



Integrated Framework Newsletter

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EDITORIAL

Welcome to the first Integrated Framework (IF) newsletter in 2008. Soon, the work for enhancing the IF will come to fruition with the launch of the Enhanced Integrated Framework (EIF). This newsletter provides updates on the selection of the EIF Trust Fund Manager and the Executive Director. We also report from the recent Meeting of LDC Trade Ministers in Lesotho, where beneficiary countries articulated what is expected of the IF/EIF. While the EIF launch is being prepared, the Aid for Trade Initiative is also gathering speed. How the IF process helps LDCs to access additional Aid for Trade is thus another topic in this version of the newsletter. Finally, we report on an example of IF good practice for Donor coordination. As always, the newsletter summarizes news from IF countries and draws your attention to upcoming IF events.

Have we missed important issues? Please submit any material for inclusion in the next newsletter **by April 30, 2008** to christiane.kraus@wto.org, sari.laaksonen@wto.org, and constanze.schulz@wto.org.

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News from Geneva

Update on the launch of the EIF: Selection of the EIF Trust Fund Manager and setting-up of the EIF Executive Secretariat

Preparations for the operational launch of the EIF are going ahead full steam here in Geneva. In the second half of March, candidates for the position of EIF Trust Fund Manager will be interviewed, and a selection is meant to be made soon thereafter. We will inform you of the selection once the administrative details and – most importantly – the start date for financial operations, and hence the **operational launch of the EIF**, will have been agreed upon. We are also working on a new IF manual to inform you on the new procedures beyond what has already been specified in the Compendium of Working Documents.

Meanwhile, the Programme Implementation Unit (PIU) is getting ready to migrate to the EIF Executive Secretariat, housed by the WTO and reporting to the IF Board. Selection of the EIF Executive Director, who will head the Secretariat, is under way, and we hope that the successful candidate will be able to take office at the soonest. At that time, the IF Interim Board will also become the EIF Board.

Lesotho Ministerial: Maseru, 27 to 29 February 2008

Lesotho, the current Coordinator of the WTO LDC group, hosted the 5th LDC Trade Ministers' Meeting in Maseru from 27 to 29 February 2008. 37 LDCs took part in the meeting; 20 were represented at Ministerial level.

The LDC Ministers adopted the Maseru Declaration, which will guide the LDCs in their participation in the Doha Development Agenda negotiations, discussions on Aid for Trade and final preparations for the operational launch of the EIF.

As for the EIF, the Maseru declaration calls for "According high priority and importance to national ownership by LDCs of the EIF as an effective tool to enhance economic development; Strengthening the effectiveness of the EIF through, *inter alia*, building supply-side capacity, technology and trade-related infrastructure that would support diversification of LDCs' production and export base; Immediate appointment of the EIF Executive Director, selection and appointment of the Trust Fund Manager and acceleration of other related processes, which will strengthen EIF global governance structure; Operationalization of the EIF by mid-2008 so that the LDCs start benefiting from the facilities available under EIF".

The EIF: how does it fit into Aid for Trade?

At the first Aid for Trade Global Review in November 2007 at the WTO, the developing countries were asked to clearly map out and prioritize their demand for Aid for Trade. In return, the development partners expressed their intentions to improve and scale up assistance for trade-related assistance and capacity building, to meet the demand with a supply of resources. To bridge demand and supply in a most effective manner, it is essential that developing countries mainstream their demand for Aid for Trade into their national development strategies, such as the Poverty Reduction Strategy Papers (PRSP). This is so because these strategies are the platform on which development partners base their aid planning.

LDCs are in an advantageous position because for them, there already exists a partnership to do the **bridging of demand and supply for Aid for Trade and to help in mainstreaming trade into national development plans**. This is the (Enhanced) IF. The IF is the mechanism to tap into Aid for Trade by providing a concrete process to (i) clearly map out and prioritize key needs for trade-related assistance and capacity building, including trade infrastructure, supply and productive capacity, etc., through the IF trade diagnostic process; and (ii) submit these demands in the PRSP or other national

development strategy to the Donor community in each country for funding beyond the funds available in the IF's own Trust Fund. For this to be effective, trade priorities need thus to be mainstreamed into the national development strategies.

Additional, predictable, sustainable and effective **financing** is fundamental for fulfilling the Aid for Trade mandate. The IF process not only assists LDCs in mainstreaming trade into their national development strategies, but also provides LDCs the platform to leverage funding from their development partners, above that available through the IF's own Trust Fund, to translate their trade-related diagnostics into funded and deliverable projects. To access this funding, the IF process envisages that LDCs involve their development partners early on in the actions that are identified in the IF diagnostics, including the Action Matrix. The IF Trust Fund will not be sufficient to fund most of the activities that LDCs will identify as needed to boost their trade capacity. The funds sought through the IF process above the IF Trust Fund represent in fact a good part of "Aid for Trade". For these reasons, the IF is the key pillar for LDCs in the much larger Aid for Trade edifice.

However, for this to be successful, it is key that the Donor community play its part and translate the commitment to Aid for Trade into sufficient funds being available on the supply side, not only through the IF's own Trust Fund, but also, very importantly, over and above the resources available through the IF's Trust Fund, to match the demand side identified under the IF process. For this to function well, **Donor response** is as crucial as identifying the demand side. Donors do well to give more attention to trade issues in their aid programming and strengthen their trade expertise both in the field and at headquarters.

The IF is still often seen by both the Donor community and recipients as a stand-alone process. Trade is not yet seen by all Donors or recipients as key aspect of economic development and poverty reduction, so it does not feature high enough on their priorities. The IF is a means for the Donor community to respond to this shortcoming. For their part, the LDC recipients must step up their efforts to include trade into their national development plans and to give trade a higher priority in these plans. To achieve this, responsibility for the IF – and the entire trade development – has to be shared by key ministries such as the Ministry of Trade, Finance, Planning and Economic

Development, etc. It should be noted that consultation with the private sector is essential to the success of the IF process. In fact, one of the elements of the enhancement of the IF is precisely to bring in more effectively the private sector. Active commitments from the Donors and recipients alike to integrate trade into overall national development/aid policies are mutually reinforcing, and one does not happen without the other.

This, in a nutshell, is the nexus between the IF and Aid for Trade. The IF and Aid for Trade, while distinct, are not two competing processes existing in parallel. Rather, for the LDCs, the IF is the operational mechanism to translate Aid for Trade into funded and deliverable projects. The IF structures and process should be used as a building block and means to operationalize the Aid for Trade 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. There is therefore no need to set up parallel structures for Aid for Trade in LDCs. In fact, this should be strongly avoided.

IF good practice: Improving coordination under the IF of Donor activities in beneficiary countries

Experience in many IF beneficiary countries has shown that in order for IF processes to reap the most benefit for the country in question, all stakeholders need to be able to provide their expertise, efforts and support in a timely manner.

To achieve this objective, one IF beneficiary country has recently undertaken a very welcome and fruitful initiative, which the PIU would encourage other countries to emulate as a basic course of action wherever possible.

A summary: As one of the IF agencies was in the preparatory stages of its Diagnostic Trade Integration Study (DTIS) pre-mission to Country X, the country's Focal Point (FP) and his team were able to alert early on a number of local stakeholders about the upcoming pre-mission. Among those informed was the in-country Donor Facilitator (DF), who was at that same time preparing technical assistance activities for the country, and thanks to the information ahead of time, the DF activities are now being coordinated with those of the DTIS

pre-mission. This will certainly help avoid a duplication of efforts.

One objective of the IF is the coordinated delivery of trade-related assistance. The pro-active approach by beneficiary countries as described above is a very good example of such coordination between the FP and the DF.

This being said, the PIU would encourage all country FPs to ensure that information on projects planned through agencies or bilaterally with Donors is disseminated widely to all stakeholders.

In the same vein, DFs can be of great help in ensuring that their headquarters and the collaborators in-country are sensitive to upcoming activities that have synergies with the IF process and in informing their counterparts accordingly.

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

After the DTIS Validation Workshop took place in **Central African Republic** (CAR) from 6 to 8 November 2007, the PIU carried out a follow-up mission to support the Government's DTIS follow-up, and in particular the operationalization of the DTIS Action Matrix and the preparation of the set-up of a National Implementation Unit (NIU).

It was agreed that once the DTIS Action Matrix was approved, an executive matrix would be drawn up on its basis, which would include only the few priorities that can be implemented with the IF (Trust Fund) funds; other priorities would be discussed with bilateral Donors.

In collaboration with a UNDP consultant, the mission drew up a road map, which spells out that a Window II project will be prepared as soon as possible with two components: the establishment of the NIU and a capacity-building programme for the National Steering Committee (NSC), the NIU and the Chamber of Commerce. Once the project is prepared by the FP in close cooperation with UNDP CAR and the PIU, a Local Project Appraisal Committee will be set up to appraise it, following the normal procedures.

From 5 to 6 December 2007, the first validation of the 2nd generation DTIS was carried out in

a workshop in **Cambodia**. The Cambodia DTIS 2007 is called "Cambodia Trade Integration Strategy 2007 - Responses to Opportunities and Challenges", and the Workshop was labelled as a Launch Workshop to underscore that the DTIS is a strategy that was launched for implementation. The preparation of the DTIS 2007 was led by the Ministry of Commerce with UNDP as the lead Agency and partnering from all the IF Core Agencies. The Workshop was an international event, and the Government of Cambodia had invited a number of IF countries to participate, among which were Nepal and Senegal. Invitees also included Ambassador Maruping as Chair of the IF interim Board, representatives of the IF Core Agencies and the Donor community. National participants included representatives of all the key Ministries and other Government entities as well as the international and national private sector.

Objectives of the Launch Workshop were (i) to share findings and recommendations of the DTIS 2007 among policy makers, Donors, academics and others; (ii) to discuss the Cambodian experience under the IF; (iii) to provide a forum to discuss pro-poor trade strategies; and (iv) to discuss the implementation arrangements of the Trade Sector Wide Approach programme (Trade SWAp) and the way forward.

The WTO delivered a speech, focusing mostly on the EIF governance structures and support to be made available to the countries.

The PIU carried out an IF follow-up mission to **Tanzania** on 11 December 2007. The mission's objective was to advise the IF Transition Team (almost equivalent to a NIU) on a Window II project currently under preparation.

Following this mission, the PIU attended the DTIS Validation Workshop in **Comoros** from 13 to 14 December 2007 and presented to the Workshop participants the EIF and the next steps necessary for Comoros to benefit from the IF and the EIF. The Workshop was well attended by all relevant government and private sector stakeholders. There is a high level of commitment by the Government to use the IF process to improve competitiveness of the economy and stimulate trade and private sector development, and an equal commitment by the IF DF to accompany and support the IF process.

The Workshop participants were able to identify from among the items in the action matrix

a number of high priority actions for which financial support either from the IF Window II, from the EIF Tier 2 or from bilateral and multilateral development partners will be sought. The latter is a good example of how LDCs use the IF as the tool to access funds for trade capacity building over and above the IF Trust Fund, the DTIS being the identification of the demand side.

The **Malawi** Ministry of Industry, Trade and Private Sector Development requested an IF mission, which took place from 14 to 15 January 2008 with a follow-up mission on 3 and 4 March 2008. Its objectives were to brainstorm with UNDP Malawi (the Government's key partner in implementing the current phase of the IF in Malawi) on how to enhance UNDP's support to the IF implementation; brief the Ministry and other key stakeholders on the status of the enhancement of the IF and its linkages to Aid for Trade; and discuss possible bridging funding from the development partners for initiating the implementation of the Malawi IF project, intended to be funded from EIF Tier 1.

The PIU's discussions with the Ministry and the UNDP as well as the follow-up actions have contributed significantly to resolving the situation that had hitherto frustrated implementation of key IF activities funded under a Window II project.

The PIU attended the **Lesotho** Aid for Trade and EIF Dialogue from 17 to 18 January 2008. The Meeting was successful in bringing the public and private sectors together to discuss national trade priorities - and perhaps provides a model for how other LDCs should proceed in making the EIF work for trade mainstreaming and overall benefits from Aid for Trade. In addition to the WTO presentation on the EIF and Aid for Trade, there were interventions from DFID (IF DF to Lesotho), ITC, UNCTAD, UNIDO and the World Bank.

The Dialogue was useful firstly as a way of sharing information about what moving from the current phase to that of the EIF entails; how to go about this and - above all - what is the relationship between Aid for Trade and the EIF. Again, the idea that the EIF builds on the processes of trade analysis and mainstreaming, project implementation and institutional setup of the existing IF in Lesotho and that all this can be used to attract and coordinate assistance under Aid for Trade appeared to

attract the understanding and approval of the audience.

The second benefit of the Dialogue was to launch an internal discussion of whether trade was a high enough priority in Lesotho's national development strategy – and to suggest steps that could be taken to encourage more effective trade mainstreaming.

Regional EIF Sensitization Workshop for Asian LDCs in Lao PDR, 22 to 24 January 2008

UNCTAD, in collaboration with the IF Core Agencies and the **Lao PDR** Government and financially supported by the Government of Finland, organized an Asian regional Workshop to sensitize LDCs on the operational modalities for the EIF. The Workshop is another one in a series of EIF sensitization workshops, previous ones having been held last year in Zambia, Burkina Faso and Vanuatu.

The Workshop was very well attended: there were delegations from all Asian LDCs, including the five current IF beneficiaries Cambodia, Lao PDR, Maldives, Nepal and Yemen; the two recently accepted LDCs Afghanistan and Timor Leste; as well as Bangladesh, Bhutan and Myanmar, which are not yet IF beneficiaries. ITC, UNDP, the WTO and the World Bank attended from the IF Core Agencies, and a number of Donors led by Australia, Lao's DF, were present as well.

The Workshop objectives were, among others, to communicate the final outcome of the work of the Transitional Team on the architecture of the EIF and to explain in greater detail the modus operandi for the EIF at the country level in order to prepare the countries for implementation as soon as the EIF will be launched operationally. Particular attention was paid to the important issue of challenges and opportunities to mainstream trade into the development strategies, including a possible methodology to concretely implement this at the country level.

Most importantly, however, the Workshop aimed at getting feedback from the beneficiaries on the main features and operational modalities of the EIF and at providing a platform for the exchange of experiences between the national FP of LDCs participating in the IF at different stages of the current IF process. This led to lively discussions and exchanges, in particular

between the current IF beneficiaries and countries not yet familiar with the IF process.

An IF mission was conducted to **Nepal** from 28 to 30 January 2008 with the objective of raising awareness on the new elements of the EIF and its links with the Aid for Trade initiative. An underlying motive for the request for the mission was to seek support for local efforts to revitalize the trade agenda. The mission generated a much-needed dialogue between IF stakeholders to jump-start a so far "dormant" IF process in Nepal. The EIF is expected to play a key role in revitalizing Nepal's trade agenda, including through assisting the Government in strengthening its capacity to address trade concerns and work on a strategy to put trade back on the Government's and Donors' respective agendas. A joint objective of the mission was to inform key ministries and Donors about an Standards and Trade Development Facility (STDF) project aimed to strengthen Nepal's Sanitary and Phytosanitary (SPS) capacities. The project is expected to commence as soon as contracting arrangements are finalized with the FAO.

From 29 to 30 January 2008, the WTO participated in an IF Familiarization Workshop and from 31 January to 1 February 2008 in a pre-DTIS mission in **Samoa**. The objective of the Workshop was to raise awareness on the IF/EIF to enable stakeholders to effectively participate in the IF/EIF process in Samoa. A large number of stakeholders from Government Ministries and Agencies, the private sector and civil society participated. From the IF Core Agencies, UNCTAD, UNDP and WTO participated. The PIU presented the objectives and elements of the IF and the new institutional setup for the EIF and gave an update on recent developments towards EIF implementation and on the modalities of accessing funding under the EIF. The Workshop also benefited from presentations by representatives of Government Agencies, the private sector and the civil society in Samoa, and from presentations by other IF Core Agencies.

The objective of the pre-DTIS mission was to agree with the Government on an outline and process for the upcoming Samoa DTIS. The agreed outline and process will be part of an Aide-Mémoire between the Government of Samoa and UNDP.

A mission was undertaken in **Benin** from 5 to 6 February 2008 to finalize implementation

arrangements for two STDF projects benefiting Benin and responding directly to needs expressed in Benin's IF Action Matrix. The meetings were successful in securing agreement on implementation arrangements for both projects. Another objective of the visit was to provide an overview of the EIF to Benin's FP and with the DF (Denmark), with a view to reviving a so far dormant IF process, at a time when Benin is preparing to update its DTIS.

A sensitization Workshop on the EIF took place in **Togo** from 7 to 8 February 2008. The mission was successful in achieving its objectives in a country that does not yet officially form part of the IF process but seems ready and willing to embrace it, including through the mainstreaming of trade priorities in its development plan and the commitment to make trade a lever for poverty reduction at the highest political level.

The Workshop was a very useful platform to jump-start a much-needed discussion on trade issues that until now had benefited from little coordination and discussion across Ministries, civil society and the private sector. As a result of the Workshop, Togo will set up the necessary national structures to implement the EIF and integrate its trade priorities in its forthcoming PRSP review, which will take place in mid-2009.

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Upcoming events

March 2008:

A **DTIS pre-mission to Guinea Bissau** will take place from 10 to 14 March 2008. The mission is led by the World Bank DTIS team leader Phil English, who is accompanied by the Lead Consultant and Annet Blank (WTO).

April 2008:

An **Expert Round Table on "The Gender Dimension of the Enhanced Integrated Framework"**, organized by the Governments of Lao PDR and Zambia, ITC and the WTO, will take place at the WTO in Geneva from 29 to 30 April 2008.

The purpose of the meeting is to share national examples and best practices in identifying and addressing constraints that women face in trade. These examples will form the basis of a reference manual geared to the EIF, to provide inspiration on how to improve economic

outcomes for women, their communities and their country, through a gender-inclusive approach to actions under the EIF. An additional output of the event will be the establishment of an operational network of gender and trade experts to support LDCs on gender in the EIF initiative, linked to national development plans.

For more information, please contact Ms. Meg Jones, Women in Trade Programme Advisor, jones@intracen.org.

May 2008:

The STDF is organizing a **series of workshops** in May and June 2008 entitled "**Mobilizing Aid for Trade for SPS-related Technical Assistance Needs**". The Workshops will be held in Phnom Penh, Cambodia, from 21 to 22 May 2008; in Kampala, Uganda, from 27 to 28 May 2008; and in Guatemala from 10 to 12 June 2008. These Workshops are a follow-up to the Regional Reviews of Aid for Trade held in September 2007, at which results of a survey of SPS capacity evaluation tools and an inventory of SPS-related cooperation were presented. The objective is to take stock of where SPS capacity building needs are not being met and to identify actions to mobilize resources to address these needs. The STDF work should facilitate the implementation of the priority actions identified in the Action Matrices of Cambodia, Lao PDR, Tanzania and Uganda relating to SPS capacity building.

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This newsletter has been authored by the IF PIU with input from other IF agencies.