

## **THE INTERNATIONAL TRADE CENTRE (ITC)**

### **Support to NEPAD**

#### **Period of Report: July 2008 to June 2009**

The International Trade Centre (ITC) is the technical cooperation agency of UNCTAD and WTO that focuses on export promotion and trade development. In the period under review ITC continued to support NEPAD towards achieving four major objectives: poverty reduction; diversification of productive activities; enhanced international competitiveness and increased exports; and increased African integration.

ITC applies its mission to deliver “Export Impact for Good” by encouraging the global trading community to make trade work for the poor whilst providing, with donor partners, sustainable and inclusive trade development solutions that will continue to support African development. In pursuance of this approach, ITC technical assistance via national and regional programmes has been designed and implemented towards achieving three goals: strengthening the international competitiveness of enterprises in Africa through sector specific technical assistance and National Export Strategies; increasing the capacity of trade support institutions to deliver better support services to the business community; strengthening the voice of business leaders in Africa towards guiding and informing discussions on national and regional trade policy planning and in designing strategies for integrating their businesses into the global economy.

The 2008 highlighting of the Aid for Trade (A4T) framework provided ITC with a further opportunity to link the private sector to Africa’s trade development agenda. ITC is a key partner of Africa’s business community in this evolving A4T. The A4T also provides a global context within which ITC support to Trade Support Institutions and their client SMEs an opportunity to participate in NEPAD goal to enhance Africa’s international competitiveness.

In 2008, under the “Export Impact for Good”, ITC solidly integrated trade into the MDG-related technical assistance and engendered the participation of the private sector in the national MDG goals. Projects delivered through national and regional programmes inherently focused on four key MDGs (1, 3, 7 and 8) seeking to place African countries both individually and collectively on a path of sustainable growth and development. ITC continued to elaborate regional programmes in partnership with three Regional Economic Communities (COMESA, ECCAS and ECOWAS), and regional business organizations, thus linking the business organizations to multinational companies that have created backward linkages to SMEs in Africa.

**Promoting Africa regional trade integration.** During the reporting period, ITC launched important regional programmes, viz. Programme for African Capacity Building (PACT II). PACT II will strengthen African Regional Economic Communities (RECs) over the next five years using an innovative approach to network specialized national and regional trade support institutions within the context of regional sector strategy development and implementation. The other regional programmes are the All ACP Agricultural Commodities Programme and the SADC Supply Chain and Logistics Programme, which set out to improve Africa’s participation in global value chains from the sector-specific angle and from the trade support and facilitation perspective.

ITC also collaborated with WTO to bring businesses to the North-South Trade and Transport Corridor during a development meeting in Lusaka, May 2009, ensuring a greater voice for the business community, especially SMEs, in the envisaged Public-Private Partnership (PPP) agenda.

**Country-level interventions.** During the 2008-2009 period, ITC began to focus on ways of

enhancing exporter competitiveness in African businesses and contributing to a blueprint for recovery and more sustainable growth in the future. The ITC response included providing better trade intelligence, promoting partnerships to deliver trade finance, devising effective sector support strategies, strengthening trade support networks and promoting public-private sector advocacy. Below is a list of specific examples of ITC technical support for the 2008-2009 period.

**MDG 1: Poverty Reduction.** In 2008, ITC increased its support to national MDG 1 goal by realigning trade-related technical assistance into areas that are dominated by the poor and marginalized populations. Besides the SADC Supply Chain and Logistics Programme, which aims to bring small-scale-producers into the supply chains serving supermarket chains and local hotels, and creating effective backward and forward linkages, ITC launched a new pro-poor project “Ethical Fashion” for Africa’s creative ‘slum-dwellers’ entrepreneurs. ITC recognized that growth in urbanization is leading to nearly 1.75 billion people living in slums and temporary shelters. The “Ethical Fashion” project thus focuses on the high value, designer and luxury goods sector, including clothing, textiles, jewellery, shoes and accessories and encourages international fashion companies to develop product lines that incorporate skills and materials from Africa and from its communities. The “Ethical Fashion” project also links MDG 1 and MDG 7 in helping these entrepreneurs turn otherwise waste materials into jewellery. The project is a part of the 2007 ITC initiative (Africa Inspires). Some 750 people from slum areas in Kenya and Uganda participated in the launching phase of the project and achieved ethical fashion export orders in 2008 worth EUR 1.5 million. The figure reflects the increasing trust that African slum-dwellers can deliver on time and meet the strict quality requirements of top fashion lines, with ITC support.

**MDG 3: Promotion of Gender Equality and Empowerment of women in trade.** ITC Women and Trade Programme continued to help governments and trade support institutions to take a gender inclusive approach to export trade promotion strategies with the aim of realizing both export and human potential in Africa. ITC decided in 2008 to support the organization of the Expert Round Table on the Gender Dimension of the Enhanced Integrated Framework, a meeting of interested parties to examine and to incorporate gender considerations into the current Enhanced Integrated Framework (EIF) country projects. The EIF forms an integral part of the trade development facility earmarked for over 19 LDCs in Africa. This new women empowerment insertion into the EIF matrices will integrate women trade development issues into the national NEPAD trade development objective. ITC is having an on-going work programme introducing a women empowerment component by “Engendering” National Export Strategies, in addition to targeted support to women-led enterprises.

**MDG 7: Sustainable Environment.** In 2008, ITC significantly expanded its role in the domain of trade and environment. Early in the year, ITC was co-leader of a campaign to try to answer the ‘food miles’ lobby in the United Kingdom and other northern countries, which threatened to inhibit the import of foods from certain African countries on the grounds of their alleged higher carbon emissions. ITC focus programme for trade and environment was designed to support exports from natural resource-based sectors, including organic food and fibre products, non-wood forest products, sustainable wood products and carbon trade. Other components of the trade and environment programme address environmental technologies and services, public-private dialogue and interface on environmental issues and trade policy from the business perspective. Furthermore, ITC commissioned research that showed that foods grown locally in rich countries were liable to contribute much more carbon emissions than organic foods from East Africa. The ITC projects started in previous reporting periods (2007-2008) have provided technical assistance through training of more than 3,000 fruit and coffee farmers in Kenya and Uganda to convert to organic production and acquire group certification.

In October 2008, the ITC World Export Development Forum (WEDF), held in Montreux, Switzerland drawing business leaders from Africa and developed countries, reviewed environmental considerations of how consumer behaviour in EU markets shaped new and quickly expanding markets for ethically traded and environmentally friendly goods. In addition to this WEDF and for the first time, at the world's largest organic goods fair, BioFach in Nuremberg, Germany, they hosted an Organic Africa Pavillion supported by ITC and international partners. 15 innovative companies and business networks from Kenya, Madagascar, Rwanda and Zimbabwe participated (with ITC support) in the BioFach fair where business deals worth millions of dollars were achieved. In partnership with EU-based private sector ITC brought for the fourth time Mali mango producers to the Food Logistica in Berlin where export orders jumped by over 18 per cent to 15,000 tonnes. All these ITC projects sought to demonstrate that Africa's export trade was largely compatible with sustaining natural resources and the environment, especially where exports are realized by communities working in harmony with the resources around organics based products.

**MDG 8: Development Partnerships for Africa.** In 2008 ITC has boosted its development partnerships with donors and clients towards SME export success in developing countries and increased support for LDCs, landlocked developing countries and small island developing states in Africa. Under the Enhanced Integrated Framework (EIF) ITC continued to be the lead agency implementing country national actions and strategies in Africa. During 2008 ITC continued to implement fifteen EIF Window II projects in Djibouti, Guinea, Lesotho, Benin, Malawi, Nepal, Maldives, Senegal, Sao Tomé and Príncipe. These projects, in the areas of tourism development, institutional strengthening, quality assurance, export financing and garments export development, all helped to harness the entrepreneurial capacity of producers and to link them to export markets. In early 2009 ITC put in place new ways to link LDC production capacities to fast-growing export markets – through capacity-building for sectoral strategy formulation, trade support services and enterprise-level competitiveness.

**Working with other UN agencies and non-UN partners.** ITC co-organized a private sector discussion side-event, in support of the High-Level Meeting (HLM) on Africa's Development Needs and Challenges, in September 2008 in New York. The New York meeting brought together the CEOs of leading private sector organisations from both Africa and developed countries, and representatives of Regional Economic Communities. The meeting made recommendations to the governments, RECs and thus to the NEPAD and AU platforms. Subsequently, collaboration agreements were signed between the AU and ITC and also between UNECA and ITC in order to provide a comprehensive approach to trade development in Africa.

**TICAD IV (May 2008).** ITC joined other agencies at the TICAD IV and in support of the African governments and entrepreneurs, especially women. ITC organized and showcased African fashion outfits produced using fabric from Mali and Ghana, by top African designer and highlighting the creative skills and capacity of African designers to supply global fashion houses and varied market segments. This was a project that ranged from product development expert training women in production techniques, ethical sourcing, and compliance with ethical sourcing guidelines. In 2008 the women delivered 80,000 beautiful necklaces to an Italian distributor who in 2009 entered into new sourcing agreements with the group for other ethical fashion products.

**Non-tariff measures.** ITC and UNCTAD, as part of a multi-agency team, piloted in 2008 a project to establish a common international classification and methodology to collect, analyze and disseminate data on non-tariff measures. Some 35 workshops in market analysis were conducted in collaboration with trade support and training institutions in Africa, where a number of deeper institutional relationships have been developed to provide longer-term training.

**Supporting ACP countries in EPA negotiations.** In 2008 ITC provided technical assistance

aimed at creating conditions conducive to integration of business priorities in the positions of African, Caribbean and Pacific countries engaged in negotiations on Economic Partnership Agreements (EPA) with the European Communities. Supporting the public-private dialogue on the business implications of EPAs, ITC organized gatherings of business representatives and trade officials of the East African Community (EAC) in Rwanda and of Eastern and Southern Africa (ESA) in Addis Ababa, Ethiopia. Participants at these meetings reviewed the opportunities and challenges stemming from the ongoing EPA negotiations and discussed regional integration from the business perspective.

Following the ITC-sponsored public-private dialogue on EPAs in the ECOWAS region in 2007, the Federation of West African Employers' Associations organized a gathering of the private sector participants from the region in September 2008 in Accra and issued a joint declaration, which articulated their positions in the negotiations with respect to market access, the pace of liberalization, the role of the private sector and the funding and design of technical assistance programmes, regional integration, business environment and public-private partnerships.

**World Export Development Forum.** The year 2008 marked the tenth session of the World Export Development Forum (WEDF) – ITC flagship annual global forum dedicated to innovations in export development and export competitiveness. The 2008 theme was “Consumer Conscience: How Environment and Ethics are Influencing Exports”, for which ITC produced a special publication: Consumers, Ethics and Environment. The Forum brought together over 150 senior national and international policymakers, heads of trade support institutions, representatives of international agencies, and business leaders from over 50 countries.

**Doha Development Round and the Private Sector Opportunities.** To support Africa's future trade development, ITC joined LDC Trade Ministers in a preparatory meeting for the WTO trade ministers' meeting on the Doha Round, in Lesotho, February 2008. ITC participation was in support of the multilateral approach to addressing Africa's trade development issues. Furthermore, in support of the UNCTAD XII in Ghana, April 2008, ITC provided the conference with private sector solutions for African businesses to take advantage on a larger scale of the global opportunities. With programmes such as ITC “Creative Africa” and “Ethical Fashion”, ITC provided practical examples of how SMEs in Africa's creative industries sector can join global value chains.

**Inter-regional and South-South Business Development for Africa.** ITC continued to promote South-South trade especially in the textiles sector, by moving to higher value-added processes, and improve sourcing and marketing skills. Countries such as Mauritius were supported on a path to progressively develop its clothing industry, following successful ITC interventions over the last three years. In 2008, 10 companies participated in two marketing missions to Scandinavia where they made contact with boutique and high-value buyers. This immediately created business partnerships, and seven other companies also explored market opportunities in the United Kingdom, all with ITC assistance. In addition to these visits, and under the leadership of Enterprise Mauritius, 12 companies took the initiative and participated on their own in a high-value apparel sourcing fair in Paris in September 2008. ITC is assisting Mauritius enterprises develop and build individual brands and labels and venturing into emerging apparel markets of the South such as India, China and South Africa. Similar support projects were completed in other countries.

**World TPO Conference and Awards.** ITC is the hub of the global TPOnet, a network of Trade Promotion Organizations (TPOs) around the world. In October 2008, in the Hague, ITC co-hosted the 7th World Conference of TPOs. The Conference, attended by 150 participants from 80 countries, explored some of the key issues which determine how TPOs can remain effective and competitive in Africa.