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**PROGRESS REPORT ON THE IMPLEMENTATION OF THE
INTEGRATED FRAMEWORK**

Note by the UNCTAD secretariat

INTRODUCTION

1. This report has been prepared by the UNCTAD secretariat pursuant to the decision taken by the Trade and Development Board at its sixteenth executive session. In that decision, the UNCTAD secretariat was requested to inform the Board, on a regular basis, about the progress of work regarding the design and the implementation of activities related to the Integrated Framework for Trade-related Technical Assistance, including for Human and Institutional Capacity-Building, to Support Least Developed Countries in their Trade and Trade-related Activities (IF). The IF was adopted at the High-level Meeting on Integrated Initiatives for the LDCs' Trade Development in October 1997. The IF has since undergone various improvements based on an independent evaluation carried out in July 2000 aimed at enhancing its effectiveness, including through the mainstreaming of trade into LDCs' national development plans and the Poverty Reduction Strategy Papers (PRSPs).
2. Paragraph 108 of the São Paulo Consensus adopted in 2004 calls for strengthening of UNCTAD's contribution to the implementation of the Integrated Framework for Trade-Related Technical Assistance to LDCs. It is stated that: "UNCTAD should intensify its trade-related technical cooperation and capacity building activities. It should strengthen its contribution to the Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries..."
3. It will be recalled that the secretariat submitted a similar report to the Board at its fifty-first session, held from 4 to 15 October 2004.¹ This report provides an update on the developments related to the implementation of the IF since then.

Progress in IF implementation

4. Currently there are 28 countries² to which the revamped IF is extended. Diagnostic Trade Integration Studies (DTIS) have been completed for the following countries: Benin, Burundi, Cambodia, Chad, Lesotho, Madagascar, Malawi, Mauritania, Mozambique, Nepal, Rwanda, Senegal, and Yemen. DTIS Validation Workshops have so far been held in Burundi, Cambodia, Djibouti, Ethiopia, Guinea, Lesotho, Madagascar, Mali, Mauritania, Mozambique, Nepal, Senegal, Yemen and Zambia. In addition, implementation meetings with the donor community have been held in Burundi, Cambodia, Madagascar, Mauritania, Nepal and Senegal.
5. Diagnostic studies have been launched and are in progress in Lao PDR, Sao Tome and Principe, and Tanzania.
6. Angola, Burkina Faso, the Gambia, Maldives, Niger, Sierra Leone and Uganda have been accepted as new countries based on the technical reviews undertaken. The DTIS main missions are to be held in the next few weeks or are already in progress for some of these countries.

¹ TD/B/51/CRP.2

² Angola, Benin, Burkina Faso, Burundi, Cambodia, Chad, Djibouti, Ethiopia, Gambia, Guinea, Lao PDR, Lesotho, Madagascar, Malawi, Maldives, Mali, Mauritania, Mozambique, Nepal, Niger, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, Uganda, United Republic of Tanzania, Yemen, Zambia.

7. UNCTAD's participation in the DTIS process included substantive contributions to the DTIS chapters on investment and trade facilitation in the following countries: Benin, Chad, Lao PDR and Rwanda. This is in addition to providing substantive comments on the DTIS analysis for all the countries.

8. In the case of Lao PDR, UNCTAD participated in a national IF meeting with donors and agencies to review the progress of the DTIS on 21 July 2005. In Lao PDR and Cambodia, UNCTAD had consultations with the Governments on the linkages that have to be established between the IF, the Common Country Assessment/United Nations Development Assistance Framework (CCA/UNDAF), and the MDGs, as well as on the specific role of UNCTAD in this regard. UNCTAD was also invited to make a presentation to the UN Country Team in Vientiane on the IF and on how the process of formulating UNDAF could take into account the IF DTIS process and vice versa so that these development instruments are complementary.

(a) *Follow-up in the IF countries*

9. In the framework of funding of projects through Window II of the IF Trust Fund (IFTF) for the immediate follow-up to the DTIS Action Matrices, a total of 33 projects have been approved at the country level in 13 countries and submitted to UNDP in its capacity as IFTF Administrator for funding from Window II through the Local Project Advisory Committees (LPACs).

10. As of 31 May 2005, pledges to Window II stood at US\$ 14.2 million for 33 projects in 13 countries. UNCTAD, with the collaboration of ITC, is implementing projects in Djibouti and Guinea financed under this window. Both projects are aimed at strengthening the IF focal point in the Ministry of Trade in order to ensure better management of the IF process and enhance country ownership at the national level. UNCTAD will contribute to these projects by organizing training sessions in trade negotiations and commercial diplomacy and investment promotion.

(b) *Strengthening capacity for IF ownership at country level*

11. It is now widely acknowledged that country ownership is critical to success in IF implementation. Substantive inputs and organization of IF sensitization activities at national and regional levels at the pre-DTIS stage have been the main UNCTAD contribution in strengthening country ownership of the IF process. UNCTAD has provided the lead in the implementation of pre-DTIS support, particularly in responding to the great need expressed by new incoming countries following the success of the subregional workshop held in Kigali, Rwanda, in October 2004, organized by UNCTAD with funding provided by the Government of Finland.

12. At the request of the Government of Sierra Leone, the first national workshop for new IF countries will be held from 17 to 19 October 2005 in Freetown back to back with the launching of the DTIS. While the workshop will be country-specific, it will draw on the discussions and recommendations of the subregional workshop. The

workshop will aim at giving the support required to launch the IF process, including strengthening the capacity for ownership by exchanging experience and drawing the necessary lessons for the IF countries to build their own tailored IF implementation strategy. The national pre-DTIS workshop will be attended by about 45 participants representing all national IF stakeholders, donor representatives, selected old IF countries and IF core agencies. On the final day of the workshop, the formal launching of the Diagnostic Trade Integration Study (DTIS) will take place under the leadership of the World Bank.

13. The IF Manual just released by UNCTAD will be timely in terms of its use by the participants as a useful guide to a better understanding of the IF process. The IF Manual has been distributed to all IF partners. It will be particularly useful for new and potential IF countries. Moreover, the Manual promotes and forges a shared perception and understanding of the IF processes among all stakeholders. While the Manual was a joint initiative by UNCTAD, UNDP and DFID, its preparation was a collaborative effort with all the members of the IFWG with the active support of the WTO secretariat. The preparation of the Manual benefited from generous financial support from Finland, DFID and UNDP.

(c) The role of donors in the IF process

14. Findings of the Kigali workshop and discussions among donors and IF countries during the meetings of the IF Working Group and of the IF Steering Committee have stressed that a more active role is required from donors in the IF process, and mainly at the implementation stage of the DTIS priority actions, in order to improve country implementation. In this spirit, at the initiative of USAID, an IF simulation exercise was organized on 7-8 September 2005 in Addis Ababa, Ethiopia, aimed at working with all IF partners to achieve the full potential of the IF, including increased engagement of the private sector. At the request of the organizer, UNCTAD provided logistical support for the Workshop. UNCTAD also participated in the workshop along with all IF core agencies, selected LDC national IF focal points, donors and local and international private sector representatives. The outcome of the workshop will be presented to the next meeting of the IFWG with a view to drawing lessons for the further improvement of IF implementation at the country level.

(d) Coordination of IF and JITAP activities

15. The coordination process between JITAP and the Integrated Framework continues in the form of regular meetings for information exchange and coordination among the participating agencies. The aim is to maximize synergies including by, where possible, aligning the DTIS Action Matrix with JITAP activities in the countries³ participating in both initiatives. The last meeting of representatives of the respective agencies' focal points for the two initiatives (ITC, UNCTAD and the WTO) was held in March 2005.

³ Benin, Burkina Faso, Mali, Malawi, Mauritania, Mozambique, Senegal, Tanzania, Uganda, Zambia.

Concluding observations

16. The revamped IF is evolving fast as lessons are drawn from experience gained in the process of implementation. The main challenge remains the country-level follow-up and implementation of the DTIS Action Matrices, a challenge that grows with the rapidly increasing number of countries participating and seeking to benefit from the IF. While UNCTAD remains fully committed to exerting efforts to meet the expectations raised by the potential of the IF as the main trade capacity-building instrument in the LDCs, its capacity to cope with a large number of IF countries at its current level of resources is inevitably constrained. Moreover, enhancement of UNCTAD's contribution to countries' implementation of concrete activities on the ground based on the DTIS Action Matrices could be further improved if financing was extended beyond existing Window II arrangements. In this context, proposals for IF enhancement in the context of "Aid for Trade" currently under discussion offer prospects for focusing attention on this problem and need to be encouraged.