

**Integrated Framework Steering Committee  
First Session**

**NOTE ON THE MEETING OF 15 MARCH 2001**

Chair: Ambassador Henrik Reé Iversen (Denmark)

**A. OPENING STATEMENT BY MR. MIKE MOORE, DIRECTOR-GENERAL**

1. The Director-General welcomed the representatives of the core agencies, donor community, and Least-Developed Countries to the first meeting of the Integrated Framework Steering Committee (IFSC).

2. He briefly recalled the history of the Integrated Framework. The Integrated Framework had been established in the late 1990s in an effort to increase the benefits that Least-Developed Countries derived from trade-related technical assistance made available to them by the core agencies and from other sources. It had been established as an institutional mechanism for coordinating and delivering technical assistance to Least-Developed Countries. More generally, it had been established as a mechanism to assist Least-Developed Countries successfully to integrate into the global trading system. The Integrated Framework had been endorsed in October 1997 by a High Level Meeting held in Geneva. It had been in operation for 4 years.

3. A review of the Integrated Framework had been initiated in November 1999. The review had culminated in a meeting of Heads of the Core Agencies in July 2000 which had taken decisions to improve implementation of the Framework. Key elements for improving implementation included clarifying the objectives of the Integrated Framework, working to mainstream trade priority areas of action into national development plans and strategies for poverty reduction, and transforming the Framework from an unfunded to a funded mandate. Subsequent to these decisions, and following extensive consultations involving all partners in the Integrated Framework, a Pilot Scheme had been adopted in February 2001 further to advance work on the Integrated Framework.

4. Key features of the Pilot Scheme included:

- (a) agreement to initiate work on "mainstreaming a trade integration strategy chapter (or trade priority areas of action) into country development plans and poverty reduction strategies", for countries that chose to do so;
- (b) establishment of an Integrated Framework Trust Fund;
- (c) elaboration of a coordinated, sequenced and prioritised programme of technical assistance, within the policy framework of the Poverty Reduction Strategy Papers (PRSPs). This decision recognized and addressed a concern raised by donors, as well as agencies, that trade-related technical assistance, if not delivered within a coherent policy framework, would not achieve the desired effect of assisting countries to build capacity for productive and sustainable growth; and finally;
- (d) establishment of Integrated Framework Steering Committee, for improved governance in the relations amongst LDCs, donors, and the core agencies.

5. The review exercise and adoption of the Pilot Scheme had been an important contribution to the joint efforts to revamp the Integrated Framework and make it a truly viable model for the delivery of trade-related technical assistance to Least Developed Countries. Anyone who had been associated with the Integrated Framework knew how difficult, complex and challenging its implementation had been. However, with willingness and constructive support from all players, the Framework had been redesigned into a package that could greatly assist Least-Developed Countries to integrate into the multilateral trading system and global economy.

6. The Director-General paid tribute to the core agencies, development agencies, donor countries and the Least-Developed Countries for their hard work, commitment and cooperative spirit. He said that their unwavering persistence - in the face of complex coordination challenges amongst agencies with distinct institutional mandates, donors with legitimately different emphasis, and LDCs with complex trade and development needs – had made this Steering Committee meeting possible.

7. He acknowledged the role of the Least-Developed Countries, applauding the business-like attitude that they had demonstrated in responding to the initiatives by donor members at the early stages of negotiating the Pilot Scheme. On behalf of the Steering Committee, he expressed particular appreciation to Bangladesh as overall Coordinator, and to Tanzania as rotating Coordinator. He said that the response of the Least-Developed Countries provided further evidence that the WTO membership was committed to seeking practical solutions to problems.

8. On behalf of the Steering Committee, he also paid tribute to the donor members who had made progress on the Integrated Framework possible. He also recognised the support that had been provided by those who would contribute to the Trust Fund, as well as by those who would provide bilateral assistance within the ambit of the Integrated Framework. Both forms of support were mutually supportive and complementary.

9. Mr. Moore said that the international economic community had passed an important first coordination test in the common objective to assist Least-Developed Countries. The progress that had been achieved, so far, was an important contribution to confidence building in the multilateral trading system. There was a need for an effective Integrated Framework, as a mechanism for coordination amongst agencies, donors, and the LDCs.

10. He said that the Steering Committee presented a unique opportunity. It was important to bear in mind the value of this Committee. First, the Steering Committee responded to the urgent need to improve governance and management of the Integrated Framework. Prior to the mechanism of the Steering Committee, the Integrated Framework had been vulnerable on management considerations. A common forum was required, where members, and agencies could meet to review Integrated Framework activities in an open and transparent manner. Furthermore, there had been discontinuities and a lag between meetings of agencies, reports to donor members, and feedback to agencies. The lag in information flow had created difficulties and compounded coordination difficulties. The Steering Committee would improve coordination amongst agencies, members of the different institutions, donors, and LDCs. Furthermore, it should ensure that all participants would operate at one speed, which had not been the case before.

11. Second, the Steering Committee would respond to the long-standing concern by other core agencies that decisions on the Integrated Framework, involving 6 different agencies with different Boards and memberships, had been taken by the membership of one organization – the WTO. Although the Integrated Framework was a joint undertaking, decisions had been taken by one membership, and the meetings had been conducted on the basis of WTO rules of procedure. The consequence had been that in some instances, core agencies had been excluded from the final stages of consultation prior to decisions. This situation needed correction. Under the Steering Committee, all participants, as agreed in paragraph 7 of the adopted Pilot Scheme would be equal, and the only governing rules of procedure would be those Members agreed amongst themselves.

12. Third, one of the advantages of the Steering Committee was to ensure full ownership by all stakeholders - donor members, LDCs, and agencies. This would ensure responsibility.

13. Finally, the governance arrangement in the Steering Committee would enable all participants to build confidence, devoid of politics. It would provide a forum for serious discussion and practical solutions in the use of the Integrated Framework to facilitate the delivery of trade-related technical assistance to Least-Developed Countries.

B. ADOPTION OF THE DRAFT AGENDA

14. The Steering Committee adopted the proposed agenda as attached in Annex 1.

C. ELECTION OF THE CHAIR AND THE VICE-CHAIR

15. The Director-General proposed that the Steering Committee agree to elect H.E. Mr. Henrik Reé Iversen, Permanent Representative of Denmark, as Chairman of the Steering Committee, and H.E. Mr. Victor Lechesa, Permanent Representative of Lesotho, as Vice-Chair.

16. It was so agreed.

D. REMARKS BY THE ELECTED CHAIR

17. The Chairman thanked the Steering Committee for his election. He said that it was an honour to be the first Chairman of the Steering Committee which had just been created, and that Members of the Committee could work together to meet the important challenge. He shared the views expressed by the Director-General that the Steering Committee was a rare opportunity, offering the possibility to use the mechanism of the Integrated Framework to improve co-ordination and assist the delivery of trade-related technical assistance to the LDCs within a coherent policy framework, and to mainstream trade into overall development plans and poverty reduction strategies for LDCs.

18. He appealed to Members of the Steering Committee to set the right atmosphere amongst donors, LDCs, and the agencies at this inaugural meeting. The rules that the Committee set at this meeting would be the key benchmark for the future of the Integrated Framework.

19. The representatives of Tanzania, the European Communities, Norway, Bangladesh, the International Monetary Fund (IMF), Canada, the United States, Haiti, Mauritania, Japan, Sweden, the Netherlands, Yemen, the United Kingdom, the World Bank and the International Trade Centre (ITC), expressed satisfaction with the appointment of the first Chairman of the Steering Committee, and offered him full support in the work ahead.

E. EXCHANGE OF VIEWS ON THE TERMS OF REFERENCE OF THE IF STEERING COMMITTEE

20. The Chairman said that the terms of reference for the Steering Committee were set out in paragraphs 7 and 8 of the document of IF Pilot Scheme, as contained in WT/LDC/SWG/IF/13. The two paragraphs had carefully been negotiated and reflected a balance of views and positions of all Members. They were broadly indicative of the functions of the Steering Committee, with sufficient flexibility to act as the highest governing body of the IF. Since this was the initial learning period for all partners, the best approach would be to proceed with care, drawing on the experience of the recent past. In his view, the Steering Committee should not discuss the details of the terms of reference at this meeting, but could take it up at a later stage once the Committee became accustomed with its functions.

21. The representative of Tanzania said that there had been extensive discussions on the terms of reference, when the Sub-Committee on LDCs adopted the IF Pilot Scheme at its meeting held on 12

February 2001. He had no further comment. However, he asked whether the Steering Committee would identify pilot countries.

22. The representative of the European Communities said that the Communities had fully endorsed the objectives of the Integrated Framework since its inception, and had made contributions to the full integration and development of LDCs. As the Third UN Conference on LDCs approached, the Communities would intensify its involvement in the IF, with a view to contributing tangibly at the conference. In this regard, he announced that the Communities would provide 200,000 Euro for funding to the IF. The Communities hoped for early implementation of the Pilot Scheme.

23. Regarding the terms of reference for the Steering Committee, the representative said that the Steering Committee should concentrate on providing guidelines on policy. However, it should not micro-manage the day-to-day operations of the IF, which were the responsibility of the IAWG.

24. The representative of Norway welcomed the first meeting of the Steering Committee after long, challenging, and even frustrating, negotiations on the Pilot Scheme. Regarding the role of the Steering Committee, he said that the Committee should provide policy oversight and policy coordination. However, the Steering Committee should avoid any micro-management of day-to-day business of the IF.

25. The representative of Bangladesh congratulated the six IF core agencies, in particular, the WTO, for convening this first meeting of the Steering Committee. After 4 years of frustrating experience, the IF seemed to be finally bearing fruit, as a result of hard work by all stakeholders. Bangladesh, on behalf of the LDC community, thanked donors for their renewed energy and interest in the past few months, which had brought the IF to the present stage. Moreover, he extended appreciation to the donors, both to those who would pledge as well as potential donors. It was important to involve all donors so that the international donor community would work together to assist LDCs in fighting poverty. He appealed to potential donors to join this renewed effort on revamping the IF.

26. Regarding the responsibilities of the IF Steering Committee, the representative said Bangladesh would like more information on the selection process of countries, and that the selection process should be transparent. Past experience with the IF had shown a degree of uncertainty. It was therefore important to have written transparent guidelines for the process of selection of countries.

27. The representative of the IMF expressed appreciation for the remarks by the Director-General, in particular, that the IF Steering Committee would address the concern that the six core agencies had not fully participated in the IF decision-making process. He sought clarification regarding the role of the core agencies in the decision-making process of the Steering Committee, as paragraph 7 of the document appeared to restrict decision-making only to the contributing donors.

28. The representative of Canada stressed four points. First, it was important for all IF stakeholders – donors, LDCs and the agencies - to build on the progress that had been achieved so far. The objective of the IF was to assist developing countries in focusing on trade, which would enable them to generate resources and dividends for poverty reduction. If any country wished to achieve higher standards of living for its people, trade needed to be mainstreamed in the country's development priorities. The importance of the trade minister had to be recognised as much as other ministers in policy decision-making.

29. Second, inter-agency cooperation and coordination were crucial for the management of the IF. Inter-agency coherence was required, not only on process, but also in terms of WTO-compatible trade policy. Moreover, trust amongst the agencies needed improvement in order for them to achieve the common objectives. More transparency was required.

30. Third, it was important for all IF stakeholders to exercise patience. The Pilot Scheme was essential for establishing guiding principles for other LDCs. While some LDCs had expressed frustration with the IF in the past, it was important to make sure that the pilots would bring positive results. Otherwise, the IF again be viewed as an empty shell.

31. Fourth, it was essential to communicate to the outside world what the IF was trying to achieve in providing assistance to LDCs. While the IF had not been a success, thus far, the public ought to know the efforts by donors, LDCs and agencies to work towards common objectives.

32. The representative of the United States said that despite additional resources that would be made available for the IF, Members of the Steering Committee should not forget the original purpose of the IF, and should focus on the issues of co-ordination and collaboration. She also re-assured Bangladesh that the United States was fully engaged in the IF Pilot Scheme through participation in the Steering Committee, and also through bilateral activities within the context of the IF.

33. The representative of Haiti said that the participation of LDCs was important in the selection process of pilot countries since they were the beneficiaries of the IF process. The Steering Committee offered a forum for donors, LDCs and the agencies to discuss important issues such as the selection of pilot countries. It was important, at this stage, for the Steering Committee to set out guiding principles for the IF process. He also shared the concern expressed by the IMF regarding the role of the agencies in the Steering Committee.

34. The representative of Mauritania stressed that it was important to start something concrete before LDC-III. While the selection of pilot countries was an important issue, it was also important for LDCs to support the success of the Pilot Scheme. Solidarity was important amongst LDCs, development partners and agencies, as well as amongst LDCs themselves. The selection of pilot countries should not be politicised. It was important to ensure the success of the initial pilots, which would lead to the extension to other pilots. Mauritania was prepared to extend its support to whichever countries would be selected for the pilots, which would ultimately lead to success for all LDCs.

35. The representative of Japan expressed appreciation for the invitation not only to contributing donors, but also bilateral donors. Japan would actively participate in the Steering Committee. Japan provided a wide range of technical assistance to the LDCs through the Japanese International Co-operation Agency (JICA), and would coordinate their bilateral and multilateral assistance within the framework of the IF. In this regard, the Government of Japan had held a workshop for trade-related capacity building in Okinawa on 4-5 March 2001, where the IF had been well received by all participants from developing and developed countries, as well as development officials from the Government.

36. The representative of Sweden welcomed progress that had been made to the IF. This was desirable in view of the forthcoming LDC-III in May 2001. Given its tradition, Sweden did not wish to see the Steering Committee micro-manage the day-to-day operations of the IF. It needed only to provide general guidelines. Furthermore, the representative announced that Sweden would contribute 3 million Swedish Crones, approximately US\$ 300,000, to the IF Trust Fund.

37. The representative of the Netherlands said that his country was fully in support of the IF and would provide financial support for the implementation of the Pilot Scheme. He reiterated that the responsibilities of the Steering Committee should be confined to those defined in paragraph 8 of the Pilot Scheme document: (i) setting policy guidelines, coordination, and providing oversight; and, (ii) assessing progress of the IF. It was important for the Steering Committee to play the role as specified and, therefore, it should not micro-manage. Regarding the selection of pilots, he fully shared the views expressed by Canada.

38. The representative of Yemen welcomed the IF Pilot Scheme and expressed appreciation for those donors who had undertaken commitments to provide resources for the implementation of the IF. Regarding the rules and conduct of the Steering Committee, he fully agreed with the views expressed by Canada.

39. The representative of Tanzania wished to clarify his previous intervention by saying that he fully agreed with the views expressed by Canada, which was subsequently supported by the Netherlands. While it was not for the Steering Committee to select pilot countries, at this meeting, nevertheless, it was important to discuss general principles for the selection process. It was not the matter of micro-management.

40. The representative of the United States shared the views expressed by Tanzania. The Steering Committee could discuss the parameters for selecting pilot countries, as they would have an impact on the complementary activities that the United States was contemplating within the context of the IF. She also stressed the importance of the success of the pilot cases. Success would make possible the extension of the scheme to other LDCs.

41. The representative of the United Kingdom suggested that the Steering Committee discuss the issue of the selection of pilots under agenda item J: Presentation by World Bank on the draft Pilot Phase Work Programme.

42. The Chairman, on behalf of the Vice Chairman and himself, expressed appreciation for the support of Members of the Steering Committee. Regarding the concern that had been expressed by LDCs on the role of the Steering Committee, he said that one of the objectives for the establishment of the Committee was to ensure transparency, which had been lacking under the "old" IF. At the same time, the Steering Committee should not dictate the procedural details as to how the IAWG should conduct routine business. He proposed that the Steering Committee should take up the questions and concerns by Members under Agenda Item J.

43. It was so decided.

#### F. APPOINTMENT OF SPECIAL REPRESENTATIVES TO IAWG

44. The Chairman said that paragraph 9 of the IF Pilot Scheme document, as contained in WT/LDC/SWG/IF/13, stipulated that the IAWG/IFTF would comprise the 6 core agencies, the DAC/OECD Secretariat, and special representatives (of donors and LDCs) in the pilot phase. The IAWG was the coordinating mechanism amongst the IF six core agencies. Under the "old" IF, there had been lags between decisions taken by the IAWG, and the communication of those decisions to donors, LDCs and others. It had been suggested that if special representatives could "take part" in IAWG meetings, in a purely advisory capacity, transparency in agency, donor and LDC interaction would be achieved, ownership would also be improved, and confidence would be strengthened. Recognizing the necessity to strengthen support for its work, the IAWG had already invited the DAC/OECD Secretariat to participate in its meetings. Special Representatives' participation at IAWG meetings would further improve coherence and transparency and strengthen confidence amongst agencies, donors and LDCs. In this regard, consultations had produced nominations for these special representatives to the IAWG.

45. The representative of Tanzania said that as a result of consultations among LDCs, Nepal and Tanzania had been identified to represent LDCs to the IAWG.

46. The Chairman of the IAWG said that after his consultations among donors, the United Kingdom and the United States had been nominated to the IAWG.

47. The Chairman invited the Steering Committee to agree to the nominations of Nepal, Tanzania, the United Kingdom and the United States as Special Representatives to the IAWG, who would act in an advisory capacity in order to improve coordination.

48. It was so agreed.

#### G. STATEMENT BY THE UNDP AND THE WORLD BANK ON PROPOSALS FOR POSSIBLE CONTRIBUTIONS TO THE IF TRUST FUND

49. The Chairman said that the UNDP and the World Bank had an extensive network of operational country presence, and that they had made significant contributions to re-design the IF to ensure that it delivered to the LDCs.

50. The representative of UNDP said that her organisation attached great importance to the IF as part of its commitment to development and poverty reduction agenda. Despite its financial problems, the UNDP had decided to make a contribution of US\$100,000 per year to the IF Trust Fund for the next three years from its Global Program. The UNDP also would create additional technical posts in its headquarters and sub-regional office to support activities related to trade and development. Furthermore, given its decentralised structure, where significant resources for programs were held by countries, it was expected that as the IF Pilot Phase matured, additional resources would be allocated for capacity-building projects directly from the country program.

51. The representative of the World Bank said that his organisation had increased its attention and efforts to trade integration, and that trade had become one of the five priorities for the World Bank in its strategic work plan. The strategic work plan influenced the direction provided by the senior management to the Banks' country departments, where budget decisions were made. Moreover, a proposal had been put forward, as part of the Bank's internal budgetary allocation process, to double the amount of work in the area of trade, which would be equivalent to additional US\$ 3 million in terms of staff and staff time. While there was no guarantee for such allocation, the request itself was the indication that the Bank was devoting its efforts to trade.

52. With respect to the IF Trust Fund, a request for possible contribution had been made to the Development Grant Facility, which was the mechanism to allocate the Bank's resources to the activities which were managed outside of the organisation. The IF fit the criteria of the Facility. The request of US\$1.5 million had been made to the Facility, and had been supported by the senior management and by the internal networks dealing with economic policies. The Development Grant Facility, however, was an independent body of the Bank, and allocated resources on the basis of competitive process. While the efforts could be successful, it was important to recognise that trade was competing with many other development priorities.

53. The Chairman, on behalf of the Steering Committee, expressed appreciation to the two institutions for their encouraging and positive statements. He proposed that the Steering Committee takes note of the statements, and reverts to the item at its next meeting for updates, if any.

54. It was so decided.

#### H. INDICATIONS BY DONORS ON SPECIFIC PLEDGES TO THE IF TRUST FUND

55. The Chairman said that the European Commission and Sweden had already made announcements on their pledges to the IF Trust Fund under item E. He invited other donors to announce their pledges.

56. The representative of Switzerland said that Switzerland attached great importance to trade in its development assistance to LDCs, and would therefore like to support the IF. However, due to

administrative and bureaucratic procedures, Switzerland was not in the position to announce its specific pledge to the IF Trust Fund at this meeting, but would do so in the near future.

57. The representative of Norway announced that his country would support the IF with a contribution of US\$500,000 to the IF Trust Fund.

58. The representative of Canada said that his country's contribution would officially be announced by his minister at the LDC-III Conference in May. He added that the fund should be used for country projects, but not for administration

59. The representative of United Kingdom said that one of the key strengths of the IF was its tripartite setting whereby the six international agencies, with the participation by donors and partner countries, would coordinate policies to achieve better integration of developing countries into the global economic environment. All parties needed to work collaboratively to make the Pilot Scheme succeed. Success would allow possible enlargement of the initiative. Recalling the statement by the representative of Canada, she reiterated the importance of trust among all parties for the effective implementation of the IF.

60. The UK fully supported the IF, and recognised the importance of mainstreaming trade into country's overall development strategy and of ensuring coherence coordination between trade policy and trade-related technical assistance at the country level. To support the IF Pilot Scheme, the UK would make a contribution of US\$ 500,000 to the IF Trust Fund. The official announcement would be made by it's the UK Secretary of State at the Development Minister's meeting to be held in London on 19 March 2001.

61. The representative of the Netherlands announced that his country would contribute US\$ 300,000 to the IF Trust Fund. Moreover, he welcomed the announcements made by the UNDP and the World Bank for their contribution and possible contributions respectively.

62. The representative of Denmark said that his country was in the process of finalising the administrative procedures, which would be completed within a few weeks. Denmark intended to make a contribution of US\$ 300,000 to the IF Trust Fund, provided that the UNDP would also make a contribution to the IF Trust Fund.

63. The representative of the European Communities repeated the previous announcement that the Community would contribute 200,000 Euro for the IF Trust Fund. He was encouraged by the announcements made, and reminded other donors that there was still much time left before LDC-III to consider their pledges.

64. The representative of Ireland said that his government was actively considering its contribution to the IF Trust Fund, though he could not specify the amount at this meeting.

65. The Chairman, on behalf of the Steering Committee, expressed appreciation for the announcements made. The contributions were great encouragement for the agencies and LDCs. Recalling the suggestion made by Canada, he proposed to issue a press release on the pledges made to the IF Trust Fund, at this meeting, in order to increase public awareness.

66. It was so agreed.

67. The representative of Haiti congratulated the donor partners for their efforts and contributions to the IF. Their announcements signified their commitments to revitalise the IF. He was further encouraged by the announcements made by the two IF agencies. While the World Bank was still awaiting for an approval for its possible contribution to the IF Trust Fund, he welcomed the request that had been sought by the Bank staff. He also congratulated the UNDP for its contribution at a time

of financial difficulties. Lastly, he reiterated that the funds needed to be directed to the problems of LDCs, not to the administration.

68. The representative of Tanzania, on behalf of all LDCs, expressed deep gratitude to the contributing countries, Canada, Denmark, the EC, the Netherlands, Norway, Sweden and the UK, for their pledges. He also expressed appreciation to UNDP for its contribution and the World Bank for its intention which he hoped would be realised. He was also thankful to those countries which would make contributions, but could not specify their pledges at this meeting. Finally, he reiterated that the funds should be used directly for the benefit of the countries, rather than for administration.

69. The representative of Bangladesh thanked the donors and the two agencies which had announced their contributions to the IF Trust Fund. He sought clarification from the World Bank on how its pledge, when made, would be translated into action, in terms of staff and staff time. He repeated that the funds should not be spent on administrative aspects, but on concrete benefits for LDCs.

70. The representative of the United States said that her country would channel its resources into the IF Pilot Scheme on a bilateral basis. The U.S. would like to know which LDCs would be the pilot countries as it was preparing the use of its resources which would target specific activities for the IF Pilot Scheme. The details of these activities would be specified by the time of LDC-III in May 2001. Specific figures, activities, and countries would be provided at a later meeting.

71. The representative of the World Bank, in response to the clarification sought by Bangladesh, said that the request for resources that had been made to the senior management was in terms of staff time. Since the IF was an unfunded mandate for the institution, there had been no resources dedicated for delivering activities under the IF. Moreover, assistance to developing countries in mainstreaming trade into development strategies had become one of the strategic priorities at the Bank, which now provided the basis in seeking for such resources. Resources obtained would be available for technical assistance, but also and more importantly, for actual lending and projects in trade-related areas. From the Bank's perspective, this was the precondition for launching IF work as it would help direct available resources at the country level for trade-related work.

72. The Chairman of the IAWG recalled the IF seminar which the six agencies had jointly organised on mainstreaming on 29-30 January 2001, and said that the Government of Canada had contributed 25,000 Canadian dollars to support the cost of participation of some LDCs at the seminar.

#### I. STATEMENT BY UNDP ON THE INTEGRATED FRAMEWORK TRUST FUND

73. The Chairman recalled that the Heads of the IF agencies at the July 2000 meeting had decided that UNDP would administer the IF Trust Fund (IFTF), on behalf of the six agencies, on the basis of terms to be agreed amongst the agencies and donors.

74. The representative of UNDP, as the manager of the IFTF and on behalf of the six agencies, expressed appreciation to the donors who had indicated their generous contributions which amounted to approximately US\$ 4.5 million. The IFTF had an account with the Chase Manhattan Bank, with its account number 01522284. UNDP would provide further details later.

75. She said that the draft terms of reference of the IFTF had been drawn up by the IAWG and had been circulated to the IF Steering Committee. The terms of reference were drafted in standard financial language. In addition to each contribution to the IFTF, UNDP as the manager of the trust fund, would exchange a financial agreement with each donor separately for each contribution, as per its standard financial agreement format.

76. The contributions to the IFTF would initially support mainstreaming activities, i.e. integration of trade into development strategies such as PRSPs, diagnostic studies, and prioritisation of trade-related activities in the trade chapters of the PRSPs. UNDP would be keen to move beyond the mainstreaming stage into the next stage of capacity building activities.

77. There would be two windows in the IFTF. Window I was an un-earmarked window, and Window II could be earmarked if donors wished to make earmarked contributions to specific countries. The IFTF was open to all donors, including bilateral donors, agencies, NGOs, and any other organisations. Standard UNDP financial rules would apply to all financial contributions. When matters related to the Trust Fund were discussed by the IAWG, UNDP as the manager of the IFTF would be the chair of the session. Financial reporting for the IFTF would be done if requested by specific donors and reflected in separate financial agreements with them. There would be a fee of 3% for the management of the IFTF, which was charged separately from the executing agency's 13% separate fee.

78. The representative of the United Kingdom said that her country was pleased with the contributions that the World Bank and UNDP had proposed to the IF Trust Fund. Regarding the management fee for the IFTF, while she noted that UNDP had standard articles for trust fund management, she would like to have clarification whether the total charge for the IFTF would be 13% plus 3%. She also made a proposal whether it would be possible for UNDP to make a contribution which would be equivalent to the charge. This issue could be considered since the IF was at the stage of a pilot scheme.

79. The representative of Haiti echoed the suggestion by the UK, and said that the full amount of money in the trust fund would be directed to projects in LDCs. Moreover, he suggested that if UNDP could not make the contribution equivalent of the 13% or 16% fee, it could contribute in kind, i.e. offering management service gratis, which would be considered as its contribution to the IF Trust Fund.

80. The representative of Norway fully endorsed the comment by the UK. He supported the position that all matters related to the Pilot Scheme, including the issue of the management fee for the IFTF, should be reviewed after the pilot phase.

81. The representative of UNDP clarified her previous statement. She said that 3% was for the management fee of the IFTF which UNDP would charge, and 13% was for mainstreaming activities to be executed by any one of the six agencies under the pilot phase. Most of the activities would be executed by the World Bank, as well as by the other agencies, who would usually charge the UN standard 13% fee. However, it would be up to each executing agency to waive or reduce the fee. In the case of UNDP, it had every intention of waiving considerable part of the executing fee. However, regarding the management fee of the IFTF, UNDP would charge 3% as the manager of the Trust Fund. In response to the suggestion by Haiti, she said that UNDP had already decided to make contribution of US\$ 300,000 to the IF Trust Fund.

82. The representative of Bangladesh, on behalf of LDCs, appealed to the agencies to waive the 13% executing fee since the IF was in its pilot phase. He said that all available funds should be used for the benefits of LDCs.

83. The representative of the Netherlands said that the explanation by UNDP was still not yet clear, but he supported the suggestion by Bangladesh. He also sought clarification concerning the status of the document, whether the terms of reference for the IF Trust Fund were still a draft, and whether the Steering Committee needed to take action on the document. Moreover, he inquired whether the document concerned only UNDP or all the six agencies.

84. The Chairman of the IAWG said that UNDP had presented the document on behalf of the six agencies.
85. The Chairman, stated that the Steering Committee should take note of the document on the terms of reference of the IF Trust Fund.
86. The representative of the World Bank said that his institution charged a maximum of 10% for overheads, which was also negotiable, depending on the purpose of trust funds. He added that while a request for reduction of the overhead fee could be made, it was important to note that there were overhead costs associated with the management of trust funds.
87. The representative of UNCTAD said that that his organisation did not have any authority for reducing the prescribed 13% administrative overhead fee.
88. The representative of the Netherlands said that while the WTO General Council had taken the decision on the 13% overhead fees, there was the Program Support Fund to channel resources for technical assistance as a way for maximising the utilisation of funds. The Program Support Fund could be considered as a solution to the 13% overhead fees.
89. The representative of the European Communities said that while acknowledging that there were costs for administering programs and projects, the Integrated Framework was in the pilot phase which had long-term implications. Moreover, after having made much efforts to make fund available for the Pilot Scheme, it would be difficult for financial administrators in the Communities to accept that the IF Trust Fund would charge 16%, which was 3% more than the usual 13%, and which was an additional management fee for the fund.
90. The representative of Canada, echoing the previous comments, said that it was important for the IF to demonstrate maximum results with its still limited resources. It was important to make clear how much was needed for administration of the fund and how much for delivery of concrete activities.
91. The representative of Haiti said that he supported the comments by the Netherlands, the EC and Canada. The 13% overheads costs of the US\$ 4.5 million of contributions to date amounted to US\$580,000. Together with the additional 3% management fee, the total of US\$720,000 would be deducted from the IF Trust Fund in order to support administrative costs. He asked whether the agencies could waive such fees at least during the pilot phase when utmost efforts should be directed to the take off of the IF Pilot Scheme. Moreover, such gesture would send a positive signal to the rest of the world.
92. The representative of the World Bank, in response to the comment from the EC, said that since the World Bank only charged 10% for the overheads cost, therefore, the overall 13% could be met. Secondly, the 13% fee was not only used for the administration of the IF Trust Fund, but also for the implementation of projects in the field, in this case, for undertaking activities to mainstream trade in LDCs. However, the 3% charged by UNDO would be used for the administration of the fund.
93. The Chairman said that Members would like to see the bulk of the resources spent on actual projects and not on the administration of the IF Trust Fund. There was the need to explore options, including the possibility of waiving or reducing the 13% fee.
94. The representative of UNDP said that the agencies would like to informally consult among themselves in order to explore some options for consideration by Members.
95. The Chairman suspended the meeting to allow informal consultations among the six agencies.

[Informal consultations]

96. The representative of UNDP stated that all agencies shared the feeling of Members that the bulk of resources in the IF Trust Fund should be expended on activities in countries. However, the agencies would like to emphasise that they already bore considerable expense from their regular budget for the purpose of the IF, including for country missions, coordination and transactions. It was important to recognise that the core agencies had already allocated significant resources from their budgets in support of IF.

97. With regard to the possibility of waiving or reducing the overhead cost for the IF Trust Fund, positions of the core agencies were as follows: i) two agencies had indicated flexibility in waiving all or part of their percentage charges; ii) one agency would not charge for any work undertaken under the IF Pilot Scheme; iii) another agency was prepared to make a request to waive or reduce the percentage; and, iv) two other agencies had very little flexibility, if at all, in their financial procedures for reducing or waiving the percentage charges. The agencies, as a group, would therefore like to propose to the Steering Committee that on average, no more than 13% would be charged, covering both the 3% management fee by UNDP and the overhead fee for the executing agency. She added that the agencies had now reduced the original proposal of 16% for the total costs to 13%.

98. The representative of the Netherlands requested the agencies to discuss the matter with their respective boards.

99. The representative of Haiti appealed to the agencies to show flexibility concerning the fees for the Trust Fund in the pilot phase. He said that the matter could be revisited at the next meeting of Steering Committee.

100. The representative of Tanzania asked if the agencies could reduce the fees to less than 13% on average.

101. The Chairman said that while donor and LDC Members of the Steering Committee had expressed their wish to see the reduction in the fees for the IF Trust Fund to 13% or lower, it was important to bear in mind that the agencies could not break the rules set by their memberships. He proposed that the Steering Committee take up the matter at its next meeting.

102. It was so agreed.

#### J. PRESENTATION BY THE WORLD BANK ON THE DRAFT PILOT PHASE WORK PROGRAMME

103. The Chairman said that the World Bank, given its research and analytical capacity and experience in the area of trade, as well as its extensive network in countries, had been designated as the lead agency to undertake mainstreaming work in LDCs for the IF. Other core agencies, based on their comparative advantage, would support the Bank's lead role in mainstreaming. The chairman invited the representative of the World Bank, on behalf of the IF core agencies, to make a presentation on the draft Pilot Phase Work Programme.

104. The representative of the World Bank, speaking on behalf of the IF core agencies, said that the Pilot Phase Work Program proposed a programme for activities to be undertaken during the pilot phase. The overall objective of the pilot program was to develop trade integration strategies for individual LDCs as part of their national development strategies. The primary vehicle for achieving this goal would be the PRPS process. The program would essentially assist countries that were committed to integrating trade into their PRSPs, to identify ways in which they could expand their exports, production and employment in labour-intensive sectors in the context of the strategy aiming to reduce poverty.

105. The Work Programme would initially start in three pilot countries. Once the three pilots were completed by November 2001, the extension of the program to other LDCs could be considered by the Steering Committee. The Work Programme also provided ways to address the needs that had been identified at the IF Round Tables held under the "old" IF. A colleague from the ITC would provide further details in this regard under agenda item K.

106. The key criteria for country selection for the pilot scheme was full commitment and ownership by the government towards the objective of putting trade into their development strategies. This had to be understood in the context that for many LDCs, trade might not be the priority among other development priorities, and it was up to the country to define its priorities. The Pilot Scheme would therefore work with countries which had identified trade as their key priority.

107. The PRSP process would be the primary vehicle for the pilot countries. It would be a country-driven process whereby the Bank team would assist the country, through the participatory process, in defining the trade integration strategy for the country. The incorporation of the trade integration strategy into a PRSP would depend on the availability of already existing trade-related programs, for instance, export development programmes, and on the progress that has been made in the PRSP process.

108. There were two broad dimensions to the five activities as specified in the Work Program. First, there would be the assessment of the broad policy framework, including the assessment of the incentive regime that pertained to investors and investors in particular activities of export growth potential. Second, specific attention would be paid to individual sectors where a Bank team would identify the priorities for alleviating key constraints and bottlenecks that impeded investment, production and export in the sectors. In developing such trade integration strategy, efforts would be made to place the country within a framework of economic performance, using general indicators such as GDP per capita, growth, and export growth. Attention would also be focused on particular activities, from the trade point of view, that would help in poverty alleviation in the country. This focus on poverty alleviation was the key element of the PRSP process. A major challenge for the trade integration strategy was to identify how trade and trade-related policies and activities could assist in achieving the objective of poverty alleviation.

109. Activities to be carried out under the Work Program would essentially involve missions to each of the pilot countries, led by the World Bank, working together with the other core agencies and, most importantly, with national stakeholders. The role of a counterpart team in the country would be an important element for mainstreaming trade in it's the country's development strategy under the auspices of PRSP process. As part of the participatory nature of the PRSP process, a series of consultations would be held with the private sector, such as the Chamber of Commerce, as well as with the civil society. The objective of this approach was to establish an advocacy voice in the country which would assist in moving the trade agenda forward to the core of the country's development strategy. Without such a constituency for supporting trade, it would be difficult to mainstream trade in the country's' development plan or strategies for poverty reduction.

110. The visit to the country would involve at least two mission. Such missions would involve the assessment of policy environments, the investment climate, and the identification of key bottlenecks in areas such as customs clearance and transportation. The assessment of macroeconomic environments, including the use of fiscal incentives for export production, would be assessed by the IMF which had the expertise in this area. The results of these missions would then be incorporated into a trade integration strategy, which would contain several elements. First, the Bank team, in consultations with local counterparts, would identify priority areas for policy reforms, which would then be supplemented by a number of sector-specific action plans focusing on alleviating key constraints and bottlenecks in these sectors. The team would also be expected to design project proposals which could offset these constraints. The proposals would then be presented at Consultative Group (CG) meetings for possible financing by the donor community. Project proposals

involving large scale infrastructure investments could also be put forward for financing through credits from the Bank, or through the PRGF grant facility of the IMF, at the end of PRSP process.

111. The budget for each trade integration strategy would largely depend on the availability of existing work on trade in the country, but it was expected to be in the order of US\$300,000 per country under the Work Program. Projects that would be identified by the trade integration strategy could be submitted to CG meetings for financing. The goal was to ensure that these proposals would not be only driven by the trade ministry, but would be embedded in the country's national development strategy, and therefore be identified as one of the priorities by the government for financing. Once it was achieved, there would be additional resources for achieving the goals of trade integration and of pro-poor economic growth.

112. The representative of the World Bank continued that a list of countries which could be considered for pilots included: Cambodia, Djibouti, Eritrea, Guinea, Lesotho, Malawi, Mali, Mauritania, Madagascar, Mozambique, Nepal, Sao Tome and Principe, Yemen and Zambia. Given the limited amount of resources available, only a subset of these countries would be included in the pilot phase. The Work Program would first start with three pilot countries for the trade integration strategies, and the five countries that had held the Round Tables under the old IF. The five countries included Bangladesh, the Gambia, Haiti, Tanzania and Uganda. The objective for the five countries was to follow up on the projects that had been identified as priority trade-related technical assistance needs at the IF Round Tables. The budget in the order of US\$300,000, equivalent to the cost of a trade integration strategy, would be made available for each of the five countries.

113. Finally, speaking from the view of the World Bank, the representative said that once the internal budgetary process ended in June, he would be in the position to know which countries could be added to the three initial pilots for the trade integration strategy.

114. The Chairman, on behalf of the Steering Committee, thanked the World Bank for its presentation. He said that once good results were obtained from the initial three pilot countries, there could be more resources available for other LDCs.

115. The representative of Lesotho said that his country had completed its Interim-PRSP in December 2000, and was preparing various elements for a full PRSP through the participatory process which was designed on issue-based forums. Lesotho's Interim-PRSP had little emphasis on trade, and the Government intended to strengthen the trade dimension of PRSPs in its full PRSP. The Government had followed the guidelines that had been set by the World Bank and the IMF for the preparation of its PRSP. However, the guidelines had not so far set out steps for advising the Government on how to design and ensure the trade dimension in PRSPs. The representative therefore asked the World Bank whether the guidelines for PRSPs had been revised to reflect the emphasis on mainstreaming trade into overall national development strategies.

116. The representative of the Development Assistance Committee at the Organisation for Economic Co-operation and Development (DAC/OECD) thanked the Steering Committee for inviting her organisation as an Observer to this meeting. The DAC/OECD was closely following the progress of the IF which had so far been encouraging, and hoped that her Organisation could constructively contribute to discussions in the area of trade-related capacity building. Regarding the Work Program, she asked what role the other core agencies would play in the preparation of trade integration strategies, and to what extent local experts would be involved in the process. In her view, the involvement of local counterparts and experts in the process was necessary. Moreover, she inquired whether the timing of the CG and UNDP Round Tables meetings had been taken into consideration for the pilot countries, as it was an important factor for managing the expectation of LDCs.

117. The representative of Canada expressed her country's wish to come back to the discussion on the Work Program at a later date. As a preliminary comment, she said that it would be useful to link

the Work Program with other multilateral and bilateral efforts, such as the JITAP which encompassed, *inter alia*, four LDCs, and which focused on mainstreaming trade.

118. The representative of Tanzania sought clarification on two versions of the Work Programme regarding the treatment of Tanzania. In the earlier version, Tanzania was mentioned as part of the possible set of countries for the trade integration strategies, out of which three would be selected. In the later version, Tanzania was mentioned only as part of the five Round Table countries whose prioritised trade-related projects would be considered at the next Steering Committee meeting. He felt that it was such a dramatic change for the status of his country.

119. The representative of the World Bank said that, in response to the question raised by Lesotho, the current version of the PRSP Sourcebook, which provided guidance for the preparation of PRSPs, had a light trade section. The Bank had been preparing a methodological handbook or chapter for the Sourcebook. The draft had been circulated for comments to trade experts, inside and outside of the institution. The Sourcebook would be in circulation in the coming weeks. Another important factor in ensuring the mainstreaming of trade into PRSPs was the strong support from relevant country departments in the Bank, which were instrumental in the PRSP process. The representative suggested that Lesotho communicate its commitment to mainstream trade to the country department responsible for his country.

120. In response to the question from the DAC/OECD, the representative of the World Bank said that the process outlined in the Work Program was one of partnership. For instance, missions to the pilot countries would be led by the Bank, but also might be joined by other core agencies if they had competence and interest in particular areas, such as customs and transportation. Local consultants, from both the Government and the private sector, would also be intensively involved in the process, as they had information regarding the country. However, the level of their involvement would depend on the availability of information and studies on the country. With respect to the timing of CG and Round Table meetings, he noted that ideally, a trade integration strategy would be completed and embedded into a PRSP before the next planned meetings. However, the reality could be different, due to the complexity of planning these meetings. Nonetheless, efforts would be made to ensure that the outcomes of the trade integration strategy would feed into CG meetings.

121. In response to the question from Canada, the representative said that the objective of the IF was to co-ordinate multilateral and bilateral efforts in the area of trade-related technical assistance and capacity building, including JITAP. By utilising the IF network, the agencies would be able to avoid duplication of activities, but would be able to generate linkages of activities and synergies out of the IF process.

122. In response to the question from Tanzania, the representative said that the specific needs of the five countries had already been identified at the IF Round Tables. Some of these needs could be addressed without going through the pilot scheme. The agencies would be consulting with the five countries to identify and prioritise the projects which had emerged at their IF Round Table processes.

123. The representative of Haiti sought clarification on the selection of pilot countries. He thought that the task of the selection was vested in the Steering Committee, with which he fully agreed. However, the new version of the document appeared to be unspecific about who was in charge of that task.

124. The representative of Ethiopia asked who would make the assessment of the 14 countries listed for possible pilot countries whether they fulfilled the criteria to be considered as pilots.

125. The representative of the European Communities said that at first sight, the Work Program generally looked fine, though it still needed to be looked at more carefully. In particular, he was pleased with inter-agency co-ordination in the PRSP process that other core agencies would

participate in World Bank-led missions. He reiterated that not only the World Bank and the IMF, but also the other agencies, would have a full role in the exercise.

126. Regarding the selection of pilot countries, he emphasised that the Steering Committee should not micro-manage all details of the Work Program. The Work Program had made significant progress, by addressing the issue arising from the old IF for the five countries which had held the IF Round Tables. This had at least removed the concern of preferential and non-preferential treatment in the pilot program. It was premature to select pilot countries at this meeting. Therefore, it would be appropriate for the IAWG, where Members of the Steering Committee were represented on a smaller scale, to consider the selection of pilot countries, since expertise for the task was with the agencies. The IAWG would then report to the Steering Committee which was the body providing overall policy oversight and guidance for the IF. The Steering Committee was not well-equipped for the selection task. Rather, the Steering Committee should make sure that there was a basic framework for the implementation of the pilot scheme, and should urge the agencies to implement it. It was important for the Steering Committee to trust the agencies for the day-to-day management of the Work Program.

127. The representative of Uganda stressed that it was important for the Bank and the IMF to factor trade into their programs at the country level. The guidelines for drawing up PRSPs and UNDAF had little emphasis on trade, and as a result, Uganda's PRSP had little on trade. His Trade Minister had indicated that Bank and IMF country representatives had not talked about trade in their discussions with the Ugandan Government. As Uganda was part of the five countries which had held the IF Round Tables, he wondered how the follow-up activities for the IF Round Table countries (i.e. prioritised and sequenced trade-related capacity building projects) would be mainstreamed into the on-going PRSP process in Uganda.

128. The representative of the United States said in her preliminary comments that the Work Program looked fine at the first sight, but that the United States would like to come back with more detailed comments at a later date. She reiterated that the process in the Work Program needed to be based on demand-driven efforts by LDCs.

129. The representative of the World Bank said that in response to the question raised by Uganda, it was up to the Government of Uganda to decide on priorities for the country's development strategy, in terms of the utilisation of available resources. Moreover, a PRSP had to be seen as a dynamic process where adjustments were made as the country's needs changed over time. The agencies, therefore, would stand ready to assist the Ugandan Government in mainstreaming trade into its PRSP.

130. The representative of UNDP, commenting on the issue raised by the DAC/OECD regarding the timing of CG and Round Table meetings, said that once the mainstreaming process was completed, it should be fed into the next CG or Round Table meeting, where the trade-related capacity building needs that had been identified in the trade integration strategy would be addressed. It was important for the agencies to ensure that there would be no time-lag in the pilot process, and that the agencies would respond to needs immediately, as soon as they were identified.

131. The representative of Haiti re-stated the question that he had posed earlier in his intervention regarding the selection of pilot countries. He said that if it was not for the Steering Committee to decide on this matter, it should be stated clearly that the IAWG would be take up the task.

132. The Chairman said that, on the one hand, Members of the Steering Committee would like to see the actual implementation of the Work Program as transparent as possible but, on the other hand, it was not practical and effective for them to get involved in every small detail of the process. These concerns needed to be balanced. As laid out in the IF Pilot Scheme document, the Steering Committee had the responsibility for (i) setting policy guidelines, policy co-ordination and oversight; and, (ii) assessment of progress of the IF. The task of the Steering Committee at this meeting, therefore, was to evaluate the Work Program, including the methodology for selecting the pilots,

which was put forward by the World Bank, in the name of the IAWG. Thereafter, the Steering Committee would ask the IAWG to identify three pilots out the 14 countries listed in the Work Program, and to report to the Steering Committee at the next meeting. He believed that this would be a reasonable and balanced division of labour between the Steering Committee and the IAWG.

133. The representative of Tanzania fully agreed with the Chairman's view that the IAWG should take up the task of identification of three pilot countries, and asked the Chairman to clearly reflect this in the text of the Work Program. He believed that the IAWG, where both donors and LDCs were represented in a smaller format than the Steering Committee, would follow the guidelines which had been set by the Steering Committee.

134. The representative of Bangladesh advised caution regarding the inter-agency missions which were envisaged in the Work Program, citing his previous experience in preparations for Bangladesh's If Round Table. The visit by a large, high-level inter-agency delegation to Dhaka had not resulted in any concrete actions under the old IF. He was also cautious that, despite the importance of empowering advocacy groups, especially among the private sector, for mainstreaming trade in the country, it was important to target the right groups and experts for that purpose.

135. The representative of Canada stated, on behalf of all donors, that she was in full support of the suggestion made by Tanzania. Donors and LDCs would rely on their Special Representatives to the IAWG to ensure that decisions would be taken in accordance with their will.

136. The Chairman suggested that the next revision of the Work Program should incorporate the position that the IAWG would identify and agree to the "three pilot countries. He summarized positions expressed by Members that the Steering Committee agreed with the Work Program with amendments suggested by members. He then asked the IAWG to proceed with the selection of pilot countries, as laid out in the Work Program. Moreover, he proposed that since the Steering Committee had held preliminary discussions on the Work Program, the Committee should hold another exchange of views on the Work Programme, at the next meeting, in order to continue to build on current progress being made and to assist the implementation of the pilot phase.

137. It was so agreed.

138. The Chairman congratulated the World Bank and the other agencies for putting together the Work Program, and urged a speedy continuation.

139. The representative of the World Bank repeated that his presentation and subsequent interventions had been made on behalf of the IF six agencies, not only of the Bank.

140. The representative of the United States asked whether the Steering Committee was adopting the Work Program at this meeting.

141. The Chairman responded that the Steering Committee had not adopted the Work Program. However, it was authorising the IAWG to proceed with the Work Program, in accordance with the guidelines that had been set by the Steering Committee and the understanding that had been reached. This approach would enable the Steering Committee and the agencies to gain time in view of the collective wish to demonstrate early tangible results on the Pilot Scheme. However, this was the first reading of the Work Program, and the Steering Committee would take it up again at its next meeting.

142. The representative of Haiti sought clarification as to whether donors and LDCs were part of the IAWG.

143. The Chairman responded that having appointed four Special Representatives from donors and LDCs to the IAWG earlier at the meeting, it was clear that the IAWG had a new composition – the six agencies, 2 Special Representatives each from donors and LDCs.

144. The representative of the European Communities reiterated the importance of speedy implementation of the Work Program, and asked when the IAWG would meet and take necessary decisions on the three pilot countries. In his view, the question of the adoption of the Work Program was not necessarily an important issue. However, it was important, by the time of the Third United Nations Conference on LDCs in May 2001, that work on mainstreaming trade would have already started, at least, in the three pilot countries.

145. The Chairman said that the next IAWG meeting would be held at the margins of the Third Preparatory Committee meeting for LDC-III in New York, within the next two weeks. He urged the IAWG to keep this timetable, so that results in the three pilot countries would be obtained by November 2001.

#### K. PRESENTATION BY ITC ON STATUS REPORT ON THE FIVE ROUND TABLE COUNTRIES

146. The Chairman stated that outstanding work from the old IF process needed to be resolved, including in those five LDCs that had held Round Tables prior to the review of the IF. While the IF now proceeded with the new focus on mainstreaming, it was important to follow up activities which had been initiated by the five countries at their Round Tables.

147. The representative of the ITC said that five trade-related IF Round Tables had been held in Bangladesh, The Gambia, Haiti, Tanzania and Uganda between December 1998 and January 2000. It had been well known that donor response to trade-related technical assistance projects presented at these Round Tables had not met the expectation of these countries. The IAWG had asked the ITC to help validate and prioritise those trade-related technical assistance proposals for possible renewed interests of donors and/or funding from the IF Trust Fund, and had asked the ITC to bring the results of consultations to the IAWG and Steering Committee.

148. Under the old IF approach, trade-related priorities had been determined by the countries themselves in accordance with their expectation towards the level of available resources. The countries had prepared documentation for the Round Tables, and had also established IF focal points to facilitate the process. On average, 20 project proposals had been prepared for each of the Round Tables. The sum of those projects tabled had mounted to some US\$200 million, of which US\$100 million had been related to technical assistance and another US\$100 million related to infrastructure. The important result from these Round Tables had been the manifestation of interests by donors for certain proposals. However, with a few exceptions, no official pledge had been made. There had been no follow-up mechanism since the Round Tables had been held.

149. The representative of Haiti said that it was important for the IF to move forward on two tracks, and commended the ITC for its work in following up the Round Tables. He asked if the ITC would be eligible to benefit from financing of follow-up activities to the Round Tables out of the IF Trust Fund?

150. The representative of the Netherlands sought clarification from the ITC regarding the follow-up to the Round Tables since paragraph 3(d) of the Pilot Phase Work Program stated something different. He said that not all project proposals from the Round Tables could be presented to the Steering Committee for financing, since resources in the IF Trust Fund were limited to finance projects such as infrastructure. Instead, the follow-up mechanism should be with the World Bank Consultative Group or UNDP Round Table meetings where those projects, including infrastructure-related, could be presented for financing.

151. The Chairman of the IAWG said that infrastructure would not be financed from the IF Trust Fund, as currently designed. While the IF was proceeding on the basis of the Pilot Scheme, some outstanding issues from the old IF process needed to be resolved. The IAWG had held consultations and had agreed that as a mark of good faith, some trade-related technical assistance projects presented at the IF Round Tables, on a prioritised and sequenced basis and in support of mainstreaming, would be submitted to the Steering Committee for funding. As stipulated in paragraph 3(d) of the Pilot Phase Work Program, the IAWG would present a list of prioritised and sequenced trade-related projects at the next meeting of the Steering Committee. ITC's reference to the figure of US\$200 million had exceeded what had been agreed at the agencies' consultations. There was a ceiling of US\$300,000, up to which trade-related technical assistance in support of mainstreaming would be financed. The ceiling was the same amount that would be extended for a trade integration study.

152. In response to the question from Haiti regarding whether the ITC would benefit from the IF Trust Fund, he said that the IAWG would make appropriate recommendations as to which agencies would implement selected projects.

153. The representative of the ITC said that the ITC had been asked to undertake consultations, using its own resources, to assist in updating trade-related projects which had been formulated in the old IF process. With regard to the follow-up mechanism to the Round Tables, he clarified that the LDCs had requested the agencies for follow-up activities to the outcomes of the Round Tables.

154. The representative of Canada suggested that in order to avoid the similar problems that had occurred in the post-Round Table phase, a mechanism should be established to monitor progress in targeted countries in the pilot phase. Such mechanism would allow the Steering Committee to keep track of progress in pilot countries.

155. The representative of the United States said that it was important to balance the assistance provided by contributing donors and by non-contributing donors in the IF Pilot Scheme, including in the case of the follow-up to the Round Tables in the five LDCs. Since the U.S. was in the process of channelling resources to some selected countries, such as Bangladesh, Haiti, Malawi, Mozambique and Uganda, as part of its contributions to the IF Pilot Scheme, it was important to recognise the role of bilateral donors in the process of prioritising and sequencing trade-related technical assistance projects, as stipulated in paragraph 3(d) of the Pilot Phase Work Program.

156. The representative stressed the importance of the holistic approach in the IF Pilot Scheme, where all activities were pooled together to assist LDCs. The success of the scheme would be important, as it would lay out a road map for the IF after the pilot phase.

157. The representative of the Netherlands said that the two existing approaches eventually need to be merged into one, where outcomes of a trade integration strategy and project proposals would feed into the CG or Round Table process. However, it was up to donors and institutions to pick up projects for financing and implementation.

158. The Chairman said that the request from the U.S. could be accommodated by adding the wording "from on-going bilateral resources" in paragraph 3(d) of the draft Pilot Phase Work Programme. In response to the suggestion by Canada, he reminded the Steering Committee that the framework document for the Pilot Scheme in paragraph 11, Section VI, already provided that the Pilot Scheme would be monitored and reviewed, and that the IAWG would make a report on its progress to the Steering Committee.

159. The representative of Haiti sought clarification to his early query, as to whether the ITC would benefit from US\$ 300,000 that had been allocated to each of the five LDCs from the IF Trust Fund.

160. The representative of the EC, in response to the query by Haiti, said that resources would be made for the five LDCs as part of the follow-up to those projects that had been presented at the Round Table meetings. This would assist in bringing to closure the old IF process. At the same time, the IF would proceed with the new approach where resources would be made available for the trade mainstreaming work, led by the World Bank, and where projects resulting from such work would be submitted, for consideration, to the CG or UNDP Round Table meetings. The budget amounted to US\$ 1.5 million for the five LDCs under the old IF process and US\$ 0.9 million for the three pilot LDCs. If all pledges materialised, additional LDCs would be considered for the Pilot Scheme.

161. The representative of the United States welcomed the Chair's suggested wording for paragraph 3(d) of the draft Pilot Phase Work Programme, reiterating that projects as a follow-up to the IF Round Tables, including from both contributing and non-contributing donors, would be presented to the Steering Committee.

162. The representative of Canada echoed the comment from the US, concerning the role of bilateral donors. She suggested that two additional points needed to be clarified in the draft Pilot Phase Work Programme: first, US\$300,000 was the ceiling for trade-related technical assistance projects to be financed from the IF Trust Fund for each of the five LDCs which had held the IF Round Tables; second, that a list of prioritised trade-related technical assistance projects would also be presented at the CG or Round Tables.

163. The Chairman suggested that the changes be introduced in paragraph 3(d) of the draft Pilot Phase Work Programme.

164. It was so agreed.

#### L. OTHER BUSINESS

165. The Chairman proposed that the next of meeting of the Steering Committee should be held on 3 May 2001, before the Third United Nations Conference on Least-Developed Countries (LDC-III), 14-20 May 2000.

166. It was so agreed.

167. In the absence of any other business, the meeting was adjourned.

Annex 1

**Provisional Agenda for the First Meeting of the IF Steering Committee**  
**15 March 2001, WTO**

1. The Integrated Framework Steering Committee (IFSC) will hold its first meeting on 15 March 2001, beginning at 10.00 a.m. in Room D, WTO.
  2. The items proposed for the provisional agenda are as follows:
    - (a) Opening statement by Mr. Mike Moore, Director-General, WTO
    - (b) Adoption of the agenda
    - (c) Election of the Chair and the Vice Chair of the IF Steering Committee
    - (d) Remarks by the elected Chair
    - (e) Exchange of views on the Terms of Reference of the IF Steering Committee
    - (f) Appointment of Special Representatives (2 donors and 2 LDCs) to IAWG
    - (g) Statement by UNDP and the World Bank on proposals for possible contributions to the IF Trust Fund
    - (h) Indications by donors on specific pledges to the IF Trust Fund and other IF resources
    - (i) Statement by UNDP on the IFTF (Account Number and standard articles of Trust Fund establishment)
    - (j) Presentation by World Bank (on behalf of the IAWG) on draft Pilot Phase Work Programme
    - (k) Status report by ITC (on behalf of the IAWG) on the 5 LDCs that held Round Tables
    - (l) Any other business
    - (i) dates for next meeting
-