
**Integrated Framework Steering Committee
Thirteenth Session**

**REPORT ON THE 13TH MEETING OF THE
INTEGRATED FRAMEWORK STEERING COMMITTEE (IFSC)**

Friday, 29 April 2005, WTO, Geneva

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

1. The Integrated Framework Steering Committee (IFSC) held its thirteenth meeting on Friday, 29 April 2005.
2. The adopted agenda is reproduced in Annex I.
- A. OBSERVER STATUS FOR FAO AND UNIDO
3. Based on their manifested interest in the work of the Integrated Framework (IF), the Chairman welcomed the participation of FAO and UNIDO to the IFSC, as observers on a regular basis. He underlined the importance of increased and broadened cooperation between the IF and other agencies. He recalled that the FAO and UNIDO were present in many least-developed countries (LDCs) and had expertise in the areas identified in many Diagnostic Trade Integration Studies (DTISs). He further said that FAO and UNIDO had already executed projects originating in the DTIS Action Matrix of a number of LDCs. Pursuant to the positive recommendation of the Integrated Framework Working Group (IFWG), he had invited both FAO and UNIDO to join the IFSC with the status of observers.
4. The IFSC took note of FAO and UNIDO's observerships in the IFSC on a regular basis.
- B. STATEMENT BY H.E. MR. MAOULANA CHARIF, MINISTER OF TRADE FROM THE COMOROS
5. The Chairman, on behalf of the Steering Committee, welcomed the Minister of Trade from the Comoros, H.E. Mr. Maoulana Charif, and invited him to make a statement.
6. The representative of the Comoros, the Minister of Trade Mr. Maoulana Charif, thanked on behalf of the President of the Comoros, H.E. Mr. Azali Assoumani, the partners of the IF, and particularly the UNDP, for the attention paid to the Comoros and for having accepted to examine the Comoros' request to launch the IF process in the country. He also thanked the IFWG for having considered positively and expeditiously the case of the Comoros at its last meeting. He added that the new consideration towards the Comoros was a sign of the IF partners' appreciation for the recent developments in his country. In this respect, he pointed out that the adoption by referendum of a new constitution in December 2001 and the establishment of a new institutional setting had allowed the Comoros to put an end to five years of instability, uncertainty and separatist feeling in the country. He also reported that since the set up of the National Assembly in June 2004, a number of organic laws had been adopted, in particular those relating to the responsibilities of the Union of the Comoros and the islands, as well as the Law of Finances. He expressed his sincere gratitude and the gratitude of the President of the Comoros to the whole international community, both individual countries and

international organisations, for the solidarity and support given to the process of national reconciliation. He believed that his country had put behind itself years of political and institutional instability, and had turned the page to finally rejoin the family of nations.

7. He added that the Comoros was committed to creating conditions and mobilising means in order to contribute towards the objective of halving poverty by 2015. In this respect, he pointed out that the Poverty Reduction Strategy Paper (PRSP) was the reference document, and that its existence showed the international credibility enjoyed by the country. The document had been established in 2002, and a new version was being finalised. He underlined that the signing in February 2005 of a reference programme with the IMF confirmed the confidence and the credibility enjoyed by his country. He also expressed the commitment of the Government of the Comoros to economic and social development, and hoped that his country would be able to benefit from the Poverty Reduction and Growth Facility of the World Bank and the IMF as of the second half of 2005. He called upon all IF partners to pool their efforts and join forces with the African Union to make the roundtable of donor countries for the Comoros a success. He recalled that the roundtable would be organised in the near future in Mauritius.

8. He went on to report on the national plans that would take into account the trade dimension in poverty reduction national plans. He said that the Comoros was committed to the success of its financial and economic programme, which was being followed very closely by the IMF and the World Bank, and to ensuring that the country would start all programmes for which it had become eligible since 2001. He assured the Committee that trade was being mainstreamed into the Comoros' PRSP, on the basis of the provisional version of the foreign trade strategy paper prepared by a national consultant, with joint financial support by the International Trade Centre (ITC) and the International Agency of the Francophonie. A number of steps towards relaunching the IF process in the Comoros had already been taken, including the sensitisation mission by the UNDP in March 2005, the joint mission of the ITC and the International Agency of the Francophonie in December 2004 and the positive response of the IFWG to the Comoros' request to join the IF.

9. He informed members that his Government had designated the IF Focal Point and set up a multi-sectoral body with the task of consulting and devising a common trade policy for the Comoros. He also referred to negotiations being conducted to designate a lead facilitator and to the establishment of a road map designed to go through the steps required to accede to the WTO. He hoped that the Comoros could benefit from efforts of the IF partners to lift LDCs' economies.

10. The representative of the UNDP thanked the Minister of Trade from the Comoros for his words of appreciation, and underlined the importance of the good work undertaken by the UNDP country office in the Comoros that had facilitated the UNDP mission in March 2005 to observe the trade capacity needs of the country and progress made in terms of economic and governance reforms. He pointed out that the Comoros had remained relatively isolated from the benefits of globalisation and said that the government and stakeholders in the private sector and civil society were fully aware of this limitation, and were making trade capacity central to their growth and poverty reduction strategies. He said that during the UNDP mission, the Comoros had signalled a strong interest in participating in the IF as well as in starting the process to accede to the WTO. He welcomed IFWG's decisions to: (i) mandate the Technical Review for the Comoros in September 2005, following a pending report from the IMF staff monitoring programme; and (ii) carry out, in the meantime, some sensitisation work on trade capacity issues in close collaboration with Comorian officials for the three islands making up the Union of the Comoros. He hoped that the IF and other trade-related support would make an effective contribution to the country's growth and poverty reduction policies and impact its human development profile.

11. The Committee thanked the Minister for his interventions and took note of the statements made.

C. REPORT BY THE CHAIRMAN OF THE IFWG

12. The representative of the Secretariat from the Development Division, on behalf of the Chairman of the IFWG, made a detailed report on the IFWG meeting held on 27 to 28 April 2005. He initially transmitted the Chairman's sincere apology to the Committee for not being present. He mentioned that the IFWG had been attended by all six IF co-agencies and that both Ambassador Mtesa of Zambia and Ambassador Rugwabiza of Rwanda, LDC representatives, had taken an active part in the meeting. He said that donor representatives had been the United States and Sweden, the latter taking over from Switzerland. He reported that the IFWG had made good progress on a number of issues relating to the IF Work Programme, including the monitoring of progress in on-going DTISs and follow-up, preparations of new DTISs, Technical Reviews for countries requesting to join the IF, issues relating to Window II projects, the strengthening of the IF Secretariat and the future of the IF.

13. Regarding progress in on-going DTISs and follow-up, he stressed the importance of the implementation phase for the success of the IF process. He reported that 28 countries were at various stages of the IF process, of which 14 LDCs had completed and validated their DTIS. He further reported that 13 of these countries had submitted projects under Window II, some of which had already started implementation. He said that some hopeful signs of increased bilateral support were being recorded in the implementation of the IF.

14. He continued by saying that the DTISs of seven countries, namely Benin, Chad, Lao PDR, Rwanda, Sao Tome and Principe, Tanzania and Zambia, were nearing completion, and that in five of these seven countries DTIS National Workshops had been tentatively scheduled for mid-2005. He reported that preparation of DTISs had begun in another seven countries, namely Angola, Burkina Faso, The Gambia, Maldives, Niger, Sierra Leone and Uganda. In the case of Maldives, he reported that a sensitization mission was planned by UNDP in the Spring, to enhance the understanding of objectives and processing of the IF. He also reported that the IFWG had mandated the World Bank to undertake new Technical Reviews in the Comoros, Central African Republic, Democratic Republic of Congo, Equatorial Guinea, Haiti and Sudan in the Fall of 2005.

15. He also referred to the report the UNDP had made on its mission to the Comoros, and said that the IFWG had welcomed the determination of the Government of the Comoros to make trade an instrument of development. He pointed out that the presence of the Minister of Trade of the Comoros at the IFSC meeting was a clear reflection of the country's willingness to join the IF process. He informed the Committee that the World Bank had confirmed that the Technical Review for the Comoros would take place after the IMF Surveillance Mission to the country, due to take place in September 2005.

16. On the IF process itself, he reported on decisions taken in regard of some practical instruments to improve the country's ownership of the IF. In this context, he underlined that the importance of ensuring a common understanding of the goals of the IF between all IF stakeholders, in the beneficiary country as well as among the development partnership at the outset of the IF process, was fundamental for the success of the IF process. He mentioned the IFWG's decision to include in the *aid-mémoire*, which is a summary report of the preliminary IF Mission, a new chapter containing an assessment of the institutional arrangements in the country. This would apply to future IF countries and not be applied retroactively. He clarified that experience had shown that such an assessment was useful for the smooth functioning of the IF.

17. He said that the IFWG had exchanged views on how to move the IF process forward once the DTISs were validated, and referred to the intention of one of the donor representatives to organize a Simulation Exercise with all IF stakeholders, in a least-developed country at the beginning of September. He clarified that the goal of this Simulation Workshop would be to look at all non-financial aspects of implementation and reported that the IFWG had encouraged the donors to

undertake the exercise. He also referred to the suggestion to organize an educative IF session to exchange experiences, in the margins of the upcoming LDC Trade Ministers' Meeting in Livingstone, Zambia, at the end of June 2005. He said that the World Bank and the IMF were jointly conducting a review of PRSPs and that this exercise would also help in assessing the implementation of the IF.

18. Anticipating the discussion under agenda item 2(e) on the IF Trust Fund, the representative of the Secretariat from the Development Division reported that a projected gap of about US\$10 million existed. There was an urgent need for replenishment since a number of countries would be completing their DTISs by the middle of 2005 and would thus be eligible to access Window II funds. He recalled that a joint letter had been sent by Ambassador Iversen and Dr. Rana in February 2005 to some of the members of the Committee, as an attempt to address the problem. He also reported on progress made by the IFWG on the issue of effective implementation of Window II. He said that the IFWG had approved the Terms of Reference for LPACs (Local Project Appraisal Committees) as well as short guidelines to ensure quick implementation of Window II projects. The IFWG was hopeful that the Terms of Reference as well as the short guidelines would expedite the approval of Window II projects, enhance country ownership and contribute to better implementation of the IF process. He recalled that the UNDP, as IFTF Trustee, had an important role to play in the operations of the Fund, not only at its Headquarters, but also through its field offices. In this context, he mentioned the IF Global Workshop organized by UNDP in Mauritania from 7 to 9 March 2005, and reported that the IFWG had welcomed this meeting, which had been useful to strengthen the common understanding among UNDP staff of the IF process and procedures and to clarify various roles of UNDP at the country level.

19. He said that the WTO had reported on coordination and growing synergies between the IF and other international initiatives such as the Joint Integrated Technical Assistance Programme (JITAP) and the Standards and Trade Development Facility (STDF). He added that the presence at the IFSC meeting of the FAO and UNIDO as observers illustrated the importance of such synergies. He said that the IF-STDF cooperation had entered the implementation stage, and recalled that two types of activities could be financed through STDF funds, namely: (i) project preparation grants; and (ii) projects grants, up to US\$20,000 being available to assist eligible countries to draft project proposals and between US\$150,000 and US\$600,000 being available as project grants per country to address specific SPS themes. He recalled that the STDF Working Group had approved project preparation grants for five IF countries, namely Cambodia, Guinea, Mozambique, Yemen and Djibouti, to address SPS standard-related needs expressed in their DTIS.

20. He further reported on the exchange of views at the IFWG on the need to strengthen the IF Secretariat. He referred to a first draft of a proposal put forward by the donors and said that the IFWG had agreed that further consultations would take place on this matter. He recalled that one of the recommendations coming out of the recent evaluation of the IF was the need to strengthen the IF Secretariat in light of the increased number of IF countries. He reiterated that this strengthening would be essential for the smooth implementation and management of the IF.

21. He continued by saying that an exchange of preliminary views on the future of the IF had taken place and that the IFWG, led by the LDC representatives, had underscored the importance of the Work Programme and the need for its continuation beyond its termination on 31 December 2005. He clarified that the discussion evolved around the extension of the Work Programme, which terminates on 31 December 2005, and not on the extension of the IF *per se*, which had the full support of the IFWG.¹ The IFWG had agreed to take a decision on this item in the Fall. The IFWG had also had an opportunity to hear from the World Bank, the IMF and the donors on a number of recent developments, including the meeting of the Development Committee, where a joint information note prepared by the staffs of the World Bank and the IMF, entitled "Aid for Trade: Competitiveness and

¹ The IF Work Programme is contained in document WT/IFSC/7.

Adjustment", had served as an input to that meeting. The IFWG had also expressed its appreciation for the Commission for Africa Report.

22. He reported on the discussions on outreach activities for the IF. He informed the IFWG had agreed to showcase the IF, together with other trade-related technical assistance activities of WTO, at the Hong Kong Ministerial Conference. Lastly, he informed the Committee that the IF Manual was being finalized by UNCTAD and that the English version would be ready by end June or early July 2005, while the French version would follow soon. He reported that the IFWG believed that the Manual would help LDCs and other IF stakeholders to better understand and exploit the benefits from the IF process.

23. The Chairman thanked the Secretariat for the report and opened the floor for comments.

24. The representative of Bangladesh said that he was happy with the IF process and that he, as a former LDC representative at the IFWG, had a strong interest in the future of the IF. In response to the report made at the IFWG meeting, he expressed some doubts that the LDC Trade Ministerial Conference in Livingstone in June could be the right place to organize any initiatives to showcase the IF. Trade Ministers would be under severe time pressure in order to develop common LDC positions for the negotiations and the IF initiative could reduce the time available to Trade Ministers to negotiate. He clarified that he did not object to the suggestion but was inviting the Committee to further reflect on this idea.

25. Concerning the shortage of funds, he said that the estimated US\$10 million gap as well as the strengthening of the IF Secretariat were very much linked to the issue of the future of the IF. He added that he was confident that all IF partners were in favour of an extension of the Work Programme beyond 2005. He supported the expansion of the IF and its strengthening in order to progressively cover all LDCs. He also wondered whether it could be possible to circulate among IFSC members the document "Aid for Trade" prepared by the World Bank and the IMF and submitted to the Development Committee, as it would be useful to see how policy-makers in Washington were looking at this issue.

26. On the future of the IF, the representative of Bangladesh said that country ownership of the IF process was essential at every stage. Concerning the end-product of the IF process, he expressed the view that the IF was being looked at more as a management tool than anything else. He pointed out that trade was basically a private sector initiative. He said that the WTO, through the multilateral system, was contributing to foster demand and create preferential access in every possible market, and hoped that the IF process could also trigger some positive effect on the supply side and encourage the private sector. He acknowledged that the ITC had been dealing over years primarily with the private sector, but noted that these efforts could only continue in terms of fixing rules and regulations, whereas it was the private sector itself that represented the real engine ultimately. Lastly, he stated that it would be important to examine the outcomes of the IF, in terms of trade expansion, in those countries where the IF had been implemented, for this would be the real test to understand the effectiveness of the IF.

27. The representative of Djibouti fully supported the view expressed by Bangladesh concerning the lack of resources needed to move the IF forward, and agreed that the association of the IF beneficiary country and national stakeholders at all levels was of the utmost importance. He added that whenever an issue concerned a particular group of countries, those countries should be very much involved and given the opportunity to express their views at all stages. He expressed the gratitude of Djibouti to the six IF partner agencies for the way they were working in the country and expressed his special thanks to the ITC. He called upon these same IF agencies to support Djibouti in making its case with donors, in order to ensure the positive outcome of the IF process. In this context, he said that Djibouti had requested such support at a discussion that had taken place a few weeks earlier in Addis Ababa, where he had informed participants on the way the IF worked. He said that, on that

same occasion, he had informed Djibouti's main bilateral donors of the state of play and had presented them the programme with detailed information. He regretted that few donors were present in Djibouti and thanked the United States for their involvement in all areas, and particularly for their support to increase the country's export capacity. In particular, he mentioned that the export of livestock to the Gulf region was an area of vital importance for Djibouti. At some point in the future, the US may also become an important market for livestock from Djibouti. He said that Djibouti was a regional export centre for Somalia and Ethiopia as well. He also thanked the Government of France and ITC, for their intention to make available some €60,000 for the IF process in his country, which now needed to be operationalized. He concluded by making the case for an increased number of donors present in Djibouti to finance projects, either at the level of international organizations or on a bilateral basis, in both trade and development areas, and by calling upon the six IF agencies to get their support in making donors more actively involved on a bilateral level.

28. The representative of Zambia thanked the Secretariat for the report on the IFWG meeting and said that it had been a privilege for him to attend the IFWG meeting as one of the two LDC representatives. Concerning the issue of showcasing the IF during the Livingstone Meeting, he recalled the comment of his Minister of Trade, according to which it might be difficult to properly manage the IF event during the Conference because of the time constraints under which the Trade Ministers would be working. On this issue, he conveyed his Minister's suggestion according to which the Hong Kong Ministerial would be a more appropriate venue to showcase the IF. He concluded by saying that the final decision on this issue would in any case lie with the IFSC members.

29. The representative of Sudan expressed his appreciation for the IFWG decision to do a Technical Review of his country and hoped that this Technical Review would not be conducted too late. He also recalled that Sudan relied mainly on the IF to promote and maintain the country's efforts to accede to the WTO.

30. The representative of Nepal said that his country attached great importance to the DTIS and the IF process, as Nepal had already validated and integrated its Action Matrix into the national PRSP. He recalled that the DTIS was an important tool and had been prepared with the objective of identifying areas of export potential, supply-side constraints, human and institutional capacity constraints and implications for growth and poverty reduction. He added that it was important to remind the IF members what the DTIS stood for, as there were a lot of expectations concerning the IF work. He added that it was important to strengthen LDC participation into the multilateral trading regime, and to reduce marginalization and poverty through the process. He thus sought support from the international community to extend the IF beyond 2005 and replenish its funding.

31. He further said that local ownership as well as the involvement of the private sector in the preparation and implementation of the country DTIS were particularly important. He added that implementation of Window II was a priority and that long-time frames for such implementation risked undermining the IF process. He requested a speeding up of the implementation of Window II projects and concluded by saying that the most important question concerned the issue of how to move the IF to the next stage, i.e. to the stage of full implementation of the Action Matrixes.

32. The representative of Ethiopia said that there was no doubt about the usefulness of the IF process. He added that it was important that all generated ideas could be translated into projects and programmes and that implementation of the latter would require resources availability. In this respect, he expressed his concern about the financial gap and sought clarification on the US\$10 million gap as to whether it referred to Window I, Window II, or both.

33. The Chairman invited the Secretariat to respond to the various requests for clarification raised by a number of representatives from the LDCs.

34. The representative of the Secretariat confirmed that the IFWG had considered the organization of an IF event in Livingstone to be a good opportunity to showcase the IF, but took note of the reservations expressed by the representative of Zambia and some other members. As for the US\$10 million projected gap, he clarified that the gap referred to Window II, and stressed the importance of replenishing the IF Trust Fund. He took note of the statement made by the representative of Sudan, and confirmed that the IFWG had mandated the World Bank to conduct the Technical Review of Sudan in the Fall of 2005. He also took note of the concern expressed by the representative of Nepal on the extension of the IF Work Programme. He clarified that the IFWG wanted to extend the Work Programme beyond 31 December 2005, but had decided to take a decision on this matter in the Fall since a number of events would take place between the present date and the Fall, which might have a bearing on the future of the IF.

35. Concerning the strengthening of the IF Secretariat, the representative of the Secretariat recalled that discussions on this issue had been on-going for more than a year, and stressed that the strengthening of the IF Secretariat was not just an issue for the future but was an urgent need to be addressed at present, especially with the expansion of the IF to new countries. For this reason, he underlined the importance of taking quick and immediate decisions before considering the future of the IF in general. On the note "Aid for Trade", he said that the World Bank and the IMF had prepared it for the most recent meeting of the Development Committee and that it was certainly available for members of the IFSC. In that context, he referred to the World Bank and the IMF's websites.

36. The Chairman proposed that the Committee take note of the report of the IFWG meeting of 27 to 28 April and of the statements made.

37. It was so agreed.

D. IMPLEMENTATION OF THE IF

(i) *Report by beneficiaries on follow-up to DTIS*

38. The Chairman recalled that the IF Work Programme placed special emphasis on the effective follow-up to the DTIS in the beneficiary countries. He stated that the DTIS had been completed in 14 LDCs so far. These countries were: Burundi, Cambodia, Djibouti, Ethiopia, Guinea, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mozambique, Nepal, Senegal and Yemen. He added that the preparations for the DTIS were at various stages in Benin, Chad, Lao PDR, Rwanda, Sao Tome and Principe, Tanzania and Zambia and that seven LDCs had also started their DTIS process: Angola, Burkina Faso, Uganda, Niger, Maldives, The Gambia and Sierra Leone. He also drew the attention of the IFSC members to the note prepared by the Secretariat upon the request by the Sub-Committee on Least-Developed Countries, entitled "Assistance to Address Supply-side Constraints", and dealing with measures adopted in countries that had already validated their DTIS.² In this context, he invited the beneficiary countries to include in their statements, where possible, information in this regard.

39. The Chairman invited beneficiary countries to report on the status of implementation of the IF in their countries.

40. The IF Focal Point of Djibouti thanked the Committee for granting him a second opportunity to illustrate the evolution of the IF process in Djibouti, after his first intervention at the IFSC meeting of 2 December 2004 when he had participated together with the Minister of Trade of Djibouti. He said that his country's vision on development was reflected in the PRSP of Djibouti, where trade, both in services and goods, constituted the basis of his country's development strategy. Building on the consolidation of peace, the goal was to turn the country into a port for services, available to companies using the country's human resources. He reported that Djibouti had given a 20-year

² Contained in documents WT/COMTD/LDC/W/33 and Add. 1.

concession to the Dubai Port Authority for its port, with an investment of US\$300 million that included a new portuary complex capable of hosting vessels of the latest generation, a new terminal for containers, a free zone and an oil terminal under construction, with a capacity of 240,000 tons per year which would be inaugurated during the third quarter of 2005. He also reported that efforts were being made to turn Djibouti into a hub for regional trade and that a regional export centre for livestock was under construction. The centre would have all the necessary facilities, such as for quarantine and the certification of origin, with an export capacity of 120,000 heads a day. In this respect, he expressed the wish that Djibouti benefit from support to trade facilitation in order to certify all the country's products destined to regional and international markets.

41. He also pointed out that vast economic reforms, including the adoption of a new labour code, were being undertaken in order to make trade play its role as the driving force in poverty reduction in Djibouti. He recalled that the DTIS National Validation Workshop had taken place on 12 and 13 May 2004 and that the implementation phase was addressing two main components under Window II of the IF Trust Fund, namely: (i) capacity building of national institutions which foster trade (Ministry of Trade, Industry and Craftsmanship, the National Agency for Investment Promotion and the Djibouti Chamber of Commerce); and (ii) promotion of tourism in Djibouti. He reported that support for closer consultations between the private and the public sector was envisaged under Window II, in collaboration with the ITC, and included the set up of a cooperation mechanism and a partnership infrastructure to strengthen dialogue between the two sectors. He said that among other activities, Djibouti was also putting emphasis on training for the different businesses as well as for young diving instructors. He added that NGOs were involved in promoting craftsmanship and this was proving helpful since it allowed different members to promote their works. He underlined the importance of all these activities which were tangible examples of what trade could do to reduce poverty in Djibouti.

42. He reported that implementation was following the road map and that a strict coordination had been established with the PRSP National Coordinator in order to prepare for the roundtable on trade-related technical assistance for Djibouti, due to take place before the end of 2005. He said that the ITC was the execution agency for the Window II projects in his country and expressed the wish that implementation should progress rapidly.

43. Lastly, he spoke about the intention of Djibouti to organize a pre-DTIS regional workshop for incoming LDCs similar to the one that had taken place in Kigali in October 2004, in order to take stock of the situation of countries benefiting from the IF and having already validated their DTIS, thus allowing other countries to learn from their experiences.

44. The representative of Guinea, the IF Focal Point, welcomed the Minister of Trade from the Comoros, and expressed his appreciation for the work of the IFWG. He said that his presence in the meeting in his capacity as Focal Point of Guinea witnessed the importance that his country attached to the activities of the IFSC and to the reporting of achievements of the IF in Guinea to the Committee. He added that implementation of the different objectives of the IF required country ownership and closer cooperation with all other partners, including the private sector. To this end, Guinea was actively committed to mainstreaming trade into its poverty reduction strategy. He said that export promotion had been put at the core of the action plan of the Action Matrix of Guinea so that trade could become the engine for growth and poverty reduction. He recalled that the Action Matrix of Guinea provided for interventions in a number of areas, including trade policy and regional integration, the institutional framework, export promotion, competitiveness, infrastructures, agriculture, fisheries, tourism and craftsmanship. He added that for financing out of Window II, three projects had been drawn up at the National Validation Workshop in October 2003, all three in collaboration with the IF partners and particularly the ITC. These projects were all operational and aimed at strengthening: (i) Guinea's capacity in agricultural exports; (ii) institutions for foreign trade; and (iii) Guinea's negotiation capacity, in view of greater country participation in the multilateral trading system. He said that other partners had promised to support Guinea in SPS-related measures,

trade facilitation, customs, and so on. He stressed how all this had been made possible by the strong commitment of the national government, together with a determined will shown by all IF partners to support Guinea in this process.

45. He went on to say that Guinea's results in the IF process could be taken as an example to be followed in Africa and among the LDCs and that this success would not have been possible without the commitment of all IF partners. As an example, he mentioned some of these achievements, that included: (i) a better dialogue with the private sector, at the centre of the IF process in Guinea; (ii) a road map to sensibly reduce poverty over the next ten years, also on the basis of the development of trade and of services to the private sector; and (iii) a trade policy to support exports and businesses to become more competitive through Window II projects. He continued by saying that under the impetus of the National IF Steering Committee, his country had taken the decision to include the main concerns and recommendations of the DTIS into the PRSP and to harmonize faster than other non-UEMOA countries its customs duties with the UEMOA (Union Economique et Monétaire Ouest Africaine) (West Africa Economic and Monetary Union). He said that the DTIS had demonstrated that Guinea had in some markets a comparative advantage that other countries of the sub-region did not have. To this end, a National Committee of Customs Duties Reform had been set up in 2003 and the implementation of a harmonized customs rate with UEMOA had been in place since January 2005. He added that the contract with the Société Générale de Surveillance, dealing with inspections, had been terminated since 1 January 2005 in order to facilitate trade. Within the country, Guinea had tried to remove road blocks with a view to fully implementing the ECOWAS trade liberalization scheme. He also said that Guinea had provided advantages and facilities for stocking and transit to Mali, thus enabling Mali to use Guinean port infrastructures for its imports and exports. On this same issue, he added that an inter-state road transport mechanism would become part of an agreement between the Government and the Chamber of Commerce of Guinea in the near future.

46. He was pleased that Guinea had been chosen to start the second phase of the IF pilot project and declared the availability of his country to share its experience with other African LDCs wishing to join the IF. He said that ministerial visits between Guinea and Cambodia had been enriching and helpful and expressed his thanks to the Government of Cambodia for the assistance provided. He took the occasion of the IFSC meeting to also thank all IF partners, particularly all present and as future donors. He concluded by inviting all LDCs to engage in the IF process on the eve of important events such as the LDC Trade Ministers' Meeting, the G-8 meeting in July 2005 and the 6th WTO Ministerial Conference in Hong Kong, China, where the IF would be one of the subjects at the heart of the discussions. He reiterated the commitment of Guinea to the IF process and encouraged other LDCs to do the same.

47. The representative of Mauritania said that a number of measures to improve country competitiveness were envisaged in Mauritania on the basis of an action plan based upon the DTIS, including measures: (i) to reduce costs of imports, by trying to reduce trade-distorting effects on exports that were part of the import-export regime; (ii) to improve the country environment for direct foreign investments; (iii) to develop access to credit, loans as well as other long-term financial instruments; and (iv) to reduce production costs. He reported that measures had been taken concerning the fiscal policy reform, customs tariffs reduction, reduction in rates of equipment and the effectiveness of the legal framework. As regards investment, he reported that the new Investment Code had entered into force and that legal reform measures were being undertaken to expedite trade dossiers and enhance specialization. He added that competition authorities had been equally strengthened and that the central administration for trade and the regulatory authority had all benefited from institution building. On the issue of access to credit and long-term financial instruments, he reported that a study had been conducted on the financial sector and that an action plan would be finalized in the following weeks. He also mentioned that the Central Bank of Mauritania had taken a number of measures to ensure strict application of prudential regulations, in order to develop access to credit and to promote the constitutions of resources in the country's primary banks. He added that efforts had been made to reduce costs in production sectors. He reported that the monopoly on fixed

telephony had been broken as of June 2004 and that mobile telephony had grown considerably and was continuing to grow. He also mentioned that this could lead to attributing a third licence to an operator and that several Internet service providers were already established in the country. As for electronics, he added that a study was under way and that this should lead to the formulation of a plan of action in the near future. The adoption of a monetary plan was also envisaged by the Central Bank and the primary banking institutions.

48. On supply-side constraints, he said that the DTIS had specified a number of sectors in need of support, including export promotion, quality improvement of export-oriented productions, trade facilitation, as well as some specific needs to be addressed in fisheries and tourism. He said that a special fund had been set up within the IF to finance activities aimed at strengthening the international trade capacity of Mauritania's public institutions. He mentioned two projects financed under Window II, namely a project to support the Chamber of Commerce, Industry and Agriculture, and a second project to finance the establishment of a lightweight structure to promote fisheries products. He added that Window II would help Mauritania to own the IF, internationally and locally, and to take into account the specific problems of competitiveness and integration in the world trading system in the national poverty reduction strategies. He added that a new project supporting the craftsmanship sector would be set up under Window II in the upcoming weeks. He also recalled that JITAP was financing a project concerning the export strategy for livestock. He said that the African Development Bank and the European Communities had enabled Mauritania to modernise its customs system and that Mauritania was continuing to study ways of implementing a system standardising quality control for products, including fishery products. He also mentioned France's commitment to support tourism and the fishery sector in the country and said that plans of actions were being finalised and that implementation was expected to start over the course of the second half of 2005. He said that the ITC was providing assistance in setting up a trade information system to promote the development of local enterprises. He added that notwithstanding all this, a number of activities included as priority - actions had not yet received financing and that Mauritania was still facing some financial difficulties related to Window II. He pointed out that the IF had not yet enabled Mauritania to mobilise new partners. He added that some commitments had been made by traditional partners, although these commitments remained modest, for they had not been taken as priorities compared to other sectors. He concluded by saying that Mauritania hoped to mobilise additional resources and overcome the supply-side constraints by integrating the Action Matrix into the implementation of the strategic plan for poverty reduction for the period 2006-2009.

49. The representative of Burundi said that the IF should support LDCs in developing their exports. He recalled that Burundi had been participating in the IF since 2001, after the 3rd UN Conference on LDCs held in Brussels in May 2001. In the margins of that Conference, Burundi had been invited to participate in a number of meetings organized by the ITC in order to promote private sector participation. He added that the promoter of essential oils exports had been able to present a project on that occasion. Similarly, a project from a Haitian producer which was the number one in the market of the essential oils at that time had also retained attention. He reported that, through the ITC, these two businessmen had been able to begin cooperation and set up a joint project. In this respect, he said that Burundi had been chosen as a pilot country and had begun an essential oils project along with the ITC in 2001, which was assisting country exports and poverty reduction strategies, based on the labour force of the country's rural areas. This had already allowed for the creation of 1,500 jobs in the Rugombo area. The necessary economic and technical studies to set up the project had been carried out by Haitian experts with experience in the sector of essential oils with support from the ITC, the UNDP and the International Agency of the Francophonie. He said that since 2003, the ITC and the UNDP had been joined by other partners in the IF process in Burundi and that the essential oils project had been retained for financial assistance under Window II. The project on the essential oils had been provided with US\$333,000 as an initial investment out of Window II funds. He added that this money had been allocated by the UNDP Headquarters in New York in December 2004 and that the first funds had been released the previous week. He also said that the Technical Appraisal Committee had just authorized the allocation of part of the budget to produce

18 hectares of Patchouli (of which 5 hectares had already been planted), and to develop the production of 132 hectares of Citrus aurentifolia.

50. He went on to say that, in terms of funds out of Window II of the IFTF, four projects had been selected by the LPAC in addition to the project on essential oils and that since 2004 different agencies acted as executing agencies under Window II. He continued by reporting that financial authorization had been granted for two out of five projects for a first level of financing. In particular, he said that initial financial support had been granted to: (i) the project on essential oils; and (ii) a project on cut-flowers, although both projects remained in need of further financial assistance. He said that the socio-economic benefits of the IF had contributed to the prevention of conflict in Burundi because the IF had allowed the country to diversify its exports, reduce the balance of trade deficit and carry out its professional reinsertion programme as well as the re-training of ex-combatants, part of the country's poverty reduction strategy. He said that the IF had given hope to his country. He expressed the wish that the programme would mobilise additional resources so that all LDCs and especially Burundi would be able to effectively participate in the multilateral trading system, in order to improve their exports.

51. The representative of Lesotho said that the workshop on private sector development had addressed the supply-side issues identified in the IF Matrix and that the recommendations of the workshop would be reflected in the *aide-mémoire*. As far as the regulatory framework was concerned, she highlighted the fact that the World Bank would support the work of other agencies and get involved in a complementary manner when necessary. On supply-side constraints, she referred to a project to build capacity in the area of trade negotiation, trade policy analysis, data collection and data analysis. She reported on the intention to replace the project, due to end in June 2005, with a more long-term project that would have a wider scope in terms of sector coverage, and to link it to the PRSP and to the priority of job creation. She added that the project concerning mushrooms and peaches was being financed under Window II. Lesotho would have to establish an IF implementation structure and would use Window I funds to capacitate such a structure. She added that the shortage of staff in the Ministry had made it difficult to set up the structure, but reported that the situation had improved in the area of human resources and that it should be possible in the time ahead to have a few officials to look after the IF-related issues. She concluded by saying that Lesotho still needed to organize the national conference with donors, especially in view of the World Bank workshop on the private sector to which she had referred earlier.

52. The representative of Madagascar said that her country supported the request advanced by the Comoros to accede to the WTO and benefit from the IF programme. She added that the Comoros was an important partner for Madagascar and was a member of the Indian Ocean Commission. Comoros' accession to the WTO would thus strengthen the integration of the region into the world trading system. As for the IF implementation in her country, she said that the process was moving quite slowly, given the lack of flexibility imposed by some of the partners in the process. She added that the recruitment of the national coordinator for the capacity building programme had suffered some delay even though it had already been approved by the local committee. She also stated that good collaboration existed nonetheless with IF authorities and partner agencies on ground.

53. She said that her Government had benefited from Window II to finance a project on capacity building in international trade issues and that studies were being conducted to work out the consequences of the accession of Madagascar to the Southern African Development Community (SADC). She asked for partners' assistance to speed up the accession process so that Madagascar could become a full member of SADC as soon as possible and get the most out of its commercial and economic arrangements. She added that her Government had made considerable efforts to meet the development objectives and that progress had been made particularly in terms of improving customs procedure and investment in the tourist industry. She said that the priorities listed in the Action Matrix had been revised so that a third national roundtable with donors could be organised in view of addressing such new priorities. She called upon partners' support to undertake this exercise. She

concluded by reiterating her country's request to be included in the special JITAP programme, which might constitute the appropriate framework to respond to some of Madagascar's needs in view of strengthening its production and export capacities and improving its competitiveness.

54. The representative of Mozambique thanked the IF partners for their continued commitment and dedication to the scope and goals embodied in the IF initiative. He said that as a follow-up to the National Validation Workshop that had taken place in September 2004, Mozambique was setting up the Inter-Institutional Committee for the IF, a core player for the successful implementation of the IF. He recalled that soon after the validation conference, general elections had taken place in Mozambique, resulting in a new government in office since early February 2005. He added that the new government was under the same Premiership as the previous one and that it was pledging to continue steadfastly with all major development programmes already under way, including the IF. He recalled that the first meeting of the National Steering Committee as well as the first meeting of the LPAC had both taken place on 3 March 2005, in order to take stock of recommendations and decisions of the September Conference. In this respect, the National Steering Committee had approved the Terms of Reference for a short-term technical assistance to the Ministry of Industry and Trade of Mozambique, and the LPAC had discussed the first projects for funding out of Window II of the IFTF. He added that a second meeting of the National Steering Committee had taken place a week after the first one, on 9 March, and that attendance had gone beyond expectations, involving all major development players, i.e. government institutions, private sectors and the civil society. In reporting on the second meeting of the National Steering Committee, he said that the importance of trade in the overall efforts aimed at addressing the issue of extreme poverty with emphasis on the rural areas had been outlined. He added that participants had also reviewed the short version of the DTIS Action Matrix developed by the Ministry of Industry and Trade for consideration by the Council of Economic Ministers and that a third meeting had been organised on 31 March as a follow up. He said that a fourth meeting had been scheduled for that very day in response to the call by participants for more regular meetings of the National Steering Committee. He recalled that it was the responsibility of the Council of Economic Ministers to submit any economic development project for approval by the entire Cabinet, whose blessing was required to fully integrate any projects into the government's Five-Year Development Programme. He thanked the Secretariat for its report on the state of play on the IF and welcomed the decision to allow Mozambique to benefit from STDF funding to improve the country's SPS situation. He concluded by reiterating his Government's readiness to continue to push forward for the successful implementation of the IF.

55. The representative of Benin thanked the Secretariat for its exhaustive report. He said that the experience of the first group of IF LDCs was important to show the way forward to the next group of countries which also included Benin. He added that it was interesting to consider the international constraints that had been faced by each country and the way in which those same countries had been working in collaboration with other IF partners. He recalled that his Government had requested to join the IF in March 2002, and that Benin had been selected to join the new group of beneficiary countries after successful assessment in 2003. He also mentioned that a preliminary mission of the six partner agencies had taken place in January 2004 and that a mission to Cotonou between 26 April and 7 May had elaborated the *aide-mémoire*. Full collaboration with the competent authorities had characterized these missions and the validation workshop was foreseen for June/July 2005. He reaffirmed Benin's commitment to work with the IF institutions to promote Benin's participation in international trade and combat poverty. He also recommended that the next stages of the IF be carried out without delay after the validation of the DTIS. He thanked the IF partners for their support. He also hoped that the financial means required to implement the IF would be made available at the end of the diagnostic process so as to ensure that trade was effectively an engine for his country's development and poverty reduction.

56. The Chairman proposed that the Committee take note of the statements made.

57. It was so agreed.

(ii) *Joint initiative by WTO/World Bank on Trade Facilitation Negotiations support: briefing by the WTO Secretariat*

58. The Chairman invited the WTO Secretariat to brief the Committee on the joint initiative by the WTO and the World Bank to assist developing and least-developed countries to effectively participate in the trade facilitation negotiations. He said that all LDCs might take advantage of this initiative in the implementation stage of the IF.

59. The representative of the Secretariat from the Trade and Finance and Trade Facilitation Division said that the objective of the briefing was to invite members of the IFSC to consider what opportunities there might be, through implementation of the IF, to support the programme of technical assistance and capacity building that was part of the Doha mandate to assist LDCs to participate effectively in the negotiations on trade facilitation. He referred to two documents available to members of the Committee, a briefing paper by the WTO Secretariat and a draft World Bank document on support for the trade facilitation negotiations, containing detailed material on the issue. He highlighted the fact that trade facilitation projects appeared in many DTISs, that these projects were often given a high priority, and that trade facilitation was an area where the return on investment ratio was relatively high for LDCs as well as for developing countries more generally. He added that there was a high pay-back for LDCs in terms of reducing their trade-related transaction costs and increasing their capacity to trade and that this was particularly true in the case of land-locked LDCs. He also recalled that in the negotiation mandate on trade facilitation, the Secretariat was mandated to assist LDCs (as well as developing countries): (i) to participate effectively in the negotiating process; (ii) to determine the nature of the results of the negotiations; and (iii) to implement the results of the negotiations. He reported that the focus was very much on the first dimension. In this regard, he underlined the importance to ensure that the negotiator in Geneva had good back-up in capitals not only from his/her own Ministry but from all of the agencies involved in border procedures and regulations. He added that this was one of the areas in the WTO where the Trade Ministry was frequently not the principal operating agency that would have to implement the results of the negotiations on trade facilitation, and that other agencies typically involved were those dealing with finance, customs, transportation, quality control and veterinary services. He stressed that it was important that all WTO Members be in a position to consolidate at the national level the advice received by the different agencies to pass that advice onto the negotiator in Geneva, to make an assessment of the proposals on the table, and that the results of negotiations were properly implemented by the agencies concerned at the national level. Therefore, early involvement of these agencies in the negotiation process was important to raise awareness on the likely results and to eventually steer these results in the direction the agencies believed to represent the national interest.

60. He also said that the aim of the joint initiative by the WTO and the World Bank - that directly concerned several other agencies of the IF as well - was to help countries individually to set up these coordination mechanisms at the national level and to undertake an assessment of the needs and the priorities that each LDC would have in the area of trade facilitation. He informed the Committee that three pilot projects would be implemented shortly in Jamaica, Uganda and Sri Lanka. He reported that another pilot project involving all Central American countries on a regional basis was expected to start in June 2005. He invited interested LDCs to participate in the initiative and stressed the need to act quickly and rather urgently if the initiative was to be of any value in assisting LDCs to participate in the negotiations. He concluded by addressing the donor community and stressing the urgent need to financially support the initiative, which would cost around US\$25,000 per country.

61. The representative of Bangladesh reacted to the presentation made by the WTO Secretariat. He said that the issue of trade facilitation negotiations was a very important one. He also said that LDCs looked at trade facilitation from a different and much wider perspective. Trade facilitation covered national infrastructures and almost everything that facilitated trade. He recalled that LDCs had put a lot of effort into negotiating the modalities for trade facilitation and that he would not consider positively the possible erosion of the agreed modalities. He said that the paper represented a

WTO negotiations' support guide rather than a support guide specifically focussed on trade facilitation. He added that the framework and coordination structures suggested in the guide already existed in many countries in one format or another and that the initiative should not aim at primarily and effectively putting responsibility back on LDCs' structures. He welcomed some more clarification concerning the kind of support the World Bank was ready to provide. He also expressed the wish that the guide include all different proposals put forward on trade facilitation, to be compiled by the World Bank and the IMF, in order to make consultations easier to small delegations in Geneva and in capitals. Assessment of the impact of changes in staff and cost implications of the initiative were required prior to looking at the political implications of the proposal. He added that he would not support the diversion of funds from the IF into the trade facilitation negotiations and that additional funds should be made available to finance the initiative as clearly stated into the modalities for trade facilitation negotiations.

62. The Chairman recalled that the presentation of the initiative of the World Bank and the WTO was for information purposes only and that trade facilitation was outside the competence of the IFSC. He said he was available to convene a special meeting although the issues were not directly linked to the IFSC work. He proposed taking note of the report made by the WTO Secretariat and the statements made.

63. It was so agreed.

E. IF TRUST FUND - FINANCIAL STATUS REPORT: REPORT BY THE UNDP

64. The Chairman invited the representative of the UNDP to provide a status report on the Trust Fund.

65. The representative of the UNDP said that the IFTF had been growing, and commended the donor community for responding to the request made at the previous meeting of the Steering Committee to increase funding and honour the pledges already made. This had helped sustain the activities on the IFTF. Pledges were in line with transfers. He also reported that as regards Window I, a consistent trend existed between the transfers and the approvals over the period 2001 to 2004 and that transfers from donors had always been ahead of the approvals made by the UNDP. As far as Window II was concerned, the first activities could be reported as of 2002 and an impressive growth had been recorded in 2004. He pointed out that the needs for funds had begun to exceed the transfers for the first time by the end of 2004 and that the ability to approve actual disbursement had been mainly constrained by the resources available. He also mentioned the Technical and Financial Report of the IFTF for 2003 up to mid-2004, and reported that the World Bank had been provided with the major part of the funds for its work on the DTISs; another part of the funds had gone to the ITC for its role not only in supporting the post-DTIS activities but also in helping and guiding the old IF countries. He added that funds had also gone to UNDP for its support, particularly in those IF projects of a global nature.

66. As regards funding projections for the IFTF, the representative of the UNDP reported that Window I would have adequate funds to meet immediate and projected needs for new projects coming up in 2005. With regards to Window II, contributions had been received totalling about US\$10.2 million, of which approval amounted to US\$8.1 million, leaving a small balance of about US\$2.1 million. He said that not all projects reviewed and approved by the LPACs at the country level had been fully funded under Window II. The end of the reporting balance was positive and amounted to US\$5.4 million, whereas the projected funding requirements amounted to US\$15.7 million, of which US\$1.2 million would be for the four new DTISs which should start in 2005. The remaining balance covered 22 projects under Window II. The gap of US\$16 million mentioned in the previous report on the status of the IFTF had dropped to US\$10 million thanks to donors' efforts. He added that the new countries involved in the IF process were much better informed on the procedures. He concluded by saying that the UNDP as IFTF Trustee would

strengthen the monitoring and tracking of the use of the resources and would report regularly on progress concerning the IF delivery.

67. The Chairman reported on his consultations with the donor community following his letter sent jointly with the Chairman of the IFWG and said that he was optimistic about the future. He suggested convening a meeting of the IFSC in the near future to continue the discussion on the briefing on trade facilitation and on the finances of the IF. He proposed that the Committee take note of the report made by the UNDP.

68. It was so agreed.

E. ANY OTHER BUSINESS

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

ANNEX I

The Integrated Framework Steering Committee

Thirteenth Session

1. The Integrated Framework Steering Committee will hold its Thirteenth Session on Friday, 29 April 2005, starting at 3 p.m. in the WTO building.
 2. The items proposed for the agenda are:
 - (a) Observer status for FAO and UNIDO;
 - (b) Statement by H.E. Mr. Maoulana Charif, Minister of Trade from the Comoros;
 - (c) 41st meeting of the IF Working Group (IFWG): report by the Chairman of the IFWG;
 - (d) Implementation of the IF;
 - (i) Report by beneficiaries on follow-up to DTIS: countries which have validated their DTIS are encouraged to report on the status of the IF process in their countries, in particular on state of implementation of supply-side related actions identified in their DTIS and Action Matrices
 - (ii) Joint initiative by WTO/World Bank on Trade Facilitation Negotiations support: briefing by the WTO Secretariat
 - (e) IFTF: financial status report; state of funding/transactions *inter alia* in light of the joint letter from the Chairs of the IFSC and the IFWG of 4 February 2005, soliciting continued support for the IF: report by UNDP;
 - (f) Any other business
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