

Ministerial Breakfast on the EIF
Tuesday, 1 December 2009
Summary Notes

1. The DG hosted an EIF Ministerial working breakfast on the sidelines of the WTO Ministerial. There was a very good turn-out both from the LDCs and from the donor community, as well as the EIF core Agencies, demonstrating a positive involvement of the EIF programme and the broad support it is now enjoying.

2. Donors speaking up in support of the EIF: United Kingdom, Sweden, Turkey, Spain, Canada and Japan. LDCs who spoke about their individual experiences of the EIF: Mali, Yemen, Zambia, Cambodia, Malawi and Lao PDR.. Patricia Francis and Dr Supachai also left strong messages and reconfirmed ITC's and UNCTAD's full commitment to the EIF as EIF core Agencies and to increase coherence in supporting accession (ITC-WTO initiative) and coordinating assistance through the UN system on trade and productive capacity building through the Cluster, led by UNCTAD. The Executive Director of the EIF Secretariat, Mrs Dorothy Tembo, presented a state of play. The DG invited delegations to share concrete, specific experiences on how the EIF is starting to make a difference.

3. Three key messages emerged during the breakfast meeting:

- ✓ **The EIF is operational – the partnership is now focusing on efficient delivery and impact on the ground.**
- ✓ **Market access does not provide performance; market access needs to be accompanied by a package of Aid for Trade. For LDCs, the enhanced IF provides the framework and initial resources for accessing the broader Aid for Trade funding.**
- ✓ **Ministers identified three key areas where further focus is required and where challenges lie, namely (i) ensuring effective delivery and impact on the ground; (ii) ensure predictable funding, which is needed more now than ever before; and (iii) issues related to governance.**

4. Delivery and impact on the ground: The EIF partnership needs to demonstrate that the EIF and the wider Aid for Trade is making a difference. All partners have a part in demonstrating the EIF's success: LDC recipients, showing results: strengthened trade ministries, mainstreaming and taking forward key reforms, and to see that Aid for Trade flows result in greater trade flows, more jobs and poverty reduction; Donors through their funding commitment and strengthened coordination between their capitals and in-country offices; and Agencies through a coherent approach in answering capacity needs of LDCs to ensure that the EIF can deliver.

5. Funding: Predictable flow of resources is needed. In post-crisis times, while resources are dire and lean, EIF development partners must not forget that the impact of the crisis has found LDCs in a more wanting situation of this need. LDCs are suffering more than before, and the need to build the EIF's capacity to assist the LDCs over the next five years is more crucial than ever before. For the moment, there are funds in the EIF Trust Fund, but with the enhanced awareness to Aid for Trade as a tool for development, the increasing number of beneficiaries, it is expected that the demand is likely to increase, resulting in these resources being fully committed. To avoid cash-flow problems, all pledges made at the EIF High-Level Pledging Conference in Stockholm in 2007 need to be mobilized. In tandem, the EIF partners will undertake a review, in early 2010, to re-evaluate the total resources needed over the medium term to take into account the fact that there are now more LDCs in the EIF, that projects are being rolled out and that the value of the dollar has depreciated against other major currencies.

6. Two important messages emerged: On the one hand, effective delivery of EIF needs to be demonstrated – proof that funds are spent effectively, based on LDC ownership, and that duplication

is being avoided. On the other hand, Donors need to understand the need for predictable and additional funding.

7. Governance: Efficient governance is crucial. The difference between the successful EIF beneficiary countries and others has proved to be in having the appropriate and effective national institutional structures that are owner-driven with a visible political leadership, including through the national budget. At the global level, there is convergence that it is now time to move collectively from the interim to a substantive Board. The Board's role needs to shift from dealing with technical aspects to address strategic policy issues, while at the same time setting up an efficient mechanism for the approval of EIF Trust Fund-funded projects. The EIF Executive Secretariat should concentrate on implementation issues and advisory services for LDCs.

7. Any kind of micro-management from Geneva should be avoided; the implementation should be at the country level demonstrating national ownership and institutional building.

8. Examples of in-country results:

- In **Mali**, the tangible results and success of the IF and EIF support are a very significant growth of mango exports and a change in the copyright law to bring it into compliance with international agreements; these achievements were initiated by the EIF, and support could be mobilized from additional sources (Dutch cooperation, ITC, STDF, UNDP, World Bank, USAID, ADF, Organisation Internationale de la Francophonie and STDF);
- Using the EIF and Aid for Trade, **Zambia** made tangible, significant progress in increasing competitiveness and diversifying exports. Through a combination of reforms at the policy and legal levels and investment to reduce trade cost and increase quality and standards compliance, Zambia rose in the World Bank's Doing Business indicators from rank 182 to 90 and reduced the share of copper in exports from 90 percent to under 45 percent. Furthermore, Zambia anchored its national development plan on trade as the key tool for development and job creation. As a landlocked country, it is now shifting its development focus from national to regional development, with a particular focus on the North-South Corridor and transport infrastructure along the Corridor, because transport is key bottleneck to trade and diversification. As a concrete example, on 5 December, the first one-stop border post under the North-South Corridor will be launched. Only when the private sector and the people in Zambia and others along the North-South Corridor will see a reduction in their cost of doing business, the EIF and Aid for Trade will mean something to the people.
- **Yemen** drew attention to how the EIF can support LDCs acceding to the WTO. The support and its coherence will be further increased through the new ITC/EIF Executive Secretariat/WTO initiative for capacity building for WTO accession. For maximum results, Yemen urged other LDCs to follow its example and align the EIF process and implementation with the accession process.
- For **Cambodia**, a strategic anticipation of trade-related needs paid off after the accession process was complete. Support delivered under the EIF and Aid for Trade resulted in significant benefits from the increased market access.

8. Two messages emerged: To use the EIF effectively, beneficiary LDCs have to exercise political leadership and full country ownership of the process, including fully integrating trade issues into the national development plan, the national budget and the dialogue with Donors. Helping LDCs accede to the WTO is very important; they should take advantage of the EIF process to identify their institutional capacity needs to handle the accession, to help align Donor support, and to already start building their supply-side capacity to benefit from the increased market access that would come along with accession.