

Aid for Trade – Sub-regional review

Lusaka, 6-7 April 2009

ITC Report

ITC Delivers on Africa's Priorities – “100% Aid for Trade”

ITC, as the ‘100% Aid for Trade’ agency, is delivering on African priorities¹. Its programmes encourage regional trade for global gains, make business more competitive and help identify trade development priorities. As the joint agency of the United Nations and the World Trade Organization, ITC enables small business export success in developing countries. ITC’s objectives fully support three of the five pillars of the Aid for Trade Agenda.

Aid for Trade agenda



ITC's strategic objectives

- ▶ Strengthen policymakers' ability to integrate business into the global economy.
- ▶ Strengthen trade support institutions.
- ▶ Make enterprises more competitive.

Regional Trade for Global Gains

ITC has three regional programmes that reduce poverty through trade, developed in response to the Aid for Trade agenda, as well as the Millennium Development Goals. Each runs for five years, and includes a special focus on women. To bring the biggest return on investment, these

¹ The first Aid for Trade Regional Review for Africa (November 2007, Dar-es-Salaam), determined Aid for Trade priorities:

1. Country leadership and mainstreaming
2. Focus on regional projects and integration
3. Identify key priorities
4. Reduce trade cost
5. Mobilize the private sector
6. Harness public-private partnerships
7. Leverage regional development banks
8. Increase and improve financing
9. Coherence and cooperation

programmes shore up gaps in trade capacity, identified through extensive consultation with stakeholders, including the Aid for Trade process.

- ***Stronger regional institutions***

ITC's **Programme for Building African Capacity for Trade (PACT II)** facilitates integration within and between COMESA, ECCAS and ECOWAS.

It strengthens region-wide trade support institutions and business networks, identifies promising industry sectors and rationalizes regional supply chains. Funded by the Canadian International Development Agency, this CAD\$ 20 million programme is running from 2009 to 2014.

- ***Priorities in regional trade development strategies***

ITC's **ACP (African Caribbean Pacific) Commodities Development Programme** focuses on developing regional development strategies.

In Africa, it targets cotton and textiles; agri-business; hides, skins, leather and leather products; and fresh and processed food sectors. This European Union-funded programme is running from 2008 to 2013. Funding for the first phase is Euro 4.1 million and for the second phase Euro 3 million.

- ***Integrating small producers in supply chains***

ITC is driving the integration of small fresh fruit and vegetable producers, largely women, to supermarkets in the Southern African Development Community (SADC). **The SADC Supply Chain Programme** develops competitive supply chains for the fresh fruit and vegetables sub-sector in South Africa, Malawi, Mozambique, and additional targeted countries Zambia, Zimbabwe, Lesotho, Swaziland, and Tanzania. This programme runs from 2009 to 2014, funded with Euro 2 million from the Flemish Government is expected to be expanded substantially.

Innovation to Create Export Impact

- ***Stronger support networks sustain more trade.***

Regional economic communities are not always linked up with regional and national trade support institutions. Building on ITC's 45 years of trade development contacts and expertise, ITC is matching up these institutions in the regions, and training them on market research and analysis, compliance with sanitary and phytosanitary (SPS) and health standards, collective marketing, building access to trade finance, and improving product packaging. ITC also works with these institutions to provide region-wide services based on a business model.

There are **advantages** of this innovative approach: by pooling available resources and expertise, regions achieve economies of scale. Small and least developed countries may not have the resources to establish trade institutions for their own key export sectors. These programmes also promote and align the interests of regional and national institutions to regional integration priorities.

- ***Trade Facilitation***

International traders, particularly the small and medium sized enterprises, feel every impasse on the export process road. The ITC's Trade Facilitation efforts allow traders and government to align their investment in trade facilitation in a meaningful and measurable way. Through action-based consultations within the trade stakeholder community, the building of a client service culture at border agencies and establishing a certification process for logistics service providers, international trade can flow more quickly, economically and consistently.

- ***The business voice in Aid for Trade.***

While the voice of business is frequently considered in developed countries, many African countries do not have the mechanisms in place to empower constructive business engagement with regional

institutions and national governments. Their field knowledge will enable the countries and regional institutions to identify principal competitiveness constraints; priority sectors that offer the best export potential and value retention in the country. The business perspective is also essential to harmonize regulations, standards, policies and trade facilitation practices. These programmes build private sector perspectives that contribute to the inter-governmental processes at the regional level.

- ***Innovative partnerships for private sector development-- with immediate, bottom-line impact.***

A fresh approach to food supply chains. The current food crisis is creating opportunities to test new approaches. Linking small firms to national and regional supermarkets to develop competitive supply chains is just such an example. By 2013, in each country, five institutions will improve their agro-business leadership, ten industry clusters will operate successful agro-food supply chains and four government agencies (customs, Ministries of Agriculture, Trade and Industry) will benefit from 'supply chain and logistics' knowledge that improves inter-border cold – chain systems and better 'customs' management of fresh fruits and vegetables.

Ethical fashion. ITC's 'Africa Inspires' programme links African communities of ethically produced items with international designers, retailers and distributors of high value designer and luxury goods. The success story of 'Crochet Sisters', Nairobi, Kenya demonstrates how women used locally sourced cotton to produce beautiful crochet pattern. These patterns were adapted to a variety of designs including clothing, accessories and interior products.

Mobile phones for business efficiency. Low cost ICT applications, such as, market information for specific sectors, such as fresh fruits and vegetables, virtual market place to link buyers and sellers, and monitoring supply chain efficiency are being provided to small businesses.

Linking African suppliers to the humanitarian aid market. ITC has an innovative programme, Buying for Africa from Africa, that encourages international humanitarian agencies to source goods locally and grow local economies.

The success story of Kariba Textiles in Zambia demonstrates the benefits of Buying from Africa for Africa. Kariba Textiles, after meeting with the UN heads of procurement at an ITC event, secured a five-year frame agreement to provide blankets for the UN Refugee Agency's (UNHCR) and UNICEF's emergency relief work. This enabled Kariba Textiles to invest in new machinery and establish a new warehouse closer to market demand. The company increased its turnover and created local employment, increasing its staff from 60 people in 2004 to over 140 in 2008. Kariba Textiles has also provided more training in new technologies for staff, which has improved productivity and product quality, enabling the company to meet local and international quality standards.

Looking ahead: Increasing African Exports

ITC will continue to implement these programmes over the coming years, bringing the best practices and export success stories to the attention of the Aid for Trade community.

As ITC moves forward, it has four priorities for Aid for Trade work in Africa. These will serve to broaden the scope of ITC programmes to cover more countries and regional economic communities benefiting from the North-South infrastructure corridor. This will involve the further development of sectors having export and value addition potential, so that businesses are positioned to take part in global supply chains that will inevitably rebound after the current financial crisis.

Focus on the services sector and green products

The current financial crisis has underlined the need for Africa to push for diversification for export development beyond commodities. Including ***services sectors and 'green' products*** in the export portfolio of African countries is critical.

Services underpin all economic activity and are a significant part of global trade in their own right, with increasing opportunities for African countries. New services export opportunities can be developed in the tourism, professional, construction, retail and distribution sectors. Trade in infrastructure services, such as, finance, telecommunications, transport, energy and education is also essential to creating a competitive edge in key export agriculture and manufacturing exports.

Green market opportunities for organic foods and sustainable wood products are growing, and environmental technologies can also be developed with a view to future exports. Trade in natural resource-based 'green' products provides significant opportunities for small and medium producers and generates environmental benefits such as forest preservation and reduced use of pesticides – a development "win-win".

- ***Expand trade development services provided by regional support networks.***

As regional and national trade institutions build their cooperation to develop trade, ITC plans to step up its services. New valued-added services will be phased into the existing projects and structures that are coming into place. For example, ITC provides assistance to operationalize Conformity Assessment Bodies (i.e. testing laboratories, competent authorities, certification) to be recognized internationally through needs assessment analysis, preparation and implementation of action plans. ITC also helps establish national packaging institutes to advance the interests of both packaging manufacturers and end-users by providing information, organizing seminars and established university-level courses.

- ***Foster public-private partnerships that support "Export Impact for Good."***

Particularly relevant to export development by sharing success stories and best practices. For example ITC has just published a case study on the success of a public-private partnership in Ghana to modernise the customs operations. The strategic partnership of one multinational company in particular was a major contributing factor to the success of the project, which significantly improved the competitiveness of Ghana's exports. The example of this public-private partnership can be adapted for replication in other African countries to create an enabling business environment.