



Contribution of DFID to Unctad Project INTOT4AY " Mainstreaming LDCs into the Global Economy: Issues to be addressed and planning of activities during 2007

The UNCTAD multi -donor project on "Mainstreaming LDCs in the global economy" has been designed within the context of the Integrated Framework goals and objectives to assist LDCs to identify key trade issues that could be mainstreamed into their development plans to achieve better economic growth and reduce poverty.

Within this context the DFID contribution is aimed at realizing the objectives spelt out in the Project which include carrying out the work plan outlined below by using UNCTAD specific expertise on certain domains. The DFID funds will be transferred to the UNCTAD Project INTOT4AY currently managed by a project officer under the supervision of the Interregional Advisor and overall authority of the Director ALDC in accordance with UNCTAD rules and regulations. The contribution will also serve to explore and eventually develop synergies and further actions drawing from the expertise of different UNCTAD Divisions.

The following stream of activities will be carried out during 2007. Additional activities could be added in the course of implementation by common understanding of the donors contributing to the Project.

A) Monitoring progress on Study on Trade Mainstreaming and follow-up and implementation of the findings in five LDCs pilot countries: Madagascar, the Gambia, Central African Republic, Uganda and Laos

B) Conduct research and follow up to the Duty Free Quota Free Initiative (DFQF) in the area of market access.

This work is a follow up to an ongoing cooperation developed in 2006 .It would analyse the progress made by WTO members both developed and developing towards implementation of the Hong Kong commitments on the DFQF.

The following activities will be carried out:

1) Assisting through research and analysis the LDCs in supporting the implementation of the DTFQ commitments.

2) Drafting of a handbook on Market access and rules of origin for LDCs. This handbook is addressed to policy makers and exporters adopting a hands-on approach. Trade policy makers will find useful information to take informed decisions and exporters/ manufacturers will find all relevant information to utilize the available preferences. It will be divided in two parts: Part A will analyse the main elements of the trade preferences granted by Developed countries to LDCs including trade flows and utilization of trade preferences; Part B will analyse the preferences granted by Developing countries to LDCs including an analysis of the trade flows.



3) Finalization of the preference erosion study for LDCs and follow up with the LDC group to draw lessons from the findings of the study including the possible actions that could be undertaken at national and multilateral level to alleviate the possible adverse effects of preference erosion.

4) Following a request from the Comesa Secretariat develop a study according to a tariff line methodology used in the study under point 3 above on trade preferences to assist them in the preparation of a trade policy oriented study on preference erosion and related trade issues .The findings of the study will be tested at field level with specific exporters /manufacturers to measure the immediate impact that the erosion of trade preferences could have on their exports.

5) Conduct research on modalities to identify and address Non Tariff Barriers (NTBs) affecting exports of LDCs at multilateral and sub regional level. Develop a methodology to collect data on NTBS and design appropriate roadmaps for their possible removal. This will draw on the work being carried out in-house by DITC on this subject.

C) Follow- up to the ongoing work on rules of origin for the LDC and other African regional grouping.

Preparation of informal drafts and organization of briefing meetings as a follow up to the LDC proposal made to WTO on rules of origin applicable under Duty Free Quota Free initiative. Similar work and consultations are undergoing with the Different African regional groupings including drafting template for an African wide approach on rules of origin .In this context a number of specific activities will be carried out:

1) Develop a template for rules of origin that may be used in the context of trade negotiations with trading partners. This template will elaborate product specific rules reflecting the matching the existing include, *inter alia*, the actual EU and other potential partners the average rate of duty to calculate the preferential margin and a simplified version of the rules of origin accompanied by explanatory notes.

2) Elaborate questionnaires to conduct country/ factories assessment at field level to identify suitable rules of origin percentages.

3) Conduct study and research to identify the best solution for LDCs and regional groupings on the issue of administration, certification and verification of origin.

4) Develop a concept proposal for a workshop on Duty Free Quota Free and on rules of origin And related capacity building activities.

D) Develop implementation strategy for strengthening capacity for IF in-country implementation arrangements by enhancing research capacity of LDCs in identifying and developing trade issues.

The work will aim at assisting LDCs and local research think tanks in developing their research and analytical capacity drawing from the DTIS findings and action matrix. The DTIS and action matrix provides for a series of actions on trade issues that needs to be further elaborated in the form of trade policies, proposals and projects or other trade related technical assistance.

Drawing from the ongoing work on market access and rules of origin between RTFP initiative and the Mainstreaming project this section will aim at identifying and develop further modalities for cooperation on other Trade related areas using, where relevant, the expertise of the different UNCTAD division