



*Empowered lives.  
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# Trade and Human Development

## A Practical Guide to **Mainstreaming Trade**



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A practical guide to **mainstreaming trade**

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## **United Nations Development Programme**

Trade and Human Development Unit  
Palais des Nations, CH – 1211 Geneva 10  
Switzerland

Email: [genevatradeunit@undp.org](mailto:genevatradeunit@undp.org)

Web site: [www.undp.org/poverty](http://www.undp.org/poverty)

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## **Disclaimer**

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## LIST OF ACRONYMS AND ABBREVIATIONS

AGOA	Africa Growth and Opportunity Act (United States)
ARTNeT	Asia-Pacific Research and Training Network on Trade
CIACEX	Comisión Interministerial para Asuntos de Comercio Exterior (Uruguay)
CORFO	Corporación de Fomento de la Producción (Chile)
COMESA	Common Market for Eastern and Southern Africa
DAC	Development Assistance Committee
DTIS	Diagnostic Trade Integration Study
EIF	Enhanced Integrated Framework
EPA	Economic Partnership Agreement (European Union)
FAO	United Nations Food and Agriculture Organization
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GMO	Gender Monitoring Office (Rwanda)
IFC	International Finance Corporation (World Bank)
ILO	International Labour Organization
IMF	International Monetary Fund
ITC	International Trade Centre
LDC	Least Developed Country
LLDC	Landlocked Developing Country
M&E	Monitoring and Evaluation
MDG	Millennium Development Goal
NGO	Non-Governmental Organization
OECD	Organisation for Economic Cooperation and Development
PRSP	Poverty Reduction Strategy Paper
R&D	Research and Development
RTA	Regional Trade Agreement
SADC	Southern African Development Community
SME	Small and Medium-scale Enterprises
SPS	Sanitary and Phytosanitary measures
TBT	Technical Barriers to Trade
UNCTAD	United Nations Conference on Trade and Development
UNCITRAL	United Nations Commission on International Trade Law
UNDP	United Nations Development Programme
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNEP	United Nations Environment Programme
UNOPS	United Nations Office for Project Services
UNIDO	United Nations Industrial Development Organization
WTO	World Trade Organization

## EXECUTIVE SUMMARY

Trade has long played an important role in expanding people's horizons and choices. Integrating or mainstreaming trade into development planning can therefore have a positive impact on human development. This report takes a fresh look at mainstreaming trade and the key role this can play in addressing national development challenges. The main take away from the report is that good practices like sound analysis of trade opportunities, strategic interventions, inclusive stakeholder engagement and coordinated action are critical to mainstreaming trade into development planning, policies and activities. Coherence, inclusiveness and strategy are among the report's main concepts.

The report is designed to serve as a practical guide for governments, private sector and civil society organizations, donors, academia, researchers and other interested parties. It draws on recent analysis and experience in mainstreaming trade, including 14 country case studies based on face-to-face interviews with practitioners and stakeholders in Africa, Latin America, Asia, Eastern Europe and the Middle East. The result is a wealth of illustrative examples demonstrating challenges, successes, lessons learned and priority areas where action is needed to advance efforts at mainstreaming trade.

The report aims to:

- Improve understanding of mainstreaming trade and why it is important for achieving national development goals.
- Illustrate the challenges of mainstreaming trade in planning, policymaking and implementation.
- Identify the main lessons for mainstreaming trade and recommend ways in which key stakeholders (government, private sector, civil society and development partners) can prioritize the issues in order to maximize a positive trade impact on human development and poverty reduction.
- Provide a practical guide on how to mainstream trade.

Mainstreaming trade is defined as the process of integrating trade into national and sectoral development planning, policymaking, implementation and review in a coherent and strategic manner. This means taking trade-related issues into account when planning and executing broader development objectives. It further implies using trade proactively to attain specific national development goals, including poverty reduction. Mainstreaming takes place at three levels: 1) policy; 2) institutional; and 3) international cooperation.

# Executive Summary

At the **policy** level, mainstreaming involves setting a vision and strategic goals and defining action plans. It also involves enhancing understanding and awareness of how trade can contribute to the broader good and ensuring that trade is taken into account in setting national priorities. As trade is a crosscutting issue, integrating it into the policy cycle requires interaction with nearly every government entity at national and sub-national levels — a complex task. However, trade on its own cannot deliver development objectives; complementary policies are required and must be properly sequenced.

At the **institutional** level, the active leadership of the main department or entity responsible for trade is vital in mainstreaming trade. Closely related to this is the dynamic engagement by the lead trade entity of the main stakeholders as required: government departments and local authorities, private sector, women, civil society, academia, trade unions, youth, vulnerable groups, etc. Management capacity is also needed in the lead trade agency to conduct the necessary analyses, facilitate coordination, implement and review. The strength of the institutional set-up is particularly important for ensuring that the vision and priorities defined at the policy level are effectively resourced, implemented and monitored.

At the **international cooperation** level, the international community can play an important role in mainstreaming trade. It must systematically integrate trade into its country and sector analyses and strategies, assistance programmes and activities. Donors, governments, the private sector and civil society must all work together to ensure that trade-related aid focuses on priorities that will deliver the strongest impact on development. To this extent, mainstreaming trade is a joint responsibility of both developing countries and development partners.

## Essential Elements and Success Factors in Mainstreaming Trade

Mainstreaming trade promotes policy coherence and is best understood as part of national policy cycles. Leadership and engagement of stakeholders are key factors for success. Nearly every government entity at national and sub-national levels should be involved at some stage. Similarly, the private sector, civil society, women, academia and other stakeholders can enrich analysis and contribute to more sustainable implementation.

Integrating trade into national policy cycles requires structured and continuous efforts by governments and stakeholders. Trade must be actively mainstreamed into every stage of the policy cycle, beginning with sound analysis, consultation and communication. Trade plans and policies must be guided by well-articulated needs, a clear vision and goals. Trade negotiating positions should reflect national interests and development objectives. Effective management of all the requirements is crucial. Systematic monitoring and evaluation will help keep trade policies, strategies and measures on track to deliver the desired development outcomes.

## Challenges of Mainstreaming Trade

The country case studies that inform this report consistently raised the following as among the key issues to address and resolve:

- Limited capacity to conduct trade policy analysis in lead trade agencies and key stakeholder groups has implications for the quality of policymaking, including trade negotiations. This is compounded by shortcomings in stakeholder consultation and inter-departmental coordination.
- Human, financial, technical and management constraints affect implementation capacity. Trade strategies are implemented partially or not at all.
- Administration is fragmented, inter-ministerial action and policy coordination is difficult to organize. Weak leadership limits the lead trade agency's ability to influence key policy decisions, including the national budget as an instrument of policy.
- A political culture of limited participation results in weak parliamentary processes, the narrow involvement of the private sector, civil society and other stakeholders in trade policy formulation, poor accountability in trade negotiations and implementation of trade-related reforms.
- To the extent that donor support for trade capacity development is a prominent and growing feature in mainstreaming trade, the mutual accountability of government and development partners remains a major issue. Considerable effort is required to develop the necessary transparency, shared responsibility and predictability.

## Priority Actions and Recommendations

To mainstream trade and achieve positive impacts on poverty reduction and human development, the report recommends some priority actions that are addressed to developing country governments, stakeholders and donor partners. These are as follows:

**Policy processes.** A critical need is to enhance understanding and awareness of how trade can contribute to the broader good and to raise the profile of trade in national policy discussions. The private sector and civil society — including women constituencies — need to be organized and provide consistent messages and constructive input. Achieving this requires leadership, political will, appropriate institutional frameworks, strong analytical skills and effective communication. This is not a new message — many observers have emphasized these mainstreaming 'basics' for some time. While some progress has occurred (e.g. in public-private sector consultation, and

in integrating trade into poverty reduction strategies and national development plans), more targeted efforts are needed.

**Institutional arrangements.** Experience shows that trade mainstreaming works best when appropriate institutional frameworks are in place. There is no 'one size fits all' solution; each country should design its institutional set-ups to meet its particular needs, objectives and capabilities. As mainstreaming requires a dynamic and systematic approach, it is crucial to have in place appropriate management systems and skills, and effective mechanisms for coordination and consultation. In relation to management, the country case studies stress that trade institutions need to become more action- and results-oriented, and focus on the timely implementation of policies, strategies and activities. They recommend adoption of results-based management and performance systems, strategic planning, and systematic follow up. Several country reports identify a national trade policy or strategy with clear trade-and-development linkages and goals as necessary to provide the context for such management systems to work.

**International cooperation.** International development partners can play an important role in facilitating trade mainstreaming not only at the national but also at regional levels. But donors need to improve their own practices as concerns the recipient's country ownership, alignment of their assistance with beneficiaries' priorities, and better coordination among themselves. By pursuing coherent development assistance and trade policies, bilateral partners can also unblock some of the current limitations in their own markets with regard to the trade opportunities of developing countries.

## INTRODUCTION

Integrating trade into national and sectoral planning, policymaking and implementation can contribute greatly to human development outcomes. As national development strategies represent the choices and priorities of a nation, trade must be featured in national development plans and policies in a way that emphasizes its potential impacts.

According to reports by the United Nations Conference on Trade and Development (UNCTAD),<sup>1</sup> the United Nations Development Programme (UNDP)<sup>2</sup> and the World Trade Organization (WTO) and the Organization for Economic Cooperation and Development (OECD),<sup>3</sup> progress has been observed in mainstreaming trade but capacities remain uneven across countries. Of 72 Poverty Reduction Strategy Papers (PRSPs) reviewed by UNDP in 2008, 50 included a section devoted to trade. The WTO/OECD reports that more than half of the countries surveyed in 2009 (43 out of 83) 'fully mainstream trade' on a self-assessment basis.<sup>4</sup>

However, less progress has been recorded in the formulation of operational trade strategies, i.e., strategies that are outcome oriented, with realistic prioritization and resource allocation. The Enhanced Integrated Framework for Trade-related Assistance to Least Developed Countries (or EIF) explicitly channels technical and financial support to help LDCs in this area.

This report explores how to incorporate a trade perspective throughout the development policy cycle. The objective of the report is three-fold:

1. To improve understanding of 'mainstreaming trade,' and its important role in achieving national development goals.
2. To provide guidance on how to go about 'mainstreaming' in practical terms throughout the policy cycle and at the policy, institutional and international cooperation levels.

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1 UNCTAD. The Least Developed Countries Report 2004: Linking International Trade with Poverty Reduction, 2004.

2 To provide guidance on how to go about 'mainstreaming' in practical terms throughout the policy cycle and at the policy, institutional and international cooperation levels.

3 OECD/WTO. Aid for Trade at a Glance 2009: Maintaining Momentum, 2009.

4 On the basis of the findings of the survey, the WTO/OECD introduced three main categories on the extent of trade mainstreaming. The category 'fully mainstreamed' is applied to countries that give high priority to trade in their national development or poverty reduction plans and when the plan also includes well developed trade priorities and actionable measures. 'Partly mainstreamed' is applied to countries that give priority to trade, but that do not formulate operational objectives and action plans. 'Not mainstreamed' is applied to countries that give no priority to trade in their national development or poverty reduction plans.

3. To recommend ways in which key stakeholders (governments, private sectors, donors and civil society) can address priority issues in order to maximize trade's positive impact on poverty reduction and human development.

The report is organized into four chapters as follows. *Chapter 1* provides an overview of trade and human development as the normative context for mainstreaming trade. *Chapter 2* presents an elaboration of the mainstreaming trade concept as it is understood and utilized in this report and analyses the integration of trade into the policy cycle, illustrated by country experience. *Chapter 3* sets out some key lessons and offers recommendations on priority actions that could have a high impact on mainstreaming trade. Finally, *Chapter 4* draws upon established and emerging good practices to offer practical tools that can help governments and stakeholders to mainstream trade.

## Methodology

The report is based on documented experience and face-to-face interviews with stakeholders in 14 countries in Africa, Asia, Eastern Europe and Latin America<sup>5</sup> (see Annex 1) in addition to the relevant literature.

For the country case studies, after broad consultations, UNDP designed a detailed questionnaire exploring the three key dimensions of mainstreaming—mainstreaming at the policy, institutional and development cooperation levels (see Annex 2). The questionnaire was used in a survey of government officials and stakeholders from the private sector, civil society and donors. The survey was underpinned by a desk review of relevant policy documents (e.g., national development plans, PRSPs, sectoral strategies, etc). All this information was compiled into country reports highlighting the extent of trade mainstreaming, the challenges encountered, lessons learned and recommendations for improvements.

Before the country reports were finalized, UNDP brought together the national consultants responsible for the country reports and senior national trade officials to present and debate the findings and recommendations. Workshops were also held at country level to validate the results of the country case studies (see country report highlights in Annex 3).

The findings and recommendations of the country case studies are used extensively in this report.

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5 **Africa:** Central African Republic, Congo, Guinea-Bissau, Lesotho, Mauritius, Nigeria, Rwanda, Sierra Leone, Tanzania; **Latin America:** Chile, Uruguay; **Asia:** Lao PDR; **Eastern Europe:** Moldova; **Middle East:** Yemen.



# Trade and Human Development



*Laboratory workers in Kenya carrying out tests to ensure conformity to trade standards. Photo credit: UNDP.*

## 1 TRADE AND HUMAN DEVELOPMENT

From ancient times trade has been a mainstay of human activity and progress. Trading supports livelihoods, drives innovation and improves the quality of life. Trade touches all aspects of human development, from the most basic to the most sophisticated.

Markets within which trade takes place — whether local, regional or international — play important social and economic roles. Trade is arguably the strongest link between peoples and cultures. It fuels many of the advances that drive economic development and human progress. This chapter presents an overview of trade and human development as the normative context for mainstreaming trade.

### 1.1 The human development approach

The UNDP *Human Development Reports*, published annually since 1990, challenge conventional approaches to development by focusing on the capacity of people to be agents of change. Human development involves forming people's capabilities through improved health, knowledge, and skills in 'larger freedom'. It also involves using these capabilities to achieve and enjoy fundamental human rights sustainably on a shared planet.

The human development approach: (1) seeks improvements in human well-being as an explicit development objective, using these as key indicators of progress and (2) focuses on 'people power' — what people can do to achieve such improvements, through individual and collective action leading to policy and political change and better livelihoods. This is based on the idea that the purpose of development is to improve human lives not only by enhancing income, but also by expanding the range of things a person can be, do and have, such as better nutrition and health services, greater access to knowledge, more secure livelihoods, better working conditions, security against crime, physical violence and injustice, enjoying leisure time and a sense of participating in the economic, cultural and political activities of their communities. International leaders are increasingly interested in the human development approach as a way of addressing a range of challenges including poverty reduction, sustainable development, gender equity, governance and globalization.<sup>6</sup>

The international community is committed to human development through its adoption of the Millennium Development Goals (MDGs). Although the MDGs do not reflect all aspects of human development, they comprise the most comprehensive set of human development goals and targets yet adopted and provide a concrete framework for action at national and international levels.

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<sup>6</sup> An introduction to trade and human development can be found at: [data.undp.org.in/hdrc/ToT/Modules/DAY1\\_Session1.pdf](http://data.undp.org.in/hdrc/ToT/Modules/DAY1_Session1.pdf)

## 1.2 Trade and human development

Trade and human development are interlinked. Trade can play an important role in providing better livelihoods and well-being and in opening societies to socioeconomic and political change. However, the links between trade and human development are not automatic; they are complex and can even be opaque.<sup>7</sup> But it is possible to understand the impacts of trade policy on human development outcomes in relation to four criteria or pillars of human development: (1) equity and equality; (2) sustainability; (3) empowerment and (4) productivity. Table 1 illustrates interactions between trade policies and these human development pillars as well as relevance to specific MDGs.

Country specific situations and circumstances influence the interaction between trade and human development.<sup>8</sup> These include situations that are difficult or very slow to change, such as initial factor endowments (e.g., land, labour, capital), geography (e.g., landlocked) and climate. Other factors are amenable to intervention, including through trade policy reforms and actions by trading partners. Figure 1 illustrates these situational factors and how they are dynamically related to development.

A check-list of country-specific trade issues includes the following:

- *At what stage of development is the country? Does it have reliable infrastructure (transport, communication, power, quality, social) and appropriate regulatory regimes? Are all people free to engage in economic activities? What role do women play in society and in economic and political activities? (See Box 1).* These questions highlight fundamental factors affecting both internal and external trade and business development.
- *To what extent does poverty exist and of what kind?* Many developing countries suffer from widespread rural poverty. In others, poverty is more strongly concentrated in the urban areas. Widespread youth unemployment affects poverty levels in many nations.
- *Can people easily travel and trade between one end of the country and the other?* Transport and distribution infrastructure (warehouses, markets, stores) and availability of market information are as important for internal trade as they are for external trade.
- *What are the country's natural endowments and how are they managed?* Some countries are rich in natural resources, while others are resource-scarce. Nonetheless, natural resource endowments are not necessarily a prescription for well-being — that depends on how well the resources are managed.

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7 UNDP. Aid for Trade and Human Development: A Guide To Conducting Aid For Trade Needs Assessment Exercises, 2008.

8 See UNDP. Human Development Report, 2010.

**Table 1: Links among trade, the four pillars of human development and the MDGs**

Human Development Pillars	Related MDGs	Link to Trade
<p><b>Equity and Equality</b></p> <p>Equity concerns impartiality and fairness; it relates to the principles of natural justice and fair conduct.</p> <p>Equality concerns equal opportunity, rights, privileges and status.</p>	   	<p>The initial conditions in terms of access to incomes, assets, etc will have implications for the distribution of costs and benefits of trade reforms. These can enhance equity or deepen inequality. On the other hand, enhanced equity and equality can help all groups benefit from trade opportunities. In many countries, women are the backbone of small and medium enterprises (SMEs) and micro-trade activities, yet they face many obstacles. MDG 3 focuses on gender equality and empowering women in economic and political activities to address these disparities. Similarly, in many instances, people are not ‘equal before the law;’ vested interests can exert influence. Trade-related policies (particularly those embodying the principles of transparency, non-discrimination and fair competition) and their effective enforcement can address many of these obstacles.</p>
<p><b>Sustainability</b></p> <p>Human development gains can be fragile and vulnerable to reversal. It is important to ensure that they endure — that they are sustainable.</p> <p>Because future generations must also benefit, special efforts are needed to ensure that gains are not attained at their expense.</p>	       	<p>Sustainability means preserving developmental achievements and institutionalising positive change and gains. Trade can contribute to this by offering outlets for productive activities and ideas, employment opportunities and access to technology, goods and services — provided complementary and supporting policies are in place. But trade-led growth may, for instance, degrade the environment and deplete resources in the absence of adequate regulatory frameworks.</p> <p><b>MDG 8 focuses on issues related to trade development and sustainable growth. Target 8A:</b> <i>Develop further an open, rule-based, predictable, non-discriminatory trading and financial system,</i> includes a commitment to good governance, development and poverty reduction, both nationally and internationally. <b>Targets 8B-D</b> seek easier trading and debt conditions for developing countries, especially LDCs, landlocked developing countries (LLDCs) and small island states.</p>

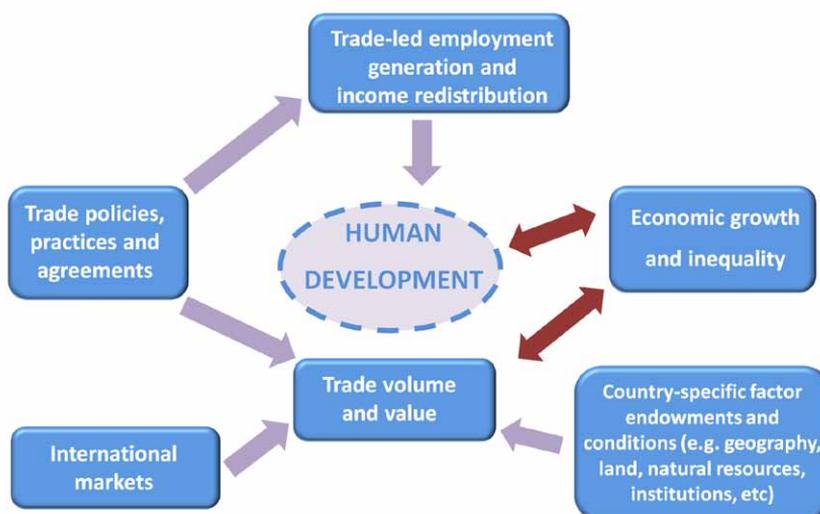
# Trade and Human Development

Human Development Pillars	Related MDGs	Link to Trade
<p><b>Empowerment</b></p> <p>This concerns enabling people to exercise individual choice, and to participate in, shape and benefit from action at the household, community and other levels.</p>	    	<p>This refers to people’s ability to influence the processes and events that affect their lives. If trade policies lead to increased incomes, better working conditions and enhanced access to technology and healthcare, they will give people more control over their lives. If trade policies leads to reversals and degradation, empowerment is reduced.</p> <p>Most of the MDGs help institutionalize empowerment as a development tool through such targets as <b>1B: Achieve full and productive employment and decent work for all, including women and young people; Target 8F: In cooperation with the private sector, make available the benefits of new technologies, especially information and communication technologies.</b></p>
<p><b>Productivity</b></p> <p>This concerns the fundamental role that human capabilities play in the utilization of productive assets as the basis of economic growth and human progress.</p>	     	<p>Increased productivity (achieved partly through better education and healthcare) enhances human capabilities and allows people to participate in economic growth and share in its benefits. MDGs 1-6 and targets such as <b>Target 8E: (In cooperation with pharmaceutical companies, provide access to affordable essential drugs)</b> seek improvements in health, gender equality, education and incomes, all of which can enhance productivity. Moreover, well-aligned trade and related policies can underpin productivity through greater efficiencies, quality, technology, etc.</p>

*Adapted from: UNDP. Aid for Trade and Human Development: A Guide To Conducting Aid For Trade Needs Assessment Exercises, 2008 and UNDP. Human Development Report, 2010.*

- *What does the country trade and with whom?* Many of the 14 country reports indicated that one of the national priorities was to diversify exports, imports and trading partners in order to reduce dependence on a few products, markets and suppliers.
- *What is the trade policy regime? What market access opportunities does the country have?* This covers policies that regulate both imports and exports.
- *How does the country rank in Human Development, Doing Business, Transparency, Competitiveness and other relevant indices?* Many governments have improved their rankings in recent years through targeted reforms, as they seek to improve trade and investment conditions.

**Figure 1: International trade and human development**



Source: UNDP. *Aid for Trade and Human Development*, 2008.

## Box 1: Coherence is a ‘must’ between trade and pro-poor policies and strategies

It cannot be stressed enough: trade policies and strategies should be designed in coherence with, and as an integral part of, other socioeconomic policies. Clearly a robust economy requires strong agents capable of being productive and entrepreneurial. That, in turn, requires better educated and healthy populations, since human capital is essential to growth and development. Hence, adequate provision of basic education and healthcare services can generate positive flow-on effects, improving economic and social well-being. Policies providing wider access to education can stimulate growth and reduce inequality at the same time. Improved education can help meet expanding sectors’ need for more productive, better educated and skilled workers and diversify production into higher-value-added products. Since most of the country reports listed export diversification as a top priority, improved education should be a cornerstone of a government’s pro-poor policy and strategy.

### ... and one size does not fit all

The most significant finding of a CUTS International 2008 study on trade-development-poverty linkages was that the same set of policies produced markedly different results in different countries due to: varying physical and geographical characteristics; the way policy measures were implemented; the capacity and quality of the institutions; the political and social environment; and the complex interaction of policy reforms and a country’s existing structural attributes. Thus, while the ingredients are common across different growth experiences, the recipes need to be very country-specific.

Source: OECD. *Trade for Growth and Poverty Reduction*, 2011.

One of the most important elements of the human development approach is gender equality and empowerment. MDG 3 calls for action on gender equality and empowerment of women in economic and political activities. Box 2 illustrates the relevance and importance of formulating gender responsive trade policies.

## Box 2: The case for gender-responsive trade and development policies in Africa

### The 'development case'

- *Pro-poor employment:* Trade provides women with 60 percent of non-agricultural self-employment in sub-Saharan Africa and women constitute the bulk of informal traders in Southern and West Africa. Women make up over 80 percent of domestic agricultural employment and 70 percent of agro-processing. Women entrepreneurs are more likely to employ other women and purchase from women suppliers.
- *Enhanced family welfare:* Women tend to spend more of increased income on family welfare and children (up to 90 percent of the increase), compared to 38 percent for men. Women's trading activities are often the main source of family income.

### The 'business case'

- *Growth:* Women informal traders contribute significantly to gross domestic product (GDP), accounting for 64 percent of value added in trade in Benin, 46 percent in Mali and 41 percent in Chad.
- *Trade volumes:* Women make up 70 percent of intra-Southern African Development Community (SADC) crossborder trade, i.e. US\$ 4 billion for women crossborder traders alone. (Tacko Ndiaye, Expert Roundtable on Gender Dimensions of Aid for Trade 25/10/2010)
- *Business development:* SMEs owned by women are burgeoning, accounting for more than 38 percent of registered small businesses in Uganda, 60 percent in Rwanda and 68 percent in Lao PDR. However, women access only 9 percent of available banking credit in Uganda.

### The 'human rights case'

- Under international human rights law, governments have a duty to respect, protect, promote and fulfill human rights, with 'rights holders' being both women and men.
- The Universal Declaration of Human Rights, along with the international covenants on political and civil rights and on economic, social and cultural rights, underpins these principles in recognizing the equal rights of women and men.
- The Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) further defines and elaborates, from a gender perspective, the general guarantees of nondiscrimination in those conventions. As signatories to CEDAW, governments must ensure that their legal systems prohibit direct or indirect discrimination against women.

*Source: ITC. Gender Equality Export Performance and Competitiveness, 2007 and UNDP and UN Women Unleashing the Potential of Women Informal Crossborder Traders to Transform Intra-African Trade, 2011.*



# Mainstreaming Trade – Concept and Applications



*Container ship with traded merchandise at the port of Santo Domingo in the Dominican Republic. Adequate port infrastructure is crucial to facilitate trade. Photo credit: UNDP.*

## MAINSTREAMING TRADE – CONCEPT AND APPLICATIONS

This chapter begins with a definition of mainstreaming trade before going to look at its application in the 14 country case studies, challenges and lessons learned. It links the three levels of trade mainstreaming to good practices in integrating trade into the policy cycle to present the realities of mainstreaming trade in the context of policymaking, institutional arrangements and international cooperation. Additional sections provide findings on monitoring and evaluation and gender mainstreaming.

### 2.1 Definition

Mainstreaming trade can be defined as the process of integrating trade into national and sectoral development planning, policymaking, implementation and review in a coherent and strategic manner. This means taking trade-related issues into account when planning and executing broader development objectives. It further implies using trade proactively to attain specific national development goals, including poverty reduction.

Mainstreaming takes place at three levels: 1) policy; 2) institutional; and 3) international cooperation.

At the **policy** level, mainstreaming involves setting a vision and strategic goals and defining action plans. It also involves enhancing understanding and awareness of how trade can contribute to the broader good and ensuring that trade is taken into account in setting national priorities. As trade is a crosscutting issue, integrating it into the policy cycle requires interaction with nearly every government entity at national and sub-national levels — a complex task. However, trade on its own cannot deliver development objectives; complementary policies are required and must be properly sequenced.

At the **institutional** level, the active leadership of the main department or entity responsible for trade is vital in mainstreaming trade. Closely related to this is the dynamic engagement by the lead trade entity of the main stakeholders as required — government departments and local authorities, private sector, women, civil society, academia, trade unions, youth, vulnerable groups, etc. Management capacity is also needed in the lead trade agency to conduct the necessary analyses, facilitate coordination, implementation and review. The strength of the institutional set-up is particularly important for ensuring that the vision and priorities defined at the policy level are effectively resourced, implemented and monitored.

At the **international cooperation** level, the international community can play an important role in mainstreaming trade. It must systematically integrate trade into its country and sector analyses

## Box 3: The Enhanced Integrated Framework and trade mainstreaming

*The EIF is a global partnership involving LDCs, donors and international organizations which support LDCs to be more active players in the global trading system by helping them to tackle obstacles to trade. The programme works towards a wider goal of promoting economic growth, sustainable development and lifting people out of poverty. EIF activities are financed through the multi-donor EIF Trust Fund....*

— EIF Secretariat. Compendium of EIF Documents: A Users' Guide to the EIF, forthcoming

The EIF in providing trade capacity development assistance to LDCs has the potential to significantly contribute to trade mainstreaming. This can be illustrated as follows at the three levels of mainstreaming:

**Policy level:** The first step in the EIF is the preparation of a Diagnostic Trade Integration Study (DTIS) which analyses the main constraints to trade expansion taking poverty and human development into account. The DTIS identifies specific sectors with trade and poverty reduction potential, as well as gaps and requirements for development of the sectors and makes recommendations. The DTIS includes an Action Matrix with key measures for priority action by national stakeholders, and, eventually, support by donors. The EIF foresees the updating of the DTIS and Action Matrix to ensure that the analysis and recommendations remain relevant to an LDC's particular circumstances. The DTIS/updates provide an analytical underpinning for mainstreaming trade. The DTIS analysis and recommendations can be used for inputs into the formulation of national development and sectoral plans. The DTIS is also an action oriented document: through the Action Matrix, it is expected to guide time-bound action by national stakeholders and donors.

**Institutional level:** One of the main innovations of the EIF is the explicit support — human, financial and technical — provided to LDCs for mainstreaming trade through enhancing national stakeholder capacities for this purpose. One of the funding windows of the EIF, Tier 1 is meant to support institutional capacity building for mainstreaming trade in LDCs. Such arrangements include: (1) designation of a focal point for the programme (usually a high level official in the trade lead agency; the focal point is expected to provide leadership on the trade agenda and use programme resources for awareness raising of the linkages of trade and development and for training public servants on technical trade issues, management skills, etc) and (2) establishment of a multi-stakeholder steering committee to provide oversight of programme implementation.

The EIF advocates that the steering committee must be as inclusive as possible, with the participation of other government departments, the private sector, civil society, academia, etc. The steering committee need not be established for the EIF alone; existing structures can be used. The point is that mechanisms for consultation and coordination can be used to build a culture of transparency and cooperation and a whole-of-government approach to trade policy that will remain in place beyond the life of the EIF. The programme places strong emphasis on capacity development as a means of building analytical and implementation capacities so important for the sustainability of results and mainstreaming efforts.

**International cooperation level:** A key figure in the country level EIF structures is the Donor Facilitator who is expected to work closely with the focal point and other stakeholders in raising the profile of trade in public policy discourse and action, as well as among development partners. The DTIS and its Action Matrix are expected to become the point of reference for the alignment of donor support. The programme stresses the value of Monitoring and Evaluation (M&E) results of trade-related interventions to allow LDCs national stakeholders and partners to assess the programme and adjust as necessary depending on outcomes achieved.

*For more information on the EIF see: [www.enhancedif.org](http://www.enhancedif.org).*

and strategies, assistance programmes and activities. Donors, governments, the private sector and civil society must all work together to ensure that trade-related aid focuses on priorities that will deliver the strongest impact on development. To this extent, mainstreaming trade is a joint responsibility of both developing countries and development partners.

Mainstreaming trade has been part of the development assistance agenda in recent years and specifically through the EIF (See Box 3).

## 2.2 Integrating trade into the policy cycle

Ten years ago, a conference on mainstreaming trade stressed that integrating trade into development policy and practice required a “bridge connecting the trade, finance and development communities”.<sup>9</sup> That bridge is still being built today and includes the policy and planning community as well.

To have the desired impact on poverty reduction and human development, trade should be an integral part of overall development planning. Once the role of trade is established within a coherent national policy context, trade-related needs will be better defined, prioritized and sequenced.

In practical terms, this means incorporating trade issues into every stage of the development planning cycle. This must be underpinned by strong coordination and consultative processes with a wide range of stakeholders (see Figure 2).

National policy cycles generally follow a logical sequence, as shown in the development planning cycle in Figure 2.

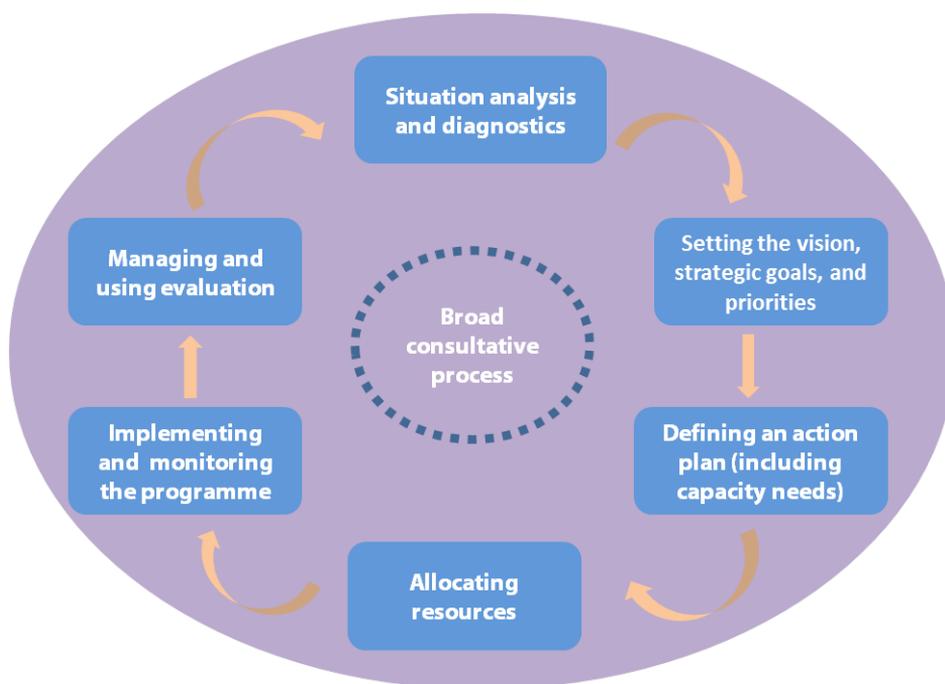
The trade policy cycle differs slightly in that, in addition to these steps, it also focuses on trade negotiations (e.g., WTO, bilateral and regional agreements, etc). These require a ‘cycle within a cycle’ (i.e. same steps as for the trade and development policy cycle) and often quick turnaround (see Figure 3). As trade is a crosscutting issue, integrating it into the development policy cycle requires interaction with nearly every government entity at national and sub-national levels.

Integrating trade into the policy cycle therefore requires a conscious and continuous effort by government and stakeholders on the three levels: policy, institutional and international cooperation. Specific actions must be taken at each stage of the policy cycle to deliver the desired results, as discussed below.

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9 The Policy Relevance of Mainstreaming Trade into Country Development Strategies: Perspectives of LDCs, Geneva, January 2001; organized by IMF, ITC, World Bank, WTO, UNCTAD, and UNDP. Source: WT/LDC/SWG/IF/15/Rev.1

**Figure 2: Development planning cycle**



## **Stage 1: Situation analysis and diagnostics**

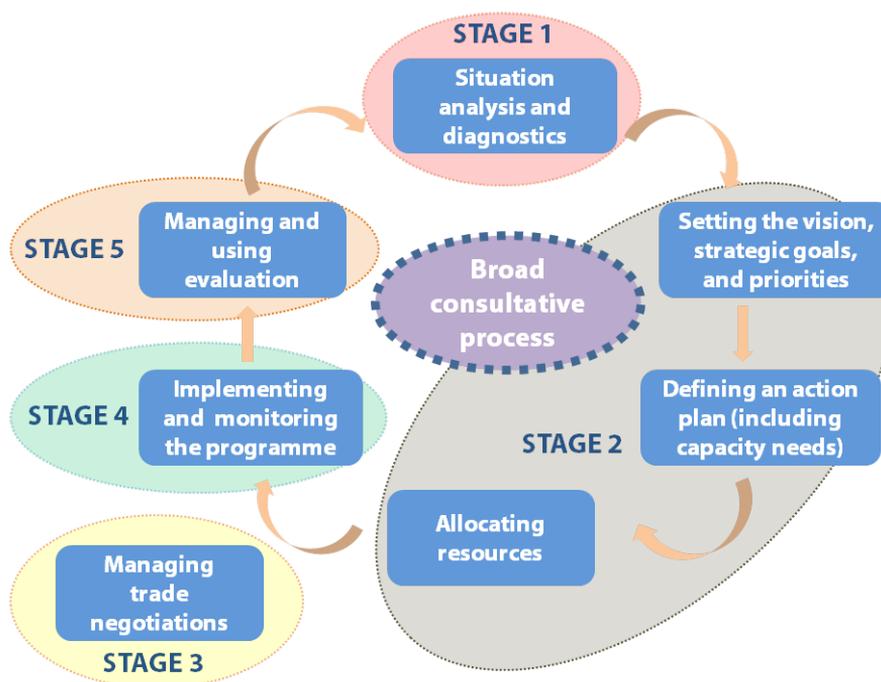
This stage involves an analysis of the country's development situation. Priorities are identified and objectives, targets and timeframes set (including those related to poverty reduction, human development and MDG attainment).

The following aspects, among others, are reviewed:

- Key trade-related variables (e.g., composition of exports, imports and source and destination markets; balance of payments; exchange rate; etc).
- Trade performance.
- Indicators of the business environment and logistics.
- Trade-related infrastructure.
- Growth potential of particular sectors.
- The international context, opportunities and constraints.

This allows identification of constraints that can deter trade expansion and gaps in institutional and other capacities that might hinder advancement of the trade agenda. It is important to

**Figure 3: Trade and development policy cycle**



have reliable data and analytical capacity. Capacity is also needed to set baselines and evaluate potential cost-benefit impacts on specific groups, sectors and the economy as a whole.

## **Stage 2: Setting the vision, policy formulation and planning**

In the policy formulation and planning stage, the objective should be to achieve coherent, targeted and well-sequenced policies and actions. This involves two phases:

- **Phase 1:** Consult broadly in order to: (1) identify national and sectoral priorities, interests, needs, policy inconsistencies and gaps and options and (2) build awareness and understanding of the trade issues and options at stake. This can be a shared role between the trade and planning communities. Good practice in consultation means providing useful information and seeking constructive input from all parties with a stake. For trade-related issues, these stakeholders usually include several government agencies, private sector bodies, farmers, women, labour, civil society, academia, youth, etc. It is the stakeholders' responsibility to advocate their interests and provide constructive input. To do so, they need a good understanding of trade and development issues, their own priorities and how these fit in with the national interest and the government's capacity

# Mainstreaming Trade – Concept and Applications

to deliver. Experience shows that structured consultation and conscious management of expectations deliver the best results.

- **Phase 2:** The second, and critical, phase of policy formulation is converting the information from analyses and consultations into coherent policies and action plans. It must include built-in monitoring and evaluation criteria that focus action on the desired results and impacts. This phase requires close inter- and intra-departmental coordination. It also requires coordination with development partners regarding programming and sequencing of assistance. Box 4 describes trade policy formulation in the Central African Republic and Mauritius.

## Stage 3: Negotiations

In the trade policy cycle, preparing for and conducting negotiations constitute a ‘mini-cycle.’ Ideally the negotiation mini-cycle should incorporate all the phases listed above (analysis, inclusive consultation, coordination, strategic planning). The objective is to develop negotiating positions and options that have the national interest as the bottom line. In other words, in negotiating international agreements, it is important to keep national development objectives in focus.

Negotiators need a detailed understanding of the interests, concerns and capacities of key stakeholders, including government agencies’ capacity to implement. Analysis and consultation with the private sector and potentially affected groups and streamlined interagency coordination are the main steps to determine offensive and defensive negotiating strategies. These strategies must be refined as the negotiations evolve. Managing expectations is very important throughout and after negotiations, with clear communication being indispensable. At the end of the negotiations, continued inter-departmental coordination is crucial for planning each entity’s role in implementation of the agreements. Consultation and coordination with donors on implementation-related technical assistance and capacity building may also be required at this stage.

## Stage 4: Implementation and monitoring

At this stage of the policy cycle, institutional and donor cooperation and coordination is vital. This phase requires strong leadership and management capacities to ensure timely and well-sequenced action, resource mobilization for programmes and steady progress toward milestones, targets and overall development objectives. A crucial element is systematic monitoring of progress and flexibility to refine approaches as necessary.<sup>10</sup>

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<sup>10</sup> A key issue raised in the country reports is the urgent need for results-oriented management practices in trade and other institutions.

## Stage 5: Evaluation, review and feeding back into the policy cycle

Evaluating the achievements and impacts of trade policies, programmes and strategies require rigorous analysis, substantial input from business and civil society, and coordination among a wide range of agencies. This is the time to share experiences and lessons learned and to make recommendations for modifying approaches to intensify cohesiveness and development impact. This, in turn, feeds back into the policy cycle at the appropriate stage (e.g., refinements and adjustments might be made during implementation).

The trade mainstreaming objective at this stage is to ensure that trade policies, strategies and measures are on track to deliver the desired development benefits. This stage is also useful for refining complementary policies that may be blocking progress toward the goals.

The above description of good practices at the five stages of the policy cycle illustrates an ideal situation. In reality, integrating trade into the development agenda is rarely carried out systematically or comprehensively. The following section discusses the findings of the country case studies illustrating the challenges encountered.

### Box 4: Central African Republic and Mauritius policy formulation

Trade policy in the Central African Republic is formulated by a Steering Committee headed by the Trade and Industry Ministry, in collaboration with the Ministries of Finance, Agriculture, Planning, Water and Forest, and Tourism, the private sector and civil society. A national trade negotiation committee was established to develop negotiating positions in consultation with the Central African Republic's diplomatic missions in Geneva and Brussels.

In Mauritius, a Joint Public-Private Sector Committee chaired by the Minister of Foreign Affairs, Regional Integration and International Trade provides general guidance on the national policy framework for each calendar year. Detailed discussions then take place in a Coordination Committee, itself comprised of technical committees for specific issues (e.g., WTO, EPA, regional trade, AGOA, bilateral trade, nontariff barriers). The outcomes of technical discussions are submitted to the Coordination Committee which, after consideration and fine-tuning, are referred to the Joint Public-Private Sector Committee prior to deliberation by the cabinet and final approval. More intensive technical discussions usually take place in small group meetings, especially in areas that require specialised know-how (e.g., rules of origin, sanitary and phytosanitary, technical regulation, standards, financial services, telecommunication, health services, education services, etc). Key ministries, including Foreign Affairs, Regional Integration and International Trade, Finance, Industry and Commerce and Agro-Industry and Food Security, and private sector institutions (e.g., Joint Economic Council, Mauritius Chamber of Commerce and Industry, Mauritius Chamber of Agriculture, MEXA) are fully involved at each stage of the discussions.

*Source: Central African Republic Country Report, 2011; Mauritius Country Report, 2011.*

## 2.3 Findings from the country reports and other analyses

The 14 country reports reviewed the effectiveness of the three levels of mainstreaming. The reports document the main challenges and lessons learned, good practices and successes and areas for improvement.

### 2.3.1 *Setting the vision, strategic goals and priorities*

The main policy-level challenges noted in the country reports are awareness-building, coherence, analysis and inclusiveness.

Trade's contribution to development continues to be seen primarily in the context of economic growth. The premise is that trade expansion will engender economic growth, which in turn will automatically deliver development benefits for all. This underscores the need to sensitize stakeholders to the complex relationships among trade, growth and human development and the need to strategically use trade to achieve development objectives.

Most of the countries report that visibility and awareness of trade has increased in recent years, due to WTO accession and Trade Policy Reviews, Doha negotiations, UNCTAD Investment Policy Reviews, the EIF, the Aid for Trade initiative and the proliferation of regional and bilateral trade arrangements.

All country reports give ample examples of trade-related objectives and activities being integrated into national and sectoral plans and PRSPs. Some of the more recent PRSPs and national plans mention trade more frequently. In fact, several of these plans incorporate trade strategically (e.g., Afghanistan, Bangladesh, Bosnia-Herzegovina, Central African Republic, Lesotho, Rwanda, Yemen). In a number of cases, the Integrated Framework — now the Enhanced Integrated Framework, or EIF — has played an important role in achieving integration through diagnostic studies, DTIS action matrices and raising the profile of trade in government.

A UNDP report<sup>11</sup> reviewing 72 PRSPs concludes that recent PRSPs mention trade more explicitly and refer to trade-poverty reduction links. Nevertheless, there is a long way to go. The report states that “while a few PRSPs conceptualize trade as both a cause and a beneficiary of poverty reduction, the vast majority see the connections between trade and poverty with narrow and vague focus. The direct connections between trade and poverty reduction, including efforts to spread the benefits of trade widely, are considered in passing, if at all, as are the investments in human development that might complement a liberal trade policy”.

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11 UNDP. Trade for Poverty Reduction: The Role of Trade Policy in Poverty Reduction Strategy Papers, 2008.

## Box 5: More strategic pro-poor approach needed in Rwanda

“While focusing on poverty reduction and advocating strategies to assist women, vulnerable groups and households to reap the benefits of trade, the 2010 Trade Policy does not contain specific analyses or action plans. Some of the country’s sectoral strategies (e.g., Agricultural Strategic Plan) are well developed and incorporate trade and impact assessments. However, subsector strategies (e.g. coffee), while incorporating the trade element, do not analyse impact on vulnerable groups.”

— *excerpt, Rwanda Country Report, 2011.*

Most of the country reports note that while trade as a topic has been included in PRSPs and plans, it is often simply an objective rather than a strategic means to an end. As a result, action plans and budgets may not correctly reflect trade-related priorities and their links to desired progress in other policy areas. Country reports attribute this to poor analysis, weak leadership by the trade community and inadequate capacity to plan strategically.

Translating rising awareness into prioritization and action remains a challenge. While the idea that trade can contribute to economic growth and development is widely accepted, understanding how to actually use trade to achieve these objectives can be limited. This is attributed to a paucity of data and analysis on the impact of trade policies to date and limited local experience in strategically using trade as a ‘driver’, at sector and national levels.

Several country reports state that a national trade policy or strategy could help bring together the crosscutting issues and linkages between trade and development. This can also help raise awareness and understanding of the importance of mainstreaming in order to achieve positive impacts.

The country reports show that a sectoral approach to policies and strategies can contribute to mainstreaming trade into development. Sectoral approaches may do so more quickly and effectively than national programmes, albeit with a more narrow focus. Uruguay’s dairy sector and Chile’s agricultural diversification initiatives are good examples. Success builds confidence in stakeholders and provides a basis for learning and potentially, replication. It also facilitates resource mobilization nationally and with development partners.

Another challenge of mainstreaming highlighted by the country reports is how to factor in the regional integration dimension. Increasingly, developing countries are moving toward deeper levels of integration. But as the case of Mauritius shows (Box 9), regional integration could be used more strategically to meet development aspirations and expectations.

## Box 6: Lesotho Poverty Reduction Strategy Paper: a good mix of fundamentals

“Trade policies should be shaped into a framework that is more conducive to meaningful economic growth. In short, it is believed that with the right combination of internal and external factors, it will be possible to ensure that those most affected by poverty are assisted to transform their lives and communities.”

“To contribute towards employment creation, five broad objectives have been set:

- attract domestic and foreign direct investment (FDI);
- support local business;
- increase support to small, medium and micro enterprises;
- make optimal use of natural resources;
- improve and decentralise key services.

Clearly these ambitious goals cannot be attained through the efforts of any single ministry or organization. A multi-sectoral effort will be launched involving trade and industry, natural resources, tourism and agriculture. In these sectors, Government will focus on the formulation and monitoring of policies and the development of appropriate legislation to create an enabling environment for the private sector. These roles will be carried out in consultation with other stakeholders, including non-governmental organizations, private sector associations, parastatals and relevant academic entities.”

— *excerpt, Lesotho PRSP, 2006.*

## Box 7: Rwanda’s development-driven trade policy framework

“At a Conference of African Union Ministers of Trade on 27 May 2004, H E Paul Kagame, President of the Republic of Rwanda, said, “In Africa today, we recognize that trade and investment, not aid, are pillars of development.” Following on from that statement, the Government articulated Rwanda’s Vision 2020 which established three broad development goals: (1) in the short term: promote macroeconomic stability and wealth creation to reduce aid dependency; (2) in the medium term: move from a subsistence agrarian to a knowledge-based economy and (3) in the longer term: create productive and competitive sectors, including trade.

“An important aspect of making this vision reality was the elaboration of a comprehensive National Trade Policy in 2010 to complement the macroeconomic and sectoral reforms that contributed to a big improvement in Rwanda’s Doing Business ranking (World Bank 2010). The Trade Policy provides a roadmap to enhance Rwanda’s participation in regional and international trade by improving quality and diversifying production and markets. It will help us to build a more resilient economic base that can withstand adversity.

“We are mainstreaming trade into our National Development and Poverty Reduction Strategy, and we expect sustained support from our development partners to facilitate implementation of the trade policy and other trade-related strategies in order to boost Rwanda’s poverty reduction efforts, to attain national and global goals, including the MDGs.”

— *Nsanzabaganwa Monique, Minister of Trade and Industry;*  
*see also UNCTAD. Rwanda’s Development Driven Trade Policy Framework, 2009.*

## Box 8: A sectoral approach to trade mainstreaming: fostering rural development through exports in Chile

Chile's production development agency, the Corporación de Fomento de la Producción (CORFO), employs a globally-recognized matching fund, demand-driven approach to SME support. The programmes are delivered through partnerships with sectoral chambers and other bodies throughout the country. For example, the Exporters Association has been delivering CORFO-funded assistance to agribusinesses and SMEs for the past six years. Since the late 1990s, CORFO's programmes have focused on better supply chain integration, regional development and clusters, with the twin aims of improving links between small and large enterprises and accelerating modernisation and innovation in line with international market requirements.

Initiatives of CORFO and the Agriculture Ministry have been key to the widespread adoption by farmers of technically advanced irrigation systems and Good Agricultural Practices. These initiatives also fostered crop diversification and improved capacity to meet international standards. This led to Chile realising export potential in areas previously not considered possible: i.e., dairy, sheep, cattle and poultry. One of the biggest gains has been in wine exports, with higher-quality, higher-profit bottles now outstripping by far bulk shipments. In the mid-1990s, it seemed as if Chile wine exports had reached a ceiling, at \$ 500 million. But by 2010, they had hit \$ 1,500 million and are expected to reach \$ 3,000 million by 2020. Diversification strategies have worked well, not only in production but also in markets, through combined use of trade negotiations and offshore promotion. Rural development gains have been notable.

*Source: Chile Country Report, 2011.*

## Box 9: Challenges in regional integration in Mauritius

"Given the relevance of external trade to the economy and the unequivocal importance attached to meeting both its regional and WTO commitments, the Government has ensured that all trade decisions are transposed in domestic legislation. Mauritius is implementing its trade liberalisation commitments for SADC, COMESA, the European Union Interim Economic Partnership Agreement and Pakistan. These include measures related to the dismantling and reduction of nontariff measures, simplification of sanitary and phytosanitary measures, customs facilitation, quality requirements, and regional trade liberalisation.

"Despite all its best intentions and commitments, Mauritius is yet to reap the rewards of its membership in different RTAs [regional trade agreements], due to two main reasons: (1) African RTAs have not been effective in promoting intra-regional trade; the reasons include lack of political will, too much similarity in product specialisation, and far too many nontariff measures; (2) lack of coordination between regional and national programmes, specifically elimination of nontariff measures and tariffs on intra-regional trade.

"This is why better coordination and regional programmes supporting national development plans are crucial. The various regional Secretariats should also be fully conversant with the national development strategies and priorities of their member countries to be able to better integrate these into the regional strategies."

*— excerpt, Mauritius Country Report, 2011.*

## 2.3.2 Implementation and monitoring

The country reports identify the main institutional challenges for trade mainstreaming in relation to: a) leadership; b) organization and structure; c) implementation and management; d) consultation mechanisms and e) communication. The findings follow:

### a) Leadership

The country reports frequently cite lack of leadership by the trade community as one of the main reasons for poor mainstreaming results. For the purpose of this report, the trade community is understood as those parties with a direct stake in trade such as exporters, importers, trade chambers and trade officials.

The status and influence of the lead agency for trade is often weak, thus negatively affecting the prospect of trade mainstreaming. Dependence on a few export commodities, such as minerals and/or foreign aid implies that resources and influence are concentrated in other ministerial departments. A relatively weak and under-resourced trade agency will have difficulties translating policy statements in favour of export diversification into action, despite proof that diversification has strong development benefits.<sup>12</sup>

Another difficulty is the cross-cutting nature of trade. Usually the lead agency is the Ministry of Industry and/or Trade/Commerce. Frequently, however, several ministries have major trade responsibilities. Foreign Affairs, or even the President's Office, may oversee all negotiations and international agreements. Industry and Commerce may handle trade development. Finance and Customs may oversee trade facilitation. While in some cases this may be efficient, in others it may promote 'work in silos'.

Some of the country reports propose that mainstreaming could be improved by statutorily elevating the standing of the trade lead agency. For instance, lower-level trade minister positions could move up the hierarchy to State Secretary level,<sup>13</sup> meaning a senior official with ministerial status, who is appointed by and reports to the head of government. Others suggested that governments should commit to giving the senior trade official cabinet status and sufficient resources and mandate to effectively manage a leadership position. This has implications for the ability of the trade lead agency to participate and influence key policy decisions regarding the formulation and implementation of major national priorities.

When the trade lead agency is relatively weak and outside of policy circles in which key decisions are made, well placed 'champions' beyond the trade agency are necessary in both the public and private sectors for effective trade-mainstreaming efforts.

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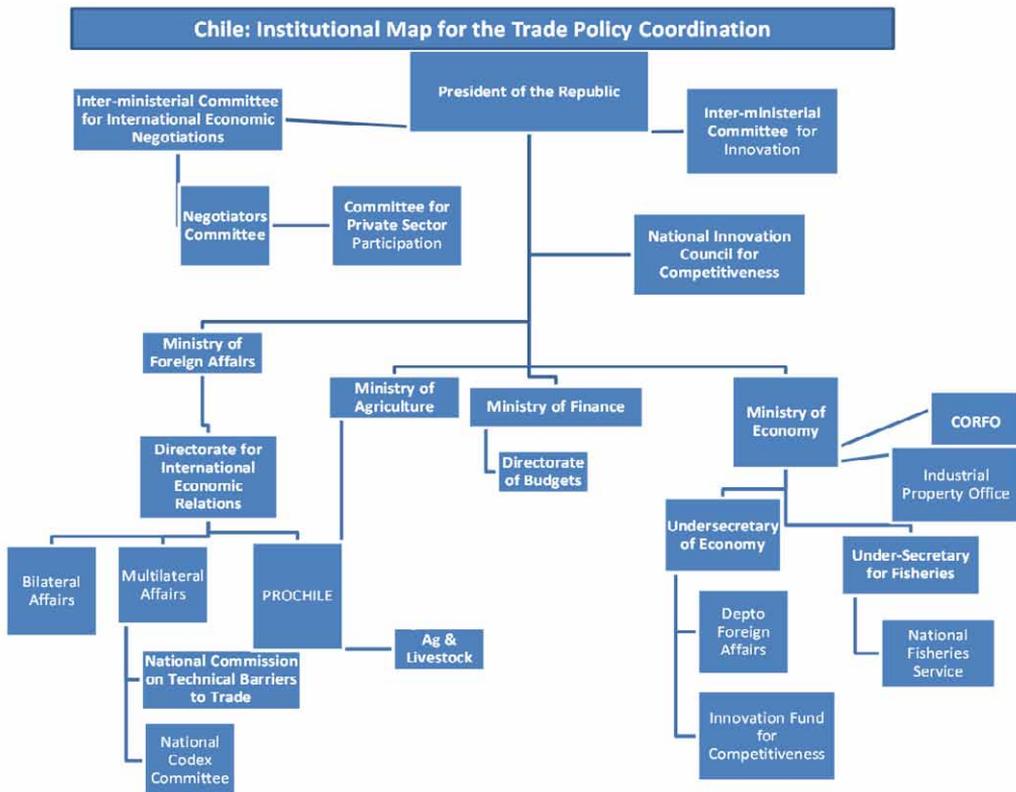
<sup>12</sup> OECD. Trade for Growth and Poverty Reduction, 2011.

<sup>13</sup> The term means different things in different countries.

## Box 10: High-Level commitment and leadership in Chile

While Chile has no dedicated Trade Ministry, it has an efficient structure to manage trade policies and strategies (see the figure below). The trade policy coordination map below stresses high-level commitment and leadership. ‘Trade has long been a national goal in Chile, enjoying broad consensus among social and political groups and a long-term view.’ The Comité Interministerial de Negociaciones Económicas Internacionales (Inter-ministerial Committee for International Economic Negotiations) was formed in 1995 to manage coordination in the formulation and execution of trade negotiations-related policy. Respondents to the survey for this report identified this committee as a key instrument in coherent trade policy development. Its members include the Ministers of Foreign Affairs (Chair), Finance, Economy and Agriculture and the Secretary-General of the Presidency. The head of the MFA Economic Relations Directorate is the Executive Secretary; he also chairs the Negotiators Committee and is part of the Private Sector Participative Committee, which along with the Council of Private Exporters, provides business and labour input. The Interministerial Committee meets monthly.

Chile’s trade policy coordination structure



Source: Chile Country Report, 2011.

## Box 11: Leadership in mainstreaming trade inside and outside the cabinet in Guinea Bissau

“Trade policy cannot be mainstreamed and have results if institutions are not backed up ... These are in essence a call for leadership, mainly in trade. The Minister of Trade, the highest-ranking official on trade-related issues, will have to take the lead on this point in order to maximise local ownership of the trade mainstreaming agenda. This applies to leading a campaign initiative inside the cabinet and outside the cabinet. Inside...the Minister of Trade would have to influence his counterparts, such as Agriculture, to also take a lead in the process. Outside... (he) will have to...talk to rural and urban people to explain the process and the goals that will be achieved by mainstreaming trade into development actions. ... Similarly...it is important to discuss more the linkages between trade and gender (because) women tend to be more involved in trade, yet they benefit least...”

— excerpt, *Guinea-Bissau Country Report, 2011.*

### b) Organization and structure: inter-ministerial coordination

The need for a more structured approach to trade-related issues is another common theme of the country reports. One issue was the lack of clear linkages between the mechanisms for trade coordination and those for implementation of national development plans. In practical terms it means that trade issues are treated in isolation or excluded from the national development policy cycle, while recognizing that weaknesses in the latter can make it difficult for trade mainstreaming to proceed. The Central African Republic’s new framework for PRSP management has the potential to be a success story if it is implemented as planned (see Box 12).

To address this disconnect, some country reports suggest combining all relevant trade functions (e.g., trade policy analysis and formulation; trade development and promotion; negotiations, etc), under the responsibility of one single entity. Others suggest that given the crosscutting and technical nature of trade issues it would be advisable to give more autonomy to specialized agencies. But in reality there is no ‘right’ model — each country should organize its trade functions to respond to its specific needs and capabilities.

Ideally, an assessment of capacities, needs and gaps of trade-related entities should be undertaken against the functions to be fulfilled. Then an organizational structure could be designed and the resources necessary to attain the objectives identified. Governments around the world are constantly restructuring agencies, especially those that have economic and trade functions, in response to evolving needs and constraints. Doing so in a strategic fashion, focused on developing trade and using it to achieve specific development objectives, would add the most value.

## Box 12: Management framework for the Central African Republic's Poverty Reduction Strategy Paper

The Central African Republic manages PRSP programmes and projects through an institutional framework (currently being put into effect), a statistical apparatus and a participatory mechanism.

Five bodies make up the institutional framework:

1. The National Strategic Committee is responsible for establishing the key PRSP implementation directions. It is chaired by the Prime Minister with the United Nations Resident Coordinator as the vice-chair. It meets every six months.
2. The National Technical Committee is responsible for maintaining a permanent dialogue between the government and each development partner. It is chaired by the Minister of State for Planning, Economy and International Cooperation. It meets every three months and has a national Secretariat.
3. The National Technical Secretariat is responsible for technical coordination of PRSP evaluation, tracking and implementation. It is headed by an Expert Coordinator.
4. The nine Sectoral Committees are responsible for developing and implementing sectoral strategies. They are chaired by ministerial department heads, who are supported by lead managers from the relevant development partners.
5. The Regional Committees are responsible for participatory evaluation and tracking of PRSP regional projects and are chaired by préfets. A representative of civil society is the vice chair.

The Sectoral Committee for Trade, Private Sector, Regional Integration and Employment is headed by the Minister for Trade and Industry, with the support of the Ministers for Employment and SMEs. Members include the Ministers of Tourism, Transport, Agriculture, Mining, Finance, Public-Private Sector Consultation Framework, Women's Association, Consumers Association and international partners such as UNDP, World Bank, European Union, France, etc. This committee meets every month. The Secretariat is managed by the Implementation Unit of the EIF.

The Committee has instituted Trade Focal Points in specific ministries to coordinate information and data flows to support its work. It has also facilitated the formulation and validation of the sectoral trade strategy, the organization of a sectoral trade roundtable and the monitoring of sectoral programmes and projects.

*Source: Central African Republic Country Report, 2011.*

Annex 3 illustrates, through the examples of the 14 country reports, the variety of institutional frameworks adopted by countries for managing trade policies and strategies. Some of these are in the early stages, like the Central African Republic, Congo and Sierra Leone frameworks, while others have existed for some time, e.g., Chile, the Lao People's Democratic Republic, Mauritius and Uruguay.

## Box 13: Uruguay's evolving institutional structure for trade and investment development

After assessing a variety of possible mechanisms and structures, including a trade ministry, policymakers decided in 2006 to create the Comisión Interministerial para Asuntos de Comercio Exterior (CIACEX). The Commission's objective was to define, together with the private sector, an integrated strategy to link international negotiation, trade promotion and investment attraction in one system, combining the efforts of government agencies with trade functions: Foreign Affairs; Economy and Finance; Livestock, Agriculture and Fisheries; Industry, Energy and Mining; and Tourism and Sport. While it served as a valuable forum for coordinating negotiations and other trade matters, CIACEX did not manage to finalize a long-term strategy. To overcome leadership, organizational and management weaknesses, CIACEX was revitalised in 2011, with a new national-budget-funded Executive Secretariat that will develop a long-term trade strategy in addition to monitoring implementation of various trade and investment programmes. The country report says that finalizing and, above all, implementing the National Export Strategy is a top priority for 2011.

*Source: Uruguay Country Report, 2011.*

### c) Implementation and management

All the country reports pinpoint implementation and management as major challenges. Good management requires solid systems and skills. Such systems and experience are built up over time. Nurturing and retaining talent in government and building a culture of knowledge sharing are important, but are also challenging in many developing countries.

Two management and implementation issues that have a direct bearing on trade mainstreaming are: (1) people-management practices and systems and (2) automation and information technology systems. Good practices in coordination, consultation and communication depend on motivated people and reliable communication systems. A number of countries are undertaking civil service reforms that will help to address the people-management issue, although motivating staff goes well beyond civil service guidelines. While donors can assist by providing funding for the initial investment in required systems and capacity development

## Box 14: Capacity building of management skills in Tanzania

"Although a lot of actions and measures are required to mainstream trade in Tanzania, the critical thing is capacity building of human skills...both content...and management capacity. By this we mean normal management capacity to organise, plan, budget, follow up, monitor, network, etc."

*— excerpt, Tanzania Country Report, 2011.*

of staff, sustainability would require adequate funding from national resources and strategies within larger public reform processes to be able to retain staff capacities.

The country reports echo this concern by advocating for permanent core trade expertise to be built in the lead agency. Quick turn-around of staff leads to a loss of institutional memory of trade negotiations, policy, skills and knowledge.

A stronger focus on implementation and managing for results at all levels is necessary. A major weakness of trade-related support programmes is that they all too frequently stop at the recommendation stage and do not include detailed action plans and assistance in implementation and follow-through. Some donors are redressing this weakness by increasing the length of their programme cycles to include the implementation phase, or at least a mentoring and follow-through stage. This is an important step in the right direction, as long as it focuses on helping people to help themselves, i.e., inculcating the necessary skills and systems in a sustainable fashion.

## **Box 15: Outsourcing to overcome capacity constraints in Sierra Leone**

“The reorientation of MTI’s [Ministry of Trade and Industry] function and structure will require time and resources to develop the requisite capacity through recruitment and training. The WTO in Geneva has trained nearly 300 civil servants worldwide, but many have been lost by transfer to other Ministries, retrenchment, retirement and resignation... One measure proposed to alleviate capacity constraints is to outsource specific functions to the private sector, academic community and civil society. MTI recently moved to involve the University and civil society organizations in trade matters. For instance the University Research Bureau (URDS) is part of the Intellectual Property Rights Working Group as well as the Core Team for the formulation of the National Export Strategy.”

— *excerpt, Sierra Leone Country Report, 2011.*

## **Box 16: Corps of trade experts in Nigeria**

“The system of recruitment and career development that currently operates in the Federal Civil Service does not seem the best for specialised ministries and agencies. In the case of the Ministry of Commerce and Industries, the officers should be trained specifically for the type of outcomes expected of them. The operational departments of the ministry must be staffed with personnel who are adequately trained in trade and who will remain in the ministry with clear career prospects and skills development. The government should make resources available to ensure that officers get the appropriate training at the best institutions at home and abroad.”

— *excerpt, Nigeria Country Report, 2011.*

## Box 17: Lao PDR institutional mechanisms to support implementation of the integrated framework

The Lao PDR country report described institutional and donor mechanisms underpinning trade development. “The National Integrated Framework Governance Structure (NIFGS) was established to strengthen the Ministry of Industry and Commerce’s interagency coordination and implementation of trade-related assistance, with the objective of ensuring overall aid effectiveness. NIFGS is a multi-agency entity supporting the work of Integrated Framework and the Vientiane Declaration on Aid Effectiveness. It has improved integration as well as horizontal and vertical coordination.”

“The NIFGS is in turn supported by the Trade Development Facility Project, a multidonor trust fund with financing from Australia and the European Commission, managed by the World Bank through the National Implementation Unit in the Foreign Trade Policy Department of the Ministry of Industry and Commerce. The Facility supports NIFGS implementation and facilitates trade development in five areas: (1) trade facilitation: simplification and automation of procedures (other than customs); (2) sanitary and phytosanitary standards and technical regulations: strengthening legal and regulatory frameworks; (3) export competitiveness and business environment: market-driven interventions to improve productivity in key sectors; (4) local trade policy analysis capacity, particularly for ongoing trade negotiations; and (5) IF National Implementation Unit capacity: the key unit for the trade sector-wide approach.”

The World Bank Status Report of Projects in Execution, FY 2010, describes the Trade Development Facility’s progress:

Project Name (ID): LA-Trade Development Facility Project (P106165)

Country: Lao People’s Democratic Republic

Board Approval Date: 11/16/2007

Closing Date: 02/28/2012 [17 percent of funds disbursed at date of the report]

Sectors: general industry and trade sector (70 percent), other domestic and international trade (30 percent)

Themes: export development/competitiveness (34 percent), regional integration (33 percent), trade facilitation/market access (33 percent)

Project development objectives: The Project’s objective is to support the NIFGS and implement its initial activities facilitating trade and cross-border movement of goods and increasing the Government’s capacity to undertake specific tasks related to regional and global integration. These activities in turn support the Government’s larger aims of poverty reduction and economic development, as reflected in the National Socio Economic Development Plan.

Progress toward achieving development objectives: The project, now 18 months into implementation, is moving into full operations with progress across all components including: “NIFGS central coordination units...systems...to manage the trade sector-wide approach; ...design work...on agribusiness and secondary wood processing...; trade policy capacity-building activities..., including the...Lao Trade Research Journal; ...support...for WTO accession..., including work on the impact of accession on the insurance sector; Trade Facilitation Strategy/Action Plan...”

Source: [siteresources.worldbank.org/INTSOPE/Resources/5929468-1286307702807/7453146-1286503789398/LaoFinal.pdf](http://siteresources.worldbank.org/INTSOPE/Resources/5929468-1286307702807/7453146-1286503789398/LaoFinal.pdf)

## d) Consultation mechanisms

All the countries' survey reports heightened awareness and understanding of the benefits of consultation and coordination with a broad range of stakeholders. However, they also highlighted the urgent need to address the 'inclusiveness gap', meaning the lack of meaningful participation of civil society in trade-related policy formulation and implementation. They called for structured engagement, not just consultations, of civil society, women, academia and other groups with a stake in trade-related issues. Several suggested a legal basis might be required in order to institute good practices (see Gender Mainstreaming in section 2.2.5.).

Many country reports further state that while consultations with the private sector are more systematic than in the past, they still tend to be largely ad hoc and not results oriented, which undermine the incentive for participation by the private sector.

### **Box 18: Sierra Leone: Finding the right 'fit' for trade-related coordination and discussion**

"Given that the Ministry's own capacity for cross-sectoral coordination is still limited, the effectiveness of institutional mechanisms to foster greater coherence in trade policy and implementation assumes some importance. At present, there is a reasonably good basis for this in the Private Sector Development Roundtable and EIF National Steering Committee that the Ministry convenes and chairs on a regular basis. However, neither is ideal for trade mainstreaming. While there is substantial overlap between the needs and challenges of private sector development and trade, they are not identical and discussions often have little trade relevance. Attendance is not universal and several significant actors are frequently missing. Whether government or development partners, too many perceive PSD and trade as discrete areas and overlook the potentially significant interconnections that may exist with other sectors.

"The EIF Steering Committee, meanwhile, is foremost an operational body focused on facilitating the EIF process; it does not devote much time to trade issues at either the policy or implementation level. It could therefore be advisable to strengthen the trade focus of at least one of these fora so as to increase substantive coordination around broader trade objectives.

"It might also be useful to establish a Sector Working Group for Trade and Private Sector Development as part of the aid coordination mechanism being established under the Aid Policy Action Plan. This working group could meet more often than the PSD Roundtable, which in itself would increase coherence of both policy and implementation. Equally importantly, it could regularly inform the Development Partnership Committee of key initiatives, results and challenges to ensure that trade takes its rightful place in the deliberations of this high level body that exists specifically to ensure coherence, results and the speedy resolution of challenges in the implementation of the PRSP"

— excerpt, *Sierra Leone Country Report, 2011.*

## Box 19: Effective public-private sector trade relationships: Chile and Mauritius

“One remarkable trait of **Chilean** politics since the return of democracy has been the cooperation between government and enterprise, especially in the area of trade. Organizations such as the Sociedad de Fomento Fabril (Sofofa, the industry association), the Sociedad Nacional de Agricultura (the national agriculture association), the Asociación de Exportadores de Manufacturas y Servicios (Asexma, the manufacturers and services exporters association), the Cámara de Comercio de Santiago and various product-specific export councils, all take a proactive role in policy consultation and advocacy. Several have outstanding professional and technical expertise on trade-related issues.”

— excerpt, *Chile Country Report, 2011.*

[In **Mauritius**] “the working relation between the public and private sectors has always been good and effective. For the most part, dialogue takes place in a structured manner. The main business organizations such as the Joint Economic Council (JEC, the peak private sector organization) and the Mauritius Chamber of Commerce and Industry act as interlocutors with the Government. During budget preparation, the private sector has several meetings with the Government to discuss policy changes — at the sectoral level or through the JEC. This interaction has produced good results. A 2009 study (Rojid, Seetanah, Ramessur) showed that, over the years, the policies advocated by the private and public sectors have become increasingly aligned.”

— excerpt, *Mauritius Country Report, 2011.*

Several country reports stress the importance of consulting the private sector more thoroughly (not just associations, but individual SMEs and traders as well) during needs assessments and evaluations in order to get a more realistic picture of trade and business-related issues. Most reports recommend that the private sector should do much more to improve its leadership in advocating for a better trading environment and improved business conditions in general. The reports highlight, however, that fragmentation of effort undermines the effectiveness of the private sector’s advocacy efforts. In any one country, several associations may claim to represent the business community. Private sector organizations may face constraints of their own in terms of organization, funding and technical capacity to identify the key constraints, engage in an informed dialogue with government and propose concrete solutions.

While the government should take the lead on trade mainstreaming, the private sector has a key role to play in terms of analysing the obstacles to trade and advocating appropriate solutions. Its ability to develop a common understanding of the issues and ‘speak with one voice,’ at least on specific sectoral issues — would facilitate dialogue with government. In some countries, confederations of business associations have managed to unite a critical mass of groupings

## Box 20: Mauritius: Formalizing links with non-governmental organizations and academia, and establishing national think tanks

“While cooperation between the Government and the private sector has always been very good in Mauritius, links between the Government and the civil society (NGOs and academia) need to be strengthened. All parties, as well as the country, would benefit from increased interaction. Financial constraints and poor technical understanding of trade-related matters have limited NGOs’ participation and contribution. It is therefore proposed that the Government provide financial support to help them participate more fully. Interestingly, the Mauritius Council of Social Service has just approached the University of Mauritius to start a full-fledged three-year programme of trade and management courses.

The establishment of National Think Tanks, supported by the Government and the private sector, would enhance the capacity of internal partners to engage in a more constructive dialogue on the long-term development of the country.”

— *excerpt, Mauritius Country Report, 2011.*

## Box 21: Meeting management in Sierra Leone

“A critique has been raised against both the high-level Development Partnership Committee and the Private Sector Development Roundtable that meetings are called on short notice and agendas circulated only very late, preventing participants from preparing for the particular topics to be discussed and in some cases preventing pertinent stakeholders from participating due to scheduling conflicts. It would therefore be advisable to plan these meetings further ahead and try to establish agendas as far in advance as possible.”

— *excerpt, Sierra Leone Country Report, 2011.*

under one advocacy and analysis umbrella (for example, the Mongolia National Chamber of Commerce and Industry).<sup>14</sup> The common features are: (1) a strong, committed Chief Executing Officer with excellent political and business networks and (2) the ability to efficiently deliver business services and innovative solutions for entrenched problems.

Reports suggest formalizing the participation of civil society and other stakeholders in trade consultation and coordination mechanisms. Others stress the value that civil society participants and academia bring, such as expertise and independent perspective and analysis. Generally speaking, country reports, having identified weaknesses in stakeholder capacities, stress the importance of capacity development.

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<sup>14</sup> Mongolia National Chamber of Commerce and Industry: [www.mongolchamber.mn](http://www.mongolchamber.mn).

## e) Communication

Success stories show that a combination of targeted analysis, strategic communication and advocacy can play a vital role in building a constituency for action inside and outside of government. Recognizing this, several of the country reports recommend that governments design targeted communication strategies to build awareness of trade mainstreaming issues. In addition, country reports acknowledge that strategically-placed trade focal points can greatly facilitate communication and information gathering and dissemination. Chapter 4 provides some guidelines on how to use communication strategies and focal points to promote mainstreaming.

### 2.3.3 International cooperation: government and donor relationships

Relationships among governments, donors, the private sector and civil society are evolving as consciousness of the principles and good practices of the Paris Declaration, and experience in managing them, takes hold. This section will discuss: (a) country leadership and ownership; (b) mutual accountability; (c) trade in donor dialogues, needs assessments and programming and (d) sustainability of aid programmes.

#### a) Country leadership and ownership

All the country reports emphasize the importance of local ownership of development assistance agendas and plans. They note a measurable improvement in ownership in recent years, as awareness and expectations rise. And they reiterate the need for stronger government leadership in assuming and managing ownership responsibilities. Governments and donors have been struggling for years to find the best way to coordinate and cooperate in the design and implementation of assistance programmes. As mentioned earlier, there is no magical 'one-size-fits-all' solution. The best programmes for each country are those that are designed to meet its particular needs and aspirations, given its specific situation.

*"In evaluating why impacts have not reached expectations, a number of inter-related issues emerge: political will; priority accorded to trade — especially multilateral trade; fragmentation of pursuit and delivery of assistance; capacity to absorb and propensity to use assistance well; value attached to assistance; timeliness, focus and intensity of assistance; and cost-benefit measurability of impact."*

*Source: Spear. Rethinking Technical Assistance for Greater Impact, World Trade Brief, 2005.*

Many countries have established an agency or function in a ministry to manage international cooperation and donor relations. As governments are experimenting with different mechanisms, most such functions are relatively recent. Many are located in a planning agency. Some are well staffed, with all the

## Box 22: Paris Declaration principles

The Paris Declaration on Aid Effectiveness is built around five broad principles on how to deliver and manage aid, accompanied by monitorable action plans in order to increase the impact of aid on poverty and inequality, increasing growth, building capacity and accelerating achievement of the MDGs. These principles are:

**Ownership.** The development community will respect the right — and responsibility — of the partner country to exercise effective leadership over its development policies and strategies and coordinate development actions.

**Alignment.** Donors will align their development assistance with the development priorities and results-oriented strategies set out by the partner country. In delivering this assistance, donors will progressively depend on partner countries' own systems, providing capacity-building support to improve these systems, rather than establishing parallel systems of their own. Partner countries will undertake the necessary reforms that would enable donors to rely on their country systems.

**Harmonisation.** Donors will implement good practice principles in development assistance delivery. They will streamline and harmonize their policies, procedures and practices; intensify delegated cooperation; increase the flexibility of country-based staff to manage country programmes and projects more effectively; and develop incentives within their agencies to foster management and staff recognition of the benefits of harmonization.

**Managing for Results.** Partner countries will embrace the principles of managing for results, starting with their own results-oriented strategies and continuing to focus on results at all stages of the development cycle, from planning through implementation to evaluation. Donors will rely on and support partner countries' own priorities, objectives and results and work in coordination with other donors to strengthen partner countries' institutions, systems and capabilities to plan and implement projects and programmes, report on results and evaluate their development processes and outcomes (avoiding parallel donor-driven mechanisms).

**Mutual accountability.** Donors and partners commit to enhance mutual accountability and transparency in the use of development resources. Partner countries will reinforce participatory processes by systematically involving a broad range of development partners when formulating and assessing progress in the implementation of national development strategies. Donors will provide timely, transparent and comprehensive information on aid flows. (And both sides will take responsibility for achieving the desired results in a timely and efficient fashion.)

*Source: OECD. Key Elements of Best Practice in Aid for Trade, 2008.*

technological tools and aid statistics at hand. Others may not dedicate the scale of resources — human, technical and financial — necessary to exert leadership on international aid coordination.

The country reports highlight that one of the main challenges in exercising leadership and ownership is to get donors to agree to a division of labour. The aim is to minimize fragmented efforts, duplication and wasted time and money. Ideally, division of labour would be driven by donors themselves (even at head offices) in response to needs and gap assessments. Frequently, however, donor-to-donor coordination is focused on information sharing rather

than task sharing. Joint needs assessments, prioritizing, planning, implementing, monitoring and evaluating rarely happen when donors have their own programmes and projects in areas in which they may have been involved for many years.

## Box 23: Bhutan: best practice in aid coordination and management

Bhutan has implemented good practices in mainstreaming of trade by: (1) integrating its trade development strategy and action plans into the Government's 10th Five-Year Plan (specifically tied to poverty reduction); (2) implementing trade-related activities in collaboration with other agencies and the private sector (e.g., quality systems, entrepreneurship, agricultural marketing, labour, etc) and (3) proactively managing trade-related technical assistance.

In 2006 the World Bank wrote in *Small States: Making the Most of Development Assistance*: "While donor coordination is ideally to be done by countries themselves, only one of the small states covered by the Independent Evaluation Group's evaluations has done so: Bhutan has exercised a strong hand in coordination and has done so largely outside the Poverty-Reduction Strategy process, which is intended to serve that purpose".

In 2007, Bhutan received the "Best Practice Award" from the UNDP Regional Centre in Bangkok for its Aid Coordination and Management. As the United Nations Resident Coordinator said at a donor coordination meeting later the same year, "There are three conditions for effective aid. First, aid has to be delivered in sufficient quantity to support human development take-off. Second, aid has to be delivered on a predictable, low transaction cost, value-for-money basis. Third, effective aid requires 'country ownership'. And this is an area where the Royal Government of Bhutan stands out as a positive example to the rest of the world. The Paris Principles on Aid Effectiveness — national ownership; alignment to national development plans; harmonisation; managing for results; mutual accountability — are clearly enshrined in the policies of the Royal Government of Bhutan. Some recent initiatives such as harmonising the procurement system and financial reporting are expected to further enhance aid coordination and management."

*Source: UNDP Bhutan: [www.undp.org.bt/The-Donor-Coordination-Meeting-on-Local-Governance](http://www.undp.org.bt/The-Donor-Coordination-Meeting-on-Local-Governance).*

## Box 24: Uruguay's new international cooperation agency

The Agencia Uruguaya de Cooperación Internacional (AUCI) was launched in January 2011 with the aim of improving coordination and cooperation, aligning resources with national priorities, developing South-South cooperation and generally strengthening government-donor information sharing and relations. The agency is led by both the Ministry of Foreign Affairs and the Planning and Budget Office of the Presidency; the latter's International Cooperation Department is now part of AUCI.

*Source: Uruguay Country Report, 2011.*

# Mainstreaming Trade – Concept and Applications

In small countries with few donors, coordination can be more manageable. Knowledge of ongoing programmes and activities is more widely available and sectoral ministries can be more effective in allocating priorities. In fact, numerous countries, large and small, report that sector-level coordination is more productive.

As part of efforts to promote efficient division of labour, governments also need to evaluate the strengths and areas of expertise of donors to channel requests for assistance. For example, a country seeking help to set up a WTO technical regulation enquiry point may send the same request to several international organizations, as well as to bilateral donors; because donor coordination is not optimum, the request will generate multiple offers of support. This entrenches fragmentation, duplication and inefficiency—contrary to the good aid practices that both donors and governments have signed on to.

These efforts of aid coordination are anchored in national development plans. Trade priorities are likely to be addressed to the extent they have been integrated in national and sectoral plans. Often, trade issues are discussed in groups focused on private sector development and cross-cutting issues. In others, trade may be covered under sectoral groups—e.g., services and agriculture—depending on the particular circumstances.

Some governments are proactively introducing division of labour and promoting budget support. The Lao PDR, Rwanda and Sierra Leone examples in Box 25, 26 and 27 are illustrative of how governments are handling these challenges in different ways.

## **Box 25: Lao PDR: challenges faced in division of labour**

“There are currently obstacles to a country-led division of labour among a wider group of donors because the government does not have a clear sector definition that can be used as a guidance, hence for example European Union development partners are currently using OECD DAC classification to identify their sector involvement.

“Political and technical leadership from the Government (mainly SWG [Sector Working Group] chairs) is critical in creating an enabling environment with which the development partnerships can flourish and trust between government and DPs can be fostered. [Such a partnership] hinges on very close collaboration, a clear division of labour and the hard work to overcome many hurdles and achieve progress. The evidence from the SWG review was that each SWG’s Secretariat has a crucial role to play in facilitating the collaboration and joined up work and, by implication in reducing fragmentation. However, the importance of the SWG Secretariat role and the sheer investment of time and resources required has been severely underestimated by Government, and, above all, by DPs.”

— excerpt from *Paris Declaration Monitoring Survey 2011—Lao PDR Country Report, 2011.*

## Box 26: Donor division of labour in Rwanda

An internal study in 2008 showed that donors were not equitably distributed across Economic Development Poverty Reduction Strategy sectors, with overcrowding in some sectors (e.g., health, governance) and not enough help in others. The concept of division of labour was raised at the Development Partners Retreat in February 2010.

This was followed by bilateral consultations and negotiations led by the Ministry of Finance and Economic Planning, based on the following **criteria**:

1. financial/budget gaps in Economic Development Poverty Reduction Strategy priority sectors,
2. the donor's mandate,
3. the donor's historical track record in the sector(s),
4. the donor's contribution to key development results,
5. the donor's record against a range of aid effectiveness indicators,
6. the donor's expertise and experience globally,
7. the ability of donor(s) to provide the government's preferred aid modality/type.

The **objectives** were:

- a maximum of three sectors per donor,
- more delegated cooperation/silent partnership agreements,
- no reduction of aid.

The Division of Labour was **not applied** to:

- basket funds, including Public Financial Management and institutions managed through basket funds,
- exceptional expenditures, such as demobilisation, regional projects (including large infrastructure projects supported from regional windows) and emergency assistance,
- NGOs and private sector entities (much support to manufacturing services & off-farm industry goes through NGOs and private entities). Some trade-related activities exist in this category.

In July 2010, the resulting sectoral allocation was presented to and endorsed by the Development Partners Coordination Group. The government expects to see the following **benefits**:

- lower transaction costs through more streamlined donor relations, less duplication, fewer missions and better coordinated policy dialogue,
- increased delegated cooperation/silent partnership, providing access to dedicated expertise and reducing the risks involved in delivering assistance in sectors in which the donor does not have a comparative advantage or significant expertise,
- more efficient fund management and reporting due to fewer multiple requirements
- improved quality of programme management.

The Division of Labour is occurring on a transitional basis until 2012 because many donors had aligned their programme cycle with the government's Economic Development Poverty Reduction Strategy, which runs to 2012.

# Mainstreaming Trade – Concept and Applications

Agreed sectoral division of labour in Rwanda

	Education	Health & Population	Social Protection	Employment	Youth, Sports & Culture	Transportation and ICT	Energy	Water & Sanitation	Agriculture	Forestry, Land & Environment	Manufacturing services & off-farm industry	Decentralization/CDF	Justice, Reconciliation, Law & Order
Belgium	S	X					X					X	S
Canada	S								X				
Germany	X	S		X								X	
Japan	X					S	S	X	X				
Netherlands	S						X					X	X
Sweden			X							X			X
UK	X	S	X						X				
US		X		X					X				
AfDB	S					X	X	X					
EC			S			X			X				X
WB		S	S			X	X		X				
Switzerland		X										X	
France					X		X						
Austria								X					
Luxembourg		X											
FAO									X	X			
ILO				X									
UNDP					S					X		X	X
UNEP										S			
UNESCO	S				S								
UNFPA		X	S		X								
UNHRC			S										
UN-HABITAT								S		S			
UNICEF	X	X	X		S			X				S	S
UNIDO							X				X		
UN Women													S
WFP	X		X						X	S			
IFAD									X			S	
WHO		X	S					S					
UNECA						X							
UNCDF												S	

X = internal United Nations leadership/coordination

S = silent partner providing sectoral budget support

Source: Rwanda Country Report, 2011.

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## Box 27: Donor division of labour in Sierra Leone

Donor Agency	Strategic Priorities			Preconditions for Achieving Strategic Priorities				
	Infrastructure, Energy & Transport	Agriculture	Human Development <sup>a</sup>	Good Governance <sup>b</sup>	Peace & Security <sup>c</sup>	Macro-economic Stability	Private Sector Dev.	Env. & Natural Resource Mgmt.
African Development Bank (AfDB)	X	X	X	X				
Arab Bank for Economic Development in Africa (BADEA)	X			X				
Canada International Development Agency (CIDA)		X	X					
European Commission (EC)	X	X	X	X	X	X	X	X
Global Environment Facility								X
Government of Germany	X	X	X	X	X		X	
Government of Ireland		X	X	X	X		X	X
Government of Italy		X	X	X				
Government of Japan	X	X	X	X	X	X		
Government of The Netherlands			X					
Government of Norway	X	X	X	X				X
Government of Saudi Arabia			X					
Government of Spain		X	X					
Government of Sweden			X	X				
Government of Switzerland		X	X					
Government of UK	X		X	X	X	X	X	X
IDA			X					
International Fund for Agricultural Dev. (IFAD)	X	X						
International Monetary Fund (IMF)						X		
International Organization for Migration (IOM)					X			
Islamic Development Bank (IDB)	X	X	X					
Japanese International Cooperation Agency (JICA)	X		X	X				
OPEC	X							
Open Society Initiative for West Africa (OSIWA)				X				
PBF	X		X	X	X			
Trust Fund for Integrated Framework on Trade							X	
UNAIDS			X					
UNDP		X	X	X	X	X		X

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Donor Agency	Strategic Priorities			Preconditions for Achieving Strategic Priorities				
	Infrastructure, Energy & Transport	Agriculture	Human Development <sup>a</sup>	Good Governance <sup>b</sup>	Peace & Security <sup>c</sup>	Macro-economic Stability	Private Sector Dev.	Env. & Natural Resource Mgmt.
UNFPA			X	X			X	
UNHCR		X	X	X				X
UNICEF		X	X	X	X	X		
US Embassy	X	X	X					
USAID		X	X	X				X
WHO			X					
William and Flora Hewlett Foundation			X					
World Bank	X	X	X	X			X	X
World Food Programme (WFP)		X						

*a Human Development includes education, health, HIV/AIDS, water and sanitation, gender, youth employment, social protection*

*b Good Governance includes decentralisation, public financial management, transparency, accountability, capacity building*

*c Peace and Security includes humanitarian assistance and justice sector programmes*

*Source: UN Sierra Leone. Joint Progress Report on the Agenda for Change, 2010.*

Sierra Leone’s interesting approach, illustrated in Box 27 below, divides donor activities into two main categories: (1) strategic priorities and (2) preconditions for achieving strategic priorities.

## b) Mutual accountability

Mutual accountability refers to transparency, trust, shared responsibility, predictability, joint assessments of aid effectiveness, etc. It is one of the most important and crosscutting elements of effective development cooperation. Mutual accountability is also one of the most challenging to implement, given the sensitivities involved. Its importance is highlighted in the country reports, virtually all of which stress the value of joint assessments and more shared responsibility.

Lao PDR’s experience provides useful illustration. The Government of Lao PDR and its development partners launched the Vientiane Declaration on Aid Effectiveness to guide their partnership using the Paris Declaration as the template. Concrete expectations are set out in the section of the Lao PDR document on mutual accountability (see Box 28). The *Paris Declaration Monitoring*

## Box 28: Mutual accountability in Lao PDR

Excerpt from the *Vientiane Declaration on Aid Effectiveness* on mutual accountability:

5. Mutual Accountability: Both Government and Partners are accountable for development results.

29. The Government and the Partners will jointly carry out annual reviews on progress in implementing commitments on aid effectiveness and improved development outcomes through existing and increasingly objective country level mechanisms. They will seek to formulate appropriate indicators and (indicative) targets on aid effectiveness.

30. The Government will seek to involve the Partners in formulating and assessing progress on implementation of the national development plans.

31. The Partners will seek to provide in a timely manner accurate and comprehensive information on aid flows and programme intentions to enable the Government to present budget reports to the National Assembly and citizens and coordinate aid more effectively.

Source: [www.rtm.org.la/content/vientiane\\_declaration.php](http://www.rtm.org.la/content/vientiane_declaration.php).

Excerpt from the *Paris Declaration Monitoring Survey 2011*:

“Lao PDR is also engaged in a regional mutual accountability mechanism — The Joint Initiative on Mutual Accountability (Lao PRD, Cambodia and Vietnam). The process, supported by UNDP Regional Centre in Bangkok, is considered by participants to be a model for south-south capacity development. The three countries implemented a peer review of each other’s different experiences in mutual accountability and worked together through peer support to help identify possible solutions for overcoming current obstacles to progress. They also developed a common platform of recommendations to inform broader discussions at the global level recognizing that decisions made at international and headquarters level can determine whether or not mutual accountability can be achieved at the country level.”

Source: [www.rtm.org.la/documents/RTM\\_2011/OEC\\_DAC\\_Survey/Lao\\_PDR\\_Country\\_Report\\_28\\_March\\_2011\\_FINAL.pdf](http://www.rtm.org.la/documents/RTM_2011/OEC_DAC_Survey/Lao_PDR_Country_Report_28_March_2011_FINAL.pdf).

*Survey 2011* (Lao PDR Country Report) indicates some of the challenges the government and donors face in managing aid relations (see Box 28). An interesting development is the regional mutual accountability mechanism — the Joint Initiative on Mutual Accountability — involving Cambodia, Lao PDR and Viet Nam. This forum may serve as a model for a similar initiative in other regions.

### c) Trade in donor dialogue, needs assessments and programming

The country reports also recommend that governments and donors make a special effort to integrate trade into donor-government and donor-private sector dialogue, needs assessments and programming processes. Several suggest that trade-related activities become a permanent agenda item at both donor and donor-government roundtables and other coordination forums.

## Box 29: Moldova: Trade mainstreaming working party suggestion

“The Donor Coordination Committee is working to set a high standard. It could set up a Trade Mainstreaming Working Party with the goal of preventing overlapping and duplication. This approach would help concentrate donors’ efforts on the most critical issues of the trade mainstreaming agenda and achieve more effectively the proposed goals.”

— *excerpt, Moldova Country Report, 2011.*

## Box 30: United Nations Chief Executives Board Cluster on Trade and Productive Capacity

The United Nations Chief Executives Board Cluster on Trade and Productive Capacity was launched by Secretary-General Ban Ki-Moon in April 2008 in an effort to enhance United Nations coordination on trade-related assistance. Led by UNCTAD, the Cluster brings together 15 United Nations entities with similar views and goals on the role of trade and productive capacity-building in development assistance: UNCTAD, UNIDO, UNDP, ITC, FAO, WTO, UNEP, ILO, UNCITRAL, UNOPS and the five United Nations Regional Commissions.

The Cluster is endeavouring to change the way United Nations agencies approach trade-related aid. The Cluster has organized joint programming, joint missions and joint operations in several One-UN pilot countries. The challenge is how to transform this alliance into a consolidated coordination mechanism, given different mandates and financial structures. One key to success will be for all members to provide transparent and timely information on their field operations. This should include systematic consultations before launching operations in countries where other members have related activities. The EIF in LDCs will offer further scope for expanding joint programming and delivery of assistance. Similarly the Aid for Trade initiative, with its strong supply-side and trade infrastructure focus, will offer clear opportunities for cooperation.

*Source: [www.unctad.org/Templates/StartPage.asp?intItemID=4793&lang=1](http://www.unctad.org/Templates/StartPage.asp?intItemID=4793&lang=1).*

Dialogue and consultations should be aligned for more streamlined feedback and responses. Several reports stress the importance of consulting the private sector more thoroughly — not just associations, but individual SMEs and traders as well — during needs assessments and evaluations, in order to get a more realistic picture of trade- and business-related issues.

Establishing trade-specific working groups within existing donor-government processes is proposed in several reports. The United Nations Chief Executives Board Cluster on Trade and Productive Capacity (see Box 30) has the potential to improve coordination and joint initiatives on trade at both country and United Nations headquarters levels.

## d) Sustainability of aid programmes

Several country reports emphasize the need to strengthen sustainability to avoid situations in which successful activities end when donor funding ceases. Suggestions to address this issue include:

- more realistic programme designs
- longer programme cycles
- exit strategies that leave the activity self-sustainable
- ‘do-it-yourself’ projects in which mentoring and training are provided
- project-based training

Country reports indicate that mainstreaming would benefit from more practical Aid for Trade, focused on supporting high-impact activities linked to clearly defined country development priorities.

### 2.3.4 *Managing evaluation*

Country reports agree on the need for more effective and structured monitoring and evaluation. This includes the use of more meaningful indicators for trade-related policies and strategies, as well as for donor-assisted trade activities.

#### a) **Monitoring and evaluation in the trade policy cycle**

The importance of incorporating M&E criteria, indicators and processes in the early stages of plan, programme and project design was stressed earlier. Since a number of the problems of aid effectiveness can be traced back to poor programme design, incorporating M&E into trade and development planning and programming is a high-priority issue.

Most of the country reports recommend setting up a formal M&E structure. They suggest that monitoring and evaluation should be an integral part of both the policy process and aid programmes and that joint evaluations should take place on a regular basis. There is a general need for well-trained staff and appropriate resources, including access to reliable statistics and analysis.

During the implementation stage, regular monitoring of progress helps to pinpoint and deal with problems as they arise. The evaluation stage is dedicated to determining the degree of achievement of results, lessons learned and the extent to which good practices were followed. Many projects and plans have both mid-term and final evaluations. Mid-term assessments allow

## Box 31: Success stories and donor dependence: Sierra Leone's experience

"The Investment and Export Promotion Agency is perhaps the main institutional success story in the trade arena. With ample technical and financial support from IFC (the World Bank's International Finance Corporation), it has replaced its sleepy predecessor and delivered good results. It is now funded by the EC. Similarly, the Private Sector Adviser to the President, also funded by donors, has had good results. A third example, the Sierra Leone Business Forum — also funded by IFC, is the main coordination success story, having helped to improve government engagement with the private sector."

The big question is: are these success stories, reliant on donor funding, sustainable? Can the Business Forum raise funds through member fees? Will the government consider the Investment and Export Agency valuable enough to allocate sufficient funds for it to keep up its good work? Will the government fund the Adviser?

"National ownership of programmes is widely recognized as essential for any meaningful impact to be achieved, but this can be difficult to achieve in a context of chronic reliance on external funding. While this challenge is in no way unique to the trade sector, it is very notable there and for the purposes of this study emerged as an important factor shaping the country's post-war trade mainstreaming experience."

*Source: Sierra Leone Country Report, 2011.*

designers and implementers to refine their approaches during implementation. It is important for plans and programmes to be flexible enough to allow for such refinements.<sup>15</sup>

An efficient monitoring and evaluation system relies on appropriate indicators. The identification of appropriate indicators has proven particularly difficult in trade. The most useful indicators are measurable against baselines and implementation milestones that are clearly linked to the desired impact. Indicators should be specific rather than generic (e.g., number of training workshops held, number of people trained, etc). More appropriate indicators should be directly tied to flow-on effects: 'number of people trained who are still working in a relevant area three years hence'; 'value/volume of exports of specific products over 3-5 years'; 'number of jobs created in specific sectors over 3-5 years'; 'volume of goods traded in local and regional markets' (inside country); 'number of exporters meeting relevant ISO standards'; etc.

According to a recent OECD analysis,<sup>16</sup> evaluations of trade-related aid projects do not make specific links to trade and development. The meta evaluation "shows that evaluations of Aid

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15 UNDP's Handbook on Planning, Monitoring and Evaluating for Development Results, while prepared for internal use, is a useful guide to good practices; see [www.undp.org/evaluation/handbook](http://www.undp.org/evaluation/handbook) for more information. The OECD report *Aid for Trade: Strengthening Accountability* also discusses emerging good practices in M&E.

16 OECD. *Strengthening Accountability in Aid for Trade*, 2011.

# Mainstreaming Trade – Concept and Applications

*“Evaluation is important in a results-oriented environment because it provides feedback on the efficiency, effectiveness and performance of public policies and can be critical to policy improvement and innovation. In essence, it contributes to accountable governance.*

*The objective of evaluation is to improve decision-making at all levels. Yet its actual use has often proved to be limited, especially in relation to key policy decisions and budget reallocations.*

*... Evaluation information can be an important factor in policy formulation to improve the quality of policy intervention and in the budget process to support priorities and savings. Relevant evaluations address issues that are significant for political, budgetary, management and other strategic reasons.”*

*Source: : OECD and Puma. Best Practice Guidelines for Evaluations, 1998.*

for Trade programmes do not say much about trade and even less about the policy linkages which matter most to policymakers. Rather, the evaluations referred extensively to broad, development-related concepts, such as gender and poverty reduction, without clearly defining these terms. Moreover, the evaluations often lacked an adequate or realistic timeframe for measuring results rarely distinguishing between what was achievable in the short run and what was achievable in the long run. Consequently, the evaluations’ conclusions provide little insight as to whether Aid for Trade works and why. The failure to refer to specific trade results can be explained in part by the absence of trade-related objectives in the initial mandate of the programmes.”

## **b) Impact assessment**

An ex-ante impact assessment evaluates the potential effects that a particular policy, measure or agreement might have, in order to guide policy and negotiating decisions. Ex-post impact assessments determine the extent to which desired impacts were achieved; they also identify any unintended impacts — desirable or not.

Good practices in trade mainstreaming include analysing the potential effects of various policy options to determine which ones can achieve

the objectives in the least trade- or business-restrictive manner. Good practices in trade negotiations include analysing the potential effects of particular negotiating options in order to set appropriate negotiating positions. Understanding potential longer-term impacts of policy and negotiating options on trade, the economy, consumers, farmers, environment and other socioeconomic factors can greatly assist policymakers and negotiators in determining the national interest. Furthermore, evaluating the ex-post developmental impacts of trade-related activities is particularly valuable in terms of understanding what works and what doesn’t and why. This knowledge can be applied in subsequent policy and trade-related work.

## Box 32: Rwanda: Better understanding through better indicators

“There is a need for clearer indicators... which will measure the direct impact of trade policies and strategies on poverty... a need to develop quantifiable, measurable indicators of results, not processes like ‘number of policies passed’. Trade indicators should be substantive, e.g., employment statistics and tax revenues from exporters, SMEs involved in exports, etc. Technical assistance could help to develop baselines.”

— *excerpt, Rwanda Country Report, 2011.*

The results of impact analyses can be very useful in communicating with stakeholders. Clarifying the potential or realized impacts is crucial in raising the profile of trade and ensuring that policymakers and international partners ‘think trade’ when they are devising national and sectoral development plans and strategies.

### 2.3.5 Gender mainstreaming

All the country reports reveal that women and other vulnerable groups (e.g., informal traders, micro and small entrepreneurs, marginal farmers, migrant workers, youth, children, disabled, etc) are either ignored or included in a very limited manner in trade-related policy planning, implementation and review. This participation gap is symptomatic of the fact that trade’s contribution to development continues to be seen primarily in the context of economic growth on the premise that ensuing growth gains will automatically provide developmental benefits for all.

The country reports highlight the need for effective institutional mechanisms (with possible legal back-up) and capacity-building strategies to secure the genuine, equitable and sustainable engagement of women and other vulnerable groups. Their needs should be fully reflected at all levels of the trade mainstreaming process and each stage of the trade policy cycle.

Engagement needs to be sustained throughout the whole policy cycle, from the early phases (diagnosis, formulation, negotiation) through implementation and monitoring and evaluation. This is essential to avoid so-called ‘adding-on’ scenarios whereby issues related to gender and vulnerable groups are after-thoughts and ‘evaporation’ scenarios whereby results of consultations fail to translate into concrete measures in trade development policies, plans, laws and agreements.<sup>17</sup>

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17 United Nations Inter-Agency Network on Women and Gender Equality (IANWGE): [www.un.org/womenwatch/feature/trade/Implementing-Gender-Responsive-Trade-Policies-Obstacles-and-Good-Practices](http://www.un.org/womenwatch/feature/trade/Implementing-Gender-Responsive-Trade-Policies-Obstacles-and-Good-Practices).

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Specific recommendations include fully mainstreaming women's needs in trade policies (Congo, Sierra Leone), training trade officials on gender issues (Mauritius, Nigeria) and including gender and social issues in trade policy impact assessments and evaluation frameworks (Rwanda, Uruguay). However, meaningful participation is really the key. In this regard, the country reports

## **Box 33: Mainstreaming gender into trade policy: a review of country experiences**

Rwanda's Gender Monitoring Office (GMO) is starting to address some of the 'inclusiveness' weaknesses in trade policies and in the policymaking process. According to the report, the GMO has been instrumental in mainstreaming gender issues in all key government policies and strategies. During policy and strategy development, the GMO has the opportunity to comment on all drafts before they are finalised; it can propose changes to ensure that gender issues are addressed. For example, the Trade Policy and the National Export Strategy both contain actions to ensure gender mainstreaming.

"Within M&E systems, Rwanda needs to include indicators that will measure the effective mainstreaming of gender as well as the impact of trade policies and strategies on vulnerable groups in society."

— *excerpt Rwanda Country Report, 2011.*

Congo's Government has good gender representation in key trade institutions. For the past decade the Trade Minister has been a woman and women occupy key posts in the Ministry, including the Congo Foreign Trade Centre. However, there is still a long way to go. Congo's women's groups (e.g., Women Parliamentarians, Women CEOs, etc) are not well represented in official trade policy coordination processes and female traders still suffer from discrimination. The report recommends giving these issues some prominence in the PRSP 2011-13.

— *excerpt Congo Country Report, 2011.*

"Nigeria's trade negotiators...should be trained to understand the gender implications of national positions and to ensure gender fairness in agreements. There should also be gender balance in trade negotiator training. Female researchers should be encouraged to take more interest in gender issues and undertake research that would feed into national development policies and inform trade policy issues".

— *excerpt Nigeria Country Report, 2011.*

For Mauritius, "the most effective way (to promote gender inclusiveness) would be through greater involvement of NGOs and women organizations in the discussions. They will need education and capacity-building in order to have an effective role".

— *excerpt Mauritius Country Report, 2011*

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stress the need for a two-pronged capacity-building strategy. This would include: (1) officials with primary responsibility for trade issues enhance their understanding and ability to deal with gender and social inclusion and (2) representatives of other government bodies, the private sector, and, critically, organizations representing the interests of women and vulnerable groups strengthen their understanding of complex and rapidly evolving trade issues and their advocacy and networking skills.

A key factor in successfully mainstreaming gender into trade policymaking in Rwanda and Uganda is high-level, sustained political commitment to promote gender equality, a principle embedded in the constitution in both countries. This commitment has led to the establishment of consultative, partnership-building and mutual accountability mechanisms to underpin gender mainstreaming and gender equality (i.e., Rwanda's Gender Monitoring Office and Uganda's multi-stakeholder team to elaborate the National Export Strategy).

*Gender mainstreaming is the process of assessing the implications for women and men of any planned action, including legislation, policies or programmes, in all areas and at all levels. It is a strategy for making gender-related concerns and experiences an integral dimension of the design, implementation, monitoring and evaluation of policies and programmes in all political, economic and societal spheres so that women and men benefit equally and so inequality is not perpetuated.*

*Source: UNDP. Handbook on Planning, Monitoring and Evaluation for Development Results, 2009.*

# Key Lessons for Mainstreaming Trade



Trade negotiators at work at the WTO. Photo credit: WTO.

## KEY LESSONS FOR MAINSTREAMING TRADE

The previous chapters analyzed the concepts of trade and human development and the challenges of integrating trade into policymaking, planning and implementation, drawing on the 14 country case studies and other experience. This chapter sums up the key findings and lessons learned, and provides recommendations focusing on the priority actions that will optimize trade mainstreaming throughout the policy cycle and at the policy, institutional and international cooperation levels.

### 3.1 Findings and lessons learned

**Policy processes.** Mainstreaming trade at the policy level means integrating trade into national and sectoral visions, development policies and strategies. It also means enhancing understanding and awareness of how trade can contribute to the broader good, and raising the profile of trade in national policy discussions including through engagement of stakeholders. Achieving this requires leadership, political will, effective institutional frameworks, strong analytical skills, planning and management capacities and coordination. This is not a new message — many observers have emphasised these mainstreaming ‘basics’ for some time. Although some progress has been noted (e.g., in public-private sector consultation and in getting trade into more poverty reduction strategies and national development plans), these requirements are still the main challenges.

The country reports highlighted the following key issues and lessons learned at the policy level.

- Trade’s contribution to development continues to be seen primarily in the context of economic growth, on the premise that trade expansion will engender economic growth, which in turn will provide developmental benefits for all. However, trade on its own cannot deliver development objectives; rather, a host of complementary policies and actions are required along with the right sequencing. Hence the need to sensitize stakeholders to the complex relationship among trade, growth and human development and the need to strategically use trade along with other policies to achieve development objectives.
- Countries with strong private sector input into trade policymaking tend to score higher in international rankings on Doing Business, Competitiveness, Corruption Perceptions, Human Development, etc. (see Annexes 1 and 5). Among the countries surveyed for this report, Chile and Mauritius — both with strong private sector participation in policymaking — consistently score among the top 30 percent in several of these indexes.
- Trade negotiations at bilateral, regional or multilateral levels provide an opportunity to integrate trade more proactively into national policies. The heightened profile of trade

# Key Lessons for Mainstreaming Trade

policy issues during these negotiations makes it possible to address related issues including complementary policies. This requires careful analysis of how trade policies can help to meet broader development objectives to ensure the national-interest is maintained during negotiations.

- There is no 'one size fits all' trade-and-development template; each national and sectoral policy and strategy must be tailored to a country's particular circumstances. Policymakers and planners must work together to determine the appropriate policies for achieving national objectives. This requires working backward from the desired impact to see what actions will deliver it and working forward to set milestones, targets and indicators.
- Analysis should take a front-line role in policymaking, backed by reliable statistics and data to set measurable baselines, realistic targets and progress indicators. National Statistics Offices need to develop reliable systems to collect and manage the necessary data.
- Impact assessments should be undertaken as a matter of course: both ex-ante, to assess the effects of particular policy options and ex-post to evaluate the impacts after implementation. This will help to contribute evidence that policymakers and decision-makers need to set priorities for action and funding and to replicate success.

**Institutional arrangements.** Experience shows that trade mainstreaming works best when appropriate institutional frameworks exist. Here, too, there is no 'one size fits all' solution; each country should design its institutional set-up to meet its particular needs, objectives and capabilities. As mainstreaming requires a dynamic, systematic approach, it is crucial to have proactive leadership, solid management systems and skills and effective and efficient mechanisms for coordination within government for stakeholders' engagement. The private sector and civil society on their part need to be well organized and to provide constructive input. Some of the key issues and lessons learned on consultation and coordination are:

- Many government departments and entities have trade-related responsibilities and activities. Ideally, they should ensure that their policies and strategies are consistent and appropriately sequenced with other national, sub-national and sectoral interventions and with international commitments. However, achieving such consistency is a major challenge for all governments. The country case studies emphasise that effective coordination is required and many recommend a formal structure, focal points and strengthening management and planning skills.
- The case studies also emphasise the importance of engaging a broad range of parties with a stake in the outcomes. While trade-related consultations now tend to involve the private sector more regularly, they rarely include civil society and vulnerable groups. The reports recommend the need to address this deficiency.

- In terms of management capacities, the country reports stress that trade institutions need to become more results-oriented, with strong focus on implementation. They recommend adoption of management performance systems including monitoring and evaluation. Several country reports identify a national trade policy or strategy with clear trade-and-development linkages and goals as necessary to provide the context for such systems to work.

**International cooperation.** International development partners have an important role to play in facilitating mainstreaming trade not only at the national but also at regional levels. But donors need to improve their own practices concerning respect for recipient country ownership, alignment of their assistance with beneficiaries' priorities and better coordination among themselves. By pursuing coherent development assistance and trade policies, bilateral partners can unblock some of the current limitations in their own markets on the trade opportunities of developing countries. Some of the key lessons with respect to international cooperation follow.

- Government ownership has improved in line with rising awareness and expectations of Paris and Accra Principles. However, more needs to be done to put effective management practices in place and ensure that national ownership is fully realised.
- While the Aid for Trade initiative has raised interest in trade among both donors and governments, trade is still inadequately integrated in development assistance programmes.
- The country case studies suggest that mutual accountability remains a major issue and considerable effort by both governments and donors is required to develop the necessary transparency and predictability.
- Some of the country reports raised the issue of donor dependence and successes that disappear when donor programmes come to an end. Both donors and beneficiaries need to focus on sustainability from the beginning and ensure that project cycles are long enough and programme design is flexible enough to deliver sustainable results. Assistance should be designed to help people 'do it yourself' over the long term.

### 3.1.1 *Priority areas and recommendations*

Trade mainstreaming is a continuing process and goes well beyond a chapter in a national development or sectoral plan. For mainstreaming to succeed, trade-and-development priorities must be translated into action. This calls for leadership and effective management by the lead trade agency. A proactive attitude is required to raise awareness and engage stakeholders. The

# Key Lessons for Mainstreaming Trade

country case studies suggest that structured and permanent mechanisms for consultation and coordination are generally more effective than ad hoc arrangements.

The country reports emphasize the importance of addressing human, financial and technical capacity constraints. Strong country ownership—a precondition for successful trade mainstreaming and effective dialogue with donors—is partly a function of capacity and partly a function of institutional arrangements. Assistance should target meaningful participation of stakeholders in the policy process, including implementation and review. The country reports underscore the importance of taking action to motivate and retain talent and build effective trade institutions.

## 3.2 Priority actions

This report recommends five priority-action themes primarily addressed to developing country governments to help mainstream trade and achieve positive impacts on poverty reduction and human development. These are:

1. Build awareness and understanding of trade's contribution to development on an ongoing basis.
2. Provide evidence of results through better monitoring and evaluation.
3. Institute inclusive and structured engagement of stakeholders to facilitate policy and programme coherence, relevance and ownership.
4. Implement a strategic, coherent and results-oriented approach to management, planning and communication.
5. Follow-through with mainstreaming trade priorities.

### 3.2.1 *Build awareness and understanding of trade's contribution to development on an ongoing basis*

- a. The lead trade agency should encourage and facilitate evidence-based analysis of trade policies. Analysis can be undertaken internally, commissioned to outside experts or both: undertaking analytical work presents a good opportunity to engage local research institutes and universities and build capacity for home grown research and analysis.
- b. The lead agency for trade should develop a communication outreach strategy to raise and sustain awareness and understanding of trade and its contribution to development

goals. This will contribute to mainstreaming trade by enhancing a better understanding of the issues. The outreach effort should clearly identify audiences, media and messages.

- c. Consideration should be given to establishing regional trade research networks similar to the Asia-Pacific Research and Training Network on Trade (ARTNeT; see chapter 4), to build local capacity to produce high-quality trade-related research that is useful for both policymakers and stakeholders.

### *3.2.2 Provide evidence of results through better monitoring and evaluation*

- a. Governments and stakeholders need to place stronger emphasis on monitoring and evaluation. This requires that base lines, criteria and indicators should be integrated into the early stages of policy, strategy, programme and activity planning. This will enhance the chances of greater impact and relevant measurability. Evaluations of results, impact and lessons learned should feed back into policy and programming cycles. While this is standard good practice, a more deliberate, systematic approach and adequate resources are required for it to become a common practice.
- b. Some of the country reports propose that Statistics offices' capacity for gathering, compiling and disseminating relevant data needs to be enhanced.

### *3.2.3 Institute inclusive and structured engagement of stakeholders to facilitate policy and programme coherence, relevance and ownership*

This action area concerns whole-of-government coordination and engagement with stakeholders and development partners.

- a. Governments should put in place permanent trade consultation and coordination mechanisms, under the lead trade agency. In some cases, legislation may be necessary to make consultation, including inter-ministerial coordination, a regular feature of government operations.
- b. Consultation and coordination mechanisms should be as inclusive as possible encompassing the private sector, civil society, women and other vulnerable groups, etc.
- c. Trade-related issues should be included in consultations between governments and development partners not only to underscore government prioritization but to also to elicit predictable support.

# Key Lessons for Mainstreaming Trade

## 3.2.4 *Implement a strategic, coherent and results-oriented approach to management, planning and communication*

- a. A national trade policy or strategy could help prioritize options and choices. The objective would be to outline clear trade and development linkages and goals, national, sectoral and regional priorities as well as time-bound and costed action plans.
- b. As mainstreaming requires a dynamic and systematic approach, it is crucial to have in place appropriate management systems and skills and effective mechanisms for coordination and consultation. In relation to management, the country case studies stress that trade institutions need to become more action and results-oriented and focus on the timely implementation of policies, strategies and activities. They recommend adoption of results-based management and performance systems, strategic planning and systematic follow up. Several country reports identify a national trade policy or strategy with clear trade-and-development linkages and goals as necessary to provide the context for such systems to work.

## 3.2.5 *Implement and follow-through on mainstreaming trade priorities*

- a. Trade mainstreaming must be proactive and action-oriented in order to succeed. A conscious effort to achieve timely and sustainable implementation of policies and strategies is required.
- b. Identifying high-level champions to drive the mainstreaming effort can significantly contribute to whole-of-government action on mainstreaming trade. Such champions should receive the necessary authority and resources and be accountable for achieving the desired results.



# How to Mainstream Trade: A Practical Guide



*Electric power grid in Iraq. Energy availability has been identified as a 'binding constraint' on trade in many developing countries.  
Photo credit: UNDP.*

## HOW TO MAINSTREAM TRADE: A PRACTICAL GUIDE

This chapter offers practical tools and checklists that can be used as needed to implement good mainstreaming trade practices. This chapter is organized into eight headings.

1. Building awareness and understanding of trade and its contribution to development.
2. Communicating trade policies.
3. Engaging with stakeholders.
4. Enhancing the profile and effectiveness of trade institutions.
5. Enhancing the credibility of trade institutions and trade strategies.
6. Setting pragmatic targets, milestones and indicators.
7. Using monitoring and evaluation to mainstream trade.
8. Developing trade-related indicators.

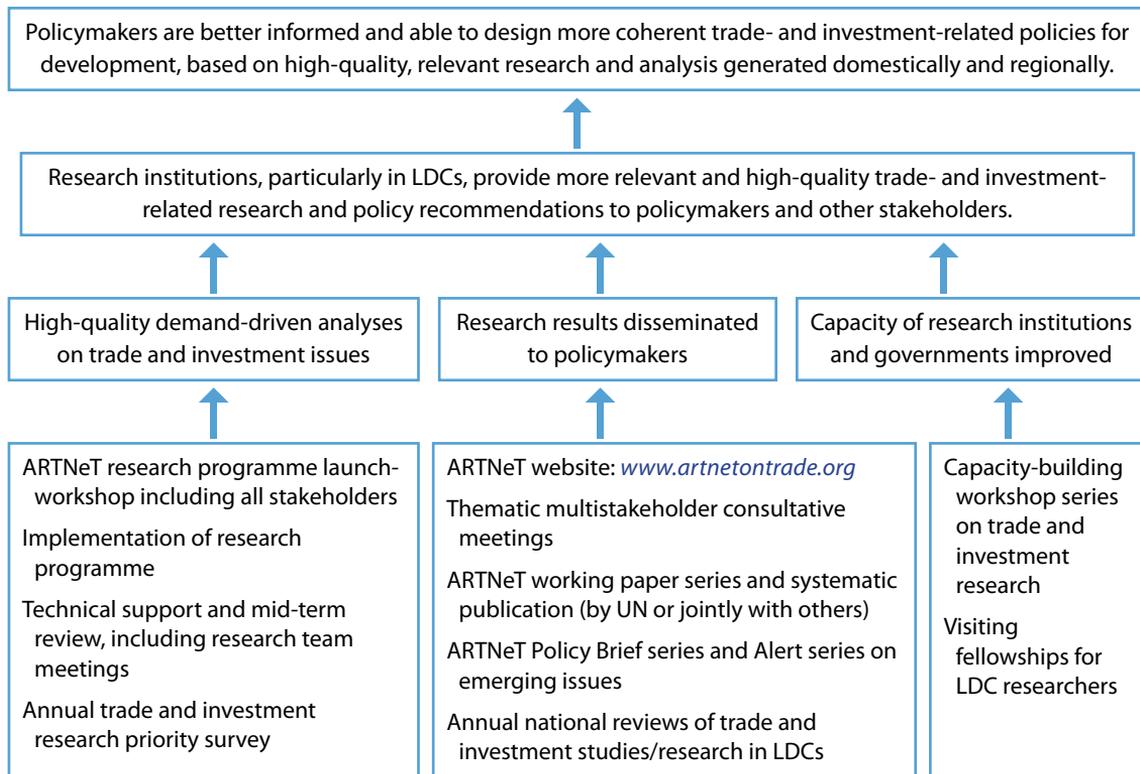
### 4.1 Building awareness and understanding of trade and its contribution to development

Enhancing awareness and understanding requires good analysis and good communication. Rigorous analyses of how trade can contribute to sectoral and national development goals, including poverty reduction and human development impacts provide the basis for engaging stakeholders. Evidence-based analysis of trade policies can be undertaken internally, commissioned to outside experts or both. This presents a good opportunity to engage local research institutes and universities on trade issues. Academia, research institutes and universities are an important potential source of new ideas and thinking. They can advocate and disseminate work locally and regionally and become drivers for knowledge platforms, data banks and communities of practice.

In addition to commissioning analyses, trade and planning agencies can sustain and support academia's contribution on trade issues by:

1. Providing easy access to information, people and fora, so that academics and researchers can secure and exchange information, analysis, data and expertise.
2. Organizing web-based and other activities with academia/business to stimulate debate on emerging issues.
3. Collaborating on creative ways to collect and analyse missing data.
4. Creating a database of reputable academic and research entities and experts to facilitate ongoing interaction and engagement.
5. Facilitating dissemination of analyses and other information.

**Figure 4: Overview of the Asia-Pacific Research and Training Network on Trade (ARTNeT) objectives and approach**



Impact assessment studies constitute a good tool to evaluate the implications of particular trade policy reforms, agreements, etc. The results of such analyses are useful in determining policies, in negotiations and also in facilitating inter-departmental coordination. Annex 4 compares various impact assessment tools that can be used by governments, private sector and civil society, including the Human Development Impact Assessment of Trade Policies (HDIA) developed by UNDP.

Capacity to conduct analysis can also be found in regional research centres and institutes. In recent years, certain donors<sup>18</sup> have given priority to the development of regional and national trade analysis capacity. ARTNeT — with the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) acting as its Secretariat — is one such programme that has made an impact in Asia. Figure 4 visualizes the approach of ARTNeT.

<sup>18</sup> For example, Canada’s International Development Research Centre (IDRC).

Other relevant programmes are the Trade Knowledge Network ([www.iisd.org/TKN](http://www.iisd.org/TKN)), the Africa Knowledge Network Forum of the Economic Commission for Africa ([www.uneca.org/aknf/about/index.htm](http://www.uneca.org/aknf/about/index.htm)) and trade courses at LDC universities. These programmes educate current and future trade experts, support research to inform policymaking and mentor in policy advocacy. Like ARTNeT, they need further support to strengthen the human resource base, reinforce institutional anchoring and address funding sustainability.

## 4.2 Communicating trade policies

Many of the country reports called on the lead trade agency to develop a communication strategy to disseminate information and build awareness and understanding of trade issues, including mainstreaming trade. A typical communication outreach effort would:

1. Define priority communication issues and challenges. This involves image building, constructing core messages, targeting key groups, engaging and enlisting stakeholders, information dissemination, instituting strategic communication as a part of normal work, etc.
2. Articulate the objectives of the communication strategy and state the desired impact and results. For example, heightened visibility and profile of the trade lead agency and the trade agenda. Increased budget allocations, better trade performance, higher employment due to trade activities, etc.
3. Define the target groups and prepare relevant analyses and strategy recommendations for each. The main target groups are likely to include policymakers, parliamentarians, private sector, civil society, academia, donors and media.
4. Determine the best communication products, services and activities that are needed to implement the communication strategy and consider which will have the greatest impact.
5. Define a web strategy — using a website and other new technologies — to disseminate messages and gather information and views.
6. Outline success factors: identify the basics that need to be in place to make the strategy happen, e.g., political and institutional will, resources, results, etc. and take steps to address weaknesses and refine the overall strategy accordingly.
7. Develop an implementation action plan. This will contain targets, milestones and indicators; delineated timeframes, roles and responsibilities and resource requirements. The plan should be pragmatic and manage expectations
8. Monitor progress and allow for refinement of the communication strategy on a regular basis.

# How to mainstream trade: a practical guide

Highly targeted, issues-based communication using a mix of traditional tools and innovative technologies constitute best practice. Such a mix offers an efficient and effective way of reaching specific constituencies and meeting their information needs.

## Tools for enhancing understanding and awareness of trade policy\*

### Tools and mechanisms for disseminating information and building awareness

- Dedicated trade website with documentation on trade policy, agreements, rules and regulations and issues. Many countries have state-of-the-art trade websites. It is important to keep them up to date and use them as a strategic tool.
- Regular briefings for government decision makers, including parliamentarians (involving outside experts as well).
- Targeted newsletters (email, website) outlining developments in trade negotiations and government positions.
- Regular press releases and briefings to journalists; develop a corps of journalists who understand trade issues.
- Regular op-ed articles and newspaper, radio and TV interviews by ministers and senior officials.
- Workshops to discuss findings of research on the impact of trade liberalisation.
- Workshops for officials from all ministries involved in negotiations and implementation of commitments.
- Trade policy and trade negotiation courses at universities, with senior trade officials as guest lecturers.

### Tools and mechanisms for consulting, collecting views and responding to questions

- Database of stakeholders and key target groups, regularly updated and renewed.
- Website with links for feedback.
- Hotline staffed by knowledgeable, front-line officers.
- Surveys to collect information on trade barriers from exporters and importers.
- Public discussions and hearings around the country on specific issues (town hall meetings).
- Requests for submissions and feedback on key negotiating and trade facilitation issues, processed through business and industry associations and followed up proactively.
- Newspaper advertisements and articles calling for inputs on specific policy issues and referring people to the trade website.

### Traditional tools and mechanisms

- Telephone, email, letter and intranet.
- Brochures and fact sheets.
- Publications and reports in hard copies, CDs, flash drives and downloadable files.

- Information notes, policy briefs, newsletters, annual report and conference reports.
- Meetings, seminars, symposia, lectures, launches, exhibitions and fairs.
- Press conferences, press briefings, press releases, interviews and articles.
- A simple website with secondary portals.

## New tools and mechanisms

- Websites with all the latest communication tools.
- Multipliers: engage and enlist partners (e.g., business, women's groups, and youth) in awareness-building and advocacy.
- Online fora for debating issues (web-based interactive activities to stimulate debate on hot issues).
- Webcasting and video-conferencing (e.g. press briefings from the office or remote locations).

## Issue-management tools

- Write, publish on various websites and disseminate widely: Issues Briefs (1-2 page easy-to-read articles on selected trade and development issues; give lead agency views and include hyperlinks to relevant projects, events and studies).
- Create a series of Issues e.g. "Everything you have always wanted to know about...." to address specific awareness and knowledge gaps and to debunk myths.
- Create online multimedia information packages (for the media, students, academics, etc.).

\* Source: Spear, *Communicating Effectively*, 2009.

## 4.3 Engaging with stakeholders: consultation and coordination

Consulting and — especially — engaging a broad range of parties with a stake in the outcomes is a vital part of the trade policy cycle. Each stakeholder can potentially provide valuable inputs and help identify overarching priorities and fill information gaps.<sup>19</sup> National stakeholders include all relevant government agencies, the private sector, civil society, academia, women, labour, youth, farmers and vulnerable groups.

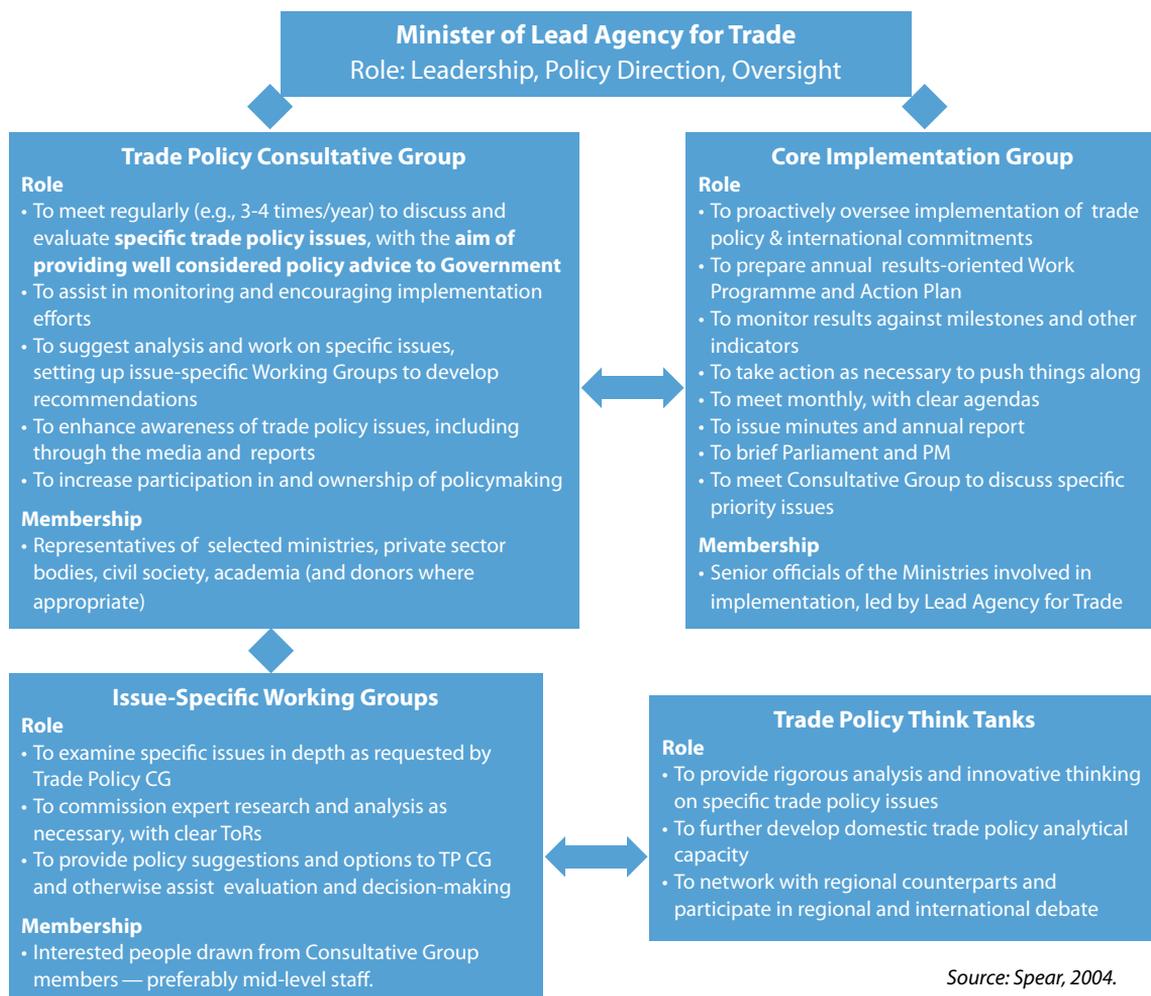
Many of the country reports recommended formal structures for consultations and coordination. Some suggested that numerous mechanisms had been tried over the years and did not work for a variety of reasons (e.g. too formal, too ad hoc, too high level, too many meetings, not enough measurable results, not enough focus on action, not enough political will, not enough representation, etc.). Several reports concluded that legislation was required to make consultation mandatory including with women and vulnerable groups. However,

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<sup>19</sup> Commissioning academics, research institutions, business associations and civil society organizations to do analyses can be an additional way to collect views, as they can do some of the consultation as part of the analytical process.

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**Figure 5: Trade policy consultation and coordination framework**



Source: Spear, 2004.

even if legislated, the consultation effort must focus on results from the beginning. Success factors include strong leadership, a legal framework and action plans setting out clear roles, responsibilities, timeframes and desired results.

Figure 5 presents an example of a framework for engaging stakeholders. Such a framework should be directed by an official with decision-making authority, supported by a small group of high-level executives who will delegate work on specific pressing issues to results-oriented working groups comprised of relevant stakeholders. Work plans should be time-bound and focus on finding innovative, yet realistic and sustainable solutions to key issues and bottlenecks.

Within this framework, the Implementation Group would focus primarily on inter-departmental coordination to execute trade policy decisions. Its work plan would largely centre on legal requirements, such as international agreements, legislation, regulation, enforcement, etc. The Consultative Group would focus on analysis, monitoring and recommending action through an inclusive, participatory process. The Consultative Group could establish technical working groups to address priority issues, for example:

1. Develop a multi-stakeholder awareness-building campaign for trade mainstreaming and/or a national trade strategy.
2. Conduct an audit of education and training needs in consultation with industry, the professions and educational institutions.
3. Explore how professional and industry associations could play a stronger role in improving and assuring quality standards, enforcing codes of conduct, delivering trade development services, etc.
4. Explore how an FDI policy could be implemented to ensure technology and skills transfer.

Continuous engagement should lead to long-term partnerships. Effective consultation requires time and resources. It is a two-way street. Governments sometimes find it difficult to obtain useful information from trade stakeholders. The private sector must also do its part. It is in its interest to highlight private sector priorities for trade and business policy and to offer constructive solutions for improvements.

As an example, the following steps promote stakeholder engagement in preparation for trade negotiations:

1. Identify the direct stakeholder (e.g., business, importers and exporters, investors, farmers, labour unions, relevant government agencies) and the indirect stakeholders (e.g., civil society organizations, academia).
2. Prepare/commission analysis of the economic, trade and social impact of different negotiating scenarios, in line with development plans and goals.
3. Based on research and preliminary feasibility and impact assessments, prepare background material related to the proposed free trade agreement and proactively alert key stakeholders to it.
4. National interest and the trade-development links should feature in all briefings and materials.

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5. A list of responses to 'Frequently Asked Questions' could also be prepared and uploaded to the ministry website, if available.
6. Issue press releases and hold media briefings on the proposed negotiations.
7. Provide briefings for business associations, farmers groups and relevant government agencies (individualized briefings focused on particular interests are most effective). Use these briefings to gather preliminary comments and inputs. Encourage industry and other associations to 'speak with one voice' if possible. Also encourage them to fully involve provincial members.
8. In provinces, an efficient approach can be to invite stakeholders to town hall meetings and allow ample time for questions and answers.
9. Follow up with key business groups and government agencies, actively encouraging them to provide input. It is important to talk to both the experts and the potentially most-affected parties individually when possible, for a good balance of sectoral and product-relevant inputs. This is a good point to get input on government agencies' capacity to implement potential commitments. This will affect the design of negotiating positions.

## Seven principles for good practice in policy consultation\*

1. **Timeliness**— Consultation should start when the policy objectives and options are being identified. Throughout the consultation process, stakeholders should be given sufficient time to provide considered responses.
2. **Continuity**— Consultation should be a continuous exercise starting early in policy development.
3. **Targeting**— Consultation should be widely based in order to include the diverse stakeholders affected by proposed changes. This includes the private sector, civil society, relevant government departments and agencies, sub-national and local governments, etc.
4. **Accessibility**— Stakeholder groups should be alerted to the consultation and fully informed on the proposals via a range of means appropriate to each group.
5. **Transparency**— Lead agencies should explain clearly the objectives of the consultation process, the objectives and means of the policy changes, etc. At the end of the process, they should provide feedback on how they have used the input. People want to see how their comments are reflected in policy (or negotiations).
6. **Consistency and flexibility**— Consistent procedures and structures make it easier for stakeholders to participate. However flexible, consultations should fit the context of the proposal under consideration.
7. **Evaluation and review**— Agencies and stakeholders should evaluate each consultation process in order to make future exercises more effective.

\* Adapted from [www.finance.gov.au/obpr/consultation](http://www.finance.gov.au/obpr/consultation) and other good practice guides.

## Responsibilities of Trade Focal Points

- Serve as the point of contact for managing routine trade-related communication.
- Receive information and disseminate it to the right people.
- Collect responses when necessary.
- Monitor trade-related developments in the department, association and donor organization.
- Send information and questions to other focal points or the lead agency for trade.
- Sends quick responses to questions from trading partners channelled through enquiry points and other official gateways.
- Represent the department/association in regular focal point meetings, training sessions and networking events.
- Serve as the non-trade agencies' repository of access to trade-related information.

10. Develop offensive and defensive negotiating positions with the national interest as the bottom line. (Clear ownership of and commitment to the national interest in negotiations can help deal with pressures by vested interests. This, however, is a political issue. Hence the importance of having direct lines of communication to key agencies and to the highest levels of government.)

11. The consultation process goes on at various levels during the whole negotiation, but from this point on, inter-departmental coordination process becomes equally if not more important.

## 4.4 Enhancing the profile and effectiveness of trade institutions

The analysis, communication and coordination strategies described above can contribute significantly toward improving awareness and understanding. Achieving this, however, is a matter of planning and implementation. For mainstreaming to work properly, there must be a 'leader': an agency or a function that assumes responsibility for driving and coordinating the mainstreaming agenda. The role of the lead agency for trade in planning and implementation is essential.<sup>20</sup>

Institutional set ups differ from country to country. There is no 'right' model: each country should organize its trade functions in line with its specific needs, objectives and capabilities. Table 2 indicates the typical allocation of responsibilities and some related good practices.

An efficient, motivated and permanent **trade focal point** in each relevant government agency, business association, major donor and civil society partner can add significant value to

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<sup>20</sup> In this report, the term 'lead agency' refers to an institution, or a function within an institution.

**Table 2: Relationships among trade-related functions**

Function / activity	Illustrative sharing of responsibilities	Comment
<p><b>Trade policy analysis, formulation, review</b></p>	<p>Lead agency for trade, in consultation and coordination with the Policy and Planning Agency and Finance Ministry, with the assistance of a mechanism to consult stakeholders, coordinate government input and seek analysis and advice from outside experts</p>	<p>The lead trade agency must coordinate closely with the Policy and Planning Agency, the Finance Ministry and, often, the Ministry of Foreign Affairs, depending on their relative involvement in trade matters.</p> <p>Since policy analysis, formulation and review can be a painstaking process, often involving quite technical investigations and interpretations, it is recommended to commission objective outside experts and involve them in evaluating options and conducting regular reviews.</p> <p>Given the crosscutting nature of trade, it is important to involve all relevant stakeholders in policy formulation and review, including ongoing trade negotiations. This includes other government departments (virtually all have a stake in trade in one way or another), private sector bodies and individuals, women entrepreneurs and other relevant women’s groups, labour, youth, civil society organisations, academia, etc.</p> <p>A formal consultation/coordination mechanism is invaluable, since trade policy-related management and improvement is an ongoing activity.</p>
<p><b>Trade policy implementation</b></p>	<p>Lead agency for trade and other government agencies, with Planning Agency and Head of Government oversight</p>	<p>Implementation requires effective leadership and management skills, a solid understanding of negotiating history and an appreciation of other departments’ priorities. Well trained focal points can help to institutionalize such a system.</p>
<p><b>Trade negotiations</b></p>	<p>Lead agency for trade, with Ministry of Foreign Affairs</p>	<p>This requires a well oiled consultation and coordination mechanism, as mentioned above.</p>
<p><b>Trade development and promotion</b></p>	<p>Lead agency for trade, with Ministry of Foreign Affairs ‘door-opening’ abroad and/or semi-government trade promotion or trade and investment promotion entity and/or private sector entity</p>	<p>Ideally, the private sector (e.g., a business association or trade chamber) should also play an important role in trade development, such as export promotion services (for example, contacts with potential buyers, trade fair participation, networking, market studies, quality assurance, etc.).</p> <p>Many countries have semi-autonomous trade promotion entities, or trade and investment promotion entities.</p> <p>Sometimes all have a role and then it is important to coordinate to avoid fragmentation and duplication.</p>

communication and coordination efforts. To be effective, focal points should be at the working level and have a clear role endorsed and actively supported by the head of the respective agency. In some countries, this may require a legal decision. The lead trade institution should train, support and continuously engage the focal points.

## 4.5 Enhancing the credibility of trade institutions and trade strategies

Strategic planning and good management are major factors in establishing the credibility of trade institutions and the policies or strategies they implement. Many trade agencies have found it useful to articulate through a trade policy or strategy how they will contribute to meeting the

### Checklist for enhancing credibility of trade institutions and strategies\*

- *Build profile and image.* Publicize ‘wins’, get on the front page of media or technical journals; build credibility by commissioning and publicizing quality analysis; become the trade policy opinion leader.
- *Articulate core trade policy messages.* Show how trade can help to achieve development goals; showcase successes regularly; proactively use multipliers and outside experts; prepare and market a comprehensive National Trade Strategy or Trade Policy White Paper.
- *Proactively reach out* to key constituencies and stakeholders to better understand and meet their needs. Build credibility through active and consistent engagement, transparency and results.
- *Encourage dialogue, cooperation and coordination.* Invite input, feedback, frank exchanges of views; establish Trade Focal Points; conduct outreach and joint activities both internally and externally; reward cooperation — show people how their input was used.
- *Provide easy access.* Ensure transparent, user-friendly gateways to reach information and people.
- *Highlight relevance and implications of policies and decisions for specific groups and sectors.*
- *Approach donors strategically, with good proposals.* Requests for assistance should emerge from the trade agency’s strategic planning process and focus on addressing priority needs. Donors are more likely to entertain requests that are linked to a well-defined plan with clear objectives. They prefer specific proposals incorporating timeframes and costing.
- *Facilitate more effective donor coordination.* Some governments are now adopting a more strategic approach, including assessing what assistance they need in order to meet objectives, presenting this to donors at an annual meeting to seek expressions of interest and then following up with formal proposals. This is more efficient than sending proposals to all and sundry and receiving advice from all and sundry.

\* Spear, *Effective Communications, 2009*; *Rethinking Technical Assistance for Greater Impact, World Trade Brief, 2005.*

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nation's development needs, uphold the national interest, implement international obligations and facilitate a trade-conducive business environment. A trade policy or strategy provides not only a basis for future activities, but also serves as a valuable communication, planning and coordination tool.

The Trade Policy can at first take the form of what is known as a **White Paper** in some countries, i.e. a 'declaration of intent' in which the government commits itself to a clear policy and the actions that go with it. In some cases it follows what in some countries is a *Green Paper* i.e. 'ideas floated to launch a consultation process', prior to the preparation of the White Paper. A White Paper can vary from a summary statement of a government's policy position to a detailed and well argued policy document designed to activate a government agenda and provide a comprehensive basis for future decision-making.

A **National Trade Strategy** can follow on from a White Paper. It comprises the strategic planning that takes the policy from intent to action. Whatever route is taken to prepare the national trade strategy, it is necessary to combine policy analysis and strategic planning. A typical national trade strategy would respond to the following four questions:

- *Where do we want to be in 5-7 years?*
- *What do we need to do to get there?*
- *How are we going to do it?*
- *How are we going to measure it?*

## Competitive success factors

A good trade strategy will evaluate capabilities\* in terms of capacity to satisfy the following success factors:

- *Responsiveness* (reliability and flexibility).
- *Consistency* (quantity, quality, value for money, predictability and reputation).
- *Understanding customers' evolving requirements* (communication, expectations and perceptions).
- *Tailoring goods and services to meet customers' needs* (commitment and flexibility).
- *Innovation* (creative thinking, research and development (R&D), marketing, differentiation, keeping up with latest developments).

In fact, these 'success factors' are universal — they can apply equally to companies, government agencies, business associations and donor organizations.

\* *Capabilities include human resources; systems, processes, technology; physical assets/endowments; financial resources; etc.*

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A common mistake is designing a national trade (or export) strategy that is either too broad (in essence a ‘wish list’), or too narrow (a few sectors in isolation). Instead, what is needed is a thorough analysis of supply, demand, capabilities and impediments, with solutions and timeframes tailored to the country’s conditions. This analysis should lead to a set of actions prioritized by impact and capacity to deliver over the short, medium and long term. Action plans should ideally be step-by-step guidelines toward achieving milestones that lead to desired results. M&E criteria and indicators should be built in up front.

A basic trade strategy would have the following elements:

1. *Objectives and vision* aligned to national development goals.
2. *Priority issues to be addressed*— issues that will have the most impact on maximizing strengths and opportunities, improving capabilities and competitiveness and overcoming weaknesses and obstacles. The list should not be long; it is best to focus on a few high-impact priorities, monitor their progress and refine the strategy accordingly.
3. *Action Plan* (prioritized by potential impact and capacity to deliver). A typical trade action plan would address improvements related to capabilities (organisational structures, resources, endowments, etc.) and competitiveness (impediments to business and trade development, sectoral initiatives, innovation, etc.). It would set out activities, milestones, targets, timeframes, responsibility/accountability and ways of measuring performance and progress.
4. *Monitoring and evaluation criteria*. These must include realistic progress, performance and impact indicators, incorporated in the early stages of strategy development.

**Table 3: Strategic Issues Priority Matrix\***

Urgency	Impact		
	Low	Significant	Major
Low		review periodically	monitor continuously
Significant	review periodically	monitor closely	plan and execute response; monitor continuously
Pressing	monitor	plan quick response	respond immediately

\* Boxes which are not relevant can remain unfilled.

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To conduct the issues analysis and create an action plan, the following matrix can help clarify priorities in terms of desired impact and urgency.

**An example:** Country B's issue analysis indicates that internationally recognized food safety certification could have a significant impact on export prospects and rural livelihoods with human development impacts. This is a pressing issue domestically as well. Accordingly, food safety certification would go in the bottom middle box, along with actions such as implementing appropriate legislation, regulations and enforcement mechanisms, establishing or upgrading quality infrastructure (testing laboratories; accreditation, conformity assessment and certification authorities), proper inspections and border controls, etc.

## 4.6 Setting pragmatic targets, milestones and indicators

One of the first tasks in developing realistic targets and performance indicators is to establish **baseline data** (e.g., current export-related employment, foreign exchange revenues, export and import data, R&D spending, etc.). This will set the basis for proper indicators to monitor progress.

Another important step is to conduct competitiveness and benchmark analysis and consultations to determine where and how the country can profitably develop trade that will have the most impact on national development objectives.

One strategy to determine what needs to be measured at different stages is to work backwards from the desired results to see what actions will be required, then work forward to create a step-by-step action plan with time-bound milestones and targets. A fairly simple way to proceed is to respond to the following questions:

- *What can we do now with existing resources and programmed assistance?* This will help create the Year 1 targets, milestones and roadmap.
- *What can we do next year with existing resources and programmed assistance?* This will help create the Years 2 and 3 priority targets and roadmap, to keep focus on priorities in case one does not get extra resources.
- *What could we do with additional resources?* This refers to priorities requiring extra funding and expertise to achieve the objectives. Budget proposals and donor project proposals are the normal ways to address these requirements.

The next step is to develop a five- to seven-year roadmap, setting short, medium and long term targets and milestones. Table 4 shows a first-year roadmap for a priority issue identified as an 'early harvest' which could raise the profile of trade and enhance the credibility of the government and the trade agency.

## 4.7 Using monitoring and evaluation to mainstream trade

The importance of measurable results, transparency and accountability in policy and programme implementation and review is widely acknowledged. Mainstreaming will remain elusive until the impact of trade on development (and trade-related aid) can be shown. Monitoring and evaluation should be factored in from the early stage of policy, strategy, project or programme design.

It is best to establish up front the baselines, expectations and indicators. Establishing M&E criteria for a particular policy or donor intervention in the early stages contributes to a more rigorous focus on the desired end-result and thus to more effective policy or aid. It is also important to allocate a budget line for M&E activities. The good practices listed below, while focusing on development assistance, are equally applicable to government policies and strategies.

Most donors and international bodies adapt United Nations and OECD good-practice guidelines focusing on a core set of evaluation criteria (see the OECD evaluation criteria below) that can equally be applied to trade mainstreaming. For example:

- Coherence and governance: harmonization; donor coordination; country ownership reflected in consultation, planning, execution; accountability (Swedish International Development Cooperation Agency)
- Community value added (European Union)
- Gender: extent to which initiatives have incorporated a gender perspective in the design, implementation and results and if both women and men have had equal access the initiative's benefits to the degree intended (UNDP)<sup>21</sup>
- Human development: extent to which the initiative has upheld the principle of equality and inclusive development and contributed to empowering and addressing the needs of disadvantaged and vulnerable groups (UNDP).<sup>22</sup>

*"Monitoring will be easy if there are clear trade-poverty reduction links and trade-related indicators in the action matrix."*

*Source: Adriano Ubisse, Ministry of Planning and Finance, Mozambique, 2004 ([www.ileap-jeicp.org](http://www.ileap-jeicp.org)).*

<sup>21</sup> UNDP. Handbook on Planning, Monitoring and Evaluating for Development Results, 2009.

<sup>22</sup> UNDP, Ibid.

**Table 4: Illustrative Year 1 roadmap for aligning education with exporters’ needs<sup>a</sup>**

Issue (an ‘early harvest’)	Current Status and Baseline Indicators (*tentative pending WG findings)	Objectives
<p>Link education to exporters’ needs</p> <p>(Skills needed in potentially high-impact export activities, as identified in analysis and consultations)</p>	<p><b>Progress indicators:</b></p> <ul style="list-style-type: none"> <li># apprentices in export-oriented activities Current:___</li> <li># students in export management courses Current:___</li> <li># students in courses on production and quality management Current:___</li> <li># students in courses on logistics management Current:___</li> <li># students in trade law Current:___</li> <li># students in auditing and accounting Current:___</li> <li># graduates of applied science courses working in export Current:___</li> </ul> <p><b>Eventual Impact indicators:</b></p> <ul style="list-style-type: none"> <li># of students graduating from these courses who are employed in export activities</li> <li># of skilled people in above categories needed for priority activities: Current___ (based on survey, analysis)</li> </ul>	<p>Increased employment in trade-related activities.</p> <p>Improved capacity of firms to increase competitiveness.</p>

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Short-Term Strategic Action (step-by-step approach)	Milestones (with dates)	Targets (end-Year 1)	Accountable Parties
<p>Set up public-private sector <b>Working Group on Education and Trade</b> to analyse issues, conduct consultations, issue recommendations for Ministers and monitor action.</p> <p>Together with Education and Labour Ministries, survey exporters and potential exporters in priority sectors to identify their current and future human resource needs and consult educational institutions on their capacity to meet the needs.</p> <p>Prioritize the needs and determine how to meet them over the short, medium and long terms, using public and private means.</p> <p>Present and discuss recommendations to all relevant stakeholders at a joint symposium.</p> <p>Submit recommendations to relevant entities.</p> <p>Ministers/CEO to request costed Action Plans within 2 months, identifying which recommendations can be carried out with existing resources and programmed assistance.</p> <p>After approval of Action Plans, implement the activities possible with existing/available resources (e.g., curriculum development, apprenticeships, maybe some technical training) to be set in train immediately. Prepare budget and donor proposals for areas requiring additional funding and expertise.</p>	<p>Pro Working Group issues its recommendations.</p> <p>Action Plans to implement priority recommendations completed.</p> <p>Activities to be conducted under existing funding and programmes underway.</p> <p>For others, budget proposals and donor project proposals to be prepared and submitted.</p>	<p>Curricula being developed and funding allocated for new courses, vocational training and apprenticeships.</p>	<p>Accountable for overall achievement: Ministers of Lead Agency for Trade and Education jointly.</p> <p>Accountable parties for implementation of recommendations: to be decided by WG.</p>

## Ten steps to building a results-based M&E system for development assistance\*

1. Assess the capacity, readiness and willingness of the government and donor to set up an M&E system; identify champions, obstacles (e.g., data availability, lack of performance management culture), benefits and costs, funding, roles and responsibilities.
2. Decide on performance outcomes/results to measure, monitor and evaluate.
3. Select key indicators to measure results.
4. Collect baseline data for each indicator.
5. Set realistic desired-improvement targets.
6. Monitor for results.
7. Use evaluation information.
8. Report findings.
9. Use findings.
10. Sustain M&E within the organization

\* World Bank. *The Road to Results: Designing and Conducting Effective Development Evaluations*, 2009.

## OECD evaluation criteria\*

### 1. Relevance

This is the extent to which the aid activity is compatible with the priorities and policies of the target group, recipient and donor. Relevant questions include:

- Are the activities and outputs of the programme consistent with the overall goal and attainment of its objectives?
- Are the activities and outputs of the programme consistent with the intended impacts and effects?
- To what extent are the objectives (and *raison d'être*) of the activity/programme still valid?

### 2. Effectiveness

This measures the extent to which an activity attains its objectives. Relevant questions include:

- To what extent were the objectives achieved or are likely to be achieved?
- What were the major factors influencing the achievement or non-achievement of the objectives?

## 3. Efficiency

This measures the outputs — qualitative and quantitative — in relation to the inputs. It seeks to establish if the aid used the funds in a cost-efficient and accountable manner to achieve the desired results. This generally requires comparing alternative approaches to achieve the same outputs to see if the most efficient process was adopted. Relevant questions include:

- Were activities cost-efficient?
- Were objectives achieved on time?
- Was the programme or project implemented in the most efficient way compared to alternatives?

## 4. Impact

This refers to positive and negative changes produced by a development intervention, directly or indirectly, intended or unintended. This involves the main results and effects of the activity on social, economic, environmental and other development indicators specified in the design. The examination should be concerned with both intended and unintended results and include the positive and negative impact of external factors, such as changes in terms of trade and financial conditions. Relevant questions include:

- What has happened as a result of the programme or project?
- What real difference has the activity made to the beneficiaries?
- How many people have been affected?

## 5. Sustainability

This measures whether the benefits of an activity are likely to continue after donor activity is finished. Projects need to be environmentally as well as financially sustainable. Relevant questions include:

- To what extent did the benefits of a programme or project continue after donor funding ceased?
- What were the major factors which influenced the achievement or non-achievement of sustainability of the programme or project?

\* [www.oecd.org/document/22/0,2340,en\\_2649\\_34435\\_2086550\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/22/0,2340,en_2649_34435_2086550_1_1_1_1,00.html).

## 4.8 Developing trade-related indicators

It is important to have clear indicators to monitor and measure progress and performance at various stages of specific strategies, activities and projects. These can easily be related to explicit government and/or donor trade-related interventions.<sup>23</sup> For measuring the effectiveness and impact of large programmes (e.g., a national trade strategy), a range of tools, including a balanced set of broad and specific indicators are required.

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<sup>23</sup> The International Initiative for Impact Evaluation has a database of impact evaluations in low- and middle-income countries. It summarizes findings and methodologies for researchers, programme managers and policymakers, and focuses on final welfare outcomes, using qualitative, quantitative or mixed methods. See [www.3ieimpact.org/database\\_of\\_impact\\_evaluations](http://www.3ieimpact.org/database_of_impact_evaluations).

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As the OECD points out in *Aid for Trade: Strengthening Accountability* (2011), there is a good “case for establishing a small number of Aid for Trade indicators to enable practitioners to systematically aggregate results data across programmes and projects at the country, regional and global levels. Such enhanced transparency, in turn, will contribute to a broader effort of making Aid for Trade more effective.”

A challenge is how to attribute changes to specific government or donor strategies and activities. Unconnected factors outside a country’s, company’s or donor’s control can influence outcomes. Therefore, it is not a good idea to rely solely on broad indicators for measuring the effectiveness of a particular strategy or programme.

## The challenges of impact assessment and attribution\*

Given the many challenges, no consensus has emerged on how to measure the impact of Aid for Trade activities and no one has yet developed a set of widely accepted indicators. In the 2010 OECD/WTO Aid for Trade Questionnaire, donors were asked about problems in evaluating Aid for Trade. They cited budget constraints, difficulty in collecting data and documentation, lack of indicators for tracking progress and — especially challenging — assigning trade outcomes to Aid for Trade projects and programmes.

According to OECD, *Aid for Trade: Strengthening Accountability* (2011): “The EC’s programme monitoring focuses on output and possibly outcomes, but it ‘does not consider it realistic to monitor trade impacts of specific aid programmes because of the important number of external factors influencing trade.’ The US points out that because success in trade involves so many variables... ‘It is very difficult to monitor results in this area and attribute results to specific programmes.’ They think the most productive approach is to share lessons learned and best practices. On the other hand, the World Bank feels the Aid for Trade field still relies excessively on outdated methods compared to other fields of development work: ‘An energetic push for the adoption of impact evaluation techniques and their mainstreaming in project design is needed.’”

The challenges of assessing impact and attributing contributions may be one of the reasons that so many performance indicators focus on ‘outputs’ (e.g., number of workshops) rather than on outcomes or results. Other reasons are the short timeframes and relatively limited scope of many trade-related donor interventions. Sector-wide approaches may be more conducive to better practices in both mainstreaming trade and integrating M&E, including impact assessment and more realistic indicators.

\* OECD, *Aid for Trade: Strengthening Accountability*, 2011.

Below are indicators that can be used to show progress in trade development. A good indicator should also monitor financial and human resource allocations over time. Indicative sources of trade-specific indicators can be found in Annex 5.

## Indicators to show progress in the development of trade in a country

- Exports as a percent of GDP (shows export expansion and trade openness).
- Number of companies exporting for at least three years (shows sustainability).
- Employment in exporting firms: full-time-equivalent employment numbers (this will be challenging to get, but export associations and statisticians can help).
- Exports of goods and services net \$ value (shows foreign currency revenues).
- Number of tariff lines exported: determine 2-6 digit depending on national and sectoral priorities (shows export diversification and value-added).
- Destination of exports: number and list of countries by major category (shows market diversification).
- Market share by destination of priority exports (shows who has the competitive edge in each market).
- Number of tariff lines imported: determine 2-6 digit (shows trade development, inputs into production, effects of local production development, etc.).
- Source of imports: number and list of countries by major category (shows import diversification).
- Monetary value of service exports by sector and market (including tourism).
- Monetary value of service imports by sector and market (including business services).
- Foreign investment in trade-generating activities (\$ value, full-time-equivalent employment numbers).
- R&D spending (\$ value) in exporting firms (survey data).
- Annual surveys of exporters and importers on obstacles and satisfaction with government services (establish a weighted 'trade obstacle index' and use it to measure reform progress).



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## Annex 1: Countries participating in the trade mainstreaming survey and case studies

Country	Region	Country development category <sup>a</sup>	Human Development Index value/rank <sup>b</sup>	Income Level (World Bank)
Central African Republic	Central Africa	LDC/LLDC	0.315/162 (2010) 0.265 (1980)	Low-income
Chile	South America	Developing country	0.783/45 (2010) 0.607 (1980)	Upper- middle income
Congo	Central Africa	Developing country	0.489/129 (2010) 0.462 (1980)	Lower-middle income
Guinea-Bissau	West Africa	LDC/post-conflict	0.289/167 (2010) 0.164 (2005)	Low-income
Lao PDR	Southeast Asia	LDC	0.497/125 (2010) 0.354 (1990)	Low income
Lesotho	Southern Africa	LDC/LLDC	0.427/144 (2010) 0.397 (1980)	Lower-middle income
Mauritius	East Africa	Small Island Developing State	0.701/74 (2010) 0.525 (1980)	Upper-middle income
Moldova	Eastern Europe	Transition economy	0.623/102 (2010) 0.616 (1990)	Lower-middle income
Nigeria	West Africa	Developing country	0.423/145 (2010) 0.402 (2005)	Lower-middle income
Rwanda	East Africa	LDC	0.385/155 (2010) 0.249 (1980)	Low income
Sierra Leone	West Africa	LDC/Post conflict	0.317/161 (2010) 0.229 (1980)	Low income
Tanzania	Southern Africa	LDC	0.398/151 (2010) 0.329 (1995)	Low income
Uruguay	South America	Developing country	0.765/52 (2010) 0.670 (1990)	Upper middle income
Yemen	Middle East	LDC	0.439/136 (2010) 0.358 (2000)	Low income

(a) LDC: Least-Developed Country; LLDC: Landlocked Developing Country; (b) HDI 2010. Source: HDRO own calculations at [hdr.undp.org/en/media/Lets-Talk-HD-HDI\\_2010.pdf](http://hdr.undp.org/en/media/Lets-Talk-HD-HDI_2010.pdf);

Extent of Trade Mainstreaming Self-Assessment (OECD/WTO Global Review Report 2009) <sup>c</sup>	Doing Business Ease of Trading (rank out of 183, World Bank, 2010) <sup>d</sup>	Aid for Trade flows: \$ million Commitments (OECD 2007) <sup>e</sup>	Aid for Trade flows: \$ million Commitments (OECD 2009) <sup>f</sup>
Fully mainstreamed	182 / 182	47.3	88.6
Fully mainstreamed	43 / 68	20.2	70.5
Partly mainstreamed	177 / 180	65.8	46.6
Partly mainstreamed	176 / 117	19.3	17.5
Partially mainstreamed	171 / 170	141.5	80.0
Fully mainstreamed	138 / 140	69.6	21.7
Fully mainstreamed	20 / 22	14.9	109.9
Partly mainstreamed	90 / 141	46.0	52.3
Not available	137 / 146	286.3	1333.4
Fully mainstreamed	58 / 159	100.9	409.2
Fully mainstreamed	143 / 136	103.8	36.8
Partially mainstreamed	138 / 109	586.9	881.3
Not mainstreamed	129 / 131	5.4	14.0
Partially mainstreamed	105 / 123	89.8	515.6

(c) Examination shows that no country's trade is 'fully mainstreamed'; the self-assessments suggest a misunderstanding of the term; (d) [www.doingbusiness.org/rankings](http://www.doingbusiness.org/rankings); (e) 2009 constant \$; some of the 'peaks' reflect major infrastructure projects; (f) OECD/WTO (2009), *Aid for Trade at a Glance-Maintaining Momentum*, OECD/WTO, Paris, Geneva.

## Annex 2: Trade mainstreaming survey questionnaire

The questionnaire in this annex was used in a survey government officials and main stakeholders for the 14 country case studies.

### ANSWERS

**Continuum (as defined in the answer box, from 1 to 5) or YES/NO and Text**

#### A. MAINSTREAMING TRADE AT THE POLICY LEVEL

- A.1. What are the country's main national development strategies, including sectoral strategies? Please briefly describe objectives and timeframe.
- A.2. Is there an identifiable section in the national development strategy(s) relating to trade?
  - A.2.1. If yes, is there an understanding of how they might differ from sector to sector?
  - A.2.2. If yes, is there an understanding of how they might differ in their impact on vulnerable groups?
  - A.2.3. Is there an explicit discussion of trade and gender linkages?
- A.3. Is any of the trade discussion related back to and informed by the description and analysis of poverty in the national development strategy?
- A.4. If the country is member of EIF and has undertaken a Diagnostic Trade Integration Study (DTIS) is there a reference in these national development strategies to the DTIS action matrix and priorities?
  - A.4.1. If yes, do national development strategies include action plans, timelines and targets?
  - A.4.2. If yes, does the national plan(s) include budgetary allocation? How has it changed over time?
- A.5. National monitoring and evaluation frameworks (such as those for the national development plan) do include monitoring and evaluation of trade-related priorities?
- A.6. Do institutional mechanisms exist to ensure the consistency of trade and related development policy/vision with other economic and social policies at macro, meso and micro levels?
- A.7. Do national development strategies reflect cross-border trade priorities?
  - A.7.1. Are there priorities by relevant Regional Economic Communities known and integrated at the national level?
  - A.7.2. How can the integration of national and regional priorities be improved?

#### B. MAINSTREAMING TRADE AT THE INSTITUTIONAL LEVEL

- B.1. What is the leading agency in the formulation and implementation of trade policy?
- B.2. Is it possible for the leading agency to clearly identify the expected groups of people that will be affected by trade policy changes?
- B.3. How successful is the leading agency in identifying the relevant stakeholders for trade related policies?

**B. MAINSTREAMING TRADE AT THE INSTITUTIONAL LEVEL**

- B.4. Did the leading agency set up a formal coordination system in order to involve trade and related development institutions?
- B.5. Are there institutional mechanisms for specific trade agreements, for instance policies and regulatory mechanisms relevant to customs administration, Sanitary and Phytosanitary measures (SPS) and Technical Barriers to Trade (TBT), anti-dumping, safeguards and other trade remedies, intellectual property, investment etc.?
- B.6. Does the leading trade agency have the capacity and resources for coordinating trade policy through a participatory process?
- B.7. Is the entity responsible for the formulation and implementation of the national development strategy involved and consulted in the definition of trade-related priorities? Are consultations regular and sustainable?
- B.8. Are there institutional mechanisms that ensure the consistency of the trade and related development policy vision with other economic and social policies at macro, meso and micro levels?
- B.9. Are stakeholders involved in policy formulation and identification of trade needs/ implementation of projects and programmes?
- B.10. How efficient is the coordination mechanism in involving line ministries and sectoral stakeholders in trade decision making? What departments are involved? Are consultations regular? Is the finance ministry involved?
- B.11. How involved is private sector representational bodies in trade policy making? How well is private sector represented? How consultations are organized?
- B.12. How involved is academic institutions and civil society organisations in trade policy making?
- B.13. How openly is information shared with the stakeholders?
- B.14. How did the engagement of stakeholders change over time? Since the launching of the Aid for Trade initiative?
- B.15. What specific needs and gaps affect making trade policy more participatory? Which practices worked well in the past?
- B.16. How open and receptive is the existing system to the changes in the institutional, legal and regulatory framework?
- B.17. How strong and effective is the accountability mechanism?
- B.18. If the country is a member of the EIF. Does the institutional structure required by the Integrated Framework exist?
- B.19. Is monitoring and evaluation taking place in a coordinated manner among institutions related to trade?
- B.20. Have consultations had discernible effects (e.g., specific reforms, projects, programmes, initiatives undertaken)? Do stakeholders, government value the process? Why?

## C. MAINSTREAMING TRADE IN DONOR-PARTNER COUNTRY DIALOGUE

- C.1. Do mechanisms for consultation and dialogue with donors in trade and private sector development exist? How regular and effective is this dialogue?
- C.2. What has been the response of donors to trade priorities of the partner country?
- C.3. Has the partner country raised trade-related issues as priority in dialogue with donors, e.g., donor round tables?
- C.4. How has the donor response changed over time? What are the prospects for the future?
- C.5. What is the extent of donor coordination in responding to trade-related priorities?
- C.6. Have joint evaluations being conducted? What is the extent and quality of joint evaluations? What are the plans for the future? To what extent were the results fed back into policy/programme design?
- C.7. What have been the key challenges and successes in maximizing local ownership of the trade mainstreaming agenda? What level of technical assistance was required to support leadership?
  - C.7.1. How much technical assistance was required to assess the trade and development context and formulate pro-poor trade strategy/policies?
  - C.7.2. How much technical assistance was required to develop appropriate institutional arrangements and working mechanisms to manage trade mainstreaming?
  - C.7.3. How much technical assistance was required to budget, manage and implement trade mainstreaming policy?
  - C.7.4. How much technical assistance was required to establish and carry out monitoring and evaluation?

### Annex 3: Country Report Highlights

The country matrices contained in this annex provide unedited extracts from the 14 case studies that have informed this report. The matrices feature lessons learned, recommendations, success stories, gender and inclusion with respect to the three levels of trade mainstreaming: policy, institutional and international cooperation. Blank cells indicate that the information was not included in the case study.

## Annex 3: Country highlights: Central African Republic

Trade Mainstreaming 'Level'	Lessons Learned and Recommendations	
	Lessons Learned	Recommendations
<b>Policy</b>		<p>Capacity building at the Trade Ministry in terms of trade integration.</p> <p>Capacity building of the National Assembly and the Economic and Social Council on trade matters.</p> <p>Support the production and dissemination of trade statistics by the corresponding services (Central Bank, Customs, ICASEES and Trade Ministry).</p> <p>Capacity building of the National Committee of Trade Negotiations to help it to be instrumental at the regional and international level.</p> <p>Capacity building of public and private media in terms of economic and trade analysis (training, equipment).</p> <p>Granting subsidies to research on trade.</p> <p>Promote the Trade Ministry to the rank of State Ministry.</p> <p>Capacity reinforcement of the Ministry of Planning as the coordinator of sectoral policies (trade integration).</p>
<b>Institutional</b>		<p>Setting-up and equipping trade focal points within the departments.</p> <p>Making the Sectoral Committee thematic groups operational (trade and private sector).</p> <p>Capacity building of the members of the Sectoral Committee and of the coordination team of the Governance and Crisis Prevention Unit (UGPC).</p> <p>Promoting the consultative framework's operational capacity (Public / Private).</p> <p>Merging in one place the Chamber of Commerce, Industry, Mining and Crafts (CCIMA), the Single Information Point for Business Formalities (GUFE) and the Permanent Consultative Framework (CPC).</p> <p>Reform or create other trade and private sector support structures: the Support Centre for Small and Medium-Sized Enterprises and Cottage Industries (CAPMEA) and the Centre for the Promotion of Exports (CPE).</p>
<b>International cooperation</b>		<p>Continue working with partners to the elaboration, implementation, monitoring and evaluation of trade policies.</p>

Success Stories	Gender & Inclusion
Concrete Successes	Recommendations
	<p>Disaggregate trade data by sex.</p> <p>Support institutions or other governmental agencies working on gender issues and vulnerable groups.</p>
<p>Setting-up of the monitoring and evaluation system through the Sectoral Committee (Trade, Private Sector, Regional Integration and Employment), associating representatives of the government, the private sector and of development partners. This committee allowed for formulating and validating the sectoral trade strategy, organizing the sectoral round table and monitoring programmes and projects of the sector.</p> <p>The creation of the Single Information Point for Business Formalities was able to reduce the delay for the creation of a company from 6 months/1 year to 2 days.</p>	

## Annex 3: Country highlights: Chile

Trade Mainstreaming 'Level'	Lessons Learned and Recommendations	
	Lessons Learned	Recommendations
<b>Policy</b>	<p>The policy objective of gaining greater access to foreign markets was strategically achieved by actively pursuing FTA's with countries on every continent.</p> <p>Chile's step-by-step policy turned out to be the best practice in its efforts to open itself up to free trade in the international market place.</p> <p>Taking gradual steps has allowed Chile the time to gain the necessary experience to consolidate the working technical teams and to set up mechanisms to coordinate public and private agencies; while at the same time, it has also allowed the improvement of Chile's competitive position vis-à-vis nearby markets which have created opportunities for light manufacturing and SMEs.</p> <p>The law governing transparency has been essential to making current information readily available to Chilean citizens.</p> <p>The establishment of mutual work agendas with trade partner countries to proactively handle emerging issues, such as dealing with the service sector; has proven to be very advantageous. Work agendas could include seminars for exchanging information, training, comparing experiences, etc. Chile has on-going work agendas with Brazil and Colombia.</p>	<p>Open trade strategies need to be aligned with the country's internal development strategies and goals. Policies should be designed with the consensus of the major social and political groups in mind and they should be implemented with a view to achieving long-term goals.</p> <p>Simultaneously implement support policies designed to: 1) increase the supply of goods available for export; and 2) help businesses develop new managerial and technical capacities to enable them adapt to requirements of the international market place. This two-pronged approach is necessary to benefit the largest number of companies and to generate employment gains and rising salaries.</p> <p>Call on stakeholders who can play a key role in particular initiatives by contributing their practical knowledge, experience and resources to trade policy; design and help address the social issues that naturally flow from policy implementation.</p> <p>Develop on-going free trade forums to bring the various stakeholders together where they can engage in successful dialogue whether they come from civil society, business or trade associations, universities, etc. Their ideas can provide practical solutions re: socioeconomic impacts caused by the implementation of open trade policies.</p> <p>Before beginning it is important to have a plan for: making comparative studies, designing monitoring systems and developing an evaluation methodology. These mechanisms would lend greater scope for considering future actions and provide valuable lessons for the design of future cooperation.</p>

Success Stories	Gender & Inclusion
Concrete Successes	Recommendations
<p>The Chilean trade policy was established as a national goal, this permitted the creation of broad consensus of the major social and political groups and long-term view goals.</p> <p>While instituting a new free trade agreement simultaneously supporting measures to improve competitiveness and the dissemination of advanced technology. Ministry of Economy through CORFO and other public institutions created specific grant funds to improve competitiveness and the dissemination of advanced technology.</p>	<p>To recommend activities for ensuring the inclusiveness of women groups in trade policy formulation and coordination processes, like giving support for improving their knowledge and effectiveness of their participation.</p> <p>To develop policies associated with the promotion of women's participation in exports, by direct calls from PROCHILE and CORFO for its participation in the use of available public grants.</p>

## Annex 3: Country highlights: Chile (contd.)

Trade Mainstreaming 'Level'	Lessons Learned and Recommendations	
	Lessons Learned	Recommendations
<b>Institutional</b>	<p>Diplomatic and political action has played a key role in trade negotiations. When surveyed, stakeholders often highlight the President's active role in support of trade negotiations.</p> <p>While instituting a new FTA, simultaneously support measures to improve competitiveness and dissemination of advanced technology.</p> <p>Continue consolidating efforts to coordinate enterprise development.</p> <p>There remains much to be done to integrate the more dynamic SMEs and accelerate cluster formation.</p> <p>Increasing the involvement of citizens in open trade advantages and opportunities, by proactively soliciting their opinion.</p>	<p>The Chilean experience demonstrates that having a unique and centralised agency to handle international cooperation is highly recommended. This allows the country to orient the donor community and plan for the best use of its cooperation.</p>
<b>International cooperation</b>	<p>Direct funds for cooperation towards activities aimed at improving competitiveness, such as innovation, the creation of technological platforms and policy development for the formation of clusters, support for the small and medium enterprises.</p> <p>Establish consultation boards for such areas as SME development, regional programmes and culture.</p>	<p>International commerce requires an occasional boost to accelerate the incorporation of new technologies, to comply with environmental regulations and to establish quality standards. International cooperation could contribute to these requirements.</p> <p>Donors should contribute their practical knowledge, experience and resources.</p>

Success Stories	Gender & Inclusion
Concrete Successes	Recommendations
<p>The Ministers Committee stands out among the institutional players and became a key tool for coordination and creation of consensus. This could be a good practice to recommend to others countries.</p> <p>High support for permanent coordination mechanisms among public and private entities. Particularly during Mr Lagos Government (2000-2006) there were regular meetings.</p> <p>The government's proactive role in soliciting public opinion during free trade negotiations with the USA. It permits to know in a direct way different feelings and approach from different actors and institutions. At the same time, it was an excellent mechanism for dissemination of FTA goals and benefit to society.</p>	
<p>The creation of a specialised agency to coordinate with the donor community and sustain the development priorities of the country.</p> <p>The establishment of mutual work agendas with partner countries is very useful.</p>	

## Annex 3: Country highlights: Congo

Trade Mainstreaming 'Level'	Lessons Learned and Recommendations	
	Lessons Learned	Recommendations
<b>Policy</b>	<p>Trade reform must be accompanied by other political economic measures and steps to improve infrastructures for transportation, energy, telecommunications and CIT, to reinforce human capital, to reduce macroeconomic instability and to promote a better business environment.</p> <p>Take advantage of the future formulation of the PRSP (2011-2016), of a longer duration in order to better value trade as a tool for development.</p> <p>Call for a better internalization of measures needed to make regional integration commitments operational at the monitoring-evaluation level, in development strategies, priority action plans and budgeting, taking into account their coherence with other bilateral trade agreements.</p>	<p>Increase value of trade in development policies and the poverty reduction strategy.</p> <p>National priorities included in political documents (2008 PRSP, Economic Regional Programme/CEMAC 2010 ...) must be aligned with Congo's trade performances in the Regional Economic Communities: CEMAC/ECCAS.</p> <p>Need to include a gender perspective in trade policies, particularly when reinforcing human capacities by supporting professional and technical training of women.</p>
<b>Institutional</b>	<p>In the decision-making bodies in charge of formulating trade policy and of its monitoring-evaluation, gender is still not fully associated, particularly because of the weakness of human capacity at the individual and group level, especially in terms of technical and professional training.</p> <p>It is important to increase annual budget allocation for the National Committee for MTN Monitoring and Coordination to make it more efficient.</p>	<p>Acknowledge more political weight to the Trade Ministry.</p> <p>The Trade Ministry and the Finance Ministry should implement the present report's recommendations to integrate trade policies in relation to other sectoral policies.</p> <p>Need to involve women's associations in the formulation of trade policies.</p>
<b>International cooperation</b>	<p>The Congolese government ought to encourage a dialogue between DAC donors and emerging donors that are not DAC members. The challenge for Congo is to align its management of DA with the Paris Declaration's principles, through an improved coordination of Technical and Financial Partners (TFP) interventions, especially those that participate in the "Private Sector and Trade Policies" thematic group.</p>	<p>Need to mobilize TFP involved in the thematic group "Private Sector and Trade Policies".</p> <p>The coordination process should be inclusive.</p>

Success Stories	Gender & Inclusion
Concrete Successes	Recommendations
<p>Participation to the CEMAC monetary cooperation, which led to the Common Central Bank (Bank of Central African States), a common currency (CFA franc), the TEC of the CEMAC and the FTA of the ECCAS. Finally, the ERP (2011-2015) through systematic budgeting of projects planned for under the Medium-Term Expenditure Framework (CDMT) in order to reinforce competitiveness of the Congolese economy.</p>	<p>Make vulnerable groups participate in trade (minority groups, forgotten groups and isolated groups).</p> <p>It is advisable to better take into consideration the gender perspective and the inclusion of vulnerable groups and women's associations in the elaboration of trade policies, especially in the "trade" category of the future PRSP 2011-2013.</p> <p>Encourage a more intense economic independence and a better participation of Congolese women in the decision-making process (empowerment) through improved integration to trade.</p>
<p>Effective implementation of the National Committee for MTN Monitoring and Coordination, led by the Trade Ministry.</p>	
<p>Implementation since 2008 of a TFP consultative framework. One of its thematic groups is on the subject of "Private Sector and Trade Policies", under UNDP and World Bank leadership.</p>	

## Annex 3: Country highlights: Guinea Bissau

Trade Mainstreaming 'Level'	Lessons Learned and Recommendations	
	Lessons Learned	Recommendations
<b>Policy</b>	<p>Trade policy cannot be mainstreamed and at the same time have effective results if institutions are not backed up by peaceful initiatives.</p> <p>An in-depth assessment of trade impact on vulnerable people such as women, children and young would be desirable. The Ministry of Trade must recruit staff with technical expertise in trade and development policy to help in the formulation, implementation and evaluation of trade policy.</p> <p>The government needs to move from words to actions by allocating sufficient funds to make trade an engine of development. The Ministry of Trade needs to work with the Ministry of Finance during the formulation of the annual budget to address trade concerns.</p>	<p>The government will need to state clearly how it guarantees long-term stability, in what way is ready to commit itself.</p> <p>The Minister of Trade will have to take the lead in order to maximize local ownership of the trade mainstreaming agenda. This applies to leading a campaign initiative within and outside the cabinet.</p> <p>Generally, advocacy is needed to clearly explain the importance of trade related issues. Most people do not know the implications of EIF, PRSP and the sources of Economic Growth.</p> <p>The government should assess the impact of trade on vulnerable groups.</p>
<b>Institutional</b>	<p>It is important to create an institutional mechanism to ensure the consistency of trade and related development policies with other economic and social policies at macro and micro levels. This would allow better coordination during the design, implementation and evaluation of the impact of trade policy.</p> <p>The EIF is a useful mechanism but it does not focus on assessing the impact of a certain policy on people.</p> <p>Addressing the challenge of ensuring consistency and coherence would be possible through permanent structures tasked with assessing the relationship between trade policy and sectoral policies.</p>	<p>Create a formal coordination mechanism where trade can be analyzed on a permanent basis. This would be the catalyst for the full realization of trade mainstreaming. The Ministry of Trade should involve other sectors such as academic institutions and civil society on a permanent basis.</p>
<b>International cooperation</b>	<p>The PRSP process is proving a useful experience to link trade and poverty reduction thanks to a specific group dealing with trade and private sector.</p> <p>Despite poor coordination among donors, there have been some joint evaluations at the end of each programme. It is a very important step for ongoing policy and programme development. However, the great problem is in follow up and recommendations in original policy design. M&amp;E and action elements are often left out when the policy is being designed and implemented.</p>	<p>Donors should search for a coordination mechanism to deliver on trade priorities of Guinea-Bissau.</p> <p>Joint evaluations need to be mandatory and not leave to the will of donors.</p>

Success Stories	Gender & Inclusion
Concrete Successes	Recommendations
<p>The Ministry of Trade, as lead agency, has participated for the first time in the elaboration of the Poverty Reduction Strategy Paper II (the main development guide). The Ministry chaired a thematic group on Trade, Private Sector and Employment.</p>	<p>Women tend to be more involved in trade related activities; yet this critical aspect is not being properly reflected and addressed. A rights- based approach would be fair and socially desirable. The government should address a fundamental issue of social inequality between men and women.</p> <p>Thus, the challenge here is to take strong actions to reduce this gap between men and women. The same argument is applicable for other vulnerable groups.</p>
<p>For the first time, thanks to the EIF, there is an inter-ministerial dialogue on trade. Line Ministries participate in the EIF process.</p>	
<p>Dialogue on trade between the government and donors is more frequent. The main donors that participate in this process are Spain, UNDP, EU and the World Bank.</p>	

## Annex 3: Country highlights: Lao PDR

Trade Mainstreaming 'Level'	Lessons Learned and Recommendations	
	Lessons Learned	Recommendations
<b>Policy</b>	<p>Develop a policy on capacity building for SMEs to address supply-side issues, focusing on non-resource sectors.</p> <p>Simplify the process on decree issuance for trade and related policies/regulations/legislations.</p> <p>Proceed cautiously on economic integration. Focus more on revision of the relevant policies, laws and regulations, especially to protect the domestic producers and consumers from the potential impacts. Keep the high level focus on the NSCEI once Lao PDR has acceded to the WTO.</p> <p>Identify and shorten the list of NSEDP Monitoring &amp; Evaluation indicators and improvement on database system is required.</p>	<p>To solve a problem of implementing trade policy through effective participation of the private sector, it requires the government to provide support on capacity building, especially for SMEs. The government may need to consider loans to SME, information on the banking system and capacity building in writing a business proposal.</p> <p>Eliminate delay in issuing implementation decree by simplifying the issuance process.</p> <p>Carefully revise the relevant policies, laws and regulations, especially to protect domestic producers and consumers from potential impacts of the alignment process.</p> <p>Keep focus on priority of trade post-WTO accession to avoid being distracted by the short/medium term gains from mining and hydro exports.</p> <p>MPI to collaborate with other sectors in identifying and shortening the list of M&amp;E indicators in the M&amp;E framework for the NSEDP. Indicators should be identified based on development targets; improvement on database system is required.</p>

Success Stories	Gender & Inclusion
Concrete Successes	Recommendations
<p>Implementation of DTIS 2006 that provide useful inputs to the government strategy on trade especially from the Action Plan which demonstrates comprehensive information on trade priorities and indicates key responsible agencies.</p> <p>The National Export Strategy has been a valuable input for the Action Plan of DTIS.</p> <p>Trade has always been a topic for discussion in the government meetings, especially the Party Congress.</p> <p>Stability is a comparative advantage for developing trade as well as other economic sectors.</p>	<p>Discuss explicitly in NSEDP trade impacts on gender and vulnerable groups.</p> <p>Organise gender training in processing industry, trade and service industry and business sectors; lift up women's education and quality of life to be gradually equalized with men by for instance, upgrading women's knowledge in political studies; leadership; management and language skills etc.</p>

## Annex 3: Country highlights: Lao PDR (contd.)

Trade Mainstreaming 'Level'	Lessons Learned and Recommendations	
	Lessons Learned	Recommendations
<b>Institutional</b>	<p>Improve information sharing systems on trade policy and relevant laws and regulations between the provincial and central level approval for business registrations. To this end, an online publication needs to be further developed.</p> <p>Build capacity for civil servants, through providing resource and relevant programmes: trainings for trainers, training on improving of skill in research and analysis, report writing, data collection and data maintenance.</p> <p>Expand involvement of the private sector, especially at the level of policy formulation through Lao Business Forum. The government is now planning to add Public Private Dialogue in trade policy to discuss specifically trade and private sector development issues. This can be a useful way for the government to increase contribution from business community in formulation and improvement of trade related policies and measures.</p>	<p>Appoint a trade law expert in the Foreign Trade Policy Department, MOIC.</p> <p>Facilitate SME promotion and development by improving information on changes in market opportunities and conditions. Another urgent action is required for improvement on information sharing on trade policy, relevant laws and regulations between the provincial and central level approval for business registrations, to eliminate any delay in implementation. Improvement on an online publication is essential, to disseminate relevant document not just inside the country but also in the other countries.</p> <p>Improve skills for research and analysis, report writing, data collection and data maintenance.</p> <p>Make use of Lao Business Forum to expand involvement of the private sectors, especially at the level of policy formulation.</p> <p>Increase role of Lao Young Entrepreneur Association as well as Handicraft Association by further involve them in the trade policy formulation process and provide them more opportunity to develop their innovative business idea.</p>
<b>International cooperation</b>	<p>Increase sensitisation activities abroad and increase involvement of the existing Lao embassies to expand sources of fund for the national development.</p> <p>Integrate Donor Allocation matrix into trade priority agenda; increased linkages between the actual plans of the government and donor projects in the next DTIS Action Matrix; strengthen collaboration with LMs and DPs in terms of gathering ODA data and establish a reporting mechanism on ODA that align as much as possible with the existing reporting system of the government.</p> <p>Strengthen the government's capacity to exercise its leadership in coordinating aid at the macro and sectoral levels through the Round Table Meetings and the Sector Working Groups.</p>	<p>Government to integrate Donor Allocation matrix into trade priority agenda.</p> <p>Ensure greater ownership and leadership over the country development process, including the implementation of Aid Effectiveness Agenda. The Government needs assistance to enhance its leadership role in coordinating aid at the macro and sectoral levels through the Round Table Meetings and the Sector Working Groups.</p>

Success Stories	Gender & Inclusion
Concrete Successes	Recommendations

## Annex 3: Country highlights: Lesotho

Trade Mainstreaming 'Level'	Lessons Learned and Recommendations	
	Lessons Learned	Recommendations
<b>Policy</b>	<p>Trade mainstreaming into national development strategies was not advanced for lack of sustained political support. Trade issues were not regularly discussed at high political level in effect the momentum for its consolidation was lost. Sustained political support is necessary to achieve trade mainstreaming.</p> <p>Trade mainstreaming encounters difficulties as there is no well articulated national trade policy that can be the reference point for other and sectoral trade policies.</p> <p>Consultations and participatory processes have been handicapped by poor communications and dissemination of information.</p> <p>Local ownership of trade mainstreaming is weak because the concept is not well understood by stakeholders; political commitment is weak; commitment of civil servants is low and advocacy is poor.</p>	<p>Articulate a foreign trade policy that will secure maximum benefits from the world economy in a sustainable manner in the long term. A well articulated foreign trade policy would provide the framework to understand the implications of each policy measure for different groups of people and the additional policy measures necessary to mitigate any negative effects.</p> <p>MTICM has no strategy on trade mainstreaming. It should develop an appropriate strategy that would among other things clarify the character, objectives and the plan to achieve them.</p> <p>The Ministry should consider convening regular media briefings to explain trade issues and the importance of trade mainstreaming for poverty alleviation.</p>
<b>Institutional</b>	<p>The coordination of trade and trade-related issues has suffered due to weaknesses in the coordinating agency, MTICM. This weakened the position of trade as a solution to economic growth and development issues. Thus, mainstreaming was lacking an important driver.</p> <p>Staff in ministries relevant to trade mainstreaming are over-burdened with several functions and do not always have the necessary expertise on trade issues.</p> <p>Financial limitations have led to the collapse of programmes, projects and initiatives in most ministries including the trade ministry. Budgetary allocations have been reduced following the reduction in revenue from the SACU pool.</p>	<p>The Trade Ministry should establish a Focal Point and encourage other ministries to do so. The focal points would facilitate interaction, coordination and coherence on trade mainstreaming and trade policy.</p> <p>The government should allocate additional budgetary resources to enable ministries to recruit appropriately skilled civil servants.</p>

Success Stories	Gender & Inclusion
Concrete Successes	Recommendations
	<p>Strategies to address gender issues includes: reviewing gender discrimination, and implementing and monitoring the national gender and development policy. Better gender policy would ensure equal access to education, training and health services and control over resources, including land and credit.</p> <p>The removal of discriminative legislation against women and implementation of policies leading to access to land and credit would lead to trade expansion, increases in income, reduction in poverty and improvement in human development.</p>

## Annex 3: Country highlights: Lesotho (contd.)

Trade Mainstreaming 'Level'	Lessons Learned and Recommendations	
	Lessons Learned	Recommendations
<b>International cooperation</b>	<p>The involvement of donors in trade mainstreaming has not been strong. Trade policy and trade-related issues have not been consistently introduced as priority to enable donors shift their focus to them. Trade mainstreaming is not high in the agenda of support for the Government partly because it is not regularly on the table for discussion.</p> <p>Coordination is an important missing element in the dialogue with donors. Mechanisms for dialogue, roundtables or country cooperation framework have tended to spill around as a result of weak leadership.</p> <p>Evaluations, including joint evaluation, are a key component of project and programme management. However, differing modalities among donors call into question the integrity and effectiveness of evaluations.</p>	<p>The leadership should come from the government.</p> <p>The leadership role of the Ministry of Finance and Development Planning should be improved. Donor meetings should be planned and convened on a regular basis, with appropriate information dissemination.</p> <p>Sensitise donors to the importance of trade mainstreaming.</p>

Success Stories	Gender & Inclusion
Concrete Successes	Recommendations

## Annex 3: Country highlights: Mauritius

Trade Mainstreaming 'Level'	Lessons Learned and Recommendations	
	Lessons Learned	Recommendations
<b>Policy</b>	<p>Although long term plans highlight the importance of poverty alleviation during trade policy formulation, what is lacking is a clear explanation and analysis of how trade policy measures will impact on the poor.</p> <p>While cooperation between the Government and the private sector has always been and is still very good, the link between the Government and the civil society (NGOs and academia) needs to be strengthened. All parties, as well as the country would benefit from increased interaction.</p> <p>Insufficient financing and lack of management skills are the main reasons for weak participation of civil society organisations in trade-related policy formulation.</p>	<p>More support should be provided to civil society organisations to empower and enable them to play a more active role in the development process.</p> <p>The consultative nature of the 'rapport' between the lead agency for trade and the stakeholders is crucial because in addition to facilitating the implementation process, it also permits germinating of constructive ideas from stakeholders, particularly the private sector.</p> <p>Need sustainable impact assessment tools to assess the impact of trade policies, strategies and agreements on revenue, employment, environment and poverty alleviation.</p> <p>Further improve coordination and consultation mechanisms by implementing a better structured trade policy formulation cycle.</p>
<b>Institutional</b>	<p>Although the role of the lead agency for trade is clearly delineated, criticisms exist that trade-related institutions are disjointed and that harmonisation trade related issues is difficult since policy formulation and implementation are carried out by different institutions.</p> <p>In addition, proper coordination and follow up, as well as an assessment of the effectiveness of any accountability mechanism are proving extremely difficult.</p>	<p>It may be appropriate for the Government to adopt a legal framework to formalise the consultation process and interaction among different institutions.</p> <p>The establishment of national think tanks, supported by the Government as well as the private sector, would enhance the capacity of internal partners to engage in a more constructive dialogue with the Government on the long-term development of the country.</p>
<b>International cooperation</b>		<p>Due to its limited ability to tap funds under the AfT initiative (middle- income country status), Mauritius should continue to seek cooperation of bilateral and multilateral development agencies to sustain its reform programme.</p>

Success Stories	Gender & Inclusion
Concrete Successes	Recommendations
<p>Merging of International Trade with the Ministry of Foreign Affairs to increase the effectiveness of Trade Negotiations.</p> <p>Elaboration of short-, medium- and long-term objectives and strategic plans for trade.</p> <p>Monitoring of implementation by Parliament.</p>	<p>The linkages between trade and gender issues and trade and poverty alleviation should be reinforced and clearly highlighted during policy discussions and formulations.</p> <p>The most effective way would be through greater involvement of NGOs and women organisations in the discussions. They will need education and capacity-building in order to have an effective role.</p> <p>Capacity building for NGOs and women's organisations on trade matters (an example: the EU's First Decentralised Programme for SME capacity building).</p>
<p>An effective public-private sector coordination mechanism for trade policy formulation.</p> <p>Direct linkages with Missions/ Embassies abroad, especially those directly related to trade matters (Geneva, Brussels, Washington).</p> <p>Effective implementation of both a top-bottom and bottom-top approach to policy formulation.</p>	
<p>Annual planning meetings with Donors discuss proposals by line ministries and the respective donor interests.</p>	

## Annex 3: Country highlights: Moldova

Trade Mainstreaming 'Level'	Lessons Learned and Recommendations	
	Lessons Learned	Recommendations
<b>Policy</b>		<p>Harmonise sectoral policies with EU directives in the respective fields.</p> <p>Coordinate trade policies among the various state institutions while implementing economic programmes.</p> <p>Integrate short- and medium-term programmes into long-term strategies and government plans, such as the upcoming National Development Strategy.</p> <p>Introduce milestones and performance criteria into sectoral development policies and their correlation with the national strategic economic and trade policy goals.</p> <p>Coordinate national trade policy objectives with regional trade agreements of which Moldova is a member.</p>
<b>Institutional</b>		<p>Strengthen institutional capacity to plan, formulate and implement.</p> <p>Human resource development is a top priority requiring an integrated approach not only in the lead trade agency but also in sectoral ministries and other agencies. A core group of people with specific training has to be identified and supported (2-3 years).</p> <p>Set up a mechanism to coordinate trade policy measures at the horizontal level</p> <p>Redefine the role of each major governmental agency involved in trade policy formulation and implementation.</p> <p>Support through twinning projects main trade policy institutions, e.g. participation in the pan-European and international institutions.</p> <p>Organise regular consultations between governmental institutions, NGOs and private associations from various sectors.</p>
<b>International cooperation</b>		<p>Use existing donor coordination group to set up a trade mainstreaming working party with the goal of preventing overlapping and duplication.</p> <p>Use the new National Development Strategy and other strategic documents under elaboration to orient specific donors towards clear goals within the trade mainstreaming agenda.</p> <p>Conduct sectoral trade diagnostic studies related to EU standards and Economic Area especially nontariff measures.</p>

Success Stories	Gender & Inclusion
Concrete Successes	Recommendations
<p>During its process of accession to the World Trade Organization (WTO), Moldova successfully has harmonized its legislation with the WTO agreements at that time to obtain in 2001 its full membership status. This has been accomplished in about 5 years with the effort of all sectoral government institutions involved.</p> <p>With the assistance of the donor community, the Government of Moldova implemented the Medium Term Expenditure Framework, which included most of the sectoral programmes. This practice proved to be extremely useful for achievement of budgetary, financial and other objectives.</p> <p>Moldova succeeded to become the member of CEFTA, South-East Europe Free Trade Agreement, Black Sea Cooperation Council and CIS, all of which offered a wide spectrum of economic cooperation.</p> <p>The Government of Moldova already passed ... through such a process of capacity building and public servants training while acceding to the World Trade Organization (WTO). This proved to be a very good example of such an approach, which helped achieve the utmost goal then — join the WTO.</p> <p>Similarly, an inter-ministerial coordinating committee has been established to ensure adequate supervision of trade policy implementation across various sectors. It consists of the representatives of most governmental institutions and it is still a functioning body, however, needs some capacity building.</p> <p>The Donor Coordination Committee is working effectively and set high standards for such coordination, which could be easily followed by the governmental institutions.</p>	<p>Moldova still has unequal standards of living among urban and rural population, which led to a mass emigration of workforce, including women. The latter had an adverse affect not only of demographic indicators but on overall socio-economic state of affairs taking into account the impact on children and other vulnerable groups.</p> <p>Subsequently a careful analysis of the impact of the proposed sectoral and/or trade policy measures on vulnerable population and women has to be made in order to better tune the necessary intervention measures.</p> <p>Related to this, a coordinated set of objectives and milestones has to be elaborated and included in those programmes.</p> <p>Throughout the process of capacity building or human development programmes implementation a special attention has to be given to the inclusion of women and give equal opportunities to all social groups to be benefit from the trade mainstreaming.</p> <p>Such an approach will have to be embedded in every sectoral strategy paper and subsequently, its implementation carefully monitored.</p> <p>Recommend to donors to include in their support projects and indices for M&amp;E of various gender equality issues and human development.</p>

## Annex 3: Country highlights: Nigeria

Trade Mainstreaming 'Level'	Lessons Learned and Recommendations	
	Lessons Learned	Recommendations
<b>Policy</b>	<p>Trade policy instruments could better target the serious concerns and deprivations that have characterized the Nigerian society.</p> <p>While the external sector is seen as central to Nigeria's growth dynamics, trade policy has not been at the heart of the public policy process in the country.</p> <p>The process of formulating Vision 20??-2020 has mostly been reduced to consultation rather than genuine engagement that effects real change. The planning process need to be more transparent and engaging from the bottom up. Needs assessment have to begin from the bottom and preferences articulated from the grassroots.</p> <p>Nigeria has not done critical studies and built capacity of negotiators that would have assisted it to take decisions and engage more fully in the negotiating process. The country was also not well prepared for the various negotiations under the WTO. The skills needed to handle the numerous areas covered by the WTO ranging from trade in goods to trade-related aspects of intellectual property are lacking on a broad base.</p>	<p>Enhanced capacity for policy articulation would result in a more coherent policy framework and better implementation of policies.</p> <p>An effective M&amp;E system is critical to ensure that targets are met and policies are implemented as articulated.</p> <p>In summary, priorities for attention are: strengthening trade and development planning institutions, ensuring better coordination of institutions involved in policy, ensuring coherence and consistency among various policies of government, opening up the policy making process and making it more transparent and accountable, ensuring greater monitoring and evaluation of policies, engaging rather than consulting various non-government stakeholders and better coordinating donor assistance.</p>

Success Stories	Gender & Inclusion
Concrete Successes	Recommendations
<p>Vision 20-2020 and its implementation plan showcase a policy framework for effective mainstreaming of trade policy in Nigeria.</p>	<p>Vision 2020 in its future implementation plans should take particular interest in gender issues in the planning process in addressing poverty and empowerment.</p> <p>Trade policy in particular should take account of the role women play in trade and particular subsectors. This should aim to enhance the economic status of women and further empower them for greater participation in the economy.</p> <p>At the institutional level evidence that gender bias is often present suggests that this must be addressed in building institutional capacity for national planning and trade policy formulation.</p> <p>Trade negotiators should be trained to understand the gender implications of national positions and to have the capacity to ensure gender fairness in agreements entered into. There should be gender balance in training of trade negotiators.</p> <p>The gender composition of the ENFP should be re-examined and more competent women included. Researchers should be encouraged to take more interest in gender issues and to undertake research that would feed into national development policies and inform trade policy issues.</p> <p>Donors should specifically target pro-gender initiatives in their support for trade and national planning assistance. This should be done in a balanced manner taking account of the specific needs of the country.</p>

## Annex 3: Country highlights: Nigeria (contd.)

Trade Mainstreaming 'Level'	Lessons Learned and Recommendations	
	Lessons Learned	Recommendations
<b>Institutional</b>	<p>Under the present national environment a bottoms-up approach to articulating policies is preferred to the top-down strategy inherited from the military era. The lower levels of government — both central and provincial — need to have greater input into trade and development policies.</p> <p>An important lesson learned is the need to strengthen the lead role of the Federal Ministry of Commerce and Industry as the prime institution for trade policy in Nigeria. Despite best efforts at coordination, a substantial gap remains among the various agencies and ministries involved with trade issues.</p> <p>Institutional capacity is a major constraint to the effective implementation of trade policy.</p>	<p>A Strategic Policy Unit should be established under the President's Office and a Trade Policy Advisory Council should be re-established as a statutory body chaired by the Vice-President and including State Governors and major private sector and civil society stakeholders. It should be backstopped by the SPU.</p> <p>Strengthened Planning and Trade institutions would facilitate better mainstreaming of trade policies into National Development Plans.</p> <p>Developing an effective in-house research capability within the Ministry of Commerce and Industry would enhance the Ministry's effectiveness and ability to influence the policy agenda.</p> <p>Timely and accurate information flows would enhance the performance of the Ministry and contribute greatly to mainstreaming efforts.</p> <p>Coordination is a critical element in the policy process but it remains a major problem in spite of the elaborate mechanism already put in place. This issue must be addressed.</p> <p>Government should reintroduce commercial officers in key embassies and missions.</p> <p>Information flows within and among Ministries, departments and other trade stakeholders need to be vastly improved. For example, the Planning, Strategy, Research and Statistics Department is not closely linked to the operational departments and critical information is not disseminated as it should be. Systematic ways of imparting information should be implemented.</p>
<b>International cooperation</b>	<p>Different forms of assistance have led in the past to donor dependence that has undermined the ability of countries to articulate independent policies. In the process, governments become more answerable to multi-lateral agencies and investors than to its own institutions and the wider public.</p> <p>At present donors still do their own evaluation, but are getting better at sharing this with other development partners at the coordination meetings of partners and government.</p>	<p>Institutional capacity-building on trade policy management should receive high priority.</p> <p>Joint evaluation of programmes should be coordinated and eventually harmonised.</p> <p>A diagnostic study (such as a DTIS) would be useful to examine the country's trade potential and major bottlenecks. It should pay particular attention to market access for Nigeria's non-oil exports, trade-related policy and regulatory issues, trade support services like transport and customs facilities, trade credit supply, export prospects within specific sectors and potential service exports. These are all relevant and important in mainstreaming and ensuring an effective trade policy regime.</p>

Success Stories	Gender & Inclusion
Concrete Successes	Recommendations
<p>The institutional framework for the articulation of national development policies that is coherent and provides the necessary mechanism for mainstreaming various policies.</p>	
<p>Increased interest by donors to coordinate donor activities has strengthened the efforts by the lead agency to coordinate donor assistance to trade.</p>	

## Annex 3: Country highlights: Rwanda

Trade Mainstreaming 'Level'	Lessons Learned and Recommendations	
	Lessons Learned	Recommendations
<b>Policy</b>	<p>Trade as a contributor to development must be reflected in the major national development strategies, such as the documents articulating the development visions of the nation, as well as the major poverty reduction strategy papers. This makes it easier for the sectoral strategies and policies to reflect trade, as they aim to be consistent with the major documents.</p> <p>The linkages between the implementation of the strategies and policies and the broad indicators of development and poverty reduction are not clearly established. As such, apart from the EDPRS, you do not see any major analysis on the impact of the different sectoral policies and strategies on poverty reduction.</p> <p>One of the lessons on the integration of gender in Rwanda is the need to have dedicated advocacy on gender issues to ensure it is consistently considered. There is a tendency for other stakeholders and institutions to look at gender as a secondary issue. A dedicated advocate for gender issues helps to ensure that it remains a part of the agenda.</p> <p>Limited understanding of trade and of its contribution to development has impeded private sector and civil society participation in policy formulation. Moreover, consultations are often ad hoc and poorly targeted and government representation is inconsistent. This impedes follow-up and proper communications.</p>	<p>Develop clearer indicators within the M&amp;E systems of the different policies and strategies, to measure the direct impact of these trade policies and strategies on poverty.</p> <p>The next PRSP should build in the existing trade and regional integration strategies.</p> <p>Develop a strategic framework document on regional integration, outlining Rwanda's key regional priorities.</p> <p>Harmonise Rwanda's trade policy with other policies and strategies that affect trade both externally and internally.</p>
<b>Institutional</b>	<p>Existing frameworks can often be quite effective if streamlined and managed effectively. This is better than wholesale change and multiple new mechanisms.</p>	<p>Move beyond ad-hoc meeting and consultations to a more structured consultation system.</p> <p>Implement better, more targeted communications.</p> <p>Appoint Trade Focal points in each entity that is a stakeholder in the trade policy process.</p> <p>Improve the ability of stakeholders to participate effectively in the process, by building their capacity and improving their understanding of key trade issues.</p>

Success Stories	Gender & Inclusion
Concrete Successes	Recommendations
<p>In the case of Rwanda, the establishment of a Gender Monitoring Office (GMO) has been key to the effective mainstreaming of Gender, not only in the Trade policies but also in all other key policies and strategies of the government. In the policy development stage the GMO is given an opportunity to comment on all draft policies and strategies before they are finalized. At this stage the GMO gets to propose changes to the draft policy or strategy to ensure that gender is effectively mainstreamed.</p> <p>The Trade Policy and the National Export Strategy reflect the effectiveness of this approach as they contain activities which aim to ensure the effective mainstreaming of gender into the trade policy and export strategy.</p> <p>Trade is a key part of both the Rwanda Vision 2020 document and the EDPRS. Due to the fact that all policies and strategies have to be consistent with these documents, these documents therefore provide a platform for ensuring that trade is mainstreamed in all key policies and strategies.</p>	<p>Developing clearer indicators in M&amp;E systems requires indicators that will measure mainstreaming of gender, as well as the impact of the trade policies and strategies on vulnerable groups in the society.</p> <p>As regards institutional coordination, both the trade policy and the national export strategy recommend activities to ensure the inclusiveness of women in trade policy formulation and coordination processes. These activities must be implemented and monitored accordingly.</p>

## Annex 3: Country highlights: Rwanda (contd.)

Trade Mainstreaming 'Level'	Lessons Learned and Recommendations	
	Lessons Learned	Recommendations
<b>International cooperation</b>	<p>The absence of trade in the donor division of labour conveys the impression that trade is not a key priority in terms of national dialogue with donors. Trade issues are raised bilaterally in discussions with key institution and donors leading to ineffective coordination of such interventions. Regular and more frequent dialogues and a more structured approach are needed.</p> <p>While Rwanda has been a beneficiary of the IF/EIF programme, it is not clear that the country is maximising the benefits of the programme.</p>	<p>Identify a platform for trade under the donor division-of-labour framework.</p> <p>Integrate the EIF into the aid-for-trade coordination platform in the donor division-of-labour system.</p>

Success Stories	Gender & Inclusion
Concrete Successes	Recommendations
<p>The Rwanda Donor Coordination system, through the donor division-of-labour framework, is an effective model for coordinating donor-government interventions.</p>	

## Annex 3: Country highlights: Sierra Leone

Trade Mainstreaming 'Level'	Lessons Learned and Recommendations	
	Lessons Learned	Recommendations
<b>Policy</b>	<p>Sierra Leone lacks a home-grown overall vision for trade that comprehensively and coherently sets forth national trade objectives based on opportunities, challenges and aspirations. The Trade Policy drafted in 2010 by WAMI technical specialists is seen by some local observers as a generic document that may reflect good practice but fails to reflect the local context adequately and suffers from a lack of local consultation in its preparation.</p>	<p>More detailed and explicit treatment of trade opportunities, objectives, strategies and potential impacts — positive and negative — for each strategic sector are required to fully leverage trade in the broader development agenda.</p> <p>Complementary measures are urgently required to assist economic stability and ease constraints to trade (e.g. macroeconomic, competition, land, tax, standards, youth employment, incentives, etc).</p> <p>Alignment and systematic inclusion of funding (including from donors) for research on trade and trade related matters.</p>
<b>Institutional</b>	<p>Key challenges are implementation of trade objectives and coordination of trade related initiatives.</p> <p>A large part of the challenge has to do with lack of resources, human and financial. While the reorganisation of the Ministry of Trade and Industry will provide a positive change in its technical capacity and orientation, the budgetary allocations remain insufficient for the broad and substantial engagement necessary to place trade policy at the heart of key sector policy agendas.</p>	<p>Trade focal points in relevant bodies.</p> <p>Stronger engagement by the Ministry of Trade and Industry with counterpart Ministries, with core focus on helping them deliver on their respective objectives and targets through trade.</p> <p>Larger budget allocation for the Ministry of Trade and Industry and its agencies, notably the Sierra Leone Standards Bureau which is absolutely key for the trade expansion effort.</p> <p>Strengthened human resource management in the Ministry of Trade and Industry, including HR training.</p> <p>Trade specialists should continue to be provided by donors but charged explicitly to pass skills and knowledge to local officers through mentoring/shadowing arrangements.</p> <p>Establishment of a permanent Sierra Leone trade mission in Geneva to enable effective participation in the multilateral trading system.</p> <p>Strengthened government capacity for oversight over tendering, due diligence and negotiation of major investment agreements (e.g., PPP Unit).</p>

Success Stories	Gender & Inclusion
Concrete Successes	Recommendations
	<p>Improve access to finance for poor farmers, women, handicapped and youth engaged in agribusiness, agro processing and agricultural cooperatives.</p> <p>Help women, physically challenged and youths in micro-activities and SMEs to attend training and access incentives for survival and expansion.</p> <p>Strengthen the Sierra Leone Investment Promotion Agency to be business provider with special support for women entrepreneurs.</p> <p>Introduce Industrial and Labour Economics as modules with emphasis on Trade and Trade policies in The Department of Economics and Commerce, Fourah Bay College, University of Sierra Leone.</p> <p>Increase strength of Personnel at Sierra Leone Standards Bureau. Implement standards and regulatory procedures.</p>
<p>The Sierra Leone Business Forum represents a coordination success story, having helped to improve the engagement of the government with private sector organisations.</p>	

## Annex 3: Country highlights: Sierra Leone (contd.)

Trade Mainstreaming 'Level'	Lessons Learned and Recommendations	
	Lessons Learned	Recommendations
<b>International cooperation</b>	<p>Nearly all improvements to policy, legal and regulatory frameworks were prepared with substantial support from development partners and thus display varying degrees of national ownership and contextual soundness. A common problem is that policies frequently are drafted by external experts who, after conducting a week or so of consultations with a core group of stakeholders, return home to draft the policy documents based on a mix of good practice and personal inclination. This tends to lead to generic documents poorly rooted in the local context and weakly owned by the national organisations that are meant to implement them.</p> <p>One implication of resource scarcity is reliance on donor funding not only to develop but to implement key initiatives and fill important roles in the government trade apparatus. Repeated donor pledges for greater predictability and coordination of aid notwithstanding, this unavoidably leads to varying degrees of uncertainty, capacity substitution and lack of sustainability which, when applied to critical functions, can have significant adverse effects. It can also lead the implementation of some programmes to be inordinately influenced by the views and priorities of funding donors rather than the government. The combined effect of these problems is too often to anchor initiatives insufficiently in the relevant government structures, which in turn affects their timely implementation and thus their impact. National ownership of programmes is widely recognized as essential for any meaningful impact to be achieved, but can be difficult to achieve in a context of chronic reliance on external funding. While this challenge is not unique to the trade sector, it is notable there and in this study emerged as an important factor shaping the country's post-war trade mainstreaming experience.</p> <p>The informal donor group on private sector development has proven useful for basic internal coordination and information sharing between the development partners on a broad range of PSD matters, including trade and investment. Attendance is however not universal and several significant actors are frequently not in attendance. While this may be partly due to staffing constraints on the part of the development partners, it is likely also a reflection of the broader problem around the crosscutting nature of the subject matter: whether among government or development partners, too many perceive PSD and trade as discrete areas and overlook the potentially significant interconnections that may exist with other sectors.</p>	<p>Consider establishing a Sector Working Group for Trade and Private Sector Development as part of the aid coordination mechanism being established under the Aid Policy Action Plan. This working group could meet more often than the PSD Roundtable, which in itself would increase coherence around both policy and implementation. Equally importantly, it could regularly inform the DEPAC of key initiatives, results and challenges so as to ensure that trade takes its rightful place in the deliberations of this high level body that exists specifically to ensure coherence, results and the speedy resolution of challenges to the implementation of the PRSP.</p> <p>The Development Partnership Committee (DEPAC) should practice better meeting management, planning ahead, advising of forthcoming meetings and providing detailed agendas well in advance.</p>

Success Stories	Gender & Inclusion
Concrete Successes	Recommendations

## Annex 3: Country highlights: Tanzania

Trade Mainstreaming 'Level'	Lessons Learned and Recommendations	
	Lessons Learned	Recommendations
<b>Policy</b>	<p>While key plans and strategies mention trade... explicitly, they often do not connect to each other, impeding implementation effectiveness.</p> <p>Translating policies and strategies from paper to action has proved to be very difficult.</p>	<p>The Trade Ministry should develop a national trade strategy with clear delineation of responsibilities and action plans. The trade and competitiveness issues mentioned in MKUKUTA II should link to the cabinet-approved TTIS. MKUKUTA II could just simply adopt these to strengthen the trade component of cluster one.</p> <p>The Government should address the complementary issues that determine trade competitiveness (eg, infrastructure, logistics, services, taxes, business environment, trade facilitation, regional integration, etc).</p>
<b>Institutional</b>	<p>Trade policies' crosscutting, multisectoral nature makes them a huge challenge to coordinate and implement. This is a major resources, management and organisational issue that has hampered trade mainstreaming.</p>	<p>The management, coordination and monitoring capacity of the TTIS Coordination Unit should be strengthened through targeted capacity building so that its leading role is enhanced and recognised and so that trade will be much better reflected in national policies.</p> <p>An important priority is management capacity building to enhance ability to organise, plan, analyse, budget, follow up, monitor, network, communicate, etc.</p>
<b>International cooperation</b>	<p>While challenges remain in mainstreaming trade in overall donor dialogue, The donor-partner country trade dialogue is well structured with the PSD/Trade working group. The Tanzania Trade Integration Strategy as a Single Framework/SWAp, donors have been trying to move trade up the government agenda. The Ministry of Industry, Trade and Marketing, through its TTIS Coordination Unit, has the lead in coordinating and monitoring the TTIS.</p>	<p>The Development Partner Group on Private Sector / Trade should be equipped with a well functioning and proactive Secretariat that will move forward the dialogue with the MITM and the Prime Minister's Office.</p> <p>Efforts should be made to increase trade's priority in donor dialogues. One way to do so could be to develop trade-related M&amp;E indicators for country programmes.</p>

Success Stories	Gender & Inclusion
Concrete Successes	Recommendations
	Increase participation of special and vulnerable groups in policymaking processes.

## Annex 3: Country highlights: Uruguay

Trade Mainstreaming 'Level'	Lessons Learned and Recommendations	
	Lessons Learned	Recommendations
<b>Policy</b>	<p>In order to ensure the sustainability of public policy, civil society and private sector have to be involved from the beginning.</p> <p>A key challenge is to overcome the division between trade and social policies.</p> <p>Monitoring and evaluation need to become common practice instead of only being applied in specific programmes.</p>	<p>Build a long-term national development plan clearly defining trade and development links and roles.</p> <p>Overcome the division between trade and social policies and identify social and redistributive impacts of trade policy. Build awareness and understanding of those links.</p> <p>Involve civil society and the private sector from the beginning of the trade and industry policy process.</p> <p>Foster monitoring and evaluation mechanisms of trade and industry policies in order to assess the impacts of trade upon the productive sectors and income distribution.</p>
<b>Institutional</b>	<p>Adequate financial and human resources are required in order to ensure proper coordination and implementation of trade policies.</p> <p>As long as there is no strong lead trade agency, it is difficult to overcome the short-term agenda.</p>	<p>Strengthen trade-related human resources capabilities.</p> <p>Align trade promotion agencies and mechanisms.</p> <p>Assess the effectiveness of institutional arrangements and resources and constantly monitor for overlapping.</p>
<b>International cooperation</b>	<p>The quality of international cooperation and funding is related to alignment with the country's strategic objectives and priorities.</p>	<p>Promote coordination between the Uruguayan International Cooperation Agency and CIACEX in order to identify trade cooperation needs.</p> <p>Identify Aid for Trade projects in cooperation dialogues with donors.</p>

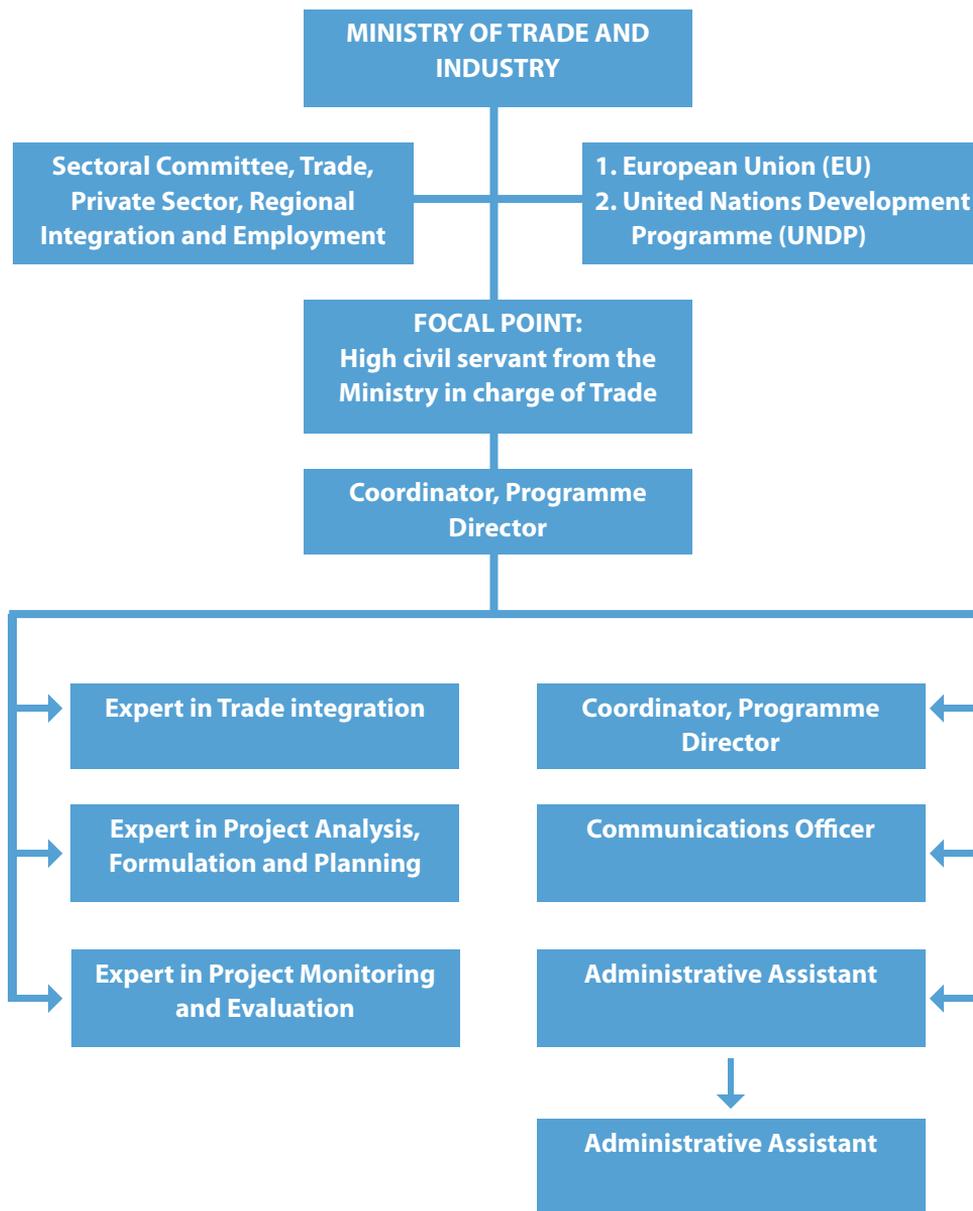
Success Stories	Gender & Inclusion
Concrete Successes	Recommendations
<p>Particular initiatives as PACC, PACPYMES and <i>Innova Uruguay</i> involve trade and development in a sectoral way. They would be good experiences for future programmes and their methodologies could be enhanced and reapplied.</p> <p>Tripartite Sectoral Councils (government, entrepreneurs and workers) are a good example of building policies in a participatory way.</p>	<p>Improve dialogue and coordination between CIACEX, Productive and Social Cabinets to ensure coherence among trade priorities, poverty reduction and gender equality. The National Institute of Women has a role to play in identifying the gender impacts of trade.</p> <p>Include gender-sensitive indicators in trade policy assessments.</p> <p>Analyse links among production, trade priorities, gender and social justice.</p>
<p>The government realises that institutional mechanisms and entities should be coordinated in order to ensure policy cohesion. So, CIACEX is a good example of trade mainstreaming, based on national ownership and political commitment. National policy makers decided to create an inter-ministerial commission after an assessment of other possible mechanisms, such as creating a trade ministry.</p> <p>The different cabinets created by the government foster inter-ministerial policy coordination in specific agendas and promote synergies. However, a balance between short-term and long-term agenda is needed to ensure sustainable state policies in the long-term.</p>	
<p>The government recently created the Uruguayan International Cooperation Agency (AUCI) which will improve the quality of the international cooperation resources received as well as align these to the government's strategic objectives. The agency will also collect information on the sources of cooperation, coordinate and align cooperation and begin to provide South-South cooperation.</p>	

## Annex 3: Country highlights: Yemen

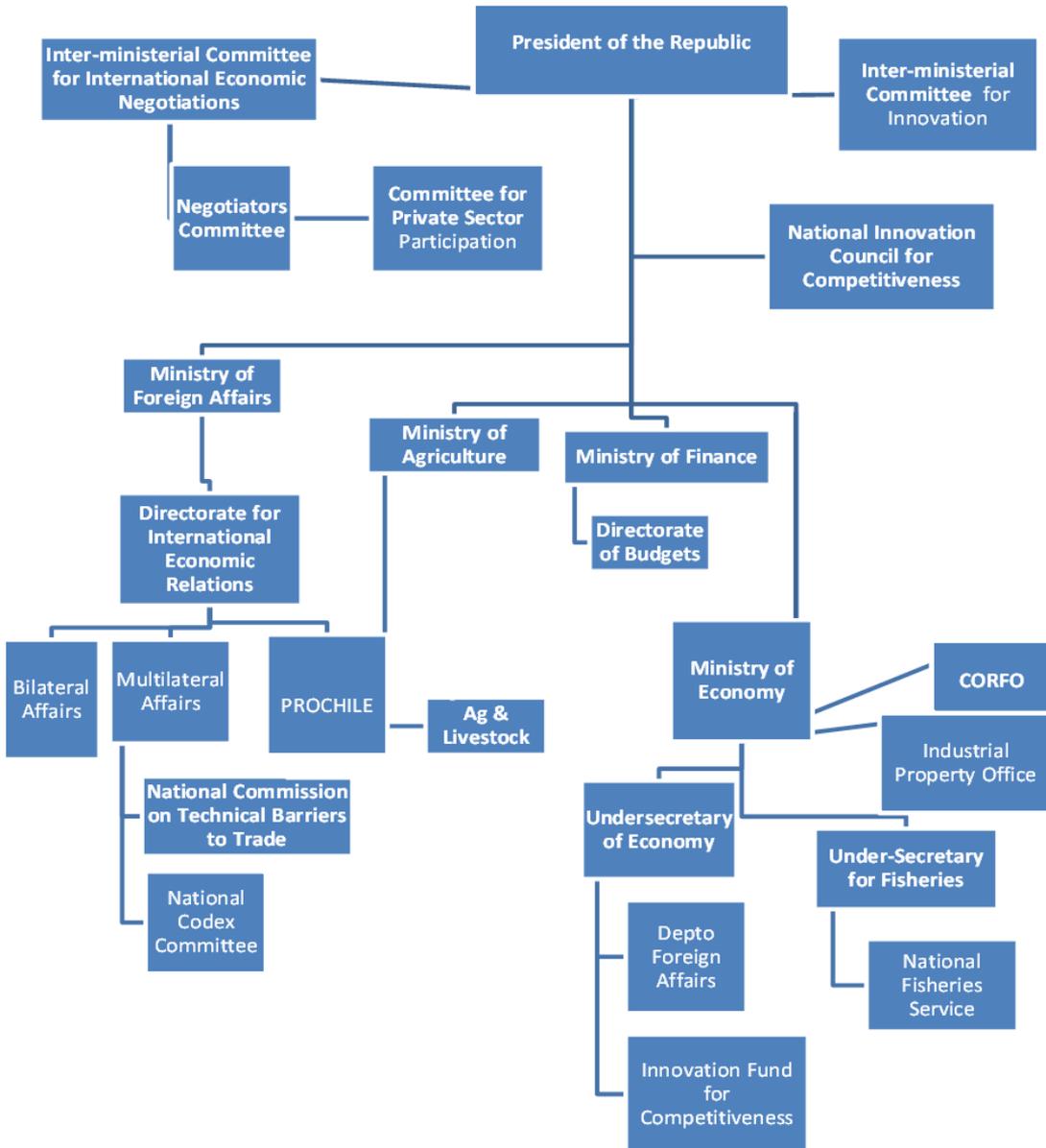
Trade Mainstreaming 'Level'	Lessons Learned and Recommendations	
	Lessons Learned	Recommendations
<b>Policy</b>	<p>Awareness and understanding of trade-and-poverty reduction linkages have not developed despite the IF and other trade development activities.</p> <p>The current Diagnostic Trade Integration Strategy (DTIS) has had little practical impact on mainstreaming trade or generating a suitable trade policy framework.</p> <p>Undertaking trade reforms and developing trade policies in isolation without the presence of other mutually supportive policies will not deliver the full benefits of trade reform and liberalisation.</p>	<p>Mainstreaming will depend on effective joint policy and strategy development within inter-sectoral policy making mechanisms.</p> <p>It is important to spread awareness of the content and development implications of proposed trade reforms in order to build domestic consensus and establish a core pro-trade constituency.</p> <p>Government-Private Sector-Civil Society dialogue and Government-Donor dialogue are essential in identifying and addressing trade-related issues and setting trade targets, policies and strategies.</p>
<b>Institutional</b>	<p>A weak lead agency for trade can debilitate mainstreaming, trade development and accountability.</p> <p>Weak parliamentary processes delay the benefits of reforms.</p>	<p>Concentrate efforts on capacity building and institutional strengthening in trade-related areas and agro-related industries.</p>
<b>International cooperation</b>	<p>The lessons learned in attempting to mainstreaming trade into development plans are inextricably linked with the overall functioning of the EIF. This calls for holistic, results-based programme management processes to achieve results. On-the-ground action, well defined roles of partners and minimum transaction costs, supported by the necessary financial and administrative resources, are needed.</p>	<p>Hold trade-specific donor implementation meetings.</p> <p>Establish multi-donor trust funds for trade-related programmes.</p> <p>Upgrade the DTIS.</p>

Success Stories	Gender & Inclusion
Concrete Successes	Recommendations

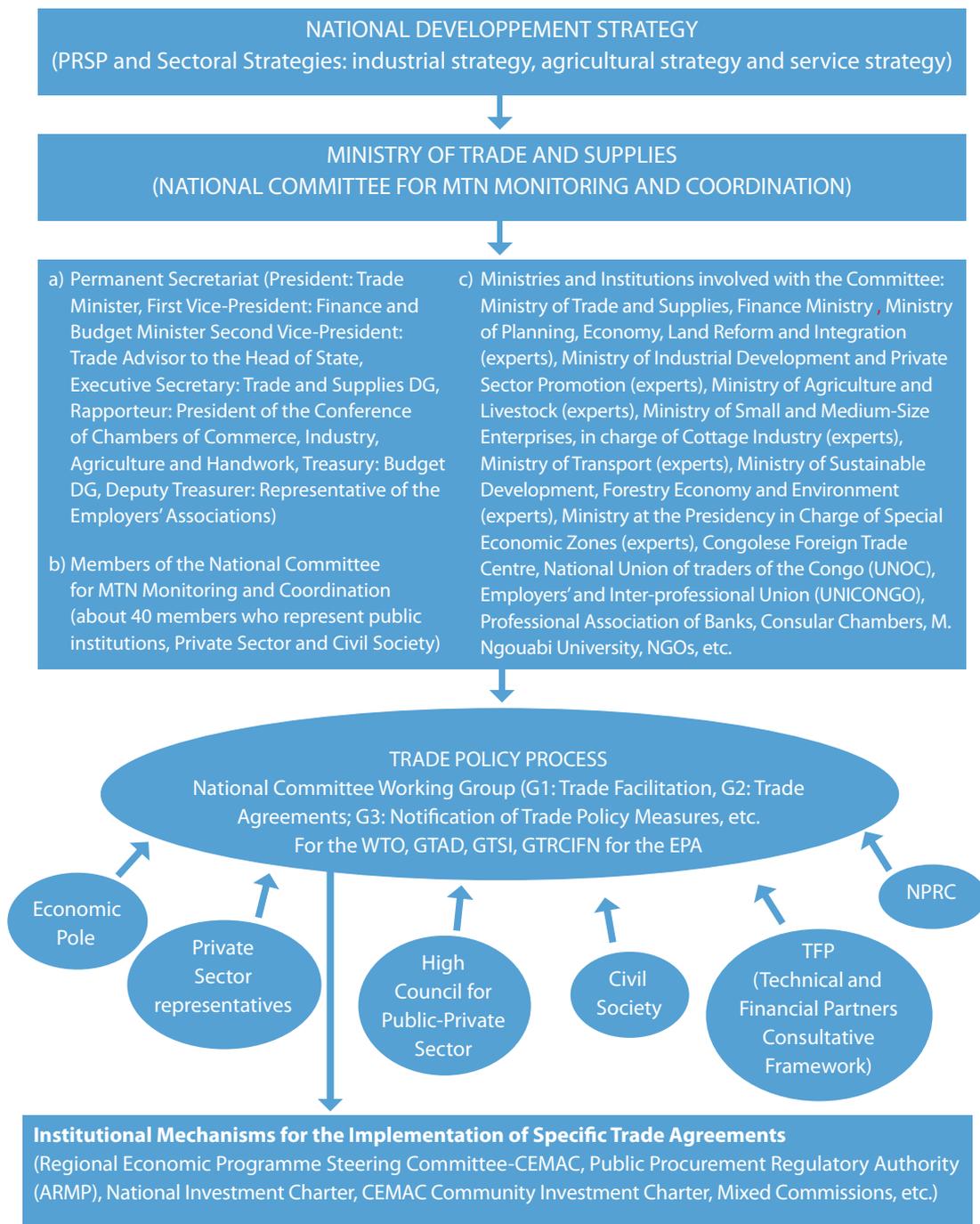
Annex 3: Country institutional map: Central African Republic

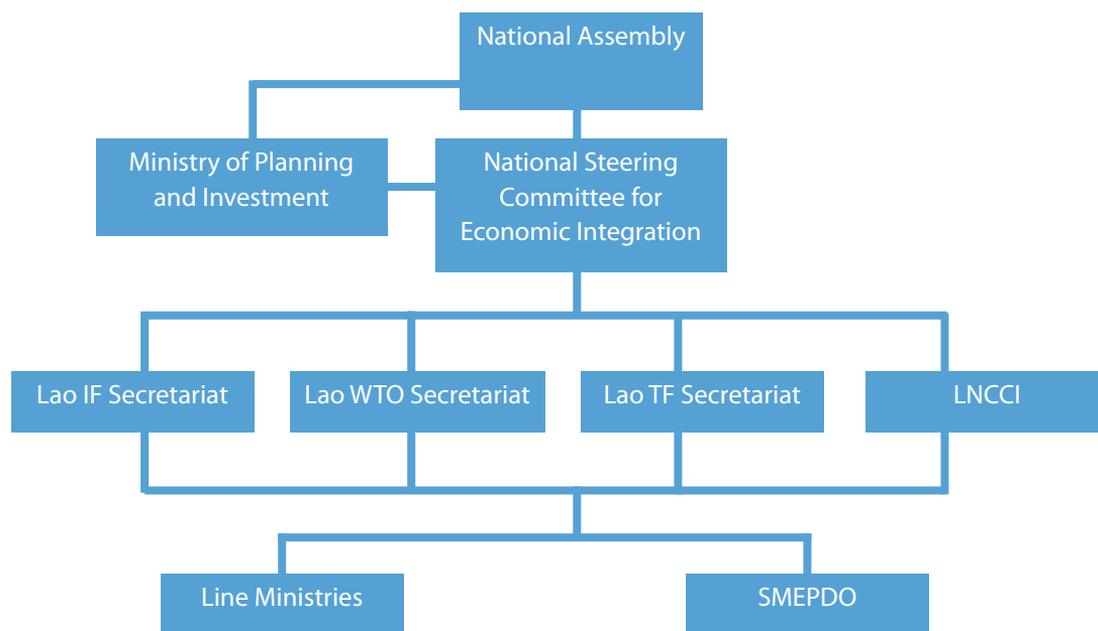


Annex 3: Country institutional map: Chile

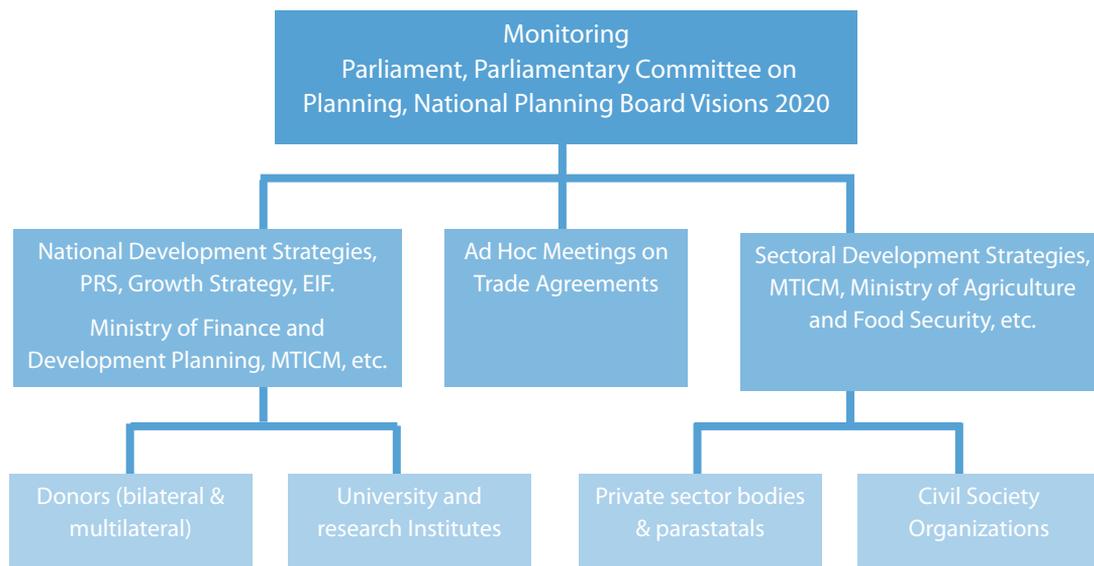


## Annex 3: Country institutional map: Congo

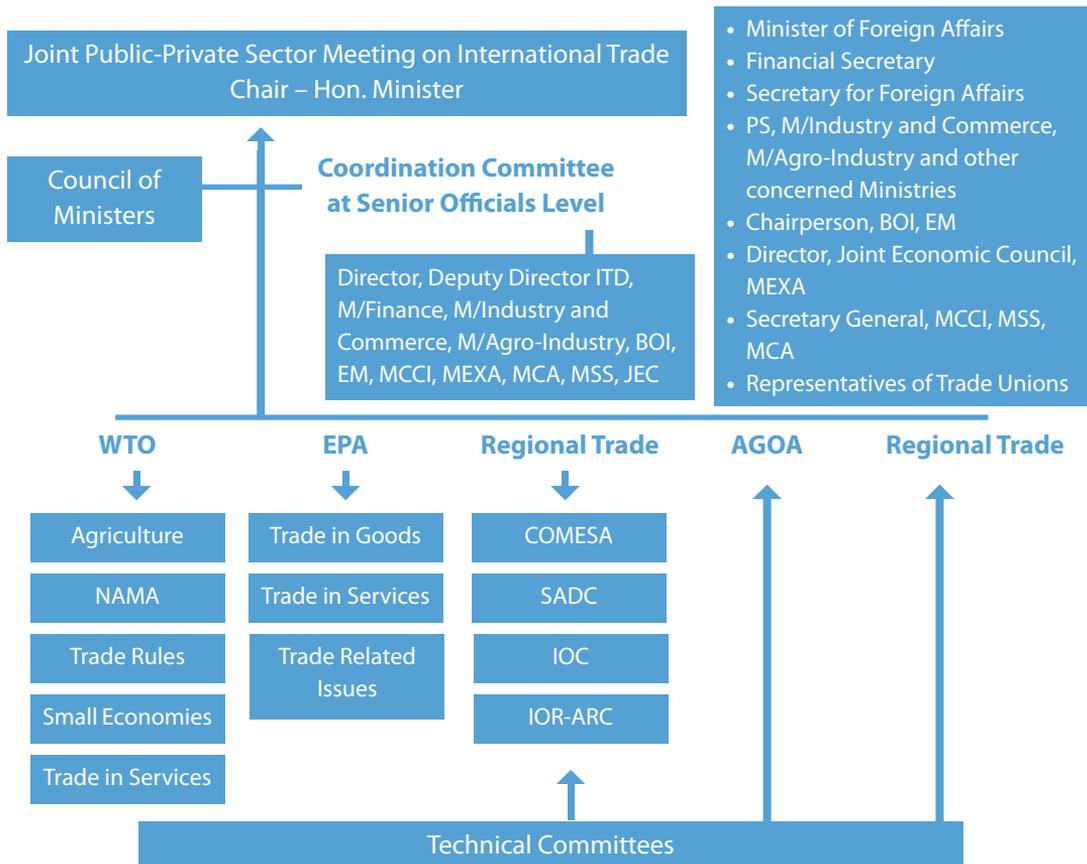


**Annex 3: Country institutional map: Lao PDR**

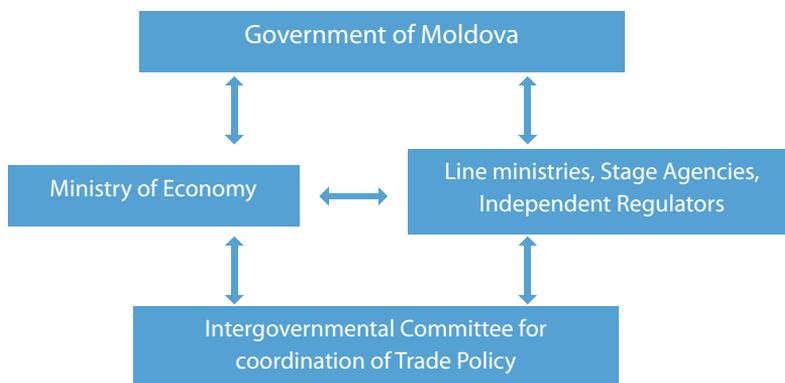
## Annex 3: Country institutional map: Lesotho



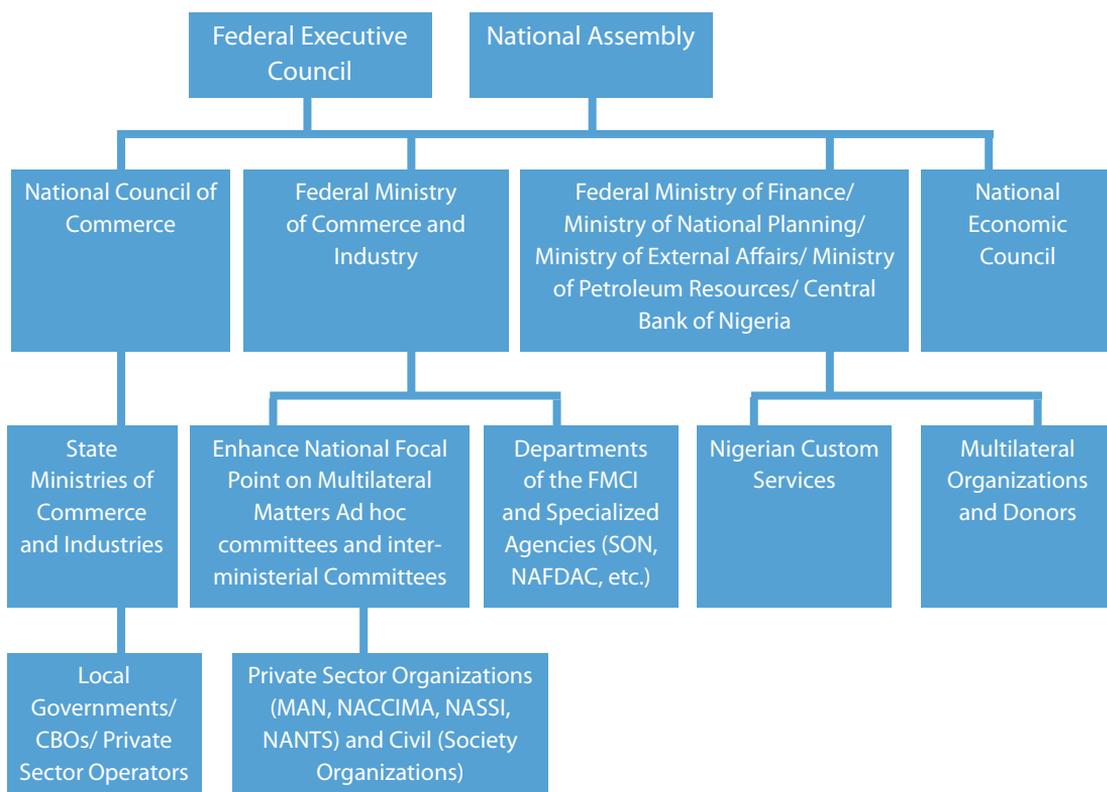
### Annex 3: Country institutional map: Mauritius



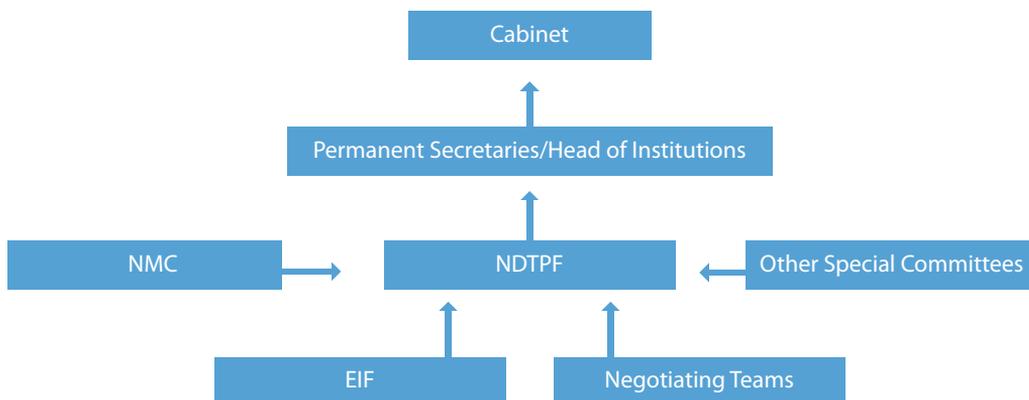
### Annex 3: Country institutional map: Moldova



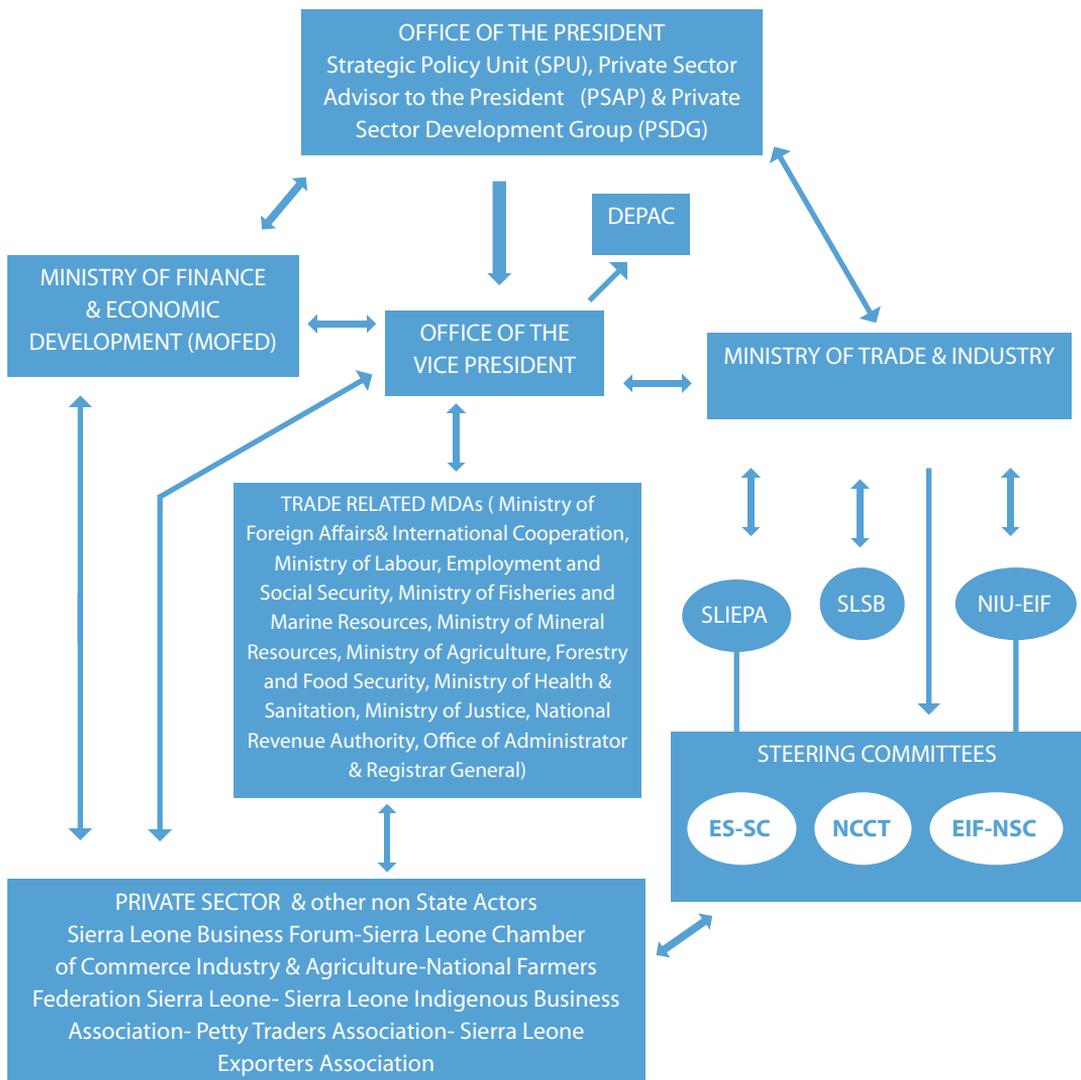
## Annex 3: Country institutional map: Nigeria



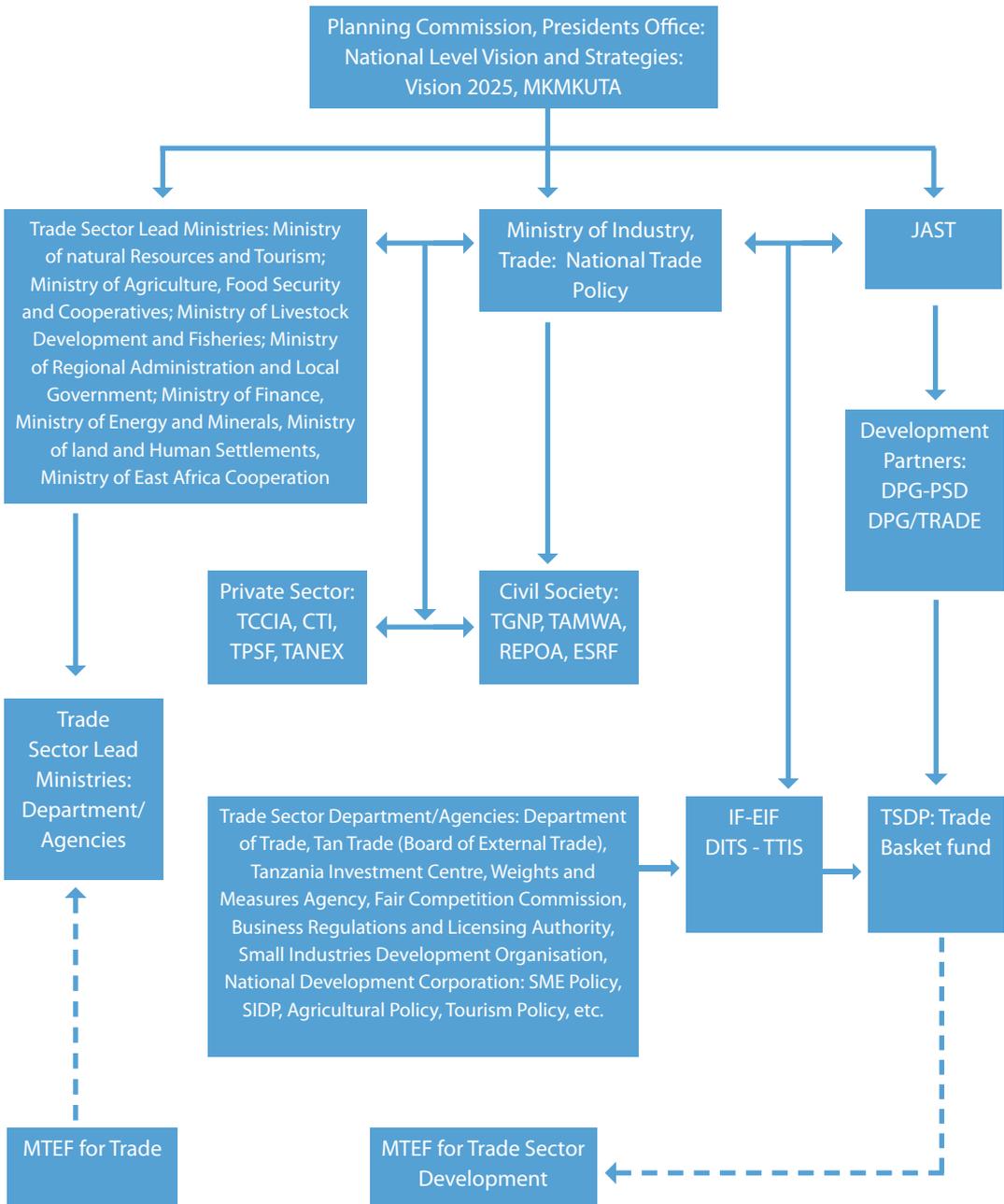
## Annex 3: Country institutional map: Rwanda



## Annex 3: Country institutional map: Sierra Leone

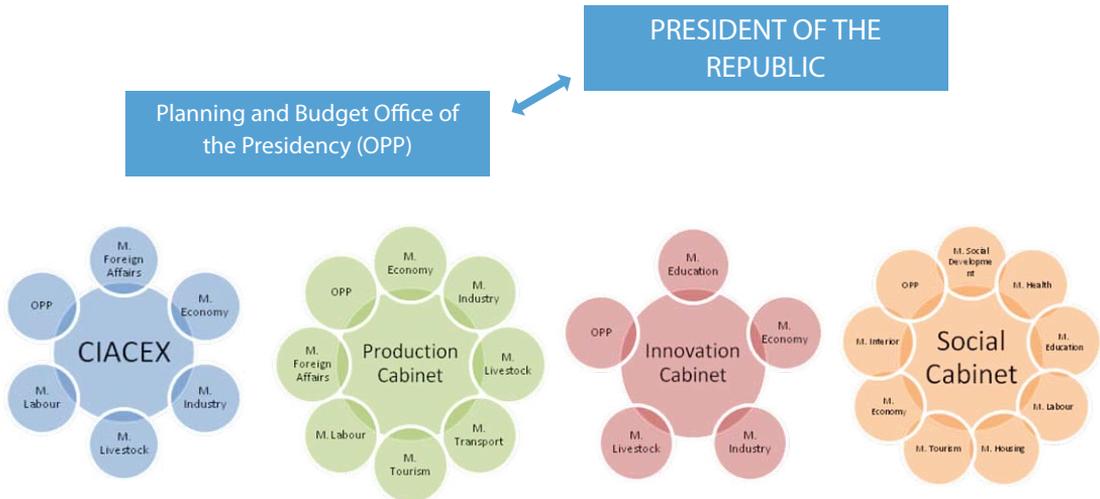


## Annex 3: Country institutional map: Tanzania

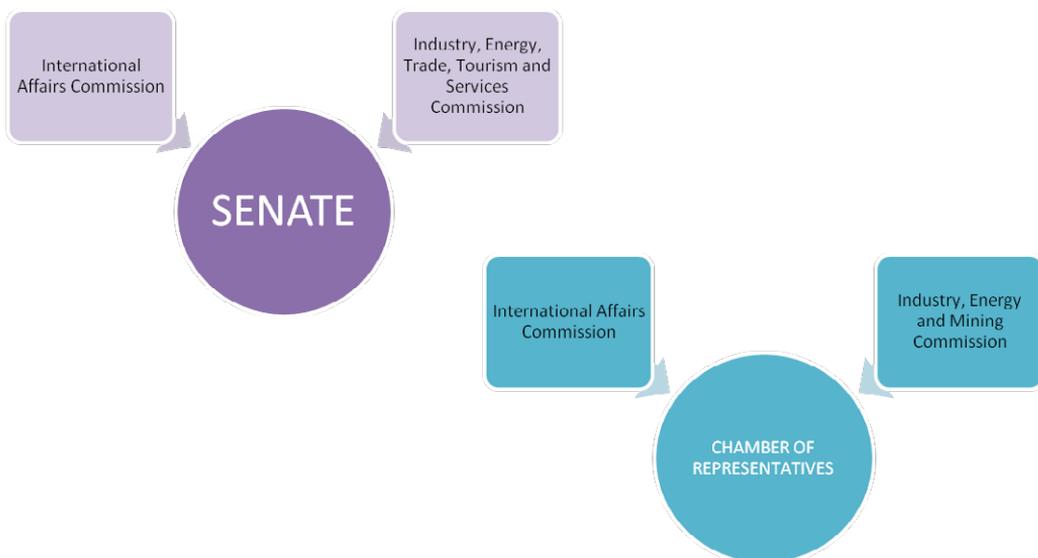


### Annex 3: Country institutional map: Uruguay

#### EXECUTIVE BRANCH



#### LEGISLATIVE BRANCH



## Annex 4: Comparison of various impact assessment tools

	<b>Poverty and Social Impact Analysis (PSIA)</b> – World Bank	<b>Sustainability Impact Assessment (SIA)</b> – European Union	<b>Integrated Impact Assessment</b> – UNEP
What is assessed	Economic policy reforms	Multilateral, regional and bilateral trade agreements under negotiation	Trade related policies
What impacts are measured	Distributional effects of economic policies on poverty	Sustainable development impacts (economic, environmental and social)	Social and environmental impacts (sector based)
Type of assessment (ex ante or ex post)	Both	Ex-ante	Ex-post
Conceptual framework or methodology provided?	Yes. Methodological framework to guide the assessment provided	Yes. Methodological framework to guide the assessment provided	Yes. Integrated assessment framework provided
Set of indicators defined?	No	Core indicators defined	No
Assessment tools provided?	Range of economic and social analysis tools (e.g., participatory poverty assessments, behavioural models, partial and general equilibrium model)	Quantitative and qualitative tools (e.g., causal chain analysis, case studies, economic modelling)	Quantitative and qualitative tools
Monitoring mechanisms/flanking measures provided?	Yes	Yes	Yes

<b>Impact of Economic Policies on Poverty &amp; Income Distribution: Evaluation Techniques and Tools</b> – World Bank	<b>Trade Liberalization and Poverty: A Handbook</b> – Centre for Economic Policy Research	<b>Trade Impact Review</b> – Women’s Edge	<b>Human Development Impact Assessment of Trade Policy</b> – UNDP
Economic policies	Trade policy induced reforms	Trade and investment agreements	Trade policies/ reforms resulting from multilateral, regional, bilateral or unilateral trade agreements/ policy changes
Income and non-income impacts of policy reforms on welfare of various stakeholder groups	Effects of trade reform on poverty in developing countries	Gender impacts	Human development (HD) impacts
Both	Ex-ante	Ex-ante	Both
No. Discussion of techniques and tools to undertake assessments	Yes. Conceptual framework and guidance to conduct assessment	Yes. Framework provides guidance on policy and regulatory impacts	Yes. Based on four pillars of HD paradigm
No	No	No	Yes. Based on four pillars of HD paradigm
Range of micro and macroeconomic techniques are provided	Descriptive, data based and modelling approaches	Economic modelling (e.g., CGE, intra-household models, gender inequality and growth model)	Quantitative and qualitative tools
No	No	No	Yes

Source: UNDP, 2010.

## Annex 5: Sources of trade-related indicators

Trade-Specific Indicators		Source
World Trade Indicators (WTI)	WTI database is a tool that enables countries to benchmark their trade policy and performance and compare across countries and country groupings (e.g., by region, income group, regional trade agreements, etc.). It contains a broad set (about 450 variables) of trade-related policy and outcome indicators for 211 countries and territories. WTI is organised around five thematic pillars: 1) Trade policy; 2) External environment; 3) Institutional environment; 4) Trade facilitation; 5) Trade outcome.	World Bank Institute
Doing Business; Trading Across Borders Indicators	The Trading Across Borders indicator series (drawn from the Doing Business database) represents a country's trade facilitation capabilities and consists of objective measures of the trade facilitation environment: 1) Number of documents for import and export; 2) Time (in days) for import and export; 3) Cost (US\$ per container) to import and export. It estimates the monetary costs associated with shipping goods from the factory gate to the port and from ports to retail outlets for a standard container. Useful benchmarking tool.	World Bank
Trade and Development Index (TDI)	TDI is designed as a mechanism for monitoring the trade and development performance of countries, a diagnostic device to identify factors affecting such performance and a policy tool to help stimulate and promote national and international policies and actions for development and poverty reduction.	UNCTAD
Trade Performance Index (TPI)	TPI calculates the level of competitiveness and diversification of a particular export sector and compare results across countries. At present, the TPI covers 184 countries and 14 different export sectors and provides three types of indicators: i) a general profile; ii) a country position for the latest available year and iii) changes in export performance in recent years. Its composite ranking is based on five criteria which are value of net exports, per capita exports, world market share, diversification of products and of markets.	International Trade Centre
Enabling Trade Index (ETI)	ETI is an aggregate indicator constructed from a range of both hard data and survey data and focuses on the broader trading environment in a country. It aims to assess the extent to which countries around the globe have in place the institutions and policies for enabling trade. The World Economic Forum publishes an annual report where 123 different countries are measured against this index.	The World Economic Forum

Source: World Bank, World Economic Forum, Transparency International, OECD.

Category-Specific Indicators		Source
Doing Business	Ranks 183 countries on ease of doing business, based on 9 indicators: starting a business, construction permits, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts, closing a business. <a href="http://www.doingbusiness.org">www.doingbusiness.org</a>	World Bank
Global Competitiveness Index	GCI is based on 12 'pillars': institutions, infrastructure, macroeconomic environment, health and primary education, higher education and training, goods market efficiency, labour market efficiency, financial market development, technological readiness, market size, business sophistication and innovation. The report also includes comprehensive listings of countries' main strengths and weaknesses, facilitating the identification of key priorities for policy reform. <a href="http://www.weforum.org/issues/global-competitiveness">www.weforum.org/issues/global-competitiveness</a>	World Economic Forum
Corruption Perceptions Index	This index measures perceptions of corruption in 178 countries. <a href="http://www.transparency.org/policy_research/surveys_indices/cpi/2010">www.transparency.org/policy_research/surveys_indices/cpi/2010</a>	Transparency International
Asia Regional Integration Indicators	The Asia Regional Integration Centre has developed a set of indicators which measures regional integration of trade, investment and financial markets. Data is collected from 19 Asian countries.	Asian Development Bank
Infrastructure and Agribusiness Indicators	The International Finance Corporation (IFC) established in 2005 a systematic indicator framework called the Development Outcome Tracking System (DOTS) to monitor the development results of IFC's investments and advisory services and compare performance across its projects. Within this results tracking system, each IFC industry department has identified a number of standard, industry-specific indicators that are tailored to focus on the outcomes that are most relevant to each industry.	International Finance Corporation
AICD database on Africa's Infrastructure	AICD programme developed a suite of indicators (containing a total of 893 variables) to measure performance in nine major infrastructure sectors (air transport, ICT, irrigation, ports, power, railways, roads, water and sanitation) across 24 African countries. Quantitative indicators include infrastructure performance measures of access, efficiency, quality and financial performance, with a focus on infrastructure service providers such as utilities. Qualitative indicators measure the institutional, legal and regulatory frameworks of each sector.	Africa Infrastructure Country Diagnostic

Source: World Bank, World Economic Forum, Transparency International, OECD.

Category-Specific Indicators		Source
Logistics Performance Index (LPI)	LPI is a benchmarking tool focused specifically on measuring the trade and transport facilitation “friendliness” of countries. It reflects the overall perception of a country’s logistics environment and compares the trade logistics profiles of 155 countries. LPI measures: i) Efficiency of the customs clearance process; ii) Quality of transport and transport-related infrastructure; iii) Ease of arranging competitively priced shipments; iv) Competence and quality of logistics services; v) Ability to track and trace consignments and vi) Frequency with which shipments reach the consignee within the scheduled or expected time.	World Bank
World Telecommunication/ ICT Indicators Database	Shows the level of advancement of information and communication technologies in 150+ countries. Its main objective is to provide policymakers with a tool to benchmark and assess their information society developments and to monitor progress that has been made globally to close the digital divide.	International Telecommunication Union
Travel and Tourism Competitiveness Index (TTCI)	TTCI, which covers 133 countries, provides a comprehensive strategic tool for measuring the factors and policies that make it attractive to develop the tourism sector in different countries. The index is based on over 70 indicators.	World Economic Forum
Indicators of Financial Structure, Development and Soundness	The indicators include system-wide indicators of size, breadth and composition of the financial system; indicators such as competition, concentration, efficiency and access and measures of scope, coverage and reach of financial services.	International Monetary Fund
IEA Energy Statistics	The Energy Statistics Division of IEA collects, processes and publishes data and information on energy production, trade, stock, transformation, consumption, prices and taxes as well as on greenhouse gas emissions. Data is available for all OECD member economies and over 100 non-OECD member economies.	International Energy Agency

*Source: World Bank, World Economic Forum, Transparency International, OECD.*





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**United Nations Development Programme**  
Trade and Human Development Unit  
Palais des Nations, CH – 1211 Geneva 10  
Switzerland

Email: [genevatradeunit@undp.org](mailto:genevatradeunit@undp.org)  
Web site: [www.undp.org/poverty](http://www.undp.org/poverty)

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