



# Integrated Framework Newsletter

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## EDITORIAL

*A lot has happened for the Integrated Framework (IF) and the Enhanced Integrated Framework (EIF) – national and regional workshops, a donor pledging conference, and of course the work of the IF interim Board. At the last two IF interim Board meetings, important milestones have been reached, so we might be sending this as one of the last IF newsletters: soon the EIF will be launched, and the name of this young publication will have to change.*

*We thank our audience for much positive feedback and encourage all to send us reports on important IF events, as well as corrections in case we might have slipped in one of our reports.*

*Please submit any material for inclusion in the next newsletter **by 15 January 2008** to [christiane.kraus@wto.org](mailto:christiane.kraus@wto.org), [sari.laaksonen@wto.org](mailto:sari.laaksonen@wto.org), and [constanze.schulz@wto.org](mailto:constanze.schulz@wto.org).*

*With best wishes for a restful festive season, your IF PIU.*

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### **Progress in the Recruitment of the Executive Director for the Executive Secretariat of the EIF**

The Recommendations of the Task Force on an EIF, which are the basis for the work to enhance the IF, stipulate that the IF Secretariat needs to integrate management functions at the global level to improve efficiency and effectiveness of its work and to provide for greater

accountability. Accordingly, it should become an **Executive Secretariat** (ES) with an Executive Director (ED) accountable to the IF Board.

To that end, Terms of References for the ES and a job description for the ED have been drawn up and form part of the EIF Compendium, which can be found on the IF website ([www.integratedframework.org](http://www.integratedframework.org)). Based on the job description, a Vacancy Notice (VN) for the ED was published in September and posted on the WTO website. In addition, the VN was also published in three international magazines (The Economist, Jeune Afrique and The Wall Street Journal Asia). The deadline for applications was 26 November 2007.

The ES will be administratively housed in the WTO, and the recruitment process for the ED and the rest of the staff will follow WTO rules. However, the ED will report for policy issues to the IF Board. The agreed selection process for the ED, head of the

ES, reflects this hybrid nature. The selection of the ED is currently on-going and should identify the first ED of the ES of the EIF in the next few months. Once the ED is selected and on board, it is expected that the ES shall be created and the rest of the staff recruited.

### **Progress in the Selection of the EIF Trust Fund Manager**

One of the important and last outstanding steps to tackle in order for the EIF to become fully operational is to select the EIF Trust Fund Manager (TFM). Once the TFM is on board and operational, disbursements from Tier 1 and Tier 2 of the Trust Fund of the EIF can start to be made.

Basis for the selection of the EIF TFM will be the Accountability Framework (AF) for the management of the multilateral EIF Trust Fund. By extension, this paper establishes the responsibilities and accountability of the TFM, its relationship to the ES and the Board. It also sets out the criteria against which proposals to undertake the TFM function will be assessed.

For the past months, members of the interim Board (three LDC representatives: Rwanda, Senegal, Yemen; three donor representatives: Canada, Switzerland, UK; the six core IF Agencies) have worked intensively on establishing this AF. The Board had the benefit of the work of the legal trust fund expert and counsel to the IF Board, Anna Marti, recruited and financed by DFID for the Board and to help the Board and the PIU in this particular task.

The AF was approved at the IF interim Board meeting on 3 December.

This now allows the Chair of the interim Board to send out letters to potential TFM candidates, inviting them to submit an offer to become the TFM of the EIF, in accordance with the AF. It is hoped that the new TFM will be up and running in the first quarter of 2008.

De facto that will be the start of a fully operational EIF. However, in anticipation of an operational TFM, countries are encouraged to draw up project proposals ahead of the new TFM coming on board, in particular projects for Tier 1 disbursements to create National Implementation Units (NIUs). For such projects, a solution is being identified that would allow funding to start as soon as possible, hopefully early next year. As soon as provisions for such financing for NIUs ahead of

full EIF operations are fully identified, we shall inform you of the necessary steps and procedure.

Similarly, IF beneficiary countries that have not yet exhausted their Window II budget are encouraged to continue preparing and submitting Window II projects.

### **IF meetings during the Geneva Week, November 2007, at the WTO**

The second **Geneva Week** in 2007, **19-23 November**, again featured a session on the IF. Many of the delegations from present and prospective IF beneficiary countries met with the PIU and other Geneva-based IF stakeholders. The delegations met by the PIU to exchange updates on the IF process were **Haiti, Lao P.D.R., Lesotho, Malawi, Maldives, Niger, Samoa, Sierra Leone, Solomon Islands, Togo and Vanuatu.**

### **IF Webpage:**

**<http://www.integratedframework.org>**

Over the past months, we have been updating the IF website as much as possible. This has not always been an easy task, as it required checking many details and gathering a lot of new information. We are grateful to all of you who have responded to our inquiries for updates.

As updating the site is an ongoing exercise, we will continue to count on you to alert us to necessary changes, errors, or omissions. This concerns in particular changes in Focal Points and Donor Facilitator representatives, but also information on any upcoming IF events and projects.

Please feel free to contact any of the members of the PIU. Our e-mail addresses are mentioned in the Editorial.

On the contents side of the website, we are planning to add pages in French once the existing documents are updated and translations are available.

We are also planning to give the website a makeover to make it more user-friendly.

Please let us also have your suggestions on what information you think would be beneficial to have on the website.

**News from IF Countries: DTIS validation workshops and other IF news**

On **August 28**, the Yemeni Ministry of Industry and Trade organized a **national workshop** "The Integrated Framework: What it is and how **Yemen** can benefit from it" in Yemen's capital Sana'a. The workshop was organized by the IF Focal Point Dr. H. Al-Najar and his team and opened by the Minister of Industry and Trade, Dr. Y. Al-Mutawakel, and was very well attended by national stakeholders and Yemen's multilateral and bilateral development partners, including the IF PIU. The objective of the workshop was to educate a wider audience from the public and private sectors about the IF process, the innovations that the EIF will bring, and the role of the IF in Yemen to date. The conclusion of the workshop was that the process and its three Window II projects have been successful to date, and Yemen eagerly awaits the launch of the EIF. There is interest in the community of Yemen's development partners to work with the IF process and institutions in Yemen to improve and increase the delivery of trade-related technical and other assistance for Yemen. Subsequent to the workshop, Yemen is currently in the process of finalizing a project proposal for Tier 1 of the EIF.

The IF PIU also visited **Ethiopia** on its way back to Geneva. Views were exchanged with the IF focal point Ato Habtamu Tadesse and with the UNDP team working on the IF on the state of IF implementation and options to start preparations to benefit from the EIF.

The PIU carried out an **outreach mission** to **Lao P.D.R., 13-14 September**. The mission met with a number of key stakeholders, including Ms. Khemmani Pholsena, Vice Minister and IF Focal Point, Ministry of Commerce; the IF NIU; representatives of the Ministry of Finance and the Donor Facilitator, AusAid, as well as other key multi- and bilateral Donors.

The mission focused on sharing information and brainstorming on how to best prepare for the roll-out of the EIF for maximum benefits; mobilize resources for IF implementation in-country and organize for Government-Government, Donor-Donor and Government-Donor coordination.

**Aid-for-Trade (Aft) regional reviews in Asia and Africa**

A **two-day conference (19-20 September)** was organized in **Manila, Philippines**, by the **Asian Development Bank** and the **WTO** in cooperation with the **World Bank** and hosted by the **Government of the Philippines**. The meeting had four broad objectives:

- identify the main trade needs and priorities for addressing them—both nationally and regionally;
- encourage recipient countries or sub-regions to formulate "business plans";
- encourage donors to develop a detailed response and scale up trade-related development assistance;
- secure the political commitment to follow through on the Aft agenda in the region.

Nearly all of the Asia-Pacific IF countries were represented at a high level and underscored, in their interventions, the importance they place on the IF as an opportunity for the LDCs to move their trade agenda and assist them in benefiting from Aft at large. They also called for swift actions to be taken to operationalize the EIF.

The PIU was present in the meeting and met with a number of IF countries on a bilateral basis. The PIU also participated in a one-day Standards and Trade Development Facility (STDF) workshop organized in connection with the Aft Regional Review and presented on the IF and STDF inter-linkages.

A **two-day conference (1-2 October)** for African countries took place in **Dar es Salaam, Tanzania**, organized by the **African Development Bank, UNECA** and the **WTO** and hosted by the **Government of Tanzania**.

Its aim was to raise awareness about the importance of trade to development, to identify capacity and infrastructure priorities, to highlight the need for increased and effective financing, and to find agreement on the way forward.

Many of the African IF countries were represented at high level, and reference was often made to the IF as a catalyst to integrate trade into development plans. For the EIF, the IF beneficiary countries underscored the importance for closer donor coordination and the desire to include regional projects to

facilitate regional trade integration, or to address regional export constraints such as border-crossing pests.

Again, the PIU was present in Dar es Salaam to meet with a number of delegations from present or prospective IF beneficiary countries and to participate at an STDF event.

The PIU also used this occasion to meet with the **Tanzanian** IF Focal Point, Donor Facilitator, and IF Transition team. The IF Transition team plays a role similar to the one that NIUs shall play in the future in driving the implementation of the IF process. In Tanzania, the IF process aims at setting up a multi-donor basket fund for trade-related assistance, and preparations are progressing very well.

#### **Global Aid-for-Trade Review in Geneva, November 2007**

The WTO is making a conscious and concerted effort to monitor and advance the AfT agenda at the country, regional and global levels. On **19-21 November**, in Geneva, the WTO hosted the **first Global Aid-for-Trade Review** where it had an opportunity to examine and discuss the "three tiers" of monitoring – the global flows of AfT as well as self assessments by partner and donor countries. The Global review followed the three Regional Reviews on AfT, which had taken place earlier in 2007, in Lima (Peru), Manila (Philippines) and Dar es Salaam (Tanzania), for the three regions. The Global Review witnessed an increased degree of institutional focus and cooperation from multilateral agencies and bilateral donors to realize the goal of achieving more and better aid for developing countries. The WTO now moves to a very critical phase of this initiative; a phase, in which the focus will be on implementation – with greater country, regional and sector focus. At the same time, the WTO will continue to seek improvement of its assessment and analysis of AfT, including by developing appropriate performance indicators and benchmarks to evaluate the future flows and quality of AfT (see also Aid-for-Trade on the WTO website: <http://www.wto.org>).

#### **How does the IF fit into AfT?**

There is a strong case to be made that for the LDCs, the IF structures and process should be used as a building block and means to implement the AfT Initiative into funded trade capacity-building activities and to build the supply-side capacity and trade-related infrastructure that they need to assist them to

implement and benefit from WTO Agreements and more broadly to expand their trade. Given the IF's objectives and how it functions, the IF embodies for LDCs what the AfT Initiative seeks to achieve and provides the platform enabling LDCs and donors to match up the demand and supply side, over and above the small amounts available in the IF Trust Fund. For IF beneficiaries, there is therefore no need to set up parallel structures to implement AfT. In fact, this should be strongly avoided. See also the Note entitled "The Integrated Framework for Least Developed Countries (LDCs): How does it fit into Aid for Trade?" on <http://www.integratedframework.org/news.htm>

On **25 September**, the Government of **Sweden** hosted a **High-Level Pledging Conference** in Stockholm to mobilize international financial support for the EIF. Canada and the UK assisted Sweden in the organization. The Conference was jointly chaired by Sweden's Ministers for International Development Co-operation (Ms. Gunilla Carlsson) and for Foreign Trade (Ms. Ewa Bjorling), respectively. The Conference brought together representatives of some 38 donors, the six IF Agencies (of which ITC, UNCTAD and WTO were represented at the highest level and the World Bank's President was present through a video message), as well as five LDCs, two of which were represented at Ministerial level (Lesotho and Yemen). The African and the Asian Development Banks, the Islamic Development Bank, as well as UNIDO were also present.

22 donors made concrete pledges or announced full intentions to do so. Based on the written pledges received, the target set for the first two years of US\$ 100 million for the replenishment has been oversubscribed by about US\$ 10 million. A total of around US\$ 170 million for the full five years has been pledged. This represents about 75 per cent of the total target of US\$ 250 million for the five years. Given the flexibility that donors have signalled, there is confidence that the full funding target for the period 2007 to 2011 will be met. These figures all relate to the multilateral IF Trust Fund, not to additional bilateral contributions that donors may make in future to projects derived from the IF process.

The figures for the pledges include contributions from non-traditional donors.

On **18 October**, **CUTS International**, an India-headquartered NGO, organized an **international workshop in Geneva on the IF**.

This brought together government and NGO representatives from a number of African and Asian countries, the IF core agencies, bilateral donors and European NGOs to discuss the challenges facing the IF process in better contributing to development and poverty reduction efforts. Discussions concentrated on the importance of the EIF in improving the country ownership of diagnostic work (so as to more effectively identify the trade constraints facing partner countries); better involving community-based organizations and NGOs in the IF process (in order to bring the voice of the most marginalized groups to discussions); and including more analysis on food crop sectors, domestic trade dynamics and services sectors in diagnostic studies (in order to better identify trade constraints facing the poorest producers). There was a consensus amongst participants that IF diagnostic studies need to be treated as living documents that can be reviewed and refined in response to further dialogue and poverty-sensitive analysis, and that the proposed EIF should be launched with this goal in mind.

On **24-25 October**, an IF team travelled to **Mauritania** at the invitation of Mauritania's Minister of Trade H. E. Sid' Ahmed Ould Raiss to work with the Ministry of Trade in Mauritania on a document to be included in Mauritania's three-year development plan that was to be presented at a Consultative Group meeting on December 4-6. Mauritania had recently completed a pilot Diagnostic Trade Integration Study (DTIS) update (supported by UNDP) and validated an industrial strategy, the main messages and recommendations of which were included for the trade part in the three-year development plan. The IF team also met with other government officials involved in the drafting of the three-year plan and organization of the Consultative Group meeting, as well as key multilateral and bilateral development partners. Such individual support for IF priorities, as e.g., integrating trade into development strategies and other IF priorities – even at short notice – is one of the elements of the Geneva-based support under the EIF. Beneficiary countries are thus encouraged to address similar requests to the IF PIU.

A high-level **Regional Workshop** on the EIF directed at West and Central African LDCs was organized on **29-31 October** in Ouagadougou, **Burkina Faso**. The event was hosted by the Government of Burkina Faso, supported by ITC and sponsored by the Kingdom of Denmark and France. Sixty representatives from seventeen

LDCs attended the workshop. Twenty delegates from IF core agencies and donor countries took part in the debates. A member of the IF interim Board, Mr. Mbaye Ndiaye, also attended the event. The workshop was successful in raising awareness on the EIF, building the implementation capacity at national level and stimulating experience-sharing amongst participating LDCs. In addition, recommendations relating to the operationalization of the EIF were formulated and a series of follow-up actions suggested.

**Vanuatu** held its DTIS Validation Workshop on **5-7 November**. The Validation Workshop was well attended by high-level officials from government, private sector and civil society representatives, as well as the main donor partners resident in the country, specifically Australia, the European Commission (EC, also the IF Donor Facilitator) and New Zealand in addition to representatives of most of the IF agencies (IMF, ITC, UNCTAD, UNDP and the WTO). Vanuatu is now moving quickly towards implementation, and this will require a number of actions on the part of both the government and international partners to maintain the momentum and expectations generated by the completion and validation of the DTIS. Before the end of the year, it is expected that the DTIS and action matrix will be formally endorsed by the Government and priority projects identified for Window II funding through the LPAC process. Vanuatu seems to be on track to become a successful example of the IF programme with the main development partners already indicating strong commitment to support the IF in Vanuatu.

The national Validation Workshop in Vanuatu was followed by the **Regional EIF Pacific Sensitization Workshop, 8-9 November**, hosted by the Government of Vanuatu. The Workshop was co-organized by UNCTAD, with funding from the Government of Finland. Participants to the Workshop included representatives of Ministries of Trade as well as Finance/Planning and Foreign Affairs, and from the private sector from all the five Pacific IF Countries, i.e., Kiribati, Samoa, Solomon Islands, Tuvalu and the host, Vanuatu. Resource persons came from ITC, UNCTAD, UNDP and the PIU/WTO, as well as from the EC, the Government of Yemen and the Government of Vanuatu. The EIF Pacific Sensitization Workshop provided an opportunity to disseminate and clarify information regarding the state of the discussions taking place to operationalize the EIF and assist the Pacific IF

Countries – all in the early stages of the process – in preparing to benefit from the EIF. In addition to issues addressed in the discussions on the enhancement of the IF, other main conclusions of the Regional Workshop include the following: (i) the EIF process should continue to promote and facilitate active public/private sector partnership in order to secure the full engagement of the private sector at all stages of in-country implementation; (ii) challenges remain in trade mainstreaming and require continued support by IF agencies to country efforts, particularly in institutional and human resources strengthening for trade policy development and management. It also requires improving the links and synergies between the DTIS process and the PRSP processes in the countries; (iii) in the context of the Pacific IF Countries, the regional dimension is important and should be exploited in the EIF process through active cooperation among the NIUs of the Pacific IF Countries, and by identifying regional trade-related projects in their respective DTIS Action Matrices, thus ensuring regional spin-offs; (iv) the identification of the Donor Facilitator as well as a strategy to ensure its strong commitment to the EIF process at the national level is critical. Some innovative arrangements could be further explored in the case of the Small Island LDCs, including arrangements to enable Donor Facilitators to work closely with one another.

The Validation Workshop of the **Central African Republic's** (CAR) DTIS was held in Bangui on **6-8 November** with the participation of national officials and representatives from several IF agencies. The elaboration of the DTIS, coordinated by the World Bank, and its validation followed an inclusive approach; relevant ministries and a number of private actors had collaborated in both processes. The country finalized its PRSP 2008-2010 in September 2007. The DTIS (in draft form at the time) was meant to facilitate the inclusion of trade into the PRSP. Still, it will be necessary to continue working with the PRSP team to ensure that the PRSP and the IF processes will be well coordinated, also in the future.

The matrix that was validated at the workshop is comprehensive, and further prioritization will be necessary to arrive at an executive, pragmatic matrix. During a PIU follow-up mission on December 3-6, the Government signalled that private sector development, capacity building and measures that will promote broad-based benefits from trade integration will be among the top priorities as

will – in the medium term – be measures to reduce transport cost and to promote regional integration. It is a priority for all IF stakeholders to establish an NIU as soon as possible to help the Focal Point to manage the IF process in the future. Apart from the IF and eventually EIF resources, the UNDP and World Bank country programmes also support trade-related activities, namely private sector development, trade facilitation and investment climate issues. The Focal Point will continue to work closely with the PIU/WTO, UNDP, World Bank and the EC as Donor Facilitator to implement the IF process.

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### Upcoming events

#### December 2007:

There will be an **IF/DTIS session** under the 2nd Timor-Leste ASEAN Dialog Series Meeting, **3-4 December**, to be organized by the Government of **Timor-Leste** in Dili.

A half day **national workshop** titled "Creating a National Strategy for Trade and the Enhanced Integrated Framework" is to take place in Dhaka, **Bangladesh**, organized by UNDP, the EC, the World Bank, DFID, CIDA and IFC on **4 December**.

"**Cambodia** Trade Integration Strategy 2007: Responses to Opportunities and Challenges", a 2nd generation DTIS will be validated in a workshop in Phnom Penh on **5-6 December**. The **Validation Workshop** will be an international event, and the Government of Cambodia, in collaboration with UNDP, has invited a number of IF countries to participate. The DTIS update/DTIS 2007 is led by the Ministry of Commerce (MoC) with UNDP partnering, and the process was initiated before the DTIS updates under the EIF scheme came into the picture. The Cambodia self-declared pilot was adopted as a part of the 'official' IF line of business this spring, and the DTIS 2007 was circulated to the IF interim Board for comments in May 2007. The DTIS 2007 is funded under a project called Trade-Related Assistance for Development and Equity (TRADE), a 2.5 m multi-module project executed by the MoC that has received funding from IFTF W2, UNDP and some bilateral partners.

The specific objectives of the Validation Workshop are (i) to share findings and recommendations of the DTIS 2007 among

