

WORLD TRADE ORGANIZATION

RESTRICTED

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Sub-Committee on Least Developed Countries

INTEGRATED FRAMEWORK (IF) SEMINAR: THE POLICY RELEVANCE OF MAINSTREAMING TRADE INTO COUNTRY DEVELOPMENT STRATEGIES: PERSPECTIVES OF LEAST-DEVELOPED COUNTRIES

WTO, Geneva, 29-30 January 2001

*Organized by the six core IF agencies: IMF, ITC, UNCTAD,
UNDP, WORLD BANK and WTO*

Revision

1. Pursuant to the decision taken by the six core Agencies¹ at the 21st Meeting of the Inter Agency Working Group (IAWG), at the World Bank, Washington D.C., 14-15 September 2000, the Agencies will co-host a joint seminar on *The Policy-Relevance of Mainstreaming Trade Into Country Development Strategies – Perspectives of Least-Developed Countries*, 29-30 January 2001.
2. Mainstreaming trade involves the process and methods of identifying and integrating trade priority areas of action into the overall framework of country development plans and poverty reduction strategies. Trade is an engine for growth and makes a significant contribution to development. To be able to contribute to development, trade priority areas of action need to be reflected in poverty reduction and national development plans and strategies. Furthermore, the benefits of trade reform and liberalization are only fully realized in the presence of mutually supportive companion policies.
3. This seminar is designed to be the first in a series on *mainstreaming trade*. Following this expert seminar, with LDCs' participation, the seminar series will be initiated, in some cases as a joint exercise by Agencies and at other times by individual Agencies. It is hoped that the outcome of this initial seminar and subsequent seminars will improve insights to the concept and process, and also provide useful tools for *mainstreaming trade*. Strong interests have been expressed that the outcome of this seminar series should be extended to all developing countries. To this end, this seminar and subsequent ones will aim at identifying policy-relevant and usable good practices in the approaches, methods and operational aspects of *mainstreaming* (integrating) trade priorities into country development strategies.
4. The necessity for this seminar has arisen because, frequently, trade priorities including the implementation of WTO obligations and commitments are neither integral to the overall development priorities and strategies of countries nor their Poverty Reduction Strategy Papers (PRSPs) process. Although openness to trade is strongly associated with economic growth and poverty reduction, trade as a growth strategy is yet to be *mainstreamed* into development plans and poverty reduction strategies of many LDCs. Apart from the inherent challenge of *mainstreaming*, core trade priorities of

¹ International Monetary Fund (IMF), International Trade Center (ITC), United Nations Conference on Trade and Development (UNCTAD), United Nations Development Programme (UNDP), International Bank for Reconstruction and Development (World Bank), and the World Trade Organization (WTO).

trade ministries/departments are sometimes not taken into account by finance and planning ministries. The challenge of mainstreaming is urgent because it is a necessary and vital precondition for the implementation of policies that are required for economic growth and poverty alleviation.

5. Furthermore, some Members of the international community have taken the position that multilateral agencies as well as bilateral donors need to improve coordination in the delivery of technical assistance in the areas of trade, finance and development, and to this end *mainstream* their policies, programmes and projects.

6. Having regard to the foregoing, the objectives of the seminar are to:

- (a) review the concept, methods and process of *mainstreaming* trade priorities into overall development plans and poverty reduction strategies;
- (b) identify core issues critical to mainstreaming, at both the domestic and global levels;
- (c) focus on some case studies with a view to identifying good practices of policy-relevance for mainstreaming trade into overall development plans and poverty reduction strategies;
- (d) consider the contributions of the IF trade-related technical assistance to the mainstreaming of trade priorities into development and poverty reduction strategies; and,
- (e) enhance coordination and improve the interface between multilateral and bilateral donors in the delivery of trade-related technical assistance to LDCs within the framework of development vehicles such as the Poverty Reduction Strategy Papers (PRSPs).

7. This expert-based seminar is focused on representatives and participants from the trade, finance and the development communities.

8. The results from this Joint six Agency Seminar will:

- serve as an input to the "**Okinawa Workshop on Trade-Related Capacity-Building**", Okinawa, Japan, 2-4 March 2001, which will focus, *inter alia*, on *mainstreaming* and the strengthening of trade-related capacity-building;
- be announced and circulated at the **Third United Nations Conference for Least-Developed Countries**, Brussels, 14-20 May 2001 (LDC-III), at the thematic session on trade; and,
- also serve as an input to the "**Business Sector Round Table**" (BSRT), 17 May 2001, being organized on the margins of LDC-III, by the International Trade Centre (ITC), with the support and participation of the other 5 core Agencies (IMF, UNCTAD, UNDP, World Bank, and the WTO).

Monday, 29 January 2001:

Moderator: H.E. Mr. Iflekhar Ahmed Chowdhury, (Bangladesh) Ambassador/Special Adviser to the Secretary-General of UNCTAD.

OPENING SESSION

- 08.30:** Welcoming remarks by **Mr. Mike Moore**, Director-General WTO
- 08.50:** **Introductory remarks:** Integrating LDCs into the Global Economy: Trade, Finance and Development Perspectives
H.E. Mr. MD Abdul Jalil, Minister of Commerce, Bangladesh (LDCs' Coordinator)
- 09.10:** **Introductory remarks:** Importance of Integrating Trade, Finance, and Development Perspectives
Jonathan Fried, Senior Assistant Deputy Minister, Department of Finance, Canada, (G-7 Deputy for Canada)
- 09.30:** **Introductory remarks:** The Necessity of Coordinated Approaches by Multilateral Agencies and Bilateral Donors to Technical Assistance and to Development, Finance and Trade Policies, Programmes and Projects
Hon. Kweronda Ruhemba, Minister for Economic Monitoring, Office of The President, Uganda.
- 10.00:** **Introductory remarks:** How can we build Trade Priority Areas of Action Into National Plans for Development and Poverty Reduction?
H.E. Dr. Simba Makoni, Finance Minister of Zimbabwe, and Chairman, Eighth Session of African Finance Ministers. (TBC)
- 10.15:** Coffee break

PANEL A: TRADE, MACROECONOMIC AND REGULATORY POLICIES

10.30: **The economics of trade policy, trade reform and liberalization as part of a wider package of domestic economic reform**

Trade reform and liberalization are necessary components of comprehensive policies for poverty alleviation and development. Trade liberalization while vital to development, does not stand alone. Companion policies are also required, as part of a wider package of economic reform, without which the dividends from an open multilateral trading system are minimal, and integration into the global economy will be retarded. This panel will examine essential and required companion policies that constitute part of the wider package of economic reforms, and which intervene in the complex relationship between trade liberalization, poverty alleviation and development.

Richard Eglin, Director Trade and Finance Division, WTO
Professor Frederic Jenny, Chairman, WTO Working Group on Trade and Competition Policy & Conseil de la Concurrence, France

11.00: **Panelists**

Panelists: Professor Deepak Nayyar, Vice Chancellor, University of Delhi, New Delhi
Philippe Brusick, Chief, Competition, Law and Policy and Consumer Protection Section, UNCTAD
Clem Boonekamp, Director, Trade Policies Review Division, WTO
Ms. Anh-Nga Tran-Nguyen, Head, Investment Issues Analysis Branch, Division on Investment, Technology and Enterprise Development
Grant Taplin, Director, IMF Office in Geneva

Discussions

13.00: Lunch break

**PANEL B: MAINSTREAMING: CONCEPT, APPROACHES,
IMPLEMENTATION AND FUNDING**

14.00: **Mainstreaming trade into country development plans and poverty reduction strategies: how do you mainstream? concept, approaches and implementation**

Panel B will focus on clarifying the concept and value of *mainstreaming*, and setting-out the mechanics of how a trade agenda and trade priority areas of action are actually integrated into development plans and poverty reduction strategies. How do you mainstream? The different approaches and options to mainstreaming will be discussed. How do key economic domestic ministries and departments coordinate and seek an integrated approach that includes complementary market reforms, supporting policies and institutions? Who arbitrates domestic discussions to establish a national economic consensus that is integrated and balanced, and to which trade priority areas of action are integral? What are the main approaches, and which are the best practices? Is external policy support (intervention) by multilateral Agencies necessary to achieve the mainstreaming of a trade integration agenda, as a vital public good, into development plans and poverty reduction strategies? Is there a cost to mainstreaming, how is the cost calculated, and who pays for costs of mainstreaming?

Ataman Aksoy, Economic Advisor, Economic Policy, Development Prospects Group, World Bank

Graham Chipande, Senior Economist, UNDP in the Gambia

Professor Deepak Nayyar, Vice Chancellor, University of New Delhi

14.30: **Panelists**

Panelists:

John Cuddy, Director, International Trade Division, UNCTAD

Anne McGuirk, Assistant Director, Trade Policy Division, Policy Development and Review Department, IMF

Ignacio Garcio Bercero, Trade Division, European Commission, Brussels

Dorothy Dwoskin, Assistant United States Trade Rep., USTR, Washington

Bahle Sibisi, Deputy Director-General, Department of Trade and Industry, South Africa

Discussions

**PANEL C: DOMESTIC CONSTITUENCY FOR MAINSTREAMING:
EXCHANGE AND REVIEW OF COUNTRY EXPERIENCES**

16.30: **Building a domestic constituency to sustain mainstreaming: Exchange of views on country experiences**

Eimi Watanabe, Assistant Administrator and Director of the Bureau of Development Policy, UNDP

Dr. Ravindra Ratnayake, Chief, Trade Policy Section, Economic and Social Commission for Asia and the Pacific (ESCAP)

A major challenge in the implementation of policy, particularly for public goods, is how to build a viable domestic constituency, necessary for advocacy and policy sustainability. Public goods involve adjustment costs, and the benefits while certain and meaningful, may not be immediate, but medium to long-term. Furthermore, there are competing national economic choices, involving decisions on national expenditure, from the immediate and urgent to avert disasters, to the medium and long-term for sustained growth and development. Panel C will focus on building domestic constituency for mainstreaming and ensuring that a trade integration agenda is part of development plans and poverty reduction strategies. Several developing countries, particularly in Asia, have been successful in establishing trade priority areas of action as part of national development plans. The presentation and the contributions by panelists will focus on country experiences both from a governmental point of view, as well as from the perspective of consultants who have assisted governments in their efforts to build a domestic constituency.

17.00: **Panelists**

Panelists:

Steve Hadley, Director, Office of Emerging Markets, USAID
World Bank Country Director

Ms. Dominique Aitouyahia-Mcadams, UNDP Resident Rep., Cambodia

Mr. de la Taille, UNDP Resident Rep. Mauritania

Bertin Teby, Directeur Général du Commerce, Ministère du Commerce, de l'Industrie et de l'Artisanat, Burkina Faso (IF Focal Point)

James Fox, USAID Consultant for Zambia Trade Sector Round Table

H.E. Mr. Srinivasan Narayanan, Ambassador/Permanent Representative of India to the WTO, Geneva

Discussions

19.30: **Cocktail. Hosted by Mr. Andy Stoler, WTO Deputy Director-General**

Tuesday, 30 January 2001

Moderator: H.E. Mr. Ali Said Mchumo, Ambassador, Permanent Mission of Tanzania, Geneva

PANEL D: COORDINATION OF THE DELIVERY OF TRADE-RELATED TECHNICAL ASSISTANCE AMONGST BILATERAL AND MULTILATERAL DONORS

08.30: **How do the different frameworks for the delivery of trade-related technical assistance, by bilateral donors and multilateral agencies, fit together into various development vehicles? Mainstreaming the Integrated Framework (IF) for trade-related Technical Assistance into a policy-framework for development and poverty reduction.**

Panel D will consider the various initiatives for the delivery of trade-related technical assistance, the development vehicles within which they operate, and the urgent need for improved coordination. There will be particular focus on the new arrangements for the enhanced implementation of the Integrated Framework within the development vehicle of the Poverty Reduction Strategy Papers (PRSPs).

LDCs' beneficiaries of trade-related technical assistance delivered by bilateral donors and multilateral agencies have expressed frustration at the multiplicity of vertical initiatives with little horizontal coordination. Improved coordination is needed amongst bilateral donors and multilateral Agencies. Efforts at correction have begun, but need to be expanded and accelerated. The Integrated Framework, in the past three years, has emerged as a valuable platform for inter-agency coordination for the delivery of trade-related technical assistance. The IF has become a reliable channel of communication amongst the six core Agencies and has significantly enhanced coordination and trust amongst the agencies. The six core Agencies recognize that the successful implementation of the IF would be a win-win situation for LDCs, donors and the Agencies. The potential of the IF is enormous, but is yet to be fully realized. Involvement of the bilateral donors in the efforts of the core Agencies is an urgent objective to be attained for the more effective implementation of the IF. In this regard, the DAC/OECD Secretariat has been invited to a meeting of the Inter Agency Working Group (IAWG), responsible for managing the IF. There is a strong desire that the DAC should continue to participate in the IAWG in order to improve coordination between bilateral donors and multilateral agencies.

The **Development Assistance Committee (DAC)** is also strongly committed to improving coordination with multilateral agencies. As a forum for bilateral aid agencies to share experiences and good practices, the DAC increasingly recognises the importance of trade for development and poverty reduction, and the need to participate actively in international efforts to help build the human and institutional capacities of developing countries to trade. The DAC is currently in the process of preparing a set of guidelines in this area. The guidelines aim to foster effective partnerships between developed and developing countries. It also aims to promote synergies between the aid and trade communities, on the one hand, and between the bilateral and

multilateral donor communities on the other hand, particularly with regard to the effective implementation of the Integrated Framework. The DAC guidelines under preparation will include: a) the importance of mainstreaming trade into country-specific poverty reduction strategies (PRSPs); b) facilitating the emergence of a strong country-level trade policy process; and, c) providing a roadmap for effective donor policies and instruments.

Richard Carey, Director, DAC/OECD Secretariat

Chiedu Osakwe, Head, Secretariat Working Group for LDCs/IF, WTO

9.00:

Panelists

Panelists:

Martin Dagata, Director, Technical Assistance, ITC,

Rénald Clerismé, Ambassador, Permanent Mission of Haiti to the WTO

Marcel Namfua, Interregional Adviser, Office of the Special Coordinator for the LDCs, Landlocked and Island Developing Countries, UNCTAD

Peter Tulloch, Director, Development Division

Georges Chapelier, Director, Governance and Management Division UNDP

Jean-Maurice Léger, Director, Technical Cooperation Division, WTO

Discussions

PANEL E: GLOBAL DIMENSIONS AND CORE ISSUES IN MAINSTREAMING

14.00: **What are the global dimensions and core domestic issues in mainstreaming?²**

Panel E will seek to identify the issues that are core to meaningful integration of trade priority areas of action within national development plans and poverty reduction strategies. There is a global as well as domestic dimension to the core issues in mainstreaming. The issues and their importance may also vary from country to country. The results of this panel will assist in improving understanding of those critical issues that require reflection in a trade integration agenda for development and poverty reduction.

Uri Dadush, Director, Economic Policy and Development Prospects Group, World Bank

Susan Prowse, Senior Economic Adviser, Department for International Development (DFID), UK

14.30: **Panelists**

Panelists: Anne McGuirk, Assistant Director, Trade Policy Division, Policy Development and Review Department, IMF
Sarath Rajapatirana, American Enterprise Institute, Washington D.C.
Michael A. Samuels, President, Samuels International Associates, Washington D.C.
Gretchen Stanton, Snr. Counsellor, Agriculture and Commodities Div, WTO
Charles Gore, Senior Economic Affairs Officer, Office of the Special Coordinator for the LDCs, Landlocked and Island Developing Countries, UNCTAD
Ministry of Foreign Affairs and Japan International Cooperation Agency (JICA)

Discussions

PANEL F: WRAP UP

17.30: General exchange of views.

² An illustrative list of core mainstreaming issues include the trade policy regime: trade and growth, pace and sequence of domestic reform, cost of domestic protection; pace and sequence of WTO rules; development-relevance of WTO rules; market access and import liberalization; WTO accessions; international standards and exports; rules of origin; uniform tariffs and tax structures; exchange rates and exports; export processing zones; external debt and investments; balance of payment; fiscal policy; inflation and growth; and, regional trading arrangements.

LEAD PRESENTATIONS AND PAPERS

- Aksoy, Ataman; "Mainstreaming: Concept, Approaches, Implementation and Funding";
- Carey, Richard; "Coordinating Bilateral and Multilateral Efforts in the Delivery of Trade-Related Technical Assistance to LDCs: DAC Good Practices Perspectives";
- Chipande, Graham; "Ensuring the Integration of Trade Priority Areas of Action into LDCs' Development and Poverty Reduction Strategies: Options and Good Practices";
- Dadush, Uri; "What are the Global Dimensions and Core Domestic Issues in Mainstreaming?";
- Eglin, Richard; "The Interaction of Trade, Macroeconomic and Regulatory Policies";
- Jenny, Frederic; "The Trade and Development Effects of Regulatory Policies: A Competition Policy Perspective";
- Nayyar, Deepak; "The Process of Mainstreaming Trade Priority Areas of Action into India's Development and Poverty Reduction Strategies";
- Osakwe, Chiedu, "The Challenges of Technical Assistance: A Policy Framework, Funding and the Moral Hazard";
- Prowse, Susan; "Core Issues in Mainstreaming Trade into Country Development Strategies: A Donor's Perspective";
- Ratnayake, Ravindra; "Mainstreaming Trade Into Country Development and Poverty Reduction Strategies: An Asia-Pacific Perspective";
- Watanabe, Eimi; "Building Domestic Constituencies on Mainstreaming Trade into Country Development and Poverty Reduction Strategies: Agency Insights";
- WTO Secretariat Working Group on LDCs/IF and Rajapatirana, Sarath,³ "Mainstreaming: Approaches, Core Issues, and Implementation".

³ Head of the Independent Team that reviewed the Integrated Framework (IF) for the Core Agencies.
See Report: WT/LDC/SWG/IF/1, 29 June 2000.