

EIF BRIEFING FOR CTD SESSION ON MAINSTREAMING

OVERVIEW

- Welcome the opportunity to update the CTD on the progress the EIF has made in trade mainstreaming at country level in recent months and to highlight challenges we still have ahead. Mainstreaming is one of the core objectives of the programme, alongside supporting the coordination of trade related technical assistance and building capacity to trade through addressing supply-side capacity constraints.
- "Trade mainstreaming" as defined in EIF Compendium – the user-guide – is: integrating trade into national development and poverty reduction strategies and the operationalization of trade coverage thereof, including through incorporation of trade into sectoral strategies, action plans and budget; intra-governmental and government-private sector relations as well as government-donor relations.

EIF AND MAINSTREAMING

- The EIF is based on the principle of strong country ownership with LDCs in the driving seat of the programme – something which is brought out all the more with focus on mainstreaming, as this requires clear national ownership and political commitment and high-level backing for the process with the buy-in of all in-country stakeholders.
- Challenging agenda but important to acknowledge that progress has already been made for example, EU AFT Monitoring Report 2010 states '22 out of 31 LDCs (71%) have undertaken comprehensive trades needs assessment over the last 5 years (refers to support provided under IF) as compared to 61% in all partner countries' and trade is now figuring more prominently in PRSPs (according to UNDP 2008).
- In order for the EIF to fulfil its mandate and for trade mainstreaming to be successful so that trade provides a route-map out of poverty, policies need to be translated into actions, strategies into resources, implementation and monitoring and evaluation into results on the ground and to cut across associated sectors. Once trade forms part of the wider development framework, complementary and coordinated sets of activities can be undertaken to sequence trade reforms that will promote economic growth and lock in sustainable development for the future.
- In line with the levels of mainstreaming approach outlined in UNDP's Aid for Trade and Human Development report and building on UNDP analysis, EIF can support LDCs in undertaking trade mainstreaming through; (i) policy level e.g. facilitating the integration of trade into PRSPs and NDPs through the DTIS/updates and the Action Matrix which identify priorities for action, which are validated through broad dialogue including Government, private sector and development partners; (ii) institutional framework e.g. support to intergovernmental coordination on trade/Aid for trade, and support to a broad group of stakeholders (private sector, business community, women councils, civil society, development partners and NSC); and (iii) dialogue with development partners to align development assistance to NDP or DTIS.

LATEST DEVELOPMENTS ON EIF AND MAINSTREAMING

- The EIF Compendium (the user-guide to the programme currently being finalised with the input of the Small Group before dissemination) highlights the important

function mainstreaming has in the programme – with references to mainstreaming both in terms of objectives in developing Tier 1 and Tier 2 proposals as well as in relation to pre-DTIS and DTIS activities with specific mention of mainstreaming in the roles and responsibilities for each of the important functions of EIF stakeholders.

- Ongoing series of regional EIF workshops (already held in Vanuatu in the Pacific in March, Nepal for the Asian LDCs in June) include a session on sharing experiences on trade mainstreaming and coordination efforts, which has been well received. The next workshops scheduled for Central and Western Africa in Mali early December followed by Southern and Eastern Africa early in 2011 will also include similar discussions on the benefits of mainstreaming and share regional country examples.
- The EIF's five-year Strategic Plan currently under design and drawing upon missions in-country is also looking at the question of how far mainstreaming is being addressed with early results due to be presented at the next Board on 10 November.

EIF COUNTRY EXAMPLES ON MAINSTREAMING

Cambodia

- Cambodia was the first LDC to complete negotiations to join the WTO, and trade has since been mainstreamed into its key development strategies i.e. the Rectangular Strategy, National Strategic Development Plan (NSDP), as well as into the institutional coordination and collaboration mechanisms (including the Government-Private Sector Forum chaired by the Prime Minister). The NSDP recognizes the positive role of trade and diversification of exports beyond garments. Cambodia has since undertaken a DTIS update, "Cambodia Trade Integration Strategy 2007 – Responses to Opportunities and Challenges".

Lao PDR

- The National Export Strategy and the DTIS are the two main frameworks by the Ministry of Industry and Commerce to guide the implementation of the Sixth National Socio-Economic Development Plan (NSED) 2006-2010. The NSED Trade Strategy is the main framework for national development and sets out to accelerate economic growth, improve the population's quality of life, restructure the economy and provide employment in building a market economy through sustainable natural resource management and fostering deeper and stronger regional and international integration. The NSED is now in its fourth year of implementation with 11 programmes and 111 projects identified in the DTIS Action Matrix.

Mali

- The PRSP 2, the Growth and Poverty Reduction Strategic Framework (GPRSF) (2007 to 2011) has an overall goal of giving impetus to strong and sustained growth (7% per year) and significant poverty reduction. Trade is mainstreamed, and the main DTIS Action Matrix recommendations were incorporated into the GPRSP 2, which is articulated to Mali's budget instruments (programme budget, overall Medium-Term Expenditures Framework (MTEF) and sectoral MTEFs). Mali's Tier 1 project will enable the update of the DTIS and provide the Ministry of Investments, Industry and Commerce with opportunity to feed DTIS findings into next PRSP, to start in 2011.

Rwanda

- Rwanda has mainstreamed trade into its overall development strategy, in particular, trade issues, such as regional integration, AGOA, tariff reform, transport, export promotion and Export Processing Zones, which were covered in the first PRSP of 2002, the Economic Development and Poverty Reduction Strategy (EDPRS). The new EDPRS 2008-2012 has wider trade coverage drawing from the DTIS reflected in pillar one. This targets growth and economy-wide improvements in productivity to create employment, generate exports and transform Rwanda's economy towards commercial agriculture, manufacturing and services. Rwanda's priority with its EIF Tier 1 project was the DTIS update, started in autumn of 2009 and almost completed.

Uganda

- The current National Development Plan covers the fiscal period 2010/11 to 2014/15 under the theme "Growth, Employment and Socio-Economic Transformation for Prosperity." The NDP identifies bottlenecks for growth, and proposes a number of policy measures and cross-cutting remedies, and investment priorities. The Ministry of Tourism, Trade and Industry is involved in advocating to other Ministries to review trade-constraining laws, policies and actions to put in strategies that support and complement trade and business development. Uganda's National Trade Policy (August 2007), and National Trade Sector Development Plan 2008/9-2012/13 (October 2007) benefited from DTIS findings (October 2006)- also reflected in NDP.

FUTURE PLANS ON MAINSTREAMING

- Working with UNDP to profile country case studies on mainstreaming and include EIF examples in preparation for Fourth UN Conference on LDCs (LDC IV). Also, the new EIF website to be launched over the coming weeks will aim to provide a repository of useful documents and resources for EIF stakeholders and, where possible, will look to provide information for countries to access mainstreaming tools and guides.
- Capacity building module to be developed with UNDP on mainstreaming informed by the case-studies is one of ten priority modules due to be rolled out in 2011 at country level. The mainstreaming capacity building module will focus on looking at the strengthening the function of institutions and allocation of resources, the development of a sound trade policy framework that can identify and carry out bankable projects, training and support to the NIU in laying the foundations of a country's revamped trade policy framework, training on the formulation of trade strategies and trade policies, including export development, with concrete cases of trade mainstreaming. The aim of the module will be to provide NIUs with extensive advice on how to mainstream trade into the country's broader development agenda, and in particular the PRSP, CCAs, UNDAF. The NIUs could also undertake training on the preparation of a full Trade Competitiveness Assessment to benchmark a country's trade competitiveness. This would support NIU staff to acquire the technical capacity of performing competitiveness and strategic market analysis, so as to be able to update the DTIS periodically with minimum support from partners.
- Trade mainstreaming poses multi-faceted challenges and of course takes time. But what is clear is that the process needs champions, political backing and to be driven by national planning documents with structures established to facilitate coordination across ministries and departments with fully aligned financial resources and harmonised donor assistance. The EIF remains committed to helping countries in the path towards effective mainstreaming and to sharing and promoting best practice.