

BENIN

PREPARATION OF THE DIAGNOSTIC TRADE INTEGRATION STUDY UNDER THE INTEGRATED FRAMEWORK

*Team Leader Terms of Reference and Guidelines
Preliminary Mission, Main Mission and National Workshop*

Background

A High-Level WTO Meeting established the Integrated Framework (IF) in October 1997 to facilitate coordination of trade-related technical assistance and promote an integrated approach to assist the least developed countries in enhancing their trade opportunities. Participating agencies include the International Monetary Fund (IMF), the International Trade Center (ITC), the United Nations Conference for Trade and Development (UNCTAD), the United Nations Development Program (UNDP), the World Trade Organization (WTO) and the World Bank (WB).

The main objectives of the IF are to assist least-developed countries to mainstream trade priorities into their national development plans and poverty reduction strategies and to assist in the coordinated delivery of trade-related technical assistance. While trade can be a catalyst for economic growth, unless trade policy is appropriately factored into the national planning framework, the gains from trade cannot be fully materialized.

The Integrated Framework is currently undergoing its second major evaluation which should lead to recommendations for the improvement of IF's processes and implementation. Any recommendations accepted from this evaluation will be taken into account in applying the IF process in BENIN.

All steps of the IF process are the responsibility of and owned by the government. However, assistance will be provided by the development partners along the way. The World Bank is the lead agency to assist in the preparation of a Diagnostic Trade Integration Study (DTIS), which is the first stage of the implementation of the IF. The Bank will lead and plan a DTIS preparatory mission in partnership with BENIN authorities and in coordination with IF agencies and donors, to assist BENIN in its efforts to prepare the ground, ensuring the country's full ownership of the process.

The purpose of the DTIS trade integration study is to identify key constraints to the country's integration into the multilateral trading system and into the global economy.

It therefore includes: (i) a review and analysis of the country's economic and export performance; (ii) an assessment of the macroeconomic environment and the country's investment climate; (iii) an assessment of the international policy environment and the specific constraints that the country's exports face in international markets; (iv) review of the institutional framework for trade policy and trade development; (v) an analysis of selected and key labor-intensive sectors for expansion of output, exports and employment; (vi) a review of the impacts of trade policies upon poverty and (vii) recommendations for policy reforms, institutional capacity implications, and action plans to remove bottlenecks and seize opportunities identified in the diagnostic study. The last element is very important because it will constitute the consolidated Action Plan—a set of actionable and prioritized policy recommendations and priority technical assistance needs to overcome the identified constraints—that will be presented together with the DTIS at the National Trade Integration Workshop. The report should include a synthesis paper of no more than 50 pages complemented by short annexes where necessary.

Each country study is to be undertaken by a team of local and international experts, working closely with government authorities. The World Bank has been assigned the lead role in this task, with funding is provided by the trust fund financed by the multilateral and bilateral agencies participating in the initiative, supplemented by resources of international agencies in terms of staff contributions.

Based on the findings of the diagnostic study, the DTIS team will:

- Suggest a program of TA to strengthen the country's overall competitiveness, and the capacity and potential of selected sub sectors (a draft IF report will be presented to the Government and the donor community for discussion and action).
- Hold a "trade specific" national dissemination workshop or seminar in the country to discuss the draft report with relevant parties, including the donor community, and civil society, with a view to raising the profile of trade issues within the overall context of the Poverty Reduction Strategy Paper (PRSP). Governments are expected to include the major conclusions in the updated PRSP document.

Purpose of the Preliminary Mission

The broad objective of the preliminary mission is to lay the groundwork for the IF process and delineate the scope of the main mission. This will involve, among other things, establishing clear objectives for the IF and preparing for the main mission by taking stock of past and ongoing work, and enabling the mission chief to build contacts with key stakeholders, including the Government focal points, as well as representatives of the core agencies on the ground and the Geneva-based IF agencies. At the conclusion of the preliminary mission, a draft TOR for the DTIS prepared by the mission chief in consultation with the authorities, should be discussed. A generic Terms of Reference (TOR) has been developed for the IF studies. This TOR does not take into account the existing and ongoing work in the specific country. Based on the availability of the existing work, the priorities outlined by the Government and inputs by agencies and donors, the TOR will be revised.

In coordination with World Bank (HQ and Geneva offices), other agencies and donors will be invited to participate in the pre-DTIS mission. In this context, UNDP would use the DTIS mission will identify capacity building needs to undertake the IF (these could be more than the current \$35,000 limit per country – the IFWG could decide to allocate more based on individual country needs).

The specific activities to be undertaken and topics to be covered during the preliminary mission are to:

- a) Discuss the scope and content of the proposed study with the Government authorities, agencies, donors (and civil society?).
- b) Establish a clear work plan to include timing of main mission, national workshops and the domestic review process, and timing/objectives with respect to next PRSP (or progress report) and Consultative Group/Roundtable meeting.
- c) Make contact with the key IF focal person in Government as well as the PRSP focal point. Ensure that Ministries of Finance and Commerce, as well as other relevant ministries, internalize and own the country IF process *and* objectives.
- d) Establish the role of the PRSP Steering Committee in the IF process and explore linkages with the PRSP and relevant national development strategies will be achieved. If possible, a presentation should be made to the PRSP Steering Committee (or relevant sub-committee) on the IF exercise.
- e) Help establish the composition of counterpart working groups, and initiate relationships with the private sector, research partners and other stakeholders, and create mechanisms for keeping partners in the field informed.
- f) Contact the UNDP and IMF (and any other core agency representatives on the ground (ITC, UNCTAD and WTO)).^{1 2} Arrange for a briefing to the local UN Heads of Agencies during the preliminary and main missions. Prior to the main mission, meet with the key representatives of all Geneva-based agencies (in an inter-agency setting), as well as Geneva-based donors and officials from the diplomatic mission of the country concerned.
- g) Make contact with key donors in the country (by overall size or interest in trade) and those involved with the IF. The Government and the UNDP and World Bank resident representatives will guide the mission chief in this regard. In this context, use the mission to establish a ‘lead facilitator’, if not yet established, to work closely with government and the Bank in DTIS preparation and follow-up.

¹ While there may be no representatives from ITC, UNCTAD or WTO, on the ground or participants in the main mission, any project managers of ongoing projects being implemented by these agencies as well as FAO and UNIDO should be visited.

² The mission chief should consult early with the Fund mission chief (HQ) to coordinate the timing of the IF mission to the extent possible.

- h) Visit key research institutions and think tanks to explore possibilities for collaboration during the IF exercise.
- i) Assess existing work on trade and trade-related TA in the country and gather trade-related research and related materials on technical assistance.³ This should include, where necessary, previous and ongoing trade-related activities by ITC and UNCTAD are fully taken into account.
- j) Identify focal points in the World Bank and UNDP offices for the IF.

The Preliminary Mission Report

The mission chief will draft an Aide-Memoire that outlines key aspects of the discussion and reflects at a minimum the following key outcomes:

- Identification of country interests in trade-related analysis as a basis for country-specific terms of reference.
- Summary of working arrangements agreed with the Government IF focal point, as well as IF focal points in World Bank and UNDP offices, and IF facilitator.
- Proposed timing of main mission and detailed schedule of remainder of IF related activities, including national workshops.
- Identify any immediate assistance required to help authorities engage in DTIS and DTIS follow-up process with assistance from UNDP.
- Identification of working arrangements with government and private sector (Steering committee, main mission counterparts for each section, consultative process).
- Identification of local consultants/ National counterparts who could participate in the work.
- Identification of agreed upon objectives for the IF process, including where possible general benchmarks to monitor progress.
- (If possible) identification of lead (donor) facilitator.

The Aide-Memoire including Terms of Reference of the main DTIS mission and Scope of the DTIS, as well as the clear structure, process and objectives for the IF should be discussed with the authorities, prior to the end of the preliminary mission. The Preliminary mission aide-mémoire should be complemented by an explanatory

³ A suggested inventory template on TA that can be circulated to donors and other partners is attached as Annex 1.

memorandum by the government explaining this objective for the IF, including how they will staff the IF Focal Point.

Post-Preliminary Mission and Follow-Up

Within three days of return, the Mission Chief will draft a back-to-office report that includes the draft Aide-mémoire discussed with the authorities. The Mission Chief's Aide-Memoire and back-to-office report (including country-specific TOR/ Scope of DTIS, list of consultants and proposed budget of the diagnostic study) will be circulated to the core agencies and the World Bank country team for inputs and clearance. The World Bank resident economist will be fully integrated at all stages of the DTIS preparation. The TOR of the main mission as well as a draft Issues Paper summarizing the main issues to be analyzed in the DTIS and proposed approach will then be sent to the Government for review and comments.

Main DTIS Mission

Based on the revised TOR for the mission and draft DTIS Issues Paper discussed with the Government with key inputs coordinated by the Government focal point identified during or following the preliminary mission, a full mission including all DTIS team members as well as Government counterparts/ local consultants will be organized to the country, about 2 months following the preliminary mission.

The DTIS Team leader will lead the mission. She/he will be responsible, for the organization of the mission in the field, coordination of team members work and expected contributions, and data collection, as well as leading discussions with Government authorities.

At the end of the main mission, an aide-mémoire summarizing discussions held with authorities and sketching out the DTIS report outline will be left to Government authorities. Upon return to HQ, a brief Back to office report including aide-mémoire and outline discussed with authorities will be submitted to the World Bank, and a full DTIS prepared.

Preparation of DTIS main report.

The Team leader will draft parts of the DTIS report, as needed, as well as the DTIS executive summary, and the DTIS action matrix. He will also coordinate production of DTIS parts by all team members. Under supervision of the Team leader, other DTIS team members will draft relevant parts of the DTIS as per agreed in the DTIS outline.

The DTIS report to be produced will develop a pro-poor trade integration strategy made up of a proposed set of policy reform priorities and action plans for key sectors that

include project proposals to capitalize on major opportunities identified in the strategy. These policy proposals will target the key bottlenecks and constraints that emerge from the analysis as priority areas for action, and corollary actions by donors and development partners. The sector-specific analyses will result in recommended action plans that identify key priorities and bottlenecks that must be addressed in order to mobilize investment and exports. Each study will also include an assessment of technical assistance and capacity building priorities to support the trade strategy. The recommendations will take into account the likely impact of proposed actions on the level and structure of poverty to ensure that the strategy has the desired positive impact on the poor. To the extent possible, an analysis of gainers and losers from the policy changes will be undertaken and specific policies to minimize any possible detrimental impact on the poor must be identified.

The team leader will supervise the mission, and regularly keep the Government informed of progress in the preparation of the DTIS. He will be responsible for discussions of key findings with the Government and other organizations.

The DTIS report will be finalized by the Team leader according to the following tentative timetable:

- Preliminary mission (to define the specific scope and content of the study and define working arrangements with the government): By January 12-16, 2004.
- Main mission (to collect information and materiel in collaboration with the IF steering committee): March 2004.
- Finalization of the Report and various parts Final Draft to be delivered to the Bank by June 2004.

National Dissemination workshop. The consultant will, in collaboration with the Bank, present the results of the study during a National Workshop in BENIN. The date of this workshop will be determined by the Government.