

**Integrated Framework Steering Committee
Sixteenth Session**

**REPORT ON THE 16TH MEETING OF THE
INTEGRATED FRAMEWORK STEERING COMMITTEE (IFSC)**

Friday, 12 May 2006, WTO, Geneva

Chairperson: Ambassador Mia Horn af Rantzien (Sweden)

A. ADOPTION OF THE AGENDA

1. The Integrated Framework Steering Committee (IFSC) held its sixteenth meeting on Friday, 12 May 2006. The adopted agenda is reproduced in Annex I.

B. 43RD MEETING OF THE INTEGRATED FRAMEWORK WORKING GROUP (IFWG): REPORT BY THE CHAIR OF THE IFWG

2. The Chairperson of the IFWG made a detailed report on the IFWG meeting held on 9 and 10 May 2006. She pointed out that the IFWG had taken up a wide range of issues including implementation of the IF in various countries and discussions on recommendations of the Task Force for an enhanced IF.

3. On the implementation of the IF process in various countries, she reported that Diagnostic Trade Integration Study (DTIS) National Validation Workshops had been held in 20 LDCs, namely in Benin, Burundi, Cambodia, Chad, Djibouti, Ethiopia, Guinea, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mozambique, Nepal, Rwanda, Sao Tome and Principe, Senegal, Tanzania, Yemen, and Zambia. Reports by the representatives of the World Bank, UNDP, as well as the LDCs and donors on each of these countries showed that, while problems remain, IF implementation was on the right track with a number of projects being implemented, based on IF Trust Fund (IFTF) resources and through bilateral channels. The Group had emphasized the need for further coordination between IF stakeholders at the country level and donors and agencies in order to improve reporting on the implementation of the IF action matrix. In this context, the need to strengthen capacity of the IF at the country level was paramount to ensuring accurate and timely reporting of activities implemented in each LDC. Emphasis was also placed on the importance for bilateral and multilateral donors to base their trade-related technical assistance funding plans on the needs expressed in the diagnostic studies prepared under the IF. The Group noted that the IF had been a useful tool inasmuch as it helped many LDCs integrate trade into their development plans, which would ultimately assist them in attracting further resources from bilateral and multilateral donors.

4. She said that the representatives of the World Bank and UNDP had also reported on progress in the preparation of the DTIS in the following ten countries: Angola, Burkina Faso, Central African Republic, Lao PDR, Maldives, Niger, Sierra Leone, Sudan, The Gambia and Uganda. She specified that National DTIS Validation Workshops were scheduled for Angola, Sierra Leone and Uganda during the summer of 2006.

5. She added that, pursuant to its mandate to the World Bank, the IFWG had received Technical Reviews for Afghanistan, Comoros, Democratic Republic of Congo, Equatorial Guinea and Vanuatu. Members of the Group had agreed that the World Bank would shortly finalize the Reviews for Afghanistan and Vanuatu, and would revisit the Reviews for Comoros, Democratic Republic of Congo, Liberia and Haiti later this year and for Equatorial Guinea in the summer next year. The UNDP also reported on its recent mission to the Comoros.

6. As regards the requests by Guinea Bissau, Samoa, Solomon Islands, East Timor and Togo to join the IF, she reported that the IFWG had agreed to mandate the World Bank to undertake Technical Reviews for Guinea Bissau and Togo, and the UNDP to undertake Technical Reviews for Solomon Islands and Samoa. The Group had also agreed to postpone mandating the World Bank to undertake a Technical Review for East Timor until more clarity would be received on the conditions prevailing in that country.

7. She continued by saying that the IFWG had heard a report by the Secretary of the Standards and Trade Development Facility (STDF) on the implementation of projects addressing specific sanitary and phytosanitary needs which had arisen in validated diagnostic studies. The report had highlighted the success of the emerging partnership between the STDF and the IF and had presented concrete project activities benefiting IF countries.

8. As regards the future of the IF, she said that the Chair of the IF Task Force had presented the preliminary recommendations of the IF Task Force to the IFWG. The Group had welcomed the Task Force's intention to finalize its recommendations in the coming fortnight based on the comments received and to include more detailed elements with regard to certain issues. She reported that there was agreement around the principles of an enhanced IF such as country ownership, coordination, monitoring, mutual accountability, in accordance with the principles of the Paris Declaration on Aid Effectiveness. The Group had also agreed that the results of the work of the Task Force needed to be simple, practical and user-friendly for the LDCs. There was consensus that the funding issue was crucial, as it allowed for all Task Force recommendations to become effective. She said that there was also a generally shared understanding that any proposed funds for the new IFTF were not meant to be the main source for all trade capacity building in the LDCs. It was also clearly stipulated that the three elements of the enhanced IF, namely increased predictable funding, strengthened in-country capacity and governance were intrinsically interlinked and could not be separated from each other. The Group had agreed that the Task Force would need to address transitional arrangements from the current to the enhanced IF. As regards next steps, the Group intended to schedule a meeting in June for the review and decision of the finalized recommendations and report of the Task Force. The Group had also agreed that a plan outlining the next steps would be presented at the next IFWG meeting.

9. The Chair of the IFWG recalled that the IFWG and the IFSC, at their October meeting last year had welcomed the proposal by donors to establish a Project Implementation Unit (PIU) which would support and complement the existing structure of the IF Secretariat. She reported that since then, a number of developments had taken place. A Task Force was established to enhance the IF. Ministers in Hong Kong had welcomed the establishment of this IF Task Force and its mandate to provide recommendations on how the implementation of the IF could be improved. Three donors, Denmark, Switzerland and the UK had pledged funds for the establishment of the PIU to be housed in the WTO. Pending the outcome of the work of the Task Force, the WTO had suspended the process of establishing the PIU and had informed the IFWG of this decision. The WTO had asked for its guidance on how to proceed next, that is to resume the recruitment process or to wait until the IF Task Force would come up with its final recommendations on how to operationalize the enhanced IF. The Group had agreed with donors' requests to be given one week to consult further among themselves.

10. With regard to the IFTF, she said that UNDP had provided a detailed status report. The Group had expressed its appreciation for the contributions to the IFTF by the donors, particularly, Norway, Denmark, UK, Sweden and Canada. The Group had welcomed the clarity of UNDP's report but had raised some concerns with respect to the figure which indicated a low expenditure rate of resources in Window II of the IFTF. In this light, the IFWG had requested UNDP to include more detailed information in the table indicating the funds which had been advanced for Window II projects, which were higher than the funds indicated as disbursed, before accounts were closed. The IFWG had agreed that it was necessary to find ways to improve implementation of Window II projects including, in the short run, through better reporting and a better information flow and assistance between focal points and agencies, and in the medium term, through addressing these constraints under each pillar of the enhanced IF. The Group had been reminded of the LPAC (Local Project Appraisal Committee) system on the ground, set up last year as a result of the IFWG and IFSC's efforts to improve on the approval procedures for Window II projects in the LDCs. The Group had reiterated the need to assist LDCs to access Window II funding and to report to the IFWG. The Group had felt that in the light of the pending recommendations on an enhanced IF and the measures previously agreed by the IFSC and the IFWG to improve on the approval of Window II projects, it was appropriate at this stage to draw the IFSC's attention to these measures and to await the outcome of the work of the Task Force.

11. She said that UNDP had reported that a number of LDCs had expressed an interest in formulating additional projects under Window II, using available resources within their country's allocation, but that the deadline to apply as set by the Terms of Reference of Window II had expired. The Group agreed that the following countries may submit additional projects within a maximum period of one year: Lesotho, Mozambique, Nepal, Djibouti, Mauritania, Madagascar and Guinea. The Group had also agreed that LDCs which in future would find themselves in this position, would need to make a request for a one-year extension to the IFWG on an ad-hoc, case-by-case basis.

12. She continued by saying that the IFWG had also reviewed a project proposal prepared by the ITC jointly with Djibouti to organize a workshop on the IF and Aid for Trade during the COMESA meeting in November. It had encouraged ITC to mobilize funding outside the IFTF, as this type of project did not conform to the terms of reference of the IFTF.

13. As regards the IF Website, she said that the IFWG had heard a report from the World Bank on the IF website which was managed by the World Bank on behalf of the six Agencies. Project briefs on Window II projects would be added and more information would be translated into French.

14. The Chairperson of the IFSC welcomed the report by the IFWG Chairperson and opened the floor for discussions on this report.

15. The representative of Solomon Islands expressed his gratitude for the favourable response by the IFWG towards the application of his country and Samoa to join the IF. He assured that his Government would work very closely with the UNDP which had been mandated to undertake the Technical Reviews for both countries. He also expressed his gratitude to the World Bank for undertaking the Technical review for Vanuatu and hoped that Vanuatu would move to the next stage of the IF process shortly.

16. The Chairperson of the IFSC proposed that the Committee take note of the report on the IFWG meeting on 9 to 10 May and of the statements made.

17. It was so agreed.

C. REPORT BY THE CHAIR OF THE TASK FORCE ON THE ENHANCEMENT OF THE IF ON THE WORK OF THE TASK FORCE; CONSIDERATION OF ITS RECOMMENDATIONS

18. The Chairman of the IF Task Force highlighted the main issues of the draft recommendations relating to country ownership, implementation, management and funding.

19. On the issue of country ownership, he reported that the Task Force had recommended the increase of support for capacity building in-country to permit LDCs to take ownership. Discussions had shown that beneficiary countries had difficulties mastering human and financial resources to take ownership in a meaningful way. He reported that the Task Force had also recommended the establishment of a high level inter-ministerial committee to provide senior level engagement and coordination and to provide political commitment. He said that the Task Force had debated at length on the weaknesses of inter-ministerial communication across different levels of government. A series of process prescriptions that may address these weaknesses had been included in the draft recommendations. He pointed out that the Task Force was reluctant to propose a one-size fits all model because each LDC was different. In its consultations with LDCs, donors and agencies, the Task Force had discovered that there were different structures in the beneficiary countries, some of which worked well.

20. He stated that ownership not only referred to LDCs and the IF process in-country, but also to donors and agencies with regards to their participation in the process. He emphasized the need for commitment from donors to include trade as an important part of their development strategy. He noted that the paradigm in development agencies and donor agencies was changing to increasingly consider trade as an important part of the development strategy. He stated that more capacity was needed in the donors' and agencies' trade departments.

21. On the issue of implementation, he stated that the low success rate thus far was viewed to have an important capacity dimension; countries needed assistance after the diagnostics were over to take the IF process to the next step. He reported that the Task Force had recommended the strengthening of the IF Focal point in-country to address the issue of capacity to prepare well thought-out projects and strategies to be taken up after the DTIS phase. He said that the Task Force also recommended the provision of more resources under the IF to enable first steps to translate the Action Matrix into concrete actions. He emphasized that Tier 2 would act as a bridging mechanism that would enable beneficiaries to undertake small, first-step actions identified in the Action Matrix, and that this would pave the way for larger investments to follow.

22. He reported that the Task Force also recommended periodic updates to the DTIS, to make it a living document. The view was that these reports quickly became obsolete and support would be needed to update the DTIS as well to expand them in particular areas of priority and specific interests.

23. On the issue of overall management of the process, he reported that the Task Force proposed no changes to the Steering Committee. The IFSC would provide overall policy direction, review progress and provide a platform for the exchange of experience. Instead of the current IFWG, there would be a Board. He said that the Task Force proposed a modest rebalancing between the representation of donors, LDCs and agencies in the Board. The Task Force had discussed that opportunity should be provided for the private sector to be involved either at the level of the IFSC or at the Board of the IF. He stated that the bigger change proposed was in respect to the Secretariat function. The Task Force had recommended the establishment of an Executive Secretariat with a Chief Executive Officer who would be accountable to the Board. This would provide for greater accountability and improve delivery.

24. On the issue of funding, he acknowledged that the Task Force had received some well-earned criticism from the IFWG and the meeting with agencies during the week, about the funding issue being the least well-developed element of the report. He stated that donors were working hard to strengthen this pillar. He clarified the position with regard to funding, in particular that the Task Force, including the donors, agreed that the future funding would be considerably higher than the current arrangements. Although they were still to come up with an exact figure, the donors remained committed to it. He reported that the Task Force had proposed that Tier 1 should be centrally managed and funded out of multilateral funds, but that Tier 2 could be funded both multilaterally and bilaterally.

25. The Chairperson of the IFSC welcomed the report by the Chairman of the IF Task Force and opened the floor for discussions.

26. The representative of Zambia welcomed the Chair of the IFSC on behalf of the LDC Group. He also thanked the Chair of the IFWG for her detailed and comprehensive report. Being a member of the IF Task Force, he welcomed the recommendations on the enhanced IF. He clarified that the funding figure stated in the report of US\$ 200-400 million had not actually been discussed within the Task Force but had been discussed at the World Bank/IMF Development Committee meeting held in New York in 2005. He stated that the Task Force had agreed to consult further on the funding issue within the next week. He expressed his appreciation that donors had asked LDCs to consult among themselves to come up with an indicative figure. He thanked all the development partners for contributing to the IFTF and hoped that they would continue to do so on a much larger scale in order to ensure that the objectives of the enhanced IF were fully met.

27. The representative of Djibouti stressed the importance of reinforcing capacity at the national level. He welcomed the Task Force's recommendation on the establishment of an Executive Secretariat that would provide more accountability. He suggested that each agency send staff to the Secretariat for it to function smoothly.

28. The representative of Rwanda thanked the Chairman of the IF Task Force on his presentation of the recommendations, and particularly for the comments he had added between the lines of the report on the additional funding that was in the pipeline. She stated that this translated a message of optimism that was not very evident when the draft recommendations were first circulated. She pointed out that more hard work was needed in order to come up with a more complete report.

29. The representative of Bangladesh supported the recommendations on the enhanced IF. He urged the donors to pledge a substantive amount of funds for the enhanced IF to work, keeping in mind the needs of 50 LDCs. He recommended that the IF should also focus on capacity building of the private sector in LDCs to enhance entrepreneurial skills.

30. The representative of the World Bank welcomed the point made on the need to strengthen trade departments in agencies. He agreed with the scope of activities recommended by the Task Force and shared the vision that the enhanced IF would require a strengthened Secretariat as well as improved in-country management institutions. He stated that the following principles were important points of reference for future engagement with the IF: (i) full funding of related costs for agencies executing IF tasks; (ii) the recognition that both countries and agencies needed to exercise selectivity when choosing partners to work with in line with comparative advantages; and (iii) the importance of keeping in sight, on a country-by-country basis, the role that progressive trade liberalization could have in fostering a beneficial integration of the LDCs into the world economy. He emphasized the importance of establishing mechanisms that would ensure that required support at country level was provided in a timely and effective manner by development partners with a field presence and relevant expertise. He stated that the World Bank's experience indicated that the most effective way in which agencies could support the development process was through establishment of strong and stable

working relations, that are anchored at the country level. He suggested the identification of a lead development partner per country that would be accountable for supporting the delivery of the Tier 1 activities identified in the Task Force proposal.

31. The representative of the EC emphasized the need for ownership, capacity and mainstreaming in individual LDCs. He also agreed that improvements were needed as to the way donors approached the IF. He stated that his delegation attached much importance to following through on what was proposed with regard to an expanded Tier 1 in terms of stronger in-country foundation and structure for the IF. With regard to Tier 2 funding, he reiterated that it was a bridging mechanism. The main contribution, including funding of trade-related infrastructure and follow-up projects, would be picked up by entities other than the IF, particularly through the established channels of support from bilateral donors and the work of agencies.

32. The representative of Nepal stated that the beneficiaries had high expectations of the IF process, that it would definitely lead to the enhancement of the productive capacity, the removal of supply-side constraints and the enhancement of their competitiveness so that they could effectively participate in the Multilateral Trading System. He underscored that a strong and clear commitment to substantially enhance the level of resources would be a very important message to all countries which were pinning high hopes on the IF. This would also give a strong impetus to the integration of LDCs into the global trading system. He called for a strong follow-up mechanism to carry forward the implementation with the full participation of both donors and recipients.

33. The representative of Vanuatu stated that his country, Solomon Islands and Samoa were the first countries in the Pacific region who were in the process of benefiting from the IF.

34. The representative of ITC stated that he supported the recommendations, particularly the reference to the Paris Declarations and the principles therein as they pertained to country ownership and the involvement of the local private sector. He also supported the recommendation that sufficient resources be found to provide stronger in-country capacity, linked to issues of ownership. He mentioned the proposal by his organization and UNCTAD to help develop local capacity at the country level. He stressed that private sector interests in national implementation units should be represented as well as in the governance and other collaborative mechanisms of the IF. He emphasized that in line with the Paris Declaration, market principles to aid should be increasingly applied. In this regard the choice of agency in undertaking the services to be provided to LDCs should be determined by such things as capacity, quality and cost.

35. The representative of UNIDO stated that, with regards to implementation of the Action Matrix, LDCs needed specific solutions and actions that were pragmatic. He said that his organization played a significant role in assisting LDCs develop projects from the DTIS recommendations.

36. The representative of Lesotho thanked the IFWG for providing another year in which Lesotho and other countries could apply for Window II funding and submit additional projects for funding within the limits of their allocation.

37. The representative of UNCTAD commented on how best to operationalize the recommendations on the enhanced IF. He recounted the lessons that had been drawn from the experiences in the implementation of the IF that were shared during the Pre-DTIS Workshop in Kigali in 2004 and the Simulation Workshop in Addis Ababa in 2005. These lessons would address some of the details in the operationalization of some of the recommendations. He stressed the need for support to implement the IF at the country level. He underscored that strengthening the IF Focal Point at the country level would be critical to the success of the IF and for tapping its full potential for trade capacity building. He stated that ITC and UNCTAD had jointly prepared a draft proposal, called

Strengthening of National Implementation Arrangements, as a concrete contribution to addressing the capacity problems in-country. He said that the proposal was not a one-size-fits-all model but a framework and a guide to be tailored to individual countries. He reported that they intended to consult further with the LDCs in order to develop the ideas in the project proposal so as to ensure the best possible ways to address the crucial needs that had faced implementation units.

38. The representative of China asked how the enhanced IF and future Aid for Trade would complement each other. He also asked if there was a possibility that the IF could be extended to other developing countries, particularly some African countries, and how the Executive Secretariat would be financed.

39. The representative of Senegal reiterated the importance of strengthening the focal point in-country. He asked for more clarification on the role of the private sector and how it could be involved much more in this process locally and internationally.

40. The representative of the IMF emphasized the importance of the Executive Secretariat in aligning accountability, incentives and capacity to act. It would have to be a strong structure that would engage the beneficiaries, donors and agencies. He stated that the Secretariat must not only deliver priority capacity building and other projects but should also strive to ensure a modicum of consistency, regardless of the agencies or donors involved, in helping LDCs enter trade reforms into the broader policy framework.

41. The representative of Canada highlighted the centrality of country ownership and stated that more work was needed to finalize the report, especially on the funding aspect.

42. The representative of Sweden stated that he was encouraged by the support for the recommendations on the enhanced IF and was committed to a quick completion of the work.

43. The representative of Denmark underscored the importance of capacity at country level for concrete results to be achieved. He assured that Denmark stood ready to continue its support for the IF.

44. The representative of UNDP reiterated that the draft report addressed well the in-country capacity and implementation issues which were also extensively discussed at the November 2005 consultation on the IF convened by the Administrator of UNDP. He stated that in-country support needs and arrangements especially on Tier 1 issues must take into account that the challenges on the ground differed from one LDC to another LDC. He also reiterated that a realistic level of funding was required and appropriate transition arrangements were imperative, especially as concerned the IFTF.

45. The representative of Uganda was eager to know when the enhanced IF would become operational so that as Uganda went into the post-DTIS stage, his authorities would factor this into their plans.

46. The representative of the United States reiterated the importance of the IF and its continued growth. She stated that the IF had been a success and her authorities had supported it through bilateral work, contributions to the IFTF, sponsoring the Simulation Workshop in Addis Ababa, serving as donor representative and participation in the Task Force. She emphasized that the ultimate goal of the IF was to integrate trade into the national development strategies.

47. The Chairman of the IF Task Force responded to the specific questions raised by China and Uganda. As regards the question on how the enhanced IF would complement Aid for Trade, he stated that the IF concept could be used as part of the foundation for Aid for Trade, especially as the diagnostic and needs assessment part for the aid process. The IF provided the analytical base and

agreed framework for the actions that would follow in LDCs. On the expansion of the IF to developing countries, other than LDCs, he said that this had been considered in the Task force and had been rejected. He stated that although a needs assessment process needed to be carried out and implemented in respect of all beneficiaries of Aid for Trade, the mechanisms would have to be different, since LDCs would require more capacity building support than other developing countries. With regard to how the Executive Secretariat would be funded, he stated that donors would fund these costs. He also stated that the 1 January 2007 deadline was still the Task Force's target to operationalize the enhanced IF.

48. The Chairperson of the IFSC took note of the appreciation that Members had stated to the Chairman of the IF Task Force and his team. She proposed that the IFSC take note of the statements made and that this item be reverted to in the next meeting.

49. It was so agreed.

D. IMPLEMENTATION OF THE IF: REPORT BY BENEFICIARIES ON FOLLOW-UP TO THE DTIS

50. The Chairperson recalled that the IF Work Programme had placed special emphasis on the effective follow-up to the DTIS in the beneficiary countries. To date, the DTIS had been completed in 20 LDCs. They were: Benin, Burundi, Cambodia, Chad, Djibouti, Ethiopia, Guinea, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mozambique, Nepal, Rwanda, Sao Tome and Principe, Senegal, Tanzania, Yemen and Zambia. The preparations for the DTIS were currently ongoing in Angola, Burkina Faso, Central African Republic, The Gambia, Laos, Maldives, Niger, Sierra Leone, Sudan and Uganda. The IFWG had furthermore mandated the World Bank to undertake Technical Reviews – the preliminary step in the IF process – in Guinea Bissau and Togo and UNDP in the Solomon Islands and Samoa. Technical Reviews or revised Technical Reviews for Afghanistan, the Comoros, Democratic Republic of Congo, Equatorial Guinea, Haiti, Liberia and Vanuatu had also been recently completed or were pending. She encouraged the countries that had entered into the post-DTIS phase to share with the meeting information on the status of IF implementation in their respective countries, including any positive elements and/or problems encountered. She also invited donor countries and agencies to provide the meeting with any information they had under this item.

51. The representative of Tanzania said that his country acceded to the IF in July 2003 and the requisite Concept Note was submitted in September 2004. Mobilization of technical expertise for the DTIS was initiated in November 2003 and the draft report submitted in June 2005. The DTIS report was subjected to a wider consultative process which included the public and private sector, development partners and other stakeholders. The Validation Workshop was held in November 2005. He said that unlike other countries which had embarked on implementation immediately after their validation workshop, in Tanzania it was felt that formal adoption by Government prior to the commencement of the implementation phase would enhance the success of the programme. Apart from Window II funding, additional resources for implementation were expected to be raised from allocations for the National Growth and Poverty Reduction Strategy better known in its Swahili acronym of "MKUKUTA" and supplemented by bilateral and multilateral donor support to be mobilized through a process of consultations, coordinated by the National IF Secretariat. He reported that many bilateral donors had indicated willingness to support the implementation of the Tanzanian DTIS subject to cabinet approval. He also reported that the National Steering Committee had met on 10 May 2006 to deliberate on the status of DTIS. The meeting had discussed and donors had agreed on implementing "quick wins" while the Government was in the process of endorsing the DTIS. This Committee had resolved to meet with donors after every fortnight. Follow-up on the formation of a National Secretariat had also been addressed.

52. The representative of Mali stated that in Mali's pre-DTIS period, it had invited the IF Focal Point of Cambodia to share Cambodia's experience in implementing the IF Process. He said that the institutional framework for the IF was set up in 2003. The National IF Steering Committee was chaired by the Minister of Trade, who was the National IF Focal Point. The National IF Steering Committee included the Secretaries-General of all the different institutions involved in the implementation, technical directorates, the Chamber of Commerce as well as representatives of the Civil Society. He stated that there was also an Inter-Ministerial Follow-up Committee chaired by the Prime Minister of his country and made up of Ministers in charge of the institutions involved in the implementation. He reported that after the National Validation Workshop, the Inter-Ministerial Committee had also validated the Action Matrix. In May 2005, a Project Implementation Unit (PMU) had been set up to implement projects, organize Round Tables and integrate the trade issues into the Poverty Reduction Strategy Paper (PRSP). He stated that one of the projects they were undertaking was to improve the quality of mangos for exports. He said that his country produced 200,000 tons per year, but exported only 3,000 tons. His country planned to increase its mango exports (especially to the EC) to 10,000 tons in two to three years. A fund was also established to assist mango exporters to package their produce for export. He said that the PMU had worked closely with the Ministry of Agriculture on this project. Another project underway was the set up of a regulatory framework and law reform with regards to Intellectual Property Rights. He said that this was very important, especially for Mali's music industry which had a niche market in France and the US. He stated that the IF was working well in his country and that the UNDP, ITC, UNCTAD and the WTO could attest to this fact. His Government had been invited to Niger to share its experiences of the IF. On the issue of mainstreaming trade issues into the PRSP, he said that his authorities were currently working on a Trade Policy Development document 2007-2011 with assistance from the World Bank. Ongoing work included the formulation of projects to be submitted to donors and the mobilization of partners for funding. He said that the problems his country continued to face during the implementation was the lack of capacity at the national level. Mali had been assisted by the WTO, UNCTAD and ITC. He concluded by stating his country's slogan of the IF, "Poverty Reduction Through Trade".

53. The representative of Rwanda said that the DTIS, undertaken in November 2004, had resulted in an action plan that focused on four identified priority areas: infrastructure, finance, commercial sector support and capacity building. The final draft of the DTIS and the Action Plan had been validated by all stakeholders in September 2005. Since then, the following actions had been undertaken: (i) some of the DTIS recommendations (especially for Agriculture) had already been incorporated into the PRS Annual Progress Report in July 2005. She said that the full revised Economic Development and Poverty Reduction Strategy (EDPRS) would be ready this year and would provide an opportunity to ensure full coordination and integration of the action matrix; (ii) at a high-level strategic meeting between the Government of Rwanda and its development partners which was held in December 2005 to discuss policies, strategies and development programmes and mobilize the necessary funds, the Minister of Commerce had presented the key findings of the DTIS, the implementation plan and funding needs for activities in the Action Matrix. This meeting had been seen as a good opportunity to draw in donor funding for commercial sector development; and (iii) a project proposal (capacity building for implementation) had been completed for Window II funding. She said that some donors had already identified projects within the Action Matrix that they would support. For example: (i) €1.9 million was available from the EC for the creation of a national network of business development centres and for the support of export-related standards and the enhancement of Rwanda's capacity in trade policy formulation and trade negotiations; (ii) Department for International Development (DFID) had provided support for the improvement of customs valuation procedures; (iii) the World Bank had provided funds for the development of an export promotion action plan; (iv) Gesellschaft für Technische Zusammenarbeit (GTZ) and the World Bank were providing support for the development of a Trade Point in Rwanda, offering business information and contacts for potential investors; (v) the Netherlands Embassy was providing support for the development of cold storage facilities at the airport, for which work was underway, as well as planned support to micro hydro-electricity centres and rural electrification programmes; and

(vi) in response to SPS concerns identified in the Action Matrix, the WTO, as partner to the STDF, had provided a consultant to do a further analysis on specific SPS constraints in the horticulture sector and to develop a project proposal for funding. She also stated that the Government of Rwanda had taken forward some of these recommendations, such as the review of business-related laws, development of a national cooperative policy and cooperative law and dissemination of information on the financing opportunities available. On the future of IF in Rwanda, she said that the Government was moving to get all the line Ministries to integrate the trade priorities identified in the Action Matrix into their sectoral strategies. So far Rwanda had achieved significant results in integrating other cross-cutting issues such as Gender, ICT, Environment and HIV/Aids, in its Poverty Reduction Strategy and in getting the various ministries and institutions to include them in their sector strategies. It was therefore expected that integrating trade issues into the EDPRS would not encounter any difficulties. She stated that the donors' role would be equally crucial as regards ownership and commitment in order to make this integration effective. She reported that a structure for implementation had been set up, with the Ministry of Commerce as the lead Ministry and the national IFSC to drive the process implementation. A high-level Ministerial Steering Committee had been proposed but was not yet in place. It would be chaired by the Minister of Commerce and its role would be to provide strategic oversight for implementation. These Committees would be supported by the national IF Secretariat, which would work closely with all relevant Ministries and agencies to ensure that the actions and their rationale were understood and integrated within sector strategies. The private sector cluster as well as other clusters, particularly the rural cluster, the infrastructure cluster and the education cluster would also be engaged. She said that monitoring and evaluation of progress in implementation would take place quarterly by the Ministerial Steering Committee, but more regularly in cluster meetings. An annual commercial sector review would be formalized and would be undertaken jointly with Rwanda's development partners, for assessing progress of the planned implementation as well as the impact of the actions. She concluded by thanking the IF Agencies for their valuable contribution to this process.

54. The representative of Mozambique stated that since the National Validation Workshop held in September 2004, her Government had established the National IF Steering Committee and the LPAC. The National IF Steering Committee included all relevant Ministries including Finance, Planning and Development, as well as the private sector, civil society and academia. Her Government had continued to work closely with the lead donor, the United States Agency for International Development (USAID), as well as with other interested donors such as the EC, the Netherlands and Switzerland, in supporting various IF related activities and proposals. She said that bilateral donors had continued to finance activities identified in the Action Matrix such as: (i) reforms in the labour laws in her country, financed by USAID; (ii) strengthening capacities for WTO negotiations on Agriculture, financed by the Swiss State Secretariat for Economic Affairs; (iii) strengthening trade institutions in her country and diversifying agricultural products and markets, financed by the Canadian Fund for Africa Initiative. She informed that the PRSP of her country called "PARPA" was in the process of being revised. Members of the National IFSC had been participating in the committees revising the PARPA. Almost all the DTIS recommendations had been included in the PARPA. Her delegation, including the IF focal point and representatives from the private sector, had participated in the IF Simulation held in Addis Ababa, Ethiopia, in September 2005. Her country had been selected as one of the Simulation case study countries. Her authorities considered the Simulation fruitful, in particular its discussion on how to better implement the IF. The IF familiarization tour to Geneva for her delegation from the capital, sponsored by USAID in collaboration with the ITC, had also been effective. Mozambique's IF focal point, representatives from the National IF Steering Committee, representatives of the private sector, Ministry of Labour, Ministry of Planning and Development, Ministry of Agriculture and the Ministry of Industry and Trade, the EC representative and USAID representative had participated in the tour. The tour had provided participants with an in-depth overview of the objectives and benefits of the implementation of IF, experiences of other countries, functions of the core IF agencies, and had contributed to a better understanding of how to overcome the challenges in implementing the IF. Her Government had

finalized the recruitment of a full time IF consultant funded from the IFTF. The consultant would assist with the formulation of IF projects as well as create greater awareness of the IF in her country. She said that progress had been made in finalizing the first set of priority actions to be funded from IF resources. A project on improving the fisheries sector in terms of applicable standards had been approved by the LPAC and sent to the UNDP for disbursement of funds. A project on improving trade data would be finalized in the next few months. She said that her country had provided guidance to other IF countries based on its own experience in the IF process, in particular to Sierra Leone and Angola. She said that her country, with the ITC's and UNCTAD's support, was organizing an IF momentum building event on 25 and 26 May 2006 to gather additional support for the implementation of the IF in her country.

55. The representative of Zambia said that his country had validated the DTIS in July 2005 and that formal adoption by cabinet was expected this month. He explained that the delay in the formal adoption was due to the internal discussions on rationalization of the various trade-related technical assistance programmes in his country. These discussions were concluded with all stakeholders in April 2006. He reported that his country had started engaging bilateral and regional partners as well as the IF Agencies to assist in the implementation of activities. Some projects were currently underway with the support of UNCTAD, ITC, World Bank, DFID, UNDP and USAID. He said that his Government was working on Window II project proposals which would be submitted to UNDP in the coming weeks for disbursement of funds. He informed that Window I funding was used for the following activities: (i) a study on the implications for Zambia on the proposed SADC and COMESA Customs Unions; (ii) a study on implementation of the Export Processing Zones; and (iii) purchase of equipments to strengthen the Focal Point. Activities undertaken through support from bilateral donors included: (i) a trade facilitation study with the support of USAID Gaborone Hub; (ii) Trade Capacity and Policy Coordination, with the support of DFID; (iii) National Export Strategy, with the support of ITC; (iv) Value Chain Analysis (which would fit into the overall export strategy as well as the Aid for Trade initiative), with the support of World Bank and the EC; and (v) capacity building for the Zambian Business Forum, with the help of DFID and USAID.

56. The representative of Angola stated that his country had participated in the IF process from 2005. He informed that the World Bank was in the process of finalizing the DTIS and his country hoped to have the Validation Workshop in September this year. He thanked the World Bank for undertaking the DTIS and the EC, which was the lead donor, for assisting in giving his country a good start in the IF process.

57. The Chairperson thanked the delegations for their statements. She stressed that there was no alternative for first-hand information that countries could provide in these meetings. The IF could only better respond to the needs of its beneficiaries if all IF stakeholders knew what was happening in the field. In this regard, she encouraged IF beneficiaries to regularly report to the IFSC, the IFWG and to the Secretariat on the status of their IF implementation. She proposed to take note of the statements made.

58. It was so agreed.

E. IFTF: FINANCIAL STATUS REPORT: REPORT BY UNDP

59. The Chairperson invited the UNDP to provide a status report on the IF.

60. The representative of UNDP said that as of 31 March 2006, the Trust Fund had received the funds pledged for Window I amounting to US\$15.7 million. The pledges for Window II stood at US\$19.8 million with transfers of US\$19.1 million. In total, the pledges amounted to US\$35.5 million and the transfers were US\$34.8 million. The difference of US\$ 700,000 was the contribution from the Government of Germany scheduled for 2006 (€350,000) and 2007 (€250,000). He said that 14 donors

had contributed to Window I and 10 donors to Window II with some of them contributing to both Windows. In all, 16 donors had contributed to the Trust Fund. The largest contributors were: Norway with US\$7.6 million, Denmark with US\$6.3 million, UK with US\$5.5 million, Sweden with US\$5 million and Canada with US\$2.1 million. The total contribution from these five donors amounted to US\$26.5 million. The remaining US\$9.5 million was contributed by the remaining 11 donors. He said that donor Agencies also contributed to the Trust Fund. The World Bank contributed US\$1.8 million (US\$1.5 million to Window I and US\$300,000 to Window II), whereas UNDP contributed US\$350,000 to Window I.

61. He then made a summary of financial transactions under Window I and Window II of the IFTF. Window I had received US\$15.9 million including interest adjustment of US\$0.2 million. Total approved projects under Window I stood at US\$12.4 million which resulted in an end of period balance of US\$3.4 million as of 31 March 2006. Under Window II, the total financing received including interest adjustment was US\$19.2 million against a total expenditure for approved projects of US\$10.5 million which resulted in an end of period balance of US\$8.6 million. This led to a total of funds received of US\$35.1 million against a total expenditure for approved projects of US\$23 million, which resulted in an end of period balance of US\$12.1 million.

62. He compared expenditures to commitments at 52 per cent. Commitments amounted to US\$23 million whereas expenditures amounted to US\$11.9 million. What had already been committed but remained unexpended was US\$11.1 million. He also compared commitments to transfers which stood at 66 per cent. A total of US\$23 million was committed against the transfers of US\$34.8 million. He clarified that he was presenting a financial report of what had been committed and what had been recorded as expenditure. He stated that actual disbursements may not be perceived correctly by looking at the figures indicated in the report. He noted that there were projects being implemented by agencies or national governments whose reports on the utilization of funds were still being awaited. The figure for advanced funds was therefore higher than the figure for actual expenditure after the closing of accounts. He explained that the reasons for the slow delivery of reports were either country specific or project specific.

63. With regard to the disbursement of funds, he said that under Window I, funding had been provided for the DTIS/Needs Assessment for 33 countries, totalling US\$10.86 million. This was for 20 countries in which the DTIS had been completed and 10 countries in which it was ongoing or nearing completion. The report also showed Needs Assessments which had been carried out in two IF countries under the IF: Bangladesh and Haiti. The DTIS was also commissioned in Eritrea but later suspended as the Government had decided to take a pause. He said that another US\$1.1 million had been provided for strengthening national implementation arrangements in 30 countries.

64. He then turned to disbursement of funds under Window II. Fourteen countries had received funding from Window II of the Trust Fund for one or more projects in each of these countries. Total funding provided was US\$10.6 million and the total expenditures so far was US\$3.3 million. Expenditures were recorded at 31 per cent of commitments so far.

65. With regard to funding projections until September 2006 (second quarter and third quarters of 2006), he said that there were seven countries which had executed one or more projects but still had some balance in the US\$1 million limit per country. These countries were: Lesotho, Mozambique, Nepal, Djibouti, Mauritania, Madagascar and Guinea. They had expressed interest in submitting additional projects, but the time limit within which they could submit approved projects, had expired. He reported that the UNDP had requested the IFWG to consider this issue and he stated that the IFWG had agreed to give these countries one additional year in which to submit approved projects for funding. However, new cases would be considered by the IFWG on a case-by-case basis. He said that the total funding requirement on this count would be in the range of US\$2.9 million. He continued by saying that six countries had validated their DTIS and Government endorsement had

either been received or was expected by the second quarter. These countries were Benin, Chad, Rwanda, Sao Tome and Principe, Tanzania and Zambia. A maximum of US\$6 million would be required to fund projects in these countries.

66. He reported that the total projected funding requirement was estimated at US\$8.9 million and total uncommitted funding under Window II was US\$8.6 million. Therefore, the projected deficit under Window II by the third quarter of 2006 was estimated at US\$300,000. He said that there were additional resources under Window I, therefore there was no shortfall overall. In addition, the UNDP was expecting the scheduled contribution from the Government of Germany of €350,000 during 2006. He noted that the reasons UNDP made funding projections for two quarters, rather than longer term projects, were: (i) this was a semi-annual report, more detailed projections could be reflected in the annual report; (ii) UNDP wanted to be as objective as possible by confining the projections on some concrete basis; and (iii) the outcome of the IF Task Force's deliberations on the enhanced IF would have an impact on funding requirements.

67. The representative of the United States congratulated the UNDP for its report. She asked for clarification of the transfers and commitments in the report.

68. The representative of the UNDP clarified that the total transfers referred to the contributions into the Trust Fund, whereas commitments refer to approved projects.

69. The Chairperson thanked the UNDP for its detailed report. He proposed that the Committee take note of the report from the UNDP and the statements made.

70. It was so agreed.

F. ANY OTHER BUSINESS

71. In the absence of any other business, the meeting was adjourned. The date of the next meeting would be set in light of developments in the discussion on an enhanced IF and would be communicated at a later date.

ANNEX I

**SIXTEENTH SESSION OF THE INTEGRATED FRAMEWORK
STEERING COMMITTEE**

1. The Integrated Framework Steering Committee will hold its Sixteenth Session on Friday, 12 May 2006, starting at 10 a.m. in the WTO building.
 2. The items proposed for the agenda are:
 - (a) Adoption of the agenda;
 - (b) 43rd meeting of the Integrated Framework Working Group: report by the Chair;
 - (c) Report by the Chair of the Task Force on the Enhancement of the IF on the work of the Task Force; consideration of its Recommendations;
 - (d) Implementation of the IF: 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;
 - (e) IFTF: financial status report: report by UNDP;
 - (f) Any other business.
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