

*Terms of Reference and Guidelines
Preliminary Mission for Diagnostic Trade Integration Study
under the Integrated Framework*

Background

A High-Level WTO Meeting established the Integrated Framework (IF) in October 1997 to facilitate coordination of trade-related technical assistance and promote an integrated approach to assist the least developed countries in enhancing their trade opportunities. Participating agencies include the International Monetary Fund (IMF), the International Trade Center (ITC), the United Nations Conference for Trade and Development (UNCTAD), the United Nations Development Program (UNDP), the World Trade Organization (WTO) and the World Bank (WB). Between 1997 and 1999, forty of forty-eight LDCs prepared needs assessments and IF Trade Roundtable meetings were held in five countries. Nonetheless, many of the objectives of the IF were not realized.

An independent review of the IF, completed in June 2000, identified a number of weaknesses. These included the lack of linkages to overall development strategies or programs, weak ownership, inadequate coordination and inadequate funding.

Following the meeting of the Heads of Agencies in the summer of 2000, the IF was redefined to ensure better integration of trade into national development strategies and was complemented by a trust fund for IF activities.¹ A pilot scheme was formulated to provide trade-related technical assistance to countries committed to integrating trade into their overall development strategies. The pilot scheme defined principles for coordinating such assistance, funding, and management of the process. The work program of the pilot scheme introduced the Diagnostic Trade Integration Studies (DTISs). The three pilot countries are Cambodia, Madagascar and Mauritania. These pilot studies were completed in November 2001.

The IF work program in a country starts with the preparation of a diagnostic trade integration study (DTIS). The purpose of the trade integration study is to identify key constraints to the country's integration into the multilateral trading system and into the global economy. It therefore includes: (i) a review and analysis of the country's economic and export performance; (ii) an assessment of the macroeconomic environment and the country's investment climate; (iii) an assessment of the international policy environment and the specific constraints that the country's exports face in international markets; (iv) review of the institutional framework for trade policy and trade development; (v) an analysis of key labor-intensive sectors for expansion of output, exports and employment; and (vi) concluding recommendations for policy reforms, institutional capacity implications, and action plans to remove bottlenecks and seize opportunities identified in the diagnostic study. The last element is very important because it will constitute the

¹ As of July 2002, pledges to the Trust Fund had been made by the following partners: Canada, United Kingdom, Japan, Switzerland, Norway, Denmark, Sweden, Ireland, United States, the Netherlands, Finland, UNDP, the European Commission, France, and the World Bank.

Action Plan—set of policy recommendations and priority technical assistance needs to overcome the identified constraints—that will be presented together with the DTIS at the national Trade Integration Workshop.

Each country study is to be undertaken by a team of local and international experts, and capacity building is expected to comprise an important part of the exercise.

The World Bank is taking the lead in this task, while funding is provided by the trust fund financed by the multilateral and bilateral agencies participating in the initiative, supplemented by resources of international agencies in terms of staff contributions.

Based on the findings of the diagnostic study, the team will:

- Suggest a program of TA to strengthen the overall competitiveness of the economy and of the selected sub sectors (a draft IF report will be presented to the Government and the donor community for discussion and action).
- Hold a “trade specific” workshop or seminar in the country to discuss the draft report with relevant parties, including the donor community, and civil society, with a view to raising the profile of trade issues within the overall context of the Poverty Reduction Strategy Paper (PRSP). Governments are expected to include the major conclusions in the updated PRSP document.

Purpose of the Preliminary Mission:

The broad objective of the preliminary mission is to lay the groundwork for and delineate the scope of the main mission. This will involve, among other things, taking stock of past and ongoing work, and enabling the mission chief to build contacts with key stakeholders, including the Government focal points, as well as representatives of the core agencies on the ground and the Geneva-based agencies. At the conclusion of the preliminary mission, a draft TOR for the DTIS prepared by the mission chief in consultation with the authorities, should be discussed. A generic Terms of Reference (TOR) has been developed for the IF studies. This TOR does not take into account the existing and ongoing work in the specific country. Based on the availability of the existing work, the priorities outlined by the Government and inputs by agencies and donors, the TOR will be revised.

The specific activities to be undertaken and topics to be covered during the preliminary mission are to:

- a) Discuss the scope and content of the proposed study with the Government authorities.
- b) Agree on timing of main mission, national workshops and the domestic review process.
- c) Make contact with the key IF focal person in Government as well as the PRSP focal point. Make sure Ministries of Finance and Commerce are in touch.

- Establish the role of the PRSP Steering Committee in the IF process and explore linkages with the PRSP and relevant national development strategies will be achieved. If possible, a presentation should be made to the PRSP Steering Committee (or relevant sub-committee) on the IF exercise.
- d) Establish the composition of counterpart working groups, initiate relationships with the private sector, research partners and other stakeholders, and create mechanisms for keeping partners in the field informed.
 - e) Contact the UNDP and IMF (and any other core agency representatives on the ground (ITC, UNCTAD and WTO).^{2 3} Arrange for a briefing to the UN Heads of Agencies during the main mission. Prior to the main mission, meet with the key representatives of all Geneva-based agencies (in an inter-agency setting), as well as Geneva-based donors and officials from the diplomatic mission of the country concerned.
 - f) Make contact with key donors in the country (by overall size or interest in trade) and those involved with the IF. The Government and the UNDP and World Bank resident representatives will guide the mission chief in this regard.
 - g) Visit key research institutions and think tanks to explore possibilities for collaboration during the IF exercise.
 - h) Assess existing work on trade and trade-related TA in the country and gather trade-related research and related materials on technical assistance.⁴
 - i) Identify focal points in the World Bank and UNDP offices for the IF.

The Mission Report

The mission chief will draft an Aide-Memoire that outlines key aspects of the discussion and reflects at a minimum the following key outcomes:

- Identification of country interests in trade-related analysis as a basis for country-specific terms of reference.
- Proposed timing of main mission and detailed schedule of remainder of IF related activities, including national workshops.
- Identification of working arrangements with government and private sector (Steering committee, main mission counterparts for each section, consultative process).
- Inventory of existing trade related work.

² While there may be no representatives from ITC, UNCTAD or WTO, any project managers of ongoing projects being implemented by these agencies as well as FAO and UNIDO should be visited.

³ The mission chief should consult early with the Fund mission chief (HQ) to coordinate the timing of the IF mission to the extent possible.

⁴ A suggested inventory template on TA that can be circulated to donors and other partners is attached as Annex 1.

- Identification of local consultants who could participate in the work.
- Identification of active donors in trade and possible lead facilitations.
- Identification of agreed upon outcomes.

The Aide-Memoire should be discussed with the Government before departure.

The Follow-Up

Within three days of return, the Mission Chief will draft a back-to-office report that includes the draft Terms of Reference discussed with the authorities. The Mission Chief's Aide-Memoire and back-to-office report (including country-specific TOR, list of consultants and proposed budget of the diagnostic study) will be circulated to the core agencies and the World Bank country team for inputs and clearance. The TOR will then be sent to the Government. Based on the revised TOR, missions will be organized and mounted to the country.

Contract details

The World Bank will contract the services of Mr. in the capacity of mission chief for the (name of the country)Diagnostic Trade Integration Study. An initial contract will be prepared for a period of 14 days between (August 22nd and September 15, 2002) for the preliminary mission to (name of the country). Mr. will be remunerated in the amount of US\$.....00 per day net of taxes. Travel and other expenses (hotel and meals) will be reimbursed upon the submission of statement of expenses together with the appropriate original receipts.

Yours Sincerely,

*Helena Tang
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