

**Integrated Framework Steering Committee
Seventeenth Session**

**REPORT ON THE 17^H MEETING OF THE
INTEGRATED FRAMEWORK STEERING COMMITTEE (IFSC)**

Wednesday, 5 July 2006, WTO, Geneva

Chairperson: Ambassador Mia Horn af Rantzien (Sweden)

A. ADOPTION OF THE AGENDA

1. The Integrated Framework Steering Committee (IFSC) held its seventeenth meeting on Wednesday, 5 July 2006. The adopted agenda is reproduced in Annex I.

B. CONSIDERATION OF THE RECOMMENDATIONS ON THE ENHANCEMENT OF THE INTEGRATED FRAMEWORK WITH A VIEW TO THEIR ADOPTION

2. The Chairperson of the Integrated Framework Working Group (IFWG) made a report on the IFWG meeting held earlier that morning. She reported that the IFWG had adopted the recommendations of the Task Force on an enhanced IF. With regard to the clarification that had been sought by the LDC representative in relation to the language on Tier 1 funding in the Annex to Appendix III of the report of the Task Force on an enhanced IF (WT/IFSC/W/15), the IFWG had made it clear, and this would be formally included in the record of the meeting, that there was no presumption of hierarchy between bilateral and multilateral sources of funding. The IFWG had also made it clear that details on the other recommendations including on governance, administration, financial issues, etc., would be dealt with extensively by the Transition Team of the enhanced IF. She reported that the IFWG had proposed that the Chairs of the IFSC, IFWG and of the former Task Force on an enhanced IF engage in consultations with IF stakeholders, with a view to: (i) decide on the actual names of the people to sit on the Transition Team and the modalities to carry out its tasks; and (ii) facilitate the identification of a Programme Manager whose task would be to provide support on a day-to-day basis to the Transition Team until the Chief Executive Officer (CEO) was recruited. As regards the composition of the Transition Team, she had suggested to the IFWG that it be composed of two representatives each from LDCs, donors and Agencies with other members of the IFWG participating ex officio. She reported that the IFWG had also made it clear that until such time as the enhanced IF was in place, current bodies (IFWG, IFSC) would remain in place and the Transition Team would thus report to the IFWG and IFSC. She also reported that the IF Secretariat had prepared an indicative list of tasks needed to operationalize the enhanced IF and that the IFWG had been invited to provide comments by 19 July.

3. The Chair of the Task Force on an enhanced IF, Ambassador Stephenson from Canada stated that moving the work of the IF was important and should proceed separately from the DDA. He provided a report on results of further consultations with members of the Task Force on an enhanced IF which had taken place since the IFSC's last meeting on 12 May 2006, in particular, on clarifications related to funding. He reported that some amendments had been made to the report, however, none to the recommendations. He also said that the issue raised by the LDCs on funding under Tier 1 had been further clarified during this morning's IFWG meeting, in particular, that there was no presumption of hierarchy between bilateral and multilateral sources of funding. He stated that

other issues would have to be dealt with in detail in the next phase of the work. These issues included: how the processes in-country would work and how these would relate to existing mechanisms; the funding approach; administrative arrangements, including staffing of the Executive Secretariat and assurance of its independence, while at the same time respecting the legal and administrative requirements of the WTO. He concluded his report by saying that there was consensus from the LDCs, donors and agencies on the recommendations on an enhanced IF and that this was a meaningful achievement.

4. The Chairperson of the IFSC welcomed the reports by the Chairperson of the IFWG and the Chairman of the Task Force on an enhanced IF and opened the floor for discussions.

5. The representative of Zambia, on behalf of the LDC Group, commended the Chairs of the IFWG and the Task Force on an enhanced IF for their reports. He informed the meeting that the LDC Group fully supported the adoption of the recommendations of an enhanced IF, and that their concerns, which included funding issues under Tier 1, had been addressed. He proposed that the meeting should take a decision to allow the work to progress so as to ensure keeping the momentum that had been gathered and avoid losing it through delays in operationalizing the recommendations of the Task Force on an enhanced IF. In this regard, he stated that the LDC Group fully supported the proposal that a Transition Team be put in place as soon as possible to address the tasks that needed to be carried out to operationalize the enhancement of the IF. These tasks should include issues related to: (i) governance for the proposed Secretariat, the Board and the IFSC; (ii) recruitment of the CEO in the new structure of the enhanced IF; (iii) administrative arrangements for the new Secretariat; (iv) financial issues including the transfer of the Trust Fund from UNDP; and (v) IF in-country operations. He also stated that the LDCs supported the recommendation of the IFWG on the composition of the Transition Team. He proposed that the Team should constitute two members from the LDC group, two members from the donor group, two members from the Agencies, the IFWG Chairperson, the IFSC Chairperson and the option to co-opt additional members when necessary. In view of the urgency of this matter, he said that the LDCs further proposed that the Chair of the IFSC consult with the IF stakeholders and come up with the list of members of the Transition Team so that work could proceed accordingly.

6. The representative of Nepal was hopeful that the smooth work of the Transition Team and the implementation of the recommendations on an enhanced IF would greatly enhance LDCs' capacity to trade. He stated that a strong follow-up and an equally strong involvement of beneficiary LDCs was important to make the IF a success. He stressed that independently of the negotiations in the DDA, work on the IF should proceed as vigorously as possible.

7. The representative of Rwanda fully endorsed the statement made by the representative of Zambia on behalf of the LDC Group. He was optimistic that the enhanced IF would provide increased and predictable funding on a multi-year basis and would strengthen the in-country capacity so that LDCs would be able to own the IF Process and mainstream trade into their development plans and Poverty Reduction Strategies. He looked forward to constructively working with all stakeholders during the transition period.

8. The representative of Tanzania stressed on the predictability of funding and thanked the Chairperson of the IFWG for clarifying the LDCs' concern on funding under Tier 1. He appreciated that the estimated costs for Tiers 1 and 2 were quite reasonable and called for a clear commitment by donors to provide predictable funding, under simple and flexible conditions.

9. The representative of Madagascar stated that more substantial resources over a long period would be needed so as to avoid interruption in implementation activities and that these funds should not hinge on complex conditions. She emphasized the importance of involving the Permanent Missions in Geneva in the follow-up of the IF implementation, since the Missions acted as reference points for their capitals and the agencies.

10. The representative of Benin stressed the importance of the work carried out by the Task Force on an enhanced IF. He stated that the recommendations reflected the interest that LDCs had in the enhanced IF and the will of bilateral and multilateral donors to step up their efforts to promote LDCs' trading capacities. He considered that with the implementation of the recommendations, beneficiary countries would move towards achieving the objectives of the IF and that trade would become an engine for development and fight against poverty.

11. The representative of the European Communities welcomed the decision by the IFWG to adopt the recommendations on the enhanced IF. He supported the suggestion made by the LDC coordinator that the IFSC should take an appropriate decision at this meeting to get the Transition Team underway and that the remaining details should be filled in quickly through an appropriate consultation process. He suggested that the Transition Team should decide, on its own account, on its best working method including on the possibility of bringing in others to help work out in more detail specific topics. He recalled the comments that had been made on the likely need to involve agencies on some topics beyond the figure of two that was proposed for membership of the Transition Team, and added that there might also be a case for the Transition Team to draw on the expertise of several donors and LDCs beyond the proposed figure of two. He urged members of the IFSC to move forward with the next stage of putting in place an enhanced IF.

12. The representative of Senegal recalled that the main objective of the IF was to assist LDCs to strengthen their capacities so that they could better participate in, and benefit more from international trade. He stated that beneficiary countries must own the IF process so as to meet its objective. He reiterated that the Transition Team should be set up as soon as possible, due to the scope of the work that had to be done in a short time, before the 31 December 2006 deadline.

13. The representative of Uganda stated that funds for in-country programmes should not only be used for workshops but should be used for targeted programmes that would enable LDCs to develop their capacities.

14. The representative of Cambodia informed that his country was implementing activities under Window II and expected that it would benefit from the enhanced IF to be able to implement other priority actions identified in his country's Action Matrix. On the predictability of funding, he commented that the procedure or mechanism to be put in place should be simple and transparent.

15. The representative of Lesotho stated that LDCs owned the recommendations of an enhanced IF because they actively participated in the Task Force on an enhanced IF. She also said that her delegation supported the composition of the Transition Team and would be available to work with them.

16. The representative of Switzerland fully supported the focus which had been placed on enhancing the capabilities of LDCs to own the IF Process and to carry out their responsibility in the management of the IF. He reiterated that only if the IF was recognized as a priority by the main government ministries in beneficiary countries, would it be able to reach its potential in terms of trade and poverty reduction. He stated that much work still needed to be done to sensitize more donors and multilateral agencies at the national level to the importance of trade in the development agenda, considering that in various countries trade-related cooperation was a new area for donors. He also said that his country was supporting the efforts of strengthening the current IF Secretariat together with Danida and DFID by funding the Project Implementation Unit (PIU) within the IF Secretariat until the Executive Secretariat would be fully operational. He welcomed the indicative list of tasks, prepared by the WTO Secretariat, needed to operationalize the enhancement of the IF and he looked forward to a rapid and smooth transition. He concluded by saying that his country was a firm believer in the IF Process and was committed to deepening its support to the IF and remained fully committed to the implementation of the recommendations on the enhanced IF.

17. The representative of the World Bank reiterated that the enhancement of the IF and the broader Aid for Trade agenda should proceed independently of the DDA negotiations. He underscored that during the transition phase, all efforts should be made to avoid any discontinuity until the new structure was in place. He stated that the World Bank was totally committed in continuing to support the activities, particularly the Diagnostic Studies, currently underway.

18. The representative of Sweden stated that the adoption of the recommendations on an enhanced IF was an important first step. Much work was still ahead in order to operationalize the recommendations. He hoped that the work by the Transition Team would move on swiftly. He said that Sweden would continue to be committed to the IF, the implementation of the recommendations on the enhanced IF, including the provision of funding in a predictable manner, which he hoped other donors would also do.

19. The representative of Guinea hoped that the Geneva Missions would be involved in the work, jointly with capital-based officials.

20. The representative of Angola said that his country was one of the latest beneficiaries of the IF and he hoped that it would be amongst the first to benefit from the enhanced IF. He stated that his country had high expectations of the IF in view of its objectives which fit within Angola's development objectives. He agreed with the representatives from Madagascar and Guinea in saying that effective participation of Permanent Missions in Geneva was necessary in this process. He also considered that there should be greater involvement of capital-based officials, to ensure full ownership.

21. The representative of UNCTAD stated that his agency would continue to draw on its experience and comparative advantage to contribute to putting in place the enhanced IF. He hoped that there would be full transparency in the next steps, in terms of participation by all IF stakeholders since the task of the Transition Team to define the practical modalities for the implementation of the recommendations would be critical to the IF enhancement. He requested that there be sufficient flexibility in the work of the Transition Team to allow for the active participation of all IF stakeholders, particularly the agencies.

22. The representative of the United Kingdom stated that his country was fully committed to the IF and its enhancement and would therefore offer assistance to the Transition Team. He also stated that the United Kingdom looked forward to an early and appropriate opportunity to demonstrate its financial commitment which would be substantial and substantive. He fully endorsed the statements made by other Members that the IF should not be linked with the DDA and should remain separate to complement the DDA.

23. The Chairperson of the IFSC thanked the Members for the strong supporting comments made to the recommendations and noted the appreciation given to the Task Force on an enhanced IF under the leadership of Ambassador Stephenson from Canada. She proposed that the IFSC take note of the statements made and adopt the recommendations contained in Appendix III and its Annex of document WT/IFSC/W/15.

24. It was so agreed.

C. NEXT STEPS AND TRANSITIONAL ARRANGEMENTS

25. The Chairperson of the IFSC emphasized that the current IF, its operations, structures and division of responsibilities among the various stakeholders would remain in force until such time as the enhanced IF would be fully operational. All IF countries would enter the enhanced IF, at whatever stage they were in the present IF. Work to put in place the enhanced IF and the on-going operations of the current IF would go on in parallel. On the launching of the next phase of putting in place the enhanced IF, she recalled that Ministers in Hong Kong had stipulated that the enhanced IF

should enter into force no later than 31 December 2006. There was therefore urgency in moving forward. She also recalled that at its 44th session on 23 June, the IFWG had requested the Secretariat to prepare a short indicative list of tasks to be performed in order to create a fully operational IF as well as provide suggestions for an operational decision by the IFSC in this meeting to launch the next stage of work. She emphasized that the paper before the Members was prepared as an input into the discussions and was work in progress. She said that the paper assumed that a Transition Team would be established and decisions on composition and precise tasks of this Transition Team would need to be taken. This would require informal consultations among the IF stakeholders. Furthermore, the paper also mentioned that there might be a need for a Programme Manager, whose task would be to provide support to the Transition Team on a day-to-day basis, until such time as the CEO would be in place. Once the CEO is recruited, he/she would take over these tasks. She also said that consultations on the names of people who would sit on the Transition Team would still need to take place. She invited Members to comment on how best to launch the next phase of work.

26. The representative of Canada thanked all the members of the Task Force and indicated Canada's strong support for the approach laid out in the Secretariat's paper of the indicative list of tasks to be carried out to operationalize the enhancement of the IF. He stated that this would enable the work ahead to be carried out in an expeditious and effective manner.

27. The Chairperson of the IFSC stated that there was a proposal for the IFSC to invite the Chairs of the IFSC, the IFWG and of the former Task Force on an enhanced IF to engage in consultations with IF stakeholders with a view to: (i) deciding on the names of the people to sit on the Transition Team and the modalities to carry out its tasks on the basis of the indicative list of tasks submitted by the Secretariat; and (ii) facilitating the identification of a Programme Manager to give day-to-day support to the Transition Team, until such time as the CEO was recruited. It had been mentioned that given time constraints, the composition of the Transition Team would have to be decided upon before 19 July. She asked Members if they accepted this proposal.

28. The representative of Bangladesh commented on the identification of a Programme Manager. He proposed that the Chairs of the IFSC, the IFWG and of the former Task Force on an enhanced IF should hold consultations with interested delegations to come forward with two to three candidates from which to identify the Programme Manager to ensure transparency and inclusiveness.

29. The Chairperson of the IFSC proposed that the IFSC take note of the statements made and agree to the proposals to launch the next phase of the work, including the one made by the representative of Bangladesh.

30. It was so agreed.

D. ANY OTHER BUSINESS

31. In the absence of any other business, the Chairperson of the IFSC proposed that the date of the next meeting should be left open in light of developments in further discussions on the enhancement of the IF.

32. The meeting was adjourned.

ANNEX I

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

Wednesday, 5 July 2006 at 10 a.m.

Centre William Rappard

1. The Integrated Framework Steering Committee will hold its Seventeenth Session on Wednesday, 5 July 2006, starting at 10 a.m. in the WTO building.
 2. The items proposed for the agenda are:
 - (a) Adoption of the agenda;
 - (b) Consideration of the Recommendations on the Enhancement of the Integrated Framework with a view to their adoption;
 - (c) Next steps and transitional arrangements;
 - (d) Any other business.
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