



International
Trade
Centre

Programme for
Building African Capacity for Trade

PACT II

Programme Summary

March 2009

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Programme Summary

Context

Within the context of regional integration, the Programme strengthens the support capacity of relevant regional and national institutions to enhance the export competitiveness, market linkages and, finally, export revenues of African SMEs in high-potential sectors. It constitutes a successor initiative to the Programme for Building African Capacity for Trade (PACT I), which was started in 2003 under the Canada-fund for Africa. To build on synergies between country programmes and capitalise on cross-border trade linkages, the successor programme places an enhanced focus on regional integration and institution building. It envisages working with three Regional Economic Communities (RECs) – COMESA, ECCAS and ECOWAS - and will reach out to a minimum of 15 countries across the three regions.

African regional integration is critical for the economic development of the continent and holds substantial potential for poverty reduction. Within the spirit of NEPAD's overarching vision, pro-poor economic growth must be led by the private sector and rooted in increased regional and inter-regional trade. While Africa's RECs have gone a long way in establishing free trade areas and in some cases are progressing towards customs unions, the success at policy and regulatory level is yet to translate fully into increased intra-regional trade flows. At the same time, new opportunities arise in emerging markets providing greater potential for South-South cooperation.

It is increasingly recognized that the implementation of Africa's regional integration agendas requires appropriate institutional capacities to guide and support the economic operators at enterprise level, within a common regional framework. Accordingly, regional trade development and promotion has become a critical priority of all RECs, next to their traditional trade policy functions. The linkage between policy and regulatory efforts on the one hand, and trade development and enterprise support, on the other, requires however an institutional middle field of private and public service providers, which is often missing or ineffective.

The key challenge is to upgrade and network these institutions, to enable them to effectively develop the necessary supply response at sector and enterprise levels, by promoting complementarities along the regional value chains, upgrading product quality and design, promoting compliance with standards, improving marketing skills, and facilitating export linkages.

The focus of PACT II is therefore an integrated build-up of trade development capacity at regional and national levels, aligning policy level interventions by the RECs, with practical business facilitation and support provided by the meso-level institutions, and ultimately supporting their practical application at enterprise level.

Programme Thrust

In line with ITC corporate programme objectives and related programming efforts, and with a view of blending in a maximum of PACT I beneficiary countries into the new regional programme approach, the following three RECs are participating in PACT II, as lead regional counterpart organisations. Together they provide a representative group of Africa's most dynamic and challenged regional trading blocks:

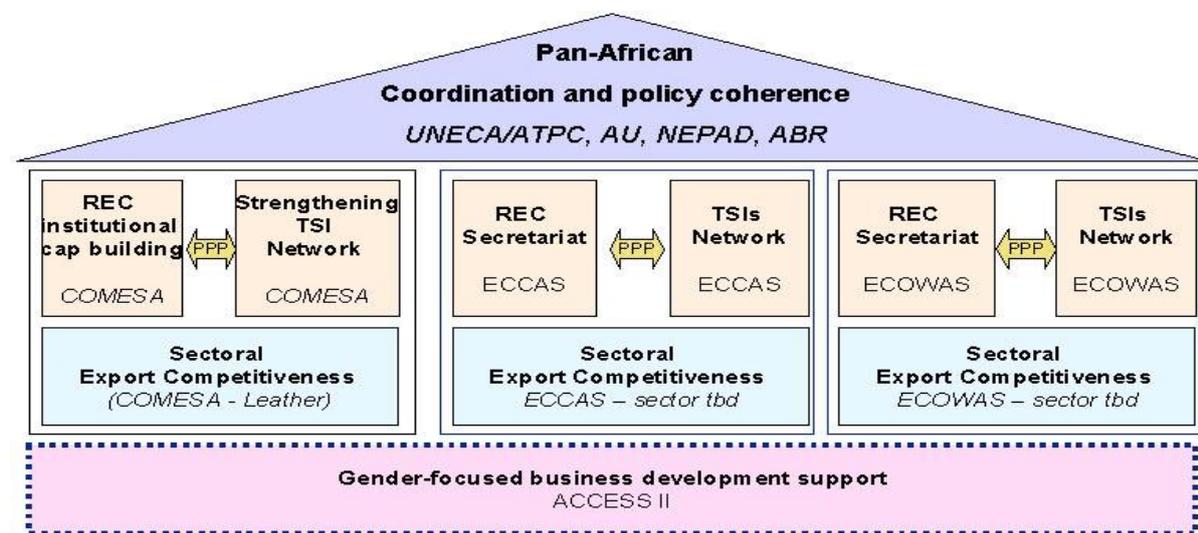
- The Common Market for Eastern and Southern Africa (COMESA);
- The Economic Community of West African States (ECOWAS);
- The Economic Community of Central African States (ECCAS).

While the Secretariats of these RECs will serve as lead counterpart institutions, the programme will furthermore involve a range of other stakeholders such as the key regional private sector bodies (Regional Business Councils), regional women business networks, sector associations as well as their national

chapters and associated institutions at the country level. In this respect, the full engagement of the private sector and public-private networking will be promoted at all levels.

PACT II Programme Architecture

PACT II architecture



Programme Outcomes

Within the context of an integrated regional approach, the programme provides a holistic capacity building strategy to regional trade development, revolving around the following four outcome areas:

- *Pan-African networking established for improved cooperation and coherence as regards regional trade development;*
- *REC Secretariats take the lead in regional trade development and promotion;*
- *Regional trade support networks, including businesswomen networks, engaged in policy dialogue and coordinated trade support and promotion;*
- *Enhanced enterprise-level export competitiveness in priority sectors, with special emphasis on women-owned enterprises and due reference to environmental impact.*

Pan-African networking established for improved cooperation and coherence as regards regional trade development

This outcome seeks to build South-South cooperation linkages between the three REC Secretariats in terms of exchange of information and best practices as regards regional trade development and promotion. Through inter-REC consultations and an e-based repository of trade development tools and expertise available at the respective regional level, collaborative linkages will be promoted at Pan-African level, in the interest of maximising the use and rollout of African trade development expertise across the continent. Furthermore, strategic market development activities (carried out under Outcome 4) outside the African continent in as much as they are relevant for the three regions concerned, will be pursued jointly, specifically in respect to the creation of linkages with emerging economies, such as China, India and Brazil. Networking aimed at promoting trade and investment with major sourcing and destination markets will be further facilitated through support to the organization of an African Business Forum.

REC Secretariats take the lead in regional trade development and promotion

This outcome encompasses an institutional review and business plan development, together with the delivery of an integrated training programme for the Secretariat staff in the key technical functions of trade development, including market analysis, strategy formulation and RBM-based programme management. Capacity will be built for trade flow analysis, leading to the formulation of a roadmap setting out priorities and approaches for intra-and extra-regional trade development and promotion, with due consideration to gender and environmental impact. With the involvement of industry representatives from member states, sector strategies will be developed, serving as programming framework for the development and implementation of a sector-specific sustainable export development programme (one per REC; see Outcome 4), engaging all relevant public and private sector operators.

Regional trade support networks, including businesswomen networks, engaged in policy dialogue and coordinated trade support and promotion

Relevant regional business networks (e.g. COMESA Business Council, ECOWAS Business Council) will be strengthened to provide an effective interface between the REC Secretariat and the private sector in the regions, and thereby an outreach mechanism for regional trade promotion activities. A regional trade information system, to be anchored within the REC Secretariat (and/or relevant regional TSI) and reaching out to national focal points, will be established to serve as platform for trade information exchange between the regional and national level. The platform will be based on modern IT technology, including mobile telephony to provide market alerts to exporters.

Enhanced enterprise-level export competitiveness in priority sectors, with special emphasis on women owned enterprises and due reference to environmental impact.

In line with regional sector priorities and participatory sector-focused framework developed under Outcome 2, one regional sector initiative will be implemented in each region, reaching out to selected countries. For COMESA, a regional leather initiative has already been sketched out, while sector priorities and respective programmes are yet to be developed for the other two sectors, as part of the PACT II inception phase. The overall thrust of this programme foresees the development of key support services within relevant TSIs in disciplines such as quality management, standards (including environmental standards), exporter training, supply-chain management, based on ITC's training methodologies and tools. TSIs will subsequently support selected SMEs operating in the sectors to upgrade their business processes and export management skills, and thus improve their competitive position on regional and overseas markets. Potential negative environmental effects will be duly addressed through awareness building, expert advice and diffusion of good practices.

In an effort to level the playing field for women entrepreneurs, PACT II integrates a particular initiative to upgrade the export readiness of women exporters. Under the approved methodology of the ACCESS programme, businesswomen receive gender-responsive support in the area of export management training and counselling and will be given priority consideration under the sector-specific support schemes. Targeted business matchmaking and market development initiatives in the form of buyers/sellers meetings, market orientation tours or trade fair participation will be organised to facilitate business linkages and actual business deals. Emphasis will be placed on regional and emerging markets, as well as mentorship links with business networks in established markets.

Implementation principles

Key design features that are reflected throughout the programme include:

- Capacity development is at the very heart of the implementation strategy, permeating all programme components. Where relevant, the programme will apply a training of trainers (TOT) approach. Linked thereto, an effort will be made to groom African lead trainers associated with relevant African institutions and deliver respective TOT programmes with the coaching support of international experts or ITC technical advisors. The added advantage of this approach is that it not only creates multiplier effect for skills transfer, but it also creates institutional capacity for specific technical disciplines in centralised locations. These institutions will ultimately constitute

an important regional network, on which future trade related development initiatives could be built.

- Ensuring buy-in from all stakeholders at the various stages of programme design in view of maximising African ownership of the programme and its sustainability;
- Building on other key Pan-African, regional and national initiatives and programmes, complementing past achievements and linking with related TRTA;
- Giving due consideration to crosscutting themes, specifically gender, environment, HIV/AIDS issues; to this end the proposal includes a comprehensive analysis of the issues at stake and the implications for the programme. In line with CIDA requirements, a Strategic Environmental Assessment is integral part of the proposal;
- Aligning country selection to sector choices, determined by factors such as supply capacity in quantitative and qualitative terms; progress towards reforms and improvements in the overall business environment; commitment to sustainable export development; existence of relevant export strategies and action plans; interest in co-financing selected programme implementation; ability to build on related support programmes;
- Sequencing of activities, starting with a series of crucial inception activities, with a view to providing a solid base for full-scale implementation;
- Following a RBM approach and related principles throughout the programme cycle.

Programme Coordination and Management

A Programme Coordination unit, headed by Programme Coordinator and supported by two Professional Officers, is operating from ITC Headquarters. The Programme Coordinator and his team will be responsible for overall management and coordination of the programme, and oversee the work of the three regional implementation teams established in the REC Secretariats and coordinated by Regional Technical advisers in each REC respectively. In the interest of ensuring the physical proximity to partners and clients, as well as a close alliance with Pan-African partners (such as the African Union), the transfer of the PCU to Addis Ababa, Ethiopia is under consideration after the first year of programme operations.

Overall coordination will be supported by a Programme Steering Committee (PSC) composed of various stakeholders such as AU, UNECA/African Trade Policy Centre (ATPC), African Business Roundtable/NEPAD Business Group, Pan-African businesswomen network, regional technical advisors and representatives of the three RECS, CIDA and ITC.

Estimated Budget and Duration

The programme has a core budget of USD 20.2 million, to be implemented over five years. The programme launch is planned for the first quarter of 2009.

Given the modular programme architecture, the programme can be expanded over time, to include additional RECs, sector initiatives or country programmes. Efforts will be pursued in partnership with regional partners to mobilise complementary funding. Irrespective thereof, PACT II constitutes a stand-alone development initiative.



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