

**Integrated Framework Steering Committee
Tenth Session**

**REPORT ON THE 10TH MEETING OF THE
INTEGRATED FRAMEWORK STEERING COMMITTEE (IFSC)**

Monday 27 October 2003, WTO, Geneva

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

1. The Integrated Framework Steering Committee (IFSC) held its tenth meeting on Monday, 27 October 2003. The adopted agenda is reproduced in Annex 1.

A. REVIEW OF THE EVALUATION REPORT OF THE INTEGRATED FRAMEWORK

2. The Chairman welcomed Mr. Gunther Rochow of CAPRA International who was to present the Evaluation Report to the Steering Committee. The Chairman recalled that the Report of the evaluation had been circulated in document WT/IFSC/6. CAPRA had re-submitted the Report with a number of changes and was circulated as document WT/IFSC/6/Rev.1, which was the basis for the discussion. The Chairman said that in terms of the process of reviewing the Evaluation, he had agreed with Dr. K.A. Rana, Chairman of the Integrated Framework Working Group (IFWG) that on an exceptional basis, the meeting of the IFSC would precede that of the IFWG which had been planned for Wednesday, 29 October 2003. He said that the meeting offered the platform for all stakeholders to express views and comments on the evaluation by CAPRA. He thanked CAPRA for their work, noting the limited time that was available to complete the Report.

3. Mr. Rochow, in introducing CAPRA's consortium partner, the Trade Facilitation Office Canada, said that it had been created to assist developing countries to export to the Canadian market. It was now the primary Canadian provider of export training and information on the Canadian import market for developing countries. CAPRA was a network of consultants delivering development support throughout the world, working with multilateral and bilateral organizations, as well as the private sector. The entire evaluation team consisted of six Field Consultants and seven members who had served on the Panel of Experts. They had concluded that the IF was, from every perspective, new and precedent, setting initiative with the potential to meet the ultimate goal of expanding trade in order to increase economic activity and reduce poverty. Mr. Rochow took the opportunity to thank the team members publicly for their enormous effort to produce in three and a half months, what in the Terms of Reference had originally been planned to last twice as long. Unfortunately, under the time pressures, the final product, which was still evolving, showed some rough spots, which were being eliminated. The Evaluators were of the view that considerable progress had been made, especially at the agency and planning levels, but that fine-tuning was required to move to a robust implementation stage, where concrete in-country results could be achieved within more countries. In general terms, the Evaluators had noted with satisfaction the fundamental soundness of the IF approach, which was expressed in the Report under the First Evaluation Issue relating to Trade and Poverty, and, in particular, to its premise that, all other factors being equal, poverty should decline as the level and extent of socio-economic intervention increased.

4. Mr. Rochow congratulated the members of the IF community, both at the governance level and in the LDCs, for their merited success that had been achieved to date, and wished them well for the work ahead. He thanked Ambassador Iversen for having transmitted the valuable comments, which he had received from the donors who had reviewed the Report. These comments as well as those received from the agencies had helped the evaluation team to be aware in advance of some of the concerns, which were to be addressed in detail at a later stage. He had circulated a number of documents including a restructured grouping of the recommendations, as well as sequentially numbered recommendations that were contained in the original Report. The evaluation had revealed that there had been considerable progress but that a need for fine-tuning remained. The Evaluators had identified two evaluation issues, as well as eight broad programmatic aspects which were critical to the success of the IF. One of these other evaluation issues addressed the question under which conditions trade would benefit the poor. In macro terms, trade would only benefit the poor in an LDC, if governance provided for political inclusiveness and greater social development. Good governance had been identified in six World Bank criteria: voice and accountability, political stability and absence of violence, Government effectiveness, regulatory quality, rule of law, and control of corruption. In micro terms, trade benefited the poor, when, in designing a Diagnostic Trade Integration Study (DTIS), a conscious effort was made to include potential export products, produced by the poor, in a pro-poor environment. To make that possible, it was necessary to work hand in glove with the Poverty Reduction Strategy Paper (PRSP) processes early on. Some PRSPs already included the World Bank tool of poverty mapping. In rich and poor countries significant pockets of poverty existed. The third and last Evaluation Issue, which had called for fine-tuning, related to mainstreaming of trade into development. The Evaluators had noted, and the donors in their comments had stressed, that a critical area, in which some LDCs were underachieving, was the extent of the LDC participatory environment.

5. Mr. Rochow said that there were eight broad programmatic areas where fine-tuning was necessary. The first was the question of IF Scope, with special reference to the issue of supply-side constraints. How big was IF, or how big should it be? The Evaluators had noted, and the donors had also pointed out in their comments, that there appeared to be a divergence of opinion between the donors and several LDCs. To address that issue, the Evaluators had recommended that the IFSC develop a guideline and that the LDCs, in requesting the reduction of supply-side constraints, would weigh the associated costs and benefits in relation to their other trade and development priorities. The second broad programmatic area that required fine-tuning related to country selection and entry process. From the perspective of the LDCs, the predominant concern appeared to be the perception that country selection was not sufficiently objective and transparent. To address this issue, the Evaluators had recommended that the IFSC develop, and widely publicize, an objective and transparent country selection process. The Evaluators had also recommended the use of an objective filtering process, comprising macro, meso and micro features. With regard to the meso filter, the donors had expressed some reservations. The Evaluators had offered recommendations that had appeared to them to have been helpful, but in the end the members of the IF needed to decide what made the most sense in the unique circumstances in which they had to function. Fundamental to country selection was a clarification of the grounds for selection.

6. The third broad programmatic area that required fine-tuning related to LDC participation and ownership. While country ownership was a primary criterion for ultimate IF success, participation, buy-in and commitment in LDCs varied greatly. Where country ownership was weak, progress in the IF process was weak. Where country ownership was strong, the IF flourished. The criteria for LDC country ownership encompassed senior level government commitment; a fully equipped IF Focal Point in terms both of human and financial resources; the establishment of, and membership to the National Steering Committee; local leadership in the DTIS and Action Plan Matrix processes; local consultant selection; an Action Plan Matrix that was manageable and indicatively costed, as an LDC's tool for solicitation of donor support; and LDC control over projects to be executed within their countries. Many LDCs wanted more direct initial participation in all phases of IF planning and

various recommendations had been offered to address those issues. The fourth broad programmatic area that required fine-tuning related to consultant selection. There was a widespread perception that current practices of consultant selection resulted in "doing it for them" instead of "doing it with them". Two recommendations had been offered to encourage more local consultants to become involved in undertaking studies. If the requirements were to be clearly defined in terms of necessary abilities to do the work, it would be possible to rate local people against those requirements and involve them to the extent that they were fully or partially qualified. In that context, international consultants could provide mentoring and coaching support or any other support needed.

7. The fifth broad programmatic area that required fine-tuning related to planning, management, monitoring and evaluation. There was a perception that the IF was a series of free-standing activities, assigned and controlled by outsiders, without necessarily relating trade-related development to poverty reduction. The focus seemed to be on activities rather than on results. The DTIS tended to be too generic and often lacked a pro-poor dimension. However, the Evaluators had noted that recent versions of the DTIS tended to be more adaptable and practical. The Action Plan Matrices, generally lacked prioritization. Other improvements could be made to enhance planning, management, monitoring and evaluation. The fundamental recommendation which addressed the area of planning, management, monitoring and evaluation urged the adoption of a Results-Based Management (RBM) process. Donor comments indicated that such a process might be burdensome for some. It was, however, a tool that each LDC could choose to adopt.

8. The sixth of the eight broad programmatic areas requiring fine-tuning related to capacity development. The Evaluators had found that LDC leadership capacity varied greatly across LDCs. Those findings concerned both local consultants and the IF community, in general. In general terms, the Evaluators recommended addressing capacity development along the lines of competency-based approaches. That meant, as discussed in Annex G of the Report, that input was provided by a group of individuals who were actual practitioners; it was consensus-based; and the approach was application-oriented and phrased in such a way that it would be measurable and observable. The Forum for International Trade Training (FIT) in Canada provided a model that could be used to develop a partial model. The model was Canada specific and could not be exported as such, but the model was competency-based and could be used to help develop a useful approach. The Evaluators recommended that training of this type be offered at all levels, including the Focal Point, the National Steering Committee and other public and private stakeholders. Various specific recommendations addressed overall governance direction, training contents, training methodology, and the use of mentors.

9. The seventh of the eight broad programmatic areas that required fine-tuning related to communication. One of the big risks in any undertaking, the IF included, was that communication with stakeholders may have been insufficient to assure effective buy-in. Various communication-related recommendations had been offered, the main ones being the creation of a communication unit within the IF Secretariat and the establishment of a Focal Point Network. A communication strategy could be designed for the system as a whole and within each participating LDC, identifying the specific communication objectives; the targeted audiences; discrete themes and within each theme several distinct messages; and the preferred media, such as letters, pamphlets, meetings, or the internet. The last of the broad programmatic areas that required fine-tuning was governance. The Evaluators had recommended that the IFSC remained as it was, a high-level policy setting and policy review entity. The IFWG could become more balanced in terms of agency, donor and LDC representation. However, from Donor comments it was evident that this might be difficult to achieve for a number of good reasons, including the need to assure full agency engagement. The IF Secretariat could be strengthened, perhaps by using secondments from the other IF partners.

10. Mr. Rochow said that the Terms of Reference for the evaluation had included possible enhancement of procedures for applying the IF to selected countries. The Evaluators had identified a

set of necessary assumptions and a three-step planning approach. The assumptions were that: country selection would be based on objective and transparent criteria; countries may select themselves as candidates for IF, or IF officials may suggest that a given LDC consider participation in the IF; countries which would be selected would be encouraged to become fully involved from the start and that they would adopt an RBM approach; and, fully or partially qualified local consultants would be used. The first of a three-step planning approach would be an Orientation and Assessment Mission, a process which was similar to the existing pre-DTIS mission. In particular, such a process would include: a presentation of IF objectives; the determination of the extent of desired LDC participation; the desirability of using an RBM approach; and the preference for using local consultants to the extent possible. If the initial Orientation and Assessment Mission was successful, a broadly based Planning Workshop would be held, comprising representatives of the Government; the private sector; the academia; and civil society. The sole purpose of the Planning Workshop would be to discuss the potential introduction of the IF into the country and to broadly define the expected long-term, medium term and short-term results which the LDCs hoped to achieve. If the Planning Workshop indicated broad support and interest, the formation of a National Steering Committee would be encouraged, which would be charged, as a first priority, with drafting the design of a Logical Framework for the IF, which as a minimum, would include expected short-term results, the choice of either a full DTIS or "DTIS-Lite"; the design of corresponding Terms of Reference; the design of an interface mechanism between the emerging IF and existing PRSP or similar poverty-reducing initiatives; the identification of required human resources, differentiated by essential skill competencies; the assessment of local availability of competent personnel; participation in the negotiation between the LDC government and the competent IF authority of an IF agreement; the selection of local and international consultants, as required; and a Results-Based Monitoring, based on the Logical Framework. If this described the new IF world that was desired, then the following IF system enhancements would be appropriate: clarification of IF objectives and scope; objective and transparent country selection; RBM; a stream-lined process for introducing IF to new LDCs; competency-based capacity development at all levels; greater participation of local consultants; greater pro-poor focus and integration in DTIS and Action Plans; more effective integration of agency and donor processes; and equitable governance representation among all three partners.

11. The representative of Canada noted that the Evaluators had taken into account the donors' comments on the evaluation and that there was a need for reflection on what was to be done next. All the donors had taken the evaluation seriously. The RBM was not easy and should be kept simple and owned by the LDCs.

12. The representative of the European Commission said that the presentation had given a structure from which to work on. The European Commission was committed to the IF and convinced that it was the way to proceed. As far as RBM was concerned, more reflection was needed to see whether it would be feasible to apply it. It should not be too complicated.

13. The representative of the United Kingdom welcomed the evaluation's endorsement of the IF. She mentioned the need to keep in mind the wider on-going work undertaken by OECD for example, on policy coherence and coordinated approaches to supporting countries' development plans and the drive to reduce transaction costs which could arise in report productions, meeting missions and responding to donor requirements particularly in LDCs. The Integrated Framework should strive to be a model process applicable to a range of sectors where agencies and donors worked together with developing countries to meet development priorities. Some of the recommendations would eventually lead to a longer process, capacity building in LDCs, mentoring by donors and agencies rather than a more hands-on approach. What was the estimate of the additional time which would be required and was it a price worth paying, given the urgency to address the trade and growth dimension of LDCs development planning.

14. The representative of the World Bank said that the comments made by the representative of the United Kingdom were very important and it would be useful to hear from the Evaluator what would be the resource requirement that would make the vision a reality.

15. The representative of Ethiopia hoped that the findings and the recommendations contained in the Report would contribute to the strengthening of the IF programme. He was pleased to note that the evaluation team had paid a visit to Ethiopia and had met various stakeholders and had the opportunity to obtain first hand information on what was going on in the country, with respect to the IF and other related development endeavors. The Report acknowledged the struggle the Ethiopian Government was waging against poverty, its strong commitment to the success of the IF and the challenges ahead. While his delegation agreed with a number of observations, he wanted to give some clarification on points raised in connection with land ownership, availability of business finance and the public-private partnership situation. The Report had cited the private sector's complaint that land tenure was its major development constraint, affecting access to finance and that there was a need for a strong public-private partnership. With respect to land, it was true that land was state property in Ethiopia. There were three strong reasons for that. The first was constitutional. The Constitution of the Federal Republic of Ethiopia provided that both urban and rural land belonged to the people of Ethiopia and was therefore state property. Second, there was an economic rationale to it. Ethiopia was endowed with abundant labour and land whereas it had limited availability of capital. The logic of optimal allocation of resources entailed that one had to maximize the use of abundant resources and minimize the rise of scarce resources. It followed therefore that to Ethiopia, it was the state ownership of land, among other measures, that would ensure unleashing of the full developmental potential of the 86 per cent of its 70 million population which was engaged in agriculture. Third, there was a social and moral reason. If Ethiopia were to treat land as an ordinary commodity and hence allowed its free sale and purchase, the peasants in rural areas would sell their holdings during occurrences of hardship, such as drought which were becoming more frequent and then flock to the overstretched urban areas, thereby exacerbating urban unemployment worsening overcrowding, expanding slums and crime, social unrest in the towns related and many other problems. It was therefore on those grounds that land was state property in Ethiopia. He added that state ownership was not peculiar to Ethiopia and that in a number of East Asian countries, land was state property and it did not prevent them from being the fastest growing economies over the last three to four decades. These economies were growing despite the uncertain world economy.

16. Except for the previous three decades, land in Ethiopia was under private ownership since time immemorial. However, private ownership of land was not a panacea nor was state owned land a development constraint. The development constraint was the structural weakness of the economy and the external environment which needed to be addressed. On the domestic front, as the Evaluation Report had appreciated, the Government was leaving no stone unturned within its means. As for the external front, Ethiopia was consistently calling upon its development partners to assist with the creation of increased market access, improved allocation of ODA, improved debt relief, encouraging FDI flows and increased capacity-building measures. He believed that the IF would contribute its part. Although land was state property, business people could lease the land they required from the appropriate authorities, both at the federal and regional levels on a long-term basis with possibility of renewals. When there was a need to transfer the land for public use, the law provided that due compensation at market value would be paid. In his opening statement to the Parliament in October 2003, the Prime Minister had declared that a large area of land with adequate access to social and physical infrastructure had already been set aside for potential private investors at reasonable prices. Regarding the availability of financing for investment, the Prime Minister had also confirmed that domestic banks would make available 70 per cent of the total project investment costs on loan basis with the balance being covered by private investors for feasible projects in many priority sectors. This was meant to address the financial constraint that the private sector was facing.

17. Regarding private-public partnership, the representative of Ethiopia said that there was already a mechanism in place, such as the Prime Minister meeting with representatives of business community twice a year and the Minister for Trade and Industry meeting the private sector more frequently. Such public-private fora offered opportunities for the private sector to raise concerns and come up with agreed solutions on the way forward. With respect to the IF, the private sector had been represented at the first DTIS launch workshop in October 2002 and would be represented in the November 2003 workshop on the DTIS Report. The Ethiopian Government was committed to encouraging developmental entrepreneurs as opposed to rent-seekers by making land available and ensuring the availability of investment finance and setting up a permanent mechanism for public-private partnership. He hoped that the clarification would help and that the next revision of the text would reflect the reality as far as Government policy was concerned.

18. The representative of Senegal said that the Report had managed to raise important issues and made useful recommendations. He said that the French version had only been received on 23 October 2003 and his delegation was unable to examine the Report in depth. The capital had not sent comments and he hoped that there would be another opportunity in future Steering Committee meetings to revert to the Report and its recommendations. The Report had said that for such a complex process, it was necessary for there to be leadership in the beneficiary country and also that certain needs had to be satisfied such as competency, human resource needs and others. The recommendations for Senegal had mentioned the need to strengthen coordination. He noted that in some countries, there might be a need to review working methods and revise the organizational structures in order to implement the IF. On financing, there should not be too many restrictions on the projects eligible for financing through Window Two.

19. The representative of Nepal said that having completed its accession process, Nepal was fully aware of the positive impact of trade on poverty alleviation. In the last ten years, Nepal's trade figure had almost doubled. There was a direct correlation between the enhancement of trade and poverty alleviation. There was no automaticity involved and it was not possible to know how sustainable the effect of trade on poverty alleviation would be. For example and in the case of Nepal, it was not possible to know what effect the termination of the Agreement on Textiles and Clothing would have. The IF should assist countries like Nepal to adjust to the changing nature of the international trading regime. The IF could be more comprehensive, not only a policy change, but should also look at how to diversify products; how to have better access to markets and how to reduce infrastructural costs. The evaluation mentioned strengthening capacity. Did that include capacity in the broad framework or capacity in managing the IF within the country? It was important for the IF to proceed from the conceptual to the implementation stage.

20. The representative of Switzerland said that one of the main results of the evaluation was that it identified governance as an important issue. As indicated by Senegal, the IF process could be highly complex, heavy and cumbersome. As noted in the evaluation, it was important to clarify roles between the IFSC and the IFWG. One of the solutions identified was the strengthening of the IF Secretariat. A stronger Secretariat could ensure continuity and follow-up, and exercise a monitoring function and prepare conceptual papers. The evaluation also spelled out a whole new approach for the IF and that adequate thought should be given to the suggestion. Switzerland welcomed the suggestion concerning the DTIS process and the participation of local consultants and the need to encourage the mentoring role of agencies. Switzerland supported a similar initiative in Tanzania where the country itself was undertaking a study similar to the DTIS with external support from the ITC. Tanzania did not want to go through the whole process, but had wanted to adopt the principles of IF. A workshop would be held in Tanzania. Concerning perception, it was important to convey the main features of the IF to the country at the preliminary stages.

21. The representative of Haiti said that his delegation was impressed with the RBM approach and would endorse that approach. He asked the Evaluators for further insights concerning

participation of the various partners in particular the donors at the bilateral level. The Report had a number of recommendations concerning Haiti, such as the need for the Government to take part in the dialogue. In 1999, he had been the Minister for Trade and Industry and as such had been responsible for the IF. At that time, the IF was a hopeful concept for the LDCs. As a member of the Government, he had to explain to the population that it was essential to liberalize. The IF had been developed to strengthen the institutional capacity as well as the productive capacity of the country so that a country like Haiti could benefit from enhanced international trade. Haiti believed that the IF could help in alleviating poverty. All the IF agencies and bilateral partners had been present in Haiti in 1999 during the Round Table meeting. There was no financial commitment made to any of the identified projects. Haiti was committed to the IF, but wanted greater commitment from the agencies and bilateral donors. It was difficult to sensitize government institutions if there was no stronger commitment from the donors. The Government of Italy had been supportive.

22. The representative of Rwanda said that her country was not currently a beneficiary of the IF, but a candidate. She said that the most essential criterion for selection was governance. Leadership, inclusion and decentralization were important to ensure that the IF would have an impact on poverty reduction. Political stability, security and properly functioning institutions and infrastructure were also important criteria for the IF to function. Those criteria have been the priority for Rwanda since its emergence from years of civil war. The transition had resulted in political and macro economic stability. Out of 79 developing countries, Rwanda was ranked first in terms of good governance, according to a survey by the World Bank. Rwanda was setting up democratically elected institutions for the first time since 1962 and had a large number of women in the Government. Rwanda's PRSP was in its second year of review and she hoped that trade would be integrated into the PRSP. Strengthening of the capacity of the focal point and the national steering committee was important. It was also important to have a good communication strategy in order to have a common perception of the IF. Rwanda had began preparatory activities with the partnership of ITC. There had to be a link between growth and trade and poverty reduction. Different structural constraints among the different countries should be taken into account.

23. The representative of Benin said that although Benin was not currently an IF beneficiary, he hoped that his country would benefit from the recommendations. He said that the procedure governing the IF should be streamlined in order to ensure concrete results. The objectives of poverty reduction and greater participation in the trading system were important. Window Two funding should be increased to enable LDCs attain their objectives.

24. The representative of Bangladesh, on behalf of the LDCs, said that submitting the Evaluation Report on time had not been an easy task, given the almost impossible time constraint. The LDCs were happy that, within the short period of time, the Evaluators had been able to visit 17 LDCs. The Report was not an easy document to read, as numerous terminologies and abbreviations had made it difficult to follow, even for those more familiar with the IF. The Report did not follow the Terms of Reference for the evaluation and as a consequence it seemed to have lacked a clear focus. The LDCs were deeply disappointed that the Report did not refer to the written submission of LDC Missions in Geneva on the IF. From their perspective, the total absence of the perspectives that the LDC Mission in Geneva had provided was a major weakness of the Report. If CAPRA were to be asked to prepare an update, he hoped that the views of the LDC Missions in Geneva would be appropriately reflected. The failure to consider differing perspectives led the Report to draw conclusions that demonstrated a particular mind-set. That was illustrated in the case of the findings on Bangladesh, examined as a country under the scheme of the old IF. As had been rightly pointed out in the evaluation, the differing levels of understanding and expectations about the scope and objectives of the IF posed a major challenge. The Evaluators had drawn upon the perspectives of some groups and adopted those as their own. That had clearly resulted in the Report being less relevant to those who had a broader vision of the IF and where it should be headed. He welcomed the recommendation by the Evaluators to improve the perception of the IF. The recommendations about adopting an RBM approach had its

merits however, quantifying goals and objectives were easier said than done. The Report had not elaborated on that recommendation. Certain assumptions in the Logical Framework Analysis may not have been valid for an efficient RBM approach to the IF.

25. The representative of Bangladesh, continued by saying that ensuring and enhancing local ownership of the DTIS was a recurrent message of the Report which they fully endorsed. His authorities strongly supported the view that local stakeholders had to be in the driver's seat for the DTIS preparation with the agencies providing advice and assistance in the DTIS process. They further welcomed the suggestion of the Evaluators to set standard guidelines for the preparation of the DTIS. The Report had shown that many DTIS concentrated on macro-economic policy overviews of countries with less focus on micro-economic conditions. The Report had clearly recommended that the DTIS should focus attention on measures to promote export and exporter development of particular countries. The Action Plan Matrix was now an integral part of the DTIS, with identification of specific trade-related projects. One of the agencies had pointed out that linking the DTIS to bankable projects was a dilemma. The LDCs hoped that the DTIS would include costed project proposals to facilitate funding at the post-DTIS stage. The evaluation had clearly been myopic in its focus on one aspect. It had assumed the DTIS and mainstreaming of its outcome to national development plans as the central issue of the IF. Had the Evaluators followed the Terms of Reference carefully, they would have noted that it had clearly identified the implementation and follow-up to the DTIS as the core issue of the IF. The LDCs felt that the mandate of the IF evaluation was not adequately addressed. The Terms of Reference had six clear objectives. The evaluation was silent on its recommendations for three objectives that were vital from the LDC perspective. The first was the impact of the IF to general sufficient funding to a government-owned trade capacity building programme. There was little reference to that aspect of the Terms of Reference. The second was the challenge of a systematic and predictable implementation and follow-up process in the post-DTIS stage. The Diagnostic studies were the basis for the delivery of technical assistance and capacity building on trade. Reports by the agencies had shown that many successful DTISs had not been able to attract funding from donors for the priority projects identified in the Action Matrices. The Heads of Agency also expressed their commitment to accelerate the implementation of DTIS Action Plans. No recommendations appeared to have been made on the identification of stable and predictable mechanisms for follow-up to the recommendations in the DTIS. The Terms of Reference of Window Two of the IF Trust Fund was adopted in May 2003 to support projects identified in the DTIS. The LDCs did not want Window Two resources to be spent for mainstreaming purposes, but wanted them used to realize projects identified in the DTIS. There was no guidance in the Report to improve the Terms of Reference of Window Two of the IF Trust Fund. The third objective was exploring the IF's potential as an instrument for addressing the supply-side constraints of the LDCs. The core agencies had been urged by Trade Ministers at Doha to explore the enhancement of the IF with a view to addressing supply-side constraints of LDCs. The Heads of Agency in their joint communiqué of July 2003 had recognized that efforts are required to assist LDCs to build their capacity to formulate policy, to negotiate, and to tackle supply-side challenges in responding to new market access opportunities. In spite of Trade Ministers' mandate and call by the Heads of Agency, there was no recommendation in the Evaluation Report on how the IF could address supply-side constraints of LDCs and instead, the Evaluators saw that aspect as an additional burden on the IF process. For example, the evaluation had said that the request to consider supply-side constraints under the IF by the Ministers without guidelines had exacerbated the problem of perceptions. The LDC community had been clarifying that perception in every IF meeting. The submission of LDC Missions on the IF was clear on that. The Terms of Reference for Window Two also addressed the scope of supply-side projects. No amount of policy fixes would address LDCs needs unless the IF could generate a supply-side response from their entrepreneurs. That vital issue seemed to have escaped the Evaluators' attention.

26. The representative of Bangladesh continued by expressing surprise at the recommendation on governance, in particular as regards mainstreaming the operation of the IFWG, without clearly

identifying its weaknesses. The IFWG was delivering its mandate with professionalism and vigor. The selection of the Evaluator by the IFWG should have been an example of its efficiency. One of the agencies had acknowledged that IFWG participation had brought significant changes to the management of the IF, which was initially perceived as a World Bank methodology. The evaluation could, for instance, have looked at the roles of different agencies in the IF process and suggested ways for them to contribute more. A mere change in composition of the IFWG, without specific suggestions on its functioning, could hardly be expected to contribute much. One aspect of particular concern to the LDCs was the linkage of the IF to national development plans or PRSPs. DTIS and PRSP were two different processes and the Evaluators appeared to have missed the fine distinction. The LDC community had always looked upon the IF as a stand-alone exercise, to help build their capacity to increase exports and improve their participation in world trade. Trying to establish a direct relationship between trade policy and poverty reduction was hardly the function of the IF. The experience of the last few decades showed that the expansion of trade guaranteed neither immediate economic growth nor long-term poverty reduction. Internal and external institutions, and social conditions, played a significant role in determining whether, and to what extent, a country reaped the benefits of trade. Therefore, the assumption in the logical framework analysis that trade generated growth should not be treated as axiomatic. The Evaluators must have noticed that the IF was still evolving. If the LDC beneficiaries were to have faith in the IF, it would have to produce concrete results. There must be visible demonstration of the outcome of the IF, in the form of increased exports, if the IF was to be a viable model for LDCs' trade development. The LDC respondents had collectively made it clear to the Evaluator that the IF had failed to realize concrete results. The core agencies, and the donors, whom LDCs considered partners for development, and whose policies had a profound impact on LDC economies, all had a critical role to play to ensure concrete outcome from the IF. The evaluation had to clearly outline whether the IF was proving effective and if not, what could have been done to achieve the shared goals. Any evaluation should show a programme's strength and weaknesses in clear terms, with specific recommendations to overcome such weaknesses. He concluded by urging that the Report be restructured in line with the six clear objectives of the Terms of Reference so that the Steering Committee could consider appropriate recommendations for improving the functioning of the IF.

27. The representative of Tanzania said that despite some of the weaknesses highlighted by Bangladesh on behalf of the LDCs, Tanzania was appreciative of the elaborate work undertaken and the fashioning of a vision of the IF which complex as it might have appeared, embodied some constructive ideas which could prove useful if adapted to correspond to the specific realities of each participating country. Regarding Tanzania, the Evaluators had witnessed the fairly successful experience of Tanzania in the first generation of the IF programme. He said that he had been fortunate to have been the Chairman of the National Steering Committee in Tanzania and could therefore testify to the views and findings of the Evaluators. The IF stood to move into a stronger phase once mainstreamed into the PRSP process which had not previously provided visible space for trade as an important factor in the poverty reduction efforts. Tanzania believed in the important role that the IF could play in the trade development of LDCs. The evaluation provided a key milestone in the IF process and should provide the platform upon which further introspection could be carried out in order to enhance the trade performance of LDCs. He called on the donors, agencies and all participating countries to rise to the new opportunities and make the IF deliver more than it had been able to do.

28. The representative of the United States said that her delegation appreciated confirmation that in the view of the Evaluators, the IF approach was sound and was evolving. There was a need to continue with the process and refine the IF in order to produce more effectively and efficiently. The discussions had been helpful in trying to get a sense of the different perspectives. The evaluation was a milestone and the Report should be used effectively to move forward. The United States was interested in some areas that were not covered in the Report. The first, was the extent to which regional development banks and other specialized agencies were aware of and engaged in the IF and

in addressing trade capacity follow-up priorities identified in the DTIS. The second, was the need to have a better sense of donors involvement. The third, was the need for more information on the relationship between the IF and JITAP. The United States was interested in building on existing programmes and resources. The capacity of the six IF institutions to accommodate non-LDCs who may be interested was also a point of interest. Regarding the selection criteria, her authorities had noted that the IF was more successful in those countries whose governments were committed to the IF. There was a need for guidelines. It was logical that donors would focus on areas where they could assist most. It was important to focus on the core competence area of the IF, while noting that the world was changing and that there was a need to be mindful of developments. The Report provided a number of good ideas that could be employed.

29. The representative of CAPRA, Mr. Rochow said that the Report structure contained on the one hand, free standing elements that could have easily been taken out if a section was of interest to one group. On the other hand, there had been little time to pull it all together. The Evaluators had tried to deal with all the aspects of the Terms of Reference which had been diffused throughout the Report. For example, regarding the IF and JITAP, their relationship had been addressed in some of the countries. As to the extent to which regional banks were aware of the process, he said that it was included in two of the countries' reports, for example the involvement of the Inter-American Development Bank in Haiti and the involvement of the Asian Development Bank in Cambodia. The Evaluators had not had an opportunity to discuss with the African Development Bank which was in the process of restructuring and decentralization in order to be more responsive. The evaluation had tried to look at the overall picture and not at individual issues. There had been no deliberate intention to omit any of the issues in the Terms of Reference for the evaluation. To specify directly what would be the best thing to do in a specific area depended on a prior decision for example, would the results-based approach be considered? If so, many of the implementation issues would flow from that decision. It should be recognized that the processes of country selection depended on the political dimension. While it would have been desirable to go through the filtering process, countries such as Rwanda and Benin should be helped to move forward. He hoped that the IF, as it evolved would take into account all the different aspects of each country. He concluded by urging all partners to make the ultimate goal of poverty reduction move ahead and become a reality.

30. The Chairman concluded by inviting CAPRA to prepare an Executive Summary of the Report, building on the presentation they had made at the meeting, plus the comments made. This Summary would then be discussed at a subsequent meeting of the IFWG, followed by one of the IFSC.

B. EXTENSION OF THE INTEGRATED FRAMEWORK

31. The Chairman said that several LDCs had expressed an interest in joining the restructured IF and at their meeting on 10 July 2003, the Heads of Agency had expressed their support of the extension of the IF to further LDCs, following the completion of the evaluation of the IF. Agencies had committed to provide assistance to help LDCs prepare the ground for their participation in the IF through pre-DTIS activities. The World Bank had undertaken technical reviews for Benin, Chad, Sao Tome and Principe, Togo, Laos, Angola and Zambia. Mozambique had undertaken a process parallel to the IF process in cooperation with the United States. He wanted to take the opportunity of the meeting to move this process forward as far as possible, and to allow the IFWG to start the process of extending the IF to new countries. Some of the applicants had been waiting for a long time. He suggested that the World Bank also begin pre-DTIS activities for the next group of countries, namely Sudan, Rwanda, Burkina Faso, the Gambia and the Maldives. Those countries were aware that the IF was undergoing an evaluation and that the outcome of the evaluation would be taken into account.

32. The representative of the United States said that there was a need to proceed with caution and to ensure that the new countries were committed and ready.
33. The representative of the European Union said that the extension of the IF to new countries had been made dependant on the conclusion of the evaluation. Recommendations of the evaluation on country selection should be taken into account.
34. The Chairman concluded that the process of extension to new countries would be resumed by the IFWG.
35. It was so agreed.
36. The meeting was adjourned.

ANNEX 1

INTEGRATED FRAMEWORK STEERING COMMITTEE

Agenda for the 10th Session of the IF Steering Committee
Monday, 27 October 2003 at 10.00 a.m.

1. The Integrated Framework Steering Committee will hold its Tenth Session on Monday, 27 October 2003, starting at 10.00 a.m. in the WTO building.
 2. The items proposed for the agenda are:
 - (a) Review of the Evaluation Report of the Integrated Framework (document WT/IFSC/6/Rev.1; the French version will be issued shortly)

CAPRA will be present to introduce and discuss the evaluation report
 - (b) Extension of the Integrated Framework
 - (c) Any other business
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