

INTEGRATED FRAMEWORK PILOT SCHEME: PROPOSAL FOR FOLLOW-UP TO THE IF ROUND TABLES

HAITI

Addendum

I. INTRODUCTION

A. INTEGRATED FRAMEWORK ROUND TABLE

1. From 11 to 12 November 1999, in Port-au-Prince, the Government of Haiti organized a sectoral round table on foreign trade in the context of the Integrated Framework (IF) programme for trade-related technical assistance for the LDCs. The participants were: the six core IF organizations (World Bank, ITC, UNCTAD, IMF, WTO, UNDP), UNIDO, ITU and Haiti's main bilateral partners, including Germany, Canada, the United States, Japan and the European Union, together with the relevant public and private agencies.

2. The round table enabled the Haitian Government to identify and propose to its development partners a number of priority, trade-related, technical assistance projects. During the talks, the World Bank expressed a particular interest in the preliminary scheme concerning export credit insurance. Japan opted for the projects concerning standardization and metrology. No firm declaration of intent was made by any of the other partners present at the round table concerning the proposed projects.

3. After conclusion of the round table, the Haitian Government set up a joint follow-up committee. This led to the adoption of the following projects by the Ministry of Commerce and Industry (MCI), based on the work of the round table, using public treasury funds:

- The development of a draft investment code, already adopted by the Senate and about to be put to a vote in the Chamber of Deputies;
- the development of a draft law on free economic zones, shortly to be brought before the two houses of Parliament;
- the preparation of a draft document concerning the introduction of an investment facilitation mechanism, which adapts the One Stop Center (single window) concept to the Haitian context, together with the corresponding budget and legal framework;
- the institutional restructuring of the MCI, with technical assistance from the Haitian consulting firm Inter Consult; and
- the strengthening of national food control capacities, with technical and financial assistance from the FAO.

4. Following the meetings of the Integrated Framework Steering Committee of 15 March and 3 May 2001, a package of US\$300,000 was allocated by the Integrated Framework Trust Fund (IFTF)

to each of the five countries already to have held their round table on foreign trade, in accordance with the old IF approach. The funds should make it possible to finance some priority technical assistance activities in these countries related to the mainstreaming of the trade component into their development plans and poverty alleviation strategies.

5. With regard to efforts to combat poverty, the Haitian Government is currently drawing up a poverty reduction strategy paper (PRSP), in accordance with its commitment at the Third United Nations Conference on the Least-Developed Countries, held in Brussels from 14 to 20 May 2001, with the assistance of the Inter-American Development Bank.

6. To ensure the follow-up to the round table, a senior Haitian delegation visited Geneva from 25 to 29 June 2001, composed of the following representatives:

- Mr Henri Robert Sévère, Member of the Senior Cabinet of the Minister of Trade and Industry;
- Mr Ijoassin Clermont, Director of Foreign Trade at the MCI and Government contact point for the IF;
- Mr Victor H. St Louis, Vice Director of the General Customs Administration and Control Division; and
- Mr Wilfred Trenard, Director of Social and Economic Planning at the Ministry of Planning and External Cooperation.

B. STRATEGIC CONSIDERATIONS FOR THE MAINSTREAMING OF TRADE ISSUES

7. On the basis of consultations organized by the ITC with representatives of the six core organizations of the Integrated Framework, UNIDO and representatives of the Organisation internationale de la Francophonie, the Haitian delegation has implemented an action plan based on the aims and priorities that emerged at the round table, including the following proposed schemes:

- (a) Development of an export-led growth strategy
- (b) Modernization of the legal framework for trade and investment
- (c) Assistance for the Ministry of Commerce and Industry
- (d) Diagnosis of exportable supply

C. SOCIO-ECONOMIC CONTEXT

8. Despite a slight recovery since 1995, the Haitian Economy continues to face enormous difficulties characterized by a chronic trade deficit. However, its abundant and inexpensive work force, its potential for agricultural exports and the close proximity of South and North American markets, represent a series of major advantages which, to say the least, have yet to be properly exploited. The Haitian Government has embarked on an economic reform process based on the liberalization of trade and the modernization of State-owned enterprises. Nevertheless, despite these significant efforts on the part of the authorities, the development of foreign trade continues to be hampered by the absence of a clearly defined strategy for export promotion and the ill-adapted laws governing trade and investment. In an effort to meet the challenge posed by these constraints, the Government plans to revive the Haitian economy with export-led growth.

D. OBJECTIVES

9. The overall objective of this action plan is to strengthen the Government's capacity to achieve the mainstreaming of trade issues into Haiti's development plans and, more particularly, into the PRSP. Emphasis will be placed on the improvement of the Haitian business environment by developing elements of a proper institutional and legal framework and by offering incentives to stimulate the development of exports. The action plan is designed to achieve the following objectives:

1. To assess the legal framework for trade and investment and to make proposals for improvements;
2. to strengthen the institutional capacity of the Ministry of Commerce and Industry;
3. to identify the sectors capable of boosting and diversifying exports, and to make a diagnosis of exportable supply with a view to developing a strategy for achieving accelerated export-led growth.

E. NATIONAL COUNTERPART

10. The institutions involved in the execution of this programme are: the Office of the President, the Office of the Prime Minister, the Bank of the Republic of Haiti, the Ministries concerned (Ministry of Commerce and Industry, Ministry of Economy and Finance, Ministry of Planning and External Cooperation, Ministry of Public Works, Transport and Communications, Ministry of Agriculture, Natural Resources and Rural Development; Ministry of National Education, Ministry of Haitians Living Abroad, Ministry for the Status and Rights of Women), associations of producers and exporters and employers' associations in Haiti, both from the capital and from provincial towns.

F. LINES OF ACTION

11. Following the recent consultations with representatives of the six core IF organizations in Geneva and, in accordance with the priorities established by the Government, the Haitian delegation has identified a number of activities which will enable it to achieve the desired objectives. In view of the limited resources available, these have been divided into three categories:

- Category 1: activities to be carried out with the US\$300,000 package available through the IFTF;
- Category 2: activities to be carried out as part of the projects being implemented by Haiti's development partners producing synergies with category 1 activities; and
- Category 3: activities for which financing must be sought from Haiti's bilateral and multilateral partners.

G. CATEGORY 1 ACTIVITIES

12. These activities form the basis for other short and medium-term activities, and focus on the following three objectives:

- Improvement of the legal framework for trade;
- institutional strengthening of the MCI; and

- a diagnosis of exportable supply

H. OBJECTIVE 1

To assess the legal framework for trade and investment with a view to making proposals for improvements and for capacity building among legal experts in the public and private sectors for the drafting of international contracts.

13. One of the most important obstacles to the development of trade in Haiti is the ill-adapted laws governing trade and investment. Not only do many of these laws date from a long time ago, but they fail to take account of the new realities of international trade, including those relating to the multilateral trading system resulting from the Uruguay Round. Work needs to be done on analysing existing laws in order to make proposals for improvements which take account of recent developments in international trade. This analysis will be carried out in conjunction with the training of Haitian legal experts in the drafting of international contracts.

(a) Activities:

1.1 Drawing up an inventory with a view to the ratification of trade and investment-related conventions and treaties of interest to Haiti (UNCTAD);

1.2 Drafting of a framework law on the arbitration of trade disputes (ITC);

1.3 Review of the Commercial Code (ITC) and assistance in the preparation of the new code, which must take into consideration the rules resulting from the Uruguay Round (WTO);

1.4 Assistance to the Government with notification arrangements (WTO);

1.5 Advisory mission to the Customs Directorate concerning implementation of Article VII of the GATT 1994 on customs valuation, in order to assist the national authorities in the transition to the new harmonized system; and

14. Training of about 15 legal experts from the public and private sectors in the drafting of international contracts (ITC).

I. OBJECTIVE 2

(a) To strengthen the institutional capacities of the MCI

15. The aim is to build up human resources capacity and to improve management of trade information with a view to enabling the MCI to:

- Provide strategic guidance to investment and export-oriented production activity;
- strengthen its negotiation capacity in order to place the country in a better position to deal with the new questions raised by the multilateral trading system and preferential arrangements, such as the Cotonou Agreement, the enlarged CBI, CARICOM and the Free-trade Area of the Americas;
- provide optimum technical support and supervision services to investors;

- improve the efficiency of systems for the collection, treatment, analysis and dissemination of trade information, in response to the needs of public and private sector users;
- develop efficient means of communication based on the appropriate information technology, including internet, in order to facilitate the exchange of data and expertise at the national, regional and international levels, through discussion forums, access to interactive databases and the virtual display of exportable services and products; and
- strengthen the Basic Science and Technology Departments' capacity to conduct analyses aimed at measuring ochratoxin content of Haitian green coffee for export.

(b) Activities:

- 2.1 Analysis of the plan for restructuring the MCI, devised by the Haitian consulting firm Inter Consult, with a view to ensuring that the reforms proposed are consistent with international practice and respond to the needs of both international and national business circles (ITC: trade promotion; UNCTAD: trade policy);
- 2.2 Provision of two computers to the General Directorate of Foreign Trade at the MCI;
- 2.3 Training of selected officials from the MCI in the technical skills needed to deal with the following:
 - 2.3.1 Trade information (ITC)
 - 2.3.2 Trade negotiations (UNCTAD) and WTO
- 2.4 Supplying the Faculty of Agronomy and Veterinary Medicine (through the MCI) with materials and chemicals for measuring ochratoxin content in Haitian coffee (ITC); and
- 2.5 Building up the capacity of the following three institutions: the WTO reference centre established at the MCI; the Ministry of Economy and Finance; the Chamber of Commerce, by supplying documents on the new multilateral trading system.

J. OBJECTIVE 3

Diagnosis of exportable supply and development of an export promotion strategy

16. This objective is designed, on the one hand, to give a clear indication of products and services which are no longer of interest, due either to demand or competition at the international level and, on the other, to identify new products with viable potential. The revival and diversification of exports is only possible through increased consumption of raw materials by a local industrial base and the emergence of new and progressive sectors which are labour intensive and have an export-oriented output. The search for new markets remains a priority.

17. Studies to be carried out to that end will focus on a small number of key, labour-intensive sectors, including certain agricultural sectors, for example organic produce such as fruit and vegetables, for which the private sector considers that there is a considerable potential for growth in production and exports, and which can reasonably be assumed to offer advantages in terms of employment and/or improved in living standards among the most underprivileged social classes. An analysis of the internal and external barriers which the private sector would face in its efforts to

increase production and exports to the rest of the world will be carried out for each sector or product identified.

(a) Activities:

- 3.1 Study of the competitiveness of new products and services for export (ITC);
- 3.2 Study of the possibilities of reviving and improving export-oriented production by utilizing, as much as possible, the natural and human resources available at the local level (UNCTAD and ITC);
- 3.3 Development of a directory of products with high export potential to serve as a guide for local and foreign investors and producers (ITC); and
- 3.4 Development of an initial proposal for an export development strategy (ITC).

II. CONTRIBUTIONS, BUDGET AND TIMETABLE FOR IMPLEMENTATION

A. CONTRIBUTIONS

18. The Government will contribute by providing senior public officials and premises at the MCI. The MCI will coordinate all the activities of the programme.

B. BUDGET

Budget line	Description	Total		2001		2002	
		M/t	US dollars	M/t	US dollars	M/t	US dollars
11.51	International consultants	5	85,000	1	17,000	4	68,000
16.01	ITC missions		8,000		-		8,000
16.02	WTO missions		22,000		4,000		18,000
17.01	National consultants	9	18,000	2	4,000		14,000
25.01	UNCTAD – legal framework		14,000		4,000		10,000
25.02	UNCTAD – institutional capacities		31,000		11,000		20,000
25.03	UNCTAD – diagnosis of exportable supply		12,000		-		12,000
32.01	Group training		30,000		3,000		27,000
41.01	WTO documents		6,000		3,000		3,000
42.01	Computer equipment and laboratory chemicals		30,000		20,000		10,000
53.01	Other		8,546		2,182		6,364
	Subtotal	14	264,546	3	68,182	11	196,364
	Additional expenses (10%)		26,454		6,818		19,636
	TOTAL		291,000		75,000		216,000

C. TIMETABLE FOR IMPLEMENTATION

Activities	2001			2001											
	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEPT.	OCT.	NOV.	DEC.
1.1 Inventory of Conventions															
1.2 Framework law															
1.3 Commercial Code															
1.4 and 1.5 WTO advisory missions															
1.6 Training - international contracts															
2.1 Analysis – restructuring plan															
2.2 Supply of computer equipment															
2.3.1 Training – information															
2.3.2 Training – trade negotiations															
2.4 Supply of equipment – coffee															
2.5 Supply of WTO documents															

Activities	2001			2001											
	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEPT.	OCT.	NOV.	DEC.
3.1 Study – competitiveness															
3.2 Study – products															
3.3 Directory – products															
3.4 Development of export strategy															

D. CATEGORY 2 ACTIVITIES

19. Category 2 activities are to be carried out in conjunction with projects being implemented by Haiti's development partners, producing synergies with category 1 activities.

- Reinforcement of the liaison unit on the Integrated Framework established at the Permanent Mission of Haiti in Geneva (two computers), purchase of a user licence for the software "Site Maps" and "Trade Maps" and training of two MCI officials to use them (ITC/AIF: French-speaking LDC integration into world trade fund);
- review of Haiti's trade policy with a view to enhancing the country's image in the medium and long term in the international and national business community (WTO trust fund managed by the Technical Cooperation Division); participation of Haitian officials from the Ministries concerned in training courses organized by the WTO on trade policy. Following the Doha Ministerial Meeting, consultations will begin with the Government concerning the possibility of organizing a series of specific seminars in 2002 and 2003 on issues such as agriculture, services and electronic commerce, designed to enhance the country's capacity to formulate trade policy;
- planning of activities to reinforce Haiti's industrial production base (UNIDO);
- support for the Haitian Government in connection with its entry into CARICOM (UNCTAD);
- impact assessment of Haiti's accession to CARICOM and of the application of the enlarged CBI and FTAA regional tariff regimes (UNCTAD);
- development of a research unit to study the impact of free trade agreements between member countries of NAFTA on the economies of the Caribbean countries (CANADA);
- support fund for the Caribbean region's trade policy (CANADA);
- building up of human resource capacities in trade policy development (CANADA);
- support for the private sector; building up of human resource capacities in the management of buying, quality control and development of products (CANADA);
- processing of mango purée (CANADA); and
- installation of an investment facilitation mechanism (Inter-American Development Bank).

E. CATEGORY 3 ACTIVITIES

20. This category includes activities for which financing will be sought from Haiti's bilateral and multilateral partners.

- Support for negotiations and follow-up of matters relating to the FTAA, WTO, LOME, and CARICOM trade agreements;
- feasibility study of industrial zones;

- upgrading of ASYCUDA program (from version 2.6 to version ++) and restructuring of the services run by the General Customs Administration Control Division (UNCTAD);
- extension of the ASYCUDA project to the MCI (UNCTAD).

ANNEX I

UNITED NATIONS DEVELOPMENT PROGRAMME

Integrated Framework Trust Fund (IFTF)

Number of project :

Title: Follow up to the Round Table on Trade
Pilot Phase of the Integrated Framework

Estimated date of launch: October 2001

Duration : 15 months

Site of project : Port-au-Prince, Haiti

Government agencies involved :

Ministry of Commerce and Industry

Ministry of Planning and External Cooperation

Ministry of Economy and Finance

Contributions

IFTF
(US dollars)

2001:	75,000
2002:	216,000
TOTAL:	291,000
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Executing agent : WTO/UNCTAD International Trade Centre (ITC)

Co-Implementing agencies : UNCTAD, WTO

Sector : Trade development

Short description: The project is designed to strengthen the Government's capacity for mainstreaming foreign trade into the country's development plan and, more particularly, into the poverty reduction strategic paper (PRSP). It focuses on the improvement of the Haitian business environment by developing elements of a proper institutional and legal framework, including the strengthening of the capacity to formulate trade policy, and by offering incentives to stimulate the development of exports. The activities to be carried out as part of this project will be coordinated with those of other projects currently under way in the trade development area in order to produce synergies.

On behalf of the Haitian Government

Date: _____

On behalf of the United Nations Development Programme

Date: _____

On behalf of the WTO/UNCTAD International Trade Centre

Date: _____
