

Republic of Malawi

Integrated Framework Mission for Diagnostic Trade Integration Study (DTIS)

AIDE MEMOIRE

Over the period April 29-May 10, 2002, a mission representing the core agencies responsible for the Integrated Framework for Trade-Related Technical Assistance for LDCs visited Malawi (see Annex 1).¹ The objectives were to finalize discussions with the Government and other stakeholders regarding the terms of reference for the Diagnostic Trade Integration Study (DTIS) and to initiate the study during the mission. We are grateful to the Government and in particular to the Ministry of Commerce and Industry for their support in achieving the objectives of this mission.

The DTIS mission was organized in conjunction with a meeting of the Integrated Framework National Steering Committee, a half-day national conference hosted by the Ministry of Commerce and Industry on April 30, 2002 and chaired by Mr. G.M. Mkandawire. The conference was well-attended with approximately 40 persons including Government officials, private sector representatives, and representatives from the donor community. The WTO made a formal presentation on the recently completed Trade Policy Review (TPR) of Malawi, focusing on issues raised during the conduct of the TPR that might be addressed further in the context of the DTIS. There was discussion and debate on the presentation, the DTIS, and the ongoing IF process. (The IF process in Malawi has been moving forward, having commenced with a introductory mission in December 2001 and a subsequent visit by the Chief of Mission in February 2002. The previous missions focused on the scope and content of the Integrated Framework study and the organization of the process supporting the IF both in its diagnostic and implementation phases.)

The meeting of the Integrated Framework National Steering Committee provided stakeholders with information about the diagnostic as well as the follow-up phases of the Integrated Framework. The discussions shed further light on the IF process as well as on unique opportunities and challenges faced by Malawi in its attempt to integrate fully into global markets.

The mission held numerous meetings in both Lilongwe and Blantyre with government officials, private sector representatives, academics, civil society, and donors including DFID, NORAD, USAID, CIDA, and the European Union delegation.

¹ The following core agencies participated in the mission: World Bank, International Trade Centre (ITC), UNDP, the WTO. The International Monetary Fund also conducted a mission to Malawi simultaneous to the IF mission and the two missions coordinated and collaborated with each other.

The strong ongoing involvement of all stakeholders in the IF diagnostic study will be critical to the success of the IF and its follow-up phases, especially the core economic ministries—Ministry of Commerce and Industry and Ministry of Finance.

It is evident that the MCI will need to play a vital role in moving the IF agenda forward and in engaging key line ministries, the private sector and civil society in the process. This will involve: (a) playing a proactive and dynamic role as Chair of the IF National Steering Committee; and (b) maintaining close liaison with the PRSP process to ensure that trade is mainstreamed into the PRSP during its review in the coming year. The success of the IF process will depend on the ability of the MCI to carry out the above activities in a constructive and efficient manner.

Agreed Upon Next Steps

1. Lead donor: During the IF DTIS mission, consultations were held with donors regarding the role of lead donor for the IF process in Malawi. The Department for International Development (DFID), the Canadian International Development Agency (CIDA), the U.S. Agency for International Development (USAID), NORAD, and the EU delegation all expressed support for the IF process. However, no consensus emerged regarding the identification of a lead donor. Views were exchanged regarding possible scenarios that might involve participation of the World Bank, UNDP and various other donors. It was agreed that there was a need for further discussions with and among donors on this issue.

2. Timetable for DTIS: The IF team indicated that work would proceed on the draft DTIS in the coming weeks to be submitted to the Government and stakeholders for comments and additional inputs. There was general consensus during the consultations with the Ministry of Commerce and Industry that the process should not be rushed in order to allow for fuller discussion and debate among Malawi stakeholders. The government has expressed its ongoing commitment to further mainstream trade into the PRSP, using the results of the DTIS. Nonetheless, there was general consensus that premature finalization of the DTIS results could hamper the integration of the DTIS into Malawi's PRSP, since such a review would not commence until the 1st quarter of 2003. The Government will communicate the desired date for the national consultative workshop on the draft DTIS upon receipt of the document and subsequent consultations with the National IF Steering Committee and other stakeholders.

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Ministry of Commerce and Industry

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Mission for the Diagnostic Trade
Integration Study for Malawi

Lilongwe, Malawi
May 10, 2002

Annex 1: Members of the Malawi DTIS Launch Mission, April 29- May 10, 2002

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