

# **International Trade Centre (ITC)**

## **Support to the AU/NEPAD (Period of July 2010 to June 2011)**

### **Brief background**

This note highlights the common areas of work including capacity to trade, growth of export-oriented private-sector enterprises, strong local institutions and sound development-focused trade-related policies.

### **The Market Access Initiative**

#### *Promoting African Exports*

The transfer of practical knowledge and export business skills is integral to all technical assistance programmes to strengthen the competitiveness of businesses in key export sectors. For this reason, ITC helped to identify market opportunities, trends and builds skills for export development by designing the appropriate development intervention in coordination with local partners.

ITC is implementing an innovative model of building business infrastructure that enables micro producers from marginalised communities to work in international value chains. For example, the Ethical Fashion component of the Poor Communities and Trade Program is connecting marginalized African communities with the international fashion industry in order to reduce poverty levels, empower women economically and improve both livelihoods and the environment in urban slums and poor rural areas, has continued to expand. By linking large fashion houses with marginalized communities in East Africa, the programme has created employment for over 5000 people. The programme is an extended business partnership scheme with the necessary activities and logistics being realised at the community level. This underscores the “one to one to many concept” which emphasises the setting up of infrastructure to improve local Trade Support Institutions (TSI) to assume the multiplier effect.

ITC is currently adapting the approach to the local circumstances in order to replicate the East Africa experience in West Africa and to expand the outreach of the program to the sector of Tourism both in Eastern and in Western Africa. A project proposal is being prepared with the hope that the project can start soon.

ITC has been providing technical assistance for the strengthening of the national trade support framework in Mali through the establishment of a National Export Promotion Agency. In 2010 a study on the country’s export potential was commissioned to support the new agency’s strategy formulation process. 2010 also saw the commencement of logistical arrangements for Mali’s participation in the 2011 Fruit Logistica event. With ITC assistance Mali has been able to diversify its exports of mangoes from a market of 3,000 tonnes in 2005 to 15,000 tonnes and multiple markets in 2009 and 2010.

In 2009 and 2010, ITC started work on sustainable exporter competitiveness in targeted export sectors within partner countries through building the capacity of TSIs. The Netherlands Trust Fund (NTF II) Programme, funded by CBI, supports the implementation of an effective export value chain approach to sector development by strengthening the institutional support services and networking capacities of local TSIs. The programme covers six countries of which four are in Sub-Saharan Africa: Kenya, Senegal, South Africa, and Uganda.

In Uganda, where the programme is the most advanced the design process for coffee sector development was completed mid 2010 and implementation commenced during the fourth quarter. The programme will be implemented over a period of 2 years and a half and will aim to enhance

M&E capacities of umbrella institutions, build the institutional capacity and internal project systems, develop a more effective service portfolio, improve selected coffee marketing and exports ,and finally improve farmers' associations financial management skills and access to funding.

#### *Identifying and Removal of Non-tariff Barriers through Trade Intelligence*

Transparency and understanding of NTMs is important to facilitate sustainable trade. ITC has helped countries to understand the non-tariff barriers to trade that their business sector faces including by defining strategies and suggesting solutions that meet their exporters' needs to speed up and ease cross-border trade.

In the framework of its project on Non-Tariff Measures (NTMs), ITC is closely working with the Ministries of Trade and Industry, export promotion agencies, research institutes, business associations and local experts in partner countries. It is implementing company-level surveys on NTMs in 14 of the African Union's Member States to understand the non-tariff obstacles relevant to their export sectors.

AU Beneficiary countries include all East African Community states, Egypt, Morocco, Senegal and Burkina Faso. In Burkina Faso for example, 70% of interviewed companies reported that they are strongly affected by NTMs. The survey identified a need for streamlining phyto-sanitary procedures for agricultural products prior to export. Further to the survey results, the Ministry of Trade requested assistance in needs assessment –which has been undertaken in mid-May 2011 – and formulation of project proposal in order to facilitate the export of agricultural products, which is currently under preparation. Survey results have been discussed during national stakeholder's workshops; the full report will be published in July 2011.

#### **Promoting the Private Sector and Diversification of Production**

*Ensuring a conducive environment for private sector activities with particular emphasis on domestic entrepreneurs;*

Assisting trade support institutions to bring the voice of business to trade national policymaking and trade negotiations is a long-term goal of ITC. Immediate activities are focused on advising beneficiaries about the implications of trade negotiations and sharing with TSIs best practices for effective business advocacy on national trade policies as well as in multilateral, regional and bilateral trade negotiations.

ITC is promoting the private sector in North Africa through the Enhancement of Arab Capacity for Trade programme (EnACT). This dedicated capacity building project for Morocco, Algeria, Egypt and Tunisia has enhanced the capacities of North African TPO to support the private sector including by training advisers to perform company export audits. It also awarded its first youth exporter entrepreneurship prize to an outsourcing company based in Morocco.

Before the uprising in North Africa the programme assisted companies in Egypt to enhance their marketing outlook by using e-commerce facilities.

The websites of the Moroccan leather and textile industry federations were improved and these federations are now ready to deploy e-commerce facilities using mobile phones to reduce transaction costs. Project facilitated meetings between the Tunisian handicrafts sector with potential buyers in Italy and France. In a similar activity sales of Tunisian handicrafts were completed with a Japanese buyer.

**Diversification of Production:** A conducive environment is also important for innovation and diversification of productive activities to strengthen international competitiveness and increased exports. In this regard the Supply Chain Management (SCM) approach is ITC's means to

improving the competitiveness of business. In 2010 the SCM Programme has trained business managers and executives worldwide to manage the sourcing, movement and storage of goods from source of production to point of consumption. Additional courses in Kenya for the East African Region are planned for June 2011

### **Promoting African regional trade integration**

*Capacity-building to enhance existing regional economic structures and organisation*

ITC is involved in several regional programmes on the African continent. Under NEPAD's thematic area "Regional integration and Infrastructure", ITC has continued working with Regional Economic Communities (REC) under its flagship programme *PACT II or Programme for African Capacity Building for Trade* covering COMESA, ECOWAS and ECCAS.

ITC continues to foster the network among specialized national and regional trade support institutions within the context of regional sector strategy development and implementation.

In COMESA, the leather sector core team was established. The stakeholder consultations and market led participatory value chain analysis and needs assessment facilitated by COMESA and the Ministry, with the full support of ITC, has identified a number of priority areas for the Leather and Leather products sector in Zimbabwe:

1. Strengthen value chain coordination and policy alignment through a sector association
2. Improve access to finance across the value chain
3. Market intelligence and Promotion
4. Manufacturing and Value addition
5. Practical training for improving quality across the value chain

Following consultations with the national sector stakeholders, the COMESA Core Team and the Ministry, COMESA Secretariat, ITC will continue its support of Zimbabwe in the development and finalization of a National Sector Strategy.

The strategy is aligned to the Regional Leather and Leather Products Sectoral Strategy constitutes a planning platform that responds to all the points above and it is a tool for coordinating the value chain actors, informing policy makers and securing resource mobilization for a coordinated implementation based on sector stakeholder priorities.

Besides PACT II, other regional programmes include the *All ACP Agricultural Commodities Programme* and the *SADC Supply Chain and Logistics Programme (SCLP)*

The *SADC Supply Chain and Logistics Programme (SCLP)*, ITC is responding to the needs of African enterprises that produce, process and export fresh fruit and vegetables. This trade facilitation programme seeks to improve productivity in the food sector and develop competitive business value chains. By fostering better management of goods flows, the programme is linking small-scale producers, many of whom are women, with national and regional supermarkets.

In July 2010, **The Africa Private Sector Forum (APSF)** was jointly convened by ITC and the African Union Commission (AUC) in Kampala, Uganda. Invited business leaders from within and outside Africa met over two days to discuss thematic and sectoral issues to enable the development of African regional and global business partnerships.

Most activities have promoted the engagement between the public sector and the African private sector which is an important element for a successful implementation of the Aid for Trade agenda. Such partnerships are specially relevant in the context of bringing together national and global players and promoting South-South business linkages.

The *All ACP Agricultural Commodities Programme* support participatory sector strategies and

action plans, market and product development for value addition and building tools to support institutional development. The programme has focal points in COMESA, ECCAS and UEMOA.

A major regional workshop involving development banks, pan-African development programmes, ministerial and farmer representatives, enterprises, buyers and technical specialists in November 2010 completed drafting of the Action plan (implementation plan) for the Cotton Agenda and subsequent work finalised a text for the regional strategy. A coordination committee has been validated by the UEMOA cabinet and is now fully operational. The validation of the regional cotton and textile strategy by African Heads of States was convened on March 2011.

In 2010 the programme concluded sector value chain strategy design and validation work in Ethiopia, Spices and West Africa Regional Cotton and Textile Development Strategy and the start of strategy design work in East & Southern Africa for Regional Agri-foods strategy (as agreed with stakeholders and the PSC). In addition, the Gomme Arabique sector development strategy was validated by the government in Burkina Faso and included in its Enhanced Integrated Framework Programme.

With support from the ACP Programme partner Organisation National du Café et de Cacao in Cameroon, seven provinces in the Democratic Republic of Congo produced a strategy and implementation plans to develop their sector and links with exporters.

Ethiopian Spice producers undertook market orientation missions to Europe as part of their strategy development process and have found new markets for several varieties of their spices.

The Zambia Cassava sector strategy was presented to donors and development agencies early in 2010 resulting in significant pledges of assistance from: WFP, ILO, UNDP, EU-Delegation, USAID, DFID, IFAD, COMESA – ACTESA and FAO amongst others.

A regional market and product development study was completed for Cereals in West Africa and presented at a conference organised by UNCTAD in November. This will be followed by a value chain development action-planning event in the first quarter of 2011.

Mali Gomme Arabique producers benefited from a small grant to provide communities with tools to safeguard Acacia trees planted under the Global Mechanism anti-desertification project and ITC training on transformation and quality preservation of the resulting Gomme for new buyers introduced to them. This pilot is demonstrating the benefit of a fully integrated value chain approach to the Global Mechanism partner agencies and country sector stakeholders in an effort to obtain further funding for expansion.

Projects emanating from the strategy implementation plans in both Mali and Burkina Faso have now been incorporated into the Enhanced Integrated Framework proposals for both countries and are expected to receive funding in 2011. Burkina Faso Gomme Arabique processors also participated in the training that continues into 2011.

### **Crosscutting issues**

#### *To promote the role of women in all activities*

Under the NEPAD thematic area on cross-cutting issues and specifically gender empowerment, ITC launched a Women and Trade programme. The project raised awareness of the need to incorporate women more explicitly in ITC projects as evidenced by an increasing emphasis on gender mainstreaming in project design. Some early results of the programme are the inclusion of gender mainstreaming in the DTIS template and in the Rwanda diagnostic trade integration study (DTIS). ITC is, together with the Executive Secretariat of the Enhanced Integrated Framework, developing a Gender training module as part of its Capacity-Building Programme for the National Implementing Units of the EIF.