

Sub-Committee on Least-Developed Countries
Twentieth session

NOTE ON THE MEETING OF 21 JULY 2000

Chair: Ambassador Benedikt Jónsson (Iceland)

1. The Sub-Committee adopted the proposed agenda contained in document WTO/AIR/1337/Rev.1.

A. REQUEST FOR ATTENDANCE OF AD-HOC OBSERVERS

2. The Chairman recalled that a decision had been taken at the 25th Session of the Committee on Trade and Development (CTD) to accord *ad hoc* observer status to several Intergovernmental Organizations (IGOs). Since the decision, those IGOs had been invited to subsequent meetings of the CTD and the Sub-Committee on a meeting by meeting basis. The list of IGOs with observer status was contained in document WT/COMTD/W/22/Rev.5. He proposed that the Sub-Committee invite these IGOs to participate in this meeting and the next meeting on an *ad hoc* and meeting by meeting basis.

3. It was so decided.

4. Before taking up Item C of the Agenda, the Chairman said that there had been positive developments concerning the integration of LDCs into the multilateral trading system, since the last meeting of the Sub-Committee in March. These were: (i) enhanced market opportunities in favour of LDCs; (ii) enhanced and rationalised WTO Secretariat institutional arrangements for handling LDC matters; and (iii) improvements underway on the Integrated Framework for the delivery of trade-related technical assistance to LDCs. Members had been broadly informed of these developments, including through the Report by the Director-General to the General Council of 3 May 2000 on measures in favour of LDCs, the note by the Director-General on the retreat outcome, and the discussions on the Integrated Framework held under Item 13 in the General Council of 17 and 19 July, 2000.

5. The Chairman noted that the Director-General had been conducting consultations with the main trading partners to improve market access opportunities for LDCs and had reported to the General Council on 3 May, 2000, that Canada, the European Union, Japan and the United States had proposed to implement tariff free and quota free treatment for essentially all products originating in LDCs under their respective preferential schemes. Some 13 other WTO Members had also indicated that they had taken measures or were intending to improve market access opportunities and access for LDCs. These Members included Chile, the Czech Republic, Hungary, Iceland, Korea, Norway, New Zealand, Slovenia and Switzerland. The Chairman was encouraged by the Director-General's efforts in seeking measures in favour of LDCs in the area of market access, and hoped that the LDC Members could fully benefit from these initiatives. He recalled that the procedure for reporting market access offers to LDCs had been taken up at the 29th Session of the CTD.

6. The Chairman informed the Sub-Committee that a Secretariat Working Group had been created for LDCs and the Integrated Framework following the Director-General's retreat held with senior management. This Working Group was headed by Mr. Osakwe and was responsible for the WTO's work specific to LDCs, including the WTO's participation in the Integrated Framework, the

Sub-Committee on LDCs, outreach work for informal WTO groups and the delivery of technical assistance to LDCs. The Working Group would report directly to the Office of the Director-General. The Chairman hoped that by combining policy and operational aspects of WTO's work for LDCs, the Working Group would be able to address the full scope of the problems and challenges faced by the LDCs in an effective and coherent manner, and appealed to Members for their support to the Group.

7. There had been improvements underway on the Integrated Framework for Trade-related Assistance for LDCs (IF), that would be taken up in the following Item C. The Chairman expressed his personal commitment to work to ensure the implementation and effective follow-up to the improvements agreed to by the six core agencies.

B. FOLLOW-UP TO THE HIGH-LEVEL MEETING ON LEAST-DEVELOPED COUNTRIES

8. The Chairman recalled that since the last Meeting of the Sub-Committee, a number of developments had taken place with regard to the IF. There were three sub-items relating to the IF on the Agenda: (i) the Report of the Review on the Integrated Framework (WT/LDC/SWG/IF/1); (ii) the Secretariat Report on the Inter-Agency Working Group (IAWG) meeting of 21 and 22 June, 2000 (WT/LDC/SWG/IF/3); (iii) the Secretariat Report on the Heads of Agency meeting of 6 July, 2000 (WT/LDC/SWG/IF/4) and the Joint Statement issued by the six Heads of Agency (WT/LDC/SWG/IF/2). Since these sub-items were all concerned with the review of the IF, the Chairman proposed that the Sub-Committee treat all together.

9. He noted that the IF Review had been mandated by the Framework Document (WT/LDC/HL/1/Rev.1) endorsed at the High-Level Meeting for LDCs in October 1997 and had been designed as an inter-agency exercise in consultation with LDCs and their development partners. To initiate the review, the World Bank had task-managed for the core agencies an independent evaluation that had provided a basis for the review. The report of the independent review team had been submitted to the IAWG on 8 June 2000 and had been circulated to WTO Members a few days after release. The IAWG had met in New York on 21 and 22 June 2000 and had held extensive discussions on the issues and conclusions contained in the independent report as well as on the inputs from Members. Against this background, the Director-General had conducted several informal consultations with the LDCs and WTO-DAC/OECD Members. The Chairman had been present at some of these consultations which were held on 23 and 29 June, and 3 July, 2000, as well as in several other limited plurilateral consultations. The Heads of Agency had met on 6 July, 2000 at the UNDP Offices in New York. The Chairman invited Mr. Osakwe, WTO Special Coordinator for LDCs, to summarize the outcome.

10. Mr. Osakwe in his report focused on: (i) the mandate for the IF review, (ii) the procedure for consultations, and (iii) specific decisions taken and proposal made for the improvement of the IF. He said that the mandate governing the review of the IF had been an issue at consultations with Members. Paragraph 6 of the Framework document adopted at the High-level Meeting in October 1997 provided that the review exercise was an inter-agency process in which LDCs and their bilateral development partners would be consulted. Agencies had been faithful to this mandate governing the review process. With regard to the consultation process, the Director-General had convened several consultations with Members on 23 and 29 June, 2000, and with some bilateral and plurilateral groupings, including one with the LDCs on 4 July 2000 before his departure for the meeting of Agency Heads. The consultation efforts of the DG also included the first-ever meeting with WTO Members who were also Members of the DAC/OECD, a group of donor countries that had previously never met in the WTO. The WTO Secretariat had fully and extensively consulted with Members and would continue to consult in the follow-up stage to the Joint Statement. The IAWG had met in New York on 21 and 22 June, 2000, and had considered all the inputs made available to the agencies, including those formal and informal inputs from the donor countries and LDCs, as well as the report of the independent experts.

11. At the meeting of 6 July 2000, Heads of Agency had taken decisions, as contained in the Joint Statement, to improve the functioning of the IF in the follow four areas:

(a) Mainstreaming

12. Heads of Agency recognised that trade needed to be considered in the context of related policies in development. There would be two levels of mainstreaming. First, they agreed to support the integration of trade and trade-related technical assistance into development strategies and poverty reduction strategies of LDCs, primarily as expressed in their poverty reduction strategy papers (PRSPs). In the absence of PRSPs, other development architecture such as the United Nations Development Assistance Framework (UNDAF) could influence the mainstreaming process. This first level of mainstreaming was the stage of programme and project formulation. At the second stage of mainstreaming, these efforts would feed into an operational level, primarily at World Bank Consultative Groups (CGs) or at UNDP Round Tables.

(b) Governance and management

13. The second element of the new arrangements addressed weaknesses in governance and management of the IF. Heads of Agency had decided to expand the Meeting of Heads of Agency to include contributing donors and representatives of LDCs in a new Integrated Framework Steering Committee. The composition of the Steering Committee would be worked out in consultations with LDCs and donors by 30 October 2000. There were three reasons for the establishment of the Steering Committee: (i) avoidance of bureaucratisation, (ii) a need for policy oversight, and also (iii) a need for guidance and policy direction that such a high level body would provide. Another improvement in governance and management involved the folding of the Administrative Unit, currently located at the ITC, into the WTO Secretariat. The WTO Secretariat would provide secretariat and coordinating function for the IF, including provision of information to the Steering Committee and the core agencies. It would essentially be an enquiry point, emphasising coordination and would not be an elaborate bureaucracy.

(c) IF Trust Fund

14. There was a clear understanding among Heads of Agency that the IF was an unfunded mandate. It would be difficult to meet the objectives of the IF unless resources were made available. They agreed that although the bulk of resources required for funding IF projects would be generated either at CG meetings or UNDP Round Tables, the proposed Trust Fund would be essential for preparatory work for the CGs or the Round Tables. Moreover, resources in the proposed Trust Fund would also be directed to those LDCs that were not covered either by CGs or UNDP Round Tables, and those LDCs that were not covered by PRSPs. In addition, part of the Trust Fund would cover regional programmes and some trade-related technical assistance projects. The bulk of the fund would be used for drawing-up a country-specific integration strategy that was essential to the process of mainstreaming.

(d) Enlargement

15. Agency Heads considered that while there was merit in enlargement, it was not the appropriate time until after the improvements to the IF were put in place and seen to be working.

16. Finally, Heads of Agency had agreed to put the Joint Statement to their respective governing bodies and councils to get reactions from their members. The WTO Secretariat had taken note of various reactions and assessments from its Members at the meeting of the General Council of 17 and 19 July, 2000. In the view of the Secretariat, WTO Members largely welcomed the improvements that had been proposed to the IF, particularly mainstreaming and the establishment of the Steering Committee. Although the importance of resources for the Trust Fund was recognised by some

Members, the Secretariat was advised to consult further on this issue. Moreover, it appeared to be the unanimous view of WTO Members, developed, developing and Least-Developed, that if resources were made available for the proposed Trust Fund (and without prejudice to its establishment), these resources should be directed to project delivery and not to further studies, analysis and administrative overheads. Mr. Osakwe reiterated that the above report was a summary. As a next step in this exercise, the Director-General was considering addressing a letter to his colleague Heads of Agency, stating the factual reactions from the WTO's Members and Observers to the Joint Statement.

17. The Chairman thanked Mr. Osakwe for his report that highlighted the developments regarding the IF. He hoped that the decisions taken by Heads of Agency would offer possibilities for improving the functioning of the IF and would contribute to realizing the potential of the IF as an instrument for the delivery of trade-related technical assistance.

18. The representative of Haiti listed his concerns regarding the implementation of the IF, following the meeting of 6 July 2000. The Joint Statement was concerned with a strategy for poverty mitigation and integrated development, but the new IF led by the World Bank was not the solution to trade-related technical assistance whose aim was to facilitate the integration of LDCs in the multilateral trading system. It seemed that the statement neglected the initial objectives of the IF set out at the Singapore Ministerial Meeting in December 1996 and the High Level Meeting in October 1997 to strengthen supply capacity of LDCs, to provide them with technical assistance in the area of trade, and to facilitate market access for their export products. The order of priorities, which was set out in the Joint Statement namely, (i) accession of LDC Members to the WTO, (ii) market access, and (iii) trade-related technical assistance, did not reflect the order of importance for LDCs since LDCs had to be able to produce something before making use of market access opportunities. Moreover, there had been a misunderstanding between the LDCs and the bilateral and multilateral partners concerning the importance attached to funding of programmes resulting from the IF Round Tables. While the independent evaluation team had been requested to carry out an analysis on this LDCs' concern, it appeared that the team had not been briefed by the LDCs. Hence, the New York meeting had taken up only the interests of LDCs' partners, but not those of the LDCs.

19. Regarding the proposed Trust Fund, Haiti was concerned that the fund would only finance the administrative cost for preparing projects and carrying out feasibility studies. Moreover, the Fund would only cover 25 LDCs and leave out the five LDC Members that had already held Round Tables, suggesting that no follow-up would be considered after the Round Tables. Though feasibility studies and seminars were beneficial for LDCs, specific projects were far more important for them. Haiti wished that the WTO would administer the Fund with a view to financing projects.

20. On mainstreaming, while Haiti was not against the drafting of an integration strategy within the context of an overall development programme. The global nature of the mainstreaming process should not suffocate trade-related technical assistance as envisaged by the IF. Moreover, the evaluation team suggested that a solution to the problem of co-ordination was the division of tasks to support general policies, customs reforms, institutional support, legal systems, improving manpower resources, developing the necessary human resources and infrastructure-type trade-related technical assistance, whereby each agency would contribute based on its comparative advantage. However, it was not clear how these suggestions were reflected in the new arrangements.

21. The representative of Bangladesh stated he had met with the team of consultants who had prepared the evaluation report. Bangladesh fully shared the concerns expressed by Haiti. The LDC community considered that the IF was to be a binding commitment made by the world community in the Singapore Ministerial Declaration, and that the IF was not part of ordinary technical assistance provided by the WTO, World Bank, UNCTAD and other Agencies. While LDCs understood the many difficulties involved in the four-year operation of the IF, they considered it was resources that had been lacking for implementation of the IF. Therefore, LDCs believed that for the IF to be implemented, those who had made the commitment should come forward with resources. Moreover,

the removal of supply constraints should be addressed together with market access. Without access to markets, the removal of supply constraints would not integrate LDCs to the multilateral trading system. The removal of tariffs was not the only issue of market access, but the removal of non-tariff barriers had to be also addressed. Since LDCs did not trade much with other LDCs, or the low income developing countries, it was important to have access to the markets of the Quad, OECD, and other developed countries.

22. With regard to the proposed Trust Fund, Bangladesh was concerned about the proposed use of the US\$ 20 million. There were five LDCs that had organised the IF Round Tables and had prepared multi-year programmes with capacity building projects. Bangladesh had prepared 34 projects that had been presented to donors and the multilateral agencies. Bangladesh considered that the fund should be directed to these projects on a priority basis and that financing of consultants, reports, seminars and workshops would not make best use of the Trust Fund. Such funds had to be spent on actual concrete work, that was on projects that would help bring LDCs out of poverty. Bangladesh hoped that the IF would be an effective mechanism in the field of technical assistance. Regarding the proposed establishment of a Steering Committee, Bangladesh expressed interest in participating in the committee and in knowing the terms of reference for the committee.

23. The representative of Mauritania stated that the IF had not met the expectations of LDCs. LDCs and developing countries had always favoured an integrated approach to development, as splintering up issues could only give limited results. Regarding the specificities of the new IF, Mauritania supported the setting up of a Steering Committee that would ensure good coordination between the interested parties and better functioning of the IF. The new division of labour amongst the agencies seemed to reflect comparative advantage and expertise of each agency. The decision to propose the establishment of an IF Trust Fund was another important aspect in the new IF, since the lack of financial resources had greatly affected IF implementation. The proposed amount for the fund was modest compared with the needs of LDCs. However, while investment in infrastructure could be dealt within development frameworks such PRSP or UNDAF, it was necessary for those countries in the advanced stage of PRSPs to envisage special provisions for investment in basic infrastructure related to trade. Trade could play a catalytic role in growth only when LDCs had benefited from adequate technical assistance, had strengthened institutional and human capacities, had increased export capacity, and had acquired basic infrastructure. It was only when this stage was attained that LDCs could begin to reverse the trend of marginalization. Hence, the integration of LDCs and developing countries in the multilateral trading system through capacity building and strengthening of policies could only be achieved if appropriate human and financial resources were mobilized under the IF. Mauritania was concerned that the proposed IF Trust Fund was dependent upon voluntary contributions, which could result in financial uncertainties. Furthermore, Mauritania supported the expansion of the IF to other organizations, particularly to include the Food and Agriculture Organisation (FAO) and the United Nations Industrial Development Organisation (UNIDO).

24. The representative of the European Communities (EC) stated that the EC had already made comments at the General Council on 17 and 19 July, 2000. Moreover, the EC had initiated an internal in-depth analysis of the newly proposed IF and therefore the following remarks were preliminary. The EC and its Member States were among the major donors for the IF and technical assistance. Regarding the new arrangements for the IF, while there were some far-reaching proposals, there were also many questions. There were two sentences in document WT/LDC/SWG/IF/3, paragraph 7, which required clarification with sentences in Annex II of the document. In paragraph 7 of document WT/LDC/SWG/IF/3, it was stated that "representatives unanimously agreed that it was indispensable to mainstream trade into LDCs' overall development strategy, as expressed in their PRSP". The sentence in paragraph 14 stated that "in the preparation of a PRSP, the role of the IF was to make sure that an integration strategy was an indispensable part of LDCs poverty reduction strategy process". The EC wondered how the two sentences would fit together with the sentences in Annex II of the document, stating that "if trade does not emerge as a priority from the PRSP process, the project preparation phase will not occur". These appeared to contradict with the consensus that trade should

be part of the poverty reduction strategy and that the IF was a mechanism to mainstream trade into country development strategies. Thus, clarification was sought from the Secretariat on this point. In addition, regarding Annex II of the document, the EC asked how 25 LDCs, out of 48, would be selected, and how the remaining LDCs, as well as those countries that had already held Round Tables, would be dealt with in this context.

25. There were questions also on the IF Steering Committee, based on paragraph 27 of document WT/LDC/SWG/IF/3. In paragraph 27, it was stated that "some representatives had expressed concerns that the establishment of the oversight body could be perceived as over-bureaucratisation of the IF.... however, it was understood that the proposed oversight body would simply extend the current existing body of the Heads of Agency to include other stakeholders of the IF, namely, donors and LDCs." Since the Steering Committee was not an idea coming out of the evaluation report, the EC wondered how this idea had emerged and what discussion had taken place at the IAWG meeting. In addition, the EC queried how the Steering Committee would interact with the IF Round Tables and the CG meetings, how donors would be represented in the committee, and how the discussion on the terms of reference for the Steering Committee would be organised. While the idea of the Steering Committee was not a bad idea, it required careful designing as suggested in paragraphs 26 and 27 of the document.

26. Regarding the proposed Trust Fund, the EC was interested in obtaining the details of the terms of reference and wished to be consulted during the discussions that would take place. It was unclear how the fund would be spent, especially for those activities listed in Heading 3 of the Annex 2 of the document WT/LDC/SWG/IF/3, "other capacity-building initiatives, including where LDCs are not covered by PRSPs". In working out the terms of reference, great care was required, as some LDCs seemed to have a completely different idea on the use of such fund. There was also a question of additional overheads. If they were required, how they would be financed. Moreover, regarding paragraph 14 of document WT/LDC/SWG/IF/4, in which the Vice-President of the World Bank had suggested the appointment of a team for fund raising, stressing that that resource mobilization was a collective responsibility, the EC wondered how the team would be appointed and how it would work. Furthermore, with regard to paragraph 16 of the same document stating that "following further discussions, it was agreed that the Agencies should assess the status of the IFTF on 30 November 2000", the EC asked what expectations the agencies had and what the consequences would be, if the assessment did not meet the initial expectation.

27. The EC expressed full support for the Third U.N. Conference on LDCs in 2001 as a possible forum to gather further political momentum for the IF. Finally, the EC wished that all Members would be consulted in the process when the details of the new arrangements for the IF would be worked out.

28. Mr. Osakwe, responded to the EC's questions. There was no contradiction regarding the emphasis by the agencies for the integration of trade and trade-related technical assistance into development architecture as expressed in the PRSPs, the CGs or UNDP's Round Tables on one hand, and the statement in the Annex that trade did not arise as a priority on the other. Rather, it was an observation that had been made and a lesson that the agencies had learnt in the three years of IF operation that, in some LDCs, trade and trade liberalisation had not been established as a priority within the context of their overall development strategies. On the basis of national ownership, they might have made choices in favour of other priorities such as education, health, immunisation, building roads and infrastructure that they considered to be more important. Mainstreaming of trade would take place only when the principle of ownership was applied and fully realized by LDCs themselves. Moreover, trade liberalization had to be understood and treated as public goods; trade liberalisation and trade reform could be painful processes that were not naturally and adequately provided by the private sector. This was why there was a need for some external intervention by multilateral agencies, and why resources would be indispensable for preparatory work for

mainstreaming. The question was a balance that needed to be reached between the resources to provide these public goods and the resources to fund projects.

29. In response to the question raised by the EC and other Members asking why only 25 LDCs were covered and not the 48 LDCs. He said that there was no discrimination in the treatment of the 48 LDCs. However, based on the past three-year experience of the IF, the agencies had generally dealt with the same range of countries. In the review process of the IF, the agencies had recognised the need to start in a modest way and proceed incrementally and gradually. The US\$20 million was the funding objective for a three-year period 2001 to 2003 for 25 LDCs. However, the agencies fully recognised that the scope of the countries they dealt with was 48 countries.

30. On the terms of reference for the Steering Committee, Mr. Osakwe said that, the agencies had not yet decided on the details as they had to consult with their respective members. Judging from the reactions from Members at the General Council of 17 and 19 July, 2000, Members generally supported the establishment of the IF Steering Committee. In fact, some Members had already indicated their willingness to participate in such a Steering Committee. The WTO Secretariat, together with the other agencies, would work out the terms of reference, in consultation with Members, by 30 October, 2000. Regarding the EC's question on resource mobilisation, the Trust Fund would be administered by the UNDP on the basis of terms and conditions to be agreed by the agencies. The agencies would be looking at the DAC/OECD as a forum for resource mobilisation.

31. The representative of the United States stated that her country had already expressed its views at the General Council, but would review some of them at this Sub-Committee. The United States supported the fundamental principle of mainstreaming of trade into broader development vehicles, the creation of a Steering Committee that would help ensure the political accountability in the IF, as well as WTO chairmanship of the IAWG and, the folding of the Administrative Unit into the WTO Secretariat. The United States was interested in participating in consultations to draw up the terms of reference for the Steering Committee and the IAWG.

32. On the proposed IF Trust Fund, the United States, without prejudice to the question of the actual establishment of the proposed Fund, would support the funding of specific projects, which would address trade priorities in the LDCs' overall development programme with a view to improving their capacity to participate in the WTO and in international trade. However, the United States was concerned that resources in the proposed fund were conceived to be used mainly for mainstreaming that would pay for consultants, and be expended on coordination costs and thus overheads. As many beneficiary countries had expressed the view that Round Tables without follow-up and specific projects meant nothing, the United States hoped that resources for these projects and follow-ups would be included in the projections for the proposed Trust Fund. Moreover, while the key objective of the IF was coherence, the Joint Statement suggested a high price to be paid for achieving the objective. The United States hoped to see that coherence would take place from the IF process while identifying needs for extra funding to support capacity-building projects. Furthermore, the United States would be disappointed and concerned if Agencies would not proceed with IF implementation, coordination and identification of projects if the funding objective of US\$20 million was not met. The representative commented on the views expressed by the Vice President of the World Bank in paragraph 14 of document WT/LDC/SWG/IF/4, in which he stated that "contrary to some people's perception of the World Bank and UNDP having resources for financing the mainstreaming exercise, his institution had no such grant available for such trade initiatives" that, "available resources were essentially for lending purposes". She, in support of views expressed by the EC said that, if trade was identified as a critical aspect of poverty reduction programmes in the World Bank and UNDP, trade should receive attention in their existing budgets and projects.

33. The United States took note of the remarks by the Executive Director of the ITC, in paragraph 13 in the same document, stating "the importance of the agencies continuing with on-going programmes existing under the auspice of the IF, pending improvements and mainstreaming of the

IF". In this regard, the WTO as the Chair of the IAWG could immediately pursue the following specific steps, namely, (i) immediate creation of a combined schedule of IF related activities by the IAWG and country activities of the World Bank and UNDP, so that these were timed together; (ii) setting up a bulletin board containing information on technical assistance offerings from multilateral, bilateral and other donors. In this regard, the United States had completed a compilation of its technical assistance activities, that could be supplied to the WTO to help develop such an information bank; (iii) collaboration and coordination with other organisations on the formulation of a standard curriculum for a trade course; (iv) incorporation of trade into the coming World Bank CG meetings and UNDP Round Tables for those LDCs covered by the IF, even if trade needs and project designs were still under preparation.

34. The United States welcomed a plan to incorporate trade into the CG for the upcoming Round Table for Zambia. A report from a USAID official, who had attended the initial meeting to prepare for the CG and Round Table on 17-19 July 2000 in Lusaka, suggested that the USAID would be able to provide substantial funds for the preparation of a Round Table and for projects. The report did not indicate the participation of any of the six agencies at the meeting, but noted there had been a lack of involvement of the UNDP or World Bank. The United States wondered if any of the six agencies was looking at needs assessment or any projects in preparing for the Zambia Round Table as it wished to make contribution to specific projects resulting from the Round Table. Moreover, it had been reported that for the preparation of the CG and the Round Table, the Ministry of Trade and Industry in Zambia had sent its needs assessment, prepared by a local firm, to the WTO Secretariat for review and comments, however, no comments had been received. The United States requested clarification from the Secretariat on this point. Furthermore, the United States was interested in moving forward with those countries which had already conducted Round Tables, as well as with those Round Tables that had already been scheduled prior to the IF review. Finally, the United States was also interested in seeing the letter by the Director-General to be sent to the other Heads of Agency, and if possible, before having it sent out, so as to avoid further misunderstanding between the Secretariat and Members that had existed in the consultations prior to the 6 July meeting.

35. The representative of Australia stated that her country attached high priority to improving the functioning of the IF, and wished that the IF would deliver maximum benefits to LDCs, both in terms of resources available for technical assistance and capacity building activities, and identification and sequencing of assistance. Australia considered it critical that all the core agencies were committed to improving the IF, and that the IF involved other relevant agencies having valuable expertise, such as the World Customs Organisation (WCO) and the FAO. Moreover, the WTO could and should play a leadership role in the IF. In this regard, as identified in the Chairman's summing-up following the recent "Days of Reflection" on technical corporation hosted by CTD on 18 and 19 July 2000, the WTO had a broader role in promoting the implementation of WTO Agreements, and supporting a broader trade and development strategy. If the IF was to succeed, it was also critical that LDCs were active in the process and took ownership of the process. As noted in the IAWG report, the issue of "demand-driven" in the IF was one of the major challenges facing all parties, given the limited capacity by LDCs to take on such a large responsibility. Hence, the aim of the IF was to create a true partnership whereby multilateral and bilateral donors could work with LDCs to identify their needs and seek appropriate assistance to address them. Australia looked forward to future discussions on the IF, including on the draft terms of reference for the Trust Fund, the Steering Committee, and the next steps in the process.

36. The Representative of Switzerland stated that his country had made a statement at the General Council and only wished to repeat a few elements from that statement. The review report (WT/LDC/SWG/IF/1) was a good analysis of the problems that had been faced in the Integrated Framework. Switzerland welcomed many of the proposed measures, for instance, to improve the coordination between the actors involved, and to link better trade strategies to the overall development architecture. Nonetheless, the documents WT/LDC/SWG/IF/3 and WT/LDC/SWG/IF/4 seemed to suggest that the original ideas of demand-driven and ownership were gradually being abandoned.

Switzerland was concerned that external specialists, financed through the proposed Trust Fund, would put together a program and mainstream trade into general development program. Although it was necessary to assist LDCs in developing their strategies, the bulk of these work had to be done by the LDCs themselves so that technical assistance would become effective. Moreover, Switzerland was sceptical about the usefulness of the proposed Trust Fund, and in particular, had reservations regarding the suggested activities to be financed through the new trust fund, in paragraph 19 of document WT/LDC/SWG/IF/3. Clarification was sought from the WTO Secretariat regarding the first sentence of paragraph 20, which stated that access to the new fund was particularly important for those countries which did not have PRSPs or Round Tables due to political or other reasons. Finally, Switzerland cautioned that the results of the review should not lead to exaggerated expectations about the IF. It appeared that there were divergent expectations, as reflected in the previous statements. It was advisable to proceed with caution on the proposed IF Trust Fund so as not to raise expectations that could not be met.

37. Mr. Osakwe responded to several of the questions by Switzerland. Regarding the question on paragraph 19 of document WT/LDC/SWG/IF/3, he said that this document was not the Joint Statement containing the decisions taken by Heads of Agency, but the report on different options, views and possibilities that had been considered at the IAWG meeting. It was necessary to focus on the actual decisions taken and the proposal that had been made. Nonetheless, paragraph 19 referred to four areas to which resources from the Trust Fund would be used. The first was the drafting of country-specific integration strategies that would be the first part of the mainstreaming process. One of the lessons that had been drawn from the three-year operation of the IF was the lack of dynamic interaction between LDCs, the agencies and donors, in drafting needs assessments and projects that had been presented at the Round Tables. The review of the IF had, therefore, called for country specific integration strategies with thorough analysis, so that needs assessments would no longer be seen as a wish list, but consisting of projects that could be feasibly implemented. The second area was the financing of the mainstreaming process for those LDC that fell outside of the existing development architectures such as PRSPs, the CG meetings and UNDP Round Tables. The third area was financing of regional activities that were not covered by the CG meetings or UNDP Round Tables. The fourth area was financing of the delivery of trade-related technical assistance, including assistance concerning the implementation of WTO obligations and commitments.

38. Mr. Osakwe also addressed the question by Switzerland on paragraph 20 of document WT/LDC/SWG/IF/3, by affirming that there were some countries that the agencies had yet to begin to deal with, not because of lack of will or efforts on the part of the agencies, but because of the domestic political circumstances in those LDCs.

39. The representative of Egypt stated that his country was encouraged by the recent focus on LDCs since the issuance of the report of the evaluation team. Egypt had already made a statement at the General Council and therefore would only highlight some of the points made in the council. As indicated by the evaluation report, the IF needed major shift in its orientation, away from a process-driven approach to achieving concrete results. The evaluators had found, and many LDC Members had repeatedly expressed, that the IF had not delivered results during the three years of its operation. Thus, Egypt welcomed the efforts by the six Heads of Agencies to address the difficulties of the IF, in particular in the following areas. First, it was rightly argued that trade-related technical assistance had not been part of development strategies of many developing countries. Mainstreaming should be addressed, but nonetheless, there was also a threat that mainstreaming would absorb the IF for another number of years to come and thus would take the IF back again to the difficulties that it had tried to avoid. Egypt shared the comments made by the United States that resources mobilised for the IF should not be used for consultants for the implementation of mainstreaming. It was also worrying that the Secretariat had a somewhat negative assessment on the usefulness of needs assessments in the mainstreaming process, although integrated responses by the agencies had been provided for these needs assessments. Egypt suggested that there were other instruments such as the country programmes of action being produced for the Third United Nations Conference on LDCs (LDC-III),

which could be used for mainstreaming, without using resources mobilised for the IF. For instance, a report including a section on trade had been prepared for each LDC within the context of LDC-III. Egypt emphasised that resources mobilised for the IF should be used for trade-related technical assistance such as training and capacity building, as well as assistance in addressing the supply-side constraints of LDCs. While there was an agreement that trade was an important vehicle for development, trade-related technical assistance would not naturally arise as a priority before those other development priorities such as building a hospital or school.

40. Egypt was concerned about the exclusion of a certain number of countries, from the 48 LDCs, for the implementation of the IF. Although there were instances of political uncertainty in some countries, all the 48 LDCs had to benefit from the IF. Moreover, Egypt supported the establishment of the proposed IF Trust Fund, but reiterated that the money in the fund should not be used for mainstreaming activities, but those activities addressing supply-side constraints of LDCs. Finally, Egypt welcomed the establishment of a Steering Committee for the IF, and looked forward to joining the Steering Committee and participating in the consultations on its structure and operating methods.

41. The representative of Canada was pleased that the agencies were seriously responding to the evaluation report of the IF, giving more attention to trade-related technical assistance and capacity building for LDCs, and bringing trade to development. Canada had already stated at the General Council that it was ready to work with the WTO and the agencies to make the IF work. Canada endorsed the broader approach taken by the agencies, in particular, the coordination role for the WTO, the role of implementing mainstreaming to be led by the World Bank, and additional funding for the IF. Nonetheless, there were also some concerns regarding the establishment of the Trust Fund and the use of the Fund, given the progress already made in completing needs assessments and calling for follow-up and implementation. Any decisions made on the objectives of the IF, its structure, and its implementation should reflect needs of the LDCs. Therefore, Canada was of the view that all stakeholders should be involved in defining the terms of reference for the proposed Trust Fund, the IAWG and the Steering Committee, in order to ensure the buy-in of all concerned and the best results for the IF.

42. The representative of Japan stated that her country supported the idea of mainstreaming trade as part of overall development strategy. Japan hoped that the World Bank and UNDP would focus more on trade and trade-related activities in their overall activities and, would give attention to trade as much as to building infrastructure and meeting basic human needs, since trade-related capacity-building was one of the ways towards poverty reduction. Japan also appealed to LDCs to bring trade into their national development strategies and to accord high priority to trade-related technical assistance projects among all other projects in asking donor support. In this regard, there had been some efforts made to coordinate and cooperate more between trade officials and development officials. With regard to the establishment of the Trust Fund, Japan shared those concerns expressed by a number of donors at the General Council as to the manner of initiating the proposed IF Trust Fund. Moreover, Japan wished to reserve the right to come back on the documents WT/LDC/SWG/IF/3 and WT/LDC/SWG/IF/4 at a later date, as the representation in Geneva had not yet received reactions from its capital.

43. Japan sought clarification from the Secretariat on several points made by the six agencies, but stated that these questions did not prejudice the Japanese position on any issues involved in the questions. The first question was whether projects presented within the IF had been dealt with, either solely or together with other development issues at World Bank CG meetings or UNDP Round Tables, as suggested by the new IF. In particular, it would be interesting to know how the new IF was different in this regard in terms of procedure, structure of meetings and, most importantly, expected outcome. The second question was how the proposed IF Trust Fund would be used for mainstreaming and whether it would solve the bottleneck problem of an IF, that was, non-functioning due to lack of funding for the implementation of projects presented at the CG meetings or UNDP Round Table

meetings. Japan was concerned that the implementation of projects appeared to be left out from the proposed use of the fund.

44. Mr. Osakwe, responding to Japan's questions, stated that, under the old IF where stand-alone Round Tables had been held, there had oftentimes been a disconnection of trade needs and projects presented at the Round Table from overall national development priorities, and as a result, no funding had been generated for those projects. This had been the policy problem that the agencies had extensively discussed during the IF review process. To address the problem, the agencies had decided to: (i) bring trade into a development framework and place the IF in a policy content; and (ii) couple IF Round Tables to existing development architectures, such as World Bank CGs and UNDP Round Tables where resources were generated for development projects. Furthermore, it was important to acknowledge that the IF had been established without resources in any of the agencies, and therefore that it had been and remained an unfunded mandate.

45. The representative of Tanzania hoped that the newly proposed IF would bring some solution to the problems which had been diagnosed by the review team and LDCs. In the view of Tanzania, it was of utmost important to establish a common understanding among all players on various aspects of the IF, including on the objectives and resources. Regarding the Trust Fund, resources should be adequate and be directed towards those projects addressing supply-side constraints. This would in turn enhance ownership of the IF. With regard to coordination, the inter-agency level coordination had to be supported by national level coordination whereby the Ministries of Finance, Trade and Planning would come together and define policy priorities and strategies, including those for the IF. Tanzania supported the establishment of the Steering Committee and the proposed IF Trust Fund and reiterated the importance of LDCs' involvement in the process of drawing up the terms of reference.

46. The representative of Guinea commended the Director-General for the consultations he had held before the 6 July meeting. Guinea had already expressed its concerns at the General Council about the funding of projects stemming from Round Tables. A Round Table without follow-up would not contribute to the integration of LDCs into the multilateral trading system and world trade. Guinea supported the establishment of a Trust Fund, and looked forward to participating in the future work of the Steering Committee. Moreover, she said that the initial objectives of the IF should be maintained, and the agencies should assist LDCs in enhancing their trade possibilities, capacity building and technology transfer. Finally, Guinea supported the enlargement of the IF core agencies to include the FAO and UNIDO.

47. The representative of Morocco welcomed the progress in restructuring the IF following the 6 July meeting in New York. Morocco maintained that market access was an important element of the IF, and recalled its decision announced at the African Summit in Cairo to provide tariff-free and quota-free market access to African-origin products. The Moroccan customs administration had already begun to implement the measure that also favoured other LDCs. Morocco, a developing country, had not hesitated to take this initiative, as part of its solidarity with LDCs, as formulated at the High Level Meeting in 1997.

48. The representative of Zambia expressed appreciation to the United States for the pledge made for the upcoming Zambia Round Table. Regarding the consultant's report prepared for the Zambia Round Table, the representative had received the report from the Secretariat and had made comments that had been submitted to the capital. The report was also available on the IF website for Members to provide comments. The representative had requested Lusaka to include trade in the agenda of the World Bank Consultative Group meeting, and had been so promised.

49. Regarding the use of IF Trust Fund, Zambia had already emphasised at the General Council that donors, LDCs, and the Secretariat had to work together in planning resource allocation and execution of projects. It was clear that without support from the donor constituency, not much could be achieved in the reinvigorated IF. Finally, Zambia reiterated LDCs' support for, under the principle

of ownership, the inclusion of the FAO and UNIDO in the IF core agencies, in the near future. Given the on-going slow process of implementation of the IF, the inclusion of the two organisations would be helpful for IF implementation.

50. The representative of Uganda stated that the High Level Meeting had addressed how LDCs could benefit from the multilateral trading system with a view to increasing market access for their products. Thus, trade-related technical assistance should be seen in this context, focusing on the removal of barriers to their exports and building up capacity in term of understanding the multilateral trading system and improving their product competitiveness. The New York meeting had provided some useful proposals, in particular, the proposal to integrate trade into the programmes of the Bretton Wood's institutions. The next critical step was how to operationalize the mainstreaming exercise at the country level. In this respect, Uganda welcomed the aspect of mainstreaming in the context of CG and Round Table meetings, however, there still remained the question of how to translate projects that were presented at these meetings. Moreover, the problem of "disconnection" existed both at national and at agency level, as well as on the side of bilateral donors. The IF should be regarded as a coordinating instrument for the national government, the agencies and the donor community. While Uganda welcomed the serious commitment by the Heads of Agency on mainstreaming, it cautioned that the IF should not become an instrument of cross conditionalities.

51. The weakness of the IF was that it had been a mandate without resources, thus projects had not been carried out. Recalling the remarks by Haiti at the earlier Sub-Committee meetings, while much resources had been spent on the preparation of needs assessments, the agencies had provided no response, and holding a Round Table had become an objective itself, rather than a means. The proposed Trust Fund should therefore be directed to project preparation with a view to ensure that trade-related assistance and projects were well prepared and incorporated into a country's strategy or policy framework paper that would be considered at the CG or Round Table meeting. Finally, Uganda welcomed the fact that the agencies, at the highest level, had committed themselves to mainstream trade into their activities, and hoped that the IF would reach the country level where many UNDP and other representatives at LDCs had often never heard of the IF.

52. The representative of the United States supported the agreement from the New York meeting that the WTO Secretariat would continue to chair the IAWG and that the Administrative Unit would be folded into the WTO Secretariat, and hoped that the secondment to the WTO Secretariat would be effected immediately. She said that mainstreaming had two elements: (i) integration of trade into existing instruments of the core agencies, including PRSPs of the World Bank and the UNDAF and, (ii) integration of trade at the country level. In the case of Zambia, notwithstanding the efforts of USAID, trade had not been on the agenda of the CG meeting held that week. For mainstreaming to work, these two elements had to work in hand-in-hand. Nonetheless, the United States would not like to see resources being spent on studies. The representative was concerned that USAID committed funds for the preparation of a Round Table that might produce no tangible results, like the cases of Uganda and Haiti, and that there would be another disconnect in the course of improvements being recommended for the IF. The United States wished to know how the six agencies expected to participate in Round Tables after having integrated trade into the existing development framework.

53. The representative of the United Nations Industrial Development Organisation (UNIDO) stated that the organisation welcomed the evaluation report of the IF and, the three major measures that had been agreed by the Heads of Agency improving the IF. Responding to a number of references made about UNIDO's potential role in the IF, she said that UNIDO was interested in being part of the enlarged IF, as there was a strong correlation between industry and trade. Without productive and technological capacities, countries would have a very limited basis to diversify their exports. UNIDO was already an associate partner to the IF, had actively cooperated with a number of LDCs, like Tanzania, Haiti, the Gambia, Madagascar, Zambia and Burundi, some of which had already convened Round Tables or were in the process of preparing for one, because those partner governments had recognised the importance of the productive sector that was crucial and ought to be

an integral part of their support strategy. Therefore, UNIDO welcomed the call from LDCs' Members for the inclusion of the organisation in the IF as a full member, and was ready to take the opportunity.

54. The Chairman stated that the discussion had been productive and had given certain useful ideas as to how the six Agencies could proceed in the coming months on follow-up and filling in the details, implementing some of the decisions by the Heads of Agency, and in proceeding with further consultations. He requested the IAWG to keep the Sub-Committee regularly informed of the progress in their discussions on the improvements to the IF.

55. Mr. Osakwe addressed several specific issues that had been raised. First, regarding the proposed Trust Fund, he noted the concerns that had been expressed with regard to the "manner of initiation" and, the interest expressed by Members to be consulted in drafting the terms of reference for the use of the fund. He also noted the positions taken by Members on balancing the allocation of funds between projects, on the one hand and preparatory work for mainstreaming, on the other. Members had also raised questions about the adequacy of resources. Some Members had also expressed views about the feasibility of putting resources on supply-side projects. Members would be consulted on these matters.

56. Responding to expressed concerns on the manner of establishing the Trust Fund, he stressed the fact that a Trust Fund had not been established, but that a decision had been taken by the Heads of Agency to seek donor support and voluntary contribution for an IF Trust Fund. The Trust Fund had not yet been established, and its terms of reference had not yet been determined. The agencies firmly considered that they had acted in a manner consistent with their competencies and their mandates. They had the duty to consult their respective members and all the concerns expressed in this regard had been taken into account. On the Trust Fund and resources issue, Members needed to bear in mind two issues. First, resources were required for mainstreaming, and there was a cost to mainstreaming trade and trade-related technical assistance into existing development architecture. Second, in the view of Members, resources would also be required to fund projects and address supply-side constraints. Nonetheless, the Joint Statement did not mention resources that would be used to address supply-side problems and projects, since it was envisaged that those resources would be generated at CGs or at UNDP Round Tables. Hence, the Trust Fund, at this time, was principally resources for that would be required for mainstreaming. Moreover, sight should not be lost of the fact that the IF remained a mandate without resources for the six agencies.

57. The Secretariat had taken note of the concerns expressed by some Members on the risk of conditionalities arising from mainstreaming. Regarding the specific questions raised by the representative of the United States on Zambia, the Secretariat had received positive and concrete support from USAID on the Zambia Round Table. Nonetheless, as pointed out by the United States, the World Bank Consultative Group meeting held in Zambia on 16-17 July, 2000 was not an IF Round Table and trade had not been listed on the agenda of the meeting. The Secretariat had communicated this concern to the Zambian government. Moreover, the WTO had not been invited to the CG meeting. A related question was how to handle those on-going activities such as the Round Tables scheduled for Madagascar, Guinea and Zambia and others for 2000. Since stand-alone Round Tables had not produced desirable results, the agencies recognised the need to couple these on-going activities in the form of arrangements for Round Tables with PRSPs and the CGs. Furthermore, echoing the remarks by Haiti, the agencies had to devise a way of dealing with projects that had been presented at Round Tables prior to the review of the IF. These issues were important, however, the WTO Secretariat could not in the position to provide unilateral responses, as these had to be dealt in the IAWG process.

58. He said that the Secretariat had clearly noted the concerns and issues that had been raised by Egypt. One important fact coming out Members' reactions at the General Council and this Sub-Committee was that WTO Members were unanimous that resources should not be expended on analysis, overheads, or administrative costs, but on projects. However, at this point, the Joint

Statement stated that the Trust Fund was not envisaged for project implementation. Therefore, the Secretariat wished to be advised by WTO Members and by the memberships of the other core Agencies.

59. The Representative of Djibouti stated that consultations with the other agencies were important for LDCs, especially because of the issue of external debt. Market access was also an important issue. He wondered if the issue of external debt had been addressed or considered at the inter-agency meeting.

60. Mr. Osakwe replied that attention had been given to the issue of debt at the meeting. The preambular section of the Joint Statement stated that the Heads of Agency drew attention to the importance of measures in favor of LDCs, including market access as well as trade-related capacity building to assist their integration. The core Agencies had their different and complementary mandates. There was inter-jurisdictional understanding on what to be done to assist the integration of LDCs to the trading system and global economy. While there was no specific mention of debt in the joint statement, at the meetings of the IAWG and the Heads of Agency there had been constant references to the interface between those countries listed as HIPC countries which were about 31 in number and the 48 LDCs.

61. The Chairman, on behalf of Members, thanked Mr. Osakwe for the report and responses to the questions raised by Members. He also expressed appreciation to the Director-General for his dedication and tireless efforts in ensuring that the international community continues to focus on assisting the integration of LDCs into the multilateral trading system and addressing their marginalization concerns and challenges.

62. The Chairman stated that the Sub-Committee had taken note of all the statements that had been made.

C. ASSISTANCE TO LEAST-DEVELOPED COUNTRIES FACING DIFFICULTIES IN IMPLEMENTING WTO AGREEMENTS

63. The Chairman asked the Sub-Committee to decide how best to proceed with the issue of implementation, in particular, assistance to LDCs facing difficulties in implementing WTO Agreements. He summarized work being done on implementation in the General Council following the decision of 3 May to establish special sessions, and stressed the need for the Sub-Committee to be sensitive to the work being done in other Committees. He recalled that, at the last Sub-Committee meeting,¹ Members had an extensive discussion on the item, but had suggested that the discussion be continued at this meeting. Two options had been proposed on how to proceed with the item. The first option was that the Sub-Committee could contribute to work on implementation undertaken by the CTD. In this case, the two documents prepared for the Sub-Committee (WT/COMTD/LDC/W/10 and WT/COMTD/LDC/W/19) could be proposed as background and, reference could be made to the difficulties experienced by LDCs in implementing WTO Agreements. The second option was that the Sub-Committee could constructively consider ways of assisting LDCs facing difficulties and as follow-up, perhaps at subsequent meetings of the Sub-Committee, examine recommendations for assistance to LDCs that could go forward to the CTD or to the General Council. The two proposals were not mutually exclusive. The Chairman sought Members' views on document WT/COMTD/LDC/W/19 and on how to advance work on implementation in the Sub-Committee. In his personal view, such work could take a "balance sheet approach" with the difficulties, on one side, and the possible assistance to be provided, on the other. The identification of the difficulties could draw on WTO notifications, Trade Policy Review reports and work done by the other WTO subsidiary bodies. Nonetheless, this exercise should be complementary to the work underway in the General Council, as well as technical assistance to LDCs provided under the Integrated Framework.

¹ The Note on the meeting is contained in document WT/COMTD/LDC/M/19.

64. The representative of Zambia stressed that current technical assistance to LDCs with a view to integrating them to the multilateral trading system was not enough, and perhaps not correct. The integration of LDCs was backed by the WTO Decision on Measures in Favour of LDCs, paragraph (v), providing that "LDCs shall be accorded substantially increased technical assistance in the development, strengthening and diversification of their production and export bases including those of services, as well as in trade promotion, to enable them to maximise the benefits from liberalised access to markets." At the discussions at the Days of Reflections on technical cooperation, Members had noted a big gap or 'disconnect' between the needs for LDCs and the assistance being provided. Proposals on improving WTO technical co-operation that had been put forward in Seattle had recognised these 'disconnects,' and the recent IF Review had also noted that donors and LDCs had perceived objectives of the IF differently. Thus, in order to avoid misconceptions in the future, developed partners had to understand the recipients' definition of what constituted "more and better" assistance.

65. In the view of Zambia, technical assistance should go beyond implementation of WTO obligations, and should assist LDCs in implementing their rights enshrined in various Agreements, and in understanding developed countries' obligations in favour of LDCs. For instance, Article IV of the GATS, Article 9 of SPS, Article 66.2 of the TRIPS were some of the examples of WTO Agreements that recognised the importance of technological capacity for "more and better" assistance, and the issues of implementation and assistance should be put into a broader context of transfer of technology in view of strengthening the supply capacity of LDCs. Nonetheless, document WT/COMTD/LDC/W/19 did not address this element of assistance in the list of possible assistance to LDCs. Furthermore, LDCs needed to be assisted with the development of their negotiation skills which was identified as being central to their integration in the WTO. Finally, the representative reminded Members about Zambia's proposal submitted to the CTD regarding transfer of technology.

66. The representative of the European Communities said that it was difficult to advise on how to proceed with work in the Sub-Committee at this stage as there was a plethora of discussions ongoing on these issues, including the debate on the role of the subsidiary bodies on implementation issues which had not yet been resolved in the General Council. He indicated that pursuing the Sub-Committee's own mandate could be fulfilled, though he invited other delegations to also express their views on this. The proposal of a "balance sheet approach" was similar to the "needs assessment" in identifying gaps. The broad discussion of the Integrated Framework was relevant because if it was decided to mainstream first before examining implementation or technical assistance, it would have a bearing on the work ahead. On the proposal from Zambia, he wished to revert to it later, before drawing on conclusions, and giving inputs. Finally, the representative proposed having a further meeting of the Sub-Committee in September to discuss outstanding Integrated Framework issues, including contributing to the formulation of terms of reference, and to proceed with discussions on the proposals put forward under this agenda item.

67. The representative of the United States concurred with the remarks of the European Communities, and agreed that the proposals put forward by the Chairman might not be mutually exclusive, with elements in each of the options that could be explored. While this could be a suitable way of proceeding, there was the need for the Sub-Committee to contribute further after having pooled together the reflections from the discussions on the Integrated Framework, technical cooperation, and the proposal from Zambia. Moreover, it would be difficult at this stage to decide in the absence of a quorum at the Sub-Committee.

68. The representative of Japan said that it would be difficult to have a deep discussion on the substantial issues relating to implementation without full participation from the LDCs. With regard to the proposals made by the Chairman as well as by Zambia, these would be transmitted to Tokyo and she would seek further instructions.

69. The representative of Djibouti agreed that the proposals could be dealt with later, but on the issues of implementation of WTO rules, he noted that all parties had a stake in advancing work on the item. In this regard, it would be good to have more technical assistance, so that these rules could be implemented.

70. The Chairman thanked members for the interventions, noting that while there was some support for the Sub-Committee to proceed with more focussed work, questions had also been raised to which the Sub-Committee would need to return to at a later date. He suggested that the Sub-Committee take note of statements made and that the discussion be continued at the next meeting. In response to suggestions by the EC on the Integrated Framework, the Chairman, said that the Secretariat would continue to consult with Members on the Joint Statement.

D. REPORT BY UNCTAD ON THE THIRD UN CONFERENCE ON LDCS

71. The Chairman, invited Mr. Charles Gore, Senior Economic Affairs Officer, UNCTAD, to report on the recent developments regarding the preparatory work for the Third UN Conference on LDCs and called on Members, after the report by Mr. Gore, to give comments, and suggest possible inputs from the WTO to the Conference.

72. Mr Gore recalled that the UN General Assembly in its resolution 52/187 had noted with concern the socioeconomic situation of the LDCs and had decided to convene the Third UN Conference on LDCs with three basic objectives: (i) to assess the results of the implementation of the Programme of Action during the 1990s at the country level; (ii) to review, the implementation of international support measures, particularly in the areas of ODA, debt, investment and trade; and (iii) to consider the formulation and adoption of appropriate national and international policies and measures for the sustainable development of the LDCs and their progressive integration into the world economy. Mr. Ricupero, Secretary-General of UNCTAD, in his capacity as the Secretary-General of the Conference, and the European Union/European Commission which was the host of the Conference, had agreed to convene the LDC-III Conference in Brussels in the premises of the European Parliament during the period 14-20 May, 2001. The First Meeting of the Inter-Governmental Preparatory Committee (IGPC) would be held at the UN Headquarters in New York during the period 24-28 July, 2000 while the Second Meeting of the IGPC was tentatively scheduled for early March 2001. Following consultations in New York, the Bureau for the Meeting of the IGPC would be composed of the following countries: Belgium, Benin, Guyana/Surinam, Haiti, Japan, Lao PDR, the Former Yugoslav Republic of Macedonia, Norway and Tanzania. Furthermore, the President of the Trade and Development Board of UNCTAD, the European Union as host of the Conference, and the Coordinator of the LDCs were ex-officio members of the Bureau.

73. The Secretary-General of the Conference had undertaken a number of initiatives to set the preparatory process for the Conference in motion at country, regional and global levels. The importance of a bottom-up approach for the preparatory process of the Conference starting at the country level had been emphasized, based on the realization that one of the main shortcomings of past approaches in implementing the earlier Programmes of Actions was that such approaches failed to translate country-level memorandums submitted to the 1981 and 1990 Conferences into action programmes at country level. The present approach sought to improve the situation by, instituting preparatory processes to generate country-specific programmes of action. Apart from its potential in assisting LDCs to mobilize resources for the implementation of the Programme of Action, such an approach could facilitate national-level debates among various actors, including government policy makers and civil society, on development priorities, policies and measures and help foster a feeling of ownership among national level actors.

74. The country preparatory process had been launched in 46 Least Developed Countries, with country visits by the UNCTAD conference secretariat staff. Following country visits, National Inter-Ministerial Preparatory Committees had been established in LDCs and Local Resource Persons were

designated to provide substantive support to these Committees. Three regional co-ordinators had been appointed to provide substantive support to the National Preparatory Committees and the Local Resource Persons. The EU had facilitated the country-level preparations by providing a grant of ECU 80,000 for this purpose. In addition, the country-level preparations required interaction with the local development partners, both bilateral and multilateral. In several LDCs, the local development partners were meeting regularly in the context of the Local Development Forums under the Chairmanship or joint Chairmanship of the UN Resident Coordinator and the World Bank Resident Representative. The progress in country-level preparations was being closely monitored through follow-up missions and through the above-mentioned regional co-ordinators. The Secretary-General of the Conference had also designated UNCTAD staff members as country desk officers to follow-up country-level preparations. To date, UNCTAD had received 15 draft country programmes of action. Those LDCs, unable to present a draft programme of action at the first IGPC, were expected to submit a review of the results of the programme of action for the 1990s in their countries. This would be the first part of the draft programme of action, taking stock of developments in the 1990s according to the guidelines agreed for the presentation of the country level programme of action.

75. At the regional level, efforts had been concentrated on the planning, organization and convening of three regional expert-level preparatory meetings, held in Addis Ababa for English-speaking African LDCs (27-29 March 2000); in Kathmandu for the Asian and Pacific Island LDCs (3-5 April 2000); and, in Niamey for French-speaking African LDCs and Haiti (18-20 April 2000). The meetings, reviewed the progress in the implementation of the Programme of Action, country-level preparations and guidelines for preparations of the national programmes of actions and examined, on the basis of the background papers prepared by the UNCTAD Secretariat, a number of substantive issues to be addressed by the Conference. The reports of these meetings were available on the UNCTAD web-site. In accordance with General Assembly resolutions, the Conference Secretariat in cooperation with the Regional Economic Commissions would organize regional high level preparatory events during the preparatory process. ECA would organize, in Addis Ababa, a special event on the substantive issues for LDC-III during the November meeting of the Ministers of Finance and Planning. ESCAP secretariat would hold a high-level regional preparatory event in collaboration with UNCTAD in Dhaka in October 2000. The OAU would consider issues related to LDC-III at its fourth ordinary session of the Economic and Social Commission of the African Economic Community.

76. The General Assembly had requested the Secretary-General of the United Nations, in consultation with the Secretary General of the Conference, to ensure the full mobilization and coordination of all relevant organs, organizations and bodies of the UN system as well as other relevant institutions, for the purpose of preparations for and follow-up to the Conference. The first and second Inter-Agency consultations were convened in Geneva on 20 July 1999 and 10 April 2000 respectively. The consultations had provided an opportunity to review the progress in the preparatory process for the Conference and exchange views on the nature and scope of the contributions of agencies to the preparatory process of the Conference. The third inter-agency consultation was held in New York on 20 July 2000. Mr Gore also reported that, the first and second meetings of the Consultative Forum were held in Geneva on 21 July 1999 and 11 April 2000, respectively, with the third meeting scheduled to be held in New York on 21 July 2000. The main issues addressed by these meetings related to the review of progress in the preparatory process for the Conference, consideration of organizational and substantive issues and consultations between the Conference secretariat and Forum members on resource mobilization for the preparatory process.

77. On work by Civil Society, including NGOs and the private sector, Mr Gore said that, the Liaison Committee for Development NGOs to the European Union was the focal point and the convenor of NGO activities for the Third UN Conference on LDCs. An NGO steering group, composed of European NGO networks and Belgian umbrella NGOs, was currently finalizing the organization of different aspects of NGOs participation in the Conference. An NGO forum would be organized as a parallel event to the LDC-III and an NGO fair would also be organized. To discuss the

substantive agenda for the NGO forum, an NGO meeting would take place in concert with the first IGPC, in New York, on 24-28 July 2000. Finally, the representative of UNCTAD reported that the Secretary-General of the Conference had established a High-Level Panel to undertake an assessment of progress in the implementation of the Programme of Action from the perspective of LDCs and that of development partners. An analysis of past performance would shed light on the most critical constraints, and suggest new strategies to solve them. The preliminary report of the Panel would be made available to the first meeting of the IGPC.

78. The representative of the European Communities, as host of the Conference, underlined the importance they attached to the Conference. This was a chance to make progress not only in the context of the UN but also on issues relevant to the Sub-Committee. In this context, it was important to coordinate well in Capitals and ensure coherence to make sure that the inputs from the Integrated Framework were adequately reflected in the Country Specific Programmes of Action. The EC would expect the Conference to succeed because of, at least, two reasons. Firstly, the format of the Conference was innovative and would attempt to have an interactive approach, to have inputs and debate so as to tackle difficult. Secondly, there was a need to concentrate on specific LDC issues where concrete results could be attained. The debate on 0.7% ODA had been ongoing for several years and was not useful for major discussions. Concrete results that could be obtained might relate to trade-related activities in the WTO. On a conceptual basis, the issues of lack of ownership of development activities in LDCs, the lack of the enabling domestic environment, the lack of productive investment, and the lack of attractive products necessary for the participation in the international economy - that could go beyond what has been termed as supply-side constraints, could be pursued. The EC would not hesitate from politically sensitive discussions, on the issue of domestic redistribution, if progress is to be made on some of the issues. The representative looked forward to further discussions in the Sub-Committee and to the possible contributions to the WTO could make to the Conference.

79. The representative of Zambia, thanked the EC for hosting the LDC Conference. He sought clarification from the UNCTAD representative on the involvement of the WTO Secretariat with UNCTAD in the preparations for the LDC-III Conference, and more specifically, whether the WTO would be represented at the meeting of the IGPC in New York.

80. The representative of UNCTAD stated that the approach that the EC delegate was suggesting, was a results-oriented approach, and was the approach that UNCTAD would also wish to stress. Trade would be a central aspect, and from the earlier discussions in the Sub-Committee, this was an area where concrete results could be achieved. The approach of UNCTAD was to ensure, to the extent possible, that the preparatory process was a bottom-up process. To achieve those results in the preparatory process would depend partly on the meeting of the IGPC in New York.

81. The Chairman informed the Sub-Committee that Mr. Osakwe, on behalf of the WTO Secretariat would be participating at the IGPC meeting. He suggested that the Sub-Committee take note of the statements made, and retain this item on its agenda for its next meeting.

82. It was so agreed.

E. OTHER BUSINESS

83. The Chairman, stated that the 21st session of the Sub-Committee was scheduled for mid-October. He proposed that the Sub-Committee meet in the afternoon session of 16 October, 2000.

84. It was so agreed.

85. There being no other business, the meeting was adjourned.
