

**Integrated Framework Steering Committee  
Eleventh Session**

**REPORT ON THE 11<sup>TH</sup> MEETING OF THE  
INTEGRATED FRAMEWORK STEERING COMMITTEE (IFSC)**

Friday 13 February 2004, WTO, Geneva

*Chairperson H.E. Mr. Henrik Rée Iversen (Denmark)*

1. The Integrated Framework Steering Committee (IFSC) held its eleventh meeting on Friday, 13 February 2004. The adopted agenda is reproduced in Annex 1.

A. FOLLOW UP TO THE EVALUATION OF THE INTEGRATED FRAMEWORK

2. The Chairman recalled that at its last meeting on 27 October 2003, the IFSC had had an extensive discussion on the Report of the evaluation of the Integrated Framework prepared by Capra and circulated as document WT/IFSC/6/Rev.2. The summary of this report had also been circulated as document WT/IFSC/6/Rev.2/Add.1, dated 3 December 2003. In December 2003, the Integrated Framework Working Group (IFWG) had held a one and a half day retreat to further discuss the recommendations contained in the Report of the evaluation. Based on the outcome of these discussions, the IFWG had drawn up a draft Work Programme on follow-up actions to implement recommendations of the evaluation. The IFWG had met earlier in the week and had approved the Work Programme and transmitted it to the IFSC for its review and subsequent approval. The Work Programme contained in document WT/IFSC/W/14 proposed a number of actions to be achieved by 31 December 2005.

3. In introducing the Work Programme, the Chairman of the IFWG recalled that since the last meeting of the Steering Committee, the IFWG had spent much time focusing its attention on the recommendations of the evaluation, in particular on how to improve the operational aspects of the IF in order to deliver greater benefits to the LDC community. In addition to the usual format of formal IFWG meetings and email exchanges, there had been a one and a half day retreat to look in more detail at the recommendations of the evaluation. The outcome of the IFWG discussion was the Work Programme, which had been approved by the IFWG earlier that week. He explained that the Work Programme focused on nine broad areas of action. Follow-up to the Diagnostic Trade Integration Studies (DTIS) remained the biggest challenge in the IF implementation. While follow-up activities were taking place, there was a need to ensure that these did not stall upon completion of the studies. He stressed that the IF process, including the follow-up was a process led by the country. However, both bilateral and multilateral development partners had to ensure that their ongoing and future assistance was programmed in line with the DTIS findings and priorities identified by the government in the Action Matrix. On the matter of the IF extension to other LDCs, he proposed that new and pending requests would be addressed inasmuch as existing capacity constraints to undertake the DTIS allowed. Currently, five to six DTIS were undertaken per year. The Work Programme also envisaged the incorporation into the restructured IF of the five countries which held the IF Round Tables under the old IF process.

4. The Chairman of the IFWG underlined the need to ensure that the resources of the IF Trust Fund, particularly those in Window II, were used effectively to assist LDCs to achieve the objectives of the IF. The IFWG was already making progress in that regard. Furthermore, coordination of trade-related technical assistance and capacity building was one of the core objectives of the IF. Moreover, the Work Programme put emphasis on ensuring synergies between the IF and JITAP and suggested some practical administrative arrangements in that respect. He reminded that country ownership was the guiding principle of the IF process. The role played by the IF National Steering Committee and the IF Focal Point were key to the successful implementation of the IF process. Governments which benefited both from the IF and JITAP should be encouraged to establish arrangements to ensure synergies, including the use of a single national steering committee for both the IF and JITAP, the appointment of the same focal point and to link the DTIS and JITAP capacity building capacities. The Work Programme envisaged further strengthening of the country-led IF process through additional support to the National Steering Committee and the Focal Point. Moreover, the expansion of the IF to additional LDCs, accompanied by the greater need for coordination and outreach activities implied the need to enhance the role and functions of the IF Secretariat as well as its strengthening. Finally, he thanked bilateral and multilateral donors for the financial support they had provided to the IF since the establishment of the IF Trust Fund in 2001. Along with the envisaged expansion of the IF to additional LDCs, he expressed the need for increased resources in the Trust Fund so as to ensure the smooth implementation of the IF in the on-going and new IF countries.

5. The representative of Bangladesh said that the six clear evaluation objectives, outlined in the terms of reference of the evaluation were blurred in the evaluation document. The approach of the evaluation and the way evaluation issues were handled had resulted in inappropriate recommendations in the context of the IF and several of these recommendations were not reflected in the Work Programme. Moreover, the evaluation did not indicate whether the IF was an effective mechanism to address supply-side constraints. The report of the retreat pointed out that attention was increasingly focused on process issues rather than impact or outcome. He stressed the fact that the IF should not only be regarded as a mechanism for mainstreaming trade but rather aim at helping LDCs better participate in the multilateral trading system. He underlined that LDCs attached great importance to follow-up rather than just a well-written DTIS. Effective follow-up to the DTIS would imply that there would be predictable and adequate funding for priority technical assistance projects identified by LDCs in their action matrices. The success of the IF would also be judged from its ability to attract funding for large-scale projects from other sources. He said that great importance was attached to Window II for the success of the IF in the post-DTIS stage and reminded that the terms of reference for Window II were developed after intensive negotiations and should be adhered to at the operational level. Commenting on the IF process he stressed that the IF should help LDCs and not form another conditionality. There was a need to make the process simple for LDCs that wished to benefit from the IF and had the appropriate commitment. Regarding Window I, he said that more money had to be committed to that Window in order to have new DTIS studies in the relevant countries. As more countries are becoming Members of the IF, there was also a need to enhance the capacity of the IF Secretariat. He hoped that development partners would contribute more to the IF Trust Fund and the Secretariat be appropriately strengthened. He noted that several LDC delegations would like to see item 2(i) of the Work Programme rephrased to: " ... to urge development partners to substantially increase contributions to the IF Trust Fund". On a different note, he regarded outreach activities to be very important for awareness creation about the IF. There was a need to showcase some IF success stories. However, prior to that there was a need to be cautious about further outreach as it could constrain or compete with the core IF processes. He said that the Integrated Framework's objective was not to resolve all problems faced by LDCs, but rather to assist them in increasing their exports. The IF would cease to be of interest to LDCs if it was transformed merely into a mechanism for incorporating trade into national development plans. Finally, even though the Work Programme was indicative in nature, it could bring the desired impact for LDCs when the operations of the IF were improved.

6. The representative of Canada referred to two points raised by the representative of Bangladesh. She reiterated that the underlying principle of the IF was to focus on results. Second she underlined that her delegation was utterly committed to follow-up activities. She noted that there was a small difference of perception. Her perception was that the responsibility for leading this process lay with the LDCs while the partnership from the donor community would come in once the LDCs had determined their priorities and had put forward requests for priority projects to be delivered. In recognition of a gap, the creation of Window II met the immediate short-term needs. Overall, donors and LDCs were on the same wavelength, yet donors emphasized ownership as the most important element to ensure the success of the IF process in LDCs.

7. The representative of Yemen associated his delegation's position with the statement made by the representative of Bangladesh. He reported on the implementation and ownership of the IF process in Yemen. He added that the UNDP played an important role in the implementation of the IF process, and thus UNDP local offices should pay particular attention to the IF among all their other activities in LDCs. Ownership of the process by his Government depended on whether the UNDP local office was available for assistance. Regarding the IF process in his country, he noted that the DTIS and its action matrix were submitted to the General Policies Committee, chaired by H.E. the Prime Minister, for a final evaluation. Regarding the implementation of the process in Yemen, in particular as regards funding through Window II of the IF Trust Fund, several meetings of the Local Project Approval Committee (LPAC) had already been held, chaired by the Minister of Industry and Trade. At its meeting on 10 January 2004, the LPAC had approved three project proposals to be submitted for Window II funding.

8. The representative of Nepal said that the Integrated Framework would be an important instrument to assist LDCs to enhance their trading capacity. Trade was an important element of economic growth and also an important element of alleviating poverty in his country. As such, his delegation attached great importance to mainstreaming trade into the PRSP process. He added that the latter had just been completed. Nepal had completed its DTIS and action matrix. An implementation seminar was held in Katmandu in November with a view to discussing with all stakeholders, including donor partners, the implementation of the IF in Nepal. His delegation reiterated that ownership was extremely important to the success of the process. In this view, the IF National Steering Committee was created. The LPAC had also been created and had held its first meeting last December. A project proposal for Window II had already been prepared and submitted. While ownership of the process by his Government was important, he stressed that support from the international community and donors was equally important. He urged the international community to place additional resources in the IF process. Finally, he supported the suggestion made earlier by the representative of Bangladesh regarding point 2(i) of the Work Programme, re-phrasing it to reflect the real need for the enhancement of the IF Trust Fund, so that the IF could achieve its objectives.

9. The representative of Switzerland spoke on behalf of the donors as newly elected donor coordinator in the IF. Donors had been discussing the Work Programme and supported it as it covered the main findings of the IF evaluation. Donors agreed that the end of 2005 was a reasonable deadline to complete the Work Programme. He stressed the critical issue of strengthening country ownership. Experiences in LDCs showed that a strong local structure, a strong focal point and a committed national steering committee would enhance the success of the IF process in the country. Strengthening the IF Secretariat was an equally important matter. However, to assist donors in exploring possibilities of strengthening the Secretariat, some clarifications were needed as to the role of a strengthened Secretariat and its possible contribution to promote the IF process in the field. A small team of donors would prepare a desk analysis to evaluate the role of the Secretariat, followed by a meeting with the IF Secretariat, in order to move forward with this issue.

10. The representative of the European Communities shared all comments made by the representatives of Canada and Switzerland. He indicated that his delegation would have preferred to

see more in terms of clear objectives and targets by which success could be measured in the Work Programme. He suggested to conduct periodical assessments at a frequency of twice a year to monitor the on-going work under each heading of the Work Programme.

11. The representative of Guinea reported on the evolution of the IF process in her country. A validation workshop was held on 30 and 31 October 2003 in Conakry in the presence of all IF stakeholders, including the Government, all six IF agencies and bilateral and multilateral donors. A LPAC had been set up and had approved three priority projects for implementation through funding of Window II from the IF Trust Fund. These projects were related to strengthening trade-related institutional capacity, strengthening of national expertise as related to trade facilitation and multilateral negotiations, as well as promoting specific sectors of the Guinean economy. As said by the representative of Bangladesh, she underlined the importance attached to replenishing resources of the IF Trust Fund. As a follow up to the Workshop, a Guinean delegation had visited Geneva last week to meet with several IF partners as well as the Agence de la Francophonie. She thanked the partners for their efforts to integrate French-speaking LDCs in the multilateral trading system. Finally, she hoped that the implementation of Guinea's three priority projects through Window II would serve as a catalyst for poverty reduction in Guinea.

12. The representative of UNDP assured the representative of Yemen that the IF was regarded as a major development priority at the highest levels of UNDP as well as at the country level.

13. The representative of Tanzania supported the statement by the representative of Bangladesh. Tanzania had undergone significant developments as regards the IF. The DTIS was being updated with the assistance of the Swiss Government and ITC. Efforts to mainstream trade into the national development agenda were under way using both local and regional consultants. The DTIS included a macroeconomic analysis and a description of the trade policy environment as well as sector analysis of export market constraints and opportunities. A consultative workshop involving all IF stakeholders to evaluate the progress made in the DTIS would be held on 9 March. This process should lead to a formal DTIS validation workshop later that year. She shared the views of the representative of Nepal on country ownership: the IF process had to be led by the beneficiary country in order to fully exploit its benefits. Finally, she indicated that the UNDP local offices had a great responsibility in the IF process and should give priority to IF projects.

14. The representative of the United States associated her delegation with comments made by other donors on the Work Programme and the outcome of the evaluation. She encouraged the European Communities' idea of a periodic review of progress made. She added that before resources were disbursed to the Secretariat or anywhere else, an identification of gaps or needs in the process was warranted. She commended Nepal for the efforts made in the IF process and added that this process was fundamental to mainstreaming trade while at the same time identifying finances for projects. She underlined that the short-term financing provided through Window II as a transition mechanism should never be seen as the final objective of the IF. In terms of funding for Window I she added that the process was not off-track if one took into account the number of DTIS studies expected that year. She agreed that this year was important to deliver results and she reiterated her delegation's commitment to the IF.

15. The representative of Lesotho reported on the status of the IF in her country. A number of issues were identified in the DTIS including the mainstreaming of trade in the poverty reduction strategies. Under an assistance Programme with the lead donor for Lesotho, DFID, three issues were identified, including needs assessments for capacity building, development of a website and capacity building for trade negotiators. The latter was a project done in co-operation with USAID. Lesotho had submitted a project for funding through Window II to be executed by ITC. A donor conference was scheduled after the PRSP which would take place later this year. Finally, she indicated that the IF was working well in Lesotho.

16. The representative of Senegal supported the statement of the representative of Bangladesh, namely that the IF should serve to strengthen the supply side constraints of LDCs. He stressed the need for adequate financing to address LDC issues. Senegal had submitted four projects for funding through Window II, including projects on ethnic production, tourism and handicrafts.

17. The representative of Zambia thanked all six agencies and donors for accepting Zambia in the IF process and stressed the importance of mainstreaming trade in the PRSP. His country had participated in the establishment of the IF since 1997 as well as in the revamping of the IF. He underlined the need to go forward quickly in the process. In recognizing that DTIS and post-DTIS implementation activities required skilled human capacity, he supported the statement in paragraph 2(g) of the Work Programme that called for a strengthened IF Secretariat. In most LDCs, considerable work needed to be undertaken in order for trade to be effectively integrated into PRSPs. The majority of PRSPs in LDCs did not appropriately include trade. The IF, through the DTIS had a major role to play in assisting LDCs to mainstream trade into their PRSPs. As his country was in the early stage of the IF, he stressed the importance of pre-DTIS activities with a view to enhancing local capacity and fulfilling the objective of country ownership. He called for increased contributions so that the growing number of LDCs in the IF as well as the activities undertaken in each country could be adequately addressed. He urged donors to transform the pledges into actual deposits. Finally, he indicated that the Doha Development Agenda put more weight on increased market access and less on supply side constraints.

18. The representative of Madagascar said that after a long period of interruption in the process, the Government had restarted dynamically all IF activities. A DTIS validation workshop was held in July last year. The workshop allowed the Government to disseminate knowledge to all national stakeholders. A donor implementation meeting, chaired by the Vice Prime Minister had taken place in January, and had enjoyed high participation from the IF core agencies, bilateral and multilateral donors. Discussions focused on implementation dates of the various activities selected from the action matrix. The plan drawn up following the meeting consisted of formalizing the institutional framework, completing the action matrix, drawing up the possibilities for available financing, elaborating the terms of reference of an international trade expert, as recommended by the World Bank, establishing terms of reference for actions to be undertaken to upgrade the customs administration including the national institute of statistics in the working group as well as activities with the chambers of commerce. A meeting was planned to take place in the first week of March to deal with existing programmes and measures taken by donors to finance activities under the IF. She thanked the ITC for facilitating a familiarization mission in Geneva that allowed an orientation as to the priority projects to be funded through Window II.

19. The representative of Cambodia spoke on the basis of his country's experience of the IF. He pointed to the lack of private investment. There was no strong ownership of the implementation of the IF and there was also a lack of national policy direction: no clarity on priorities for technical assistance and for other projects intended for implementation. The DTIS was important in identifying and prioritising projects for financing. Regarding the need for funding these projects, he aligned his position with the representative of the United States and stated that Window II would never be sufficient to cover all the needs of LDCs. Therefore, the implementation of these projects should be financed through direct investment by the private sector or through credit. That was the definition of ownership.

20. The representative of Benin supported the comments by the representative of Bangladesh. He underlined his country's commitment to the IF. Useful preparatory work was being undertaken in his country. He indicated that his country had already undertaken activities such as the JITAP as well as the PRSP process.

21. The representative of Sudan indicated that his country was not yet part of the IF. However, upon reception of a very encouraging letter from the Chairman of the IF Working Group, his Government was undertaking the necessary steps to prepare for an IF Technical Review.

22. The representative of Guinea focused on coordination and ownership. These concepts were very important especially between institutions and the beneficiaries. In her country's case, coordination with ITC helped her Government identify and design the priority projects for funding through Window II.

23. The representative of Angola said that his country was not as yet selected for the IF. He informed that the second WTO Trade Policy Clinic was to take place in his country, the first having been conducted in Sierra Leone. He hoped that the results of this Clinic would very quickly lead to a better integration of trade into poverty reduction programmes for his country.

24. The Chairman concluded that a very fruitful discussion had taken place on the IF Work Programme. He had taken due note of the request from the representative of the European Communities for periodic monitoring of the Work Programme and would see to its accommodation in the next IFSC meetings. He added that enough means had to be secured by donors for both Window I and Window II. He proposed that the IF Work Programme, as contained in document WT/IFSC/W/14 be approved.

25. It was so agreed<sup>1</sup>.

**B. 38<sup>TH</sup> MEETING OF THE IF WORKING GROUP ( IFWG): REPORT BY THE CHAIRMAN OF THE IFWG**

26. The Chairman of the IFWG reported on the items discussed at the 38<sup>th</sup> meeting of the IFWG, other than the Work Programme. First, the operationalization of Window II of the IF Trust Fund. Second, the status of implementation in the on-going IF countries. Third, the extension of the IF. Fourth, the strengthening of the IF Secretariat, and fifth, the upcoming IF events.

27. On the operationalization of Window II he said that in conformity with the terms of reference of Window II, UNDP had received several project proposals for possible funding out of Window II from the LDCs that had completed the DTIS. At its meeting and based on the adopted terms of reference, the IFWG had been able to clarify some administrative and procedural issues to facilitate the IF process. He reported that concrete projects would soon be fully funded out of Window II. The IFWG reaffirmed that Window II funding was available for those projects identified as priority projects by the Government in the action matrix, for implementation during the phase between the completion of the DTIS and acceding funding through the Consultative Group and Roundtables. The ultimate aim of these funds was to help LDCs complete the mainstreaming process. The IFWG also reiterated that Window II money was bridging money. In that sense a ceiling of \$US 1 million would be the maximum for any given beneficiary country. The IFWG had re-emphasized the important role played by UNDP local offices in assisting LDCs to draw up Window II project proposals in the process led by the Local Project Approval Committee (LPAC). To further assist UNDP in its role as manager of the Window II funds, the IFWG had agreed to transmit the following three light criteria to UNDP: in its periodic reporting to the IFWG and IFSC on project proposals submitted to it at headquarters, UNDP should include that it be satisfied that the project proposals complied with the following criteria: (i) the proposal should fall within the ceiling determined for each beneficiary country; (ii) the proposal was part of the approved DTIS and action matrix and was identified by the country as a priority with the ultimate aim of mainstreaming trade, and (iii) the proposal had to be approved by the LPAC as described in the annex to the terms of reference for Window II. With that

---

<sup>1</sup> Document WT/IFSC/W/14 was subsequently issued as document WT/IFSC/7.

understanding, UNDP Headquarters would be able to monitor and manage the funding of the approved projects that had been submitted by the qualifying LDCs, as well as those that were now under preparation. In conformity with the adopted terms of references, UNDP would report to the IFWG and the IFSC on the status of implementation of Window II and would seek guidance to ensure fairness and equitable geographical distribution.

28. He said that the IFWG had taken note of the reports by the World Bank, UNDP and ITC on the recent developments in the on-going implementation, including in Burundi, Cambodia, Djibouti, Ethiopia, Guinea, Lesotho, Madagascar, Malawi, Mali, Mauritania, Nepal, Senegal, Yemen, as well as in the five round table countries - Bangladesh, the Gambia, Haiti, Tanzania and Uganda. Although these countries were at different levels of implementation, progress was taking place. On the extension of the IF, he said that at the last meeting, the IFSC had given the green light to the Working Group to resume the extension of the IF to new applicants. Accordingly, the World Bank had started preparations for the DTIS in Benin, Chad, Lao P.D.R, Sao Tome and Principe and Zambia. The first mission to Benin had already taken place last month with the participation of several agencies and donors. Missions to other countries were scheduled to take place in the second quarter of that year. Work on the DTIS in Mozambique had already progressed as it was based on existing work and was carried out with the assistance of a donor. Following decisions taken by the IFSC at its last meeting to authorize the World Bank to begin technical reviews in Burkina Faso, the Gambia, Maldives, Rwanda and Sudan he reported that these reviews were currently being undertaken and would be ready for the next IFWG meeting. The IFWG was also reviewing the request from Angola, on the basis of a revised technical review and the upcoming WTO trade policy clinic. Regarding the most recent requests, including from the Central African Republic, the Comoros, Equatorial Guinea and Niger, the IFWG had agreed to defer them to a later stage, in light of progress made in the implementation of the IF. The IFWG had also exchanged views on how to incorporate the requests from the countries that had held a roundtable under the "old" IF process. Out of the five roundtable countries, he reported that four - the Gambia, Haiti, Tanzania and Uganda - were requesting that the new IF process be applied to them. The IFWG had agreed on a process similar to the one now used for other countries, including a technical review and a DTIS. However, in carrying out the process, the fact that these countries were already IF countries, would be taken into account and where possible, the DTIS would take into consideration the work and studies already available for those countries. In the case of Tanzania for instance much work had already been carried out with the assistance of some development partners. As indicated in the Work Programme, the Evaluation recognised the need to strengthen the IF Secretariat in order to cope with the expansion of the IF, accompanied by the greater need for coordination and outreach activities. A small task force had already been established and was reviewing ways to implement the evaluation's recommendation on that point.

29. Furthermore, the Chairman of the IFWG drew the IFSC members' attention to a number of IF events that were set to take place this year. First, UNCTAD, together with other members of the IFWG, would be organising a sub-regional workshop on the IF in Africa, in the third quarter of this year. The objective of this workshop was to prepare the newly acceding IF countries for the upcoming trade mainstreaming exercise, by inviting the countries to which the IF was currently applied to share their experiences. This would be a valuable gathering for the LDCs' IF community. On behalf of the Working Group, the Chairman expressed his appreciation for the generous support offered by the Government of Finland to organize that event. Another proposal was to hold an IF seminar in Geneva later this year. The focus of this seminar would be on concrete results achieved in the IF implementation. Moreover, the Working Group welcomed and took note of the special interest in the IF expressed by the Office of High Representative for the Least Developed Countries, Landlocked Developing Countries and the Small Island Developing States and by LDCs representatives to the UN in New York. A joint seminar on the IF in New York was being proposed by UNDP and the Office of High Representative to provide a better understanding of the IF among the New York based LDC community.

30. The IF Working Group had taken note of the rotation of donor representatives to the Group. The current serving donors, Canada and the European Commission, would be replaced by Switzerland and the United States respectively. On behalf of the Group, the Chairman expressed his sincere appreciation to Canada, Ms. Adair Heuchan, and the European Commission, Mr. Peter van den Heuvel, for their huge contributions to the IF process. The representative from Bangladesh had informed that consultations for the rotation of LDC representatives were still underway and that for the time being the representative of Bangladesh would remain as the LDC representative.

31. The Chairman of the IF Steering Committee thanked the donor and LDC representatives for their efforts throughout their mandate.

32. The representative of the World Bank emphasized the need for commitment from the donors and ownership from the beneficiaries. In terms of trade projects, overall, there was a significant increase in interest in trade-related projects particularly in the area of trade facilitation. To make the IF process a success there was a need to communicate with the wider donor community as well as obtain the commitment from the beneficiaries in the implementation.

33. The representative of Ethiopia reported on the evolution of the IF process in his country. The DTIS validation workshop had taken place on 10 to 11 November 2003 in Addis Ababa. The workshop had been well attended and included representatives from the public and private sectors, academia, civic society and the donor community as well as representatives from the six core IF agencies. His country was preparing a draft action plan with the inputs provided so as to submit them soon to the National Steering Committee for its review and approval. His country had submitted also a request for funding of priority projects through Window II of the IF Trust Fund. He expressed Ethiopia's continued commitment in the process and looked forward to a favourable and immediate response to that request. He said that his country was advancing in the preparation of the memorandum on the foreign trade regime in its accession to the WTO. He added that a successful national workshop on the draft memorandum and on the sensitisation of stakeholders on WTO Agreements and the WTO accession process had taken place in Addis Ababa on 26 to 29 January 2004. He noted that his country's limited human and institutional capacity was being overstretched. He recalled that in the LDCs accession guidelines, the international community had made a commitment to support the acceding LDCs, among others, within the context of the IF. In that view, he asked for the donor community's continued support and hoped that the timely and full authorisation of the request made for Window II funding would be accepted.

34. In recalling the report of the IFWG Chairman with regard to the operationalization of Window II, the Chairman requested whether the Members could agree to the three criteria proposed to be transmitted to UNDP to provide further guidance.

35. The representative of Canada, on behalf of the donors requested that it be made clear to UNDP that the LPAC, in its review of the project proposals for funding out of Window II, should verify that no other available donor money existed at the immediate time. This, in order to avoid duplication and to ensure that regular funding channels would be looked at before coming to Window II.

36. The representative of Bangladesh said that this proposal was not acceptable and amounted to a de facto fourth criterion and a complex one at that. He said that when countries undertook a DTIS it was in order to obtain funding through Window II. If the LPAC had the responsibility to verify that no financial resources were available other than Window II, this would automatically delay the process. He added that some of the projects resulting from the action matrix would be funded by means other than Window II, yet Window II funding was a bridging mechanism and as such he proposed that only the three criteria should apply and be transmitted to UNDP.

37. The representative of Canada clarified that this fourth criterion was not meant to delay the process in any way. She proposed to ask UNDP whether this was a realistic perspective.
38. The representative of the United States regarded this fourth criterion as an important management tool and a check in order to ensure the effective use of scarce resources.
39. The representative of Guinea supported the representative of Bangladesh. She said that an additional criterion would delay the implementation of projects. Three criteria were sufficient.
40. The representative of UNDP welcomed the clarification of the process to use Window II funds. The UNDP had been looking forward to this to allow it to proceed with the disbursement of funds for Window II projects. The criteria would be communicated at the country level. Regarding the fourth criterion he said it was technically possible to verify that no existing resources, including regular financing channels, were available other than the money requested from Window II.
41. The Chairman of the IF Steering Committee clarified that the fourth criterion consisted in asking the LPAC, and not UNDP Headquarters, to verify and ensure that when projects were submitted for funding through Window II, a prior discussion had been held in the beneficiary country on the availability of other funds and possible duplications.
42. The representative of Zambia said that the process of moving forward outweighed the constraint that the proposal by the donors would pose. He suggested that this proposal be taken on board.
43. The representative of Bangladesh repeated that the proposal was not acceptable. The terms of reference for Window II did not indicate that Window II funding would only be disbursed in case funding from other sources would not be available. The fourth criterion would create a deviation from what was adopted in the terms of reference of Window II. He proposed that only the three criteria suggested by the Chairman of the IFWG were taken on board.
44. The representative of Madagascar requested some clarification as to the amount available per country for Window II in order to proceed to the selection of projects to be financed from Window II.
45. The representative of the European Communities supported the fourth criterion as suggested by the representative of Canada on behalf of the donors and added that it was consistent with the terms of reference of Window II.
46. The representative of Ethiopia indicated that the first criterion was too restrictive. He did not support the setting up of a financial upper limit. He said that the application of the fourth criterion as suggested by the donors represented an additional restriction. He requested that the proposal be withdrawn.
47. The representative of Switzerland said that the terms of reference of Window II indicated that Window II funding was a bridging mechanism. The proposal of donors would simply ensure that Window II was effective at that and would not delay the process.
48. The representative of Tanzania considered the donor proposal an additional constraint. She requested time to discuss it among the LDCs.
49. The Chairman of the IFWG, in replying to the question posed by the representative of Ethiopia said that the ceiling amount for Window II funding at \$US 1 million had been set after intensive discussions with donor representatives and among the six agencies. In case countries had made requests exceeding that ceiling, the process to follow would be first to focus on project

proposals within the ceiling, deferring the remaining projects over and above the ceiling to a later stage.

50. The representative of UNDP clarified that a distinction should be made between the \$US 300,000 under Window I, meant to finance the preparation of the DTIS and the ceiling of \$1 million for projects to be financed out of Window II of the Trust Fund. He repeated that in examining project proposals for Window II funding, it was technically possible to verify that no resources, including from regular financing channels, other than Window II funds were available to fund projects. Moreover, UNDP Headquarters could require the LPAC, in which it was represented through its field offices, to ensure this.

51. The representative of Canada welcomed the assurances provided by UNDP in respect of the donor concerns. This allowed her to withdraw the proposal for insertion of a fourth criterion as she understood that examination would take place in the LPAC to avoid duplication of financing.

52. The Chairman of the IFSC proposed that the IFSC take note of the report provided by the Chairman of the IFWG and approve the three light criteria for UNDP's guidance in managing Window II funds, as earlier adopted by the IFWG and that he sent a letter to UNDP formally transmitting them. In doing so, it was understood that the LPAC, in its review of the project proposals would include a fully fledged and in-depth examination, taking full account of alternative financial possibilities. An indication of what other donor funding had been sought and found available would be appreciated. He welcomed the assurance given by the UNDP representative to the effect that such an examination was already part of the UNDP monitoring exercise. He felt confident that within the framework of the above-mentioned understanding UNDP would be fully able to continue its positive contribution to the financial management of the IF funding mechanism in a way that would at the same time facilitate the continuation of the programme and satisfy the expectations of all members of the IFSC. It was equally understood that for a smooth continuation of the IF, additional financing in both Window I and II needed to be forthcoming.

53. The IFSC so agreed.

54. The representative of Rwanda said that his country would be subject to a technical review. He welcomed the World Bank's expeditious action. A focal point for the IF had been set up. A seminar would soon take place involving all IF stakeholders. The lead donor for trade already existed for the PRSP. There was close coordination between the Ministry of Trade and the Ministry of Finance. The PRSP would be revised in June and maybe that date could move forward depending on whether the technical review and the preparation of the DTIS could be accelerated. He referred to Cambodia as a success story, and he called for donors to support his country to be another success story under the IF, as the climate was ripe in his country. He said that his Government would be pleased to host the sub-regional workshop as proposed by UNCTAD in the third semester of 2004.

55. The representative of Mozambique said that the selection of her country in the IF was a great encouragement. As a beneficiary of both IF and JITAP, her country's Government would ensure synergies between these two instruments so as to maximize the benefits of both. The lead facilitator for the IF would be USAID. She reiterated Mozambique's commitment for the IF.

56. The representative of the United States said that it would take on the role of donor coordinator in the IFWG in May. Until then, the European Communities would continue its role along with Switzerland.

57. The representative of the World Bank, in responding to the delegation from Rwanda, said that a technical review had to be conducted, which would take a few weeks. As far as starting the DTIS

exercise in Rwanda, he said that, according to informal consultations, this could be done in the second part of the year.

58. The IFSC took note of the comments made.

C. OTHER BUSINESS

59. The representative of the Maldives asked whether the Integrated Framework process could continue to apply in the Maldives in case it graduated from LDC status. He indicated that graduation could happen as early as July. He had already made a statement to the General Council on his country's concerns. He thanked the Chairman of the IFWG for his report where he indicated that the Maldives were selected for a DTIS to be undertaken by the World Bank.

60. The Chairman of the IFSC proposed that Maldives' possible graduation from LDC status would not change the country's eligibility for the IF process.

61. It was so agreed.

62. The Chairman of the IFSC said that the next meeting of the IFSC may take place after the meeting of the IFWG.

63. The meeting was adjourned.

**ANNEX 1**

**INTEGRATED FRAMEWORK STEERING COMMITTEE**

Agenda for the 11<sup>th</sup> Session of the IF Steering Committee  
Friday, 13 February 2004 at 10.00 a.m.

1. The Integrated Framework Steering Committee will hold its Eleventh Session on Friday, 13 February 2004, starting at 10.00 a.m. in the WTO building.
  2. The items proposed for the agenda are:
    - (a) Follow-up to the Evaluation of the Integrated Framework
    - (b) 38<sup>th</sup> meeting of the IF Working Group (IFWG): report by the Chairman of the IFWG
    - (c) Any other business
-