

Trade and Development Board

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**Review of progress in the implementation of the Programme of Action
for the Least Developed Countries for the Decade 2001–2010**

Progress report on the implementation of the Integrated Framework for Trade-related Technical Assistance to Least Developed Countries

Note by the UNCTAD secretariat

Introduction

1. This report has been prepared by the UNCTAD secretariat pursuant to the decision taken by the Trade and Development Board at its sixteenth executive session. The UNCTAD secretariat was requested to inform the Board, on a regular basis, about the progress of work regarding the design and the implementation of activities related to the Integrated Framework for Trade-related Technical Assistance, including for Human and Institutional Capacity-building, to Support Least Developed Countries in their Trade and Trade-related Activities.
2. The Integrated Framework was adopted at the High-level Meeting on Integrated Initiatives for the LDCs' Trade Development in October 1997. On 31 May 2008, the Integrated Framework was revamped into the Enhanced Integrated Framework. In April 2008, the Accra Accord had stressed the importance of the Enhanced Integrated Framework for LDCs and requested its strengthening (para. 76).
3. It will be recalled that the secretariat submitted a similar report to the Trade and Development Board at its fifty-fifth session, 15–26 September 2008. This report provides an update on the developments related to the ongoing organizational transformations of the Enhanced Integrated Framework and further implementation since then.

I. Implementation activities during Integrated Framework transition to the Enhanced Integrated Framework

4. While the Enhanced Integrated Framework was in transition, UNCTAD was able to make important contributions by implementing a number of activities in a number of countries and specific areas within its mandate. These included missions in Integrated Framework countries such as the Lao People's Democratic Republic, Vanuatu, Comoros and Uganda, which led to the formulation of projects based on the action matrices of the respective countries. These included assistance with the formulation of the following projects: (a) rules of origin in the Lao People's Democratic Republic; (b) "Improved capacity for trade policy formulation and trade information" in Sierra Leone, in partnership with the International Trade Centre (ITC); and (c) some components of the project "Programme d'appui au développement des exportations PADEX-Benin" in Benin. Other projects are in the pipeline, such as (a) the "Setting up of the National Agency of Investment Promotion" and "Customs modernization" in Comoros; (b) "Support to Maldives customs service to upgrade the Advanced System for Customs Data (ASYCUDA)" in Maldives; and (c) "Review of the national priority action agenda (PAA) and the trade act" and "Customs In-land freight station and the import tariff act review" and trade facilitation-related activities in Vanuatu. In Sao Tome and Principe, UNCTAD worked on some components of the Integrated Framework Window II project on "Capacity-building Projects for the Commerce Department" through funding from donor bilateral sources.

5. To meet the needs of two least developed countries (LDCs), namely Mali and Niger, a specific trade development strategy tool kit has been elaborated. Such a tool aims at supporting the domestic Governments in the elaboration of their trade development strategies at the sectoral, regional and international levels. Elaborating a comprehensive and inclusive trade development strategy has proven to be difficult due to several constraints the countries are facing at the international and regional levels and given their need to promote their domestic developmental goals. The project in Mali was government-financed and is completed.

6. As a part of the follow-up and implementation of the Rwanda Diagnostic Trade Integration Study (DTIS) Action Matrix, UNCTAD organized a workshop in Rwanda on "Trade development and productive capacity with special emphasis on horticultural, handicrafts and leather products" in June 2008. The objective of the workshop was to validate the findings and recommendations contained in two studies that had been commissioned by UNCTAD at the request of the Government. The workshop was attended by two international experts in these sectors who prepared the studies. The discussions resulted in concrete policy recommendations to overcome the identified constraints as well as exploit the potentials in the three sectors. The Government undertook to establish a local follow-up mechanism to undertake the implementation of the recommendations.

7. As participating agency of the Enhanced Integrated Framework, UNCTAD's contribution during this reporting period also included the support to the LDC group in Geneva in better understanding the new architecture of the Enhanced Integrated Framework. Several informal meetings were held with LDC representatives on the design of the revised DTIS template and the Monitoring and Evaluation Framework. Since the majority of LDCs have now completed the DTIS, particular attention was given on how the DTIS updating should be carried out and several aspects of the DTIS template were discussed to better tailor it to the needs of the LDCs. The meetings on the monitoring and evaluation served to better understand the format and information required in the log frames at the programme, country and project level and the contribution that may be expected by the National Implementation Arrangements to adapt the framework to national priorities.

8. The contributions also included early dissemination of the arrangements, architecture and guidelines of the Enhanced Integrated Framework to the Integrated Framework countries by organizing two regional workshops with donor financial support. UNCTAD organized the Enhanced Integrated Framework workshop for the Pacific LDCs in Port Vila, Vanuatu, in October 2007 and the Enhanced Integrated Framework workshop for the Asian countries in Vientiane, Lao People's Democratic Republic, in January 2008.

9. These workshops were a response to one of the recommendations of the transition team on the need to improve information sharing through an "outreach" programme. The workshops were designed to provide stakeholders with practical advice and tools which will enable them to start implementation of the Enhanced Integrated Framework as soon as it became operational.

10. UNCTAD also participated and substantively contributed to a seminar on the Gender Dimension of the Enhanced Integrated Framework held at the World Trade Organization (WTO), Geneva, in April 2008. It addressed issues on the role of women in trade development strategies, the contribution of women in the economic growth and how to mainstream gender into the Enhanced Integrated Framework, in particular by promoting and supporting women entrepreneurs through addressing gender-based constraints. Participants were mostly women working in the business sector, while some of them were the Integrated Framework national Focal Points.

II. The Enhanced Integrated Framework

11. Since the Enhanced Integrated Framework was officially launched on 31 May 2008, a number of institutional arrangements have been put in place to make the Enhanced Integrated Framework fully operational. These include establishment of an Enhanced Integrated Framework secretariat and the appointment of an Executive Director. The United Nations Office for Project Services (UNOPS) has been appointed as the trust fund manager. Up to \$64.5 million has been deposited with the trust fund manager and the current level of funding commitments stands at \$240 million.

12. As required by the Enhanced Integrated Framework guidelines, an agency wishing to implement Enhanced Integrated Framework projects in LDCs has to sign a partnership agreement with UNOPS as trust fund manager. Potential implementing agencies are UNCTAD, ITC, the United Nations Development Programme (UNDP), the World Bank and the United Nations Industrial Development Organization (UNIDO), a new partner agency to the Integrated Framework, which was approved on 14 May 2009. As of June 2009, agreements with UNCTAD and ITC have been finalized and signed. The World Bank has been authorized to use external funding outputs. The agreement with UNIDO has been concluded and signed. UNDP and UNOPS are still discussing some aspects of the form and content of the Partnership Agreement.

13. Many eligible LDCs have already set up national steering committees and national implementing units. Guidelines for Tier 1 projects (support to the national implementing units) have been adopted and disseminated to the LDCs. Two Tier 1 projects (Yemen and Sierra Leone) have been approved and the following LDCs are at various stages of preparing their Tier 1 proposals: Burundi, Cambodia, the Central African Republic, Comoros, Djibouti, Congo, Guinea, Lao People's Democratic Republic, Liberia, Madagascar, Mali, Malawi, Nepal, Rwanda, the Solomon Islands, Sudan, the Gambia, Timor-Leste, Uganda and Vanuatu.

14. The Enhanced Integrated Framework is also reviewing guidelines for conducting DTIS in order to better address the needs of the LDCs. After their adoption, the guidelines will be used in the preparation for DTIS for newly approved countries, for DTIS updates

and for future DTIS. Further guidelines for Tier 2 projects are being drafted and will be submitted to the Enhanced Integrated Framework board. Discussions have been held in the Enhanced Integrated Framework interim board on how the Enhanced Integrated Framework should approach regional projects and how to treat graduating LDCs.

15. A monitoring and evaluation framework was approved in principle by the Enhanced Integrated Framework interim board. The framework is expected to promote accountability and better achievement of Enhanced Integrated Framework objectives through the implementation, monitoring and evaluation of the activities, processes, outputs and performance. It is also expected to promote feedback and knowledge sharing. The framework will operate at the programme, country and project levels. With the adoption of the monitoring and evaluation framework and the guidelines for Tier I projects, the Enhanced Integrated Framework could be considered fully operational

16. Following the adoption of the Monitoring and Evaluation Framework, two Tier 1 projects (Yemen and Sierra Leone) have been formally approved by the board. A number of other Tier 1 projects already finalized and submitted to the board are expected to be approved shortly on a no-objection basis.

17. Discussions have been held in the Enhanced Integrated Framework interim board on how the Enhanced Integrated Framework should approach regional projects and how to treat graduating LDCs. UNCTAD contributed its views on both subjects. However, a final decision still pending

18. Bangladesh has officially requested to be part of the Enhanced Integrated Framework and will be joined by Nepal. The two remaining LDCs (Myanmar and Somalia) have thus far not requested a technical review to be carried out.

19. A first global workshop for the Enhanced Integrated Framework focal points was held in Geneva from 8 to 10 July 2009. It was organized by the Enhanced Integrated Framework secretariat in close collaboration with both donors and agencies. UNCTAD actively participated and contributed to the discussion regarding trade mainstreaming, and made a presentation of how and in what ways UNCTAD could support DTIS' action matrix implementation. Many LDCs' Enhanced Integrated Framework focal points participated at this event, and lively discussions and lessons learned were shared among participants, agencies and other stakeholders.

III. Enhanced Integrated Framework implementation mechanism and contribution of UNCTAD

20. In February 2009, 36 DTIS have been completed and 8 additional studies are in preparation.¹ As of February 2009, the number of new DTIS to be prepared is rather limited: Haiti has had its technical review approved and is waiting for the DTIS to be launched. Eritrea is on a pause (as per the Government's decision) from the Integrated Framework since 2003 and the technical review for Equatorial Guinea has thus far not been approved.

¹ According to Enhanced Integrated Framework secretariat records, three of eight studies (Afghanistan, Democratic Republic of the Congo and Togo) were initiated under the Enhanced Integrated Framework and the contractual modality between the DTIS lead agency (World Bank) and UNOPS. In addition to the eight studies underway, technical reviews have been approved for Eritrea (on a pause from the Integrated Framework as decided by the Government of Eritrea in 2003) and Haiti (decision on the contract modality pending).

21. UNCTAD has continued to participate actively in the DTIS process, either by providing substantive comments before completion of the DTIS (the Solomon Islands, Togo and Guinea-Bissau) or by participating in the DTIS main missions and undertaking specific chapters such as investment of the DTIS in Maldives and Comoros.

22. UNCTAD actively participated in a seminar on the Mainstreaming of the Enhanced Integrated Framework, held in Geneva in November 2008. The seminar was organized by the Enhanced Integrated Framework secretariat. It served to illustrate the findings of a UNDP study and the World Bank. UNCTAD made a presentation on its methodology and action plan on trade mainstreaming. A presentation on mainstreaming was also made during the Enhanced Integrated Framework global event held last July.

23. Seven² West African countries have set up a working group to implement projects at the regional level. UNCTAD is assisting these countries to solve the mangoes fly problem in order to increase exports in this area. In December 2008, UNCTAD participated in a meeting organized by ITC for these countries to advocate for a quick implementation of their regional project to promote exports for leather and leather products. The role of the Enhanced Integrated Framework in the regional project was discussed during the global workshop for the Enhanced Integrated Framework focal point held in July, and further discussion is going to be held at the board on how the Enhanced Integrated Framework could contribute towards regional projects. UNCTAD is actively engaged in this debate.

24. In March 2009, UNCTAD participated with other Enhanced Integrated Framework agencies and the Enhanced Integrated Framework secretariat in a workshop on the Enhanced Integrated Framework features in Bhutan. UNCTAD made a presentation on market access and on the UNCTAD strategy to assist LDCs in developing a trade policy framework to mainstream trade issues in the development policy.

25. Advisory missions to assist countries in their post-DTIS phase have been carried out in Cambodia and Mozambique. In the case of Cambodia, a project document is under elaboration to be funded from the multi-donor trust fund established at the national level to implement the action matrix. In Mozambique, assistance has been required in the post-DTIS phase and in updating the action matrix. UNCTAD is currently discussing with Mozambique how to best assist in this exercise. UNCTAD is currently implementing a project on rules of origin in the Lao People's Democratic Republic and a project on improved capacity for trade policy formulation and trade information in Sierra Leone.

26. Other projects in the pipeline include (a) the setting up a national investment promotion agency and one on customs modernization in Comoros; (b) one to support the Maldives customs service in upgrading ASYCUDA; and (c) in Vanuatu, a project to review the National Priority Action Agenda and Trade Act, a project on an inland customs freight station, a review of the Import Tariff Act, and a project on trade facilitation-related activities. Finally, there is a new Rwanda project to Support the National Implementation Unit/Focal Point Core Functions to Implement the Integrated Framework.

27. During this operational phase of the Enhanced Integrated Framework, UNCTAD will aim at supporting the sharing of lessons learned and experiences among the LDCs to better implement the Enhanced Integrated Framework, and will assist in establishing or strengthening a trade policy decision-making mechanism involving the private sector and other stakeholders to prioritize trade issues to be later mainstreamed into development plans. These initiatives are based on requests addressed during field activities and the need expressed by focal points at the first Enhanced Integrated Framework global event held in July 2009.

² Benin, Burkina Faso, Guinea, Mali, Mauritania, Niger and Senegal.

28. Following the elaboration of a specific trade development strategy toolkit for Mali, and an ongoing one for Niger, based on these experiences and further requests from LDCs, UNCTAD will provide assistance in elaborating a comprehensive and inclusive trade development strategy, including the development of trade policy decision mechanisms to better prioritize the trade issues in the action matrix and progressively mainstream them into development plans.

IV. The Enhanced Integrated Framework, the “Delivering as One” initiative and other initiatives

29. UNCTAD participated at a UNIDO high-level technical workshop in Kigali, Rwanda, 8–9 September 2008 – in collaboration with WTO and hosted by the Government of Rwanda – to launch the eight-country pilot programme based on the findings of DTIS.

30. Based on the priorities identified by each country, beneficiary countries – with UNIDO, UNCTAD, WTO and ITC – have been collaborating in the identification of a fund mobilization strategy and have initiated a preliminary dialogue with donor agencies.

31. UNCTAD participated to the Siem Reap Ministerial Conference in November 2008, where revised country proposals were presented to a wider audience of LDCs as a practical and operational way forward towards tackling the supply-side gaps. Further elaborations of the draft country proposals are being revisited during joint reviews among the agencies.

32. In the context of the Enhanced Integrated Framework and through the Trade and Productive Capacity Cluster, UNCTAD has been working with UNIDO and ITC in eight One United Nations pilot programme countries: Benin, Cambodia, the Lao People’s Democratic Republic, Lesotho, Mozambique, Senegal, Rwanda and Yemen, focusing on specific strengthening of supply capacities. The UNCTAD inputs are being finalized for submission to countries and eventually for donor bilateral funding and/or the Enhanced Integrated Framework trust fund. In this connection, Switzerland, through its State Secretariat for Economic Affairs (SECO), has expressed interest in working with UNCTAD, UNIDO and ITC, and has programmed \$18.5 million for the period 2009–2012 to support joint work programmes to be developed by ILO, ITC, UNIDO and UNCTAD (to be called inter-agency cluster programme). Work is in progress to finalize a memorandum of understanding with SECO to this effect with a view to begin implementation of activities in the United Republic of Tanzania, Mozambique and the Lao People’s Democratic Republic.

33. UNCTAD has also developed a partnership with the West African Economic and Monetary Union (WAEMU) to establish a coordinated delivery of the technical assistance to the member States. This partnership will help meet the national needs of the West African countries identified in their action matrices by implementing projects at the regional level, creating synergies between national and regional strategies. Implementation of this partnership has started with new programme and competition policies.

V. Concluding observations

34. The Enhanced Integrated Framework is now fully operational and expectations are that it will soon be delivering concrete activities on the ground. LDCs at different stages of Enhanced Integrated Framework implementation have a variety of needs for assistance, including capacity-building for the national implementation units both in substantive terms related to trade mainstreaming and also project development, management evaluation, monitoring and reporting. In relation to trade mainstreaming, UNCTAD has developed a

methodology and provides support to the LDCs to better integrate trade into national development priorities. UNCTAD will also actively participate in the development and implementation of an inter-agency capacity-building support programme for the Enhanced Integrated Framework national implementation units.

35. The follow-up and implementation of the DTIS action matrices is a challenge that grows with the rapidly increasing number of countries participating and those seeking to benefit from the Enhanced Integrated Framework. While UNCTAD remains fully committed to exert efforts to meet the expectations raised by the potential of the Enhanced Integrated Framework as the main trade capacity-building instrument in the LDCs, its capacity to cope with large number of Enhanced Integrated Framework countries at its current level of resources may be constrained. The secretariat is currently exploring new sources of extrabudgetary funding to develop its capacities to undertake more in-country activities in the LDCs.

36. Given the cross-cutting nature of the trade-related actions identified by the DTIS Action Matrices, the proactive engagement by substantive UNCTAD Divisions and Programmes is crucial in the overall UNCTAD contribution to the follow-up and implementation of the Action Matrices in the Enhanced Integrated Framework, and arrangements for this are currently being strengthened.

37. The activities undertaken by UNCTAD in support of capacity-building for the ownership of the Enhanced Integrated Framework process through advisory missions and sensitization workshops have been made possible thanks to financial support from bilateral partners (the Governments of Finland, France, Italy, the Republic of Korea, and the United Kingdom of Great Britain and Northern Ireland).

38. The secretariat has initiated a series of in-country activities that aim at meeting the LDCs' needs of policy space in the formulation of their trade development strategies in accordance with their development goals. The successful launching of the Trade Development Strategy in Mali was followed by expression of interests from other LDCs. The Trade Development Strategy of Niger is currently underway. It is the intention of the secretariat to initiate similar activities in other LDCs in the future.
