

WORLD TRADE ORGANIZATION

WT/IFSC/W/3
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Integrated Framework Steering Committee

INTEGRATED FRAMEWORK TRUST FUND (IFTF)

Pilot Phase of the Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries.

Terms of Reference

1. The Administrator of the United Nations Development Programme (UNDP) hereby establishes a Trust Fund (hereinafter referred to as "the Fund") under the financial regulations and rules of the UNDP for the receipt and administration of funds and for mobilizing additional resources needed to enhance the programme activities of the Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries (IF)¹. The Integrated Framework aims at mainstreaming trade within national development strategies by promoting trade policies supportive of the poverty reduction objectives of these countries, accelerating the integration of LDCs into the multilateral trading system and the global economy and at developing national capacities.

2. The IFTF shall provide a central point for the deposit of contributions to the Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries. Financial resources pledged to the IFTF will be managed by the Trust Fund under the authority of the Administrator of UNDP. Contributions could be pledged towards two windows operating simultaneously: window I, a general fund, for un-earmarked contributions, or window II for contributions allocated to specific and clearly identifiable programmes. All UNDP standard rules, regulations and procedures will be applied to the fund, including all aspects of activities, management reporting and financial management and accounting.

3. The IAWG will designate one or several Executing Agencies (hereinafter referred to as "the **Executing Agency**") for the implementation of each activity financed under the Trust Fund.

I. CONTRIBUTIONS TO THE FUND

4. Contributions to the Fund, in cash or in kind, may be accepted by UNDP from Government of Member States of the United Nations, from the Specialized Agencies or from intergovernmental or non-governmental organizations, or from private sources.

5. Contributions to the Fund may be made in any of the following forms:

- (a) As voluntary contributions without limitation to a specific project or projects;

¹The Integrated Framework was adopted by the High Level Meeting on Trade and LDCs organized by the WTO in November 1997. It is a joint initiative of the International Monetary fund (IMF), the International Trade Center (ITC), the United Nations Development Programme (UNDP), the United Nations Trade and Development Conference (UNCTAD), the World Bank and the World Trade Organization (WTO).

- (b) As contributions for the purpose of co-financing a specific project or projects to be handled in accordance with UNDP's normal policies and procedures for third-party cost-sharing arrangements;
- (c) As contributions to a specific project or projects under a subsidiary trust fund agreement entered into between the donor and UNDP in accordance with UNDP's normal policies and procedures for the establishment of trust funds with specific donors;
- (d) As contributions to a specific project or projects under a management service agreement entered into between the donor and UNDP in accordance with UNDP's normal policies and procedures for the establishment of management service agreements.

6. Contributions in cash to the Fund may be accepted by the Administrator in fully convertible currency or in any other currency which the Administrator determines can be readily utilized. Such contributions shall be deposited into bank accounts designated by UNDP.

7. The value of a contribution-payment, if made in other than United States dollars, shall be determined by applying the United Nations operational rate of exchange in effect on the date of payment. Should there be a change in the United Nations operational rate of exchange prior to the full utilization by the UNDP of the contribution-payment, the value of the balance of funds still held at that time will be adjusted accordingly. If, in such a case, a loss of the value of the balance of funds is recorded, the UNDP shall inform the Donor with a view to determining whether any further financing could be provided by the Donor. Should such further financing not be available, the assistance to be provided pursuant to this Agreement may be reduced, suspended or terminated by UNDP.

8. All financial accounts and statements shall be expressed in United States dollars.

II. UTILIZATION OF THE FUND

9. The Inter-Agency Working Group (IAWG)² when meeting as the Trust Fund will be chaired by the Administrator of UNDP or his representative. At these meetings, decisions will be made on funding projects related to meeting the objectives of the Integrated Framework. Details of such projects, including the respective project budgets, shall be as set out in the relevant project documents.

10. In accordance with decisions and directives of the UNDP Executive Board, the fund will be charged for support services provided by the Executing Agency, plus any costs incurred for administering the fund. The aforementioned costs will not exceed thirteen percent.

11. Any interest income derived from contributions to the fund shall be credited to the Fund in accordance with the applicable UNDP regulations, rules and directives.

12. Management Service Agreements under the fund will be subject to a management fee as charged by the executing agency against the funds to be paid by the donor. Should there be an increase in the scope, duration or character of the activities initially undertaken, the executing agency shall be entitled to a proportionate increase or a re-negotiation of its management fee.

² The governance structure of the IF is composed of a Steering committee (IFSC) and of an Inter Agency Task force (IATF). The Steering Committee is responsible for overall policy guidance and oversight of the operations of the IF.

III. ADMINISTRATION OF THE FUND

13. The Fund shall be administered by the UNDP in accordance with the applicable UNDP regulations.

14. Project management and expenditures shall be governed by the regulations, rules and directives of the UNDP and, where applicable, the regulations, rules and directives of the executing agencies.

IV. IMPLEMENTATION AND BUDGETING OF FUNDS

15. The aggregate of the amounts budgeted for the projects together with any estimated payments in respect of support services shall not exceed the total resources available to the Fund.

16. If unforeseen increases in commitments or expenditures are expected or realized (whether due to inflationary factors, fluctuation in exchange rates or unforeseen contingencies) the assistance to be provided under the Fund may be reduced, suspended or terminated by UNDP.

V. OWNERSHIP OF EQUIPMENT, SUPPLIES AND OTHER PROPERTY

17. Ownership of equipment, supplies and other property financed from the Fund shall vest in UNDP. Matters relating to the transfer of ownership by UNDP shall be determined in accordance with applicable policies and procedures of UNDP.

VI. AUDIT

18. The Fund shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of UNDP.

VII. REPORTING

19. The Administrator shall report to the Integrated Framework Steering committee (IFSC) on the activities of the Fund.

20. The Administrator shall provide to the IFSC an annual report prepared in accordance with UNDP accounting and reporting procedures, which report shall provide information on income and expenditure incurred during the previous year.

21. If requested, the Administrator shall also provide reports to the donors having made earmarked contributions for a specific country, group of countries or thematic areas.

VIII. OTHER MATTERS

22. Notwithstanding the completion of the projects financed from the Fund any unutilized balances shall continue to be held in the Fund account until all commitments and liabilities incurred in implementation of the projects have been satisfied and project activities have been brought to an orderly conclusion.

23. The Fund shall terminate upon completion of all projects identified pursuant to this Agreement and after satisfaction of all commitments and liabilities arising therefrom. Any balance then remaining shall be disposed of by the UNDP in consultation with the Donor(s).
