

Sub-Committee on Least-Developed Countries

INTEGRATED FRAMEWORK FOR TRADE-RELATED ASSISTANCE TO LEAST-DEVELOPED COUNTRIES

Report of the 21st Meeting of the Inter Agency Working Group,
Washington D.C., 14-15 September 2000

Chair: Mr. Chiedu Osakwe (WTO)

1. The 21st Meeting of the Inter-Agency Working Group (IAWG) was held at the World Bank in Washington D.C., 14-15 September 2000. The circulated provisional agenda was adopted (see Annex 1).

II. AGENCY REPORTS ON REACTIONS BY GOVERNING BODIES/COUNCILS OF THE CORE AGENCIES TO THE JOINT STATEMENT

2. Representatives of the Agencies exchanged information on the results of the presentation of the Joint Statement to their memberships. Agencies had consulted with their memberships, some formally others informally, in accordance with their institutional practices.¹ The views expressed and the feedback from core Agency memberships were largely uniform. First, there was strong support for mainstreaming trade into country development strategies. In this context, the World Bank informed the IAWG that the Heads of the IMF and the World Bank had recently agreed to focus more on trade. Second, on governance, Agency membership reactions revealed strong support for the establishment of a Steering Committee which it was felt would improve IF transparency and strengthen accountability. The World Bank's lead role to undertake the mainstreaming of trade was supported, though a few members expressed concern that the IF would be taken away by the six-agency coordinated initiative, as originally envisaged at the High Level Meeting.

3. Third, exchange of views amongst Agency representatives showed that the core memberships generally supported the WTO's role as co-ordinator of the IAWG and the UNDP's role to administer, with representatives of the core Agencies, the proposed IF Trust Fund. However, the assessment of reactions also showed that there were also expressions of concern, by a few, about the ability of the two agencies to effectively deliver on the responsibilities allocated to them.

¹ The IMF had reported to the Executive Board on the evaluation report for the IF review and had received some reactions; since then, there had been no comments or reactions received from the Board. The ITC had consulted the Joint Statement with some donors and LDCs on an informal basis. In the case of the UNCTAD, the Secretary-General had informally reported on the Joint Statement to the Trade and Development Board, which would formally discuss the item at its October meeting. The UNDP had informally consulted with some donor countries and LDCs. At the World Bank, a full report on the 20th IAWG meeting had been submitted to the Executive Board, and since then, some communications had been made, including the Joint Statement. In case of the WTO, the Joint Statement was presented by the Director-General to the General Council on 17 and 19 July 2000, and by the WTO Secretariat to the Sub-Committee on Least-Developed Countries on 21 July 2000. The minutes of the meetings are contained in WTO documents WT/GC/M/57 and WT/COMTD/LDC/M/20, respectively.

4. Finally, assessment of the reactions of core Agency memberships to the proposed IF Trust Fund were mixed. While the World Bank reported that the reactions of some of its members were negative, the UNDP reported encouraging and positive signals it had received from several of its members. However, the assessment, at the meeting, also showed that no concrete contributions had yet been made. The WTO in reporting the reactions of its memberships repeatedly drew attention to the unanimous position of its members that any funds contributed to the proposed IF Trust Fund (without prejudice to the establishment of the Fund) should not be expended on preparatory works for mainstreaming trade, but rather for the direct funding of projects. WTO members considered that the World Bank should absorb the "cost of mainstreaming".

5. In the light of the critical importance of mainstreaming for the effective implementation of the IF, the Chairman asked World Bank representatives if they could fully absorb the cost of "mainstreaming". In response, Bank representative said that mainstreaming was a routine aspect of the Bank's work. Currently, they undertook about 2 per year. But in order to meet the objectives of accelerating the integration of LDCs into the multilateral trading system, extra resources were required to achieve a reasonable and decent degree of acceleration.

6. The Chairman also asked the IAWG representatives, given the reactions from the core Agency memberships, in particular, the absence of concrete support for the proposed IF Trust Fund, how the Agencies should proceed with implementation of the new arrangements proposed for the IF, as contained in the Joint Statement. In response, representatives of all the core Agencies were unanimous in their consideration, based on a key recommendation by the independent evaluation team, that effective implementation of the IF was unlikely if it remained an unfunded mandate. Funding was critical for the effective implementation of the IF. No resources had been allocated for the execution of the IF in any of the agencies, with the exception of the funds made available to the ITC by the Agence Intergouvernementale de la Francophonie (AIF) to assist French-speaking LDCs to participate in the IF process. Coordination costs had also been high, with limited to modest tangible results for LDCs. The proposed new arrangements were, *inter alia*, intended to address the problem of the unfunded mandate by:

- (i) mainstreaming trade into country development policy framework (e.g. PRSPs) and into the World Bank Consultative Groups meetings or UNDP Round Tables, where resources could be generated for trade-related projects; and,
- (ii) establishing an IF Trust Fund to support preparatory activities for mainstreaming of trade.

The IAWG representatives, therefore, considered that in the absence of concrete funding support for the proposed IF Trust Fund, it was not possible to pursue effective implementation of the new arrangements for the IF.

7. Having taken the above position, the IAWG **agreed** that it would continue to deliver trade-related technical assistance, jointly or individually, within their existing resource constraints. For instance, the World Bank would pursue its mainstreaming activities, although the lack of additional resources from the IF Trust Fund could affect the speed of implementation. In this context, ITC stated that it could contribute to the Bank's mainstreaming works, in particular the formulation of PRSPs for LDCs, by undertaking the formulation of trade strategies in several French-speaking countries with resources available by the AIF and in some English-speaking LDCs by using resources available under ITC's Global Trust Fund.

8. Following an extensive exchange on mainstreaming and unanimous Agency recognition of the indispensable value of mainstreaming of trade into country development strategies, the Chairman proposed that the six agencies co-sponsor a seminar on "Mainstreaming Trade into Country Development Strategies: Perspective of LDCs". Agencies **agreed**, and also **agreed** that the results

from such a seminar should feed into the forthcoming Third UN Conference for LDCs to be held in Brussels, in May 2001.

9. The IAWG also agreed that, within the context of limited resources, IF inter-agency activities would only focus on analysis and exchange of information, examination of the results of selected integration strategies and the convening of inter-agency meetings when necessary.

10. The IAWG issued a statement on the above position of the agencies (see Annex 2).

III. FOLLOW-UP TO THE JOINT STATEMENT

A. TERMS OF REFERENCE FOR THE STEERING COMMITTEE, THE INTER-AGENCY WORKING GROUP, AND THE INTEGRATED FRAMEWORK TRUST FUND

11. Notwithstanding the position of the IAWG on IF implementation within the context of limited resources, Agency representatives also considered the details of follow-up action to the Joint Statement pursuant to the Joint Statement, which would apply particularly under the scenario of an improved funding situation. To this end, the IAWG draw up draft terms of reference for the Steering Committee, the Inter-Agency Working Group and the IF Trust Fund (see Annexes 3, 4 and 5). Representatives agreed to consult their respective memberships to seek views and inputs in the coming weeks before the finalisation of the draft terms of reference before the 31 October deadline, as in the Joint Statement. It was agreed that when finalised, the terms would be presented to the Agency governing bodies for note.

B. INFORMATION ON SECONDMENT(S) AND FOLDING OF ADMINISTRATIVE UNIT INTO THE WTO SECRETARIAT

12. Routine Agency reports expected to be taken up on secondments and the process of folding the Administrative Unit into the WTO were deferred because of the overall focus on long-term IF prospects linked to funding.

IV. STATUS REPORTS

A. REPORT BY THE UNDP ON THE INTEGRATED FRAMEWORK TRUST FUND

13. The representative of the UNDP stated that since the 6 July meeting, his Administrator, Mr. Mark Malloch Brown, has pursued resource mobilisation for the IF Trust Fund. Together with Mr. Mike Moore, the Director-General of the WTO, Mr. Malloch-Brown had presented the Joint Statement at Tidewater, the informal meeting of OECD Development Ministers in Bonn, 10 July 2000. The Administrator had, thereafter, written to several Development Ministers on 10 August 2000, requesting support of the establishment of the IF Trust Fund and contributions to it. While there had been some indication of interest and positive signals, there had been so far no concrete funding support.

14. The UNDP representative emphasised the need for continuing consultations with donors on the basis of the drafted terms of reference for the proposed IF Trust Fund. He took the position that donors would not commit to the proposed IF Trust Fund, unless they were satisfied with the terms of reference.

B. REPORT BY THE WORLD BANK ON THE IMPLEMENTATION OF THE MAINSTREAMING OF TRADE AND THE IF INTO PRSPs

15. The representative of the World Bank gave a presentation on Bank activities on mainstreaming trade (Annex 6). He said that Bank's "mainstreaming" activities were pursued at two

levels. First, trade strategies were developed at the country level within the framework of a Country Assistance Strategy or Comprehensive Development Strategy. The key instrument for developing such country trade strategies would be the chapter on trade integration and market reform which had been developed as part of the Poverty Reduction Strategy Paper's (PRSP) Sourcebook. The trade chapter was intended to provide not only the analysis of traditional trade policy instruments such as tariffs, but also for services, trade facilitation and foreign investment, as well as the methodology for assessing the impact of using various trade instruments. He said, however, that given the decentralised structure of the World Bank, which relied heavily on country operation staff, country strategies were often internally focused. The Bank was therefore making efforts to convince its country operation staff that trade could serve as an engine for country development.

16. Second, mainstreaming was also pursued through the Bank's trade-related technical assistance, in particular, through training and capacity-building.

17. With regard to the speed of mainstreaming trade into PRSPs (i.e. the inclusion of a trade section into PRSPs), the representative of the World Bank said that individual countries, such as LDCs themselves, had to decide whether to include a trade section in its PRSP, as there was no "template" for PRSPs. Moreover, in the absence of additional resources envisaged from the proposed IF Trust Fund, it would be difficult for the Bank to mainstream trade at a speed which would meet the objective of accelerating the integration of LDCs into the multilateral trading system and the global economy. In this case, the institution would continue to pursue its mainstreaming efforts at current speed, by undertaking two PRSPs per year.

18. In ensuing discussions, some representatives asked how the IF would fit in the PRSP process and how other agencies would participate in preparatory activities. The Bank representative replied that a PRSP was an open process whereby all stakeholders, including the IF agencies, could be involved, although the process was country-driven. A question was also raised as to what constituted "mainstreaming trade".

19. Following discussions and a proposal that was made, it was agreed that as part of IF operations:

- (a) The World Bank and UNDP would combine their schedules for Consultative Groups (CGs) and Round Tables; and,
- (b) the IMF and the World Bank would provide and update schedules for PRSPs.²

C. REPORT BY ITC ON PURSUIT OF ON-GOING PROGRAMMES UNDER THE IF

20. The representative of the ITC gave a presentation on on-going activities under the IF. He focused in particular on progress in formulating trade strategies and PRSPs on a country-by-country basis (see Annex 7). Trade strategies were prepared by national governments with the support of international and national consultants and subsequently circulated among the agencies. Their formats varied considerably from one country to another. The information provided was based on consultations by ITC with LDCs' focal points, local stakeholders (including, in some cases, the UNDP and World Bank), IF consultants, as well as information available on the Poverty Net of the World Bank. Underscoring work that had been done on trade strategies, the representative of ITC said that in the past two years, work on approximately 10 to 15 trade strategies had been initiated. However, none of the trade strategies had yet been completed. In the view of the ITC, these initiatives could be usefully brought into the mainstreaming work pursued by the World Bank.

² The combined schedules are contained in WTO document WT/SWG/LDC/IF/6.

21. The IAWG expressed their collective appreciation for the work that had been done by ITC. Agencies unanimously stressed the necessity of quality control on the formulation of trade strategies to ensure their compatibility with sound policies. Agencies collectively recognized that they were yet to develop a mechanism for providing comments and sound advice on drafts of country trade strategy documents in order to ensure quality control and good policies. Some representatives also wondered what steps needed to be taken to incorporate these trade strategies into PRSPs. It was understood that these practical matters would be taken up at the seminar on mainstreaming trade into country development strategies to which the core agencies had already agreed to jointly organize.

22. The representative of the WTO reported the outcome of consultations held with some LDCs, on 11 September 2000, which had scheduled IF Round Tables for this year (Lesotho, Madagascar, Zambia). While the countries generally agreed with the concept of and necessity for mainstreaming as well as its potential benefits, some insisted on holding sectoral trade round tables. Moreover, the LDCs consulted had stressed that ultimately the decision on whether to mainstream or to continue with sectoral trade round tables rested with individual LDCs, in accordance with the IF principle of country ownership.

V. EXCHANGE OF VIEWS ON 5 ROUND TABLES ALREADY HELD (BANGLADESH, THE GAMBIA, HAITI, TANZANIA AND UGANDA)

23. The IAWG agreed to postpone the discussion of follow-up on the 5 Round Tables already held until the next meeting.

VI. THIRD UNITED NATIONS CONFERENCE FOR LEAST-DEVELOPED COUNTRIES (LDCS-III)

24. The representative of the UNCTAD provided an update of the preparatory process for the Third UN Conference on the LDCs(LDC-III) to be held in Brussels on 14-20 May 2001. The preparations had shifted from logistics and organizational arrangements to substantive work that would primarily focus on the preparations of an annotated outline for the drafting of the Global Programme of Action, as mandated by the first PREPCOM for the Conference held in New York in July 2000. In this context, agencies were expected to provide their inputs to the preparatory work. The Conference Secretariat was working closely with the World Bank and other agencies to ensure that technical and substantive contribution would be made to the preparatory process both at the country level regarding the finalization of country programmes of action and, at the conference regarding participation at various events envisaged, including the interactive debates and the parallel events. Moreover, it was noted that LDC-III offered an opportunity for the six agencies to pursue their efforts towards revitalization and effective implementation of the IF.

25. In the course of discussions, it was noted that PRSPs were not mentioned in most of the preliminary country reports that had been received so far, and that trade did not seem to have been accorded priority. Moreover, it was pointed out that it was important to know from the Conference Secretariat what was specifically needed from the agencies. In response, reference was made to the inter-agency consultations already held on this matter and responses, so far, on specific tasks that some agencies had committed themselves to undertake, including HIV/AIDS (WHO), food security (FAO) and business sector round table/forum (ITC).

VII. ANY OTHER BUSINESS

26. In the absence of items to be taken up under Any Other Business, the meeting was adjourned.

Annex 1

Provisional Agenda for the 21th Meeting of the IAWG
World Bank, Washington D.C. , 14-15 September 2000

1. The items proposed for the provisional agenda are as follows:
 - (a) Agency reports on reactions by Governing Bodies/Councils of core Agencies to the Joint Statement
 - (b) Follow-up to the Joint Statement by Heads of Agencies
 - (i) Terms of Reference for the Steering Committee
 - (ii) Terms of Reference for the Inter Agency Working Group
 - (iii) Terms of the Reference for the IF Trust Fund
 - (iv) Information on secondment(s) and folding of Administrative Unit into the WTO Secretariat
 - (c) Status reports
 - (i) Report by the UNDP on the Integrated Framework Trust Fund
 - (ii) Report by the World Bank on implementation of the mainstreaming of trade and the IF into PRSPs
 - (iii) Report by ITC and WTO on pursuit of on-going programmes under the IF (Zambia, Mali, Lesotho, Guinea, Madagascar, Mauritania)
 - (d) Exchange of views on 5 Round Tables already held (Bangladesh, Haiti, Tanzania, The Gambia and Uganda)
 - (e) Third United Nations Conference for Least-Developed Countries (LDCs-III)
 - (i) Status report by UNCTAD on the First Inter-governmental Preparatory Conference for LDCs-III
 - (ii) Exchange of views on contributions to LDCs-III
 - (f) Any other business

Annex 2

Statement by the Inter Agency Working Group,
Washington D.C., 15 September 2000

The Inter Agency Working Group (IAWG) met at the World Bank Offices in Washington D.C., 14-15 September 2000. It considered several items on its agenda, focusing, inter alia, on steps required for the effective implementation of the Integrated Framework, including the new arrangements contained in the Joint Statement adopted by the Heads of Agencies on 6 July 2000. Agency officials assessed the reactions of the memberships and governing bodies of the six core Agencies to the Joint Statement.

In the assessment, it was evident that the memberships and governing bodies of the core Agencies broadly supported the new arrangements as steps in the right direction, particularly with regard to the decisions to mainstream trade into country development strategies, and to improve governance, the secretariat and coordination functions. However, the results of the assessment revealed no concrete support so far for the establishment of an Integrated Framework Trust Fund and contributions to it.

Having regard to the foregoing and to the findings of the IF independent review, the Working Group considers that in the absence of concrete funding support for the new arrangements, effective implementation of the IF will be significantly affected. Against this background, Agencies will continue to deliver trade-related technical assistance to least developed countries within their existing resource constraints, pursuant to their mandates and competence. Inter Agency activities within the framework of the IF will focus on analysis and exchange of information, examination of the results of selected trade integration strategies and the convening of inter agency meetings when necessary.

Finally, Agencies will continue to support the efforts by the Administrator of UNDP, on behalf of the core Agencies, for IF resource mobilization.

Annex 3

DRAFT

Decision on the establishment of the Integrated Framework Steering Committee (IFSC)

1. Pursuant to the mandate contained in the Framework Document³ establishing the Integrated Framework for Trade-Related Technical Assistance to Least-Developed Countries (IF), the core Agencies⁴ undertook a review of the IF, concluded in July 2000.

2. At the First meeting of the Heads of Agencies and Representatives of the core Agencies on 6 July 2000, a Joint Statement was adopted.⁵ In the Joint Statement, they, *inter alia*, re-affirmed their commitment to work together, on the basis of their respective mandates and competence, to assist the LDCs to integrate into the global economy in a manner supportive of their overall development objectives, and in particular as expressed in their Poverty Reduction Strategy Papers (PRSP) process.

3. Agencies concluded from the review exercise that the Integrated Framework, as an instrument for trade-related capacity-building, needed to be strengthened as a mechanism for assisting the integration of LDCs into the multilateral trading system and the global economy. To this end, in the Joint Statement, it was agreed, *inter alia*, to invite representatives of LDCs and donor countries to serve together with Heads of the core Agencies, in a Steering Committee, to help ensure proper oversight and policy guidance.

4. Having regard to the foregoing, the core IF Agencies: the IMF, ITC, UNCTAD, UNDP, World Bank and the WTO:

- (a) **agree** to the establishment of an Integrated Framework Steering Committee (IFSC);
- (b) **invite** the memberships of the core IF Agencies to note the establishment of the Integrated Framework Steering Committee with the **Terms of Reference** as follows:
 - (i) **Objectives:**
 - The IFSC shall focus on strengthening the Integrated Framework for Trade-Related Technical Assistance as an effective instrument for Trade-Related capacity-building in LDCs, assisting their integration into the multilateral trading system and global economy, in a manner that it is consistent with their overall development priorities and their poverty reduction strategies;
 - The IFSC shall provide policy guidance and oversight on the Integrated Framework;
 - The IFSC shall review and approve the commitments and expenditures of the Integrated Framework Trust Fund, with a view to ensuring quality of outcome. It shall establish targets for resource mobilization;

³ WT/LDC/HL/1/Rev.1 (paragraph 6).

⁴ IMF, ITC, UNCTAD, UNDP, World Bank and the WTO.

⁵ WTO document: WT/LDC/SWG/IF/2.

- In strengthening and improving the functioning of the IF, the IFSC shall make recommendations to the Governing Boards/Councils of the six core Agencies;⁶

(ii) **Rules of Procedure and Agenda:**

- The IFSC shall work on the basis of consensus, meeting once a year, at a venue to be determined by the Chairman. The Chairmanship shall be rotated annually amongst the six core Agencies, based on procedures to be agreed at the first meeting of the IFSC, which shall be convened in 2001;
- It shall be serviced by the WTO Secretariat, in its capacity as the Secretariat of the Inter-agency Working Group of the Integrated Framework;

(iii) **Membership:**

- The IFSC shall be composed of the six (6) Heads of the core IF Agencies, contributing donors to the Integrated Framework Trust Fund, the Chairman of the DAC/OECD Secretariat, and six representatives of LDCs, selected by LDCs themselves.

Washington D.C.,
15 September 2000

⁶ Executive Board of the IMF, Joint Advisory Group of the ITC, Trade and Development Board of UNCTAD, Executive Board of UNDP, Executive Board of the World Bank, and the General Council of the WTO.

Annex 4

DRAFT

Decision on the Terms of Reference for the Inter-agency Working Group (IAWG) of the Integrated Framework for Trade-Related Technical Assistance to LDCs

1. Pursuant to the decision by the Heads of Agencies in the Joint Statement of 6 July 2000, the core Agencies decide that the Inter Agency Working Group (IAWG), which shall be chaired by the World Trade Organization (WTO), shall have the Terms of Reference as follows:

- (a) Service the meetings of the Integrated Framework Steering Committee (IFSC) by *inter alia*, preparing reports, background notes and compiling records of meeting of the IFSC as well as other duties that may be assigned by the IFSC;
- (b) Serve as an enquiry point for Least-Developed Countries IF focal points by responding to questions on the implementation of the IF and channelling such requests and enquiries to core Agencies with appropriate competence and mandate;
- (c) Maintain regular contacts with LDCs' IF focal points by encouraging LDC full ownership of the IF, assisting their efforts to mainstream trade into national development priorities and poverty reduction strategies by drawing on the different complementary types of trade-related technical assistance provided by each core agency;
- (d) Ensure coordination and information flow amongst the six core Agencies with regard to *policies, programmes and projects* undertaken in the implementation of the Integrated Framework in favour of Least-Developed Countries, including on:
 - LDCs' Round Tables;⁷
 - mainstreaming of trade priorities into LDCs' overall development plans and poverty reduction strategies;
 - the operation of the IF Trust Fund;
 - indicative lists of the types of trade-related capacity-building that can be offered to LDCs by each core Agency, based on specific requests;
 - core agency joint activities; and,
 - collation of periodic reports to be submitted by each core Agency on any activities undertaken pursuant to the Integrated Framework;
- (e) Establish and operate a database of trade-related technical assistance for LDCs, to be posted on the IF website;
- (f) Maintain regular contacts amongst IF focal points to be formally designated by each core Agency;

⁷ For those LDCs that prefer and opt to maintain stand-alone sectoral trade round tables and opt not to integrate sectoral trade round tables into either World Bank Consultative Group meetings or UNDP round tables.

- (g) Undertake on a periodic basis joint activities such as seminars, programmes and all other such tasks as the core agencies shall decide with regard to the integration of least developed countries into the trading system and global economy and the effective implementation of the Integrated Framework;
- (h) Establish and maintain contacts with bilateral, regional and other multilateral development partners with the objective of establishing partnerships and seeking their assistance to support trade-related technical assistance to LDCs under the Integrated Framework;

2. The WTO as Secretariat and chair of the IAWG shall convene meetings of the IAWG as necessary and, propose an agenda for meetings, in consultation with core Agencies. In addition, the Inter Agency Working Group will prepare annual reports for the Integrated Framework Steering Committee.

3. The IAWG shall operate on the basis of consensus and shall have regard to the specific mandates and competence of each core Agency.

Annex 5

DRAFT

Decision on the Establishment of the Integrated Framework Trust Fund (IFTF)

1. An Integrated Framework Trust Fund (IFTF) for all Least-Developed Countries (LDCs) is established. The IFTF shall provide a central point for the deposit of contributions to the Integrated Framework for Trade-Related Technical Assistance to Least-Developed Countries (IF). The funds shall be used in a demand-driven manner to assist Least-Developed Countries to accelerate their integration into the multilateral trading system and the global economy, and shall apply to the funding of those trade-related programmes and projects of priority to LDCs. The CGs and UNDP Roundtables shall continue to focus on assisting the generation of funding for institution-building and infrastructure.
2. The IFTF shall operate under the guidance of the Integrated Framework Steering Committee, composed of the core Agencies,⁸ contributing donors and 6 representatives of Least-Developed Countries (LDCs). The Board of the IFTF shall be chaired by the Administrator of the UNDP or his designated representative, and include representatives of the core Agencies. Decisions in the Board of the IFTF shall be taken on the basis of consensus.
3. The Integrated Framework Trust Fund has three Windows, as follows:
 - **Window I:** Contributions to and funds in this window shall be used to finance trade-related project formulation missions, preparatory assistance activities such as under the Poverty Reduction Strategy Papers (Poverty Reduction Strategy Papers) process, advisory missions, country integration strategy studies, analytical work and trade policy advocacy;
 - **Window II:** Contributions will be used for funding trade-capacity building projects, example, trade facilitation, trade negotiation, trade policy, regional and multilateral integration, etc. Contributions could be earmarked towards projects and/or countries;
 - **Window III:** Contributions for regional projects that fall outside the scope of either Consultative Groups or UNDP Round Tables.
4. Donors shall have the scope to consider contributing to any of the three Windows.
5. Activities under the IFTF shall be formulated and implemented by the six core Agencies in co-ordination and in partnership and consultation with the beneficiary countries.
6. Activities under the IFTF shall be carried out in accordance with the applicable regulations and rules of the core Agencies.
7. The functions of the IFTF shall be reviewed two years after the start of operations.
8. A financial report shall be prepared by UNDP as part of the Annual Report of the Interagency Working Group to the Integrated Framework Steering Committee.

Washington D.C.,
15 September 2000.

⁸ IMF, ITC, UNCTAD, UNDP, World Bank and the WTO.

Annex 6

MAINSTREAMING TRADE: UPDATE ON BANK ACTIVITIES

1. World Bank activities in the area of trade policy, trade facilitation and export development are primarily undertaken at the country level, on the basis of a Country Assistance Strategy (CAS) that is developed in consultation with the government. Efforts are being made by the Bank's Poverty Reduction and Economic Management (PREM) network to raise the profile of trade-related activities at the country level. These 'mainstreaming' efforts are being undertaken on several levels. First, a business plan to scale up and increase the effectiveness of Bank work on trade is being developed by PREM. This will focus on mechanisms to enhance the likelihood that trade issues are considered in the CAS and in country dialogue. Simultaneously, work is underway by Bank and Fund staff to prepare a trade integration and market reform chapter for the Poverty Reduction and Strategy Paper (PRSP) sourcebook.

2. In the period through June 2001, the Bank's trade group will seek to undertake two PRSP country-specific "integration strategies" on a pilot basis, both to 'road test' the sourcebook and as an internal marketing device. There is interest on the part of a number of potential country departments in supporting these pilots. It is important to bear in mind that given the decentralized structure of the World Bank Group, efforts to 'mainstream trade' must center on the development of tools that are useful to country operations staff, and on attempts to convince these staff that investing resources in the trade area will have significant development payoffs.

3. Mainstreaming will also be pursued through trade policy research, training and capacity-building efforts. The World Bank Institute (WBI) and the Bank's Development Research Group have an active joint program of training and research capacity-building in developing countries, in collaboration with regional networks and think tanks. WBI will also provide targeted PRSP training to staff and country teams. The Bank's trade related research and policy analysis focuses on assessing the impact of barriers to trade in both developing and industrialized countries. It also highlights new issues of importance to developing countries, in particular the use of product standards as barriers to trade, and approaches to liberalizing trade and investment in service sectors. A major area of research focuses on enhancing the capacity of developing countries to participate in the ongoing WTO negotiations on agriculture. This includes work to quantify the impact of existing restrictions on agricultural trade and the significance of tariff peaks as a barrier to market access. All of this work will inform economic and sector work at the country level and is a resource for PRSP teams. Information on research and capacity-building activities can be found on the web site www.worldbank.org/trade.

Interim PRSPs, PRSPs and Consultative Group meetings

4. The primary vehicles for trade-related activities at the country level are dialogue with the government, economic and sector work (ESW) commissioned by country staff at the request of the government, and lending instruments. It is expected that the PRSP process will assist each eligible country—i.e., Highly Indebted Poor Countries (HIPC) and/or countries that satisfy the criteria of the International Development Association (IDA) or the IMF Poverty Reduction and Growth Facility (PRGF)—to formulate a poverty reduction strategy that includes efforts to benefit from integration into the global economy. The priority areas for action identified in each PRSP may include trade-policy and trade promotion-related needs. If so, in principle these will be submitted for possible financing to Consultative Group (CG) or Roundtable (RT) meetings. Ideally, such meetings will be held at an early stage of the development of the PRSP/country strategy (either at the onset of the government undertaking this exercise or by the time the first draft of the PRSP has been completed) to ensure that civil society and donors' points of view are discussed with the authorities. The CG or analogous meeting (e.g. UNDP led Round Table) will be the primary vehicle for mobilizing donor funds for trade-related assistance.

5. Currently, efforts on the PRSP front are centering on so-called Interim-PRSPs. These range in sophistication from letters expressing the government's commitment to poverty reduction and an outline of a work program to develop a PRSP, to a detailed document laying out the government's development strategy. Interim-PRSPs will lead to the development of full PRSPs over time—their primary purpose is to generate access to HIPC funds.

6. To date, eleven Interim-PRSPs and two full PRSPs have been completed (Uganda and Burkina Faso). As of July 1, 2002, the CAS for all IDA countries—see annex table—must be based on a full PRSP. The attachments to this note provide information on the status of IDA countries regarding HIPC, PRGF, PRSPs and the CAS. More information can be obtained from: www1.worldbank.org/prsp.

Active IDA Countries: PRGF, HIPC and LDC Status

Countries With Active IDA Programs	PRGF Arrangement in place at end-July 2000	Countries which could or have reached HIPC Decision Point by June 2001	LDC?	Countries With Active IDA Programs	PRGF Arrangement in place at end-July 2000	Countries which could or have reached HIPC Decision Point by June 2001	LDC?
1 Albania	●	⊗	y	38 Lao, PDR	*	⊗	y
2 Angola	*			39 Lesotho	*		y
3 Armenia	*			40 Macedonia, FYR	●		
4 Azerbaijan	*		y	41 Madagascar	●	●	y
5 Bangladesh	*		y	42 Malawi	●	●	y
6 Benin	●	●	y	43 Maldives			y
7 Bhutan			y	44 Mali	●	●	y
8 Bolivia [#]	●	●		45 Mauritania	●	●	y
9 Bosnia & Herzegovina	*			46 Moldova	*		
10 Burkina Faso	●	●	y	47 Mongolia	●		
11 Burundi		⊗	y	48 Mozambique	●	●	y
12 Cambodia	●		y	49 Nepal	*		y
13 Cameroon	●	●		50 Nicaragua	●	●	
14 Cape Verde			y	51 Niger	●	●	y
15 Central African Rep.	●	●	y	52 Nigeria			
16 Chad	●	●	y	53 Pakistan	*		
17 Comoros		⊗	y	54 Rwanda	*	●	y
18 Congo, Rep.			y	55 Samoa		⊗	
19 Côte d'Ivoire [#]	●	●		56 Sao Tomé & Principe	●	⊗	y
20 Djibouti	●		y	57 Senegal	●	●	
21 Dominica				58 Sierra Leone	*	⊗	y
22 Eritrea [#]			y	59 Solomon Islands			y
23 Ethiopia [#]	●	●	y	60 Sri Lanka	*		
24 Gambia, The	●	●		61 St. Lucia			
25 Georgia	*		y	62 St. Vincent & the Gren.			
26 Ghana [#]	●	⊗		63 Tajikistan	*		
27 Grenada			y	64 Tanzania	●	●	
28 Guinea	●	●		65 Togo	*	⊗	y
29 Guinea-Bissau	*	●	y	66 Tonga			y
30 Guyana	●	●		67 Uganda [#]	●	●	y
31 Haiti	*		y	68 Vanuatu			
32 Honduras	●	●		69 Vietnam [#]	*	⊗	y
33 India				70 Yemen, Rep. Of	●	⊗	y
34 Indonesia		⊗		71 Zambia	●	●	y
35 Kenya	●			72 Zimbabwe			
36 Kiribati			y	Total	33	25	
37 Kyrgyz Republic	●						

Notes:

*Indicates that a new PRGF arrangement is under active consideration and could be in place by June 2001.

[#]Indicates CDF pilot country.

⊗Indicates HIPC Eligible country.

Memo:

Countries for which a PRGF program is not in active consideration and those which are not HIPC eligible (LDC status in parentheses): Bhutan (Y), Cape Verde (Y), Comoros (Y) Dominica, Eritrea (Y), Grenada, India, Indonesia, Kiribati (Y), Maldives (Y), Nigeria, Solomon Islands (Y), St. Lucia, St. Vincent & Grenadines, Tonga, Vanuatu (Y), Zimbabwe.

Annex 7

Notes on IF Progress and PRSP Preparation in the 48 LDCs

1. Afghanistan

No Needs Assessment and Integrated Response.

2. Angola

Some conflict in the past had constrained the IF progress. The Government, in consultation with UNDP, has requested assistance to define the role of trade for the country's development and formulate the trade policy.

3. Bangladesh

An IF RT was held in Dhaka on 22 January 2000 under the WB aegis. The two donors (i.e. Canada (CIDA) and the UK (DFID)) that had expressed their interests at the meeting are actively following up with the Government on the projects identified.

4. Benin

JITAP is ongoing. In preparing the PRSP, a national workshop was held in 1999. The Government and WB are now developing indicators related to sectoral goals linked to poverty objectives. JITAP sectoral export strategy formulation is underway and should feed into the PRSP process.

5. Bhutan

WB and ITC started some preparatory work in October 1999 to assist in arranging for trade-related consultations to be held under the UNDP general RT scheduled for end 2000. With GTF funds, ITC is providing support for the formulation of a trade development strategy and an action plan for export-led poverty reduction based on high-value horticultural items. These activities are under the umbrella of the recently endorsed National Policy Document for International Trade.

6. Burkina Faso

A PRSP is being finalized and the WB is assisting in formulating a sectoral response strategy. JITAP, which is ongoing, could facilitate the work of cross-sectoral teams in analyzing casual links between poverty levels and trends. JITAP sectoral export strategy formulation work should feed into the PRSP.

7. Burundi

Within the frame of the new PRSP being finalized with the assistance of WB and UNDP, AIF/ITC support is provided in collaboration with UNIDO and UNDP to formulate a trade/private sector development strategy. This work is based on sectoral studies and will lead to the formulation of a multi-year TA programme for trade development which will constitute one of the major components of the new overall programme of technical assistance to be discussed at the next UNDP RT meeting.

8. Cambodia

In March 1998 a joint mission of the IF agencies commenced efforts to mainstream trade under the CG process and preparatory work was conducted under the WB-sponsored project for accession of Cambodia to the ASEAN. In the CG meeting held in Tokyo in February 1999 IF was only briefly mentioned since the Government underlined the difficulty to mobilize officials and sensitize donors on trade issues, in particular on the role that the private sector could play in the country to address some aspects of poverty. UNDP and ITC revitalized contacts in spring 2000. ITC has proposed to assist in the formulation of an Export Development Strategy as part of the preparatory work of the new National Programme for Trade Development to be presented at the next CG meeting.

9. Cape Verde

The very small size of the country (400,000 people), its geographic location and lack of human and natural resources as well as the low ranking of trade among the national development priorities have not allowed for an active participation of the Government in the IF programme.

10. Central African Republic

AIF/ITC support is being provided at the request of the Ministry of Commerce to assist in trade-related needs assessment and programme development, along the lines of the present Government/UNDP strategy "Fight against poverty" for which UNDP has earmarked US\$4 million focussing on rural development and agro-business. The fact that the country has stabilized politically only recently, the modest support by only a few donors (France, Italy and Japan), the absolute lack of infrastructure and its sparse population suggest a flexible and self-contained programme for the trade sector.

11. Chad

AIF/ITC assistance is being provided to assess the country's needs to strengthen the institutional set up and define the role of trade in the overall national development strategy. The Government is planning to start work on a PRSP for the next UNCTAD Conference on LDCs based on the first round of consultations held in July 2000 with AIF/ITC, WB and UNDP.

12. Comoros

The unstable political situation with the secession of the major island and a coup d'état in the last two years have not permitted to launch the IF process in the country. National reconciliation discussions are presently being held under the aegis of international and regional organizations.

13. Democratic Republic of Congo

The prevailing conflict does not allow for planning any sectoral development strategies.

14. Djibouti

AIF/ITC assistance is being provided in close consultation with other IF core agencies and major donors (USA, France, Italy, Japan and EU) to formulate a Customized Integration Strategy aimed at strengthening the role of Djibouti as a regional trade point. The envisaged national consultation on trade, investments and services promotion, is mainstreamed under the CG scheduled for early 2001. This consultation will provide the inputs for the formulation of the new Law on Social and Economic Development of Djibouti for 2001-2010 (aimed at Poverty Eradication and covering all sectoral policies).

15. Equatorial Guinea

AIF/ITC limited support is provided to assist the Government to hold consultations with IF core agencies and determine priority areas for a future self-contained TA programme for trade development. Given the small size of the country (400,000 inhabitants) and the limited donors' support due to the present political situation, the recent exploitation of an oil field is seen as the major sector to accelerate the country's economic development.

16. Eritrea

No Needs Assessment and Integrated Response.

17. Ethiopia

Due to the current political situation, the CG has been continuously postponed. The WB assisted in preparing the first document for trade-related consultations in 1998. The updated version (October 1999) was presented at a preparatory meeting in December 1999 to all development partners. Some programme formulation work for trade promotion is being carried out by ITC (GTF) taking into account the renewed interest to support an Export Promotion Project. Work for mainstreaming the trade consultations within the future CG for Ethiopia is being undertaken. The strong Government ownership of the existing Programme of Action based on Poverty Goals, which identifies rural economy development as one of the four priority areas of intervention, is supported by all partners.

18. Gambia

The IF Round Table meeting held in Geneva on 23 November 1999 did not lead to financial support for the proposed TA programme. Although the meeting in itself was well prepared and appeared useful in giving the partners a better understanding of the trade situation, no interest in the projects was shown since Gambia did not seem to be a geographical priority for the participating donors.

19. Guinea

AIF/ITC assistance is provided in association with UNDP to assist in the preparation for a RT on Private Sector Development with a major component on trade to be held in November 2000, as a result of the preparatory work carried out by WB, UNIDO and UNDP (including a National Strategic Vision on Poverty Reduction developed through a stakeholders' consultation exercise held in late 1999). This RT is mainstreamed under the Framework Programme to support SMEs' development (PCSDSP) which is part of the overall National Strategy for Economic Development for the period 2001-2005. The planned RT is also a part of the major national fund raising initiative for TA named "Solidarité autour de la Guinée".

20. Guinea-Bissau

The UNDP RT held in summer 1999 focussed only on emergency assistance. No support by donors has been confirmed. No other donor meeting is planned for the time being.

21. Haiti

The IF Round Table that was held on 11-12 October 1999 did not pave the way for major pledges. The political transition Haiti is presently facing (rounds of elections) has temporarily suspended any action to be taken regarding the dialogue with the donor partners.

22. Laos PDR

A UNDP Trade Development Project is ongoing and provides some link with poverty reduction/employment generation. The Government considers the IF process complicated to deal with and to mainstream under the ongoing programme.

23. Lesotho

ITC is currently assisting the Government to elaborate a trade development strategy, including SMEs' development, for consultations on the trade sector with the donors (DFID, USAID) to be held by mid-2001. This preparatory work is conducted within the frame of the new UNDP Poverty Eradication Programme, which comprises a set of projects aimed at job creation.

24. Liberia

No Needs Assessment and Integrated Response.

25. Madagascar

AIF/ITC is assisting the Government in preparing a trade development strategy, including work on needs assessment and TA formulation for a national consultation on the trade sector that would be a part of the next donor meeting of year 2001. To ensure mainstreaming the Steering Committee on Trade has been merged with the one for Private Sector Development where UNIDO/UNDP work is also ongoing. Since WB will prepare by spring 2001 a new PRSP, where trade and investment have been identified as priority sectors for intervention, a joint effort to formulate the PRSP is being carried out at present by all the stakeholders.

26. Malawi

A WB mission of May 1999 discussed the possibility of mainstreaming the trade consultations in the future Donor Review Meeting in support of the Balance of Payments (BOP). Assistance to prepare the trade document was scheduled to be provided under the ongoing FRDP-WB project. Preparatory activities for the trade consultation are now expected to be sponsored by DFID involving a local consulting firm.

27. Maldives

In spite of various consultations with the Government, the latter was not keen to introduce trade at the UNDP RT held in May 1999 so as not to distract donors' interest on the five established sectors of intervention. Considering the sparse population of the country (250,000 people), the extremely small donors' support received at the latest RT and the fact that, as of January 2000, the country has graduated from the LDCs group (three years transitional period), agencies should decide on the approach to retain in developing the trade sector.

28. Mali

An integrated package of assistance under the IF (WB/ITC/WTO/UNDP) has allowed the Government to prepare in June 2000 a first draft document containing proposals for a Trade Development Strategy and identifying priority sectors of intervention for the new trade-related multi-year programme of TA. This work has been carried out taking into consideration the WB/IMF Framework document for Economic Policy (1999-2002) and the related National Strategy for Poverty Alleviation (SLNP) adopted at the UNDP RT held in September 1998. The Government is now consulting his partners on the possibility of holding a national consultation on the trade sector on 27-28 November 2000 as part of the ongoing dialogue with donors.

29. Mauritania

AIF/ITC assistance is provided in cooperation with WTO, UNDP and UNCTAD for the formulation of a trade-related programme of technical cooperation including needs assessment validation, sectoral studies and strategy formulation for export development. The Government will use the results of this preparatory phase to elaborate the new Framework Document on Economic Policy (2000-2002) aimed at job creation/poverty alleviation within the existing Framework Agreement for Poverty Reduction (ACRP).

30. Mozambique

The WB mission of February 1999 has commenced work to prepare for a trade consultation based on the results of WB studies on Growth Prospects and Enterprise Development, which also take into consideration the recent programme development work carried out by ITC and UNIDO. Export development ranks very high in the overall development strategy of the country and certain donors (USAID, Norway) have manifested their interest for a trade-related TA programme since they attach priority to the country's private sector export-led development. An interim PRSP incorporating the Action Plan for the Reduction of Absolute Poverty (PARPA) was prepared in February 2000. The Plan aims especially to target the rural poor covering income generation and agricultural development.

31. Myanmar

Although the country has participated in the NA/IR process, no donor support is foreseen at this stage due to the prevailing political situation.

32. Nepal

The country has recently defined a poverty-focussed Country Assistance Strategy (CAS) with the assistance of the WB and built around a national strategy developed through broad-based consultations and participation. ITC is assisting the Government in needs validation/programme design, as well as in the formulation of a trade development strategy based on the principles of export-led poverty reduction.

33. Niger

AIF/ITC support is planned to develop the trade component of the Consultations on Private Sector Development planned for 7-9 November 2000 in Niamey as part of the UNDP RT cycle. The WB local office has confirmed support for this initiative during the informal preparatory consultations held in February 2000.

34. Rwanda

Although the Needs Assessment and Integrated Response were prepared, the current conflict does not allow for any strategic development planning.

35. Sao Tome and Principe

An interim PRSP was prepared in April 2000 for this mini-state with a population of approximately 140,000 inhabitants whose economy is based on single produce (cocoa). The final PRSP is scheduled for discussion with all partners in November 2001. Areas already identified include agricultural development and diversification as well as economic management.

36. Sierra Leone

No Needs Assessment and Integrated Response.

37. Somalia

No Needs Assessment and Integrated Response.

38. Sudan

Some IF preparatory work was conducted in 1999, but the idea of arranging for consultations on the trade sector was temporarily dropped due to lack of support from the donor community in this sector.

39. Tanzania

Over the past 12 months, an intensive consultative process has taken place. The trade consultations that took place on 14 October 1999 as well as the Workshop held on 14 April 2000 gave Tanzania the opportunity to initiate consultations on trade-related assistance and to discuss a proposal supporting export development in the country. At the CG held in Dar es Salaam in May 2000 consultations on the trade sector/IF continued and are currently being followed-up by the Government. Discussions are based on the new Tanzania Assistance Strategy (TAS) which had been formulated around the interim PRSP to be finalized by fall 2000. The PRSP will not be a substitute for the existing sectoral programmes but will strengthen the prioritization of actions within the sectors targeting poverty. JITAP-supported sectoral export strategy formulation should feed into this process.

40. Togo

AIF/ITC assistance is being provided to the Government in needs validation and strategy formulation for trade development. These components will be harmonized in the document prepared by the Government for a future RT on Private Sector Development, to be held under the lead of UNDP and UNIDO. These elements are to be mainstreamed into the overall strategy for economic development and poverty alleviation being finalized by the Government, UNDP and WB.

41. Uganda

As part of the World Bank's Consultative Group meeting, consultations on Trade for Uganda were held in December 1998. Different donors presented their interests in the multi-year programme, including USAID. At the following CG meeting held in March 2000, the country's PRSP just finalized was presented as Uganda's Poverty Eradication Action Plan. JITAP-supported sectoral export strategy formulation should feed into the PRSP process.

42. Yemen

No Needs Assessment and Integrated Response.

43. Zambia

A first document has been prepared recently with the support of WTO for a national consultation on the trade sector scheduled for November 2000. A CG was held 16-18 July 2000 but due to various reasons the trade sector has not been included in this CG. UK and USAID have shown certain availability to finance trade-related TA in Zambia in the preparatory phases.

44. Kiribati, Samoa, Solomon Islands, Tuvalu and Vanuatu

Five Pacific Islands LDCs for which the proposal of holding a regional RT has been recently agreed in principle and some preparatory work has started in combination with the preparation for the next UNCTAD Conference on LDCs. Regional partners (FORUM & ESCAP) are also involved in this initiative. These LDCs are of a very modest size, ranging between 13,000 and 350,000 people.
