

**WORKING TOGETHER TO ENABLE LDCs TO BE ACTIVE PLAYERS AND  
BENEFICIARIES OF THE GLOBAL TRADING SYSTEM**

**The Integrated Framework explained**

## **Making trade work for development**

Trade is a key factor for economic growth, and can help to alleviate poverty.

While trade is not an end in itself, it can enhance a country's access to a wider range of goods and services, technologies and knowledge. It stimulates the entrepreneurial activities of the private sector. It creates jobs. It fosters vital learning processes. It attracts private capital. It increases foreign exchange earnings. Above all, it generates the resources for sustainable development and the alleviation of poverty.

For trade to have an impact on poverty reduction it needs to be an integral part of a country's development strategy. Led by the government, this requires raising awareness and active engagement by a wide range of stakeholders on several fronts:

1. Nationally, all stakeholders both within the government (e.g. Ministries of Trade, Finance, and Planning) and outside the government need to come together to build consensus on the way forward.
2. From the outset, the government must reach out to the international development community to support its plans for integrating trade into overall national development plans.
3. International partners must engage with the government for coordinated delivery of trade related assistance and capacity building.

Countries should be aware that this process will require a long-term commitment by all stakeholders, particularly since it involves systemic change.

### **The Integrated Framework**

The Integrated Framework (IF) is a process that was established to support LDC governments in trade capacity building and integrating trade issues into overall national development strategies.

The IF is an international initiative through which the IMF, ITC, UNCTAD, UNDP, the World Bank and WTO combine their efforts [with those of least developed countries and donors](#) to respond to the trade development needs of LDCs. This integrated approach was launched in October 1997 at the High-Level Meeting on LDCs' Trade Development organized by the WTO in recognition of the supply-side constraints facing LDCs.

The Integrated Framework is a unique instrument of coherence that is intended to ensure maximum use of scarce resources in support of enabling LDCs to be full and active players and beneficiaries of the multilateral trading system.

The IF enables countries which have been designated as LDCs to work with these six agencies, as well as with other development partners and the donor community, to ensure that national trade policies are integrated into their respective development strategies. The IF facilitates the coordinated response provided by the various agencies and development partners ( each in their own area of competence) to the trade related assistance and capacity building needs identified by each of the LDC governments and other national stakeholders.

The Integrated Framework is a four-part process:

1. Awareness- building on the importance of trade for development.
2. Diagnostic for a Trade Integration Strategy (DTIS: Diagnostic Trade Integration Study) to identify constraints to traders, sectors of greatest export potential, and a plan of action for integrating into the global trading system.

3. Integrating the plan of action into the national development plan, such as the Poverty Reduction Strategy Process (PRSP).
4. Implementation of a plan of action in partnership with the development cooperation community.

For this process to be successful, the development community must strive to make trade an integral part of their development cooperation policies and programmes.

### **What does the Integrated Framework aim to achieve?**

The IF is a process, using existing channels, to ensure that the trade related assistance needs of each country are included in the dialogue between Governments and their development partners on the overall development policy to be implemented in each country. It aims to:

1. Incorporate trade policy into the heart of the LDC's national development plans, including components aimed at reducing poverty in the country;
2. Assist in the coordination and delivery of trade related assistance as provided by each of the core agencies in their specific field of competence and by other development partners.

### **Who is eligible for the IF?**

All LDCs are eligible for the IF process. To be considered for the programme they must apply to the IF Secretariat (WTO). The following selection criteria are applied with a view to achieving the maximum effectiveness for the programme:

1. Demonstrate strong government commitment to integrate trade into its national development strategies.
2. Show that the country is at the preparatory stage in the development of its overall poverty reduction strategy.
3. Prove that the country has created an environment which helps the integration of trade in its plans for economic growth and development. This should include providing an institutional arrangement, implementing domestic reforms that favour trade, and engaging donors.
4. Show a conducive operational country environment; such as sufficient agency/donor activity in your country to be able to ensure a good Diagnostic Trade Integration Study and follow-up.

### **How to Prepare for the IF:**

The government needs to identify:

- Local expertise.
- Main stakeholders (e.g. government departments, academia, private sector associations, civil society, including NGOS, etc.).
- Current research and analysis available (e.g. recent WTO Trade Policy Reviews, Investment Policy Reviews, Country Assistance Strategy).
- Development partners (bilateral and multilateral).

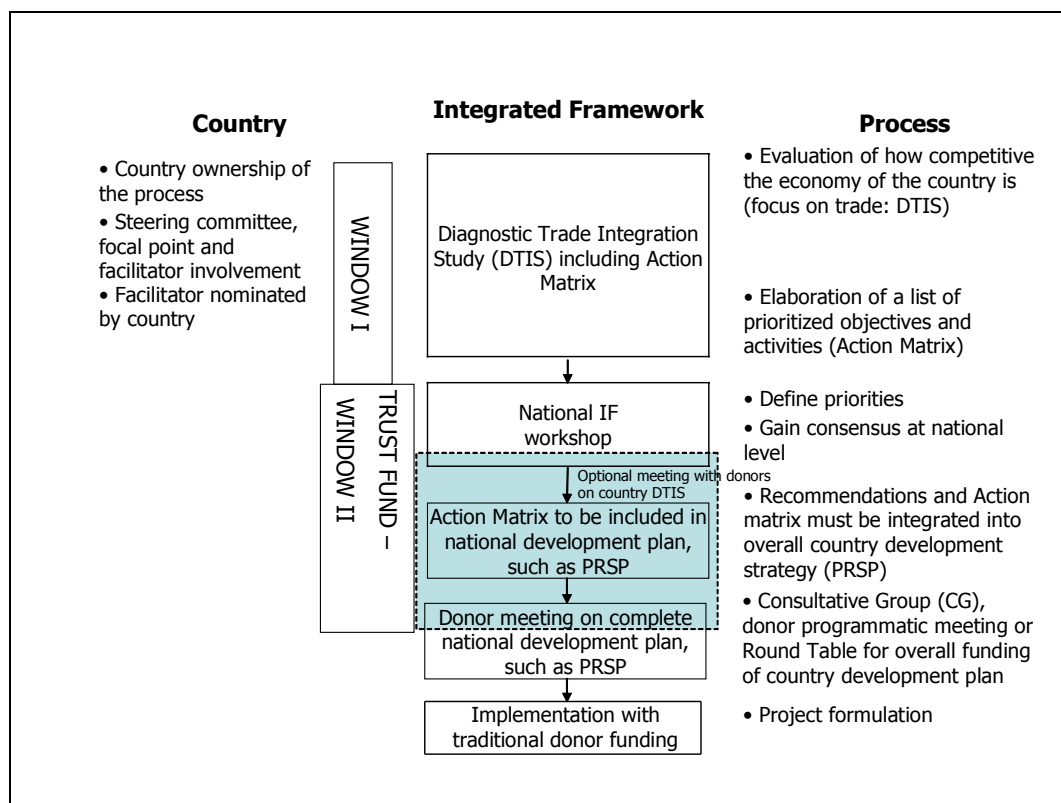
- Existing country trade related assistance, capacity building and training programmes (e.g. JITAP, PRSP training, WTO Trade Clinics, bilateral programmes, private sector development programmes, investment programmes, trade facilitation programmes).

This is the beginning of the capacity building process, which the government should incorporate into an on-going stakeholder dialogue process to raise awareness and build consensus for a plan that will integrate trade into national development.

## How does it work?

After the preparatory stage and upon acceptance to the IF, the following phases will be initiated:

1. Establish a national implementation structure.
2. Select a Lead (donor) Facilitator to assist and support the government in managing the IF process.
3. Agree upon the terms of reference and timing for DTIS.
4. Develop DTIS for identifying:
  - Sectors of export potential.
  - Supply-side constraints to trade.
  - Human and institutional capacity constraints.
  - Measures to be taken to implement and apply international and regional trade agreements.
  - Implications of analysis and recommendations on growth and poverty reduction.
5. Establish, as part of the DTIS, an Action Plan (also called Action Matrix) including policy reform measures, sectoral plans, and trade related assistance needs.
6. Convene a National Workshop to discuss and prioritize DTIS Action Plan, (or Action Matrix) with stakeholders and to define the way forward.
7. Link trade with development: incorporate prioritized Action Plan (Action Matrix) into the country's national development plans such as PRSP.
8. Implement the Action Plan (Action Matrix) including undertaking policy reform and sectoral measures and delivery of technical assistance by the international development community.



## **The IF management structure**

The IF Secretariat is located at the WTO. Dr. Kipkorir Aly Azad Rana, Deputy Director General of the WTO chairs the Integrated Framework Working Group (IFWG), which is responsible for the overall management of the IF, including monitoring and evaluation of field resources and oversight of the IF Trust Fund. The Working Group consists of representatives of the six core agencies, and two representatives each from LDCs and donor countries, selected on a rotating basis. The OECD has observer status.

The IF Steering Committee (IFSC) oversees the work of the IFWG and provides policy direction, assesses progress, and ensures total transparency in the IF process. The IFSC is a tripartite arrangement with representation from agencies, donors and LDCs. All WTO Members and Observers can participate in the IFSC. H.E. Ambassador Henrik Rée Iversen of Denmark is the current Chair of this important body.

## **Funding**

An IF Trust Fund (ITTF) was created in 2001 with two funding instruments, Window I and Window II, by voluntary contributions of multilateral and bilateral donors.

Window I finances the preparation of the Diagnostic Trade Integration Study (DTIS). Window II provides bridging money for small assistance or capacity-building activities that are part of the DTIS Action Matrix.

Funding of the Action Plan comes primarily from bilateral donors as part of the overall response to national poverty reduction strategies.

## **Integrated Framework Core Agencies**

The **International Monetary Fund (IMF)** is an international organization established to promote international monetary cooperation, exchange stability, and orderly exchange arrangements; to foster economic growth and high levels of employment; and to provide temporary financial assistance to countries to help ease balance of payments adjustment.

The **International Trade Centre (ITC)** is the technical cooperation agency of the United Nations Conference on Trade and Development (UNCTAD) and the World Trade Organization (WTO) for operational, enterprise-oriented aspects of trade development.

**United Nations Conference on Trade and Development (UNCTAD)** aims at the development-friendly integration of developing countries into the world economy. UNCTAD is the focal point within the United Nations for the integrated treatment of trade and development and the interrelated issues in the areas of finance, technology, investment and sustainable development.

On the ground in 166 countries, the **United Nations Development Programme (UNDP)** helps the UN system and its partners to raise awareness, track progress and connect countries to the knowledge

and resources needed to achieve clear targets for reducing poverty, hunger, disease, illiteracy, environmental degradation and discrimination against women.

The **World Bank** with a mission to fight poverty and improve living standards for people in the developing world is among the world's leading development institutions. It provides loans, policy advice, technical assistance and knowledge-sharing services.

The **World Trade Organization (WTO)** is the only global international organization dealing with the rules of trade between nations. Its main function is to ensure that trade flows as smoothly, predictably and freely as possible.

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