide supportive conditions to pilot, test and scale innovative business and financing models with proven potential.*
	OP2.3. I2	Percentage of pilots demonstrating the potential for scalability or replication.	0	50%	CPD and project progress reports	

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EIF Enhanced Integrated Framework
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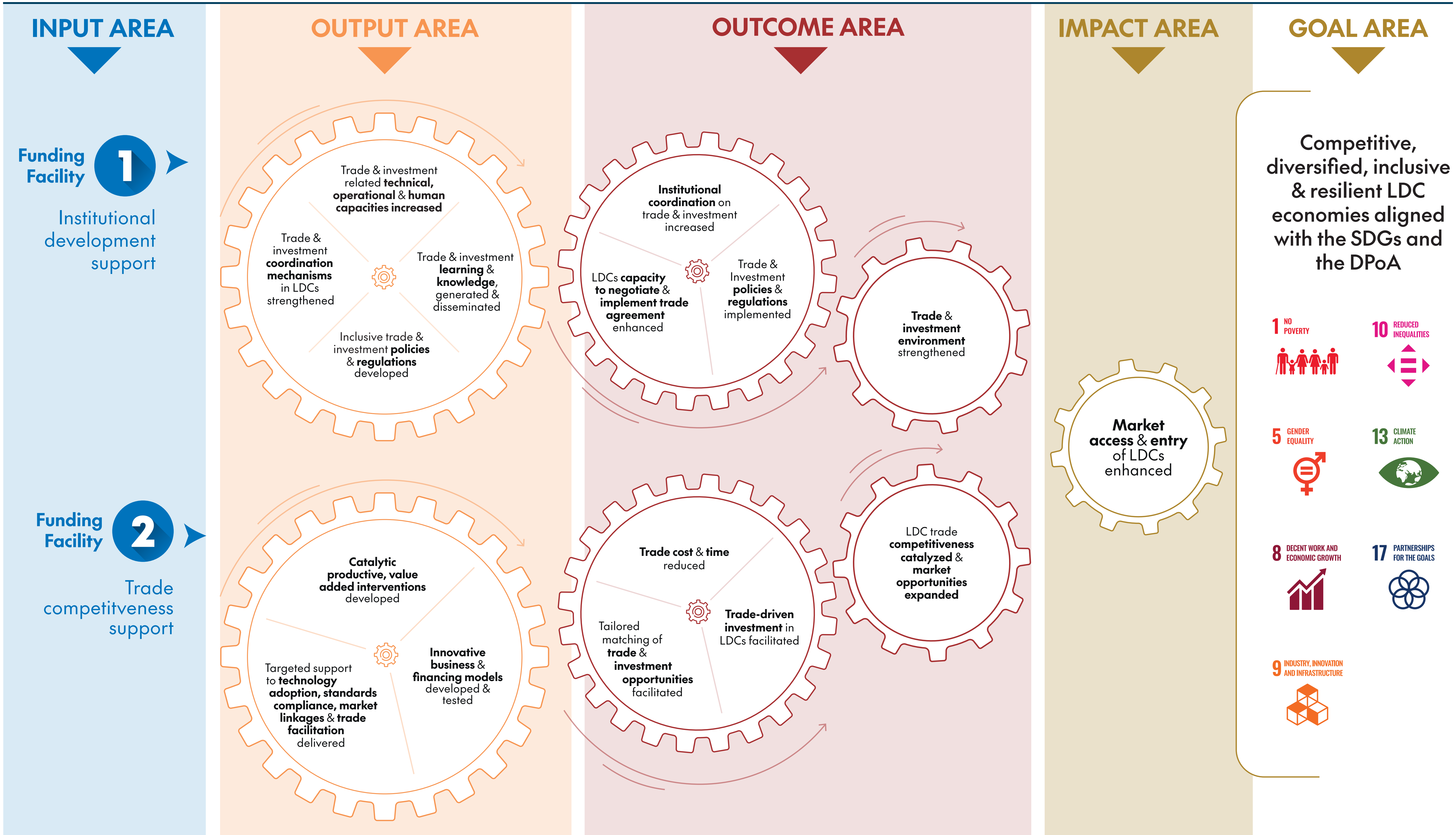
THEORY OF CHANGE FOR EIF PHASE THREE

EOB's action required: **<u>For discussion and decision</u>.**

EIF THEORY OF CHANGE

VISION "Inclusive trade & investment for resilient, sustainable & transformative development"

MISSION "Empower the LDCs to lead their sustainable economic transformation by harnessing their trade & investment potential"



CROSS-CUTTING PRIORITIES

- Climate resilience
- Youth employment
- Gender equality
- Digital transformation

CORE EIF PRINCIPLES

- Country ownership
- Leaving no-one behind
- Partnership
- Delivering impact

Annex C – Budget details

Partner budget (summary)

EIF Phase 3	*USD (million)*						
Key budget items	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**Total**
Facility One	8	12	16	4	0	0	40
Facility Two	24	35	47.5	12	0	0	118.5
EIF Global Activities	1.1	1.2	1.25	1.1	1	0.7	6.35
Technical assistance for programme delivery (direct costs)	2.97	3.71	3.71	3.71	2.97	2.6	19.67
ES management (indirect costs, 0.75%)	1.39	1.88	1.88	1.88	1.5	1.32	9.85
TFM management (indirect costs, 6%)	0.85	1.07	1.07	1.07	0.85	0.75	5.66
Total	**38.31**	**54.85**	**71.4**	**23.75**	**6.32**	**5.36**	**200**

Danish contribution

EIF Phase 3	*DKK (million)*		
Key budget items	**2026**	**2027**	**2026-2027**
EIF Phase 3 Activities (direct project costs)	9.37	9.37	18.74
ES management (indirect costs, 0.75%)	0.07	0.07	0.14
TFM management (indirect costs, 6%)	0.56	0.56	1.12
Total	**10.00**	**10.00**	**20.00**

DOC 7

Phase Three of the Enhanced Integrated Framework (EIF)

Narrative summary of the Risk Matrix

EOB's action required: For discussion and decision.

1. Purpose and context

The risk environment for Phase Three of the EIF reflects both the ambition and complexity of implementing a global, multi-stakeholder programme supporting the least-developed countries (LDCs) in integrating into global trade. The Risk Matrix identifies potential challenges that could influence the achievement of programme outcomes, while also highlighting mitigation strategies to strengthen resilience, adaptability and accountability across the EIF partnership.

Complementing the Risk Management section as described in the Programme Framework Document (PFD), this document provides a concise narrative summary of the key findings and implications from the EIF Phase Three Risk Matrix. It is intended to serve as the analytical basis for developing the Risk Management Framework (RMF). The RMF will translate these risks into actionable strategies, ownership structures and monitoring mechanisms to safeguard the effectiveness, efficiency and sustainability of EIF Phase Three operations.

The Risk Matrix identifies and classifies risks that could affect the achievement of EIF Phase Three outcomes, drawing on categories commonly used in development programming – reputational, political and governance, policy, fiduciary and financial, operational, global, safeguarding and environmental and climate. Each risk has been assessed in terms of its probability, potential impact, exposure (probability × impact) and proximity (short-, medium-, or long-term). Corresponding mitigation measures have been proposed to reduce exposure and build resilience across the programme.

2. Overview of key risk categories

EIF Phase Three operates within a dynamic global and institutional environment. The risk categories are consistent with those identified in the PFD for EIF Phase Three. The risks are moderate to high in exposure but largely manageable through robust governance, clear workflows and proactive resource mobilization.

i. Reputational risks

Reputational risks relate to the EIF's visibility, credibility and perceived integrity among its stakeholders. A negative perception of EIF performance, including limited capturing and visibility of results or communication gaps, could weaken funding partners' and other partners' confidence and reduce the programme's policy influence in the LDCs. Similarly, any instance of non-compliance with ethical, fiduciary or safeguarding standards could erode stakeholder trust and damage the EIF's standing as a reliable and transparent multilateral mechanism. The exposure level is moderate but may escalate if performance, capturing of results or communication gaps persist. Mitigation will focus on strengthening transparency and accountability mechanisms, ensuring consistent and strategic capturing and communication of results, maintaining adherence to fiduciary and ethical standards and taking timely corrective action to address any reputational concerns.

ii. Political and governance risks

Political and governance risks stem from evolving national contexts, institutional transitions and fluctuating government ownership of the EIF agenda in both the LDCs and WTO members. Limited institutional capacity and potential political instability can affect policy coherence, implementation timeliness and stakeholder engagement. Both predictable and unpredictable shifts in funding partner commitments or political priorities, as well as direct declines in funding partner contributions may further influence programme continuity and resource availability. The exposure level is moderate, reflecting the combination of domestic and international political factors that shape the EIF operating environment. Mitigation will focus on strengthening institutional capacity, maintaining high-level political engagement and reinforcing funding partner and stakeholder confidence through transparent communications and consistent programme performance.

iii. Policy risks

This category captures risks related to shifting trade and investment policies, regulatory reversals and weak enforcement mechanisms. The exposure of such risks is moderate to high, particularly in environments where policy reforms are politically sensitive or where global and regional trade dynamics shift rapidly. Mitigation requires consistent policy dialogue, adaptive programming and targeted technical assistance to maintain alignment between EIF interventions and national trade priorities.

iv. Fiduciary and financial risks

Fiduciary and financial risks are risks to the integrity, compliant use and timely availability of EIF funds across planning, allocation, disbursement, implementation, reporting and closure. They include inefficiencies in financial management and cash-flow/disbursement processes, weaknesses in procurement and internal controls and gaps in compliance, audit and recovery, each of which can delay delivery and undermine accountability. Mitigation will focus on maintaining risk-based fiduciary controls through robust fiduciary controls, ensuring timely and accurate financial reporting and reconciliation, strengthening partner capacity in financial management, and procurement and robust audit, spot-check and reinforcing audit and oversight mechanisms to safeguard the integrity and value for money.

v. Operational risks

Operational risks are largely related to coordination challenges, uneven implementation capacity across countries and potential delays in project execution. Weaknesses in data collection and monitoring frameworks can also affect the ability to track progress and demonstrate results. The exposure level is moderate, but the cumulative effect of multiple operational weaknesses could impact overall programme efficiency. Mitigation will rely on continued capacity development, improved coordination among the EIF partnership and simplification of operational processes where possible.

vi. Global risks

Global risks relate to external macroeconomic and geopolitical factors that can significantly affect trade performance and the enabling environment for the LDCs. Global crises – such as economic downturns, pandemics or financial instability – may reduce trade flows and weaken global demand for LDC exports. Similarly, geopolitical tensions and shifts in trade policies, including the introduction of protectionist measures or changes in trade alliances, can restrict market access and create uncertainty for investment and export growth. These risks are largely beyond the EIF's direct control but have a high potential impact on programme outcomes. Mitigation will focus on promoting export diversification, supporting adaptive trade and investment strategies, strengthening regional market linkages and maintaining flexibility in programming to respond effectively to evolving global dynamics.

vii. Safeguarding risks

Safeguarding risks concern potential harm, abuse, neglect or sexual exploitation and harassment of vulnerable individuals, including children, at-risk adults and marginalized groups engaged in EIF-supported activities. Gaps in safeguarding integration or weak reporting and response mechanisms could expose individuals to harm and erode confidence in the EIF's ethical standards. The exposure level is moderate, underscoring the need for strong prevention and accountability systems. Mitigation will focus on embedding safeguarding measures in project design and oversight, strengthening confidential reporting channels, conducting regular partner training and ensuring consistent compliance monitoring across implementation.

viii. Environmental and climate risks

Environmental and climate risks arise from increasing exposure to climate variability and environmental degradation that can disrupt trade-related infrastructure and reduce programme resilience. Climate shocks such as floods, droughts and extreme weather events may hinder trade performance and delay implementation. The exposure level is moderate to high, underscoring the need for proactive adaptation measures. Mitigation will focus on integrating climate risk assessments into project design, promoting sustainable trade practices and strengthening partner capacities for resilience-building.

3. Strategic directions for risk mitigation

Exposure ratings indicate that most risks fall within the **medium range (scores 4-6)**, with a few rated **high (scores 7-9)** – particularly those linked to funding for the EIF Trust Fund and global economic volatility. These will be prioritized for active monitoring and contingency planning. The mitigation strategies proposed in the matrix focus on strengthening institutional, fiduciary and adaptive capacities across the EIF architecture. Key strategic directions include:

- Maintaining **flexible programming** and contingency planning to manage political or policy shifts.
- **Building institutional capacity** through training, knowledge-sharing and targeted technical assistance.
- Reinforcing **fiduciary controls and audit processes**, including timely reporting and financial transparency.
- Ensuring **proactive engagement with funding partner** to maintain predictable funding flows into the EIF Trust Fund.

- Embedding **risk monitoring and learning** into the value for money and programme management performance review systems.

These measures are to be complemented by regular updates to the risk register, ensuring that mitigation actions remain relevant and effective in dynamic country contexts.

4. Next steps toward the RMF

The RMF will formalize a proactive and integrated approach to monitoring and mitigating these risks throughout the programme cycle. Its development will involve:

- **Assigning clear ownership** for risk management among the ES, TFM, EIF National Implementation Units (NIUs) and Implementing Partners (IPs).
- **Embed risk monitoring into the EIF Management Information System (MIS)** and link it to real-time reporting within the Monitoring, Evaluation and Learning (MEL) framework.
- **Apply proportional mitigation** – focusing resources on high-exposure areas while maintaining early warning systems for emerging risks.
- **Adopt a dynamic risk register** reviewed quarterly by the ES and the EIF Trust Fund Manager (TFM), and annually by the EIF Executive Operational Board, incorporating inputs from country-level reviews.
- **Integrate cross-cutting safeguards** on inclusion, environment and ethics from project design through implementation.

The EIF Phase Three Risk Matrix provides a robust analytical foundation for proactive and adaptive risk management. Its insights underscore the importance of institutional strengthening, financial vigilance and flexibility in programme design and implementation. The RMF will build on this foundation to establish a coherent, system-wide approach that safeguards the EIF's strategic objectives while enhancing its capacity to deliver sustained impact in a rapidly changing global environment.

EIF Phase Three Risk Matrix

Category	Risk ID	Risk Title	Risk Description	Probability (1–3)	Impact (1–3)	Exposure (P×I)	Proximity (S/M/L)*	Mitigation Measures
1. Reputational risks	**R1.1**	**Risk of funds misuse**	Risk that EIF programme resources may be misused or diverted from intended purposes because of fraud, corruption or expenditure on non-eligible activities, which will lead to weakened credibility among funding partners and national stakeholders and potential funding disruptions.	1	3	3	M	Implement robust internal control systems within the NIUs, including segregation of duties and multi-level approvals. Require regular financial reporting with reconciliation against approved budgets and eligible expenditure categories. Commission independent financial audits and periodic spot checks to detect irregularities early.
	R1.2	**Non-compliance with ethical or safeguarding standards**	Failure to comply with ethical, fiduciary or safeguarding standards due to limited training of the NIUs and the IPs and limited communication around ethical and safeguarding standards to be upheld could result in reputational damage, loss of credibility and diminished confidence among funding partners and the LDCs.	1	3	3	S	Ensure adherence to ethical and safeguarding policies; maintain transparent and timely reporting on compliance; provide regular training on codes of conduct; and apply prompt corrective measures.
2. Political and governance risks	**R2.1**	**Political instability**	Risk that evolving political contexts or institutional transitions, due to changes in political leadership, regime changes or large-scale reforms may disrupt EIF-supported activities, causing suspension or delays in implementation.	2	3	6	S	Maintain flexible programming and contingency measures in fragile and conflict-affected states.

Category	Risk ID	Risk Title	Risk Description	Probability (1–3)	Impact (1–3)	Exposure (P×I)	Proximity (S/M/L)*	Mitigation Measures
	R2.2	**Limited programme sustainability**	Risk that EIF programme sustainability may be compromised because of limited government ownership and shifting national priorities, leading to limited long-term impact of the programme and missed opportunities to build on EIF programme achievements to achieved national development goals.	2	3	6	M	Support mainstreaming of trade and investment priorities into national development frameworks and maintain technical and high-level policy dialogue at the WTO, with funding partner capitals and in the LDCs.
	R2.3	**Decline or delay in meeting funding target**	Risk that the EIF Phase Three programme funding target may not be achieved because of substantially reduced or delayed contributions from funding partners, which will lead to disrupted implementation scheduling, reduced capacity to deliver timely and failure to achieving EIF Phase Three development objectives in the LDCs.	3	3	9	S	Maintain proactive funding partner engagement and pursue complementary and innovative financing partnerships in line with the EIF Resource Mobilization Strategy.
3. Policy risks	**R3.1**	**Risk of policy misalignment and incoherence**	Risk that EIF interventions may lose alignment with national development frameworks because of policy reversals or abrupt shifts in government priorities, leading to misalignment of EIF trade-related support, reduced institutional coherence and diminished effectiveness of the EIF programme in some LDCs.	2	2	4	M	Conduct a regular policy dialogue and adaptive programming reviews to ensure continued alignment.

Category	Risk ID	Risk Title	Risk Description	Probability (1–3)	Impact (1–3)	Exposure (P×I)	Proximity (S/M/L)*	Mitigation Measures
	R3.2	**Weak enforcement of new trade and investment reforms**	Risk that new trade and investment reforms may not be effectively implemented because of limited enforcement capacity within national institutions, which will lead to reduced practical impact of reforms, weakened investor confidence and slower progress toward competitive, diversified, inclusive and resilient LDC economies.	2	2	4	M	Provide technical assistance, training and institutional capacity support for the implementation of trade and investment regulations and policies. Supporting and promoting stakeholder engagement and coordination throughout the policy and regulation cycle. Advocate for domestic budget allocations to ensure the implementation of trade and investment reforms.
4. Fiduciary and financial risks	**R4.1**	**Inefficient use or management of funds**	Failure of efficient financial management and resource utilization due to limited capacity and weak internal controls will lead to the suboptimal use of EIF funds, resulting in implementation delays, reduced programme impact and weakened credibility with funding partners and national institutions.	2	3	6	M	Ensure fiduciary controls, cash-flow-based tranching, timely reporting and eligibility checks; timely bank reconciliations; segregation of duties; targeted capacity support; and risk-based spot checks
	R4.2	**Disbursement delays**	Risks that disbursement delays may occur because of inefficiencies in financial and fiduciary management, including delayed reporting or noncompliance with fiduciary and reporting requirements, leading to the reduced efficiency of the programme, missed delivery milestones and diminished credibility with national stakeholders and development partners.	2	2	4	M	Strengthen partner capacity on EIF and UNOPS fiduciary requirements; provide clear guidance and templates; enhance pre-disbursement checks, establish MIS-based deadline alerts and tracking; and conduct compliance reviews and follow-up actions.

Category	Risk ID	Risk Title	Risk Description	Probability (1–3)	Impact (1–3)	Exposure (P×I)	Proximity (S/M/L)*	Mitigation Measures
	R4.3	**Compliance and audit gaps**	Risk of non-compliance with audit requirements due to poor planning, inadequate internal controls and limited follow-up on the side of the TFM, will undermine financial integrity and programme accountability, resulting in increased fiduciary issues, reduced funding partner confidence and delayed implementation.	2	3	6	L	Strengthen partner capacity on fiduciary and audit requirements; establish MIS-based deadline alerts and tracking; conduct compliance reviews and follow-up actions; and activate escalation procedures.
	R5.1	**Staff turnover at the ES and the TFM**	Risk of staff turnover at the ES and the TFM due to contracting uncertainty, short-term contracts and constrained resourcing, which may lead to the loss of institutional memory, delays in programme coordination and fund management and weakened support to the NIUs and LDC partners.	2	2	6	M	Proactive funding partner engagement to continuously increase the funding on the one hand and close the liaison between the ES, the TFM and the WTO Human Resources Division to ensure the best possible certainty on the staffing situation.
5. Operational risks	**R5.2**	**Staff-turnover in the NIUs**	Risk of high staff turnover within the NIUs because of limited institutional incentives, lack of career progression or unstable contractual arrangements, which will lead to the loss of institutional memory, reduced implementation continuity and weakened capacity to deliver EIF-supported activities effectively.	2	3	6	M	Provide structured training, mentoring and institutional integration support. Encourage multi-year contracts for core NIU staff to reduce turnover linked to short-term funding cycles. Promote NIU integration within national systems to strengthen staff retention.
	R5.3	**Under-utilized funds**	Risk that EIF funds may be under-utilized or subject to reflows due to limited absorptive capacity in the LDCs to manage and deploy resources efficiently, resulting in delayed implementation and reduced programme effectiveness.	2	3	6	L	Phase disbursements to milestones/ performance; targeted NIU training and technical support; TFM Regional Portfolio Managers/TFM Regional Portfolio Associates hands-on financial

Category	Risk ID	Risk Title	Risk Description	Probability (1–3)	Impact (1–3)	Exposure (P×I)	Proximity (S/M/L)*	Mitigation Measures
								management support; and reallocate funds if absorption remains low.
	R5.4	**Coordination gaps within the EIF partnership**	Risk that coordination gaps within the EIF partnership across global, regional and national actors may emerge or persist because of unclear roles, fragmented communication channels or misaligned planning cycles, which will lead to inefficiencies in programme delivery, duplication of effort and reduced coherence in supporting the LDCs' trade and development priorities.	2	2	4	M	Strengthen coordination through clear roles, joint planning and information-sharing platforms; and conduct regular partnership reviews to promote coherence and complementarity.
	R5.5	**Weak MEL capacity**	Risk that programme performance and results may not be adequately measured or reported because of weak MEL capacity within the NIUs or IPs and inefficient communication and weak performance measurement frameworks will lead to limited evidence for decision-making, reduced accountability to stakeholders and missed opportunities for learning and programme improvement.	2	2	4	M	Strengthen MEL systems, provide capacity-building, and promote peer learning exchanges, strengthen results communication and roll out adequate performance measurement frameworks.
6. Global risks	**R6.1**	**Global crises reduce trade flows**	Risk that a global pandemic may emerge and spread rapidly across countries because of continuous movement of persons and goods and gaps in early detection systems in LDC contexts, which will lead to widespread health crises, economic disruption, lockdowns, reallocation of resources and readjustments of priorities at national level, all resulting in negatively impacting	3	3	9	S	Promote and support the development of business continuity plans at EIF global and country levels.

Category	Risk ID	Risk Title	Risk Description	Probability (1–3)	Impact (1–3)	Exposure (P×I)	Proximity (S/M/L)*	Mitigation Measures
			the achievement of EIF Phase Three development objectives.					
	R6.2	**Geopolitical tensions or trade policy shifts.**	Risk of increased geopolitical tensions in LDC contexts because of regional instability, shifting global alliances or trade-related disputes, which may lead to restricted market access and entry for the LDCs and disrupted supply chains, all resulting in diminished economic gains and weakened resilience of the LDC trade sector.	2	3	6	M	Promote export diversification and regional value chain integration; strengthen partnerships with regional and multilateral bodies to enhance the LDCs' resilience to global trade disruptions.
7. Safeguarding risks	R7.1	**Failure of compliance with safeguarding measures.**	Insufficient integration of safeguarding considerations into project design, implementation or oversight, due to non-inclusive planning, weak proposal screening and limited ground-level supervision could expose vulnerable individuals to potential harm, abuse, neglect or exploitation, resulting in reputational issues and diminished EIF programme credibility.	2	3	6	M	Embed safeguarding assessments in all CPD and regional and thematic project appraisals; and Legal Agreements with the IPs conduct regular training on safeguarding awareness and reporting mechanisms; and integrate safeguarding compliance checks into the capacity assessment checklists. Continuously monitor the implementation of safeguard measures. Effectively supervise project implementation on the ground.
	R7.2	**Weak incident management mechanisms.**	Failure of timely and effective incident management due to weak reporting and response mechanisms, unclear procedures, fear of reprisal, limited staff training and inadequate follow-up systems will lead to delayed or missed responses to safeguarding, resulting in potential	2	3	6	M	Conduct periodic spot checks. Strengthen confidential reporting mechanisms, establish clear response protocols, ensure timely investigations and integrate safeguarding compliance into partner agreements and reviews.

Category	Risk ID	Risk Title	Risk Description	Probability (1–3)	Impact (1–3)	Exposure (P×I)	Proximity (S/M/L)*	Mitigation Measures
			harm to vulnerable individuals and reduced trust among funding partners and national partners.					Use the UNOPS open portal to report sexual exploitation, abuse and harassment cases.
8. Environmental and climate risks	**R8.1**	**Climate shocks disrupt trade-related infrastructure.**	Risk of a climate shock in LDC contexts due to extreme weather events, such as floods, droughts or cyclones, which may lead to disruption in production value chains, especially in agriculture, damages of critical infrastructure, including energy, IT and roads/bridges, resulting in delayed export activities, loss of production capital and increased vulnerabilities, leading to reduced effectiveness of EIF-supported interventions.	1	3	3	S	Integrate environmental screening and promote green and climate-resilient interventions. including through Green Climate Fund/ Global Environment Facility co-financing.
	R8.2	**Environmental degradation.**	Risk that insufficient attention to environmental sustainability in EIF-supported projects may exacerbate the degradation of natural resources, including deforestation, soil erosion and pollution, can weaken the resilience and long-term sustainability of EIF-supported interventions, especially in agriculture value chains, leading to reduced effectiveness of investments.	2	3	6	M	Incorporate environmental risk assessments into CPD/regional and thematic project design, promote sustainable trade and production practices and strengthen partner capacity for environmental management and resilience-planning.

** Short-term (S): < 12 months; Medium-term (M): 1–3 years; Long-term (L): > 3 years*