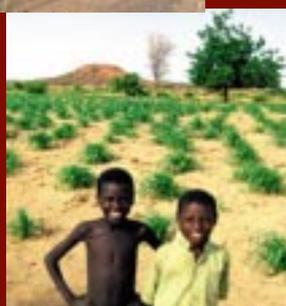


CUTS Centre for
International Trade,
Economics & Environment
Discussion Paper



Stakeholder Perception on Trade, Development and Poverty Reduction Initiatives in Eastern and Southern Africa

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This report is prepared by Alexander Werth, a trade and development expert as part of the project “Linkages between Trade, Development and Poverty Reduction (TDP)” implemented by CUTS Centre for International Trade, Economics and Environment (CUTS CITEE). The objective of the paper is to establish a linkage between trade and development, especially from the perspective of poverty reduction. The views expressed in this paper are personal.

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GLOSSARY

ACBF	African Capacity Building Foundation
ACP	African, Caribbean and Pacific states
AGOA	US African Growth and Opportunity Act
AMDP	Agricultural Marketing Development Plan
ATPP	Africa Trade and Poverty Programme
BMZ	Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung
CBO	Community-Based Organisation
COMESA	Common Market for Eastern and Southern Africa
CSO	Civil Society Organisation
DFID	Department for International Development, UK
DTIS	Diagnostic Trade Integration Study
EABC	East African Business Council
EAC	East African Community
EBA	Everything But Arms initiative
EDF	European Development Fund
EPA	Economic Partnership Agreement
ESA	Eastern and Southern Africa
EU	European Union
GSP	Generalised System of Preferences
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
IF	Integrated Framework
IMF	International Monetary Fund
ITC	International Trade Centre
JITAP	Joint Integrated Technical Assistance Programme
KEPLOTRADE	Kenya-EU Post Lomé Trade Negotiations Support Programme
KTPP	Kenya Trade and Poverty Programme
LDC	Least Developed Country
MCTI	Ministry of Commerce, Trade and Industry, Zambia
MTI	Ministry of Trade and Industry, Kenya
MTCS	Medium-Term Competitiveness Strategy
MTTI	Ministry of Tourism, Trade and Industry, Uganda
NAMA	Non-Agricultural Market Access
NGO	Non-Governmental Organisation
PEAP	Poverty Eradication Action Plan
PMA	Plan for the Modernisation of Agriculture
PRSP	Poverty Reduction Strategy Paper

PSFU	Private Sector Foundation Uganda
RTFP	Regional Trade Facilitation Programme
SADC	Southern African Development Cooperation
SEP	Strategic Export Programme
SME	Small- and Medium-sized Enterprise
SPS	Sanitary and Phytosanitary measures
SQMT	Standardisation, Quality assurance, accreditation, Metrology and Testing
TA	Technical Assistance
TDP	Trade, Development and Poverty Reduction
TDPI	Trade, Development and Poverty Reduction Initiative
TRCB	Trade-Related Capacity Building
UMA	Uganda Manufacturers' Association
UNCCI	Uganda National Chamber of Commerce and Industry
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UPTOP	Uganda Programme on Trade Opportunities and Policy
USAID	United States Agency for International Development
WTO	World Trade Organisation
ZAMTIE	Zambia Trade and Investment Enhancement programme

1

Introduction

I. Trade, Development and Poverty Reduction (TDP)¹

CUTS Centre for International Trade, Economics & Environment (CUTS CITEE) has undertaken a project titled 'Linkages between Trade, Development & Poverty Reduction'. The project is being supported by the Ministry of Foreign Affairs, The Netherlands and the Department for International Development (DFID), UK. It is being implemented in select countries in Africa, Asia and Europe in a partnership mode.

The debate on linkages between trade, development and poverty reduction is not new. Trade policy potentially affects poverty through its effects on economic growth and income distribution though the effects of trade on income distribution have been more firmly established than its impact on growth. Given that poverty reduction is sensitive to income distribution, this is very significant. Pro-poor growth policy has greater impact on reducing poverty, than growth *per se*. And, given the present trade and investment regime, an open and simple trade policy can foster some external discipline, reduce distortions on domestic markets, and narrow the scope for wrong or unbalanced policies in other areas.

Another dimension to the issues of linkages between trade, development and poverty reduction is the impact of protectionist policies on the poor. If trade policy benefits the relatively well off by protecting import-competing sectors controlled by capital owners, then trade liberalisation is likely to redistribute income to the poor. This notion is, however, based on certain assumptions, which have less relevance in today's trade and investment regime. The changing policy dimensions and concomitant role for policy coherence needs to be analysed. Thus, there are various dimensions to the linkages between trade, development and poverty reduction. More so, both theoretical and political economic dimensions are changing as well as unfolding i.e. the emergence of new ones in this new trade and investment regime.

Some efforts are being made to look into the various dimensions of the issue, and making trade and investment liberalisation work for the poor. But, unfortunately, many such efforts do not attempt to look into the issue holistically, i.e. in both theoretical and political economic terms, supported by civil society's (Northern as well as Southern) understanding. Furthermore, issues relating to the effects of trade and investment liberalisation on the poor need to be looked into in a positive manner, and an overarching purpose of all the activities is to find out the conditions necessary for mainstreaming international trade into national development and

The debate on linkages between trade, development and poverty reduction is not new

Pro-poor growth policy has greater impact on reducing poverty, than growth per se

International trade has a major role to play to achieve the Millennium Development Goals (MDGs) and reduce absolute poverty by half by the year 2015

Some may focus on rather traditional technical assistance (TA) in the sense of providing immediate advisory services

poverty reduction strategies while keeping in mind issues relating to policy coherence.

Realising this vacuum and pursuant to its mandate of building consensus on issues affecting the livelihoods of the poor, this project will manifest the policy relevance of international trade on poverty reduction and will thus help in articulating policy coherence, in particular between the international trading system and national development strategies. The TDP project is also acting on the assumption that international trade has a major role to play to achieve the Millennium Development Goals (MDGs) and reduce absolute poverty by half by the year 2015.

II. Research Objective and Methodology

The objective of the present paper is to study a select number of Trade Development and Poverty Reduction Initiatives (TDPs) in Eastern and Southern African (ESA) countries provided by both governmental and inter-governmental institutions, by reviewing the origin, objectives and outcomes of these focus TDPs, as well as gathering information necessary for making recommendations on how to make existing TDPs more relevant for ESA development and poverty reduction efforts. In this survey, the trade-related aspects of country-specific Poverty Reduction Strategy Papers (PRSP) were also taken into account.

In terms of methodology, this survey looks: firstly, at **one bilateral TDPI each in Kenya, Uganda and Zambia**, namely the DFID-Kenya Trade and Poverty Programme (KTPP); the EU-Uganda Programme on Trade Opportunities and Policy (UPTOP); and the USAID-Zambia Trade and Investment Enhancement Project (ZAMTIE); secondly, at **one regional TDPI each under COMESA, EAC and SADC**, that is the ACBF² COMESA Capacity Building Project; the BMZ/GTZ-Technical Assistance to the EAC Secretariat project; the DFID-Regional Trade Facilitation Programme (RTFP) for SADC; and, lastly, at **one international TDPI**, which is the IMF/ITC/UNCTAD/UNDP/World Bank/WTO-led Integrated Framework (for the LDCs Uganda and Zambia).

The selection of the altogether seven TDPIs was guided by the following considerations: **diversity of donors** – bringing together UK, US and Germany as key representatives of the donor country community in the ESA region working on trade-related capacity building, as well as various international and regional inter-governmental development partners; **diversity of management/implementation set-ups** – some TDPIs are being coordinated by technical assistants/advisors directly placed with the Ministry/Secretariat of the regional body, some others are being managed in partnership between the donor and recipient, while others are being managed and/or implemented by contracted consultancy firms; and **diversity in focus and breadth** – while some of the surveyed TDPIs largely concentrate on one target recipient (e.g. the secretariat of a regional body), others are operating on a multi-level and multi-target basis. Then, while some may focus on rather traditional technical assistance (TA) in the sense of providing immediate advisory services, others can focus on multi-stakeholder

capacity building and empowerment on trade policy, on linking local producers to international market, or on all or some of these aspects taken together.

Main research tool was direct interview, as well as in a few cases interview by using questionnaires, with select trade officials at Trade Ministries³ and Secretariats of regional bodies, on the one hand, and donor agency representatives and project managers/ implementers, on the other. Also, a small number of civil society organisations' (CSOs') representatives were consulted in this effort. The interviews were conducted under assurance of non-attributable presentation of the feedback provided. According to the Terms of Reference for this survey, a set of given questions each for TDPI recipients and TDPI providers had to be addressed in the interviews. The respective 'questionnaires' are annexed to this study. The information gathered through the interview process was later complemented by review of relevant information in existing and practically obtainable literature, as well as on the Internet.

Main research tool was direct interview, as well as in a few cases interview by using questionnaires, with select trade officials

2

Relevant Background Information

Build capacity of non-state actors, including the private sector to influence trade policies

ATPP was conceptualised as a provider of cutting edge research to be taken up by either the government or the private sector

This section contains some useful information about the genesis, structure and content of the seven focus TDPIs selected for the purpose of this survey. Furthermore, it provides a short description of the clearly trade-related aspects in the PRSPs of Kenya, Uganda and Zambia the three ESA countries for each of which one national-level TDPI was sought feedback on from representatives of both TDPI providers and recipients.

I. Information on the Focus TDPIs Selected for this Survey

1. National-level TDPIs – Kenya, Uganda and Zambia

a) DFID - Kenya Trade and Poverty Programme (KTPP)⁴

DFID's flagship programme on trade policy capacity building in sub-Saharan Africa (SSA), the Africa Trade and Poverty Programme (ATPP), was designed to strengthen the capacity of national governments, sub-regional and regional organisations⁵ to formulate, negotiate and implement inclusive and pro-poor trade reform strategies. One major aspect of it was also to build capacity of non-state actors, including the private sector to influence trade policies. Being an ambitious programme, it was originally planned to be implemented in twelve SSA countries⁶ with a budget of British £7.5mn (US\$14.10mn). This initiative was originally funded and coordinated centrally by DFID's Africa Policy Department. The Kenyan component, the KTPP, had a budget of British £600,000 (US\$1,28,708), about a third of which had been spent by June 2004.

The ATPP was designed to commence in each country with preparing two national level studies on trade policy and poverty reduction linkages as well as a comprehensive stakeholder mapping. Based on the findings of these studies, a diverse set of activities was supposed to be developed for consideration by the national Project Steering Committee. In fact, the ATPP was conceptualised as a provider of cutting edge research to be taken up by either the government or the private sector and which would then be discussed with relevant stakeholders in an effort to identify trade policy options, which are duly accommodating the concerns of possible 'losers' in the reform process. Concrete activities under KTPP included *inter alia*, various workshops and studies about trade and poverty linkages as well as the WTO agreements, targeting government, civil society and the private sector; sensitisation of civil society on the WTO agreements and trade policy formulation or publishing user-friendly brochures on trade issues together with facilitating participation in international conferences. Imani Development International was appointed as Management Contractor in 2001 with the task to design and monitor the ATPP.

Also, an Implementing Contractor was appointed in 2002 to rollout the programme in the four countries: Malawi, Kenya, Tanzania and Uganda.

As the ATPP ran into many delays and problems of implementation, DFID therefore decided in early 2004 to suspend ATPP and review the programme with a view to restructuring it in cooperation with the country offices. One of the main areas of improvement is decentralising the management of the ATPP by shifting the overall coordinating role to the respective country offices i.e. for the case of the KTPP to DFID Kenya. DFID Kenya has, therefore, recently employed a Programme Officer who is tasked with further fleshing out and overseeing the new KTPP process.

Other major TDPIs implemented in Kenya include: the World Bank's Trade Diagnostic Study⁷; the Commonwealth Secretariat's Trade Facilitation Capacity Building Programme for Kenya; UNDP's Reducing Poverty by Linking Poor Producers to Markets project; USAID's East and Central Africa Global Competitiveness Hub; USAID's Regional Agricultural Trade Expansion (RATES) Programme; EU's KEPLOTRADE; and the Joint Integrated Technical Assistance Programme (JITAP) implemented by WTO, UNCTAD and ITC.

b) EU - Uganda Programme for Trade Opportunities and Policy (UPTOP)⁸

The Uganda Programme for Trade Opportunities and Policy (UPTOP) is a partnership programme that brings together the government of Uganda, the private sector, civil society and development partners. The project is funded jointly by the European Union (EU) and the Ugandan Government under the supervision of the Ministry of Tourism, Trade, and Industry (MTTI). UPTOP has been designed to support Uganda's economic development in the context of globalisation, which is one of the critical components of the government's Medium-Term Competitiveness Strategy (MTCS) for the private sector. UPTOP's immediate objective therefore is to support the private sector to become a powerful "engine of growth" and a central pillar for increasing incomes and consequently reducing poverty on a sustainable basis.

The purpose of UPTOP is to ensure that the public and private sector representatives, including civil society and academia participate actively in the formulation, implementation and evaluation of national trade policy leading to a more conducive environment for Uganda to benefit from the impact of globalisation. The Programme thus aims to contribute to the building of capacity at the national level for Uganda to participate effectively in the bilateral, regional and multilateral trade agreements to which it is a signatory and/or participant. The Programme duration is over a four-year period from March 2003 under the supervision of the MTTI.

In terms of detail, UPTOP is designed to: (i) support trade policy development; (ii) strengthen MTTI capacity to coordinate trade issues; (iii) establish a National Trade Negotiating Team; (iv) provide research grants for institutions to strengthen the knowledge base and better understand implications of Uganda's being

UPTOP brings together the government of Uganda, private sector, civil society and development partners

UPTOP has been designed to support Uganda's economic development in the context of globalisation

signatory to trade agreements; (v) build capacity of the private sector's ability to deal with international trade issues and analysis; (vi) provide information and advice centres on trade issues; (vii) and to promote public awareness on international trade issues.

UPTOP supports IITC established under JITAP as the supreme multi-stakeholder consensus-building platform on trade policy issues

In terms of genesis, until 2002 there was a USAID-supported private sector capacity building project implemented through the Private Sector Foundation Uganda (PSFU) focussing on sensitisation workshops about the WTO issues as well as backstopping the MTTI. After 2002, a gap remained in trade policy-related work, especially as the 2001 MTCS puts much emphasis on private sector growth, but without the required strategic thrust. As a result, stakeholders felt the urgent need for a targeted follow-up project. Several background studies were commissioned to help design UPTOP, and subsequent consultations identified the key needs to build capacity of the MTTI on trade-related work and facilitating participation in negotiations as well as to strengthen private sector involvement through supporting business apex organisations such as the PSFU, the Uganda National Chamber of Commerce and Industry (UNCCI), the Uganda Manufacturers Association (UMA) through helping them facilitate participation, disseminate information, and holding consultations. UPTOP also supports the Inter-Institutional Trade Committee (IITC) established under JITAP as the supreme multi-stakeholder consensus-building platform on trade policy issues.

Other major TDPIs implemented in Uganda include: the USAID project Strengthening the Competitiveness of Private Enterprise (SCOPE); JITAP; as well as the IMF, ITC, UNDP, UNCTAD, WTO and World Bank-led Integrated Framework (IF). A major past TDPI was the DFID-funded Uganda Trade and Poverty Programme⁹.

c) USAID - Zambia Trade and Investment Enhancement Project (ZAMTIE)¹⁰

1998-2004 USAID strategy aimed at raising incomes of selected groups

The 1998-2004 USAID strategy aimed at raising incomes of selected groups through: (i) access to production enhancing technologies; (ii) business development services; and (iii) improving the trade and investment environment, including interventions on trade policy, trade negotiations and trade development. ZAMTIE was established as the implementing project for the third pillar, with focus on: (i) creating an enabling environment for trade and investment; (ii) building capacity of both public and private sector to contribute to the trade and investment dialogue; and (iii) building linkage, and facilitate interaction, between trade and investment participants – with agriculture and agri-business, natural resources and tourism being the main targets.

Activities under ZAMTIE include: (i) creating a forum for trade & investment dialogue, public sensitisation on key issues and policy changes, studies and information dissemination, as well as annual seminars on trade & investment; (ii) joint public-private workshops on the WTO and regional trade integration and investment, designing trade & investment policy training programmes for government and private sector, as well as capacity building of business chamber and associations and trade and investment service institutions; and (iii) activities such as supporting trade

fairs, organising third- and in-country observation tours and inter-country visits for regional investors, traders and other business people.

Major current and past activities of ZAMTIE include: the setting up and support of the Zambia Business Forum as the apex body for Zambian business organisations; providing TA by placing a senior trade and investment advisor with the Zambian Ministry of Commerce Trade and Industry (MCTI) who has just recently been appointed the chief trade negotiator of the Government of Zambia; the facilitation of the development of an Agricultural Marketing Development Plan (AMDP); and work on bio-safety and bio-policy; as well as value chain analysis on certain key sectors such as cotton, telecom, e-commerce and mining.

ZAMTIE is being implemented by Nathan Associates Inc. together with the four sub-contractors Independent Management Consulting Services Ltd; Aurora Associates International, Inc; Cargill Technical Services; and JE Austin Associates, Inc.¹¹

Other major TDPIs implemented in Zambia include: Capacity building through the WTO Training Division; the Integrated Framework; DFID support on trade negotiations; a World Bank Private Sector Development project; and the EU 9th EDF Capacity Building Project for Private Sector Development.

2. Regional TDPIs – COMESA, EAC and SADC

a) Africa Capacity Building Foundation (ACBF) – COMESA Capacity Building programme

The goal of the ACBF-COMESA programme is to foster regional integration among its members as well as their integration into the global economy. Major tool of this programme, which is implemented through the COMESA Secretariat¹², is capacity building based on the philosophy that inclusive and pro-poor trade policies can only be devised if all affected stakeholders are being empowered to advocate for trade policies, and which take into account their particular interests and needs. Project comprises three main components: (i) institutional and human capacity building within the COMESA Secretariat; (ii) human capacity building in member states, and (iii) the establishment/strengthening of COMESA public-private sector consultative interface. Main activities are: (i) training of COMESA officials, and provision of equipment and user-friendly information to the COMESA Secretariat; (ii) training of national teams including public sector, private sector and civil society representatives, including academics and journalists in trade policy formulation and management and trade negotiations. Members of these teams with COMESA trained staff will subsequently be involved in in-country training of government officials, civil society and private sector representatives in each of the COMESA member states; and (iii) provide logistical support to the COMESA Business Council (CBC), joint public-private sector workshops and seminars on economic policies and trade and investment, joint sensitisation seminars on COMESA programmes and international trade issues, as well as consultancies on trade-related issues.

Goal of the ACBF-COMESA programme: to foster regional integration as well as integration into the global economy

Inclusive and pro-poor trade policies can only be devised if all affected stakeholders are empowered to advocate for trade policies

GTZ project has the overall goal to strengthen the effectiveness and efficiency of the East African Community

After running some *ad hoc* training sessions on trade rules and negotiations, COMESA was requested in 2002 by its Policy Organ to launch a structured and continuous capacity building process. The COMESA Secretariat, therefore, prepared a proposal and submitted it to the ACBF¹³, which granted a sum of US\$1.5mn over a period of four years.

b) GTZ - Technical Assistance to EAC Secretariat

The GTZ project has the overall goal to strengthen the effectiveness and efficiency of the East African Community (EAC) Secretariat in the facilitation and coordination of the regional integration process in East Africa. The Secretariat, which is seen to lack the technical, conceptual and financial capacity to steer the implementation of the EAC regional integration agenda, is meant to be put in a position where it can better take on the role of the driving force of the EAC integration process. Also the poorest and most marginalised groups are to benefit – via a long causal chain – from this project.

The main contribution of this project is TA – via placing a GTZ advisor with the EAC Secretariat – provided to the management of the Secretariat as well as technical staff on technical, conceptual and institutional issues. The activities under this project include: TA through consultations; preparation of studies; on-the-job training and formal professional training courses; financing external research, workshops and seminars; work on pro-poor approaches within the EAC integration process;¹⁴ and facilitating better coordination of support to the EAC from the most important donors. For example, the GTZ advisor is also the focal point at the EAC Secretariat coordinating all German support targeting the EAC i.e. TA to EAC Secretariat in the context of regional trade integration, strengthening EAC business associations through building capacity of the EA Business Council (EABC), and capacity building of the EAC Secretariat in the area of small arms control (all implemented by GTZ); as well as building capacity of the EAC standardisation, quality assurance, accreditation, metrology and testing (SQMT) institutions i.e. the EA national bureaux of standards (implemented by the Physikalisch Technische Bundesanstalt – Germany).

c) DFID – SADC Regional Trade Facilitation Programme (RTFP)¹⁵

RTFP was established to support initiatives for the development of regional and international trade in Southern Africa

The Regional Trade Facilitation Programme (RTFP) was established by DFID to support initiatives for the development of regional and international trade in Southern Africa. The programme – managed by Imani Development International – commenced in January 2004 and is scheduled to run until November 2007. The RTFP is guided by the general DFID rationale that trade is an important tool for development and poverty reduction, and it complements – at the regional level – DFID's Africa Trade and Poverty Programme (ATPP)¹⁶, which is implemented at national level. It works with the regional partners COMESA and SADC, as well as non-state actors (NSAs) in the region. The defined goal of the RTFP is: sustainable job creation and increased incomes for the poor within the SADC region while its purpose is to facilitate increased trade in Southern Africa for the benefit of the poor.

The programme is designed primarily to support the regional trade development activities of its Programme Partners, i.e. SADC, COMESA. Most projects support the work of these agencies in trade facilitation, regional and international trade agreements, tax harmonisation, trade promotion and trade standards. In addition, the RTFP supports projects proposed by regional research organisations and regional networks, industry-based organisations, including employer and employee associations, groups representing regional small-scale producers and traders, and other CSOs. Altogether, available funds amount to British £8.9mn (US\$16.74mn).

3. International TDPI – the Integrated Framework¹⁷

The Integrated Framework (IF) for Trade-Related Technical Assistance (TRTA) to least-developed countries (LDCs) is a multi-agency, multi-donor programme, which aims to assist LDCs in increasing their participation in the global economy through promoting economic growth and strengthening their poverty reduction strategies. The IF programme was first mandated by the WTO Singapore Ministerial Conference in December 1996 and later inaugurated in October 1997 at the WTO High Level Meeting on Integrated Initiatives for LDCs' Trade Development by the six IF participating agencies, i.e. IMF, ITC, UNCTAD, UNDP, World Bank and the WTO. The idea was to pool the distinct competencies and expertise of the six agencies in delivering TRTA to LDCs. During the first phase of the IF, this effort has involved the preparation of needs assessments by LDCs followed by so-called 'integrated responses' by the six IF agencies, identifying areas where each of them could provide – or was providing assistance. Subsequently, country-level 'roundtables' held by the six agencies should bring together donor countries in an effort to fill the remaining unsupported areas. Altogether 40 needs assessments were produced until 1999, but with only five IF 'round tables' been held by 2000, and only in the case of Uganda did donors actually pledge new funds.¹⁸

The IF process was reviewed in 2000 and several measures recommended to strengthen its effectiveness, mostly as it was felt that the IF process had not put enough emphasis on the diagnostic aspect of identifying core bottlenecks of trade integration e.g. macro-economic factors, red tape, land tenure issues, infrastructure, customs and border issues and trade policy; as well as on integrating trade into the national poverty reduction strategies, which are usually very poor in building strategic linkages to the trade integration agenda. As a result, the IF was revamped with more focus on "mainstreaming" trade into the national development plans such as the PRSPs, as well as on the diagnostic component.

The implementation of the revised IF comprises three main phases: (i) a preparatory stage, which usually includes an official request from the country to participate in the IF process, a technical review of the World Bank country staff of the request, the establishment of the national IF steering committee, and, if possible, the identification of a lead donor; (ii) upon approval of the request, a Diagnostic Trade Integration Study (DTIS) is being conducted - under the lead of the World Bank – by a team of international and local consultants in consultation with key public and private sector

Integrated Framework for Trade-Related Technical Assistance aims to assist LDCs in increasing their participation in the global economy

IF was revamped with more focus on "mainstreaming" trade into the national development plans such as the PRSPs, as well as on the diagnostic component

Due to structural adjustments in the early 1990s, Kenya is now a comparatively open economy

Uganda needs continued growth in private investment and trade if it is to meet its objective of rapid and sustained GDP growth

stakeholders; and (iii) follow-up activities such as translating the DTIS's findings into the elaboration and validation of an Action Matrix listing the key priorities needing to be addressed to enhance the national trade and investment environment, and which will ultimately be taken as the basis for trade-related technical assistance delivery.

The DTIS for the LDC Zambia is nearing its completion point, while the DTIS process under the new IF has just started for the case of the LDC Uganda. Being a non-LDC, Kenya is not eligible for the IF; however, the World Bank and other development partners are assisting Kenya in the preparation of a Trade Diagnostic Study.¹⁹

II. Trade-related Elements in Relevant PRSPs

1. Kenya

The Kenyan PRSP entitled Investment Programme for the Economic Recovery Strategy for Wealth and Employment Creation (2003-2007)²⁰ simply states in its section on 'Trade and Investment'²¹ that due to structural adjustments in the early 1990s, Kenya is now a comparatively open economy. It has further embarked on comprehensive trade reform under COMESA and the EAC, and further reform measures are in the pipeline. In order to increase trade and investment performance, the Kenyan Government will, for example, support the private sector in identifying new markets, and also try to better exploit trading opportunities under the US African Growth and Opportunity Act (AGOA). The government further plans to develop a stand-alone trade policy paper, while the World Bank and other development partners are assisting Kenya in the preparation of a Trade Diagnostic Study. To increase foreign investment, the government will improve the business climate and accelerate privatisation.

The multilateral trade integration dimension as well as key bilateral processes such as under the EU-ACP Cotonou Agreement, are not mentioned in the Kenyan PRSP. Also, the PRSP does not provide sector-specific strategies clearly linked to the trade reform agenda at the various levels.

2. Uganda

Uganda's revised Poverty Eradication Action Plan (PEAP) for 2004/5-2007/8²² now contains a lengthier section on 'Investment and Trade Policy'²³, which stipulates that Uganda needs continued growth in private investment and trade if it is to meet its objective of rapid and sustained GDP growth over the medium term. With respect to trade, it states that Uganda will maintain its generally rather liberal trade policy and focus on export expansion. Here, it sees its comparative advantage largely in agriculture and agro-processing as it will not – as a land-locked country with very high transport costs – be able to quickly become competitive in the assembly of goods from imported components. Manufacturing will mostly focus on the domestic and regional market unless it processes products based on Ugandan natural resources, i.e. agriculture, forestry and fisheries. To facilitate export expansion, Uganda minimised domestic and international trade barriers and does not tax exports. Also, it refrains from firm-specific subsidies

and protection as such measures are seen as inequitable and contravening the objective of establishing a competitive export sector.

In addition, Uganda's strategy on export diversification and value addition is mainly intended to "boost agricultural output and productivity, thus stimulating economic growth and poverty reduction, but it is also in part designed to mitigate the effects of fluctuations in global commodity prices on export performance".²⁴ To this end, however, Uganda will have to work "to reduce the tariff and non-tariff barriers (NTBs) placed on Ugandan exports by its trading partners" as otherwise it will not be able to benefit in full from its value-addition strategy. The Ugandan Government will therefore "strengthen its capacity to engage in multilateral, regional and bilateral trade negotiations to help reduce market access problems to both trade in goods and services through negotiations". Here the PEAP refers to the East African Customs Union, AGOA, The EU's Everything But Arms (EBA) initiative as well as other Generalised Systems of Preferences (GSPs), and ongoing negotiations under the WTO, the Economic Partnership Agreement (EPA) with the EU, as well as EAC and COMESA. A set of very detailed measures to boost production competitiveness and income are spelled out in a stand-alone section²⁵, focusing, for example, on the Plan for the Modernisation of Agriculture (PMA), the Medium-Term Competitiveness Strategy (MTCS) and the Strategic Export Programme (SEP).

3. Zambia

The current Zambian PRSP 2002-2004²⁶ does contain a sub-section on 'Trade Policy and Export Promotion'²⁷ where it stipulates that trade policy and export promotion are key to the expansion of markets for domestically manufactured goods and ensuring international competitiveness in local production. The key issues here include the establishment of a level-playing field for Zambian producers and exporters wherefore the Zambian Government will address matters of asymmetric access to markets, dumping, or export subsidies from major trading partners. Also, "in order to further encourage exports, bilateral, regional, and multilateral trade regimes will be used to ensure that reciprocity is observed in levelling the playing field". Moreover, diversification of exports, especially manufactured tradables will be encouraged and modern commercial trading methods will be applied where feasible.

The PRSP specifically mentions the Cotonou Agreement, AGOA, as well as the regional trade integration processes under COMESA and SADC.

Uganda will have to work "to reduce the tariff and non-tariff barriers (NTBs) placed on Ugandan exports by its trading partners" to benefit in from its value-addition strategy

Trade policy and export promotion are key to the expansion of markets for domestically manufactured goods and ensuring international competitiveness in local production

3

Synthesis of Stakeholder Feedback²⁸

Recipient: reasoning for supporting and implementing the TDPIs at issue is principally capacity building

Newer TDPIs are envisaging more work on skill development of workers and producers, so that the picture will be much more balanced

I. Underlying Rationale of TDPIs

Most representatives of the TDPI **providers** emphasised as the core underlying rationale of the different TDPIs the goal to stimulate trade and investment in order to spur economic growth, which is seen as an important tool for poverty reduction. This is mainly being done by assisting policymakers in creating an enabling environment for trade and investment (government as the facilitator of trade integration), as well as by supporting business organisation and business development (the private sector as the implementer of trade integration) – both with a view to increasing participation of poor countries in global trade. The response is supporting the building of government and private sector capacity on trade policy, trade negotiations and effecting market response to already achieved trade liberalisation, as well as the establishment of linkages between government, the private sector and civil society.

From the **recipients'** point of view, the reasoning for supporting and implementing the TDPIs at issue is principally capacity building, for example, on quality assurance issues or trade facilitation in the broader sense – sometimes also to provide continued support after the termination of an earlier TDPI. Mainstreaming the private sector in the trade liberalisation process was also mentioned. Only one recipient stakeholder mentioned private sector development and integrated SME programmes which focus on establishing growth and production centres around the country.

II. Main Focus of TDPIs

According to the TDPI **providers**, the focus programmes under study – taken together for all three countries - are more or less evenly addressing: (i) skill development of workers and producers; (ii) enhancement of regulatory compliance; and (iii) skill enhancement for trade negotiations²⁹ - with the last TDPI component (trade negotiation capacity) being the strongest.

The interviewed **recipients**, however, saw a strong bias against skills development, while focus on the other two aspects was considered to be rather balanced. However, it should be noted that some of the newer TDPIs are at least envisaging more work on skills development of workers and producers, so that the picture will be much more balanced if these initiatives are being implemented accordingly.³⁰

Looking at available complementary information on the seven TDPIs, it appears that indeed skill development of workers and producers is not the main focus of the surveyed TDPIs. Yet, the USAID–ZAMTIE programme (market sills), the DFID–RTFP (mushroom project) as well as the IF are addressing this dimension to some extent. Further, it should be said that there may be various initiatives dealing with human skills development at national, regional or international level, implemented by the same or other donors, but which the interviewed TDPI recipients might not have been fully aware of due to their trade policy-specific orientation. Nevertheless, it appears that almost all focus TDPIs – maybe with the notable exception of the DTIS under the IF – do not make clear reference to these (assumed) complementary initiatives.

The general ratio of domestic to external staff involved in TDPI implementation appears to be around 50/50

III. Major Modes of TDPI Implementation

The major modes of TDPI delivery which emerged from the survey are: **technical assistance** – here meaning the placement of advisors with the Trade Ministry or the Secretariat of the regional body, who are usually accountable to the TDPI provider; **capacity building workshops** – mostly targeting trade officials, private sector associations and to some extent producer and CSOs; **training** – on-the-job training and formal professional training courses provided to trade officials; **institutional capacity building** – i.e. to Secretariats, Ministries or private sector apex bodies; **multi-stakeholder policy dialogue** – through in-country workshops on the WTO and trade policy or platforms such as the IITC or KEPLOTRADE; **trade policy research** – mostly by financing external consultancies; **facilitating participation in negotiations** – i.e. financing travels to Geneva, Brussels, head quarters of regional bodies, or international trade conferences; **logistical support** – i.e. provision of computers and other infrastructure; and **information dissemination** – i.e. in the form of user-friendly brochures or websites.

IV. TDPI Resource Persons and Implementers

Asked about the resource persons involved in TDPI implementation, **recipients** mentioned government officials, research institutions, as well as independent consultants – both from inside and outside. Examining the issue of to what extent recipients can influence the selection of resource persons yielded mixed results: while the selection was usually done in consultation with the donor, more discretion is apparently been given to recipients in the selection of researchers; whereas the donor is often (much) more influential in other areas, for example, in the selection of TDPI management staff or advisors. The general ratio of domestic to external staff involved in TDPI implementation appears to be around 50/50. Yet some stakeholders suggested that it would be more beneficial to increase the share of local resource persons, also with a view to build up and strengthen the backstopping capacity of local researchers and trade policy specialists.

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Some TDPI recipients pointed to the fact that much of the available TDPI funds are often being used for Technical Assistance (TA), i.e. to finance the placement of an advisor with the Trade Ministry or Secretariat, while the recipient would like to see a stronger emphasis on capacity building aspects. Yet it was stressed that TA

*Level of mutual trust
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successful TA
provision*

can be crucial if the TDPI recipient simply does not have the core capacity at hand to implement the TDPI. But depending on the level of institutional capacity, a TDPI recipient could mature out of the “TA stage” and further move towards the capacity building phase. Here, it was also underlined that the human dimension was crucial, especially in the particularly intensive donor-recipient relationship wherefore close consultation was key in the selection process of TA personnel. What also came out clearly from the interviews is that the level of mutual trust is seen to be key for successful TA provision: this concept could not work if the TDPI provider mainly uses the technical assistant/advisor or other programme staff directly placed with the recipient for fencing off TDPI funds made available to the recipient against inappropriate prioritisation and use of the resources, while the recipient sees TA provision as a tool enabling the donor to push through a donor-driven agenda in-house!³¹

On the question whether one category of implementers of capacity building under TDPIs was better than another, it was said that it would generally not matter who implements – be it personnel from governmental aid agencies, inter-governmental organisations, civil society groups or consultancy firms – everyone would pursue a certain agenda – be it political or commercial – and everyone had its specific competencies and expertise. What mattered was the involvement of local resource persons as well as the human aspect, as “some people listen, and some simply do not”. All in all a due consultative process between provider and recipient was seen as the best tool for addressing the various challenges and concerns.

While some interviewed stakeholders indicated that they would prefer TA and capacity building provided by Southern actors (due to the similarities in donor and recipient country), others thought that also Southern TDPI providers were not ‘agenda-free’, and that what might have worked in their home countries in terms of development and poverty reduction strategies must not necessarily work in the recipient country.

V. TDPI Achievements and Replicability

From the sometimes rather sporadic feedback on achievements of the TDPIs and replicability of the knowledge and experience gained by three groups of stakeholders – workers and producers, regulatory officials and trade negotiators³² – **recipients** saw the achievements evenly distributed between the three groups in the middle range³³; whereas all three categories got the highest score for being able to replicate the capacity built through the TDPI. The response from the **providers** was more mixed, with better grades for all groups under TDPI achievements, and more scores in the middle and low range under replicability. Yet, providers generally gave very good marks for negotiating skills development, both under achievements and replicability.

The somewhat expected finding of this survey could be that TDPI providers are generally more positive about the volume of capacity building being provided than are the recipients, while recipients are more confident about the replicability of the actually transferred knowledge by recipient stakeholders than the TDPI providers. Taking the research findings, as a reference, it could further be said that TDPI providers are across-the-board largely satisfied with the

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results of their negotiating capacity building efforts as this is the core area of their attention and support.

VI. Demand- Versus Donor-Drivenness of TDPIs

1. General Motivation of Provider and Recipient

One TDPI provider representative made a very strong case – backed by the general feedback by other interviewed stakeholders - that the overall motivation for engaging in TDPIs as tools promoting trade liberalisation for growth stimulation and poverty reduction was clearly donor-driven: while the TDPI providers were largely focussing on the trade liberalisation aspect of economic integration, ESA recipient countries were - at least in the context of regional economic integration - rather interested in other aspects, such as the political cooperation and development dimension; good relations with the donors; institutional capacity building; the supply side aspects; and securing of significant levels of funding in general. The motives of provider and recipient for TDPI involvement was thus not congruent, a fact which was seen as a possible explanation for why the process of trade integration proceeded much slower than often hoped by TDPI providers. This strong focus of donor initiatives on trade integration was the result of the “sex appeal” this concept would have amongst the donor community, and this was, for its part, the consequence of a misinterpretation of the development-relevant potential of integration in general, and trade integration in particular both to the detriment of sustainability and development cooperation.³⁴

TDPI providers were largely focussing on the trade liberalisation aspect of economic integration

2. At Concrete TDPI Design Stage

At the actual design stage, TDPI development seems more or less responsive to the ‘demands’ by recipients, but in a few cases donors apparently come with full-fledged packages which are offered on a take-it-or-leave-it basis³⁵. Donors often ask (also non-local) consultants to undertake needs assessments through stakeholder consultations – often backed up by background studies – and then come up with project proposals which are then being approved by – or “checked with” – the recipient. In many cases, the initiative clearly comes from within, yet explicit donor interest in trade-related work can also play an instrumental role here. All in all, it can be said that no clear pattern can be identified here: donor-recipient consultations were mentioned and stressed by most interviewed stakeholder; however, format, intensity and – most importantly – the level of real consensus-building appear to vary significantly.

3. At TDPI Implementation Stage

Government and the private sector, which are usually the key target recipients of TDPIs usually have a strong influence on, and often formulate, the actual TDPI work programme. In many cases, annual budgets are being prepared at the beginning of each year where the recipients can determine and prioritise work for the upcoming year. Yet, it was also mentioned that donors sometimes do take part in the priority setting exercise, for example, when it comes to determining how much is spent on TA *vis-à-vis* capacity building elements. In some identified cases of multi-stakeholder workshops, the TDPI implementer coordinates with an in-country partner (e.g.

The key target recipients of TDPIs usually have a strong influence on, and often formulate, the actual TDPI work programme

Trade Ministry) in the development of the agenda and the identification of participants, which at least in one case can also suggest issues to be addressed in the workshop.

VII. Consultation with Target Recipient

Consultations are being held at initiation, design and implementation stage, mostly with Ministry/Secretariat officials, apex business associations, and in some cases with selected research institutes and civil society groups, but hardly with grassroots stakeholders. Private-public consultations as well as policy dialogue often continue throughout the TDPI implementation phase, for example, via platforms such as the Ugandan IITC, KEPLOTRADE in Kenya, as well as the Zambia Business Forum and the Working Group on Trade in Zambia.

VIII. Involvement of Civil Society

If TDPI providers pointed to “civil society” involvement, then they were often referring to business non-governmental organisations (NGOs) and producer groups, but not so much to political and policy CSOs, and actually never to community based organisations (CBOs). Yet, some involvement of “free trade advocates” was explicitly mentioned in one case. The usual modes of non-commercial CSOs’ engagement seem to be participation in multi-stakeholder fora such as the IITC and KEPLOTRADE, including: involvement in capacity building and sensitisation workshops; beneficiaries of grants for research and dialogue; in a few cases membership in TDPI steering committees; consultations in project needs assessments; acting as consultancies (mostly technical NGOs); and sometimes also as lead TDPI implementers.³⁶

Interviewed representatives of TDPIs of both the receiving and providing end indicated in some cases that more involvement of policy and political CSOs was desired, but that those were “mostly rather inactive on trade” and in some cases even disengaging. Main reasons cited for this situation were the lack of capacity to comprehend and follow the often very complex trade issues, a lack of pro-activeness, as well as a lack of trust in a particular TDPI process and direction. TDPI providers further pointed to the fact that due to the government-centred focus of most TDPIs, it was mostly left to government officials to engage the necessary multi-stakeholders, including CSOs – which they apparently not always do with fullest commitment.

IX. Holistic Approach on TDP

On the question in how far the provided and received TDPIs are able to address the TDP interface in a holistic and integrated manner, interviewed stakeholders gave feedback relating to the various levels and facets of the TDP nexus.

Notably, out of all programmes mentioned by the interviewed **recipients** (not only the seven focus TDPIs), only two were not understood as trade development and poverty reduction initiatives. Yet, recipients acknowledged that the TDP nexus was a rather new concept, which still needed to be implemented. Hence, it was pivotal to come up with novel ways of building linkages such as assisting

Private-public consultations as well as policy dialogue often continue throughout the TDPI implementation phase

The usual modes of non-commercial CSOs’ engagement seem to be participation in multi-stakeholder fora such as the IITC and KEPLOTRADE

the micro-level producers and exporters; to focus on the rural poor including women; and to raise the standard of living. It was also emphasised that only a good business environment could generate wealth, leading to business expansion, which for its part would create employment and positive back and forward linkages.

Interviewed **providers** said that it was key not only to look at trade integration, but also at complementary issues such as infrastructure, development integration, supply constraints, gender, health, or conflict prevention. Here, it was also mentioned that the TDPIs offered by major donors were often part of an overall country strategy, which would also – at least partly – address such issues. While increased trade was seen to have potentially positive poverty impacts through improving incomes, this could only materialise, when trade development is also addressed. It was further said that it was necessary to embed TDPIs in existing development and poverty reduction strategies, which could also be achieved by supporting work undertaken by Trade Ministries under the PRSPs. Others also pointed of the need to use a ‘systems’ or macro-economic approach by focussing on the agricultural sector and working with small-scale producers. Another highlighted aspect was the need to engage both the private and public sector, including civil society, and also the need to empower all relevant multi-stakeholders in trade policy to develop and advocate for trade policy options, which are responsive to their distinct development and poverty reduction-related concerns.

X. Mainstreaming Trade into Development and Poverty Reduction Strategies

One common theme in the response of both interviewed providers and recipients on the issue of how to facilitate the mainstreaming of trade into development and poverty reduction strategies, was the notion that SSA governments themselves would need to be convinced that trade is an important tool for development and poverty reduction. As this was largely not the case and trade merely regarded as a “by-the-way”, trade was currently heavily under-represented in PRSPs. Consequently, the strategic trade elements in poverty reduction strategies needed to be expanded, and the DTIS process under the IF was a very useful tool to facilitate this. Here, it was also mentioned that it would be better to focus first on existing tools such as the PRSPs instead of developing new innovations. Interviewed stakeholders also said that trade needed to be looked at horizontally, and this could, for example, be achieved by having one trade expert in each Sector Group but who would need to be supported by high-level analytical work on trade. Other technical aspects highlighted were the establishment of Coordinating Units for example at the Trade Ministries which would oversee the different TDPIs, including: TDPI Steering Committees; better coordination between line ministries; and improvement of the institutional setting by giving trade jurisdiction to only one ministry (and not the Ministry of Finance, the Ministry of Foreign Affairs and the Ministry of Commerce as it is a *de facto* case in many SSA countries). It was also noted that for effective and meaningful trade policy-related capacity building one needed, as a reference point, a solid national trade policy/strategy into which development and poverty reduction related aspects were being mainstreamed through

Interviewed providers said that it was key not only to look at trade integration, but also at complementary issues such as infrastructure, development integration, supply constraints, gender, health, or conflict prevention

While increased trade was seen to have potentially positive poverty impacts through improving incomes, this could only materialise, when trade development is also addressed

stakeholder empowerment and involvement . Thereby national stakeholders would develop an integrated TDP agenda, which would then guide and inform the supra-national trade integration process.

XI. Achieving Better Coordination between Different TDPIs³⁷

Both TDPI providers and recipients put much emphasis on the issue of achieving better coordination between different TDPIs. In this respect, it was suggested to establish an overseeing Steering Committee, including development partners and key stakeholders, which would coordinate all TDPIs offered to one country or regional body. Already existing platforms such as the national IF Steering Committees or Private Sector Donor Groups (although these only include donors) could be used and upgraded in this regard. Another option was the establishment of a basket fund into which all donor money provided to a country/region would be channelled. Donors and recipients would then agree on an annual work programme.

However, it was indicated that much could already be achieved if donors would screen already existing TDPIs before developing a new one (as for example done in the DTIS), if donors would engage more in co-financing of TDPIs, if they would better coordinate their interventions at the bilateral and multilateral level, or if the existing formal and informal donor groups would meet more regularly. Also, multi-stakeholder project advisory bodies could help adjusting and streamlining different TDPIs. Moreover, closer coordination was needed between the Finance Ministries (which are approached by donors), on the one hand, and Trade Ministries (which are the key target recipients of TDPIs), on the other – coming along with a clear articulation of needs and interests *vis-à-vis* the donors. One interviewed stakeholder also pointed to the fact that solving the problem of multiple membership to several regional integration schemes would also contribute much in this regard, as this syndrome is seen as a major course of overlappings of TDPIs targeting the different regional bodies.

XII. When Do TDPIs Work Well?

On this point, most interviewed stakeholders emphasised that the commitment and ownership of the ground-level stakeholders as well as the ownership and good will of the political leadership was pivotal for the success of any TDPI. Best means for achieving this was inclusion and full responsiveness to the needs of all relevant interest groups. Engagement coming only from a set of stakeholders or only from one ministry was not sufficient. The TDPI constituency had to be broad-based and included in the whole project cycle, i.e. through multi-stakeholder consultative fora. TDPI management and implementation should be autonomous, and bureaucracy limited to the greatest extent possible to enable decision making which is responsive to actual demands. In this context, it was noted both by provider and recipient stakeholders that placing programme staff directly with a ministry or secretariat can be an important tool for assuring immediate programme responsiveness. In addition, a well-designed project governance structure was considered essential.

In terms of TDPI implementation, it was emphasised that a multi-level strategy, together with mixing both direct and indirect

Multi-stakeholder project advisory bodies could help adjusting and streamlining different TDPIs

TDPI management and implementation should be autonomous, and bureaucracy limited to the greatest extent possible to enable decision making which is responsive to actual demands

approaches and employing various modes of delivery, would generally yield the best results. It was also necessary to maintain engagement by providing for meaningful follow-up activities (e.g. research responding to knowledge gaps identified in dialogue).

XIII. What are the Main Limitations?

On asking the TDPI stakeholders about the main limitations of the programmes they are involved in, most **recipients** named here the issue of lack of adequate resources, which would often impair the effectiveness of a TDPI. But in this context, it was also said that donor-money dependency could also be a big problem and that supported institutions would have to become self-sustaining at one point. Another major point was the limited absorptive capacity due to human resource constraints e.g. in Trade Ministries. In terms of project implementation and management, issues highlighted were, for example, top down approaches, i.e. assumptions that the central government or donors always know what local people want in a given context; bureaucratic bottlenecks on the provider's side; cash flow issues; and the channelling of funds through (inter-) governmental agencies which would delay the implementation process as these agencies "tend to be very slow".

More on substance, listed as key stumbling blocs were the lack of methodologies to effectively tackle TDP issues, including the lack of involvement of civil society groups who tend to have the required knowledge and experience to handle local issues; as well as the lack of willingness to really work with and trust local people. Some interviewed stakeholders also mentioned the situations where the donor has too much to say with regard to project activities or in the case of capacity building on trade negotiations where the donor often is in the middle of the agenda setting process (e.g. in the case of KEPLOTRADE or the Working Group on Trade in Zambia), and where full and transparent engagement by stakeholders would give the donor a competitive advantage in the actual trade negotiations (e.g. EPA and WTO).

Another important aspect highlighted was the issue of staff turnover in recipient institutions such as Trade Ministries: young staff are being trained and built up under TDPIs to be able to take on comprehensive responsibilities within the Trade Directorates, but in many cases they leave the Ministries at a certain point and shift over to the private sector. When these junior employees leave, painfully established in-house capacity on trade policy and negotiations would get lost which the institution as such had not been able to absorb and incorporate.

On the **providers'** side, interviewed stakeholders again highlighted the fact that trade was often rather low on governments' agendas so that TDPIs would not meet the governmental commitment which was required to really implement the envisaged TDPI components. But it was also said that governments were often passive when programme take a top-down approach, when they are not locally administered, or otherwise fail to reflect the actual needs of the government. Another dimension was the mode of operation: many pointed out that TDPIs were very much dependent on the people you are actually working with; and due to the government-focus of most TDPIs one was often forced to cooperate with officials who lack the

Donor-money dependency could also be a big problem and that supported institutions would have to become self-sustaining at one point

Governments were often passive when programme take a top-down approach, when they are not locally administered, or otherwise fail to reflect the actual needs of the government

absorptive capacity, the required efficiency, or who do not enjoy the full trust of the provider. The whole concept of TA was meant to overcome this quandary, but was still “useless” as it could not compensate for a frank and amicable donor-recipient relationship. Interviewed stakeholders also mentioned the issue of slow process when working with (inter-) governmental agencies – and especially regional bodies, as here most of the work would have to go via member states.

Other issues mentioned were the difficulty often faced by project implementers to generate agreement of different stakeholders on a common agenda, or that it was often hard to engage local resources with needed expertise as the backstopping capacity of local ‘centres of excellence’ was still rather low and sporadic. Listed as a more practical constraint was the issue of time limitation of TDPIs, which would often lead to continuity problems.

4

Stakeholder Recommendations

The following key recommendations on how to improve TDPIs were condensed from the feedback from both recipients and providers:

1. Focus of TDPIs

- 'Development' should be in the centre of every project;
- Raising standard of living should be the overall aim;
- The TDPI should aim at establishing clearer TDP linkages;
- Linkages need to be built between macro-and micro-level;
- It is better to combat main constraints at micro-level rather than having a superficial programme targeting the macro-level;
- More focus needs to be put on supply constraints and major bottlenecks;
- More work on trade development is required;
- Address complementary issues such as gender, health and conflict;
- TDPIs also have to look at backward linkages in production;
- Promote linkages between poor ESA producers and markets, i.e. distributors in major consumer markets;
- TDPIs should employ issue/commodity-specific approaches;
- TDPI should not be too broad, but focus on the key binding constraints for trade and investment expansion; and
- TDPIs should put more emphasis on regional and domestic trade.

Address complementary issues such as gender, health and conflict

2. TDPI Process

- Work only with partners who really see the meaningfulness of trade and investment expansion and who therefore "live the talk";
- Increase ownership of TDPI recipients, also by requiring them to make more tangible contributions to the process;
- Make a proper needs assessment before designing a new TDPI;
- Develop each TDPI concept jointly with the target recipient(s);
- Provide for adequate consultative and consensus-building arrangements;
- TDPIs should be jointly implemented by provider and recipient, according to recipient's priorities;
- Decentralise decision-making;
- Better structures on accountability and transparency (e.g. trade officials should provide capacity and forward relevant information to other involved stakeholders);
- Include the poor and other 'trade policy users' in project planning and implementation;
- Only those who trust each other should work together;

Make a proper needs assessment before designing a new TDPI

- Involve grassroots-level stakeholders - especially civil society - more proactively throughout TDPI process – and do not rely on other stakeholders – e.g. ministries or private sector organisation – doing that; and
- Cooperate more with CSO actors as they operate faster, less formalistically and can interact with stakeholders more freely.

5

Possible Way Forward

This concluding section tries to draw together some key messages emerged and main lessons learned from the feedback process with trade officials and TDPI providers. This is with a view to point to some possible directions new and ongoing TDPIs could take in order to become more relevant for the recipient and all relevant stakeholders in their strive for development and reducing poverty through trade. Against the background of CUTS CITEE being a Southern CSO, and recalling its belief that a holistic approach on TDP required the support of “civil society’s (Northern as well as Southern) understanding”, this looking ahead exercise largely focuses on the role civil society could, and probably should, play in current and upcoming TDP initiatives.

I. Key Observations

What came out quite clearly from the feedback exercise is that the overall theme of the governmental and inter-governmental TDP agenda that is trade liberalisation is often donor-driven while the TDPI recipient’s actual priorities, for example focussing on the political dimension of regional and global integration, the supply side dimension or financing aspects in general - are sometimes being neglected. Also, it appears that the traditional government-to-government (G2G) setting is not always the ideal format for TDP cooperation as the level of mutual trust between TDPI partners is sometimes low, especially when working together on trade negotiations involving countries from both the providing and receiving end of the respective TDPI. Working as a donor together with the government “which you actually do not trust”, and then trying to kit the wedge in the donor-recipient relationship with TA “simply does not make sense”, as one interviewed stakeholder remarked. Furthermore, in the G2G mode of operation, it can also be hard to generate the necessary ‘critical mass’ for effectively working on trade and investment issues as tools for development and poverty reduction. This is due to the fact that some governments, ministries or trade officials simply do not “live the talk” about trade and investment as they are not fully convinced about their relevance for development and fighting poverty. In addition, government-centred TDPIs are often comparatively slow and inflexible during the implementation process, as Trade Ministries and regional bodies “tend to be rather slow”.

What is also striking is the fact that the ultimate TDPI beneficiary that is the poor are very seldom directly involved in the TDPI process. The generally employed TDPI approach is rather ‘top-down’ as TDPIs are mostly intervening at the level of ministries, regional

Overall theme of the governmental and inter-governmental TDP agenda that is trade liberalisation is often donor-driven while the TDPI recipient’s actual priorities, political dimension of regional and global integration are sometimes being neglected

Government-centred TDPIs are often comparatively slow and inflexible during the implementation process

TDP-related work carried out by local as well as regional CSOs/NGOs would minimise perceived interference from 'outside' organisations

CSOs should play a much greater role in TDPIs, not only as involved stakeholders, but also in the operational aspects

body secretariats and apex business organisations, as well as a few (often international) non-community based CSOs. Regarding work on trade policy and negotiations, it also appears that there is a lack of focus on 'empowerment' of TDP stakeholders and trade policy users – including the poor and marginalised - to come up with their own TDP agendas and advocate for them effectively in the TDP policy making processes. The transfer of approaches and solutions to a few key stakeholders is still a key mode of TDPI delivery. This often comes with a striking lack of innovative methodologies for building clear trade-development-poverty reduction linkages, and providing for strategic coherence in TDPIs by also effectively addressing trade development as well as key bottlenecks for trade and investment expansion remains wanting.

II. Looking Ahead: A Civil Society Perspective

CSOs and CSO networks often have a clear comparative advantage in areas such as confidence and consensus-building; outreach, and empowerment of, the poor and other stakeholders at the grassroots-level; integrated work at both micro and macro-level and innovative and context-specific work on poverty in general. Also, non-governmental players do generally have better access to less bureaucratic and formalistic modes of operation, enabling them to operate faster, be more responsive to *ad hoc* demands, as well as to involve those actors and individuals who are ready and willing to work on, and implement TDP programmes. Usually, they also have a very good understanding of the political landscape within the TDP stakeholder community, placing them well as conveners of inclusive dialogue and other multi-stakeholder TDPI aspects.

In addition, TDP-related work carried out by local as well as regional CSOs/NGOs would minimise perceived interference from 'outside' organisations, an aspect, which seems particularly relevant when working on trade policy and trade negotiations. Local and regional CSOs/NGOs also seem best placed to help developing applicable modalities for establishing concrete TDP linkages, especially if they have close ties to rural communities and/or community-based institutions, which are working with the poor and marginalised.

A strong case could thus be made that CSOs should play a much greater role in TDPIs, not only as involved stakeholders, but also in the operational aspects. Interested CSOs/CBOs should, therefore, seek a much stronger role as consultative partners in the design and implementation of TDPIs. Furthermore, local and regional CSOs could explore and test further opportunities for attracting at-arms' length donor support to directly participate in the conceptualisation and implementation of TDPIs, in addition to building partnerships with donors at the operational level. Taking into account the sometimes limited local civil society capacity on issues relating to trade policy and trade negotiations, further pooling existing capacity in regional 'trade think tanks' or networks could be an option. This would also contribute to building up sustained and continuous CSO 'backstopping capacity' on trade policy and trade negotiation issues in the respective countries and regions. This effect could further be amplified by building strategic partnerships between local/regional CSOs as well as internationally

operating CSOs, which are close to key trade policymaking centres and platforms.

In conclusion, if relevant local, regional and international CSOs in their overwhelming diversity in location, thematic focus, approach and level of operation - would effectively cooperate and strategise in the TDP debate and be increasingly involved in donor-funded TDP programmes, it seems very likely that the outputs of such TDPs would generate more 'ownership' amongst relevant TDP stakeholders, more commitment and enthusiasm, and would generally be more relevant for achieving their overall goal, that is fighting poverty and increasing equality by using trade and investment as some of the available tools.

Fighting poverty and increasing equality by using trade and investment as some of the available tools

ANNEX I: Questions Posed to TDPI Providers

1. What is the rationale behind this initiative?
2. Was this initiative demand-driven, i.e. was it demanded by the target recipients?
3. Where the target recipients consulted while developing this initiative?
 - 3a). If yes, how were the consultations done?
 - 3b). Did you take into consideration major recommendations emerged from these consultations?
 - 3c). If no, what could be the possible reasons for not consulting the target recipients?
 - 3d). Do you think that the implementation of the initiative was hampered due to this non-consultation?
4. Is this initiative trying to achieve a more integrated approach to international trade, development and poverty reduction?
 - 4a). Are civil society organisations involved in this initiative? If yes, how? If no, why?
5. What is the main content of this initiative?

Please answer this question as per the following table:

Content/Purpose	Skill Enhancement of Producers & Workers	Enhancement of Regulatory Compliance (e.g. SPS/TBT)	Skill Enhancement for Trade Negotiations

6. In your assessment, what are the major strengths of this initiative?
 - 6a) What is further required in order for the poor to benefit more from these strengths of this initiative?
7. In your assessment, what are the major limitations of this initiative?
 - 7a) What measures should be taken to overcome the major limitations of this initiative? Please answer this question as per the following table:

Measures to Overcome Limitations/Main Target Group(s)	Trade Policy-making Officials	Trade Practice-related Officials	Producers & Workers

8. Do you think that this initiative has achieved the following?

Attribute/Assessment	Considerably	To Some Extent	No Impact
Skill Enhancement of Producers & Workers			
Enhancement of Regulatory Compliance			
Enhancement on Negotiating Capacity			
Other:			
Other:			

8a). Do you think that the following stakeholders are in a position to replicate the knowledge and experience gained from this initiative?

Stakeholders/Assessment	Considerably	To Some Extent	No Impact
Producers & Workers			
Regulatory Officials			
Trade Negotiators			
Other:			
Other:			

9. What mechanisms should be promoted to mainstream trade strategies into relevant poverty reduction agendas?

10. How could better coordination between different initiatives (similar to the one that you are supporting) be achieved?

ANNEX II: Questions Posed to TDPI Recipients

1. What are the major trade-related capacity building initiatives, which are offered to your country/ ministry?
2. Who is supporting these initiatives?
3. Which of these initiatives have tried/are trying to achieve a more integrated approach to international trade, development and poverty reduction?
4. What is the main content of the initiatives? Please answer this question as per the following table:

Initiative/Purpose	Skill Enhancement of Producers & Workers	Enhancement of Regulatory Compliance (e.g. SPS/TBT)	Skill Enhancement for Trade Negotiations

- 5a). Did you request for the initiative?
- 5b). If you have requested for a particular initiative, what was the main purpose of your request?
- 5c). Has that initiative been developed by taking into consideration the main purpose that you articulated?
- 5d). In terms of the main purpose of that initiative, are there significant changes from what you proposed and what is being implemented?
6. Did the donors conceive a particular initiative?
 - 6a). Were you, as a recipient of that initiative, consulted with regard to the content and methodological concerns of that initiative?
 - 6b). What would need to be considered in order for a particular Trade, Development and Poverty Reduction (TDP) initiative to qualify as demand-driven, bottom-up and pro-poor?
7. Give us a broad idea about the resource persons who are involved in implementing trade-related capacity building initiatives in your country.
 - 7a). Were you in a position to select resource persons?
 - 7b). What was the percentage of resource persons from your countries/regions and other countries/ regions (including donor countries)?
 - 7c). Do you think that technical assistance from countries with a similar level of development and facing similar problems would have been more effective?
8. In your assessment, has a particular initiative been able to take a more integrated approach to trade, development and poverty reduction in your country/region (especially as compared to a more trade-focused approach)?

9. In your assessment, what are the major strengths of these initiatives?

9a). What is further required in order for the poor to benefit more from these strengths of these initiatives?

10. In your assessment, what are the major limitations of these initiatives?

10a). What measures should be taken to overcome the major limitations of these initiatives?

Please answer this question as per the following table:

Measures to Overcome Limitations/Main Target Group(s)	Trade Policy-making Officials	Trade Practice-related Officials	Producers & Workers

11. Do you think that these initiatives have achieved the following?

Name of the Initiative:

Attribute/Assessment	Considerably	To Some Extent	No Impact
Skill Enhancement of Producers & Workers			
Enhancement of Regulatory Compliance			
Enhancement on Negotiating Capacity			
Other:			
Other:			

11a). Do you think that the following stakeholders are in a position to replicate the knowledge and experience gained from these initiatives?

Stakeholders/Assessment	Considerably	To Some Extent	No Impact
Producers & Workers			
Regulatory Officials			
Trade Negotiators			
Other:			
Other:			

12. What mechanisms should be promoted to mainstream trade strategies with relevant poverty reduction agendas?

13. Are involved in this initiative? If yes, how? If no, why?

14. How could better coordination between different initiatives (similar to the one that you are a recipient of) be achieved?

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Regional Trade Facilitation Programme, <http://www.rtfp.co.bw/>.

Integrated Framework for Trade-Related Technical Assistance to Least-Developed Countries, <http://www.integratedframework.org/>.

Endnotes

- 1 This section is largely copied from the CUTS-CITEE concept note *Linkages between Trade, Development & Poverty Reduction*, February 2005.
- 2 African Capacity Building Foundation. The Foundation, based in Harare, Zimbabwe, is an independent, capacity-building institution established in 1991 through the collaborative efforts of the African Development Bank (AfDB), the World Bank, and the United Nations Development Programme (UNDP), as well as African governments and bilateral donors. For further information, visit: <http://www.acbf-pact.org/aboutACBF/TheFoundation.asp/>.
- 3 It should be noted here that one trade official from a West African country – Sierra Leone – also kindly provided feedback on TDPIs provided to the country.
- 4 Chantal Blouin and Isaac Njoroge, *Evaluation of DFID Support to Trade Related Capacity Building: Case study of Kenya*, North-South Institute, November 2004.
- 5 See also the DFID-funded SADC-RTFP, page XX.
- 6 Apparently, the ATPP had only been launched in six pilot countries including Kenya, Tanzania, Uganda and Malawi).
- 7 Just as the Diagnostic Trade Integration Study (DTIS) under the World Bank-led Integrated Framework process, this initiative aims at mainstreaming trade into national development strategies through country-specific poverty reduction strategies. This involves the process and methods of identifying priority areas for trade and integrating them into the overall country development plan.
- 8 See official UPTOP website at: <http://www.uptop.info/>.
- 9 i.e. the Ugandan component of the DFID African Trade and Poverty Programme (see also KTPP on page XX). Apparently, UPTOP built on the UTPP once it had ended.
- 10 See also the official ZAMTIE website at: <http://www.zamtie.org/>.
- 11 For further information on particular ZAMTIE activities, see e.g. the ZAMTIE Financial Report 2003, viewable at: <http://www.zamtie.org/reports/ZAMTIE%20Annual%20Report—Dec%202002-Nov%202003.doc>.
- 12 The project is managed by an ACBF Project Manager who is affiliated to the COMESA Secretariat and funded through the ACBF grant.
- 13 See also the official ACBF website at: <http://www.acbf-pact.org/>.
- 14 This includes activities such a study identifying the structure and localisation of poverty in East Africa and recommending how EAC policy and activities could make a bigger contribution to poverty reduction; a study on the impact of EAC trade liberalisation on poverty as well as financing an education expert at the EAC Secretariat.
- 15 See official RTFP website at: <http://www.rtfp.co.bw/>.
- 16 See also section on the KTPP on page XX.
- 17 See official IF website at: <http://www.integratedframework.org/>.
- 18 Michel Kostecki, *Technical Assistance Services in Trade—Policy: A contribution to the discussion on capacity—building in the WTO*, ICTSD, November 2001, p. 16.
- 19 See also on the KTPP on page XX as well as under the Kenyan PRSP on page XX.
- 20 Downloadable at <http://poverty2.forumone.com/prsp/docs/3477/>.
- 21 pp. 49-50.
- 22 Downloadable at <http://poverty2.forumone.com/prsp/docs/3477/>.
- 23 pp. 47-50.
- 24 p. 50.
- 25 pp. 51-89.
- 26 Downloadable at <http://poverty2.forumone.com/prsp/docs/3477/>.
- 27 p. 64.
- 28 The structure of this chapter has largely been inspired by the content and approach in the given questions posed to selected stakeholders (see Annex I and II).

- 29 These are the three main areas of intervention given in the Terms of Reference to the study; see Annex I and II to this paper.
- 30 It should be noted, that the response of the recipients does not only – unlike in the case of the providers - refer to the seven focus TDPIs, but to TDPIs provided to their Ministry/regional body in general.
- 31 What came up in the feedback exercise was the fact that many donors are – often proudly – speaking of “our man” or “our woman” at the Ministry/Regional Body. It has been brought up in the context by both providers and recipients that such a set up is also not very conducive to proper ‘institution building’ in which one or several staff members are clearly linked to an external actor.
- 32 These are the three target stakeholder groups identified in the questionnaires, see Annex I and II to this survey.
- 33 Interviewed stakeholders could choose between ‘considerably’, ‘to some extent’ and ‘no impact’.
- 34 On these aspects as well as a set of other very relevant findings and hypotheses for the TDP debate, see Dr. H.-Michael Stahl, *Deutsche Entwicklungskooperation zur Förderung der Regionalintegration in Afrika: Diskussion der Chancen, Risiken und Erfahrungen*, GTZ, 2004.
- 35 Apparently also in certain cases with project proposal in the providers home country language and without translation into English. Translating these documents by the recipient is often too expensive and time consuming, so TDPIs are often accepted by the recipient without actually knowing its exact content.
- 36 The only example explicitly mentioned on this point was the Dutch development organisation SNV (see <http://www.snvworld.org>).
- 37 Also on achieving better coherence between different initiatives, as well as other very useful information and thoughts on current practice of trade-related technical cooperation, see Pengelly, Tom and George, Mark, *Building Trade Policy Capacity in Developing Countries and Transition Economies: A Practical Guide to Planning Technical Cooperation Programmes*, DFID, March 2001.