

**Integrated Framework Steering Committee
Eighteenth Session**

**REPORT ON THE 18TH MEETING OF THE
INTEGRATED FRAMEWORK STEERING COMMITTEE (IFSC)**

Wednesday, 13 December 2006, WTO, Geneva

Chairperson: Ambassador Mia Horn af Rantzien (Sweden)

A. ADOPTION OF THE AGENDA

1. The Integrated Framework Steering Committee (IFSC) held its eighteenth session on Wednesday, 13 December 2006. The agenda is reproduced in Annex I.

2. The Chairperson of the IFSC informed the IFSC that she would be required to leave the meeting for a short while and proposed that during her absence Ambassador Amehou (Benin) chair the meeting, to which the IFSC agreed.

B. 46TH MEETING OF THE INTEGRATED FRAMEWORK WORKING GROUP: REPORT BY THE CHAIR OF THE IFWG

3. The Chairman of the IFSC said that the Integrated Framework Working Group (IFWG) had considered a wide range of issues relating to the IF as well as the enhanced IF during its meeting on 12 December, 2006. He invited the Chairperson of the IFWG, Mrs. Valentine Rugwabiza, Deputy Director-General, WTO, to provide the meeting with a report on the outcome of the IFWG meeting.

4. The Chairperson of the IFWG said that the IFWG had taken up a wide range of issues, namely: (i) implementation of the IF in various countries; (ii) discussions on the IF Trust Fund; (iii) results of the recent IF regional workshop in Dakar; (iv) progress on the establishment of the Programme Implementation Unit (PIU); (v) IF cooperation with JITAP and STDF; (vi) discussions on progress towards implementing the recommendations of the Task Force to put in place an enhanced IF.

5. As regards the implementation of the IF process in various countries, she said that Diagnostic Trade Integration Study (DTIS) National Validation Workshops had been held in 24 LDCs, namely: Benin, Burundi, Cambodia, Chad, Djibouti, Ethiopia, Guinea, Lao P.D.R., Lesotho, Madagascar, Malawi, Maldives, Mali, Mauritania, Mozambique, Nepal, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, Tanzania, Uganda, Yemen, and Zambia. The representatives of the World Bank and UNDP had reported on progress in the implementation in each of these countries. Reports showed that trade was increasingly forming part of LDC development plans such as the Poverty Reduction Strategy Papers (PRSPs). Difficulties had continued with respect to addressing implementation challenges. Ideas were emerging on ways to address these challenges. These included a range of possibilities such as assisting countries in project formulation, finding ways to further include the national and international private sector in IF discussions and better harmonization of donor procedures in order to reduce transaction costs related to access to funding. In this context, a

discussion had taken place on funding modalities beyond Window II of the IF Trust Fund (ITTF) such as basket funding and programming approaches such as sector-wide approaches to funding.

6. The World Bank and UNDP had also reported on progress in the preparation of the DTIS in the following eight countries: Burkina Faso, Central African Republic, Comoros, The Gambia, Niger, Samoa, Sudan and Vanuatu. It was noted that Angola was planning its Validation Workshop in February 2007. With regard to Comoros, further advice from the Government would be awaited on precise modalities to undertake the DTIS. The IFWG also discussed the timing of Technical Reviews for Afghanistan, Democratic Republic of Congo, Equatorial Guinea, Haiti, Liberia, Solomon Islands, Guinea Bissau and Togo. It was noted that since the last IFSC meeting, Cape Verde and East Timor had applied to join the IF. Further consultations would take place with these countries to establish a timetable or modalities to undertake a Technical Review.

7. She said that UNCTAD had reported on the IF regional workshop which took place in Dakar from 6 to 8 December 2006. The seminar had aimed at raising awareness in the LDCs of the work taking place to enhance the IF, giving them a platform to contribute to this on-going work and getting operational feedback on issues relating to IF national structures. Participants had expressed their appreciation for the seminar, which had shown the usefulness of such informative events as well as the need to improve on the communication between the IF process in Geneva and the process at the country level.

8. She continued by saying that the representative of UNDP had provided a detailed status report on the IF Trust Fund. The IFWG had expressed its appreciation to the donors which contributed to the IF Trust Fund, the most important of which were Canada, Denmark, Norway, Sweden and the UK. She said that the WTO Secretariat had briefed the IFWG on the progress made in the establishment of the Programme Implementation Unit (PIU). The recruitment process of a Chief Coordinator, a Deputy Coordinator and a Secretary for PIU was at an advanced stage and it was hoped that the PIU would become operational in the near future. The WTO Secretariat had also reported on the on-going IF-Standards and Trade Development Facility (STDF) cooperation. Aside from the target to allocate 40 per cent of STDF resources to projects benefiting LDCs and other low income countries, and in direct response to needs outlined in their DTISs, the STDF was in the process of validating a medium-term strategy aiming at further strengthening its cooperation with the IF. There had been strong interest amongst LDCs, IF partner agencies and donors in using the project preparation grant mechanism as a vehicle to mobilize donor funding for SPS-related needs outlined in the DTISs. To deepen this cooperation, IF partners were encouraged to take into account the STDF's medium term strategy for 2007 to 2011, which reflected areas of enhanced cooperation between the IF and the STDF. The WTO Secretariat had also reported on cooperation between the Joint Integrated Technical Assistance Programme (JITAP) and the IF for the ten countries which had been benefiting from both programmes, namely: Benin, Burkina Faso, Malawi, Mali, Mauritania, Mozambique, Senegal, Tanzania, Uganda and Zambia. Periodic exchanges of information had continued to take place among staff of the partner agencies and, in most countries, both JITAP and IF Focal points were the same person. However, the recent JITAP Evaluation report had stressed that whilst JITAP and IF were two distinct programmes, better synergy could be developed between them. Accordingly, WTO staff responsible for JITAP was being kept abreast of relevant developments in the discussions in the work to enhance the IF. It was suggested that further discussions on JITAP's role in the enhanced IF could be held in the in-country cluster. In conclusion, she said that the report in the IFSC on progress towards implementing the recommendations of the Task Force to put in place the enhanced IF, also covered the discussion at the IFWG on the subject.

9. The representative of Benin thanked the Chairperson of the IFWG for her report. He congratulated the members of the IFWG for their efforts to help with the implementation of the IF in the beneficiary countries. He associated himself with the statement made by Bangladesh, on behalf of the LDCs. His delegation welcomed the progress made in implementing the IF, which had enabled

several LDCs to move forward with the IF process, in particular, carrying out DTISs and implementing projects under Window II of the IFTF. He expressed gratitude to the donors and to the Agencies for their contribution to the IF. He stressed the importance of IF for the LDCs. He informed the IFSC that a team from his country's capital, led by the Chief of Cabinet of the Ministry of Industry and Commerce was present at the meeting. The team also included the Director-General for Foreign Trade (IF Focal Point). The presence of these high officials demonstrated the importance attached by his Government to the IF process. He stressed that the efficient and harmonious implementation of the IF would help promote the participation of LDCs in international trade as well as foster economic growth and poverty reduction. It was in this context that his delegation appreciated the initiative taken in 2005 to work towards an enhanced IF. It should build up the capacity of the beneficiary countries for improved ownership of the IF, increase the financial resources to implement IF activities and improve the management of the programme. He welcomed the results achieved by the Task Force as well as its recommendations adopted by Members in July 2006. He hoped that Members would continue their efforts to operationalize these recommendations, and called upon the existing IF donors to continue their support for the IF. He also urged other bilateral and multilateral partners to provide concrete support for the enhanced IF.

10. The Chairman of the IFSC proposed that the meeting take note of the report by the Chairperson of the IFWG as well as of the statements made.

11. It was so agreed.

C. REPORT BY THE CHAIR OF THE IF TRANSITION TEAM ON THE WORK RELATED TO THE RECOMMENDATIONS ON THE ENHANCEMENT OF THE INTEGRATED FRAMEWORK

12. The Chairperson of the IFSC said that intense work was ongoing to implement the recommendations of the Task Force on an enhanced IF (hereafter the Task Force). The Transition Team and its three clusters had been meeting on a regular basis in order to make concrete progress to operationalize the recommendations of the Task Force. She invited Ambassador Stephenson, one of the co-chairs of the Transition Team of the enhanced IF (hereafter the Transition Team), to make a report on the state of work related to the recommendations.

13. The Chairman of the Transition Team noted that the Transition Team and its three clusters had held regular meetings, demonstrating a strong sense of engagement from all IF stakeholders to the enhanced IF. He recalled that the three clusters were working, respectively, on legal and administrative questions, in-country processes and funding issues. He then made an overall cluster-wide report on developments that had occurred over the past few months. He reiterated that the Transition Team had been making progress, although slower than expected since issues involved in some areas were complex.

14. He said that since the establishment of the Transition Team, donors had been working to secure sufficient funding for the enhanced IF. The replenishment process of the enhanced IF Trust Fund had begun. A formal discussion among the existing donors had taken place in a donors meeting in Brussels on 11 December 2006, at which he had also participated. The meeting had laid out a tentative timetable through March 2007 to complete the replenishment exercise, and he hoped that by then sufficient funding would be in place to move into the implementation phase of the enhanced IF. He, however, cautioned that all donors might not be ready to make commitments by the end of March 2007. He informed Members that at the donors meeting in Brussels, Mr. Joe Ingram (former World Bank representative in Geneva) had been among the participants. Mr. Ingram had been engaged by the Transition Team to assist the donors in their work envisaged under the enhanced IF. He then enumerated a number of activities he had personally undertaken to seek funds for the enhanced IF. He stressed that efforts were being made to reach out to countries beyond the existing circle of donors to make contributions to the enhanced IF Trust Fund. In this regard, he had convened

a meeting in Geneva where he had invited developing countries and emerging economies that had the potential to become possible donors in the IF process. That group included developing countries such as Brazil, China, India and emerging economies such as Chile, Mexico, Singapore, South Africa and Thailand. Presentations made before this group of countries had been well received. The countries invited had committed to consult their capitals in this regard. He hoped to continue a meaningful dialogue with these countries. He said that he had met his own authorities in Ottawa, in particular with the representatives from development agencies and had presented the case for the enhanced IF. He had also met with a group of aid agencies such as representatives from USAID, the Millennium Challenge Corporation and other agencies in Geneva. He had also had an opportunity to talk about the enhanced IF before the Parliamentary Committee of the European Union. During his presentations to the various groups, he had stressed three points. First, he underlined the importance of securing substantial funding for the enhanced IF in order to ensure stability and long-term predictability of the activities stemming from this programme. Second, he emphasized the need to better connect the bilateral funding to the diagnostics and needs assessment conducted in the IF process. Third, he reiterated that predictable long-term financial commitments would allow professional management of the programme.

15. He went on to say that a series of consultations had been held on the question of legal and administrative arrangements to be put in place for the enhanced IF. He recalled that one of the Task Force recommendations was to house all functions, namely global administration, global governance and management of the fund in one place. He, together with other co-chairs of the Transition Team, had held bilateral consultations to bring this matter to a conclusion. He also recalled that the Executive Secretariat envisaged under the enhanced IF should be housed at the WTO with full functional independence. The Transition Team and its clusters had examined this question and in particular had put questions to the WTO Secretariat on how to establish a functionally independent Executive Secretariat for the enhanced IF. In response, the WTO Secretariat prepared a short paper outlining the issues and options for the establishment of an Executive Secretariat within the WTO. The WTO paper put a couple of options before the Transition Team. The first option (Option 1) essentially provided for the independent secretariat within the WTO but was constrained by its Director-General's authorities, and therefore required that administrative authority for the staff in the functioning of the Secretariat would rest with the WTO Director-General. The second option (Option 2) was a more stand-alone independent operation of the Executive Secretariat that would have more of a contractual relationship with the WTO. The Transition Team had some difficulties with the two options. While the LDCs were comfortable with Option 1, donors had certain doubts with respect to the details of it, in particular the specific guarantees of independence of action of the IF Management in such an arrangement. Donors had sought additional clarifications from the WTO Secretariat about how the independence of actions could be guaranteed. There was not much support from any quarter for Option 2 or for anything that would require the establishment of a new entity, in other words, of a new stand-alone institution because of the fear of the excessive overhead costs and other complications. Views had also been expressed to examine other options beyond the two presented in the WTO paper so as to see whether the recommendations of the Task Force could be implemented fully, which was to bring both the Executive Secretariat and management of the Trust Fund into a single place.

16. He said that he had discussed Option 1 with the WTO Director-General, who had provided a certain degree of clarity with respect to the arrangements that were possible within the WTO. He informed the IFSC that the WTO Director-General had given a number of assurances with respect to the independence of the Executive Secretariat, in particular on policy matters, funding decisions as well as decisions taken by the IF Board and the IFSC under the enhanced IF. The WTO's position on policy issues would be assured through WTO's participation in those IF governance bodies. Administrative arrangements would be the responsibility of the WTO. There were some assurances given about the independence of the IF in respect of the hiring of its staff and in particular, its Head. These assurances gave some additional comfort to the donors but doubts continued to linger as to

whether or not there were other options and whether or not the Executive Secretariat and the management of the Trust Fund could be brought in one place.

17. He was instructed by Members to consult on a third option concerning the Executive Secretariat of the enhanced IF (Option 3). He then outlined the steps he would undertake to explore such an option. First, he would send a letter to the six core IF Agencies asking them to respond on whether they could both house the Secretariat for the enhanced IF as well as manage the Trust Fund and if so under what set of conditions. Second, he would consult the Agencies on an individual basis. He already had an initial discussion with the World Bank and the UNDP in Brussels at the margin of the donors meeting. Then he would consult with the Agencies as a group in January 2007. At the same time, he would consult with Members, including LDCs and donor countries. Thereafter, together with the co-chairs of the Transition Team, he would present a recommendation to Members. He said that the work relating to the enhanced IF was taking a bit more time than Members had anticipated.

18. He underlined the importance of moving on with the implementation of the recommendations of the Task Force. To this effect, he had been striving hard in working through the issues one by one. He said that the in-country cluster had been working on the specific terms of reference of the various actors involved in the in-country processes. He drew the attention of Members to the IF regional workshop in Dakar, Senegal, (hereafter Dakar Workshop) held from 6 to 8 December 2006. The meeting had provided an opportunity for the IF stakeholders in Geneva to meet a group of IF Focal Points from LDCs. He regretted the fact that more Focal Points had not been able to come due to late arrangements and other competing priorities. The meeting had brought the Focal Points up to date with the progress made in Geneva on the enhanced IF and had gathered their inputs on the issues currently considered under the enhanced IF. The meeting had also signalled some challenges with respect to communication with people on the ground trying to deliver the programme. The fact that there was not enough awareness of the discussions in Geneva among the IF Focal Points represented a long term challenge. This would need to be given close attention. He underscored the importance of regular dissemination of information on the ground so as to ensure successful delivery of the programmes undertaken under the IF process. Members were facing challenges with respect to all areas of the recommendations of the Task Force, including reaching the targets on funding and establishing the legal and administrative arrangements for the enhanced IF. He hoped that the enhanced IF would be in operation by early 2007. He sought support from Members in his work.

19. The representative of Bangladesh, on behalf of the LDCs, thanked the Chairman of the Transition Team for his report. He expressed his appreciation to the co-chairs of the Transition Team as well as the Chairs of different clusters for their efforts to advance the work of the enhanced IF. He reiterated that Members should adhere to the Terms of Reference while implementing the recommendations of the Task Force. The biggest challenge before the Transition Team was the issue of legal entity of the Executive Secretariat. LDCs had expressed their opinion on this subject. The LDCs would like to have a link with the WTO Secretariat as recommended by the Task Force. He said that given the available options, the LDCs had indicated a preference for Option 1. He acknowledged that there could be certain difficulties since the recommendations of the Task Force could not be fully met under Option 1. He sought additional information concerning the extent to which Option 1 could accommodate the recommendations of the Task Force, which would enable the LDCs to make an informed decision on the subject. He noted the current efforts of Ambassador Stephenson to explore a third option. While the LDCs were open to examine other options for the Executive Secretariat, the parameters of the recommendations of the Task Force should be borne in mind. He emphasized the need for an early resolution of the matter so that the enhanced IF could be put in place by early 2007. In this regard, he recalled the Hong Kong Ministerial Declaration, which, *inter alia*, provided for entry into force of the enhanced IF by 31 December 2006. He continued by saying that the Trust Fund management should be cost effective. Caution should be exercised in utilizing resources to manage or to outsource services

related to the Trust Fund. He stressed that predictable and additional resources were central to the effective implementation of the enhanced IF. He noted that donors had been making efforts to replenish the Trust Fund. He said that the LDC Group would appreciate donors providing them with a progress report with regard to the replenishment process of the Trust Fund.

20. The representative of Benin thanked the Chairman of the Transition Team for the work that had been done to implement the recommendations of the Task Force. He underlined the importance of the IF for the beneficiary countries. The prospects emerging from the enhanced IF were huge. He urged members of the Transition Team to accelerate their work in order to operationalize the enhanced IF as soon as possible. He emphasized the need to find concrete and coherent proposals that could be implemented effectively. He reiterated that work should be carried out through a participatory approach. Beneficiary countries should be given the tools to allow them to promote their trade and to ensure their development. He hoped that the decision with regard to the housing of the Executive Secretariat would be taken soon. In this regard, the Transition Team had had discussions at length. He underlined the need to move forward so as to make the enhanced IF operational as soon as possible.

21. The representative of Nepal shared the point made by the Chairman of the Transition Team, that Members were faced with a number of challenges in the implementation of the recommendations of the Task Force. Members were working hard to implement those recommendations. He underlined the need to convert these efforts into concrete results. He stressed that the three elements of the recommendations of the Task Force needed to be borne in mind in its implementation. These were: (i) predictability and additionality of funds under enhanced IF; (ii) strengthened in-country capacities; and (iii) enhanced IF governance. These three elements of the recommendations were organically linked with each other. He found that there were a lot of expectations from the enhanced IF. In this regard, he recalled that the participants at the Dakar Workshop, which included IF Focal Points from LDCs, were eager to see the operationalization of an enhanced IF as soon as possible. The IF Focal Points showed active interest in the enhanced IF. He emphasized the need to ensure an outcome which would comply with the recommendations of the Task Force. He expressed his support to the Chairman of the Transition Team in order to make the enhanced IF operational as soon as possible.

22. The representative of Djibouti thanked the Chairperson of the IFSC as well as Ambassador Stephenson for their sincere efforts in carrying out the ongoing work to implement the recommendations of the Task Force. Their commitment and active participation was commendable. He also thanked the Deputy Director-General, Mrs. Rugwabiza, and the Development Division (WTO Secretariat), for providing support to the current work relating to the establishment of the enhanced IF. His delegation attached high hopes to the enhanced IF. The IF had already made important contributions to the LDCs. He underlined the importance of ensuring concrete actions from the current process. He emphasized the need to focus on forward-looking solutions. He noted that the major problems in the IF process were, to a large extent, to be found in the field. The current energy should be geared towards actions which could meet the needs of the LDCs on the ground. He stressed that the capacities of the LDCs in the field would need to be strengthened. In this regard, he recalled that most of the IF Focal Points at the Dakar Workshop had voiced concern on the lack of capacity to benefit from the IF process. He informed the IFSC that the IF Focal Point of his country was present at the current meeting so as to acquire an understanding of the ongoing work relating to the enhanced IF.

23. The representative of the European Communities noted that regular meetings and activities were ongoing to implement the recommendations of the Task Force. He found the sustained engagement of all IF stakeholders, in particular that of the LDCs, in the ongoing work encouraging. The current state of DDA negotiations had allowed opportunities for delegations to devote more time on IF-related matters. He noted that good progress had been made in some clusters, in particular in

the in-country cluster. Key decisions would need to be taken on the legal and administrative matters. He hoped that as soon as such decisions were taken, all other elements would fall in line paving the way for the operationalization of an enhanced IF. He noted that the time-frame for operationalizing the enhanced IF could not be met. The WTO Secretariat only recently gave a definitive reply to the effect that the ideal picture described in the recommendations of the Task Force could not be achieved within the framework of the WTO.

24. He went on to say that for his delegation, an important aspect of the Executive Secretariat was its functional autonomy. The Trust Fund functions envisaged under the enhanced IF would need to be outsourced to another party. He underscored the need for an individual as well as collective reflection on different recommendations from the Task Force. He supported the idea of Ambassador Stephenson to flesh out Option 1 so as to see whether that option could come closer to the initial recommendations of the Task Force. In this regard, it was important to work out a protocol with the WTO Secretariat outlining how Members could achieve the spirit of the recommendations whilst remaining within the administrative framework of the WTO. It was also necessary to investigate the possibility of a third option which could be compared with the options presented in the WTO paper. He underscored the importance of arriving at the best possible result to make the operation of an enhanced IF effective to the beneficiaries. Therefore, it would not be a stalemate if the original deadline could not be met. He emphasized the need to put in place a structure that would work rather than rushing for an outcome for the sake of it.

25. The Chairman of the Transition Team reiterated the need to resolve the outstanding issues so as to move on with the operationalization of an enhanced IF. He would remain committed to ensure a successful outcome of the work currently being undertaken by the Transition Team and its clusters. In his capacity as Chairman of the Transition Team, and as former Chairman of the Task Force, he expressed appreciation for the contribution that Mr. Carlos Braga (the outgoing Senior Adviser of the World Bank Office in Geneva) had made to the IF.

26. The Chairperson of the IFSC thanked Mr. Braga, on behalf of the IFSC, for his contribution to the Committee's work and for his commitment to the IF.

27. The representative of Rwanda commended the Chairperson of the IFSC for her dedication and efforts to steer the work of the IFSC. He also thanked Ambassador Stephenson for his commitment to the IF, in particular the leadership provided in the meetings of the Transition Team. He associated himself with the statement made by Bangladesh, on behalf of the LDCs. He thanked all delegations and agencies engaged in various clusters for working hard with a view to improving the efficiency and effectiveness of the IF. Certain progress had been made in a number of areas. The recommendations of the Task Force had stipulated that the enhanced IF would be operational by the end of 2006. The deadline could not be met as Members were still exploring possible options relating to the housing of the Executive Secretariat and associated legal and administrative issues as well as issues relating to finance. He made an appeal to all IF stakeholders to find an expeditious solution to the current impasse. In his view, a suitable solution would be one which would meet the recommendations of the Task Force. His delegation would remain flexible and would engage constructively in the work ahead. He pointed out that even if DTISs had been concluded and validated, there were challenges in terms of drafting bankable projects as well as of administering those projects. Countries at the initial stages of the IF process were faced with challenges of building capacity at the national level in order to ensure ownership. The enhanced IF was seen as a mechanism that would assist LDCs reduce poverty by developing trade and promoting exports. It would bring changes to LDCs' institutions and to the lives of people. Therefore, the sooner the enhanced IF would start to be implemented, the better it would be for all LDCs. He hoped that the debate on the housing of the Executive Secretariat would be resolved early next year.

28. The representative of the World Bank thanked the Chairperson of the IFSC as well as Ambassador Stephenson for their kind words to him. The ongoing work had been progressing at a snail's pace. He, however, emphasized the importance of getting the right outcome from the current work relating to the enhanced IF. According to him, the challenge was not only of how the recommendations of the Task Force could be implemented, but also of pulling all IF stakeholders in the same direction. He underlined the importance of enhanced support to strengthen in-country activities. That would make a difference in the IF. He noted that the discussions in the Transition Team and its clusters had made one point clear. Every IF stakeholder had been sharing the common goal of mainstreaming trade into national development plans with a view to fighting poverty and promoting development. He recognized that putting together all elements of the enhanced IF represented a challenge. The sooner the enhanced IF could enter into force, the better for all. At the same time, it was important to get the structure right. He looked forward to continue working on the enhanced IF under the leadership of Ambassador Stephenson.

29. The representative of the UNDP thanked Ambassador Stephenson for his leadership in steering the work of the Transition Team. He stated that with regard to Option 1, the UNDP would like to continue, if desired by Members, to serve as manager of the IF Trust Fund. The UNDP could build on its experience over the last five years to enable smooth functioning and continuity of the IF Trust Fund. His delegation would be ready to work with the proposed Executive Secretariat to establish performance criteria for an efficient and effective management of the Trust Fund. With regard to the decision to explore a third option for housing the Executive Secretariat, he expressed an interest to take part in the consultations to be undertaken by Ambassador Stephenson. He said that locating both the Executive Secretariat and the Trust Fund in the WTO, or in any one agency, would run the risk of diluting the incentives for the other agencies to continue to fully engage in the IF process. He hoped that the issue could be resolved in a practical manner that would enhance - rather than reduce - the participation of agencies in the IF process as well as enhance the partnership with both the beneficiary countries and the donors, making the IF a truly integrated partnership.

30. The representative of UNCTAD thanked Ambassador Stephenson for his comprehensive briefing on the current work relating to the enhanced IF and for his kind words on the contributions made by the Dakar Workshop to the current process in Geneva. Although progress towards implementing the recommendations of the Task Force was slow, some achievements had been made. That included the event in Dakar which UNCTAD had had the privilege to organize. It had provided a platform for delegations in Geneva to exchange views with the capital-based officials on various aspects of the IF process, in particular the principle of country ownership in the IF process. The Dakar Workshop had made a particular contribution to the strengthening of country-ownership in the IF process. He reiterated that the IF had been a country-driven process, which was also one of the elements of the recommendations of the Task Force. He went on to say that the Dakar Workshop had brought the IF Focal Points to one place. Some LDCs had been represented by deputy IF Focal Points and officials responsible for the IF in their respective countries. All these combined represented 70 per cent of all IF Focal Points in the LDCs. He stressed that the deputy Focal Points or responsible IF officers often acted as major players in the beneficiary countries since Focal Points in many LDCs were the Permanent Secretaries whose functions were invariably delegated to other senior officers in view of their occupations. The fact that the Focal Points were taken on board in the process leading up to the entry into force of the enhanced IF gave them a feeling of ownership in the IF process. That was the single most important contribution made by the Dakar Workshop. He said that the report of the Dakar Workshop would be circulated in the coming week. He underlined the need to find mechanisms to involve the IF Focal points in the Geneva process on a regular basis. In this regard, he emphasized the importance of finding a standing solution instead of ad hoc arrangements so that beneficiary countries were fully engaged in the ongoing process leading to the operationalization of the enhanced IF. He recognized that the implementation of the recommendations of the Task Force posed a challenge to the IF stakeholders.

31. The Chairman of the IFSC proposed that the IFSC take note of the report made by Ambassador Stephenson as well as of the statements made.

32. It was so agreed.

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

33. The Chairman of the IFSC said that the IF Work Programme placed special emphasis on the effective follow-up to the DTIS in the beneficiary countries. To date, the DTIS had been validated in 24 LDCs. They were: Benin, Burundi, Cambodia, Chad, Djibouti, Ethiopia, Guinea, Lao P.D.R., Lesotho, Madagascar, Malawi, Maldives, Mali, Mauritania, Mozambique, Nepal, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, Tanzania, Uganda, Yemen and Zambia. All these countries had entered into the post-DTIS phase. He encouraged delegations of these countries to share with Members the status of the IF implementation in their respective countries, including information on progress made and challenges encountered. He also invited donor countries as well as the Agencies to provide Members with any information they might consider relevant under the item.

34. The representative of Guinea congratulated the Chairperson of the IFWG as well as Ambassador Stephenson for the quality of their report and for the information they had provided on the status of the work in their respective areas. She associated herself with the statement made by Bangladesh, on behalf of the LDCs. That statement had reflected the concerns and expectations of her country from the IF. Enhanced IF was synonymous with the improvement of opportunities of market access for the LDCs. It should strengthen human and institutional capacities in the LDCs. Predictable funding was a key to ensure successful outcome under the enhanced IF. Several activities had been held in order to move forward the Task Force recommendations, in particular on administrative and legal issues around the establishment of the Executive Secretariat and issues concerning in-country processes. She informed the IFSC that her delegation, in close cooperation with the ITC, had organized a Round Table in Geneva on 27 November 2006 to review her country's IF process. A high-level delegation from her capital led by the Minister of Commerce, Industry and Small and Medium-scale Enterprise had taken part in that Round Table. At the Round Table her delegation had reiterated the strong interest of Guinea in the enhanced IF. An overview of her country's macroeconomic situation, its investment framework and its trade policy were also provided at the Round Table. Concrete presentations were made regarding the implementation of projects under Window II of the IFTF. The Round Table had helped to highlight Guinea's agricultural potential, barriers encountered by producers in agricultural exports and ways to overcome those barriers. Three projects were selected at the DTIS validation workshop for funding out of Window II, namely: (i) human capacity building in the area of multilateral trade negotiations; (ii) institutional capacity building; (iii) development of agricultural exports. The success of these three projects had encouraged her Government to design new projects linked to trade policy or regional integration, infrastructure, agriculture, fisheries, tourism, handicrafts and other sectors of interest for her country. She stressed that such projects could only be carried out if traditional partners showed goodwill and provided sufficient funding. She urged all partners of her Government to provide financing for the projects submitted by the Government of Guinea at the Round Table. She expressed gratitude to Ms. Patricia Francis, Executive Director of the ITC, for her personal support and presence at the Round Table. She went on to say that the IF Focal point of her country, the Director for Trade and Competition, had taken part in the Dakar Workshop and had shared the experience of Guinea in the IF process. In conclusion, she thanked the development partners that had supported her Government in the various stages of the IF process.

35. The representative of Mali expressed appreciation to the Chairperson of the IFSC for her commitment to the IF. He associated himself with the statement made by Bangladesh, on behalf of

the LDCs. He thanked Ambassador Stephenson for his report. He also thanked Chairs of different clusters for their commitment to carry forward the implementation of the recommendations of the Task Force. He recalled the generous contributions of donors as well as technical support received from implementing agencies in the implementation of IF in Mali. He said that a delegation from his capital which included a representative from the IF Donor Facilitator had visited Geneva from 6 to 10 November 2006, and had had a series of meetings on the IF at the WTO. At that time, a comprehensive report on the implementation of the IF in Mali had been circulated. He then informed Members of some recent developments with regard to the IF process in his country. First, he drew the attention of Members to a Round Table held in Bamako on 15 November 2006. The Round Table had included participants from governments, private sector, IF Agencies, and national and local elected officers. It had provided an opportunity to recall the various phases of IF in Mali, which had started in November 2001. The DTIS for Mali was completed in 2004. His Government had undertaken steps to include trade analysis in the PRSP. Second, with IF resources, his Government had set up an institutional framework for the implementation of the IF. An Implementation Committee was set up under the chairmanship of the Prime Minister to oversee the implementation of the IF. The national IF Steering Committee was under the chairmanship of the Ministry of Industry and Trade, which included representatives from governments, private sector and civil society. The Secretary General of the Ministry of Industry and Trade was appointed as the IF Focal Point, and a department was set up for the implementation of the IF. Third, he emphasized the importance of the actual implementation of the recommendations which had resulted from the validation workshop for the 2007 to 2011 phase where the integration of Mali into the multilateral trading system had been recognized as a priority. A special contribution (special investment budget for 2007) had been made by his Government for the implementation of the IF, which was the first of its kind. His Government was aware of the need to ensure greater synergy among the various national programmes for greater efficiency and better streamlining of the use of resources. Fourth, he said that the initial phase of the IF implementation had come to an end. The phase had witnessed a series of workshops including the validation workshop for the DTIS. The DTIS recommended concrete implementation plans. The results of the IF were included in major development programmes. Measures had been taken to implement the recommendations resulting from the DTIS Action Matrix, which had proposed multi-sectoral interventions. The implementation of projects under Window II of the IFTF was making good progress. Fifth, he highlighted the projects that had been presented during the Round Table in November 2006, which included projects for the development of tourism, leather and skins, information and communication technology, support for quality enhancement, setting up of software for customs, agricultural foodstuff, development of music, etc. Bilateral and multilateral donors had been present at the Round Table and had welcomed the progress achieved in implementing the IF in his country. The donors had also reiterated their commitment to continue supporting development efforts of Mali.

36. He explained that the DTIS of his country had been drawn during the period 2003 to 2006 through sectoral workshops and a validation workshop, whose recommendations had been articulated in the DTIS Action Matrix. The approach taken by his authorities in carrying out the DTIS had paved the way for its outcome to be anchored in all the major national development programmes. The DTIS Action Matrix had been cross-sectoral in nature, and had laid out an indicative cost and implementation timetable of the measures identified. The implementation of the projects under Window II of the IFTF had yielded results. The IF had been effectively incorporated into the PRSP. The next phase would be to implement the priority recommendations in the DTIS Action Matrix for the period 2007 to 2011, which would also coincide with the implementation of the enhanced IF. His authorities had submitted the following projects stemming from the DTIS Action Matrix, which included: (i) support project for the marketing of mangoes; (ii) project on tourism; (iii) project to support improvement in the quality and marketing of hides and skins; (iv) project on the application of sanitary and phytosanitary measures; (v) project to extend implementation of the UNCTAD ASYCUDA++ software to the entire customs territory; (vi) project on the music industry; and, (vii) support project for agri-food export sub-sectors.

37. He continued by saying that donors had welcomed Mali's progress in implementing the IF and had renewed their commitment to support Mali's development. The USAID would continue its activities in support of the IF, and had been acting as the IF Donor Facilitator in Mali. He recalled the assistance provided by ITC, UNCTAD, UNDP and the WTO in implementing various projects in Mali under the IF. He said that the Government of Netherlands had been funding the construction of a packaging and refrigeration plant. In conclusion, he expressed gratitude to the six IF core Agencies and to the donors for their commitment in moving forward the implementation of IF in Mali. He drew Members' attention to the fact that the funds available for his country under Window II of the IFTF had been exhausted. He hoped that new resources would be available under the enhanced IF. He urged all IF stakeholders to work towards the implementation of enhanced IF as soon as possible.

38. The representative of Uganda thanked the Chairperson of the IFWG and Ambassador Stephenson for their commitment to the IF. His Government had organized the IF validation workshop in early October 2006. All IF Agencies had participated in the workshop including resident donors. Domestic stakeholders, including representatives from all relevant agencies of the government also had taken part in the workshop. At the validation workshop a number of issues had been discussed and recommendations had been made. Those recommendations had been integrated into the revised version of the DTIS and its Action Matrix. Upon receipt of the report from the lead consultant of the World Bank, his authorities would be able to share the final copy of the DTIS with all IF stakeholders. Following the validation workshop, the IF Focal point along with donor facilitator and representatives of the agencies had prepared an *aide mémoire* on the way forward for IF implementation in his country. Since then, the *aide mémoire* had been the guiding principle of the IF process in his country. He said that the findings of the DTIS had been very much part and parcel of the in-country processes. The findings of the DTIS and the DTIS Action Matrix were being integrated into the PRSP. The PRSP was also part of the current budget framework process of his Government for the next financial year. His authorities had met the resident IF Agencies present in Kampala to prioritize the activities in the Action Matrix and to identify the gaps that were to be considered for funding under Window II of the IFTF. He said that the National Steering Committee would meet the following week to approve the prioritized Action Matrix and would decide on the sequencing of activities. That Committee would also consider proposals for the National Implementation Unit and the setting up of an IF National Secretariat. At the same time, his Government would meet a group of local donors that had indicated interest in the area of trade. He regretted that due to poor logistical arrangements his delegation had not been able to attend the Dakar Workshop. He hoped that the outcome of that Workshop would not only feed into the process leading up to the operationalization of enhanced IF, but would also serve to create a better understanding of the issues between the Geneva delegations and capital-based officials.

39. He went on to say that the ITC had sponsored a familiarization tour for an IF national delegation in Geneva. The team included representatives from the private sector. That represented his Government's willingness to work closely with the private sector, with a view to implementing the DTIS Action Matrix. As part of the familiarization tour, over the past three days, the national delegation had had useful meetings with the IF Agencies, which had improved its understanding of the current status of the IF process, including the enhanced IF. Upon return of this delegation to the capital, it would take up formulation of bankable projects to be considered for the US\$1 million funding available under Window II of the IFTF. Projects to this effect would be submitted by their Local Project Appraisal Committee (LPAC) by March 2007. His authorities would also determine the mode of project execution at the next national IF Steering Committee meeting. He said that the formal approval of the DTIS and its action matrix would be done by his Government in January 2007. Integration of the DTIS had already taken place within the in-country planning and budgeting process. Once the enhanced IF became operational, his country would be ready to benefit from it. He expressed his appreciation to the agencies for their support to the IF process in his country. He reiterated his Government's commitment to the IF.

40. The representative of Cambodia thanked Ambassador Stephenson for his comprehensive report on the status of the work relating to the enhanced IF. He also thanked the Chairperson of the IFWG for her report on the meeting of the IFWG on 12 December 2006. He associated himself with the statement made by Bangladesh, on behalf of the LDCs. He took the opportunity to make a brief report on the status of updating of DTIS for his country. The Ministry of Commerce, the IF Focal point, had been working closely in collaboration with the relevant IF stakeholders to update the DTIS. The first draft was expected to come out at the end of the year, and the final draft was expected to be completed within the next three months. The updating of the DTIS had been designed to identify priority sectors with appropriate details, and to work out the timeframe for implementation of activities under the enhanced IF in 2007. It was hoped that the updated DTIS would be ready in time. He thanked the agencies and donors for assisting his country in the implementation of the IF. He hoped that such assistance would continue in the days ahead.

41. The representative of Benin said that the DTIS validation workshop had been held on 13 to 14 October 2005. The workshop had included participants from governments, private sector, civil society organizations as well as the six Agencies of the IF. A number of bilateral donors had also taken part in the workshop. Following the workshop, his Government had validated the DTIS and its Action Matrix. His country had entered into the phase of second generation of PRSPs, and his Government was able to secure support for the preparation of a second PRSP. The national IF Secretariat had been actively participating in the implementation of the second generation PRSP for Benin. Development partners had been aligning their support in the context of the PRSP. The IF Focal point and the Donor Facilitator (Denmark) had jointly prepared a roadmap for continuation of the IF-related activities in his country. The programmes associated with the IF had been developed through a participatory approach which included participants from public sector, private sector, civil society organizations, bilateral donors and other organizations represented in Benin. He underlined the importance of adequate financial and technical assistance for the LDCs, in particular for the management of the national IF Secretariat, and for the implementation of the IF activities. Support for the development of projects for submission under Window II of the IFTF was vital. His authorities had reached an advanced stage of submitting new projects under Window II of the IFTF. He also emphasized the need to have regular information sessions on the progress made in the IF process, in particular developments with regard to the enhanced IF. He invited bilateral and multilateral partners to support the development of IF activities in his country. That would help his country to accelerate industrial development and integrate into the multilateral trading system.

42. The representative of Nepal said that the DTIS of his country had been validated. His country had started accessing funding under Window II of the IFTF. The IF Focal point and the IF implementation unit had been focussing on two issues. First, his authorities had been working on how to update the current DTIS, which had been prepared a couple of years ago. Both the local and global environment had changed since then. For instance, the termination of the Agreement on Textiles and Clothing (ATC) had an adverse impact on his country. An update of the DTIS had become necessary. Second, preparations were underway in order to re-prioritize the DTIS Action Matrix and to develop suitable projects. He reiterated that the implementation of the IF, in particular implementation of projects, would need to be made effective. He emphasized the need to build the capacity of the implementation unit as well as the IF Focal point on the ground in order to better prepare themselves for the implementation of the IF. This perspective should be an integral part of the enhanced IF. He thanked donors which had been supporting the IF activities in his country. He stressed that the donors on the ground also needed to be sensitized on the IF process. He had reports from his capital that the resident donors in his country were not interested in trade-related projects. IF should promote partnership among the beneficiaries and the development partners. He stressed the importance of programme budgeting based on sectoral approach. Programme budgeting could allow streamlining of reporting obligations into a single format and could ensure sustainability of the programmes. He sought support from the donor community in terms of promoting sectoral studies through programme

budgeting. He hoped that once the enhanced IF would take effect, his country would be able to take up a number of projects with a view to promoting trade of his country.

43. The representative of Zambia thanked both Ambassador Stephenson as well as Mrs. Rugwabiza for their reports. She said that following the DTIS validation workshop, and the subsequent adoption of it by the Government, her country had made progress on the IF implementation. The IF had been mainstreamed into the national development plans. Most of the activities that formed part of the DTIS Action Matrix had also been infused into the Action Plan for the national development plan, which had been finalized very recently. Private sector participation in the IF activities had improved. The private sector development programme had been instituted at national level. A private sector expansion team had been constituted, which had been working in helping the process of identifying the key activities from the DTIS Action Matrix that would be undertaken within the next six months. Budget had been drawn up taking this into account. She was pleased to inform the IFSC that a number of bilateral donors had taken an interest in supporting IF activities. She underlined the need to ensure adequate support to the IF Focal point in the beneficiary countries. She thanked the WTO and other IF Agencies for their support in the IF process.

44. The representative of Djibouti hoped that the enhanced IF would be implemented as soon as possible. The IF Focal point in his country was from the private sector, which demonstrated the interests of the private sector in the IF. Trade was a priority for his country. Due to resource constraints, his country had no alternatives but to promote trade. Trade accounted for 70 per cent of GDP. The DTIS, which had been validated in May 2004, had two main components. First, strengthening the institutions in charge of promoting trade, namely: the Ministry of Trade, the Ministry for the Promotion of Investment and the Chamber of Commerce. Second, promotion of tourism which was gaining in importance in his country. His authorities had established a number of departments to ensure that institutions carried out their role properly. His Government had set up a single window for investment promotion, including the National Agency for Investment Promotion. He said that the IF had played an instrumental role in strengthening trade capacity and improving coordination among institutions. His country had received Foreign Direct Investment (FDI) in the past few years. The needs of FDI had been reviewed, and the new estimates had suggested an amount of US\$5 billion, which would need to be invested in the ports, and for refinery industries. He thanked development partners as well as the IF Agencies for their support to Djibouti in the IF process. He particularly thanked ITC which had been an implementing agency in his country. He hoped that under the enhanced IF there would be a greater national appropriation of funds. He underlined the importance of improved coordination among all IF stakeholders so as to ensure effective implementation of the IF in the beneficiary countries.

45. The representative of the World Bank shared with Members the experiences gained by the World Bank during DTIS Workshops in a number of LDCs. He noted that the LDCs had been recommending more resources for activities under Window II of the IFTF. In that context, he underlined the importance of seeking enhanced resources by the LDCs to implement the Action Matrix in its entirety. DTIS Action Matrices included actions in areas that were beyond the ambit of the Ministry of Trade. In this regard, he pointed out that most of the constraints identified by the LDCs in the DTIS related to supply-side constraints. Customs reforms and private sector developments were among the areas that had been featuring prominently in the DTIS Action Matrices. Therefore, there had been an increasing recognition that promotion of trade would require multi-fold interventions.

46. He said that the World Bank had developed a template for an *aide mémoire* in preparation of the DTIS. This *aide mémoire* could be discussed with the LDC authorities before its finalization. He then outlined the main elements of a standard *aide mémoire*. First, he emphasized the importance of mainstreaming trade into national development plans. Trade should be recognized as an important engine for economic growth, and this should be reflected in the national development plans.

Integration of trade into PRSPs or national development plans would send an important signal to donors which in turn could enhance the likelihood of securing funds from them. In this regard, he stressed the need for effective inter-Ministerial coordination. Second, he underlined the need to mobilize local donors with a view to implementing the DTIS Action Matrix. He cautioned that the needs of the LDCs would not be fully met from the resources that would be available under the enhanced IF. It was thus important to look for additional funding. In that context, it was important to mobilize local donors to tap into their resources.

47. He went on to say that donors were considering setting up of a basket fund in Tanzania. It would essentially mean that a number of donors could pool their funding together so that there could be one central fund from where the local activities would be funded. That would reduce transaction costs and simplify procedures to access funds. Some donors were, however, reticent about participating in such a multi-donor trust fund. He stressed that decisions based on one set of programmes might prove useful for countries. Incorporation of trade into PRSPs could help donors base their interventions in the area of trade under the framework of PRSPs. Third, he noted the need for a national overview body which could oversee the whole implementation process of the IF. Such a body comprising a national implementation unit including a Secretariat should give guidance to all different Ministries involved in the implementation of the IF. Fourth, he emphasized the need for the LDCs to prioritize their DTIS Action Matrices, and also the need for its translation into a real action plan. He said that DTIS Action Matrices in general were very long, and would need to be condensed through prioritization and by developing a real action plan. That would be a goal to achieve in the next three to five years. Based on such action plans, the LDCs should submit concrete proposals for consideration under the enhanced IF Trust Fund or under a multi-donor trust fund, or for consideration by individual donors. He said that an important source of funding was the World Bank, which might be considered for big scale investments and loans. He hoped that the Geneva process and the process in the field could reinforce each other so as to make the enhanced IF a success.

48. The representative of the UNDP noted that the question of the basket fund as a funding modality for the implementation of DTIS Action Matrix had come up in the discussion at the IFWG. He then supplemented the information that had been provided in this regard by the representative of the World Bank. He said that countries like Cambodia, Mozambique, Sierra Leone and Zambia were considering to implement their Action Matrices on a programme basis and were also considering pool-funding arrangements to ensure coordination and reduction of transaction costs. These types of arrangements were already in place in some countries and the IF process could benefit from the work done in this area. He then gave specific examples of countries in which the UNDP had been working with the governments to develop such pool-funding arrangements. He went on to say that upon request from the Government of Mozambique, UNDP had been working to develop a programme approach and a programme fund to support the implementation of the DTIS Action Matrix. The Government of Mozambique had mainstreamed its DTIS Action Matrix into its PRSP for the period 2006 to 2009. Instead of proposing a number of projects, the Government and the UNDP had been working together to formulate one intensive programme covering the key priorities of the DTIS Action Matrix with funding from in-country bilateral donors and multilateral sources. Similar work had been launched in Sierra Leone. The DTIS of Sierra Leone was validated only a month ago. The Government of Sierra Leone had been trying to attract funding not only from in-country donors but also from non-resident donors. Sierra Leone had received support from non-resident donors in its general elections, which had encouraged its Government to explore similar support in the area of trade. He said that the Government of Uganda had mainstreamed its DTIS Action Matrix into the national budget. That underlined the need to align any funding modalities with the national budget. Direct support to the national budget had become an important funding modality, which had been increasingly used by the donors to help the LDCs.

49. The Chairman of the IFSC noted that the beneficiary countries had attached high importance to the IF to promote their trade development. Key IF Agencies such as the World Bank and the

UNDP had emphasized the need to mainstream trade into national development strategies so as to make trade an engine for growth. Half of the LDCs had now entered into the post-DTIS phase. Regular reporting by the IF beneficiaries to the IF governing bodies would help to improve the implementation of the IF, as such reports could bring out any shortcomings, which could then be addressed. He encouraged the LDCs where DTISs were under preparation or where the IF was at an initial stage to bring to Members' attention any matter that might need to be addressed by the IFSC or IFWG to ensure the smooth functioning of the IF in their countries. He proposed that the IFSC take note of the statements made.

50. It was so agreed.

E. IFTF: FINANCIAL STATUS REPORT - REPORT BY UNDP

51. The Chairman of the IFSC invited the UNDP to provide Members with a status report of the IF Trust Fund.

52. The representative of UNDP gave a status report of the IF Trust Fund. He said that as of 31 October 2006, the UNDP had received pledges amounting to US\$37 million out of which US\$36.7 million had been transferred. He added that all pledges with respect to Window I of the IFTF had been transferred. Since the last report, the UNDP had received contributions from the Governments of Germany, Ireland and the United States. He also mentioned that Italy, Switzerland and the United Kingdom had contributed directly to the WTO for IF-related activities. He expressed appreciation to the donors for their contributions to the IF.

53. He added that the total receipts of the IFTF stood at US\$37.5 million which included interest earned on the contributions, out of which, US\$25.6 million had been awarded to activities under Window I and Window II of the IFTF. The balance of the IFTF as of 31 October 2006 remained at US\$11.9 million. He then made comparisons between expenditures and commitments relating to the IFTF. The total commitments amounted to US\$24.4 million and the expenditures recorded were US\$15 million. Under Window I of the IFTF, the expenditure/commitment ratio (delivery rate) was 78 per cent, while the rate for Window II of the IFTF was 45 per cent. He pointed out that these figures represented averages, and that some projects which had been approved recently had yet to incur expenditures.

54. He said that Window I of the IFTF had been financing the preparation of the DTIS and supporting projects for strengthening national implementation capacities. DTISs had been financed in 32 LDCs. The figure included the LDCs which had completed the DTISs and also the LDCs where DTIS preparation was ongoing. Under this Window, total expenditures recorded were around US\$9 million, and along with advances the figure stood at US\$10.4 million. Expenditures recorded represented 78 per cent of the commitments, and expenditures and advances combined represented 88 per cent of the commitments. Under Window II of the IFTF, projects had been financed in 15 LDCs. The amount allocated in these projects was US\$12.6 million. Total expenditures recorded were US\$5.75 million, amounting to 45 per cent of the commitments. The expenditure and advances combined accounted for 49 per cent of the commitments.

55. He went on to show the projected funding requirements from 1 November 2006 until 31 March 2007. In this regard, he recalled that at its last meeting, the IFWG had extended the deadline for submitting projects to be funded under Window II of the IFTF for seven LDCs, which could allow submission of projects amounting to US\$1.3 million. Two LDCs, namely Ethiopia and Rwanda had not utilized their full entitlements under Window II of the IFTF and might do so in the projected period. Eight LDCs which had validated their DTISs recently had become eligible to submit projects under Window II of the IFTF. That would require an amount of US\$8 million. The DTIS validation was scheduled in Angola and Maldives, which would move these countries into the

post-DTIS stage, soon making them eligible to access funding under Window II of the IFTF, which would necessitate availability of US\$2 million. Technical reviews for three LDCs had been positive which would place a need for US\$0.9 million to carry out DTISs in these three LDCs. In sum, total funding requirements would be around US\$13 million. With a total funding commitment of US\$11.9 million as of 31 October 2006, there would be a shortfall of around US\$1 million. He, however, pointed out that the report provided at the meeting was the situation of the Trust Fund until 31 October 2006. During November 2006, the UNDP had received contributions from the Governments of Denmark and Norway. Both the contributions were equivalent to US\$2.1 million adding US\$4.2 million to the IFTF. These contributions would lead to a surplus of US\$3.2 million, with all projected funding requirements realized. He concluded by saying that a number of donors had expressed their interest in contributing to the IFTF. The UNDP had been working out appropriate arrangements with these countries. The surplus of the IFTF would further increase once contributions of these countries were received.

56. The representative of Bangladesh thanked the representative of the UNDP for his report. He recalled that at the Dakar Workshop on the enhanced IF, some Focal points of IF beneficiary countries had raised the issue of delay in accessing IF resources. The report from the UNDP had revealed that as of 31 October 2006, expenditure and advances combined had accounted for 49 per cent of the commitments under Window II of the IFTF. That implied a non-realization of the remaining 50 per cent of the commitments. He requested that a fact finding paper be prepared on how IF beneficiaries had been accessing funding under Window II of the IFTF.

57. The representative of Korea noted that the status report of the IFTF was related to the current IF. The enhanced IF might be launched in the early part of 2007. He requested an estimate of the funding requirements under the enhanced IF.

58. The representative of Benin shared the point made by the representative of the World Bank on the importance of integrating trade into national development plans. He noted from the report by the UNDP that, in some LDCs, the programmes funded from IF resources had not been fully implemented, leaving IF resources underutilized. He underlined the importance of ensuring synergy of the IF activities with other development programmes of his country. He noted that development partners remained the same for different types of country programmes. The coordination of activities under the IF and other national programmes represented a challenge. His authorities were aware of the recommendation that the DTIS Action Matrix should be integrated into the PRSP Action Matrix. However, the challenge was to bring the development partners onto one platform to ensure efficient utilization of their resources for all types of national programmes. He sought a recommendation on how best to ensure coordinated support from development partners in this regard.

59. The representative of Ethiopia noted from the report by the UNDP that his authorities had made two requests to the IF management. First, a request had been submitted with regard to the extension of the deadline for completion of on-going projects for one more year. The second request related to the extension of a deadline for submitting an additional project to be funded under IFTF. He sought information on the status of the requests made by his Government.

60. The representative of the UNDP said that the requests made by the Government of Ethiopia had been approved by the IFWG. A request from the Government of Sudan for top-up support in the preparation of the DTIS had also been approved. With regard to funding requirements under enhanced IF, he said that discussions were under way in the Transition Team and an announcement would be made soon. In response to the question raised by the representative of Bangladesh, he said that he would provide some additional information on the delivery rate of the Window II of the IFTF.¹

¹ A note by UNDP on the Window II delivery rate was distributed to Members on 21 December 2006.

61. The Chairman of the IFSC proposed that the IFSC take note of the report by the UNDP as well as of the statements made.

62. It was so agreed.

F. ANY OTHER BUSINESS

63. The Chairman of the IFSC proposed that the IFSC meet in 2007. The precise date would be scheduled taking into account the progress made on the work to enhance the IF, and would be communicated later. He wished Members a Merry Christmas and a Happy New Year. He thanked Ambassador Mia Horn af Rantzien for the trust she had placed in him in chairing the meeting temporarily. He invited Ambassador Mia Horn af Rantzien to close the meeting.

64. In the absence of any other business, the Chairperson of the IFSC brought the meeting to a close.

Annex I

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

Wednesday, 13 December 2006 at 3 p.m.

Centre William Rappard

1. The Integrated Framework Steering Committee will hold its Eighteenth Session on Wednesday, 13 December 2006 starting at 3 p.m. in the WTO building.
 2. The items proposed for the agenda are:
 - (a) Adoption of the agenda;
 - (b) 46th meeting of the Integrated Framework Working Group: report by the Chair of the IFWG;
 - (c) Report by the Chair of the IF Transition Team on the work related to the recommendations on the Enhancement of the Integrated Framework;
 - (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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