UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Developing a Trade Policy Framework
to Mainstream Trade into National Development Plans:
Practical Steps under the Enhanced Integrated Framework¹

¹ This paper was carried out by an independent consultant Mr. Pierre Sauvé and does not reflect the official view of UNCTAD. The author is a faculty member and senior research fellow at the World Trade Institute in Bern, Switzerland, and a research associate at the International Trade Policy Unit, London School of Economics and Political Science, London. While all errors remain his own, the author is grateful to Annet Blank, Edward Brown, Mohamed Omar Dabar, Philip English, Francesco Geoffroy, Nagib Hamim, Stefano Inama, Krista Lucenti, Peggy Mlewa, Maika Oshikawa, Khemanni Pholsena, Susan Prowse, Siphana Sok, Leendert Solleveld, Dorothy Tembo, Henri Michel Tsimisanda for helpful comments and discussions in Geneva and Dakar.
Executive summary

This paper advances some methodological tools under the Enhanced Integrated Framework (EIF) to assist national implementation arrangements such as the National Implementation Unit, the National Steering Committee, or the focal point in the process of mainstreaming trade into national development plans/ poverty reduction strategy papers (PRSPs).

The process of mainstreaming should ideally start with the concept of the Diagnostic for a Trade Integration Strategy (DTIS). However, since the majority of least developed countries (LDCs) is already beyond that initial stage, this paper takes a pragmatic approach in focusing on the crucial phase of the mainstreaming process that occurs when the diagnostic phase is completed and the implementation phase gets under way.

Although “mainstreaming” remains a central objective of the EIF, there is broad acceptance, as the Integrated Framework (IF) Task Force has itself acknowledged, that the “IF has failed to mainstream trade into the PRSP process”. The following analysis has been carried out to clearly identify the reasons for this failure. The IF task force clearly indicated where such analysis should start: “There is a gap that needs to be filled between the diagnostic and submission of bankable projects. In addition, the diagnostic work of the IF needs to be more dynamic, with the DTISs and Action Matrices being updated on a regular basis.”

The IF task force has not clearly spelt out a definition of mainstreaming, neither the benchmarks or parameters to measure to what extent a country has been able to mainstream trade into developments plans have been provided. This is mainly due to the fact that mainstreaming is not an ultimate station where a country has ended its journey, but rather a process that has to evolve. In this perspective trade mainstreaming is intended as the process to establish a trade policy framework to identify trade issues that could be funded by bankable projects.

In this paper, the logic of the IF task force has been adopted and, rather than indulging in an abstract definition of mainstreaming, it has focused on the process and implementation gaps. While it may be true that a country does not need IF implementation to mainstream trade into development plans on its own initiative, the EIF has been conceived as a programme to facilitate mainstreaming by providing trade-related technical assistance (TRTA) tools such as DTIS, tier I and tier II projects undertaken by core agencies and other agents. It follows that if the above-mentioned tools of the IF are not implemented or are not effective, the country is again left alone with no clear idea or strategy on how to mainstream trade into development plans. In this perspective, implementation is the key to success. Seen against this perspective, one may wonder who are the implementing actors in the IF programme. First of all, the LDC Government should have taken the lead on implementation, but it is a well known fact that this has not been the case in the former IF. The agencies and the trust fund were there to assist the LDCs during implementation. However, as pointed out in this paper, their performance has not been up to the desired standards.

This study argues that, to succeed, mainstreaming requires the development of a sound trade policy framework that can identify and carry out bankable projects. It also requires that two distinct cultures be reconciled: namely those of the Ministry of Trade and those of the

---

Ministry of Finance. On the one hand, the Ministry of Trade tends to develop a trade culture, which is legalistic, shaped by external factors, particularly negotiations in which many LDC protagonists will tend to be “rule-takers”; on the other hand, the development culture, which is often centralized in the Ministry of Finance, (ideally) is demand-driven and based on a country-owned process. The task of reconciling these two cultures needs to be addressed by establishing an inclusive trade policy framework that features the involvement of all key stakeholders.

A trade policy framework consists of two main pillars:

(a) A set of substantive trade policy objectives focusing on a range of trade negotiating objectives and the flanking policies required to pursue such objectives in a sustainable manner; and

(b) A strong and effective consultative process with key stakeholders, starting with properly coordinated inter-agency consultations and extending to institutionalized trade and development policy dialogue with the private sector, the donor community and key elements of civil society.

The trade policy framework should be able to identify and carry out bankable projects that are the main vehicle for trade mainstreaming and the tier 2 projects under the EIF have to be designed as springboards for developing such bankable projects.

A central challenge of mainstreaming is that development plans and PRSPs tend to be independent processes from the IF: the latter two are, moreover, rarely synchronized. It follows that the methodology proposed in this paper starts with one basic assumption: the IF/DTIS process has to move towards the PRSP process and not the other way around.

The trade policy framework has to be elaborated by the national implementation unit (NIU) on the basis of the DTIS and other sources of trade-related information. Core agencies should be called upon to assist during this process by bringing in specific expertise and advice. A tier 1 project under the EIF could be instrumental in laying the foundations of a country’s revamped trade policy framework.

The secretariat can play a key role in reconciling the trade and development policy perspectives required to mainstream trade into development plans.

The core agencies also need to engage in a sensitive manner to assist LDCs in the process of mainstreaming. Strengthening the policymaking process is extremely important in LDCs, given prevailing bureaucratic weaknesses, and core agencies, especially in-country agencies, must avoid compromising the development of country ownership. It is indeed important to allow space for a domestic consensus to form around the development of a trade policy framework and the mainstreaming of trade policy objectives into national development plans.
Table of Contents

Executive summary .................................................................................................................... 2

Background and methodology..................................................................................................... 5

I. Mainstreaming under the IF .................................................................................................. 5

II. Lessons learned .................................................................................................................... 9
   A. The performance of the trust fund ................................................................................ 11
   B. The role of the core agencies in the mainstreaming process ......................................... 15

III. Mainstreaming in LDCs: the background for methodological tools ......................... 17
   A. The new modalities of the EIF and mainstreaming ...................................................... 19

IV. A methodology for trade mainstreaming ................................................................. 22
   A. A set of principles to guide actions at the macro level ................................................ 23
   B. A set of actions to be undertaken to elaborate a trade policy framework
      for mainstreaming ......................................................................................................... 24
   C. Summing up .................................................................................................................. 25
   D. Necessary ingredients: a checklist .............................................................................. 26

V. Pushing towards mainstreaming ............................................................................... 26

Conclusions ............................................................................................................................. 28

References ............................................................................................................................... 30

Tables

1. Delivery rate of NEX executed projects ......................................................................... 13
2. Delivery rate of NEX executed projects ......................................................................... 14
3. Delivery rate of UNDP executed projects ......................................................................... 14

Annexes

A. Comprehensive flow chart of tier 1 projects ................................................................. 32
B. Detailed timeline for the approval process of tier 1 projects ......................................... 33
C. Comprehensive flow chart of tier 2 projects ................................................................. 34
D. Detailed timeline for the approval process of tier 2 projects ......................................... 35
E. Analysis of replies to the questionnaire ........................................................................... 36
BACKGROUND AND METHODOLOGY

This paper was prepared as a follow-up to the workshop “The Integrated Framework: Lessons Learned and the Enhanced IF” held in Dakar, Senegal, 6–8 December 2006 and organized by UNCTAD’s Division for Africa, Least Developed Countries and Special Programmes. The aim of the paper is to outline a number of methodological tools to support the process of mainstreaming trade into national development plans. The issues discussed in this paper are tentative and are put forward with a view to their possible testing at the country level.

The proposed methodology features two distinct phases. A first phase consists of a review of existing literature, desk appraisal and a series of interviews with a range of focal points, representatives of IF core agencies as well as of the donor community. These activities, the key findings of which are reflected in the paper, were conducted in Geneva as well as during the Dakar workshop.

The second phase would involve a set of pilot studies of individual LDC experiences in applying the paper’s proposed methodology of trade mainstreaming, with countries selected on the basis of the interest expressed during (or subsequent to) the Dakar workshop.

The primary focus of the pilot country studies concerns the set of in-country processes and institutional requirements to mainstream trade into a country’s development plans rather than the substantive elements of mainstreaming itself. The aim of the pilot country studies would thus be to emphasize some of the key institutional dynamics at work in LDCs in the context of trade mainstreaming.

It should be noted at the outset that the paper is of an exploratory nature. It does not aim to capture the full range of experiences with trade mainstreaming in LDCs to date, nor should it be viewed as supporting generalizable policy conclusions at this stage.

In its current form, the paper highlights a number of key observations drawn from the existing mainstreaming literature, and the experiences to date of a number of IF core agencies and selected focal points. It also draws on the field experience of the author in his trade-related technical assistance work in LDC settings.

The results and findings from field missions in the pilot country studies should be a key source of lessons and experienced to validate and adjust the methodology suggested in this paper.

I. MAINSTREAMING UNDER THE IF

Under the General Agreement on Tariffs and Trade (GATT), several attempts were made over the years to embed developmental considerations into the rules and _modus operandi_ of the multilateral trading system, most notably through provisions on special and differential treatment. The challenge today, particularly in the context of a multilateral negotiating round branded as pursuing a development agenda, is to “mainstream” trade (i.e. trade policy, trade rules and negotiated outcomes on market opening) into the very process of economic development.

Trade mainstreaming was not, however, part of the original objectives of the Integrated Framework. At the outset, the IF’s main objective was to improve the capacity of LDCs to formulate, negotiate and implement trade policy so as to be able to fully integrate into the multilateral trading system and take full advantage of ensuing market access opportunities.
The IF’s achievements in its early years were relatively modest, with only a handful of LDCs accessing the limited benefits from the initiative that did not have an established trust fund. In 2000, the six agencies involved in running the IF conducted a review and adopted a number of recommendations and institutional changes aimed at improving the IF’s effectiveness. Two main objectives were formulated for the revamped IF: (a) to mainstream trade into the PRSPs or similar national development plans of individual LDCs; and (b) to assist in the coordinated delivery of trade-related technical assistance.

Efforts at mainstreaming trade into national development plans flows from the belief that trade liberalization and openness to trade can, if properly implemented, increase the growth rate of income and output. There is indeed considerable accumulated empirical evidence from numerous individual country studies over the past three decades suggesting that “trade does seem to create even sustain higher growth” (Bhagwati and Srinivasan 1999). In particular, the growth in incomes of the poor tends to be strongly correlated to overall growth in the economy – although the strength of the relationship differs significantly across countries. Trade reforms can, however, be expected to help the poor overall given the positive association between openness and growth. Obviously, trade reforms are not a panacea for all problems of economic development.

One of the main challenges posed by trade mainstreaming is to reconcile the two different “cultures” of trade development policy. The legal and political focus of the World Trade Organization (WTO) on trade policy reform is driven by highly centralized and formal processes of negotiation and implementation of WTO agreements. These defining characteristics of the WTO process emerged quite clearly during the work conducted under the aegis of the transition team and the clusters in establishing the structure and modus operandi of EIF bodies.

Most of the delegates taking part in the above meetings were primarily involved with trade negotiations and were admittedly not fully conversant with development issues and the design and delivery of trade-related technical assistance. This resulted, at times, in imparting a trade negotiating dimension to EIF discussions, turning a development-oriented instrument into a trade agreement where LDCs would have to meet several criteria in order to access EIF funding.

To better understand the needs, priorities and resource implications of trade policymaking in LDCs, it has to first be realized that these involve a host of complementary policy reforms in areas outside the purview of WTO. This can include costly investments in trade-related institutions, infrastructure and human resources, which need to be undertaken by LDCs in the context of their own comprehensive national development programmes.

Mainstreaming will require adjustments from both cultures if they are to work together in producing a more coherent approach towards trade and development for individual LDCs. On the one hand, the trading system faces the challenge of internalizing the costs and difficulties of trade-related policy reforms and capacity-building in LDCs when formulating its rules, procedures and negotiated outcomes. On the other hand, LDCs and their development partners are being asked to incorporate technical and financial support for trade policy reform into the development process in a much more resolute and precise manner than was ever the case until very recently. Neither adjustment comes naturally to either policy community, given their habits and instincts.

Moreover, differing interests and constituencies lie behind the two policy communities, conditioning the conduct of their representatives. Thus, the work of a trade negotiator will be measured according to the size or particular legal outcome of the deal that he or she is bringing home, while the performance of development officials may well be judged on the
basis of the impact of specific projects in terms of poverty reduction or on the volume of targeted aid that is disbursed over a given period.

In formulating a trade policy framework and participating in trade negotiations, LDCs typically face a daunting set of obstacles that set them apart from most categories of WTO members. In developed countries, trade negotiations can be discussed in reasonably comfortable isolation from other economic policy issues. In LDCs, the trade policy agenda tends to be inseparable from the rest of the economic policy agenda. Tariff reductions, clearly one of the most straightforward forms of negotiations, for example, can have significant fiscal effects in LDCs because of their dependence on border taxes in the context of a narrow tax base. Tariff negotiations are thus closely linked to macroeconomic considerations, such that tax reform, a subject of considerable technical complexity (especially in resource-constrained countries), needs to be considered alongside tariff dismantling. More broadly, the success of trade policy reforms can depend crucially on complementary, and often costly, policy reforms and on relatively sophisticated and well-functioning domestic product and factor markets if the reforms are to produce a positive response.

The case for trade mainstreaming is strengthened by such considerations, given the considerable implications that reforms deriving from trade negotiations may have on poverty reduction. On the other hand, it is clear that participation in even the “simplest” chapter of a multilateral trade negotiation can represent a formidable challenge for most LDCs.

A key question that ensues is thus how the structure of the IF can respond to the legitimate need of most LDCs to be assisted during the process of mainstreaming trade into national development plans. In the revamped IF, a tripartite governance and management structure was established to enable the IF to be more country-driven and better coordinated. The revamped structure, which still applies today under the current IF, comprises:

(a) The IF Steering Committee (IFSC): the six core agencies and representatives of LDCs and donors. Participation is open to all WTO members and observers. The main functions are to oversee the IF, provide policy direction and assess progress;

(b) The IF Working Group (IFWG): the six core agencies, two LDCs and two donors. The main functions are the overall management of the IF, monitoring its implementation, and overseeing the trust fund;

(c) The IF Secretariat (IFS): housed in and staffed by the WTO secretariat, the IFS is responsible for the day-to-day management of the IF; and

(d) The IF Trust Fund (IFTF): managed by the United Nations Development Programme (UNDP) and funded on a multi-donor basis.

The IF was restructured around two funding “windows”:

(a) Window 1: for financing DTISs ($300,000 per country) and strengthening in-country structures ($38,000 per country); and

(b) Window 2: for financing priority capacity-building projects in LDCs as identified in the DTIS Action Matrices ($1 million per country).

At the country level, the delivery of the IF was structured around a number of processes and responsibility centers, including:

(a) The National Steering Committee (NSC): representatives of Government, civil society and the private sector. Its main functions are to provide overall in-country coordination and direction to the IF, to monitor progress and to help integrate trade into the PRSP;
(b) The National Focal Point (NFP): usually a high-level civil servant from the Trade Ministry or other core economic ministry. The NFP’s main functions are to coordinate the IF process, build awareness and liaise closely with donors;

(c) The IF Facilitator (IFF): a representative of the local donor community. The IFF’s main functions are to coordinate activities between the donors and the Government, to assist the Government in developing a work programme, and to liaise with donor headquarters.

(d) The Local Project Appraisal Committee (LPAC): comprising various representatives of Government, private sector, civil society, the core agencies, the NFP and the IFF. Its main function is to approve projects for funding under Window 2.

However, even the revamped IF and the new structures have not generated the expected impact in terms of mainstreaming trade into development plans. A joint paper by the World Bank and IMF presented at the Development Committee illustrated some of these difficulties:

“The IF faces considerable challenges in mainstreaming trade into the PRSP process and translating diagnostics into implementation. Such challenges include: weak in-country capacity; lack of systematic follow up at the country level; insufficient and uncertain financing; and variable donor response to priorities in the DTIS. The enhanced IF could meet these challenges in several ways: (a) by supporting the creation of strong in-country leadership on trade; (b) promoting the development of a coherent strategy for trade and competitiveness; (c) sustaining this trade push via a multiyear, rolling programme of capacity-building; and (d) promoting increased donor coordination on Aid for Trade, via both multilateral and bilateral channels.

To this end, the enhanced IF would fund two main types of activities:

- **Multi-year programmes of technical assistance and capacity-building** related to, for example, trade policy and strategy, strengthening of core trade-related institutions and functions, certain administrative/regulatory reforms, intra-governmental coordination, and private sector capacities/initiatives. This would encompass a wide range of activities, including the existing range of activities from Windows I and II from the current IF and smaller projects to address supply-side issues.

- **Project preparation**: The enhanced IF would strengthen the link between identified large-scale needs in the DTIS (e.g. key trade-related infrastructure), and donor funding by financing project preparation in areas of priority. Completed project proposals could then be presented to donors for appropriate response.

Such recommendations were subsequently endorsed in WTO’s Hong Kong (China) Ministerial Declaration,\(^4\) which reaffirmed the commitment “to effectively and meaningfully integrate LDCs into the multilateral trading system”. The declaration noted that the ministers attached “high priority to the effective implementation of the Integrated Framework” and recognized the “urgent need to make the IF more effective and timely” (paragraph 48). Ministers required the task force to report back to the IF steering committee by 30 April 2006 so that an enhanced IF could be launched by 31 December 2006. It was agreed that the enhanced IF should comprise three specific elements:

(e) Increased, additional, predictable financial resources to implement action matrices;

---

4 Ministerial Declaration of the WTO Ministerial Conference held in Hong Kong, China, December 2005.
(f) Strengthened in-country capacities to manage, implement and monitor the IF process; and
(g) Enhanced IF governance.

Meanwhile, the first public admission of the failure of the revamped IF to address the issue of mainstreaming is contained in the Report of the Chair of the Task Force on an Enhanced Integrated Framework, which noted that:

“The IF has generally failed to mainstream trade into the PRSP process and has not provided adequate financial and human resources to the LDCs to deliver the intended outcomes. The process has been slow and the success in moving from the diagnostics and priority-setting of the IF to investments by the donors and agencies under their permanent programmes has been relatively low. In other words, there is an implementation gap; priorities identified in the DTIS process are not being picked up in mainstream investments.”

At the time of writing, negotiations are just being finalized regarding the new structures of an Enhanced IF that are outlined further below.

II. LESSONS LEARNED

Despite oft-repeated public statements acknowledging the importance of mainstreaming trade into national development plans, there have been no systemic attempts to identify at the country level what might constitute a successful modality to launch such a process. Literature on this topic is scarce to non-existent, and generally limited to reports prepared by the IF core agencies.

Two major events on trade mainstreaming were organized by WTO in 2001 and 2002 with wide participation from core agencies, donors and LDCs. Looking at the published reports on these two events, it is clear that notable efforts were made to establish the intellectual foundations of mainstreaming trade in development plans and the benefits that may arise from such a process.

However, discussions were decidedly limited as regards the operational modalities of mainstreaming at the country level, with the notable exception of a case study on the Gambia. Curiously enough, some six years later, the case study on the Gambia DTIS has yet to be completed and the country has been identified as one of the candidates for testing this paper’s proposed methodology on the basis of the interest expressed by the Gambia representative attending the December 2006 workshop in Dakar.

In 2004, an extensive review of the operation of the revamped IF was conducted by the Operational Evaluation Department of the World Bank (hereinafter the review). This evaluation is the main analytical source available on the process of trade mainstreaming. The review usefully draws attention to a number of constraints that arise in the context of trade mainstreaming.

According to the review, the achievement of concrete results in individual LDCs has been “highly variable” and appears to be linked to the internal ingredients for success within individual countries rather than to IF strategies that work across diverse country settings. The review found that, despite its country-by-country approach, the IF has not systematically examined in-country conditions, nor incorporated country-specific criteria, such as government support and policy leadership, business environment, and in-country stakeholder consensus, into its selection of countries for studies. One could add to these findings that no attempt has been made to develop a concrete methodology for mainstreaming trade into development plans.

The interviews made while preparing the review revealed that, while Window II was being implemented, other parts of the matrix were often not addressed, due to a lack of donor awareness, government inaction and inadequate implementation plans for the matrix.

The review stated that to improve trade outcomes, in addition to catalysing substantially larger amounts of technical assistance, IF activities must produce investments in physical and institutional infrastructure, particularly in traditional export sectors such as agriculture. The review found that, even in the more successful IF countries such as Cambodia, productive sectors received limited attention. Trade concerns, when they were expressed in PRSPs, did not necessarily result in trade-related investments. The review stressed that this was in part because the investments required for trade purposes competed with other much needed country-level investments in areas such as health and education, which donors have been actively pressing developing countries to undertake.

An interesting finding contained in the review was the extent to which the World Bank has mainstreamed the IF within its internal operations. In fact, one essential reason for mainstreaming trade into national development plans and PRSPs was linked to the possibility of financing trade and trade infrastructure projects through what is currently defined in the EIF jargon “bankable projects”.

According to the findings of the review, the World Bank’s country-based economists indicated that, although the IF significantly contributed to raising awareness of trade issues within the bank, among donors and in client countries, many such countries needed additional resources to implement DTIS recommendations. Evidence on the mobilization of additional investment resources based on DTIS is, however, limited. Country economists reported persistent gaps in available sums for investments and the gap in expectations between developing countries and donors.

The review further highlighted the divergence in perceptions of the IF within the bank. The IF falls under the bank’s Development Economics vice-presidency and the Poverty Reduction and Economic Management (PREM), whereas operational work is carried out in the bank’s six regions. The lack of ownership of the programme by the bank’s regional staff at the outset, and perceptions of a supply-driven mandate at the country level, led the Development Economics vice-presidency and PREM to provide resources to regional economists for the management of DTIS, to increase ownership of the IF and to mobilize trade-investment resources through bank- and donor-delivered lending, credits and grants.

The review recommended that the IF collaborate effectively with regular bank operations so that trade-related assistance was not only reflected in PRSPs, but also in the bank’s country assistance strategies.
Two years later, it is striking how the findings of the report of the task force touch a similar vein. Indeed, the task force reports that country ownership continues to be weak, that the national IF structures have generally not worked to integrate trade into the development process and that there was still a lack of overall awareness of the importance of trade at the country level. The task force went on to say that capacity to take the integration process forward was generally inadequate and noted that the capacity-building support provided through the IF has been inadequate to the task. Trade was still seen primarily as the prerogative of the Ministry of Trade and, although the active engagement of the ministries of Finance, Planning and Economic Development is essential to the success of the programme, those powerful institutions’ direct involvement in its management remains far from satisfactory. In some cases, these barriers have been overcome, usually due to strong political leadership, but this is not the norm.

The donor community has generally not responded adequately to the needs identified in the DTIS. The fact that the findings and recommendations of the DTIS have not been adequately fed into the PRSP and similar processes, or into the programming frameworks of other donors, contribute to this problem. The IF has been seen by both the donor community and by LDCs as a stand-alone process. Trade continues to be inadequately considered by both donors and recipients as an integral element of economic development and poverty alleviation, and simply does not feature high enough on the priorities of both key stakeholders.

The lessons learned in attempting to mainstreaming trade into development plans are inextricably linked with the overall functioning of the IF. This calls for holistic, results-based programme management processes to achieve improved results. Such lessons suggest that on-the-ground action, well-defined roles of partners, and minimum transaction costs, supported by the necessary financial and administrative resources, are needed.

Despite the restructuring of the revamped IF, some of the weaknesses of the original IF remain, including insufficient focus on improved trade outcomes rather than on the process alone, and the shortage of resources to meet the mounting demands for technical assistance in LDCs.

The IF needs to focus on and monitor results and impacts at the country level in addition to its current practice of monitoring processes and outputs from Geneva or Washington. The IF also needs to incorporate appropriate country-level management strategies and measurement tools to ensure in-country results. In this paper’s following sections, two key aspects of the mainstreaming process are discussed: (a) the performance of the Trust Fund that constituted one of the main innovations of the revamped IF; and (b) the respective roles of the core agencies.

A. The performance of the trust fund

Under the revamped IF, the management of the IF Trust Fund was handed over to UNDP. The performance of the trust fund is a key element in the process of mainstreaming trade into national development plans. The funds under Window 2 are supposed to be instrumental in implementing the actions matrix and in providing the Ministry of Trade with the necessary resources to develop a coherent trade policy framework that could later attract the attention of the ministries of Finance or Planning. According to the results of the

---

questionnaire circulated to IF focal points during the preparation of the EIF (see annex C), the management of the trust funds in terms of approval of projects under Window II and their disbursement have been a source of frustration at the country level.

In particular, it emerges from the responses to the questionnaire attached in the annex that almost all focal points have complained about the procedures used by UNDP to approve and disburse funds for Window II projects. During the preparatory work for the establishment of the EIF, UNDP maintained that procedures for the approval of Window II projects were established by the IFWG and not by itself. In addition, UNDP attributed the low delivery rate primarily to scarce in-country capacity.

An analysis of the data contained in the financial statement provided by UNDP on 31 October 2006 provides data for a series of interesting considerations, especially when contrasted with follow-up consultations with stakeholders, including the questionnaire responses from IF focal points. While it is important to note that a financial statement is not a report on substantive progress, a closer analysis of the data provides indications linked with the experience of LDC focal points during the implementation of the IF.

As is well known, there are three means of implementing Window II projects:

(a) National execution (NEX). This refers to management by a governmental entity;
(b) Execution by an IF agency, other intergovernmental organizations, multilateral/regional development partners or bilateral donors; and
(c) Execution by a non-governmental organization or the private sector;
(d) From a cursory review of the financial statement, it appears that, of a total of 40 Window II projects, 19 were nationally executed, by far the largest category, 8 were nationally executed with agencies and 13 were executed by agencies.

Tables 1 to 3 below compile the figures contained in table 3(c) on page 9 of the original UNDP financial statement described earlier according to the three above-mentioned categories to draw additional indications on programme delivery according to the modality of execution.
Table 1. Delivery rate of NEX executed projects
(calculated as % of the unspent balance of allocated amounts)

<table>
<thead>
<tr>
<th>Country</th>
<th>Executed by</th>
<th>Amount allocated</th>
<th>Expenditure</th>
<th>Unspent</th>
<th>% unspent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burundi</td>
<td>NEX</td>
<td>317 428.00</td>
<td>248 781.15</td>
<td>68 646.85</td>
<td>21.63%</td>
</tr>
<tr>
<td></td>
<td>NEX</td>
<td>234 008.00</td>
<td>219 529.19</td>
<td>14 478.81</td>
<td>6.19%</td>
</tr>
<tr>
<td></td>
<td>NEX</td>
<td>179 040.00</td>
<td>0.00</td>
<td>179 040.00</td>
<td>100.00%</td>
</tr>
<tr>
<td></td>
<td>NEX</td>
<td>126 667.00</td>
<td>0.00</td>
<td>126 667.00</td>
<td>100.00%</td>
</tr>
<tr>
<td></td>
<td>NEX</td>
<td>142 857.00</td>
<td>0.00</td>
<td>142 857.00</td>
<td>100.00%</td>
</tr>
<tr>
<td>Cambodia</td>
<td>NEX</td>
<td>476 190.00</td>
<td>45 345.00</td>
<td>430 845.00</td>
<td>90.48%</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>NEX</td>
<td>750 000.00</td>
<td>57 869.27</td>
<td>692 130.73</td>
<td>92.28%</td>
</tr>
<tr>
<td>Mozambique</td>
<td>NEX</td>
<td>130 562.00</td>
<td>0.00</td>
<td>130 562.00</td>
<td>100.00%</td>
</tr>
<tr>
<td></td>
<td>NEX</td>
<td>95 962.00</td>
<td>0.00</td>
<td>95 962.00</td>
<td>100.00%</td>
</tr>
<tr>
<td></td>
<td>NEX</td>
<td>121 358.00</td>
<td>0.00</td>
<td>121 358.00</td>
<td>100.00%</td>
</tr>
<tr>
<td></td>
<td>NEX</td>
<td>148 463.00</td>
<td>0.00</td>
<td>148 463.00</td>
<td>100.00%</td>
</tr>
<tr>
<td></td>
<td>NEX</td>
<td>55 500.00</td>
<td>0.00</td>
<td>55 500.00</td>
<td>100.00%</td>
</tr>
<tr>
<td>Malawi</td>
<td>NEX</td>
<td>524 270.00</td>
<td>292 070.00</td>
<td>232 200.00</td>
<td>44.29%</td>
</tr>
<tr>
<td>Mali</td>
<td>NEX</td>
<td>500 000.00</td>
<td>99 270.00</td>
<td>400 730.00</td>
<td>80.15%</td>
</tr>
<tr>
<td></td>
<td>NEX</td>
<td>185 000.00</td>
<td>149 702.00</td>
<td>35 298.00</td>
<td>19.08%</td>
</tr>
<tr>
<td></td>
<td>NEX</td>
<td>150 000.00</td>
<td>6 079.00</td>
<td>143 921.00</td>
<td>95.95%</td>
</tr>
<tr>
<td></td>
<td>NEX</td>
<td>165 000.00</td>
<td>56 070.00</td>
<td>108 930.00</td>
<td>66.02%</td>
</tr>
<tr>
<td>Nepal</td>
<td>NEX/ITC/UNDP</td>
<td>514 698.00</td>
<td>472 407.00</td>
<td>42 291.00</td>
<td>8.22%</td>
</tr>
<tr>
<td></td>
<td>NEX/MOICS</td>
<td>420 000.00</td>
<td>0.00</td>
<td>420 000.00</td>
<td>100.00%</td>
</tr>
<tr>
<td>Rwanda</td>
<td>NEX/UNDP</td>
<td>545 885.00</td>
<td>0.00</td>
<td>545 885.00</td>
<td>100.00%</td>
</tr>
<tr>
<td>Senegal</td>
<td>NEX</td>
<td>200 000.00</td>
<td>0.00</td>
<td>200 000.00</td>
<td>100.00%</td>
</tr>
<tr>
<td></td>
<td>NEX</td>
<td>250 000.00</td>
<td>0.00</td>
<td>250 000.00</td>
<td>100.00%</td>
</tr>
<tr>
<td>Yemen</td>
<td>NEX/UNIDO/ITC</td>
<td>325 000.00</td>
<td>10 482.40</td>
<td>314 517.60</td>
<td>96.77%</td>
</tr>
<tr>
<td></td>
<td>FAO/NEX</td>
<td>325 000.00</td>
<td>94.87</td>
<td>324 905.13</td>
<td>99.97%</td>
</tr>
<tr>
<td></td>
<td>FAO/NEX</td>
<td>350 000.00</td>
<td>24 016.70</td>
<td>325 983.30</td>
<td>93.14%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>7 232 888.00</td>
<td>1 681 716.58</td>
<td>5 551 171.42</td>
<td>76.25%</td>
</tr>
</tbody>
</table>

Source: Author calculations.
### Table 2. Delivery rate of NEX executed projects
*(Calculated as % of the unspent balance of allocated amounts)*

<table>
<thead>
<tr>
<th>Country</th>
<th>Executed by</th>
<th>Amount allocated</th>
<th>Expenditure</th>
<th>Unspent</th>
<th>% unspent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cambodia</td>
<td>NEX/ITC</td>
<td>499 410.00</td>
<td>499 410.00</td>
<td>0.00</td>
<td>0.00%</td>
</tr>
<tr>
<td>Djibouti</td>
<td>ITC</td>
<td>380 000.00</td>
<td>132 079.66</td>
<td>247 920.34</td>
<td>65.24%</td>
</tr>
<tr>
<td></td>
<td>ITC</td>
<td>620 000.00</td>
<td>408 912.66</td>
<td>211 087.34</td>
<td>34.05%</td>
</tr>
<tr>
<td>Guinea</td>
<td>ITC</td>
<td>250 536.00</td>
<td>176 992.42</td>
<td>73 543.58</td>
<td>29.35%</td>
</tr>
<tr>
<td></td>
<td>ITC</td>
<td>400 400.00</td>
<td>126 187.40</td>
<td>274 212.60</td>
<td>68.48%</td>
</tr>
<tr>
<td></td>
<td>ITC</td>
<td>300 000.00</td>
<td>16 565.90</td>
<td>283 434.10</td>
<td>94.48%</td>
</tr>
<tr>
<td>Lesotho</td>
<td>ITC</td>
<td>440 355.00</td>
<td>312 253.99</td>
<td>128 101.01</td>
<td>29.09%</td>
</tr>
<tr>
<td>Malawi</td>
<td>NEX/ITC</td>
<td>475 730.00</td>
<td>4 456.00</td>
<td>471 274.00</td>
<td>99.06%</td>
</tr>
<tr>
<td>Senegal</td>
<td>ITC</td>
<td>250 000.00</td>
<td>0.00</td>
<td>250 000.00</td>
<td>100.00%</td>
</tr>
<tr>
<td></td>
<td>ITC</td>
<td>300 000.00</td>
<td>0.00</td>
<td>300 000.00</td>
<td>100.00%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>3 916 431.00</td>
<td>1 676 858.03</td>
<td>2 239 572.97</td>
<td>42.82%</td>
</tr>
</tbody>
</table>

*Source: Author calculations.*

### Table 3. Delivery rate of UNDP executed projects
*(Calculated as % of the unspent balance of allocated amounts)*

<table>
<thead>
<tr>
<th>Country</th>
<th>Executed by</th>
<th>Amount allocated</th>
<th>Expenditure</th>
<th>Unspent</th>
<th>% unspent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mauritania</td>
<td>UNDP</td>
<td>265 000.00</td>
<td>8 295.07</td>
<td>256 704.93</td>
<td>96.87%</td>
</tr>
<tr>
<td></td>
<td>UNDP</td>
<td>176 600.00</td>
<td>40 988.00</td>
<td>135 612.00</td>
<td>76.79%</td>
</tr>
<tr>
<td></td>
<td>UNDP</td>
<td>183 799.00</td>
<td>41 192.43</td>
<td>142 606.57</td>
<td>77.59%</td>
</tr>
<tr>
<td></td>
<td>UNDP</td>
<td>179 600.00</td>
<td>0.00</td>
<td>179 600.00</td>
<td>100.00%</td>
</tr>
<tr>
<td>Madagascar</td>
<td>UNDP</td>
<td>679 000.00</td>
<td>30 471.57</td>
<td>648 528.43</td>
<td>95.51%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>1 483 999.00</td>
<td>120 947.07</td>
<td>1 106 347.00</td>
<td>74.55%</td>
</tr>
</tbody>
</table>

*Source: Author calculations.*
As tables 1 to 3 reveal, the NEX category of implementation shows by far the largest percentage of unspent funds: 76.7 per cent, equivalent to a delivery rate of 23 per cent. This finding is revealing insofar as it relates to the implementation modality that is most commonly used. Such a performance matches the percentage of unspent funds by UNDP-executed projects, which stood at 74.5 per cent, meaning a delivery rate of 25 per cent.

This initial finding appears to suggest that the lack of in-country capacity to utilize the funds allocated under Window II is not limited to LDC governments, but extends to UNDP in-country offices as well. In fact, it would appear that UNDP-executed projects, which show only marginally better delivery rates, are affected by shortcomings similar to those encountered under NEX projects.

By comparison, International Trade Centre (ITC)-executed projects fare much better, as they show an unspent amount of 42 per cent, equivalent to a delivery rate of 58 per cent. This figure is somewhat underestimated, since it does not take into account that some projects’ funds have been released only recently.

In general, it appears that during the formulation and implementation of Window II projects, NEX execution or UNDP execution has been preferred by UNDP country offices to other partner agencies’ execution. Such a tendency has generally been regarded as reflecting the fact that agencies with in-country presence can perform better in implementing projects than Geneva- or Washington-based agencies. However, such an assumption would appear somewhat contradicted by the delivery rates shown above, by evidence gathered in-country as well as by the questionnaire responses of IF focal points summarized in annex C. According to the latter, the main reason for the low implementation of NEX- or UNDP-executed projects lies in the lack of backstopping capacity of UNDP country offices.

It follows that the low delivery rates under the NEX and UNDP execution as shown in tables 1 and 2 above match the evidence gathered in-country and from the responses to the questionnaires. Such evidence shows that the low implementation rate cannot be attributed solely (or even chiefly) to low in-country capacity on the part of LDC Governments, but rather to UNDP country offices and their in-country management of Window II funds.

The above finding is particularly striking as regards the NEX execution modality. Such a modality has tended to generate additional burdens and frustrations for beneficiaries rather than assisting LDC Governments in strengthening national trade-related capacity. This has generally been exacerbated by the generally limited level of trade-related technical expertise in UNDP in-country offices in dealing with trade issues and ensuring adequate follow-up on project implementation.

The latest report of the IF trust fund released in March 2007 does not contain any important deviations from the above analysis.

B. The role of the core agencies in the mainstreaming process

Ideally, the six core agencies should be assisting LDCs in mainstreaming trade into national developments plans. This holds especially true for the World Bank, given its lead role in elaborating PRSPs with the LDC Governments concerned. This in turn begs the question of the extent to which the agencies have mainstreamed the IF into their own internal procedures.

During discussions leading to the establishment of the EIF, some IF core agencies requested that their inputs to the IF be made in line with the principle of full cost recovery. Such a request was justified by the fact that the agencies did not have adequate financial and
human resources to actively participate in the IF initiative and deliver according to LDC Governments’ expectations.

Such a perspective may easily be turned on its head: a lack of resources can reflect the fact that the IF core agencies have been unable, for different reasons, to mainstream the IF into their core competences and programmes.

Since the launching of the first IF, the difference between the six core agencies and all other agencies participating in the IF (e.g. United Nations Industrial Development Organization (UNIDO), FAO, etc.) was based, among other considerations, on the fact that the core agencies’ commitment to the IF would mean steering the IF process, on the one hand, and providing concrete support to LDC focal points, implementing IF priority actions, advocating for the IF on the ground, etc., on the other. Thus, the fair expectation by LDCs was that the six core agencies would steadily increase financial resources and provide continued support to the IF on a grant basis in honouring their commitments.

The IF was heavily reliant on support to be provided to LDCs by the three core agencies with in-country presence. In reality, the largest part of IF activities were implemented by the World Bank (the DTISs) and UNDP (Window II projects under the UNDP National Execution scheme).

However, as discussed above, by explicit admission in its internal evaluation report of 2004, the World Bank has encountered recurring difficulties in mainstreaming the IF, both in its Washington-based regional operations and in its country offices. Meanwhile, the performance of UNDP as an in-country facilitator was discussed extensively above.

The above findings are corroborated by the results of the EIF questionnaire (see annex C) which reveals that 90 per cent of the focal points felt that they did not receive sufficient information on the IF process and that the support received was weak and insufficient. The rather limited assistance provided at the country level by the core agencies extends as well to UNCTAD and the ITC, both of whom have trade-related assistance as central mandates. The latter two agencies have argued that the reasons for such limited assistance owes primarily to the fact that they do not have in-country presence and suffer from limited resources. Yet, once again, a reverse argument could be advanced: a lack of resources can just as easily be explained by the limited extent to which both institutions were able or willing to mainstream the IF into their own work programmes and procedures.

The core agencies should ensure that DTIS conclusions are given due consideration in the formulation of Country Assistance Strategies (CAS) and United Nations Development Assistance Frameworks (Undoes).

Trade mainstreaming into the PRSPs will require greater and more targeted support by all core agencies, particularly in-country agencies under the EIF. The core agencies have a lead role to play in all the steps of the mainstreaming process: (a) preparation of the DTIS; (b) formulation of the PRSP, and (c) organization of the consultative group (CG)/round table (RT) meetings with donors. The six core agencies should better mainstream the IF into their core programmes so as to meet the expectations of targeted recipients.

The task force reports and findings clearly support this reasoning and the EIF structures have been modelled on these findings to place the LDC Governments in the driver’s seat and to redesign completely the role of the agencies – especially the IF trust fund manager – to avoid the past failures during EIF implementation.
III. MAINSTREAMING IN LDCS: THE BACKGROUND FOR METHODOLOGICAL TOOLS

As discussed already from the findings of previous reports and evaluations of the IF, it is generally acknowledged that the modus operandi of trade mainstreaming remains unclear, and at the country level, there are simply too few success stories to report. In fact, in the literature examined, there is almost no empirical or analytical work on mainstreaming and relatively few “best practice” cases studied, documented and/or lessons learned. Similarly, few attempts have been made at schematizing such information and making it available to the IF community in the form of user-friendly checklists. Filling this gap should be a priority under the EIF.

Following the logic of the task force in this paper, trade mainstreaming is intended as the process to establish a trade policy framework to identify trade issues that could be funded through bankable projects. Mainstreaming is inextricably linked with implementation, and a confirmation of this reasoning is reflected by the insertion of mainstreaming as one a benchmark for tier 2 project approval during the work done in the transition team and the clusters.

A methodology for mainstreaming trade into national development plans must necessarily take into consideration a number of frequently encountered institutional constraints. These include:

(a) Weak trade policymaking policy processes: These include trade policymaking processes that are not focused on developing a coherent trade policy framework, planning which emphasizes targets but is weak on input mobilization and a tradition of weakly (or non) implemented trade strategies.

(b) Low trade policy capacity: This is characterized by a small pool of qualified people within the Ministry of Trade easily overwhelmed by overlapping trade negotiations at multilateral, regional and bilateral levels and weak (or no) representation in Geneva and Brussels.

(c) Fragmented administration: This is the case when inter-ministerial actions and policy coordination are difficult to organize, when the Ministry of Trade lacks capacity for cross-sectoral bargaining and for disciplining line ministries and other regulatory agencies, and when there are unclear and overlapping institutional responsibilities.

(d) Weak budgetary processes: These include weak (or no) capacity for the Ministry of Trade to influence the national budget or to use the budget as a policy instrument and limited capacity to developing a trade policy framework showing short-term adjustment costs for the budget with longer-term development objectives.

(e) Low revenue mobilization: This is characterized by weak domestic resource mobilization, a tendency to see funding of development activities as a donor responsibility, and little or no capacity to draft project documents that could be financed by EIF tier 2 or to identify and design bankable projects.

(f) Revenue leakage: This is characterized by weak public-expenditure management resulting in weak budgetary allocations to trade-related issues, and weak capacity to counteract vested interests opposed to trade reforms.9

9 Political economy considerations matter a lot in LDCs, and trade issues such as customs reforms may impinge on vested interests. In extreme cases, systemic reforms may pose a direct threat to the survival of the status
(g) **Lack of information and transparency:** This is the result of inadequate data and statistics for effective trade policy making, weak or inadequate circulation/sharing of key information across government agencies and lack of transparency over government priorities regarding trade policy.

(h) **Low administrative capacity:** This comes from weak public service management, poor motivation and training of staff and inadequate public sector salaries.

(i) **Low participation and accountability:** This is characterized by a closed political environment, lack of an enabling legal environment for civil society, weak involvement of civil society organizations in the trade policy formulation process, weak parliamentary processes, and lack of accountability for poor performance in trade negotiations and in the conduct of trade-related reforms.

(j) **Weak development partnerships:** These come about through weak policy dialogue between Government and donors, complex and/or contradictory political agendas, poor coordination among donors, limited government interest in donor coordination, unpredictable aid flows, and a mixture of humanitarian and development programmes.

LDC Governments are often afflicted by a very low capacity to develop policies and mobilize resources and public institutions for designing a trade policy framework that fits coherently into national development plans. They may have little or no tradition of developing a trade policy framework, or else begin from planning processes that are not trade-oriented or exert little effect on how Government actually operates or establishes budgetary priorities.

The DTIS approach encourages LDC Governments to introduce new practices into the policy process, including:

(a) Basing policy decisions on dialogue with the communities they affect;

(b) Building up a core of information on the nature and implication of trade policies to improve the targeting of government actions;

(c) Initiating cross-sectoral policies, which link macroeconomic policies, sectoral programmes and thematic issues;

(d) Making government policy commitments and spending decisions more explicit and transparent;

(e) Mobilizing domestic resources for trade issues; and

(f) Developing targets, indicators and monitoring systems to provide feedback and continuous improvement.

In most LDCs, the above best practices may represent profound changes in the way Government operates. Adopting such practices may take several years to achieve, such that introducing such practices may be slow and painstaking work. Yet the sooner such practices can be implemented, the better. The DTIS process arguably provides the most appropriate framework for doing so.

---

quo. However, no structure is monolithic in nature, and there are always groups and individuals pushing for reform that have to be mobilized. The challenge in LDCs is often more political than technical: how to generate needed pro-reform momentum to overcome the vested interests which support the preservation of the status quo is the most formidable challenge for mainstreaming trade into development plans.
At present, however, there is little evidence to suggest that the DTIS and the IF process in general have generated fresh impetus for trade reforms. The trade policy section in the DTIS is often not detailed enough and does not provide for sequencing priorities. Typically, its recommendations are couched in terms of generic, horizontal reforms. Making (selective) reference to ongoing activities may not be enough. There has been little attempt to link these issues analytically to the development of a suitable trade policy framework, to cost and sequence activities, and to translate recommendations into precise negotiating objectives and the formulation of bankable projects. The DTIS has hardly acted as the operational tool to insert trade related objectives in national development plans and/or strategies.

Lack of focus in this key area contributes to the tendency for the DTIS and the implementation of its action matrix to stall, hampering the overall achievement of key IF objectives, particularly the mainstreaming of trade into the national development plan and the attainment through specific trade measures of specific poverty-reduction objectives.

In many LDCs, the IF has not helped the donor community to provide more effective capacity-building assistance and trade-related institution-building. Donors typically perform their own assessments of reform needs and technical assistance requirements, and offer assistance programmes to Government on this basis. However, experience shows that capacity-building is rarely effective when the host Government remains a passive recipient of supply-driven programmes.

The setting up of the National Implementation Arrangements (NIAs) – such as the designation of the focal point, the NIU and the NSC – should thus be a key focus of attention during the initial stages of the EIF. In their strategies, LDC Governments should be encouraged to draw closer links between the establishment of NIAs and the formulation of a trade policy framework leading to the mainstreaming of trade into development plans.

LDCs should also be encouraged to identify a number of critical constraints relating to the DTIS and action matrix implementation priorities (such as institutional constraints, lack of financing or follow-up by key donors, insufficient involvement of core agencies or donor facilitators, weakly designed bankable projects for Window II funding), and set explicit targets for redressing these problems under the EIF. LDC Governments, in particular the NIAs, should also devote early attention to identifying their own technical assistance needs.

For their part, the core agencies and the executive secretariat should devote greater efforts in engaging LDC Governments on the institutional changes needed for the development of a trade policy framework, with a view to ensuring that their trade objectives are credible in this area.

At the same time, EIF institutions should try to identify and support champions of change within LDC Governments and civil society organizations involved in trade policy issues, focus their capacity-building assistance on those areas identified as critical by host country Governments and try to introduce a more results-oriented approach to achieving institutional change.

A. The new modalities of the EIF and mainstreaeming

At a recent meeting of the IFSC, approval was given to the new modalities of the EIF following the broad architecture envisaged in the task force report. One key difference relates to the fact the executive secretariat should have also been the trust fund manager. However, during the discussions, it emerged that it was not possible to have both the executive secretariat and the trust fund manager in WTO.
As far as trade mainstreaming is concerned, the most important changes are those that have taken place at the in-country level regarding approval procedures and the role of the trust fund manager.

The preparation and approval procedures of tier 1 and 2 projects have placed LDC Governments in the driver’s seat, substantially increasing country ownership of the process.

Tier 1 has been designed as a financing arrangement of the EIF and established following the recommendations of the IF Task Force and approved by all stakeholders (“…tier 1 funding for core activities should be predictable. Disbursements should be decided by the focal point in consultation with the executive secretariat…”) to ensure greater host country ownership of the EIF.

Building on the results of the IF questionnaire, a light and flexible process for the formulation and approval of tier 1 projects has been retained to quickly disburse funds in support of efforts by LDC Governments. This process is shown in annex A.

The main scope of tier 1 is aimed at supporting greater in-country capacity and ownership. It provides financial resources to support the IF core functions with the following objectives:

(a) Building the human resource capacity of the IF NIAs;
(b) Providing operational support to NIAs, including some local running costs and equipment;
(c) Preparing and/or updating of the LDCs’ DTIS; and
(d) Facilitating and supporting trade mainstreaming actions.

By building capacity and skills in TRTA within NIAs, tier 1 interventions will facilitate project formulation and appraisal and implementation of tier 2 projects. Regional projects could be considered at the request of the LDC Governments concerned. Funds that could be used to support NIAs under tier 1 have been substantially increased, from their original level of $38,000 to $1.5 million over a five-year period.

Tier 2 is aimed at providing bridge finance to jump-start project-related activities identified in the DTIS, its update, and its action matrix. This could include activities such as small priority projects, project development activities, feasibility studies and seed projects. For large programmes identified in the action matrix, such as infrastructure projects, financing would be sought from other funding mechanisms such as the Consultative Group and Donor Round Table meetings.

Tier 2 projects aim to leverage additional resources and thus contribute to ensuring the overall coherence of TRTA interventions. LDC Governments are encouraged take into account the availability of alternative funding for such purposes. Illustrative examples of eligible Tier 2 projects include the following:

(a) Assistance to implement WTO or other trade policy commitments;
(b) Project preparatory activities, including needs assessments, feasibility studies and project formulation for large trade development and infrastructure projects;
(c) Trade mainstreaming activities to integrate DTIS conclusions into the national development plans such as PRSPs;
(d) Capacity-building activities for key trade support institutions;
(e) Formulation and implementation of sectoral and national export development strategies;

(f) Small projects to enhance the supply-side response of the country;

(g) Specific actions aimed at enhancing small and medium-sized enterprises (SMEs) competitiveness for priority sectors identified in the DTIS;

(h) Assistance for WTO accession;

(i) Strengthening of trade support services; and

(j) Preparation of sector-wide approaches (SWAP) for priority sectors identified in the DTIS. Regional trade-related projects including objectives listed above would also be considered.

The new arrangements for tiers 1 and 2 should be read in conjunction with the guidance note on the terms of reference criteria of the NIAs, providing detailed guidance on how to establish the NSC, the IF focal point and the IF NIU.

Although one may question how these rather complicated structures may work in practice in LDC settings, the efforts made by the drafters in putting the main decision-making levers in the hands of in-country national implementation arrangements need to be emphasized. The architecture of both tier 1 and tier 2 processes aim at ensuring an appropriate set of checks and balances between the NIU and the NSC. This is a key issue for adopting best practices leading to trade mainstreaming.

In practice, the NIU tends to be a Ministry of Trade outfit, but it is suggested that officials from other key ministries (e.g. finance, planning and infrastructure) be seconded to the unit to promote entire government attitudes and facilitate inter-agency coordination. Tier I funds could be tapped to ensure adequate financial support is provided to the NIU to motivate these officials.

Beyond the NIU, participation in national decision-making by other key ministries is ensured by the composition of Tier 1 Appraisal Committee (TAC 1), the in-country approval body for Tier 1 projects. TAC 1 is chaired by the focal point and includes the donor facilitator (or, in exceptional circumstances, another donor designated by the facilitator), a representative of the Ministry of Trade (if the focal point is not from the ministry) and a member of the NSC designated by the chair of the NSC.

The presence of a member of the NSC in the TAC 1 aims at ensuring that adequate consultations among different ministries have taken place prior to mainstreaming the IF procedures at the in-country level.

In the case of tier 2 projects, the project proposal must be appraised before its official approval by a Tier 2 Appraisal Committee (TAC 2). The composition of the TAC 2 will be decided by the focal point in consultation with the other relevant players. Such composition may vary depending on the LDC concerned and the technical content of the project proposal being appraised.

TAC 2 meetings are to be chaired by the focal point, and include the following core members: (a) the donor facilitator (or, in exceptional circumstances, another donor representative designated by the facilitator); (b) a representative from the Ministry of Trade and one from the Ministry of Finance and/or Planning or another Government entity; and (c) a representative of the private sector.

The minutes of TAC 2 meetings are to be transmitted to the NSC and accompanied by the project proposal for formal approval by the NSC and signature by the chair of the NSC.
The minutes of the TAC 2, which are also copied to the executive secretariat, are to be considered an integral part of the project proposal and therefore the recommendations included in the minutes will be made available to the public, in particular to IF stakeholders, through the IF website.

Taken together, the in-country arrangements described above should strengthen the likelihood of making progress on mainstreaming trade into development plans. Tier 1 appears to be financially strengthened to support the NIU in terms of budget support and capacity building activities on selected trade issues. A stronger NIU appears as a *sine qua non* condition for launching a coherent trade mainstreaming process.

The approval process of tier 2 project involving the NSC in a substantive manner aims at ensuring that the decision making process is *de facto* at the country level. By reaching out and involving other key ministries, the EIF is not perceived as solely a Ministry of Trade affair.

In addition to the above in-country arrangements, the definition of responsibilities of the board, the trust fund manager and the executive secretariat aims at ensuring more efficient decision-making with clearer responsibilities. In particular, neutrality rules have been established to mark the boundaries of the trust fund manager with approval procedures clearly entrusted to the board.

**IV. A METHODOLOGY FOR TRADE MAINSTREAMING**

In a perfect world, the mainstreaming of trade into development plans should already be triggered in the pre-DTIS stage. However, to this day, a majority of LDCs have already completed their DTIS. It follows that the question of the point along the IF process at which trade mainstreaming should begin in earnest remains somewhat hypothetical. The same applies to the question of how mainstreaming could be defined and implemented.

One key challenge in trade mainstreaming is that development plans and PRSPs tend to be independent from the IF. The latter two are, moreover, rarely synchronized. It follows that any methodology for trade mainstreaming has to start from the basic assumption that it is the IF/DTIS process that has to move towards the PRSP process, and not the other way around.

Once this is agreed, the second key aspect to be addressed is how the IF structures can be made to help generally weak ministries of trade jump-start the process.

Although “mainstreaming” remains a central objective of the EIF, there is broad acceptance, as the IF Task Force itself acknowledged, that the “IF has failed to mainstream trade into the PRSP process”.

The bankable projects mentioned by the task force report refers to large trade and trade-related projects, and related infrastructure projects that could be financed by donors and/or the World Bank once inserted into the PRSPs and development plans of LDCs. Obviously, the process of inserting such trade-related bankable projects into the PRSPs requires the concurrence of the Ministry of Finance or Planning that is invariably placed at the center of the PRSP process.

The bankable projects noted above are the main vehicle for trade mainstreaming and tier 2 projects under the EIF have to be designed as a springboard for developing such projects. Yet the substantive content of these bankable projects in terms of trade content needs to be

---

elaborated by the Ministry of Trade in the context of a prioritized trade policy framework. During this process, a stream of consultations and meetings with key stakeholders inside and outside of Government should be held to build consensus on the country’s trade-related priorities and the course of action chosen to develop and implement specific bankable projects. These elements are nothing less than the nuts and bolts of the trade mainstreaming process.

The DTIS usually provides a good diagnostic basis to develop a trade policy framework that could be used to mainstream trade into development plans and the action matrix typically articulates what needs to be done. However, the process has tended to stop at this stage in the majority of LDCs, in part because there is no clear mechanism to facilitate the implementation of follow-up activities and because disbursement modalities under Window II have simply been too cumbersome to generate much by way of a sustainable trade policy strategy.

The analysis conducted in this paper is designed to help fill the gap between the action matrix and its implementation leading to bankable projects that will attract the necessary funds as pointed by the task force.

A. A set of principles to guide actions at the macro level

To succeed, mainstreaming needs a coherent trade policy framework, a road map of a country’s vision of the role assigned to trade in the overall development strategy. Trade reform has to be mainstreamed into an overall development policy. The process involves several interrelated approaches. As mentioned earlier, this process requires that two distinct cultures be reconciled, namely the trade culture – which is legalistic, often driven by external forces such as negotiations towards which LDCs are typical “rule- and outcome-takers” and also highly centralized in the Ministry of Trade; and the development culture – which tends to be decentralized, (ideally) demand-driven, and based on a country-owned process. The task of reconciling the two cultures has to be addressed by the establishment of a trade policy framework with the progressive involvements of all relevant stakeholders.

To date, there is not much evidence suggesting that the DTIS analytical work has been influencing the behaviour of LDC Governments beyond trade ministries. Monitoring and progress reporting during the DTIS process should focus on institutional change. If monitoring and reporting focuses on the institutional changes required for implementing DTIS recommendations, it may help to overcome the tendency for the process to stall following approval of the action matrix.

There are several core issues in mainstreaming. These include the sequencing of reforms and national policy trade-offs (such as between tariff reductions and the ability to provide exporters with duty drawbacks because of immediate revenue considerations). There is also the issue of the choice confronting LDC Governments in determining priorities as regards flanking or complementary policies, as well as the important issue of country specificity: the same approach may not be applicable to all LDCs.

Ownership and domestic coordination amongst key national economic ministries is an important issue. Coordination is central to the relationship between development partners (donors and agencies) and beneficiary LDCs, and could be strengthened through joint programming and joint appraisals. Financing is also critical to the sustainability of mainstreaming efforts.
B. A set of actions to be undertaken to elaborate a trade policy framework for mainstreaming

The key starting point of any determined attempt at mainstreaming is the elaboration of a national trade policy framework rooted in (and better still, confirmed by) the findings of the DTIS. A trade policy framework typically consists of two main pillars:

(a) A set of substantive trade policy objectives that could be focusing, depending on the LDC concerned, on behind-the-border objectives such as customs reforms, the establishment of one-stop shop investment agencies, transport services, etc., or negotiating objectives centred on achieving better market access conditions for a country’s goods and services exporters. Obviously, these objectives could be linked and complementarities between them may be developed;

(b) A strong and effective consultative process with the private sector, other ministries and civil society organizations on trade policy issues with a view to establishing (and indeed institutionalizing) a confident set of two-way flows of information and continuous feedback on how to identify, sequence, fund, implement and mainstream the trade objectives identified above. This consultative process should lead to strong consensus-building among key stakeholder in support of the specific trade reforms that have to be mainstreamed.

The trade policy framework has to be elaborated by the NIU on the basis of the DTIS and other relevant inputs. Core agencies should assist during this process by bringing specific expertise and advice. A tier 1 project could be instrumental in laying the foundations of such a trade policy framework.

In what follows, an attempt is made to sequence some of the issues and related actions that have to be put in motion to elaborate a trade policy framework to be mainstreamed into national developments plans. These include:

1. Context

The NIU should first examine the context in which it is operating. This is best achieved by reviewing the DTIS findings and the related action matrix, with a view to prioritizing them according to national trade interests and capacities. In particular, the NIU must identify in the action matrix follow-up trade policy reforms and projects that involve other ministries, taking into account political economy considerations (i.e. the need for building support with key ministries able to influence subsequent budgetary decisions). The NIU must first assess how the intended trade reforms may affect certain sectors or interests and formulate appropriate policy responses. Informal meetings could be held on these specific trade issues by the NIU with stakeholders from civil society (especially the private sector) and other ministries. Once this informal consultation process has led to a better understanding and has validated the initial findings, consensus and support should be strengthened in the trade policy framework.

2. Relations with the donor community

The NIU should approach the donor facilitator to ensure support for the selected prioritized trade reforms or initiatives and explore areas and modalities that can help with donor coordination and build consensus around the elements of a trade-centric poverty reduction strategy, including in the PRSP/CG context.
3. Overview of progress in the IF

The NIU should be aware of the status of the progress of the IF at all times and manage available financial and human resources put at its disposal accordingly so as to advance on mainstreaming the trade issues into the national development process.

4. Organization, integration and ownership of the trade policy framework

The NIU must engage in a dialogue with key trade and development stakeholders (private sector and civil society organizations) in determining what priority actions are likely to get their active involvement and support. It should organize workshops and events to spread awareness over the content and developmental implications of the proposed trade reforms with a view to building in-country consensus and establishing a core pro-reform constituency.

5. Partnership and donor coordination

Advancing a national agenda on all these fronts calls for early and continuous involvement of – and dialogue with – other ministries, including Finance and/or Planning, and with a broad array of stakeholders outside of Government, especially the private sector. To provide senior-level engagement and coordination, and to provide political commitment, a high-level inter-ministerial committee should be established as an NSC along these lines. The NSC should be led at the ministerial level and be coordinated by the by the Ministry of Trade, Finance, Planning or any other Ministry as best determined by each country. The close collaboration of the ministries of Trade, Planning and Finance is critical.

6. Prioritizing, costing and links to the budget

The NIU must develop the identified priorities into trade policy actions and reforms that can lead to bankable projects. The NIU should present to the NSC a detailed trade policy framework indicating clearly the areas for reforms and gains to be had, including jump-start projects under Window II leading to bankable projects.

7. Insertion in the PRSP

Mainstream the substance of the trade policy framework as specific trade reform policies (translated into bankable projects) into the PRSP (for consideration in a CG meeting) or in other development/accelerated growth/private sector development plans or via alternative means such as trade-specific donor implementation meetings, multi-donor trust funds (a useful way to anchor and facilitate donor buy-in and coordination), or future Aid for Trade pledging conferences

C. Summing up

(a) Establish and institutionalize regular dialogue across Government and between Governments, development partners and civil society on developing a trade policy framework;

(b) Build an information base on existing TRTA activities and document the nature and causes of deficiencies in trade policy formulation and implementation;
(c) Define the government trade policy objectives and framework within a broad, strategic framework borrowed form the PRSP;
(d) Develop sectoral and thematic trade policies and programmes which are consistent with the DTIS findings and the action matrix;
(e) Align international assistance around the nationally-owned trade policy framework;
(f) Cost programmes and compare to the available resource envelope, meaning tier 1 and tier 2 and other available TRTA funding in order to identify priorities, trade-offs and cross-sectoral synergies;
(g) Increase the domestic resources available for developing a trade policy framework by exploiting the possibilities offered by various donors;
(h) Identify the institutional prerequisites for implementing the strategy, and develop a programme of sequenced trade reforms;
(i) Create mechanisms for monitoring, feedback and continuous improvement;
(j) Use the EIF structures to encourage greater participation by the private sector, other ministries and social partners in the trade policy process, and strengthen the accountability for the NIU (positive outcomes or failures); and
(k) Introduce joint programming of international assistance and national resources, through pooled funding, SWAPs and ultimately budgetary support.

D. Necessary ingredients: a checklist

(a) Trade ministry (and minister) with a vision and a voice in cabinet (a budget and competent staff are key pre-conditions);
(b) A strong partnership with the private sector;
(c) An NSC driven by the Prime Minister or the Minister of Trade (this presupposes that the trade policy voice carries);
(d) Meeting the challenge of interdepartmental coordination and external stakeholder consultations (scope for best practice dissemination);
(e) An NIU composed of senior representatives of leading ministries (trade, finance and planning) with tier 1 used to provide incentives for participate and compensate seconding agency officials and build a whole of government approach to trade reform
(f) Strengthening NIU capacity: beefing up trade and development policy knowledge; project management skills; project costing

V. PUSHING TOWARDS MAINSTREAMING

In some LDCs, the process of preparing the DTIS has provided some impetus towards improving coordination among a core group of government officials participating in the IF and occasionally some donor facilitators. However, the DTIS has not substantially changed either the content or the processes of trade policymaking. Some LDCs have started to formally align some elements of their trade policy according to the DTIS findings and action matrix, in the sense that some findings of the DTIS have been intentionally addressed under
Window II projects. However, this is not necessarily leading to mainstreaming. The findings of the DTIS are at times drafted in very broad terms, and unless Window II projects are considered as elements of a prioritized trade strategy, this form of alignment runs the risk of being more nominal than real.

Experience has shown – validated by the responses to the questionnaire that are appended to this paper – that the core agencies, especially those with in-country presence, have not always been particularly helpful in the post-DTIS phase.

Many DTISs do not provide for prioritization and costing, as it is felt that this might impinge upon the ownership of the IF by the LDCs. However, this could turn into a structural problem if LDC Governments tend to see the IF exercise as a way, like other TRTA activities, of bidding for more aid. LDCs may ultimately be tempted not to seek to maximize the effectiveness of limited resources, and they might similarly not have a strong incentive to base their participation in the EIF process on rigorous costing and prioritization.

Because the DTIS action matrix typically far exceeds available EIF resources, a prioritizing exercise should be carried out by LDC Governments using the trade policy framework established by the NIU with tier 1 funds. Unless this is done early enough, the risk arises that core agencies and donors may be able to influence LDCs to pick and choose from among the action matrix programme areas according to their pre-existing preferences or expertise in a supply-driven manner. Under such a scenario, prioritization would run the risk of being carried out *de facto* by the core agencies and donors, robbing the EIF process of its strategic value of in-country ownership and control.

Such developments would substantially weaken any possibility of mainstreaming, since the LDCs, the core agencies and the donor community would all be aware that the resulting prioritizing lacks in-country ownership and credibility.

The EIF structures, the LDCs and the core agencies can take a number of steps to avoid the scenario described above.

First, LDCs should carry out a prioritization exercise using an established trade policy framework. The NSC and NIU should be able to programme available resources under the EIF around a realistic resource envelope, based on projected aid flows and reasonable assessments of national absorption capacities. The executive secretariat, the EIF structure and the core agencies should be as transparent, neutral and predictable as possible in their levels of assistance, and encourage LDC Governments to prepare their implementation of the action matrix, conduct a prioritization exercise and engage in mainstreaming using a trade policy framework and a realistic resource envelope.

Second, LDCs should be able to mobilize domestic resources and expertise in implementing the action matrix and in mainstreaming prioritized areas. LDCs must have a real financial stake in the process if they are to take the EIF seriously as a programming instrument.

Third, EIF structures should ensure that, through their prioritization exercise and subsequent mainstreaming into the PRSPs, LDC Governments are given a real say in the programming of the EIF and bilateral international assistance. The most effective way of moving towards real alignment around the mainstreaming exercise that LDCs may be engaged in is through the use of pooled funds. Real alignment of international assistance around the mainstreaming process set in motion by LDCs would raise the stakes for both sides, creating incentives for both of them to take the EIF process more seriously.
CONCLUSIONS

The analysis advanced in this paper does not suggest any single roadmap or set of techniques for the mainstreaming of trade under the EIF. It does, however, identify a number of steps and best practice elements that will have to be tested and validated at the country level.

The EIF initiative is highly relevant to LDCs and the mainstreaming of trade into national development plans is likely to generate tangible benefits to the extent that LDC Governments are willing and able to lead the process.

The mainstreaming of trade into national development plans may not be immediately possible in all LDC settings but some foundations or practices may be established preparing the ground for mainstreaming at an appropriate moment.

The EIF’s newly created structures need to be realistic about the scale of the challenges facing LDCs in their trade mainstreaming efforts. They may, accordingly, need to adapt their expectations and modus operandi, planning for a process of change lasting over the whole EIF.

During the prioritization phase of the action matrix and the subsequent mainstreaming process, it may be appropriate for the NIU to concentrate on the introduction of a few basic practices, such as building up an information base on trade instruments, conducting a regular dialogue on trade policy within key government agencies, and putting in place a dialogue structure with external stakeholders in the private sector and civil society, with a view to building consensus around a set of general objectives and measures, while leaving more advanced steps (e.g. detailed costing and prioritization and selection of trade reforms) to subsequent phases.

This phased approach may work provided that the EIF process is effective enough to sustain momentum beyond the validation of action matrix. Unless the funds available under the EIF are disbursed in a predictable and effective manner according to the prioritization exercise set in motion by LDCs, the whole EIF might quickly lose its nascent credibility with all stakeholders.

The executive secretariat and the core agencies should focus on their presence at the country level to engage effectively with local authorities in establishing a trade policy framework leading to mainstreaming in PRSPs. The IF structures as a group and the core agencies most likely need to allocate more staff resources in-country to the process, to ensure it retains its momentum.

The newly established EIF structures need to devote more attention to understanding the political and institutional environment, and planning strategically for meeting the challenges it presents.

The role of the executive secretariat in facilitating a reconciliation between the two cultures of trade negotiations and development planning will be a key element for the success of the EIF in terms of mainstreaming trade into national development plans. The secretariat needs to build up relationships, identify and support agents of change within LDC Governments, and communicate the principles and benefits of mainstreaming across a wide range of government agencies and officials.

The core agencies, for their part, need to engage in a sensitive manner. Process in LDCs is extremely important, and core agencies, especially those with in-country presence, must avoid compromising the development of country ownership. It is important to allow space for
a domestic consensus to form around the development of a trade policy framework and the mainstreaming of trade priorities into development plans.

EIF structures based in Geneva should avoid the temptation to impose artificial deadlines, or to take over the process with excessive expectations. The executive secretary and core agencies should (a) maintain regular contact with government officials; (b) hold training and information events; (c) encourage robust dialogue on policy choices; and (d) provide timely feedback on poverty reduction strategy outputs. All of this should help to keep the mainstreaming process in forward movement.

The EIF structures should be proactive, and they particularly need to redouble their efforts at sustaining momentum during the post-DTIS implementation phase, so as to overcome the tendency for the process to stall following the validation workshop.

A key issue to be resolved under the EIF is to enhance donor coordination at the country level and encourage the alignment of international assistance with the action matrix. At present, donor coordination at the country level is weak and alignment with the action matrix is more nominal than real.

Supporting the implementation of the action matrix through pooled funding mechanisms would help to improve the predictability of assistance, increase donor discipline and give Governments a more genuine say over how EIF assistance is to be programmed and implemented.
REFERENCES


Integrated Framework Mauritania Diagnostic Trade Integration Study.” <http://www.integratedframework.org/doccountry/mauritania.htm>


Stiglitz, J. (2000), "Two Principles for the Next Round or, How to Bring Developing Countries in from the Cold", The World Economy, 23, 437-454


Annex A

Comprehensive Flow chart of Tier 1 Projects

1. **LDC Government – NSC**
   Define national strategy of participation in IF and establish NCU.

2. **NSC – NIU**
   Set IF objectives and prepare NIU’s workplan and needs.

3. **NIU assisted by DF, ES and other partners**
   Formulate Tier 1 proposal in support of NIU workplan.

4. **NIU-DF-member of NSC**
   (a) Appraisal of proposal.
   (b) Approval of proposal.

5. **ES/Executive Director – IF Board**
   Review of proposal by ES. Authorization for funding by Executive Director under delegation of authority by IF Board.

6. **TF Manager**
   Financial diligence. Allocate funds according to project workplan, disburse funds.

7. **NIU**
   Prepare implementation actions and obligating documents with advice by ES and operational support by other entities.

8. **Agencies**
   Selected by NIU considering agencies comparative advantages. Implement some project components according to project document.

9. **NIU**
   Monitor implementation under NSC supervision and support by ES.

10. **ES**
    Prepare consolidated reports of Tier 1 projects and coordinate overall implementation of Tier 1.

11. **IF Board - IFSC**
    Oversee and monitor programs. May request progress evaluation to decide on continuation, modification or termination of projects.
Annex B

Detailed timeline for the Approval Process of Tier 1 Projects

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
<th>Estimated timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Project formulation by the NIU in consultation with NSC, DF, ES, and other selected partners</td>
<td>4 weeks</td>
</tr>
<tr>
<td>2</td>
<td>Appraisal of the project by the Tier 1 Appraisal Committee (TAC 1) chaired by the Focal Point</td>
<td>2 weeks</td>
</tr>
<tr>
<td>3</td>
<td>Approval of the project and signature by the Focal Point, the Donor Facilitator and the NSC representative</td>
<td>2 weeks</td>
</tr>
<tr>
<td>4</td>
<td>Final Review by the ES, authorization for funding by the Executive Director based on delegation of authority by the IF Board</td>
<td>2 weeks</td>
</tr>
</tbody>
</table>

Project implementation is to start within two weeks from the final signature of the document. **TOTAL: 10 weeks**
Annex C

Comprehensive Flow Chart of Tier 2 Projects

1. LDC Government – NSC
   Prioritize actions based on ETIS/Action Matrix.

2. NIU assisted by DF, ES and selected partners
   Formulate project addressing ETIS/Action Matrix priorities
   Coordination of TRTA funding mechanisms
   PRSP/CO/RT + Private sector

3. NIU-DF-Min. Finance/Planning, etc.
   Appraisal of proposal.

4. NSC
   Approval of proposal. Decision to submit to Tier 2 multilateral or bilateral.

5. NIU-NSC
   Consultations with prospective donors.
   Coordination and synergies with Aid for Trade.
   Project approval and implementation.

6. ES Executive Director – IF Board
   Review by ES. Approval of

7. Executing entity
   Formal approval of project document.

8. TFM
   Financial diligence. Allocate funds to the Executing entity. Prepare consolidated financial reports.

9. Executing entity
   Implementation actions in consultation with NIU.

10. NIU
    Monitor implementation under NSC supervision and prepare progress report.

11. ES
    Prepare consolidated reports of Tier 2 projects and provide advice on implementation.

12. IF Board - IFSC
    Oversee and monitor progress. May request evaluation to decide on continuation, modification or termination of projects.
Annex D

Detailed timeline for the Approval Process of Tier 2 Projects

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
<th>Estimated timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Project formulation under the NIU coordination, in consultation with ES, NSC, DE, and any other selected partner</td>
<td>8 weeks</td>
</tr>
<tr>
<td>2</td>
<td>Appraisal of the project by the Tier 2 Appraisal Committee (TAC 2) chaired by the Focal Point</td>
<td>2 weeks</td>
</tr>
<tr>
<td>3</td>
<td>Approval of the project by the NSC and signature by the Chair of the NSC, the Focal Point and the Donor Facilitator</td>
<td>2 weeks</td>
</tr>
<tr>
<td>4</td>
<td>Final review by the ES, approval by the IF Board</td>
<td>2 weeks</td>
</tr>
<tr>
<td>5</td>
<td>Authorization for funding by the Executive Director based on delegation of authority by the IF Board and signature by the Executing entity representative</td>
<td>2 weeks</td>
</tr>
</tbody>
</table>

TOTAL: 16 weeks

Project implementation is to start within one month from the final signature of the document
ANNEX E: ANALYSIS OF REPLIES TO THE QUESTIONNAIRE

IF focal points and donor facilitators

The questionnaire was sent out in October 2006 to the focal points (FP) of the 33 LDCs participating in the IF. Out of these LDCs, 14 are already implementing Window II projects, 10 have validated the DTIS and are formulating Window II projects, and 9 are still preparing the DTIS.

As of 23 January 2007, 26 FPs have responded to the questionnaire, representing 80 per cent of the total. They are Benin, Burkina Faso, Burundi, Cambodia, the Central African Republic, Chad, Comoros, Djibouti, Ethiopia, the Gambia, Guinea, Lesotho, Madagascar, Maldives, Malawi, Mali, Mauritania, Nepal, Rwanda, Sao Tome and Principe, Sierra Leone, Senegal, Sudan, Uganda, Yemen and Zambia.

The questionnaire was sent to 19 donor facilitators (DFs). As of 23 January 2007, the following 10 DFs had responded to the questionnaire: Benin (Denmark), the Lao People’s Democratic Republic (Australia), Lesotho (United Kingdom), Malawi (European Commission), Maldives (European Commission), Mauritania (European Commission), Senegal (EC), the United Republic of Tanzania (Denmark), Uganda (European Commission), and Yemen (the Netherlands).

The lower number of DFs is explained by the fact that not all LDCs have already identified the DF and that some transitional arrangements to ensure the DF’s role are being put in place.

In reading this document, it should be kept in mind that not all the FPs and DFs were in a position to respond to all questions posed.

The EIF Transition Team expresses its highest appreciation and gratitude to all respondents for their valuable contributions.

Section A was addressed only to focal points.

A. The IF focal point

1. How is the IF focal point presently organized and resourced? Who supports your work on a daily basis, if any, or do you consider your IF role as a stand-alone entity?

All FPs are organized and structured under the Ministry of Trade, which supports their work. Only one is based at the Chamber of Commerce and one at the Ministry of Economy; in both cases, they have strong interactions with the Ministry of Trade.

Eleven FPs also stressed that they did not have sufficient human and financial resources to carry out their mandate. Eight FPs pointed out that their role was not and should not be a stand-alone entity, because of important and necessary complementarities and synergies with other assignments.

2. What support and assistance has been provided to you to play this role? Do you consider this to be sufficient? Have you received a clear indication of what tasks you were expected to perform as IF focal point?
Seventeen FPs indicated that the support received was weak and often insufficient, in the form of very limited funding and advice. Three FPs consider the support received sufficient but hope to receive more in the future. Four are satisfied with the support received.

As regards to clarity of tasks expected to be performed as focal points, 11 FPs have stated that such tasks were clear, and on the contrary, and 5 have stated that such tasks were not clear.

3. Is the existing flow of information between the focal point and other IF stakeholders (i.e. the IFWG, IF secretariat, donor capitals, your country mission in Geneva, etc.) sufficient for your needs? If not, how should it be improved?

The existing flow of information is considered insufficient by 19 respondents. Three FPs think it is sufficient but needs some improvements whilst only three FPs think it is adequate.

Proposals put forward to improve the flow of information include increasing information sharing events among LDCs, establishing an interactive website, increasing FPs’ exposure to the IF process and key stakeholders, and formalizing further the information network.

4. For how long have you been the IF focal point and how much of your time do/can you dedicate to it? Do you carry other responsibilities/position?

Out of 23 respondents to this question, 12 FPs have been in charge for more than 2 years, 5 FPs for between 1 and 2 years, and 6 FPs for less than 1 year.

Concerning the time dedicated to it, 10 FPs dedicate to it 20–30 per cent or less of their time, 7 FPs approximately 50 per cent of their time and 3 FPs are fully dedicated only to the IF.

5. Do you have any suggestions to improve the present situation and your capacity to lead and make use of the IF?

In order to enhance the present situation, the following suggestions were made: (a) 12 FPs suggested increasing the financial and human resources at their disposal; (b) 7 FPs suggested strengthening NIAs through capacity-building and training of their key staff; (c) 2 FPs suggested establishing an autonomous IF structure; (d) 2 FPs suggested increasing experience sharing among LDCs; (e) and 2 FPs suggested improving coordination among key IF stakeholders.

B. IF implementation in-country

1. What arrangements and mechanisms have been established at the national level to ensure an effective participation of the country in the IF? Are all the appropriate government ministries and other governmental bodies involved?

IF Focal Points

For 12 respondents, excellent inter-institutional arrangements and formal consultations mechanisms have been established involving all the key ministries and government entities, which are showing high commitment. For 11 additional respondents, the proper national arrangements are in place, and some more informal mechanisms of consultations have been
established showing sufficient interest and involvement. Only 2 respondents consider that such arrangements are not effective and need to be improved.

**Donor facilitators**

For three DFs, the proper arrangements are in place, showing also a good involvement of key ministers. For three DFs, arrangements were prepared but not all key ministries are involved and meetings are not regular. Three DFs said that arrangements were only partially established.

2. **Who are the major actors in the country and how is the IF work being coordinated?**

**IF focal points**

For 24 FPs, the major actors are the NIA, who ensure the continuous coordination of IF work, followed by the various line ministries and trade-related institutions. Nine FPs recognize that an important role, beyond NIA, is played by the donors and the agencies, in particular the DF, UNDP and the World Bank.

**Donor facilitators**

All eight respondents to the question stressed that the major actors were the NIA, particularly the Trade Ministry, but also other ministries such as Finance and Planning are involved. Of those, three DFs pointed out, however, that there was a lack of commitment at the higher government level and one DF pointed out that government ownership was lacking.

3. **How is IF implementation monitored and evaluated at the national level? What conclusions have been drawn from this monitoring and evaluation?**

**IF focal points**

IF implementation for 15 respondents is monitored and evaluated by the NIAs themselves, mainly through consultations and meetings involving all concerned. Four FPs stated that no monitoring/evaluation mechanism was in place.

Relating to the conclusions drawn, six FPs pointed out that the implementation of the IF in their country had not been evaluated yet, therefore no conclusions could be drawn, and three stated that conclusions were satisfactory and one defined it as good.

**Donor facilitators**

Six DFs stated that there were no national mechanisms for monitoring and evaluation, and no evaluation has been carried out so far. One DF said that a mid-term review took place recently, which helped to re-vamp the process, which had come to a halt.

4. **How frequently do IF coordination meetings take place?**

**IF focal points**

IF coordination meetings take place in 11 LDCs every two/three months, in 6 LDCs monthly and even more often, in 4 LDCs as frequently as required, and in 3 LDCs such meetings are not regular and are inconstant.

**Donor facilitators**
The following replies were provided: two DFs: every two months; two DFs: ad hoc, but now are being regularized; one DF: before every month, now stopped because the FP changed; one DF: infrequently, on average once per year.

5. In your country, are there other national bodies responsible for implementation of the poverty reduction strategy and/or overall management of the development assistance your country receives? If so, how does the IF focal point coordinate with them?

**IF focal points**

In all 25 LDCs, there are national bodies responsible for PRS implementation and official development assistance (ODA) management. The FP’s collaboration with such bodies is defined as very good by 18 respondents, whilst 5 FPs think that such cooperation is insufficient and needs to be strengthened.

**Donor facilitators**

All eight respondents said that in the country there were national bodies for PRSP and ODA management. For four DFs, IF/PRSP coordination was not sufficient and needed improvements, whilst for 4 DFs such coordination was good.

6. Do you have any suggestions to improve the present situation?

**IF focal points**

To improve IF implementation in-country, the following suggestions were given: 10 FPs: the present NIA are to be radically strengthened; 3 FPs: to conduct more IF awareness events and sensitization activities in the country; 1 FP: to establish a more supportive trade development framework.

**Donor facilitators**

To improve the present situation the following suggestions were provided: four DFs: strengthen the present NIA, in particular increase human resources and enhance skills; one DF: make the IF process as simple as possible; one DF: do better mainstreaming of IF; one DF: improve donors’ coordination of IF.

C. The DTIS process

1. In the preparation of the DTIS, how were you and other national stakeholders consulted and involved? Do you consider this to have been sufficient?

**IF focal points**

Fourteen FPs consider that they have been sufficiently consulted and involved in the DTIS preparation. 12 FPs instead consider that this was not sufficient, with 1 FP claiming that he was not involved at all. Suggestions to improve the situation include a further involvement of nationals in the early stages of the process and more sharing of authority on decisions such as the DTIS team composition, the preparation of terms of reference, etc.

**Donor facilitators**

Three DFs consider that they have been sufficiently involved in the DTIS preparation. Three were involved in a more limited way, with some thinking that communication with IF
Agencies needs improvement. One DF was involved but suggests that the interaction with the DTIS team is to be strengthened.

2. **What has been your experience with the support provided by the World Bank or UNDP in the DTIS exercise?**

   **IF focal points**

   Support provided by the World Bank or UNDP in the DTIS exercise was rather good for 12 FPs, whilst 11 FPs consider that such support, though well appreciated, needs some improvements in terms of quality, quantity, interaction, flexibility, ownership, etc.

   **Donor facilitators**

   For three DFs the support provided was good. For two DFs instead such cooperation needs some improvement in terms of quality, timing and information sharing.

3. **Are DTIS recommendations being implemented? And how?**

   **IF focal points**

   DTIS recommendations are under implementation for 17 FPs by way of integration of DTIS conclusions in the countries’ strategic plans, expenditure framework, action matrix implementation, stakeholders’ consultations, etc. For 4 FPs, DTIS recommendations are not yet being implemented since the DTIS was validated only very recently.

   **Donor facilitators**

   Three DFs said that, since the DTIS was prepared recently, its recommendations were not yet implemented. Two DFs reported that DTIS recommendations were being implemented through various programmes such as the Bank’s PSD and Window II projects. 1 DF pointed out that the action matrix spanned beyond the scope of available means. 1 DF said that the action matrix was not used and projects flowing from DTIS were prepared but not promoted nor funded.

4. **Are DTIS conclusions being integrated into the PRSP and/or the national development plans? If not, what would help ensure that DTIS conclusions were better integrated into the PRSP and/or national development strategies?**

   **IF focal points**

   DTIS conclusions are being reflected into the PRSPs/NDPs of 12 LDCs through a continuous process of integration into the different planning documents and related consultations and events. In 6 LDCs, this process has not yet started, but there are serious intentions to do so in the near future. In 3 LDCs, such integration is being done only very partially and in 1 LDC not at all.

   **Donor facilitators**

   For five DFs, this is work in progress, in some LDCs well advanced, but it is too early to assess if DTIS conclusions will be integrated into the development plans and the existing direct links. For four DFs, conclusions have been integrated into the main PRSP document instead.
5. How have DTIS conclusions and priorities been reflected in your country’s international trade policy? What concrete changes/steps have you taken to reflect DTIS conclusions and priorities in your trade policy framework?

**IF focal points**

For 13 FPs, the DTIS conclusions have sensibly influenced the trade policy formulation. DTIS findings are now taken into account by relevant stakeholders when reviewing the trade policy framework. For 4 additional FPs the reflection of DTIS priorities is done mainly through PRSP and Action Matrix implementation. Only 3 FPs stated that no concrete steps had been undertaken.

**Donor facilitators**

For two DFs, it is too early to assess. For one DF, the DTIS will help to adjust the bilateral cooperation programme. For 1 DF, the DTIS conclusions were not prioritized in terms of the country’s trade policy and a trade policy document does not exist.

6. What changes, if any, should be made to improve the DTIS process?

**IF focal points**

To improve the DTIS process, a range of different ideas was provided: eight FPs: to increase the country’s participation and NIA involvement, especially from the beginning, to ensure ownership; three FPs: to enhance the coordination between government and donors; two FPs: to strengthen NIA’s capacity; two FPs: to improve DTIS/PRSP coordination; two FPs: to update the DTIS regularly; two FPs: to simplify the DTIS process and make it as concrete as possible; one FP: to involve further all six core agencies.

**Donor facilitators**

To improve the DTIS process, the following changes were suggested: three DFs: the DTIS lead agency should be keener to build local ownership and should decrease the inputs by international consultants and increase the involvement of national expertise and stakeholders; one DF: DTIS process should be simplified.; one DF: stakeholders should increase overall commitment to DTIS conclusions, warning the Government that the IF is not only increased financing.

D. Consultations with the private sector and civil society

1. How have the private sector and civil society been involved in the IF process? How and when was this involvement ensured? In your view, was it sufficient?

**IF focal points**

For 22 respondents, the private sector and the civil society were involved in the process at the outset and participated regularly in all IF steps/activities. For only 4 respondents, the private sector and civil society were only partially involved through limited and ad hoc consultations: this issue needs more attention in the future.

Four FPs also stressed that civil society had been less involved than the private sector because it had not been properly informed and encouraged to participate in the IF.

**Donor facilitators**

For four DFs the private sector and civil society were involved in the process, though sporadically and sometimes needed some encouragement. According to two DFs, the
involvement was insufficient, since the IF was too abstract to involve deeply the private sector. For one DF, the private sector and civil society were involved but would lose interest if the IF progress was slow.

2. What specific actions have been taken to explain and raise awareness about the IF in the private sector and civil society and promote their participation in the IF?

IF focal points

In 12 LDCs, the private sector and civil society were regularly associated in all the steps of the process and also specific awareness workshops and consultations were held, along with broader awareness raising activities including press, radio and television. In 11 LDCs, specific actions were limited to consultations arranged on ad hoc basis, but more intense efforts are expected to be deployed in the future, thanks to the growing resources of NIA.

Donor facilitators

For three DFs, occasions such as the DTIS preparation and the Validation Workshop were exploited to raise IF awareness and interest, but the full sensitization of all stakeholders was yet to take place. For two DFs, a number of ad hoc consultations and meetings were organized to promote their participation.

3. What consultation mechanisms are in place with the private sector, civil society and any other important domestic stakeholders?

IF focal points

In 15 LDCs, a regular dialogue has been established involving in particular the NSC through working groups and series of thematic consultations and public debates. In some of them, a formal and permanent forum of consultations has been created. In 3 LDCs, the consultation mechanism is limited to some workshops and a few ad hoc meetings. In 3 LDCs, it is felt that consultations with the private sector should be further promoted and improved.

Donor facilitators

For four DFs, there are no specific consultation mechanisms in place. For 1 DF, consultations are arranged on an ad hoc basis and, for 1 DF, some kind of mechanism is in place but it is not effective.

4. Do you have any suggestions to improve private sector and/or civil society involvement in the IF?

IF focal points

To improve the involvement in the IF of the private sector and civil society, the following ideas were provided: eight FPs: to share more transparently information on IF and enhance awareness of IF methodology, benefits, etc. within the country, region and provinces; six FPs: to establish IF capacity building/training programme addressing the private sector; three FPs: to integrate the private sector into the NSC; one FP: to strengthen NIA; one FP: to involve in IF Members of Parliament; one FP: to involve more the six core agencies to support the creation of a more enabling environment.
\textit{Donor facilitators}

Suggestions to improve private sector and civil society involvement were: two DFs: improve the dialogue and information sharing with the private sector using a business-like approach and language and show some concrete successes; one DF: the IF process is to be simplified to involve the private sector.

Questions under sections E and F below were replied to mainly by the countries where the DTIS Validation Workshop has already been held in the country.

E. Implementation of the DTIS action matrix and IF Window II

1. Was it easy to translate the DTIS action matrix into individual technical assistance projects? If not, what were the main constraints?

\textit{IF Focal Points}

For 10 FPs, translating the DTIS into projects was difficult because of lack of human and financial resources and various problems related to the TRTA prioritization and project’s format. For 7 FPs, this process was rather easy, mainly thanks to the support received under the IF scheme.

\textit{Donor facilitators}

For three DFs the translation of the action matrix into projects was feasible but the prioritization was rather difficult. Two additional DFs said that it was too early to reply. For one DF, it was instead difficult to operationalize the matrix.

2. How quickly could you formulate and start implementation of Window II projects? If there were delays, what caused them?

\textit{IF focal points}

Almost all respondents have stressed that the process was slow and long. For six FPs, it was long and delayed due to UNDP formalities and format requirements. For four FPs, it took one year because of long formalities and coordination issues with all stakeholders. For three FPs, the process is still ongoing. For three FPs, it was delayed due to the internal NIA capacity. For one FP, it was delayed because of problems with the DF. Only in two LDCs was the process not delayed, and took around six months.

\textit{Donor facilitators}

For three DFs, such formulation and start-up was delayed due to lack of funds and long procedures. For two DFs, delays were mainly due to NIA’s capacity constraints. Two DFs said that it was too early to reply.

3. Did you require support for this process (validation workshop, project identification/document preparation, etc.)? How (and by whom) was this support provided? And was it in your view sufficient?

\textit{IF focal points}
All respondents required support for the process. For 13 FPs, such support was provided by the IF but it should have been more important, especially for project formulation and prioritization. For two FPs, only such support was sufficient.

According to respondents, the support was provided by the World Bank (6), UNDP (six), ITC (five), European Commission (one) and the United States Agency for International Development (one).

**Donor facilitators**

In all five LDCs which responded such support was required. It was provided by UNDP (three), the Danish International Development Agency (DANIDA) (one), European Commission (one) and ITC (one).

4. **Please comment on the process**\(^{11}\) **followed by UNDP for the approval of Window II projects and disbursement of funding.**

**IF focal points**

Almost all FPs have complained about the approval and disbursement process of Window II projects. For seven FPs, this process was slow and caused various delays; in particular the disbursement procedures followed by UNDP were heavy. Four additional FPs were extremely bitter on this issue, stressing that the process was very tedious and pointing the finger at UNDP for being constantly absent from meetings, or using a bureaucratic and time-consuming methodology, denying relevant information, etc.

Only three FPs said they did not have problems with this process, mainly thanks to the intervention of the UNDP Geneva Office. One FP reported some coordination problems between UNDP and ITC.

**Donor Facilitators**

For one DF, the process takes too long. One DF said that projects were approved by UNDP without taking into consideration the DF comments and its non-approval, whilst for 1 DF the process was easy.

5. **If Window II projects are in an advanced stage of implementation, are you satisfied with their results? What evaluation has been undertaken to assess whether project objectives were achieved?**

**IF focal points**

Six FPs are satisfied with the results of Window II projects, whilst two FPs are only partially satisfied. Four FPs are not satisfied, out of whom two FPs are dissatisfied because of problems with UNDP.

**Donor facilitators**

One DF stated that he is very dissatisfied; projects are managed poorly and were not well prepared. One stressed that implementation is slow. DF said that monitoring and follow-up by UNDP are weak. One is happy with the progress achieved.

6. **Do you have any suggestions on how this general process or specific elements should be improved?**

---

\(^{11}\) Please note that such a process was established by IFWG/IFSC and not by UNDP.
**IF focal points**

Suggestions provided to improve the implementation of the action matrix and Window II include the following: six FPs: to enhance the involvement and exposure to the IF of national stakeholders including provinces and districts; four FPs: to increase the financial support provided to NIA; three FPs: to improve the disbursement procedures; two FPs: to strengthen the NIA’s capacities; two FPs: UNDP to encourage country ownership; one FP: to simplify the format of project proposals.

**Donor facilitators**

The following suggestions were given: two DFs: a full-fledged IF national implementation unit is to be established; one DF: do better project planning and expand IF participation to other partners; one DF: the approach is too project-oriented with insufficient links to other initiatives; one DF: UNDP should be more transparent in information sharing and not consider itself as the leader.

F. Donor and agency responses

1. **In your view, how well have donors and IF agencies (e.g. World Bank, IMF, UNCTAD, UNDP, WTO and ITC) adjusted their programmes/projects to fit the priorities identified in the DTIS? Are donors and agencies now using the DTIS as the basis for their interventions?**

**IF focal points**

For seven FPs, donors and agencies have not adjusted their programmes according to the DTIS conclusions and are not using the DTIS for their programming. In certain cases, problems of coordination among donors and agencies have been mentioned. For seven FPs, donors and agencies are gradually adjusting, though some efforts are still required, especially for some of them. For only one FP have donors responded very positively and adjusted their interventions accordingly.

**Donor facilitators**

For two DFs, it is too early to judge, though prospects look very good. For two other DFs, it does not seem that donors and agencies know enough of and give priority to IF; therefore, they are not using the DTIS for their interventions. For one DF, some donors are using the DTIS indirectly: they have adjusted their programmes to some extent but not greatly.

2. **How well does the dialogue between you and in-country donor representatives function? How often do you meet (e.g. IF focal point with donor facilitator, IF focal point with donor group)?**

**IF focal points**

For nine FPs, the dialogue with the DF is good and continuous, with formal meetings taking place monthly and informal consultations and contacts more often. For seven FPs, such dialogue exists but needs to be enhanced and the frequency of meetings regularized.

**Donor facilitators**

For four DFs, there is a continuous dialogue with frequent meetings, mainly on ad hoc basis, and overall a good cooperation has been established. Two DFs said that meetings were
held every two–three months and the communication was improving. One DF suggested that
the communication be improved and regularized.

3. Has the DTIS been properly integrated into relevant parts of the PRSP? Please
describe how this process was achieved.

**IF focal points**

In nine LDCs the DTIS had been integrated at different levels into the PRSP through a
continuous dialogue and process of mainstreaming into the different national policy
documents. In six LDCs such process of integration is still ongoing or has recently started.
Only in one LDC had the DTIS not been integrated.

**Donor facilitators**

For five DFs, such integration has taken place over a number of years and is still
ongoing. In some cases, meetings of DTIS were held in parallel with those of PRSP and later
combined. For two DFs, it is still a very early stage, though there are good intentions and
commitment. For one DF, some efforts were done, though not yet successful.

4. Are donors in their own coordination ensuring that appropriate linkages are
made between the IF and the broader economic growth agenda?

**IF focal points**

For 11 FPs donors are linking the IF and the broader development agenda, though for
3 of them the internal coordination of some donors and Agencies needs improvements. Only 1
FP thinks that the appropriate linkages with the IF are not being done.

**Donor facilitators**

According to four DFs, the appropriate linkages are being made, but there are various
degrees of interest and commitment. For two DFs, it is still too early to assess. For one DF,
donors should better prioritize the IF.

5. Are you satisfied with the present coordination among donors and/or agencies in
their response to the TRTA priorities identified by the DTIS and its action
matrix?

**IF focal points**

For eight FPs, the present coordination among donors and agencies in responding to the
DTIS is not satisfactory and needs further attention. In particular, for some respondents, such
coordination is not efficient and the priority setting process is not clear and not usually
effective. On the contrary, four FPs think that such coordination is good.

**Donor facilitators**

For three DFs, such coordination is poor and needs improvements. For three DFs, it is
too early to judge but prospects look good. One DF says that coordination is ensured by the
DF with modest involvement of the NIA. For one DF, coordination among donors is
improving though agencies are sometimes are absent. One DF complained that cooperation
with UNDP has been very difficult, with the DF being marginalized and excluded from taking
an active role in the process by UNDP.
6. Do you have any suggestions for improvements to enhance the response of TRTA providers in the IF?

IF focal points

Suggestions to enhance the TRTA response by the development partners include the following: five FPs: provide further assistance in project formulation, funding and implementation and take into consideration LDCs weaknesses; two FPs: increase the IF information flow, particularly meetings and consultations; one FP: provide additional and predictable funding; one FP: to prepare long-term TRTA programmes; one FP: improve donor coordination.

Donor facilitators

The following suggestions were provided: one DF: elaborate links with the private sector development programme; one DF: improve donor coordination and ensure the right balance between short and long-term TRTA. one DF: improve information sharing with in-country donors to reduce the gap between multilateral initiatives and field actions. one DF: a more active involvement of donors is required, though this might jeopardize local ownership.

G. Other Comments

1. Do you have any other comments on issues relating to the operation of the IF in your country that have not been covered above? In particular, are there examples of good practice/lessons that could be useful in other IF countries?

IF focal points

As regards other comments on the IF initiative and operations, the following ideas were formulated: five FPs: NIAs are to be strengthened by providing capacity-building and intra-LDCs experience sharing; two FPs: donors and agencies to better adapt their TRTA to the DTIS, two FPs: the six core IF agencies are to be all equally and further involved in the IF; one FP: use of local expertise is to be increasingly encouraged; one FP: IF is to pay more attention to supply-side projects benefiting the poor; one FP: national stakeholders in charge of PRSP are to be more involved; one FP: IF financial support is to be increased; one FP: LDCs not to be coerced to use the UNDP National Execution Scheme for IF projects; one FP: elaborate further the relation of IF and Aid for Trade to secure funding.

Donor facilitators

As regards other comments on IF operations, one DF suggested that, prior to the Validation Workshop, a donor statement by the DF could be circulated to the stakeholders and that EIF funding could be channelled through a local multi-donor Trust Fund. One DF proposed to increase experience sharing among LDCs to draw lessons from success stories and to elaborate on the relation between IF and Aid for Trade. For one DF, a more proactive approach from Geneva was needed for in-country donors and agencies to be sensitized to trade. One DF stressed the need to enhance the skills of the national IF unit staff.