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# TRADE CAPACITY DEVELOPMENT FOR AFRICA: COMPENDIUM OF PAPERS

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## NOTE

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This volume was prepared and coordinated by Mina Mashayekhi, Bonapas Onguglo, and Emily Mburu, with the support of Aimé Murigande and Taisuke Ito, Trade Negotiations and Commercial Diplomacy Branch, Division on International Trade in Goods and Services, and Commodities, UNCTAD. Mr. Lamin Manneh of the UNDP provided valuable support.

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# LIST OF COMMON ABBREVIATIONS

| | |
|---|---|
| ACGD | African Centre for Gender and Development |
| ACP | Africa, Caribbean and Pacific |
| AEC | African Economic Community |
| AGOA | Africa Growth Opportunity Act |
| AU | Africa Union |
| CEMAC | Central African Economic and Monetary Community |
| COMESA | Common Market for Eastern and Southern Africa |
| EAC | East African Cooperation |
| EBA | Everything But Arms |
| ECCAS | Economic Community for Central African States |
| ECOWAS | Economic Community of West Africa States |
| EPA | Economic Partnership Agreement |
| GATT | General Agreement on Tariffs and Trade |
| GERA | Gender and Economic Reforms in Africa |
| HLM | High Level Meeting |
| ICTSD | International Centre for Trade and Sustainable Development |
| IF | Integrated Framework |
| IMF | International Monetary Fund |
| IOC | The Indian Ocean Commission |
| ITC | International Trade Centre |
| JITAP | Joint Integrated Technical Assistance Programme |
| MTN | Multilateral Trade Negotiations |
| MTS | Multilateral Trading System |
| NEPAD | New Partnership for African Development |
| OAU | Organization of African Unity |
| RECs | Regional Economic Communities |
| SACU | Southern African Customs Union |
| SADC | Southern African Development Community |
| S&D | Special and Differential Treatment |
| SEATINI | Southern and Eastern Africa Trade Information and Negotiations Institute |
| SSA | Sub-Saharan Africa |
| TCB | Trade Capacity Building |
| TRTA | Trade-Related Technical Assistance |
| TWN-Africa | Third World Network Africa |
| UEMOA | West African Economic and Monetary Union |
| UNCTAD | United Nations Conference on Trade and Development |
| UNDP | United Nations Development Programme |
| UR | Uruguay Round |
| WAWA | West African Women's Association |
| WID | Women in Development |
| WTO | World Trade Organization |

# PREFACE

International trade, under enabling conditions and provided that the right policies are in place, can be an instrument of growth, sustainable development and poverty reduction. There is a consensus among policy makers and in the international community that the international trading system must ensure that the benefits are equitably distributed among countries, and particularly African countries, as their economies are some of the economically weakest, most vulnerable and most frequently marginalized.

The Doha round of multilateral trade negotiations has before it issues of immediate interest to African developing countries. It thus behoves them to identify, formulate and defend their negotiating objectives so as to work towards development-oriented results – results that are consistent with the Doha Ministerial Declaration and that can serve at the same time to enable Governments to deliver the Millennium Development Goals. The challenge for African countries is how to participate in multilateral trade negotiations in such a way as to have their needs and concerns taken into account in emerging trade rules and their development interests reflected in the outcomes.

There are institutional, regulatory and financial capacity obstacles to the full and effective participation of African developing countries in trade negotiations. If they are to make any impact on those negotiations, it is essential that they continue to build the relevant capacity. This entails identifying and determining priorities, devising farsighted development policies and strategies and creating an environment conducive to improving productivity and competitiveness.

All stakeholders need to be engaged in such consultations. Over the past two decades, civil society in Africa has played a pivotal role in educating the public on how development and poverty eradication considerations can be incorporated into trade disciplines and policies. The private sector is equally crucial in helping to build the productive capacity these countries need if they are to engage beneficially in world trade.

We at UNCTAD consider trade-related capacity-building as a key to ensuring that international trade generates development gains and that these are distributed equitably. Our focus on trade for development was reaffirmed and strengthened in the São Paulo Consensus adopted last year at UNCTAD XI. The present compendium of papers contributes to the joint efforts of UNCTAD and UNDP in the area of trade-related capacity-building in support of the specific needs and interests of African countries for an equitable integration into the international trading system.

Carlos Fortin
Officer-in-Charge of UNCTAD

# INTRODUCTION

UNDP (African Bureau) has, since 1998, funded the technical assistance programme on "Capacity Building for Trade and Development in Africa (RAF/96/001)". This programme was implemented by UNCTAD, UN-ECA, African Union (AU), African Economic Research Consortium (AERC) and Third World Network-Africa (TWN-Africa). Each agency was given a specific responsibility and received financial assistance.

UNCTAD has implemented the "Fast Track Module" on Trade Negotiations. This component was most effective in the preparatory process for the Seattle Ministerial Conference of the WTO and subsequent WTO Ministerial Conferences. Under this project, UNCTAD collaborated with the AU and UN-ECA in organizing and servicing a series of high-level meetings of African experts to prepare common positions of African countries prior to WTO Ministerial Conferences. These meetings were also held prior to the Doha and Cancún Conferences.

As part of the above-mentioned regional technical assistance programme, in 2002 UNDP in consultation with AU, AERC, SATRN, TWN-Africa, UN-ECA, and UNCTAD, launched the "Follow-up to the Doha WTO Ministerial Meeting: Coordinated Plan of Activities for a Multi-Institution Response in sub-Saharan Africa 2002-2003". It involved joint implementation by the AU, UNCTAD, UN-ECA, AERC, SATRN and TWN-Africa of activities to support African countries in responding to the Doha Work Programme. Under this programme, and in conjunction with project RAF/96/001, several sector-specific workshops on the Doha Work Programme (DWP) (services, agriculture) were conducted for African trade negotiations, some negotiating briefs were prepared and several studies were commissioned. Also, the African countries preparations for the Cancún Ministerial Conference, both regional and national, as well as the work of the African Group to the WTO in Geneva, was supported by the programme through advisory assistance. Support to civil society and non-governmental organizations were also carried out primarily by TWN-Africa.

The regional and supplementary post-Doha programmes funded by UNDP (African Bureau) were terminated at the end of 2003. In this light, UNDP started a process of preparations for a new programme to assist sub-Saharan African countries during the Doha negotiations. UNDP requested UNCTAD to undertake this assignment to prepare a new programme document.

On 20 and 21 November 2003, a meeting was organized as part of the UNDP-funded project on the "Development of a regional project on trade and investment promotion capacity building for Africa". The meeting facilitated discussions on trade related issues of specific interest to African countries and trade as a means of poverty reduction, with a view to providing inputs for the elaboration of a new UNDP project on Trade Capacity Development for Africa, to be implemented by UNCTAD, the AU, UN-ECA and other organizations and NGOs. The first day of the workshop concentrated on the capacity development needs of African countries, particularly in light of the outcome of the fifth WTO Ministerial Conference held in Cancún and issues related to trade, poverty and human development. The represented agencies, AU, UN-ECA, SEATINI, TWN-Africa and UNCTAD, also made presentations on the assistance they were respectively providing to SSA countries. The second day was devoted to an examination of the draft new programme document on Trade Capacity Development for Africa, drafted by UNCTAD and UNDP Regional Bureau for Africa.

UNCTAD, in collaboration with UNDP, has commissioned several studies on Africa's capacity development requirements for trade negotiations. These studies were prepared by African consultants under the supervision of the Trade Negotiations and Commercial Diplomacy Branch, Division on International Trade in Goods and Services, and Commodities, UNCTAD.

Chapter I on "National and Regional Trade and Investment Policies of sub-Saharan African Countries in the Context of Post-Doha Multilateral Trading System" was prepared by Professor T. Ademola Oyejide. Professor Oyejide is Professor of Economics and Director of the Trade Policy Research and Training Program at the University of Ibadan, Nigeria. Chapter II on "Best Practices and Lessons Learnt from Mainstreaming Trade and Development and Trade Related Technical Assistance in the post-Doha Context: Priorities for African Countries" was prepared by Mr. M.H. Sillah. Mr. Sillah is a former Secretary of State (Minister) for Trade, Industry and Employment of The Gambia. Chapter III on "The Involvement of African NGOs in the post-Doha Negotiations" was prepared Mr. Yao Graham. Mr. Graham works with Third World Network-Africa (TWN-Africa). Mr. P.W. Ndungu prepared Chapter IV on "A Review of Trade Capacity building by Regional Integration Groupings in sub-Saharan Africa". Mr. Ndungu is a private consultant from Kenya. Mr. A. Pallangyo prepared chapter V on "Capacity Building Needs of African Countries in the Area of Trade in Services". Mr. Pallangyo is a private consultant from the United Republic of Tanzania. These studies are being made available in this compendium.

The studies were discussed at a workshop organized on 20 and 21 November 2003. The agenda of the workshop and results are also included in this compendium.

# CONCLUSIONS OF THE STAKEHOLDER MEETING ON THE REGIONAL BUREAU FOR AFRICA'S PROGRAMME ON TRADE CAPACITY BUILDING FOR AFRICA

**Geneva, 20-21 November 2003 (Room XXII)**

The meeting was held to discuss the draft of the new programme on trade capacity development for sub-Saharan Africa (SSA), prepared by UNCTAD and UNDP (African Bureau). A new programme is being drafted because the technical assistance programme on "Capacity Building for Trade and Development in Africa (RAF/96/001)," funded by UNDP Africa Bureau since 1998, would be terminated in December 2003.

Workshop participants included Mrs. Kalinde and Mr. A. Musa (AU); Mr. R. Wanjala (Kenya); Mr. I. Briggs (Nigeria); Mr. L. Manneh (UNDP RBA) and Messrs D. Luke and E. Anyidoho (UNDP SURF); Mr. C. Mwalwanda (ECA); Ms. Laura Kelly (DFID); Mr. C. Patel (SEATINI); Mr. Mr. Y. Graham (consultant, TWN-Africa) and Mr. M.H. Sillah (consultant); and Mr. Fink Carsten (World Bank Office in Geneva). Mrs. L. Puri, Ms M. Mashayekhi, Ms. E. Mburu, and Messrs B. Onguglo, T. Ito, A. Murigande and G. Chapilier represented UNCTAD. Three representatives from Rwanda also participated in the workshop. The agenda of the meeting can be found on page 11.

Mrs. Puri, Director, Division on International Trade in Goods and Services, and Commodities, UNCTAD, welcomed the participants and opened the workshop. Mr. Manneh, RBA, UNDP NY, and Ambassador Kalinde, African Union Geneva Office also made introductory statements. Mrs. Kalinde, Mr. Wanjala and Mr. Briggs chaired the meeting.

The first day of the workshop concentrated on the capacity development needs of SSA countries, particularly in light of the outcome of the fifth WTO Ministerial Conference held in Cancun and issues related to trade, poverty and human development. The represented agencies also made presentations on the assistance they were respectively providing to SSA countries. The second day was devoted to an examination of the draft new programme document on Trade Capacity Development, drafted by UNCTAD and UNDP Regional Bureau for Africa.

General appreciation was expressed as regards the positive impacts of the outgoing programme (RAF/96/001), as well as the advantages of the multi-partnership arrangements. This assistance has supported African countries in articulating their negotiating objectives and positions for WTO Ministerial Conferences and WTO negotiations, and creating endogenous capacities thereof. Such assistance has contributed to a large extent to the growing strength in the negotiation capacity of SSA countries and their preparedness for multilateral trade negotiations, from a situation of limited or non-existent capacities. The implementation of RAF/96/001 involved joint, integrated and multi-institutional approach by the AU, UNCTAD, UN-ECA, AERC, SATRN and TWN-Africa. This multi-institution approach was effective in bringing together the expertise of different organizations involved in development in Africa in a coordinated manner to meet the needs of African countries. A significant input was made to African countries' preparation for the fourth and fifth WTO Ministerial Conferences and in preparations by African countries in responding to the DWP. The programme also was instrumental in assisting African countries prepare for the Seattle WTO Ministerial Conference.

The conclusions and recommendations arising from the deliberations that deserve reflection in the new trade development programme were as follows:

(1) Increase substantially the support for African regional level preparations for multilateral trade negotiations (MTNs) under the Doha Work Programme (DWP) in the light of possible extension of DWP deadline until 2007, while ensuring the fullest coordination of capacity building programmes and activities across sub-regions. It includes enhancing African trade negotiators capacity in terms of improving their knowledge and negotiating skills, particularly as relates to their negotiating strategies;

(2) Extend the trade negotiations support to the Africa's preparations for the ACP-EU negotiations in the light of increased growth, relevance and linkages of DWP negotiations and ACP-EU negotiations on economic partnership agreements (EPAs). Also ensure coherence between the ACP-EU negotiations and the WTO negotiations, such as on special and differential treatment in regional trade agreements;

(3) Promote coordination at the regional and multilateral levels to enhance coherency between the sub-regional, regional and multilateral processes on trade negotiations. This includes supporting the engagement of regional economic communities (RECs) in the WTO and ACP-EU negotiating processes;

(4) Extend support to market access and trade development component of the NEPAD;

(5) Ensure coherence between international trade, poverty and human development policies of African countries, such as in the PRSPs of African countries, including through research and analysis, in pursuance of the Millennium Development Goals (MDGs);

(6) Increase support to policy making capacity of African countries to institute development-oriented national trade and investment policies, including by mainstreaming trade into wider national development strategies, including through the PRSPs, as well as by mainstreaming development strategies into trade policies. This includes identification of best practices on how to use policy space and the create trade and investment policies to meet national development objectives; and assistance in formulating trade and investment policies and strategies;

(7) Enhance support to research-based analysis on a range of policy and negotiation issues using wherever possible regional institutions and capacities. Also, undertake research work on negotiating issues of interest to African countries under the DWP and ACP-EU negotiations to support African trade negotiators in dealing with implications of the different negotiating proposals and modalities; Possible areas of research include the following:

    (i) Simulation on impact of different proposed formula in agriculture and NAMA negotiations;
    (ii) Identification of impact of possible negotiations on Singapore issues;
    (iii) Identification of non-tariff barriers for NAMA negotiations;
    (iv) Assessment of costs of implementation and adjustment of new agreements by developing a template;
    (v) Examine role of macro-economic policies and trade;

(8) Ensure mainstreaming into the decision-making process of trade policy and trade negotiations stakeholders such as civil society, private sector, academia and women to ensure that the follow-up implementation of the resultant policies and agreements is acceptable and sustainable. A key aspect is increasing the understanding and participation

of Parliamentarians in the policy formulation and in the multilateral negotiating processes. Another key aspect is strengthening the established network of African NGOs and their role in the policy formulation process and participation in the sub-regional, regional and multilateral trade negotiations

(9) Promote the involvement of women in the trade and investment policy making processes and in the trade negotiations;

In respect of the administrative matters relating to the new Programme, it was agreed that:

(1) The partner agencies in the implementation of the programme will be UNDP (RBA and SURF), AU, UNCTAD, ECA, AERC, SATRN, TWN-Africa and SEATINI. Donors like DFID and World Bank would be invited to support and participate in the programme.

(2) The programme would be finalized on the basis of the discussions and further internal commenting by partner agencies, and launched in early 2003.

(3) A steering committee would be created to supervise the implementation of the programme.

(4) Regional Bureau for Africa Directorate will visit the AU and ECA Headquarters before the launching of the programme in early 2004.

(5) A formal launching of the programme will be organized in Geneva in early 2004.

**Stakeholder Meeting on the Regional Bureau for Africa's Programme on Trade Capacity Building for Africa**

**Geneva, 20-21 November 2003 (Room XXII)**

**AGENDA**

Thursday, 20th November 2003

| | |
|---|---|
| 10:00-11:00 | Opening Statements by:<br>▪ Mrs. Lakshmi Puri, Director, Division on International Trade in Goods and Services, and Commodities, UNCTAD<br>▪ Mr. Lamin Manneh, UNDP Regional Bureau for Africa<br>▪ Ambassador Sophie Kalinde, Permanent Observer, African Union in Geneva |
| 11:00-11:15 | Tea/coffee break |
| 11:15-13:00 | *Session 1*<br>The Outcome of the Cancun Ministerial Conference and implications for trade capacity building for African countries in support of human development imperatives<br><br>Chairperson: African Union Representative<br><br>Discussants: UNCTAD, UNDP-SURF, TWN, UN-ECA<br><br>Discussion |
| 13:00-15:00 | Lunch |
| 15:00-16:15 | *Session 2*<br>Trade and Poverty in the African Context<br><br>Chairperson: African Union Representative<br><br>Discussants: UNDP-SURF, Prof. A. Oyejide, DFID, and Mr. M. Sillah<br><br>Discussion |
| 16:15-18:00 | *Session 3*<br>Short presentations on programmes related to Africa by partner agencies (ECA, World Bank, DFID, Third World Network, UNDP; UNCTAD)<br><br>Chairperson: African Union Representative |
| Cocktail | Escargot bar (3rd floor) at 6pm. |

Friday, 21st November 2003

| | |
|---|---|
| 09:00-10:30 | *Session 4*<br>Review of the implementation and lessons learnt form the outgoing RAF/96/001 project<br><br>Chairperson: Kenya Mission Representative<br><br>Discussants: UNDP-RBA, AU, UNCTAD, ECA, Third World Network)<br><br>Discussion |
| 10:30-10:15 | Tea/coffee break |
| 10: 45-13:00 | *Session 5*<br>Consideration of the Draft Programme on Trade Capacity Building for Africa<br><br>Chairperson: Kenya Mission Representative<br><br>Discussants: UNDP-RBA and UNCTAD<br><br>Discussion |
| 13:00-15:00 | Lunch |
| 15:00-16:15 | *Session 5 (continues)*<br>Chairperson: Kenya Mission Representative<br><br>Discussants: UNDP-RBA and UNCTAD<br><br>Discussion |
| 16:15-18:00 | *Session 6*<br>Partnership building for the new Programme on Trade Capacity Building for Africa<br><br>Chairperson: Kenya Mission Representative<br><br>Discussants: UNDP-RBA, DFID, World Bank, TWN<br><br>Discussion |

# OVERVIEW OF THE DEVELOPMENT DIMENSION OF THE DOHA WORK PROGRAMME FOR AFRICAN COUNTRIES: SOME BROAD MARKERS

**Mrs. Lakshmi Puri**

UNCTAD is committed to working with African countries and their organizations to help assess the strategic as well as immediate development aspects and implications of the multilateral trade negotiations, the Doha work programme, and regional, ACP-EU and other negotiations. It continues to provide the unique, need-based, demand-driven and objective technical assistance and analyses, to help ensure that African trade negotiators and policy makers are enabled to make informed decisions which further their development interests.

UNCTAD is thus happy to be a partner with UNDP in developing an inter-agency programme on trade capacity development. It is but one concrete symbol of our commitment to Africa's interests in ensuring a positive nexus between trade and development. UNCTAD is also implementing other technical assistance and capacity building programmes for African countries in areas of trade negotiations and commercial diplomacy; commodities; trade and environment; competition policy and legislation; and policy research and analysis. UNCTAD provides a unique forum for developing and developed countries to meet, discuss and develop consensus on trade and development policy matters. It helps in clarifying difficult issues with technical analyses to evolve a mature understanding of the implications and options, from a development perspective that is relevant to African countries. UNCTAD also delivers technical assistance and capacity building to African countries and regional organizations. UNCTAD collaborates closely with the African Union, ECA, NEPAD, African regional economic communities like COMESA, SADC and ECOWAS, and the ACP Group of States.

In the UN Millennium Declaration, all Heads of State and Government committed themselves "to an open, equitable, rule-based, predictable and non-discriminatory multilateral trading and financial system." The Doha Work Programme, by placing development at the heart of multilateral trade negotiations, provided a major opportunity for all stakeholders to contribute to achieving the Millennium Development Goals. The expectation now is that such a development-friendly system would enable developing countries realize the potential for international trade as an engine of development. But this is not some thing that is assured by calling it a "Doha Development Agenda". All those engaged in these negotiations will need to work to actually provide the development content. The issue of missed deadlines on issues of interest to developing countries for example, S&D, implementation issues, TRIPS and Public Health, agricultural modalities, is not only one of not reaching targets on time, but of the substantive intent, direction and balance of the trading system and the Doha package, and getting things right from the perspective of African countries. This would need to be clearly projected into the negotiations until their conclusion.

Moreover, the Doha work programme must continue to be seized with the special problems of LDCs, including greater market access for their products, supply capability, technical assistance and greater development policy space in ensuring their beneficial integration into the trading system. Since more than 30 LDCs are from Africa, UNCTAD's links and focus on Africa is re-doubled by its special attention to supporting the LDCs. Such a linkage is being integrated into the trade capacity building programme that is being developed.

In the Doha negotiations, as well as in other trade negotiations, there would need to be some markers to test whether indeed the Millennium Development Goals are being met in a way that mainstreams trade, development, financial and social infrastructure-related needs and poverty reduction enabling considerations important to African countries into existing rules and disciplines and any new ones that maybe established. This is what can be truly called the development dimension of the Doha Work Programme.

Seven markers can be briefing highlighted. First, the multilateral trading system in order to be truly open, must provide enhanced and stable market access in areas of export interest to developing countries in commodities, manufacturers and services. African and developing countries have been continuously liberalizing and contributing to the openness of the trading system and are seeking to reap efficiency and welfare gains from that. But as they are called upon to liberalize further, they also expect that developed country partners truly liberalize in areas of export interest to them through removal of trade distorting subsidies and market access barriers in agriculture, high tariff and non-tariff walls in areas like textiles and processed goods, and stringent barriers on movement of developing country service suppliers to their countries through Mode 4 of the GATS. These are all poverty and development impacting areas of trade and therefore liberalization in these areas will have a positive multiplier effect on developing countries and build confidence in their own liberalization in all of these areas.

Second, it is not enough to provide quota-free, tariff-free market access including through preferential schemes. This access, whilst a valuable instrument of S&D, has and will remain largely virtual for many African countries unless concrete steps are taken to deal with market entry barriers which prevent effective access. These are the barriers created by complicated technical barriers to trade, sanitary and phytosanitary measures, and environmental standards and regulations, rules of origin and other conditionalities, and anti-competitive market structures. These affect not only the openness but also the predictability and non-discriminatory nature of the multilateral trading system because the operations effects of these barriers are often more non-transparent, more discretionary and therefore more intractable. So the negotiations whilst addressing all these market access issues, should go beyond tariffs. Openness also means increased participation of African and other developing countries in consultations and decision-making process in the WTO and other global institutions.

Third, another attribute of openness, namely universality, means facilitating the accession of least-developed and developing countries into the WTO. Some African countries including LDCs are engaged in accession negotiations in the WTO. UNCTAD is providing resource-intensive and sustained assistance to countries like Algeria, Ethiopia and Sudan in meeting the often-challenging requirements of accession negotiations in a development positive context keeping in mind the guidelines for accession of LDCs.

Fourth, an equitable and fair trading system places the onus on WTO members to, *inter alia*, fully take into account the level playing field issues that should on one hand give developing countries greater flexibility and policy space, and on the other hand provide for preferential and more favourable treatment in terms of market access. These level playing field issues which affect competitiveness arise from the inherent and continued asymmetries particularly between African countries and developed countries in terms of supply capacity, size of their industries and enterprises and global market power and scope, capital and technology edge, ability to subsidize agriculture and industry, and availability and costs of economic, trade-related and financial infrastructure. So whatever is agreed at any point in the negotiations must ensure that the balance of benefit fully reflects and redresses this reality, and ensures that pro-development balance is integrated *ab initio* in each agreement and in the overall architecture.

Fifth, associated with equity is the issue of the costs of undertaking obligations and implementation of commitments in the multilateral trading system. It would be necessary to evaluate these costs – procedural, institutional, legislative, compliance costs in terms of financial outgoes and costs of structural adjustments as well as displacement of other development priorities. This is particularly relevant in the case of so-called resource intensive agreements like TRIPS, customs valuation, SPS, TBT and would also be relevant for some of the new issues being looked at. Ways and means of helping developing countries meet these costs should not be an after thought or based on best endeavour declarations. Instead, this should be factored in carefully in rule-making itself. Aid for trade as well as aid for development must be coherently, adequately and additionally provided by the IFIs and the donor community.

Sixth, equity also implies that common good, public interest and the impact on the poor in particular should be the guiding light of the reform of the MTS and should be addressed in any new trade-related issues taken up for negotiations. Efforts must be made to ensure that the trading system is sensitive and responsive to the key human survival issues facing developing countries, including eradication of poverty, fighting infectious diseases and epidemics and ensuring the provision of basic social services to the poor. That is why a humane and ethical rather than a purely commercial approach to TRIPS and Public Health interface in the Doha work programme is important. Transfer of technology and issues relating to anti-competitive practises, protecting biodiversity, nurturing and rewarding the traditional knowledge in developing countries are also relevant issues in the context of TRIPS and public interest.

Seventh, raising the profile of commodities on the multilateral and wider international trade agenda to develop a supportive international trading environment for commodities, on which most African countries depend for income, employment, export revenue, growth and development is imperative. In order to reach the Millennium Development Goals, Africa needs to achieve a strong revival of its commodity sector. UNCTAD has been working with African countries in their attempts to deal with the major national and international commodity issues: reducing their dependence on just a handful of commodities for the major part of their export earnings; dealing with the long-term trend of declining prices, and the high volatility of the prices of commodities of major importance for Africa’s exports and imports; changing the situation that producers only receive a very small part of the value created in the commodity supply chain; and building the supply capacity needed to make use of the possibilities offered in the international market place.

Following the adoption of the July Package contained in the Decision of 1 August 2004 by the WTO General Council, African countries face a critical challenge in engaging in the specific negotiations to promote their interests and development priorities in the Doha agenda. The July frameworks are being negotiated into concrete, detailed and specific modalities for the early conclusion of the negotiations. For these negotiations on the July package and the wider DWP to be fruitful and to ensure a fair, equitable and development-oriented outcome, they must show certain outcomes and embrace certain procedures beneficial to African countries. these would include the: (a) attaining concrete progress in addressing the development needs and interests of African countries, including genuine market access in areas of export interest to African countries in agriculture, manufactures and services; operationalizing special and differential treatment and integrating it as a key principle of the WTO; dealing decisively with implementation related issues and concerns of interest to African countries; addressing concerns over adjustment to liberalization and development of supply capacity and competitiveness; ensure balance and parallelism within and between areas under negotiations such as agriculture, NAMA, services, development issues, rules, etc; and utilization of an open, transparent, and participatory process and procedures, including in the decision-making process, for the negotiations and generally for the effective functioning of the multilateral trading system, so that

African countries can have their vital interests duly reflected in the negotiations. Thus, both substance and process-related issues in finalizing the July package and wider DWP are important in responding to development imperatives and ensuring that the multilateral trading system.

Notwithstanding the focus on multilateral trade negotiations, the ACP-EU negotiations on Economic Partnership Agreements are of critical development interest to African States. There is a close interface between the EPA negotiations and the Doha work programme. ACP and EU States have agreed that new ACP-EU trading arrangements be WTO-compatible. Tariffs and QRs on agriculture and industrial goods is not an issue for ACP States. The more important issue tend to be market entry barriers, supply constraints, technological and entrepreneurial weaknesses. The market access issue in the EPA negotiations for African countries will be the reciprocal liberalization of ACP markets, and how this can be undertaken in a manner consistent with the development objectives of ACP States. In this regard, the WTO rules will set standards to be met. For Cotonou and EPAs, the preservation of the *acquis* of Lomé and integrated development of trade and development of ACPs is essential.

A key issue therefore will be special and differential treatment and flexibility that ACP States can enjoy, including the extent to which less than full reciprocity will be accepted, interpreted and applied in the FTAs in goods and services between ACP States and the EU. Another important point is that the market access negotiations need to be linked directly with provisions for capacity building and supply development in the Cotonou Agreement. Market access and entry, and supply and adjustment capacities need to be addressed together. Last, but not least, time should not pressure ACP States. The negotiations should proceed at a pace that is consistent with African countries' capacity, not the least owing to the parallel Doha work programme. UNCTAD has been assisting ACP States and the Secretariat to evolve a coherent to their participation in the multilateral trade negotiations and the ACP-EU negotiations.

# I. NATIONAL AND REGIONAL TRADE AND INVESTMENT POLICIES OF SUB-SAHARAN AFRICAN COUNTRIES IN THE CONTEXT OF POST-DOHA MULTILATERAL TRADING SYSTEM

**Professor T. Ademola Oyejide**

## Introduction

There is an emerging consensus around the view that increased integration into the global economy, particularly through expanded trade and investment flows, may be an important vehicle for promoting more rapid economic growth of low-income countries (World Bank, 2002). The policy advice, which is derived from this view, is that these countries should adopt and implement liberal and outward-oriented trade and investment policies that are broadly supportive of global integration. This advice would appear to be particularly relevant to sub-Saharan Africa (SSA), which contains the world's largest concentration of low-income countries whose performance with respect to both economic growth and poverty reduction over the last three decades has not been satisfactory.

The trends in SSA's trade and investment flows over the last three to four decades seem to lend themselves to at least two possible interpretations. One of these suggests that the region has been marginalized with respect to both trade and investment; and that this is responsible for its lack luster economic growth performance. According to this view, Africa has not participated in the global trade and foreign direct investment expansion of the last two to three decades. There are several pieces of evidence in support of this view. On the trade side, Africa's share of world exports has declined sharply over the last four decades or so, i.e. from around 4 per cent in the 1950s to about 1 per cent in the 1990s; the region's real exports per capita have stagnated over the last ten years while they have increased substantially in the developing country regions of Asia, and Latin America; and Africa's exports product and market diversification has declined over the last three to four decades while that of other regions has increased. On the side of investment flows, evidence shows that while total net resource flows to developing countries increased almost four-fold from the 1970s to the 1990s, Africa's share of the total declined from 12 per cent to 7 per cent over the same period; and while total foreign direct investment flows to developing countries experienced a 32-fold increase between the 1970s, and 1990s, Africa's share declined from 14 per cent to 3 per cent.

The second interpretation emerges when trade and investment flows are related to output. There is evidence that Africa's trade/GDP ratios have been systematically higher than those of most developing-country regions as well as the world average over the last three decades (McPherson and Rakouski 2001; Oyejide and Ogunkola, 2002). Similarly, while long-term net resource flows to all developing countries in 1999 constituted an average of 4.4 per cent of their combined GDP, Africa's ratio of 6.6 per cent exceeded those of Latin America and the Caribbean (6.4 per cent), East Asia and Pacific (3.9 per cent), and South Asia (1.2 per cent). In the specific case of foreign direct investment (FDI) stock as a percentage of GDP, SSA's ratio of 12.4 per cent matched the ratio for all developing countries in 1980 – 90 and, at 21.1 per cent, exceeded that for developing countries (19.7 per cent) during 1990 – 2000 (UNCTAD, 2002). A comparison of FDI flows as a proportion of gross fixed capital formation suggests that the ratio for SSA, which was 5.8 per cent in 1990 – 95 rising to 11.1 per cent in 1996 – 2000 was similar to that for all developing countries, which was 5.7 per cent (19990 – 95) and 11.7 per cent (1996 – 2000).

This second interpretation challenges the inference from the first that SSA's poor growth performance is attributed primarily to the region's marginalization in global trade and investment flows, which is, in turn, explicable in terms of its lack of openness to trade and investment. In any case, most African countries have implemented a wide range of policy reforms, beginning around the mid-1980s and still in progress, which is radically changing the general perception of many countries in the region as "closed" economies. In addition to the unilateral efforts at liberalizing trade and investment policies in Africa, many countries have also made liberalization commitments in the context of intra-African regional integration arrangements and that of multilateral trade agreements. These commitments are likely to be broadened and reinforced during the on-going negotiations with respect to the Doha Work Programme (DWP) at the World Trade Organization (WTO) and the ACP-EU Cotonou Partnership Agreement.

In the rest of this paper, the evolution of African trade, investment and development policy objectives is discussed, and the extent to which the trade and investment policies are integrated into development goals in specific countries is examined in section II. The next section focuses on regional and global initiatives and frameworks for improving trade performance and enhancing investment flows in Africa, paying particular attention to the role of market access and technical assistance in this context. Section IV turns attention to the identification and analysis of a range of national and regional trade and investment policies and practices that could contribute to trade and investment-led development in African countries. This section also identifies and discusses broad objectives in trade negotiations that would enable African countries pursue appropriate national and regional development objectives. The paper ends with some conclusions and recommendations in Section V.

## A. African Trade, Investment and Development Objectives

### *1. Development Policy Objectives*

The development policy objectives of many SSA countries in the 1960s and 1970s stressed rapid economic growth measured, essentially, by GDP growth rates in both gross and per capita terms. During this period, the typical SSA country embedded its development policy goals in a series of 5-year national development plans in the context of a development strategy that emphasized the role of the state both in production and regulation of economic activity (World Bank, 1994).

The economic growth objectives of most SSA countries became increasingly difficult to meet, especially from the mid-1970s. Prior to this, annual GDP growth rate of SSA countries averaged over 5 per cent during the 1960s and was 4.6 per cent in the first half of the 1970s. Subsequently the annual GDP growth rate declined to an average of less than 2 per cent over the next two decades (1976 – 1995) before rising above 3 per cent during 1996 – 2000. A few countries, of course, performed much better than the average. For example, Botswana stands out as the only SSA country, which achieved average annual GDP growth rates in excess of 5 per cent during the 1960s and 1970s; together with Uganda and Cape Verde, it turned in a similarly high-growth performance record during much of the 1980s and 1990s. In addition, countries such as Gabon, Congo, Kenya, Mauritius, Lesotho and Togo also achieved annual GDP growth rates, which averaged over 5 per cent during much of the 1960s and 1970s; but they were unable to sustain this performance level through the 1980s and 1990s.

In explaining the collapse of African growth during the second half of the 1970s, several studies (e.g., World Bank 1994, Collier and Gunning 1999) have identified the critical factors responsible for the poor macroeconomic and sectoral policies. Trade and investment policies have, in this context, received considerable attention; and they are the primary focus of the analysis, which follows. They also constitute an integral part of the paradigm shift that has dominated the economic history of most SSA countries during the 1980s and 1990s when they have struggled with the adoption of development policy goals of rapid economic growth and poverty alleviation in the context of more liberal, outward-oriented and private sector –led development strategies.

While the policy environment contains several different elements, it is clear that lack of openness to trade has generally been seized upon as one of the most important policy components that are most closely associated with the collapse of Africa’s growth (Sachs and Warner 1997). It is argued that Africa was generally rendered less open to trade than other regions by international trade restrictions, foreign exchange controls, and other government restrictions; and that, given the small size of the typical African economy, these restrictions and controls were particularly damaging to growth (Collier and Gunning 1999).

### *2. Trade Policy Trends*

Through a series of trade policy reform efforts, which began in many SSA countries around the mid-1980s and in some others after the 1990s, trade liberalization appears to have become a permanent component of the region’s economic policy agenda. The process has paid particular attention to import liberalization. With respect to this, Oyejide, Ndulu and Gunning (1999, p. 9) show that while there were four main types of stimuli for import liberalization in SSA countries, particularly during the 1980s, “the most prevalent among these is related to conditions imposed for gaining access to external finance under the structural adjustment programmes”. These programmes, typically involved import liberalization through compression of the tariff structure, simplification and reduction of tariff rates, and removal of non-tariff barriers to imports, particularly import licensing; and payments liberalization through dismantling of exchange controls. SSA countries such as Mauritius, Kenya, Côte d’Ivoire, Ghana, Zambia, United Republic of Tanzania, Uganda, Nigeria and Zimbabwe used this route to implement the first stages of their import liberalization programme.

The Uruguay Round of multilateral trade negotiations did not produce much import liberalization in SSA countries. Hence, the next wave of import liberalization, which has been implemented since 1994, is primarily associated with a combination of the efforts of intra-African regional integration schemes and continuation of unilateral liberalization programmes. In West Africa, for instance, UEMOA implemented a common external tariff (CET) between 1994 and 1998. As a result, its member-countries such as Benin, Côte d’Ivoire, Burkina Faso, Mali, Senegal and Togo currently have simple average import tariffs of about 13 per cent within the range of 0 – 20 per cent. Other ECOWAS members have decided to adopt the same CET as UEMOA but have not yet fully implemented this decision. However, such countries as Ghana, Guinea, and Mauritania have continued to implement their unilateral import liberalization programmes and, by 2001, reduced their average tariff rates to 14.7 per cent, 16.4 per cent and 10.6 per cent respectively within fairly narrow bands. This leaves Nigeria as the remaining major West African country with an average tariff rate in excess of 20 per cent (i.e. 27.5 per cent) and an unusually wide range of between 0 and 200 per cent.

In Central Africa, the adoption of a CET (with rates of 5, 10, 20, and 30 per cent) by CEMAC and its full implementation by 1998 reduced the average import tariff of its member countries, (such as Cameroon, Central African Republic, Chad, Congo, Equatorial Guinea, and Gabon) to 18.3 per cent. In Eastern Africa, most countries are still in the process of implementing the trade liberalization programme of COMESA. Its CET of 0, 5, 15 and 30 per cent tariff rates is scheduled to become effective in 2004. Meanwhile, Kenya, Madagascar, Malawi, Mauritius, Zambia and Zimbabwe had implemented the intra-COMESA free trade area decision by 2000. In addition, the average tariff in several countries in this sub-region has fallen to fairly low levels; important examples include Uganda (9.0 per cent), Malawi (13.6 per cent), Zambia (13.6 per cent), United Republic of Tanzania (16.1 per cent) Madagascar (16.2 per cent), and Kenya (16.3 per cent). In South Africa, the member-countries of SACU use the South African tariff rates as their CET. Hence, such countries as Botswana, Lesotho, Swaziland, Namibia and South Africa have simple average tariff rates of 15.1 per cent within the fairly wide range of between 0 and 72 per cent.

In summary, most SSA countries have drastically reduced their import tariff rates as they shifted from their generally protectionist trade regimes of the 1970s to more outward-oriented development strategies from the mid-1980s. The reduction in tariff rates has also been accompanied by considerable compression of the tariff structure into no more than 3 – 5 tariff lines. Thus, most SSA countries have moved towards more uniform rates for all import categories. Most have also abolished their import licensing systems, although some (such as Nigeria) still use prohibition as an instrument of import control. A combination of unilateral efforts and coordinated regional initiatives has been used to accomplish the degree of import liberalization achieved so far in most SSA countries. This mechanism will probably lead to an SSA-wide free trade area in the near future as all the intra-African regional integration schemes fully implement their CETs, and these are harmonized and linked as envisaged in the context of the African Economic Community (AEC).

### *3. Investment Policy Trends*

The evolution of investment policies in many SSA countries bears a close resemblance to that of trade policies. From the early 1960s, many African policy makers showed considerable ambivalence towards foreign investment as well as bias against the private sector generally. As a result, many SSA countries placed restrictions on the types of activities that foreigners could engage in as well as on the share of particular enterprises they could own. This policy stance was typically implemented through indigenization laws and the nationalization of private enterprises. In initially socialist oriented countries such as Ghana, Guinea, Mozambique, and the United Republic of Tanzania, private enterprises were nationalized. But even in some SSA countries that were not necessarily socialist in socio-political orientation legal restrictions were imposed on foreign investments. Examples include Uganda, which experienced episodes of expropriation during the 1970s, and Nigeria where successive indigenization decrees (in 1972 and 1977) compulsorily reduced foreign share to 40 per cent and 60 per cent in certain sectors.

With the start of economic policy reforms from the mid-1980s, a radically new approach to foreign direct investment emerged in many SSA countries that allowed foreign participation in many sectors of the economy. While this did not necessarily totally end the fears of foreign investment and domination, it did signal that more and more SSA countries were beginning to see the necessity for foreign investment and were taking steps to attract it, although with continuing sensitivity about foreign penetration in certain economic sectors that some countries regarded as “strategic”. In general, therefore, most SSA countries have moved from foreign investment control in the 1960s and 1970s to its promotion in the 1980s and 1990s.

This evolution of investment policies over time is demonstrated by the experiences of several West African countries. In Nigeria, for instance, new laws in the late 1980s largely removed the restrictions on foreign ownership, which were imposed during the indigenization era of the 1970s. Similarly, countries such as Benin, Côte d'Ivoire, Ghana, Guinea, and Togo either enacted new or revised existing investment codes to liberalize conditions under which foreign investment would be permitted in their economies. These codes guaranteed national treatment for foreign investors post-establishment, freedom to transfer capital and earnings, as well as full compensation in the event of expropriation. In addition, all West African countries offer further international protection to foreign investors through their membership to the Multilateral Investment Guarantee Agency (MIGA) and the International Center for the Settlement of Investment Disputes (ICSID).

This pattern is broadly replicated in the countries of Central, Eastern and Southern Africa. Each of the CEMAC countries has an investment code that was modernized in the early 1990s so that it can be used as a promotional instrument by combining the usual guarantees with fiscal and other investment incentives. Both Cameroon and Gabon have also used their privatization programmes as a means of attracting foreign investment. In Eastern Africa, both Uganda and the United Republic of Tanzania have developed fairly aggressive investment promotion instruments designed to "compensate" for their earlier "anti-foreign-investment" stance. This seems to be the case with respect to Mozambique as well. In the rest of Southern Africa, such countries as Botswana, Lesotho, Namibia and Swaziland have had to make less radical adjustment, given a foreign-investment-friendly history. But like the vast majority of SSA countries, they have also established "one-stop" investment agencies to promote foreign investment by minimizing bureaucratic hassles and offering incentives. Finally, most SSA countries have signed several bilateral investment treaties that provide investor-protection against non-commercial risks and double taxation.

As the analysis above makes clear, liberalization of investment policies in many SSA countries began only in the late 1980s and early 1990s. It should not be surprising therefore that, although the process remains in progress in many of these countries, some restrictions are still in place. With particular reference to sectoral restrictions, the previous resistance against the opening up of the infrastructure sector to foreign investment appears to be waning. The privatization of previously loss-making public infrastructural enterprises in many SSA countries have been opened to foreign participation. During the 1990s, countries such as South Africa, Ghana, Nigeria, Zambia and Côte d'Ivoire attracted substantial FDI inflows into the telecommunications and mining sectors through the privatization of public enterprises.

But while more and more sectors have been opened to foreign investment, several SSA countries continue to reserve certain (mostly low technology) sectors to their nationals only. Examples include Nigeria, Ghana, and Botswana. In addition, both Ghana and Kenya require co-ownership in certain sectors. In the case of Ghana a limit of 40 per cent foreign ownership applies to insurance, while in Kenya part-ownership by nationals is required in the telecommunications and insurance industries.

Furthermore, there are also two areas of restrictions; one pertains to minimum size of foreign investment and the other is concerned with mandatory use of local materials and employment of nationals. Guinea imposes a minimum requirement of GF10 million for each FDI project, and the United Republic of Tanzania's minimum foreign investment level is US$300,000, which is the same as that of Uganda. Côte d'Ivoire's investment code includes a provision which links the enjoyment of certain incentives by an FDI project to the employment of "Ivorian managers, foremen and other workers" who must also be provided with appropriate training. In Cameroon, obligations of foreign investors include employment of Cameroon nationals, as well as export performance and local content requirements. Namibia grants certificate of status investment to FDI enterprises with minimum investments of US$ 2 million or 10 per cent of share capital provided they also make contributions in terms of employment creation, provision of local training, use of local raw materials, and location in underdeveloped areas. Similarly, tax relief is given to FDI enterprises in Botswana based on consideration relating to employment and training of its citizens and location of such enterprises. Malawi also associates its investment incentives with minimum size of investment.

In summary, virtually all SSA countries have moved, since the late 1980s, towards creating more favourable conditions for FDI enterprises primarily through unilateral liberalization of their investment policies. This process has involved reduction of sectoral restrictions and relaxation of minimum investment requirements on FDI, strengthening of standards of treatment of FDI enterprises (though guarantees of national treatment, and free transfer of earnings and repatriation of capital). In addition, most SSA countries have concluded a series of bilateral investment treaties for the protection of investor interests and to avoid double taxation. They have also become parties to such multilateral conventions as ICSID and MIGA as a means of offering further protection to foreign investors through international dispute settlement arrangements.

### *4. Mainstreaming Trade and Investment Policies*

Prior to the major shift in development strategy which accompanied policy reforms in many SSA countries from around the mid-1980s, neither trade nor investment policies occupied central positions in the articulation of national development goals and objectives of these countries. Given the broadly inward-orientation of the prevalent development strategy; export was discouraged through taxes and overvalued exchange rates; import was controlled through tariff and non-tariff barriers, including import licensing and allocation of foreign exchange; while private (and especially foreign) investment was subject to numerous restrictions as heavy reliance was placed on public investment. Hence, neither trade nor private investment was explicitly integrated into the national development strategy.

The shift from an inward to an outward-oriented development strategy has moved to center-stage both trade and investment policies. This is broadly consistent with the accumulating evidence that liberalization of trade and investment policies, undertaken within a comprehensive development strategy, promotes deeper integration with the global economy, which, in turn, is associated with improved economic growth performance and poverty reduction. In this context, trade and foreign investment complement domestic efforts through the inflow of a package of tangible and intangible assets including capital and transfer of knowledge, skills and technology which can catalyze domestic investment and capabilities. But there is also evidence that liberalization of trade and investment policies would not necessarily produce good results in the absence of mutually supportive policies in other areas of economic development, particularly the enhancement of domestic capabilities and associated supply response. Thus, to derive the full benefits of trade and investment policy liberalization while minimizing the pitfalls and associated adjustment costs, trade, and investment priorities should be mainstreamed into, and thus reflect, the national development goals and strategies.

In many SSA countries, the effort to establish a coordinated and integrated approach to the articulation of trade and investment policies in the context of a national development policy framework remains in its infancy. This may be a reflection of the recent history of the commitment of particular countries to overall economic reform, or inadequate domestic ownership of such reform. In any case, there is generally insufficient coordination at both the policy and institutional levels to permit an adequate mainstreaming of trade and investment priorities into the national development strategy.

Increasing openness of political space is occurring in many SSA countries; this should, in time, permit more inclusiveness of the private sector and civil society in the formulation of the full range of development, trade and investment strategies and policies. But even within the public sector itself, institutional conflicts and limited capacities constitute significant constraints against the coordination and implementation of trade policy and trade negotiations in many SSA countries (Blackhurst, Lyakurwa and Oyejide, 2000). The situation may be similar with respect to investment policy. Recent multilateral initiatives, such as the Joint Integrated Technical Assistance Programme (JITAP) and the Integrated Framework for Trade Related Technical Assistance to Least Developed Countries (IF), are a recognition that this problem exists. Their availability and utilization in a number of SSA countries may be one of the ways of providing an effective solution.

## B. Regional and Multilateral Initiatives and Frameworks for Enhancing African Trade and Investment Performance

As many SSA countries have been embracing more outward-oriented development strategies, signified by increasing liberalization of trade and investment policies, they have also been experiencing external market access restrictions and domestic supply response constraints; both of these have had the effect of denying them the realization of the full benefits that could be derived from their more open trade and investment policy postures. Several initiatives and frameworks exist, at both the regional and global levels, whose market access and technical assistance mandates have particular significance in terms of enhancing the trade and investment performance of African countries. Analysis in this section focuses on these initiatives and frameworks.

### *1. Multilateral Initiatives and Frameworks*

Generally, African exports suffer from two problems. They consist largely of primary commodities which are of declining relative importance in world trade and whose world trade tends to grow more slowly than world output. In addition, due largely to domestic supply capacity constraints, Africa has experienced continuing loss of market share in respect to most of its major export products. In view of these trends, diversification appears to be the best way for the region to achieve substantial export growth in the future. This would require the expansion of the African export mix into products with higher growth potential such as non-traditional high-value agricultural crops, products from value-added activities associated with agricultural and mineral processing, as well as products of labour-intensive manufacturing.

External market access constraints especially in the countries that constitute Africa's major export destination constitute significant barriers against the actualization of the potentials for the diversification and growth of African exports. These constraints appear in several forms; i.e. tariff and non-tariff barriers, contingency protection measures, technical barriers to trade (TBT), sanitary and phytosanitary (SPS) measures, domestic support and export subsidies, as well as market entry restrictions.

While import duties have fallen to about 6 per cent (in 1996 – 1999) in industrial countries, many agricultural and manufactured products of actual and potential export interest to SSA countries attract peak tariffs (defined as tariff which are 15 per cent or higher) in these countries (OECD, 1997). In particular, tariff peaks in Japan and the European Union (EU) are concentrated in agricultural and processed food products, especially dairy products, vegetables, processed coffee, tea, cereals, cocoa, and tobacco products. Similarly, products subject to tariff peaks in Canada and the United States are concentrated in labour-intensive manufacturing and include textile and clothing, footwear, glass and glassware, electrical parts, leather and travel goods. In addition, the tariff structures of the countries, which constitute the primary, export markets for African exports feature significant degrees of tariff escalation. As a result, market access to developed countries for processed agricultural and mineral products as well as manufactures, which, by definition, embody greater value-added is substantially more restricted than that for raw materials. In effect, tariff escalation in developed countries inhibits the growth and expansion of African exports through processing of agricultural and mineral raw materials as well as labour-intensive manufacturing activities.

Product standards have more recently emerged as major impediments to African exports of processed food and agricultural products due to the limited local capacity of many SSA countries to ensure that their exports satisfy appropriate SPS standards (OECD, 1999, FAO, 2002). There is evidence that a large proportion of Africa's potential export of fresh and processed fish, meat, fruit and vegetables into the EU was "prevented" by inability to comply with SPS requirements. Countries such as Kenya, Uganda, the United Republic of Tanzania and Mozambique have been particularly hard hit in this respect. In the same context, Ghana has had to incur considerable expenses in upgrading the facilities of its fishing and fish processing enterprises as a means of improving the chances of satisfying the requirements. Furthermore, research suggests that the implementation of the new EU aflatoxin standards could reduce African exports of cereals, dried nut and fruits to Europe by 64 per cent of US$ 670 million per year (Wilson and Otsuki, 2003).

Perhaps the most difficult problems confronting African exports currently are caused by the domestic agricultural support and export subsidies of the developed countries (Action-Aid, 2002, Hoekman et al, 2002, Oxfam, 2002). The level of support to agriculture in these countries rose from an annual average of $302 billion in 1986 to $330 billion in 1999 – 2001, while support of producers as a share of the value of farm output averages 31 per cent for agriculture as a whole, it exceeds 40 per cent on such products as cotton, meat, rice, sugar, tobacco, and wheat. This domestic support stimulates over-production, which is, in turn, dumped on the world market with the aid of export subsidies. This hurts African exporters by depressing world prices and exacerbating their volatility, reducing the scope for import competition and subjecting them to export revenue and market share losses.

In general, the negative effect of domestic support and export subsidies of developed countries is high for African countries such as Benin, Burkina Faso, Burundi, Chad, Côte d'Ivoire, Kenya, Malawi, Uganda and Zimbabwe where 50 – 80 per cent of total exports consist of agricultural products covered by the support and subsidy measures. Studies of the negative impact with respect to specific products also demonstrate how large these effects can be. For instance, EU domestic support and export subsidy for tomato appears to be responsible for the displacement of local, by EU suppliers, in Burkina Faso, Gambia, Ghana, Mali and Senegal as well as sharp reduction in domestic production in Senegal and Burkina Faso during the second half of the 1990s. Similar EU measures have led to sharp reduction in Kenya's milk production and that of chicken meat in Benin. Finally, the domestic support and export subsidy measures provided for cotton by the US during 1999 – 2001 significantly depressed world cotton prices and imposed substantial export revenue losses on many SSA countries including Mali ($ 43 million), Benin ($33 million), Côte d'Ivoire ($32 million), Burkina Faso ($28 million), Cameroon ($16 million) and Central African Republic ($2million).

Multilateral trade negotiations (MTN) constitute the classic mechanism for eliminating or reducing market access barriers. In a series of such negotiations, which culminated in the Uruguay Round, much has been achieved. In spite of this, however, the market access constraints faced by African exporters continue to be quite significant. In addition to the market access improvement achievable through MTN, many developed countries have offered to provide special market access arrangements for low-income countries through the granting of non-reciprocal trade preferences. Currently there are about 15 generalized systems of preferences (GSPs) in the context of which preference-granting countries apply, on a voluntary unilateral and time-bound basis, preferential tariff rates to imports from selected developing countries.

The benefits derived by low-income (including SSA) preference recipients from many of the GSPs have been limited for a variety of reasons (UNCTAD, 2001). The preference margins are smaller than they may first appear, and “sensitive” products, which tend to be of the most interest to export to preference-recipients, are often not covered. In most cases, preference margins are quite small for products that are most heavily protected in the preference granting countries. Even in cases where product coverage is sufficiently broad, the full potential impact tends to be impaired by eligibility, conditionality and other procedural constraints. In case of the trade preferences offered by the EU for instance, evidence shows that only one-third of imports from low-income countries that were eligible for preferential treatment, did in fact enter the EU market with reduced duties.

This low rate of trade preference utilization is traceable to stringent rules of origin, which impose constraints and management costs on preference-recipients in terms of the documentation necessary for proving conformity with the rules. In addition, current trade preference schemes contain rules of origin that are particularly restrictive for simple manufactured products and for processed food, agricultural and mineral products which are precisely the kind of products in which export expansion through diversification may be most feasible for many SSA countries.

The DWP suggests that the associated on-going negotiations will focus on several market access and technical assistance issues that are of particular concern to SSA countries. In the area of market access in agriculture, the Doha Ministerial Declaration (WTO, 2002) affirms the commitment (paragraph 13) “to comprehensive negotiations aimed at: substantial improvements in market access; reductions of, with a view to phasing out, all forms of export subsidies, and substantial reductions in trade distorting domestic support.” With respect to market access for non-agricultural products, the Declaration (paragraph 16) also makes a commitment “to negotiations which shall aim, by modalities to be agreed, to reduce or as appropriate eliminate tariffs, including the reduction or elimination of tariff peaks, high tariffs, and tariff escalation, as well as non-tariff barriers, in particular on products of export interest to developing countries”. Finally, the Declaration contains numerous references to technical assistance and, in addition, a separate section devoted to technical cooperation and capacity building (paragraphs 38 –40) which:

- confirms that technical cooperation and capacity building are core elements of the development dimension of the multilateral trading system;
- instructs the WTO Secretariat to support domestic efforts for mainstreaming trade into national plans for economic development and strategies for poverty reduction;
- affirms that the delivery of WTO, technical assistance shall be designed to assist low-income countries to adjust to WTO rules and disciplines, implement obligations and exercise the rights of membership; and
- promises to develop a plan that will ensure long-term funding for WTO technical assistance.

In principle, therefore, the DWP with particular reference to market access and technical assistance appears sufficiently comprehensive to address the concerns of many SSA countries. But whether and, if so, the extents to which the promises implicit in the Declaration are realized are questions whose answers must await the end of the negotiations. Clearly, the final results will be shaped by the dynamics of the negotiations, including the extent and quality of African participation.

***2. Regional and National Initiatives***

In addition to the multilateral arrangements discussed above, several regional initiatives have been designed in the context of which groups of SSA countries have been offered special market access concessions by a number of developed countries. The oldest of these non-reciprocal preferential trade schemes is the Lomé Convention in the context of which a group of African, Caribbean and Pacific (ACP) countries received special market access concessions in the EU. After 25 years, Lomé was converted to the Cotonou Partnership Agreement (CPA) in June 2000. Its trade component, under which negotiations began in 2002 and expected to end in 2007, will be based on a reciprocal and WTO-consistent agreement between the EU and several regional groupings of ACP countries. The African countries involved in the CPA negotiations face several daunting challenges. First, they must arrange themselves into appropriate regional groups, which will then enter into negotiations with the EU. The first part of this requirement may not constitute a major problem; virtually all SSA countries belong to at least one regional integration scheme and this requirement will force each county to retain its membership of only one such scheme. But since each of these schemes contains both developing and least-developed countries, it remains unclear how the differentiation offered by the CPA will be carried effectively into the proposed free trade agreements.

The requirements of reciprocity and WTO-compatibility pose additional problems for the participating SSA countries in terms of the heavy adjustment costs that full reciprocity and rapid trade liberalization will impose, securing alternative sources of fiscal revenue as tariff rates fall, and strengthening local industries against competition from EU products. Prior to all this is, of course, the larger question regarding whether the African regional groups will have both the mandate and the capacity to negotiate effectively with the EU.

In these circumstances, it would appear that African countries need more time and resources to identify the appropriate regional negotiating groups, to articulate the mandates and build the capacity of such groups for effective negotiations and to carry out relevant impact studies. More pre-negotiation time is also required for another major reason. The results of the Doha multilateral trade negotiations will have important implications both for the rules under which the CPA negotiations are conducted (to ensure WTO-compatibility) and for the specific areas of negotiations (including agriculture, non-agricultural products, services, etc). What would therefore be ideal would be to start the negotiations on economic partnership agreements between groups of ACP countries and the EU only after the conclusion of the Doha Round.

The most recent regional trade preference initiatives with particular relevance to Africa are the "Everything But Arms" (EBA) of the EU and the African Growth and Opportunity Act (AGOA) of the US. It is useful to evaluate both of them in terms of the extent to which their design avoids the problems, which have made the GSPs generally ineffective in enhancing market access for African exports. The EBA represents, in this context, an important step forward in the design of non-reciprocal trade preference schemes because, unlike the GSPs, it provides that all products from all least-developed countries will be eligible for duty-free and quota-free access to the EU market indefinitely (Breton, 2003). But EBA also contains a number of drawbacks, including the delayed phase-in of bananas, rice and sugar; the safeguard measure, which permits the EU to withdraw the preference in case of import surges; and the restrictive rules of origin.

In spite of these limitations, some SSA countries, including Malawi (tobacco), Madagascar (fish and clothing), Mozambique (aluminium), Uganda (fish and tobacco), and Lesotho (fish and clothing) are expected to derive substantial gains from the EBA because their export bundles consist of EBA-eligible products with relatively high EU import duties. Also, an EBA-type trade preference scheme that will provide fully unrestricted access to all the Quad (Canada, EU, Japan and the US) countries would produce substantial gains for SSA, leading to a 14 per cent increase in non-oil exports, valued at $2.5 billion (Ianchovichina et al, 2001).

The AGOA initiatives is an Africa-specific trade preference scheme, like the EBA, it improves upon the existing GSP scheme providing concessionary access to the US market. The improvements include extension of time during which preferential access can occur and an expansion of the range of products covered by the scheme. Thus, while the GSP covered only 17 per cent of SSA's total export to the US in 2000, AGOA has increased this to 72 per cent, although much of this increase reflects the inclusion of petroleum products.

An evaluation of the initial effects of this scheme reveals the following: during 2001 to 2002, only 14 of the 36 eligible countries actually had significant exports entering the US market under the AGOA provisions and only 7 of these used the provisions to export anything other than oil. Oil and related products accounted for 90 per cent and 80 per cent of total AGOA exports in 2001 and 2002 respectively, while apparel (which has a much higher preference margin) contributed only 5 per cent and 10 per cent over the same period. As it currently stands, it is estimated that AGOA will generate medium-term benefits of $100 - $140 million or an addition of 8 – 11 per cent to current non-oil exports for the countries covered. These benefits would have been nearly 5 times greater ($540 million) if no stringent rules of origin had been imposed (Mattoo et al, 2002).

## C. African National and Regional Policies and Corresponding Negotiation Objectives

At both the national and regional levels in Africa, there appears to be a broad consensus around the development objectives of rapid and sustainable economic growth with poverty alleviation. There is also a perceptible movement towards the achievement of these objectives through an outward-oriented development strategy. Taken together, these two elements provide some guidance regarding what could be the appropriate trade and investment policies as well as the corresponding major negotiating objectives that SSA countries may be expected to coalesce around in the context of both regional and multilateral trade negotiations.

### *1. Trade and Investment Policy Reform*

For the typical SSA country which has chosen to adopt an outward-oriented development strategy the trade and investment policy reform agenda relate to issues regarding the extent and speed of import liberalization, the mechanism for promoting exports, and the elements of a comprehensive domestic and foreign direct investment policy. In each case, the policy maker's concerns could include the effectiveness with which particular policies can be pursued, given the institutional environment, and how maximum benefits can be derived and associated costs minimized.

There is abundant evidence that many SSA countries have articulated and are implementing trade and investment policies that are broadly consistent with an outward-oriented development strategy. For instance, Ghana views its economic policy reforms of the 1980s and early 1990s as part of the process of engineering a re-direction from a closed to a more open trade regime characterized by import and investment liberalization as well as export expansion and diversification. In this context, it is recognized that market-opening measures can play a significant role in improving the economy's competitiveness while investment is seen as an important catalyst for growth. Hence, the major objective of trade and investment policy is to develop an open, outward looking and export-oriented economy that generates rapid growth rates. A similar trend is observable in South Africa with the orientation, since the early 1990s, of trade policy away from import substitution to an outward orientation and focus on export promotion. By comparison, policy shift in Nigeria appears to be more guarded; the objectives of the country's trade policy include the promotion of export (especially of manufactured products) as well as the protection of existing domestic industries.

In Malawi, Mozambique and Cameroon, market-opening measures are targeted at improving national competitiveness and achieving export diversification and expansion. These measures include trade and investment policy liberalization; in each of these countries, trade and investment policy is aimed at further outward orientation and improved economic performance. Movement towards a more open trade regime constitutes the primary focus of policy reform in Kenya, Côte d'Ivoire and Uganda as well. Côte d'Ivoire is pursuing this goal through a programme of import liberalization, deregulation of prices and trade channels, and wider exposure to national and foreign competition. In Uganda, import liberalization and export promotion are regarded as central to structural adjustment, economic rehabilitation and growth. Kenya's primary instrument for promoting a more open trade region consists of strengthening and increasing foreign market access for its export products through trade negotiations, particularly within the African region. Namibia, Madagascar, Mauritania, and Guinea have also articulated trade and investment policy objectives built around fostering export-led growth to achieve a balanced and diversified trade pattern based on the premise that trade and investment are significant factors for growth in an increasingly competitive external environment. Even Mauritius which has successfully pursued a strategy of export-led growth combined with restrictive trade policies appears to be switching gradually to a strategy of integrating its offshore and domestic markets and thus placing less overt emphasis on export orientation and more on import liberalization.

### 1(a) Import Liberalization

Import liberalization has thus been one of the key policy reforms associated with the increasing commitment by many SSA countries to an outward-oriented development strategy. In this context they have gradually moved away from complete control over imports and foreign exchange and extensive use of non-tariff barriers towards a modest and mostly tariff-based protection. There are several steps involved in the reform of tariffs. The first consists of rationalization (i.e. reducing the number of tariff rates, ad hoc exceptions, and separate levies) has been implemented by many SSA countries. In most cases, the number of tariff rates has been reduced to 4 or 5. The second step involves the reduction of tariff dispersion. This has also been accomplished by many SSA countries, particularly during the second half of the 1990s, although there are some significant exceptions including South Africa (and other members of SACU) with tariffs in the range of 0 – 72 per cent and Nigeria whose import tariffs range between zero and 200 per cent. In spite of the importance of import duties as a source of government revenue in many SSA countries, most of them have also taken the third step in tariff reform by reducing their average tariff rates substantially, so that by 2002 the typical average tariff rate was around 15 per cent.

This import liberalization process has been implemented through a combination of unilateral and regional mechanisms in an increasing number of SSA countries. The two most successful intra-African regional integration schemes, in this regard, appear to be UEMOA in West Africa and CEMAC in Central Africa. Between 1994 and 1998, these two organizations rapidly eliminated customs duties and equivalent charges on imports from member states, established and implemented common external tariffs (CETs) of four rates (5, 10, 20 and 30 per cent in CEMAC and 0, 5, 10 and 20 per cent in UEMOA). The challenge posed by the achievement of UEMOA (a sub-component of ECOWAS) appears to have induced a response from ECOWAS in the form of the decision with a view to eliminate customs duties on intra-ECOWAS imports by January 2001 and to adopt the UEMOA CET for implementation by all ECOWAS members by 2004. This is also the date when both COMESA and the East African Cooperation (EAC) expect to implement their CETs. The tariff rates, which will compose of COMESA's CET, are 0,5,15, and 30 per cent, while the EAC's CET rates are yet to be established. There are several countries that have actually applied tariff rates well within the CET rates envisaged or established by the regional integration schemes to which they belong. Prominent examples include Uganda (with tariff rates of 0,7 and 15 per cent), Ghana (0,5,10 and 20 per cent), Zambia (0,5,15 and 25 per cent) and the United Republic of Tanzania (0,5,10,20 and 25 per cent).

### 1(b) Export Promotion

Active policy measures to promote export diversification and growth constitute another key element of an outward-oriented development strategy that is gradually assuming significant importance in many SSA countries. Until the beginning of economic policy reforms, African exports were penalized through at least five mechanisms, i.e. high import duties which amounted to indirect taxes on the export sector, export licensing, export taxes, below-market producer prices offered by monopoly marketing boards, and overvalued currencies. Policy reforms have eliminated most of these mechanisms in the majority of SSA countries. In addition, policy has generally shifted from export control to active export promotion.

In the context of an outward-oriented development strategy, an appropriate export policy regime should ensure that exporters have access to imported inputs at world market prices. This means providing free trade status for all export activities which becomes impossible to do directly when a country has to retain some degree of domestic protection through tariffs, either for fiscal revenue reasons or to prevent imports from displacing infant industries that could otherwise become competitive.

In such cases an indirect way of granting free trade status to exporters is typically sought through the use of mechanisms such as duty exemptions or drawbacks/rebates, bonded manufacturing warehouses, and free trade zones. Under a duty exemption system, exporters do not have to pay import duties or indirect taxes on the imported inputs used in the production of export products. In a duty drawback system, import duties and indirect taxes paid by exporters on imported inputs used in producing their export products are refunded after the products have been exported. Free trade zones (FTZs) provide exporters access to free trade status within designated areas, which are also serviced by good infrastructural facilities. A simpler version of FTZ is a bonded manufacturing warehouse in which the same free trade status is provided by allowing imported inputs to be assembled and used for export production without payment of duties.

Many SSA countries, including Côte d'Ivoire, Kenya, Madagascar, Mauritius, Nigeria, Senegal and Zimbabwe have established and used duty exemptions and draw back schemes as part of their export promotion instruments. These schemes have generally not worked as well as might have been expected in several SSA countries due to poor management capacity that causes delays. Duty drawback schemes have been much less effective than duty exemptions arrangements partly because the former have typically been under-funded. Where exemption decisions are promptly made, the latter tends to be more attractive to exporters.

Many SSA countries have also established FTZs and bonded manufacturing warehouses. Prominent examples include Cameroon, Kenya, Lesotho, Liberia, Madagascar, Nigeria, Togo and Senegal. But the most successful African FTZs are located in Mauritius, a country that has used this mechanism to attract foreign investment and build a significant industrial base. As the success of Mauritius shows, FTZs tend to perform well when other complementary factors such as suitable export markets; adequate infrastructure and good quality labour force are also present. Special market access opportunities provided by preference schemes, such as AGOA, may promote the beneficial use of this mechanism in several SSA countries producing textile and clothing for export.

### 1(c) Investment Liberalization

The increasing recognition by many SSA countries of the importance and value of FDI and its associated technology and managerial skills for their economic growth and development is broadly reflected in the unilateral liberalization of their general investment policies and FDI regimes. In many of these countries, the autonomous national-level investment policy liberalization efforts are complemented with bilateral and regional arrangements for the promotion, protection and equitable treatment of foreign investment.

At the national level, most SSA countries have liberalized their investment policy and improved the standard of treatment of FDI by progressively reducing entry barriers. They are, for instance, permitting the entry of foreign investment into more and more sectors, including using privatization programmes to enable foreign investors and entrepreneurs enter such "strategic" activities as banking and finance, telecommunications, power, transport, and ports. Many SSA countries have also signed bilateral treaties, which provide for protection and equitable treatment of FDI after the investment has been made in accordance with local laws and regulations. To further enhance FDI protection, most SSA countries that have liberalized their FDI regimes have also joined such international investment dispute arbitration bodies as MIGA and ICSID.

At the regional level, there are several arrangements on investment promotion and protection, which generally aim at harmonizing and coordinating intra-regional investment policies without unduly restricting the autonomy of the participating countries in following their own FDI policies. For instance, the COMESA Treaty commits its members to promoting and protecting foreign investment by extending fair and equitable treatment to private investors, creating predictable, transparent and secure investment climate and removing administrative, fiscal and legal restrictions to intra-COMESA investment. Similar commitments are replicated in the treaties of such regional integration agencies as ECOWAS, UEMOA and CEMAC; all of which also aspire to free movement of capital, labour, goods as well as right of residence and establishment at the end of their various integration processes.

While progressively liberalizing their FDI regimes and offering equitable treatment and protection to foreign investors, SSA countries also appear to be aware that the build-up of domestic industrial, managerial, technological and entrepreneurial capabilities is critical both for managing foreign investment and for deriving full benefits from its presence in their economies. Hence, they have generally retained the right to use selective and judicious intervention as a means of supporting domestic industry, technology creation and capacity building. This may explain the retention, in many SSA countries, of certain entry conditionalities (in terms of sector and/or minimum investment) as well as performance requirements targeted at ensuring that domestic enterprises and manpower assimilate advanced technologies and managerial skills from their interaction with foreign investors.

### *2. African Trade Negotiation Objectives*

Trade and investment policies of African countries are shaped not only by national considerations within the broad outward-oriented development strategy but also by regional and multilateral developments, some of which are moderated by trade negotiations. To the extent that these negotiations define the boundaries and content of external market access opportunities and challenges as well as the general trade rules and regulations, they tend to impact directly and significantly on the articulation of trade and investment policies of the typical SSA country and their successful implementation. The feasible set of trade and investment policies tends to emerge from the interaction of domestic and external factors.

For the typical SSA country that has chosen to adopt outward orientation as a development strategy, there are, at least, two broad trade negotiation objectives. One is to obtain external market access opportunities for its export products, which are as generous and as secure as possible. This is a key objective since outward orientation and export-led growth could be frustrated in the absence of adequate and stable market access. The second broad objective relates to the supply side and it involves the freedom to use appropriate policies for supporting and enhancing domestic capacities for greater productivity and competitiveness. The realization of both of these broad objectives has quite a bit to do with the country's trade and investment policies.

In spite of the general lowering of tariffs in Africa's major export markets achieved through a series of successive multilateral trade negotiations as well as market access concessions of various preferential trade schemes, a range of market access barriers continues to inhibit current African exports and the potential exports the region could produce through processing and manufacturing activities. These market access barriers include tariff peaks (i.e. tariffs of 15 per cent and above) which weigh particularly heavily on labour-intensive agricultural and manufactured products, tariff escalation through which tariff rates increase with degree of processing and which therefore penalizes processed exports from SSA countries, high SPS and other product standards that typical SSA exports are often unable to meet, as well as heavy agricultural domestic support and export subsidies in the developed countries which depress world prices and impose export revenue and market share losses on African producers. The elimination or substantial reduction of each of these market access barriers constitutes the first broad objective of SSA countries in the negotiations associated with the DWP.

It is widely recognized, of course, that improved market access is, of itself, not sufficient for the realization of the full benefits of an outward-oriented development strategy. Enhanced export supply response capacity is, clearly, just as important. Trade and investment policies have two, sometimes conflicting roles to play in this context. On the one hand, liberal trade and investment policy regimes may be needed to promote competition, and thus enhance productivity and growth.  On the other hand, selective use of trade and investment policies may be necessary as a means of establishing and building appropriate domestic capacity for effective supply response.  In these circumstances, a two-track approach may be ideal in the area of trade policy.  This consists of gradual import liberalization, which results in a modest level of protection combined, with effective use of appropriate mechanisms for providing exporters with free trade status.  The same consideration suggests gradual liberalization of the investment policy regime with retention of the right of selective intervention.

By bringing their average import tariffs to around 15 per cent within the range of 0 – 20 per cent while eliminating quantitative import restrictions (including exchange control), quite a number of SSA countries may have achieved the goal of import liberalization in the context of the two-track approach referred to above.  The full implementation of the CETs of various regional integration schemes should enable most SSA countries reach this target.  The second track is particularly crucial but has, perhaps, not received the attention it deserves.  In the presence of a significant degree of tariff protection, the export sector will bear a corresponding tax burden unless it is “compensated” by being given free trade status.  Finally, the liberalization of the investment policy regime in many SSA countries has wisely retained an in-built selective component because it has been based on autonomous efforts supported by bilateral treaties and intra-African regional arrangements. This selective component is crucial since it is meant to provide each country the freedom and flexibility to pursue its own policies that would reflect its unique needs and circumstances.

It should be recognized, of course, that some elements of the trade and investment policies articulated above might be in conflict with the provisions of some WTO agreements.  For instance, the WTO already imposes restrictions on the use of certain trade and investment policy instruments, in particular subsidies and local content and export performance requirements, which may inhibit the use of mechanisms, such as free trade zones for providing exporters with free trade status.  In addition, one of the four “Singapore Issues”, i.e. investment could lead to the negotiation of a multilateral agreement and thus outlaw the critical built-in selectivity currently relied upon by many SSA countries.  Finally, there are several areas (including SPS measures) where WTO agreements prescribe rules which amount to no more than the imposition of global harmonization based on the realities of the developed countries.  In most of these cases, such rules and standards are either inappropriate for low-income countries or too costly to implement, given that many more pressing development challenges are competing for their scare institutional, human and financial resources.  It is therefore an important part of the negotiating objective of SSA countries to seek ways of re-gaining as much “policy space” and flexibility as is required to meet their development goals.

## D. Conclusion

The popular claim that Africa’s poor economic growth performance since the mid-1970s is due largely to policy-induced lack of integration with the global economy is becoming increasingly difficult to justify.  First, in terms of trade/GDP ratios, Africa appears to be more closely integrated into the global economy than any other region.  Second, the restrictive trade and investment policy regimes, which characterized most SSA countries up to the early 1980s, have undergone substantial liberalization since then.  Yet, the kind of corresponding economic recovery that economic policy reform was expected to unleash has not really materialized.  As a result, several other issues are beginning to demand research and policy attention.

It is increasingly acknowledged, for instance, that trade and investment liberalization may, by itself, not necessarily produce robust supply response in the absence of other complementary measures. In addition, measures required for building the domestic institutional, infrastructural and human capacities which will, in turn, generate effective supply response may require selective intervention and heterogeneous policy initiatives. But rather than permit the policy space required for experimentation in institution building and economic policy making, the multilateral trade system has increasingly moved in the opposite direction by imposing harmonized global standards and rules across an ever widening range of policy areas. As a result, core development dimensions of multilateral trade negotiations are sacrificed as low-income countries are forced, more and more through "single undertaking" modalities, to take on obligations that are neither appropriate for their levels of development nor economically sensible in terms of cost-benefit analysis.

The difficult implementation problems associated with a number of WTO agreements suggest that the current approach, which is based on uniform transition periods, is inadequate. A new approach that employs the concept of "variable geometry" deserves serious consideration. This approach would accept that some agreements do not have to apply to all countries equally and simultaneously. Thus, countries would be allowed to determine if and when they are in a position to take on certain obligations. In addition, the use of the standard principles of cost-benefit analysis could help ensure that low-income countries are not forced to accept obligations that they are unable to meet in a sustainable way. Under this approach, the estimated implementation costs for a given country would be known before that country accepts the obligations associated with a particular WTO agreement, and the provision of financing and technical assistance would be a condition precedent to the initiation of a dispute alleging non-implementation. Taken together, the three elements of this approach would ensure that the expected net benefits of trade and investment agreements are positive for all participating countries.

Policy makers in SSA countries may benefit from research-based insights on a range of analytical, policy and negotiations issues as discussed above. Given the increasing differentiation of SSA countries, particularly in terms of endowments, policy activism and experience, as well as economic performance, the required analytical, policy and negotiations work should, as much as possible, be based on country and sub-regional levels.

With respect to analytical and policy studies, considerable debate exists in relation to such issues as the political economy of trade and investment liberalization, the macroeconomic environment that is most conducive to liberalization, the role of exchange rate policy, the appropriate combination of import liberalization and export promotion in a reform package and the sequencing of complementary, compensatory and mitigating measures in relation to trade and investment policy reforms (Oyejide, 2003). Furthermore, it is broadly agreed that while trade and investment liberalization may be necessary for promoting growth, it is by no means sufficient. Institutional and other supply response capacity constraints may inhibit the extent to which entrepreneurs; investors and producers are able to respond positively to the changes in the incentive system generated by trade and investment liberalization. The extent to which trade and industrial policies may be relevant for relaxing supply response capacity constraints in general, which particular instruments in this group can be legitimately deployed, as well as the relevance and value of "policy space" or domestic policy autonomy are policy-relevant questions that may benefit from further analytical exploration in the context of specific African countries and sub-regions.

With respect to regional and multilateral trade negotiations, there are considerable gaps in knowledge in many African countries regarding the processes for articulating, coordinating and aggregating trade negotiating interests and positions, maintaining close and self-reinforcing linkages between the policy-makers at home and negotiators abroad, as well as monitoring the implementation of trade negotiation agreements. Building capacity for articulating interest, negotiations, and implementation must be based on improved knowledge from appropriate research. In addition, the process of trade negotiations requires significant research and analytical support to determine the likely effects of particular proposals and carry out appropriate cost-benefit and other analysis whose results may assist negotiators in articulating their positions. The enhanced and more effective participation of African countries in various regional and multilateral trade negotiations which has been advocated repeatedly will not occur without adequate investment in the capacity for supportive research and policy analysis.

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# II. BEST PRACTICES AND LESSONS LEARNT FROM MAINSTREAMING TRADE AND DEVELOPMENT AND TRADE RELATED TECHNICAL ASSISTANCE IN THE POST DOHA CONTEXT: PRIORITIES FOR AFRICAN COUNTRIES

**Mr. M.H. Sillah**

## Introduction

Globalization has brought about increased pressure to bear on many African countries to align their national policies with the multilateral trading system under WTO Agreements. Dynamic economic and policy changes at global level, the implementation of WTO agreements and engagement in the current WTO Doha Work Programme have placed emphasis on the need for African countries to change their policies in order to better access global markets, while also seeking to obtain better market access conditions for their exports of goods and services from their premium markets. Globalization and trade liberalization have brought about competitive pressure for efficiency improvement in African countries.

Growth in productivity should be enhanced and the quality of industrial products be improved in order for African countries to be competitive in regional and international markets. These can be achieved mainly through technological upgrading and skills development within the context of national capacity building in both the public and private sector.

The process of industrial development in Europe and the US was as a direct consequence of surplus in primary produces mainly from the agricultural sector. It gave rise to the development of cottage industries, which later spearheaded an industrial revolution as a result of increase in demand for manufactured good brought about expansion of trade links with many parts of the world. There is no doubt that the agricultural sector represents the backbone of African economies. Therefore, African countries have a comparative advantage with regard to agro-industries and therefore need to build programmes for technological and human resources skills, including financial and managerial skills. Together with a commitment to improved coherent and consistent national policies and strategies, including the creation of more enabling environment for trade, investment and good governance will certainly serve as a pace setter for sustainable economic growth and development in Africa.

Trade liberalization is an instrument for promoting growth and reducing poverty. Experience shows us that policies in other sectors have an impact on trade policies. For example, agricultural and industrial policies have an impact on trade policies. There is, therefore, a need to synchronize policies in these sectors with trade policies. Trade policy reforms alone will not yield the intended benefits. Trade policies should be mainstreamed or integrated into the overall national development framework.

Openness to trade is closely linked with economic growth and poverty reduction. However, trade as a strategy for economic growth is yet to be fully mainstreamed or integrated into national development plans and poverty reduction strategies. This is true for Africa and as well as for many developing countries. In Africa, as in most developing countries, trade priorities are often not integrated into overall development plans or poverty reduction strategies. Ministries of Finance and Planning are also almost always in confrontation with trade ministries because of the former’s reluctance or refusal to take core trade priorities into account.

This report will therefore review the methods and process of mainstreaming trade priorities into national development plans and poverty reduction strategies in Africa, and identify the core issues critical to mainstreaming.

## A. Constraints to the Development of Trade in Africa

Sustainable growth and development in Africa must be viewed within the context of promotion of trade and investment through greater private sector participation, supported by increased investment in infrastructure, technology transfer and good governance. There are a number of major constraints to trade and investment in Africa. These include the following:

1. Lack of/commitment towards coherent and predictable trade and investment policies;
2. Absence of/inadequate training and entrepreneurial skills development due to lack of priority needs assessment and commitment in this regard;
3. Paucity of investment capital caused by low level of domestic savings mobilization, resulting in stiff competition for domestic borrowing between long- and short-term investments;
4. Risk factor is a crucial element in accessing financing for long-term investment. Political instability and delays in commercial courts are critical factors in this regard as many African countries continue to grabble with these.

Major constraints at international levels include the following:

1. The WTO Agreements favours mainly developed and more advanced developing countries with the trade, completive and entrepreneurial (including transnational corporations) capacities to benefit from trade liberalization.
2. Increased competition in international markets presents a major stumbling block to African countries seeking a share of the global market.
3. The WTO Agreement on Trade Related Investment Measures (TRIMs) makes it more difficult to channel foreign capital flows to priority sectors of African economies.
4. Africa’s share of foreign direct investment flows and portfolio investments are the lowest in the world.
5. The WTO Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) has made access of technology acquisition more expensive for African countries.
6. Overseas Development Assistance (ODA) continues to decline and in most cases does not achieve its intended objectives or reach its targeted beneficiaries. A greater share of ODA is consumed by high costs of technical assistance in the form of expatriates from the donor country.

There are a number of pertinent issues on multilateral trade arrangements that impact on development in the continent. Unfavourable terms of trade and lending conditionality, especially by development partners, constitute a severe impediment to trade. In order to take full advantage of these opportunities to enhance economic growth and development, the following recommendations are being made:

1. African countries would benefit tremendously from assistance to build capacity in trade policy formulation and implementation. Development partners should therefore assist them in this area on a more sustained basis with substantial resources.
2. Enhance growth of capital markets to broaden financial intermediaries necessary for channelling of investment funds to the private sector.

3. Develop/strengthen micro-financing schemes to provide fixed and working capital needs of SMEs involved in trade.
4. Encourage regional integration schemes in Africa to promote trade and inter-firm cooperation and also as a source for technological upgrading.
5. Establish strong and effective public relation at both regional and international levels in order to increase further awareness on the need for expansion of trade and investment in Africa in order to reduce poverty.

## B. Domestic Trade Policies and Mainstreaming of Trade into Development in African Countries

The concept of mainstreaming is the integration of trade strategy into overall national development plans and strategies. What this means is that national development plans and strategies should take into consideration trade policies, trade facilitation and the creation of trade institutions. It is therefore not merely a matter of including trade issues in documents to satisfy a mandate, but actually considering what the trade issues are, prioritizing them and including them in a country strategy.

### *1. Priority Given to Trade in African Countries*

#### 1(a) Strategy for Development and Integration into the World Economy

The underdevelopment of Africa is partly the result of its heavy debt burden and limited financial resources. At the dawn of independence, many African countries borrowed heavily from international financial institutions, including the IMF and the World Bank. Repayment of these loans have caused further decline in their economies to the extent that coherent and comprehensive development plans could not be undertaken and, in some instances, were abandoned. This brought about the imposition of rigid conditionalities by the IMF under its structural adjustment lending programmes, which were intended to get back African economies towards the path of sustainable development. Unfortunately, this policy design by the IMF led to a further deterioration in the economies of a number of African countries due to structural imbalances and distortions, and they went on to experience redundancies in their labour force, price increases and declining purchasing power due to reduction in exports.

The new international economic order for cooperation and development and the multilateral trading system leaves much room for improvement, as they do not reflect much on the true dimensions of Africa's development constraints. Whilst recognizing the need for donor support to eradicate poverty and other social vices, the need for commitment of the governments in Africa cannot be over-emphasized. Wastage and uneconomic use of resources such as high military spending must be avoided. There should be an effective distribution system in the share of national wealth and development.

The strategy for Africa's economic development and integration into global economy should give priority attention to the following:

1. Designing effective policies in trade and investment and taking measures towards addressing these at both national and international levels;
2. Undertaking policy reforms and institutional development and capacity building;
3. Good Governance and the rule of law; and
4. Empowering people to participate in national policy and development strategy formulation.

Many African countries have, in recent years, undertaken economic reform programmes in order to improve their economies. The programmes were intended to eliminate distortions and imbalances that had adverse effects on economic growth in their countries. The programmes focused on adjustment measures and structural reforms in the areas of incentives policies, fiscal and monetary policies and public sector reform, which were aimed at reversing the declining trend in growth, redressing domestic and external imbalances and stabilising the economy. The following were the key elements of such programmes:

- A tight fiscal policy involving improved expenditure control and a broadening of the tax base;
- A restrictive monetary policy;
- Trade liberalization including a comprehensive reform of the trade and tariff regimes;
- Strengthening of economic incentives, including the lifting of most price controls and the introduction of a market-determined exchange rate in the context of a liberalized trade and payments system; and
- The divestiture and rationalization of a number of public enterprises.

Many African countries are committed to the development of a free market economy necessary for the attainment of:

- Real growth rate in the economy;
- Greater private sector participation in the economy;
- Reduction of the incidence of poverty;
- Reduction of the debt burden on the country's limited resources by managing the existing debt prudently and minimizing the growth of new debt;
- Addressing environment protection, including the issues of deforestation, soil management and solid waste disposal;
- Providing necessary infrastructure such as roads and reliable electricity, water and telecommunications services; and
- Intensifying efforts to secure greater regional economic cooperation.

These economic recovery programmes were followed by longer-term 'visionary' projects, e.g., The Gambia's Vision 2020 Programme. These reaffirmed the commitment of Governments to maintain a liberal market-based economic policy framework with the private sector as the engine of growth.

Furthermore, in fulfillment of their obligations and commitments to the WTO as members, several African countries have begun the process of introducing the required changes to their trade classification, customs valuations and pre-shipment inspection systems to the respective WTO Agreements. In this regard, the Standard International Trade Classification (SITC) system has been replaced by the Harmonized System (HS) nomenclature, which is currently in force in many African countries. Several African Governments enacted the necessary legislation in compliance with WTO Agreements on technical barriers to trade (TBT), and to introduce and maintain a system of national standardization. Sanitary and Phyto-Sanitary (SPS) regulations are being established by countries in line with the SPS Agreement. African countries continue to take necessary actions to ensure conformity of their trade-related policies with WTO obligations.

A significant mainstreaming activity is the NEPAD initiative. It is a comprehensive response by African countries for a new development strategy for Africa based on a combination of international support measures and enabling policies, and national reform efforts in economic policies and governance issues. NEPAD and specifically its market access initiative can contribute to the mainstreaming of trade into development.

1(b) Trade Policy Regimes: WTO and UNCTAD

African countries have received assistance from either WTO or UNCTAD, or even from both of them, to help them develop their trade policy and institutional capacity, as well as from other international agencies. WTO assistance emphasizes the implementation of WTO Agreements, conformity of trade policies and practices to WTO obligations and participation in WTO negotiations. The key objective is maintaining an open and liberal trading environment. UNCTAD, as the focal point within the United Nations for trade and development, emphasizes the beneficially integration of developing countries into the international trading system, including the multilateral trading system. It assists developing countries in the promotion and development of a competitive trading environment, moving from low value-added primary products to higher value-added products, and to creating linkages with various economic sectors in support of poverty alleviation and sustainable socio-economic development that result in increases in the per capita incomes through increased domestic and international trade.

1(c) International Trade Relations

Regional and bilateral trade agreements are important to trade and investment promotion in Africa. All African countries have established bilateral trade agreements with some countries and are a member of regional groupings such as ECOWAS, East Africa Economic Community, SADC or the Arab Maghreb Union. They are all also members of the African Union. Each of these regional groupings provides some form of trade liberalization programme with concessions such as the elimination of customs duties and taxes of equivalent effect, removal of non-tariff barriers and the establishment of a Customs External Tariff.

Many African countries have acceded to the WTO and are complying with WTO Agreements. Within the framework of these agreements, African countries could make use of various special and differential treatment provisions to facilitate compliance with the WTO agreements (see Table 1). Similarly, under the ACP-EU Cotonou Partnership Agreement, African countries can benefit from the preferential duty-free treatment and low tariff treatment for imports into the European Union. The US and Japan also provide more favourable market access conditions under their GSP schemes for African countries than hitherto obtained under the WTO. However, due to competition and stringent conditions imposed on imports, such as TBD and SPS requirements as well as environmental norms, many African countries are unable to make in roads into these markets. Moreover, many of the preferential arrangements contain stringent conditions, in particular stringent rules of origins, which prevent effective utilization of the preferential market access by African enterprises.

**Table 1**

Summary of provisions in WTO Agreements on Special and Differential Treatment for LDCs and Developing Countries (DCs)

| Uruguay Round Agreement | Fewer obligation (and exemption) | Lower implementation or transition period |
|---|---|---|
| 1. Agriculture | Restrictions on food exports possible if not net exporter (DC's); ii. Domestic support or export subsidies permitted, e.g. exemption from AMS (LDCs) | Ten years to make commitments on ceiling bindings (LDCs) |
| 2. Technical Barriers to Trade | Domestic standards permitted if international standards are not appropriate (DCs) | |
| 3. TRIMs | Flexible application considering, e.g. infant industries, BoP & safeguard measures (DCs) | Transition periods of 5- and 7-years, with possibility of extension, to eliminate GATT-inconsistent TRIMs (LDCs & DCs) |
| 4. GATT Article VII (customs valuation) and related decisions | Flexible application with reference to the value of imported goods, particularly if goods undergo further processing in country of importation (DCs) | Non-signatories to Tokyo Round but accepting WTO granted with possible extension (plus 3 years relating to computed value method) (DCs) |
| 5. Import Licensing Procedures | Exempted from additional administrative / financial burdens in fulfilling some requirements (DCs) | 2-year delay possible (DCs) |
| 6. Subsidies and Countervailing Measures | Prohibition of export subsidies does not apply (LDCs) | i. Subsidies on use of domestic over imported goods permitted for 8 (LDCs) and 5 years (DCs); ii. 8 years to phase out export subsidies after attaining "export competitiveness" for a given product (LDCs) |
| 7. Safeguards | Permitted to maintain measures for 10 instead of 8 years | |
| 8. GATT's related decisions | Parties to economic integration agreements need not eliminate all discriminations, e.g. those with positive impact on national policy and development (DCs) | Two years are needed to establish enquiry points to provide information on laws, regulations, etc, with significant effect on trade covered by commitments (DCs) |
| 9. TRIPS | 11-year delay possible and extendable on request (LDCs); 5-year delay (DCs) | |
| 10. Trade Policy Review Mechanism | Subject to review every 6 years (DCs); and possibly by longer intervals (LDCs) | |
| 11. GATT 1994 | | Submission of schedules extended by 16 months (15 April 1995, instead of 15 December 1993) (LDCs) |
| 12. Sanitary and phytosanitary Measures | | 5-year delay on measures affecting imports possible (LDCs); time bound exemptions, in whole or in part possible on request (DCs) |
| 13. Textiles & Clothing | | Non-MFA members to notify full details of first integration programme and the use of special transitional safeguard mechanism within 1 year and 6 months respectively, instead of 60 days in both cases (most LDCs) |
| 14. Technical Barriers to Trade | | Time bound exceptions, in whole or in part, may be granted on request (DCs) |

***Source: Extracted from WTO, 1995 and UNCTAD, 1995.***

## 1(d) Trade Policy and Negotiation Institutional Arrangements

The overall coordination of trade policy and trade negotiation in African countries is generally entrusted to the Ministry of Trade. However, the implementation and management of trade policy and its promotion cut across Government departments and private sector agencies. In addition to trade policy formulation, the Trade Ministry plays a prominent role in the negotiation and implementation of international trade conventions under the WTO, regional economic communities such as SADC and ECOWAS, and trade aspects of ACP-EU development agreements or trade negotiations with other countries. The Ministry of Finance in most countries is responsible for formulating and fixing of tariff structures, a major policy instrument of trade policy. The other Government ministries and agencies involved in trade related matters and regulations include, *inter-alia*, the Ministries of Health, Justice, Agriculture, Customs and Excise and national environment agency. Other private sector and quasi-Government agencies involved in trade related matters also include Chambers of Commerce as well as specific industry /exporters' associations.

The complex nature of trade-related services require a structured and coordinated institutional framework for the formulation, negotiation and implementation of trade policy objectives. In this regard, an innovative approach in the form of national inter-institutional committees comprising key stakeholders of domestic trade policy constituencies have been established as pilot cases in several African countries benefiting from the JITAP (ITC/UNCTAD/WTO Joint Integrated Technical Assistance Programme). These pilot cases have proven useful and should be replicated in other African countries.

In addition to trade policy coordination, several African countries have established investment and export promotion agencies to serve as a one-stop shop for investors and exporters. These agencies are responsible for enhancing investment and export development, marketing investment opportunities and providing services in the areas of export development and promotion, foreign direct and domestic investments, industrial estates, export processing zones and related investment and export trade advisory services.

## 1(e) Regulatory Framework

The statutory regime governing trade and general business activities in African countries requires a significant degree of updating and revision, taking account of the evolutionary and emerging trading and business practices. Many African countries are committed to the reorientation of their trading laws and regulations in fulfillment of their obligations under the WTO, in order to take advantage of new trading practices and emerging opportunities. Some of these requirements including legislative changes would, *inter alia*, include changes and adjustments to trade classification, customs valuation and pre-shipment inspections, intellectual property rights, and trade-related aspects of investment measures.

Thus, many African countries have adopted the Harmonized System (HS) nomenclature, in replacement of the Standard International Trade Classification (SITC). In conformity with Pre-Shipment Inspection (PSI) requirements of the WTO, some countries also initiated the process of revising their relevant domestic laws and regulations on verification of the quality, quantity and price of goods and their customs classification. On Technical Barriers to Trade (TBT), few countries in Africa are maintaining any system of national standardization due to capacity constraints in this area. WTO should continue to assist African countries to formulate and implement necessary legislation on TBT.

Continued implementation of WTO obligations by African countries requires substantial increase in the provision of trade related capacity building programmes by WTO, UNCTAD, UNDP and other agencies, including NEPAD.

#### 1(f) Customs administration

The transaction cost of clearing goods from customs in Africa can be a major factor impeding investment in tradable sectors, especially in activities that are time sensitive or where it is important to be integrated into a global production system. Efficient customs valuation and clearing procedures are essential for reducing costs and frustrations associated with imports and exports, and for establishing and maintaining the confidence of the private sector, and for generating revenue and data. Clearing procedures have to be improved significantly in many African countries. UNCTAD has provided some African countries with the installation of the Automated System for Customs Data (ASYCUDA) for automated customs clearance.

To ensure a robust trade growth and rapid integration in Africa, there is a need to strengthen customs regimes and administration to lower transactions costs while reducing anti-export bias and corruption and eliminating red tape. Such programmes as UNCTAD's ASYCUDA can be effective in this area.

#### 1(g) Export Promotion

Export promotion and export diversification are the main thrust of many trade policies in Africa, even though there are limited export financing schemes in many of the countries. Trade preferences provided by major trading partners constitute an opportunity to be exploited for export promotion. The Generalized System of Preferences (GSP) of OECD countries and the ACP-EU Cotonou Agreement provide trade preferences to African countries. LDCs tend to benefit from additional market access conditions, such as the Every-thing-but-arms initiative of the EU, providing duty-free and quota-free access to all exports from LDCs, with the exception of arms.

A more competitive production of exports by African countries is required in order to be able to withstand competition from rival suppliers. Also, it is crucial that exporters in African countries have access to imported intermediate inputs at world market prices to be competitive. Duties paid on imported inputs must be refunded, or, better, exporters should be allowed to import inputs duty free. To implement such a system effectively, capacity building and institutional strengthening are required. Very few countries in Africa have effective exemption or duty refund regimes.

### *2. Trade Practices by Measure*

Import regimes in many African countries are mixed, with tariff structures ranging from low to high. Tariffs remain the primary means of import protection and revenue generation for their governments. The number of industries that are protected through excise duties is limited in some countries to domestic manufactured goods.

Almost all countries in Africa have implemented privatization programmes within the context of their structural adjustment programmes from 1986–1994. Many public enterprises were divested or government shareholding significantly reduced. State monopoly of many enterprises has been reduced to give way to competition and further liberalization of the economy with increase private sector participation in the production of services. Some strategic public enterprises remain to be privatized in many countries for political reasons.

A number of African countries and regional groupings have also embarked on enactment of competition policies and competition laws, in order to encourage private sector enterprises to improve efficiency and quality and reduce cost. The introduction of competition laws should be encouraged in order to reduce/eliminate oligopolistic tendencies and cartels to dominate and cause distortions in markets. Almost all countries in Africa have moved away from price controls in their process of market liberalization. However, state-owned enterprises continue to have their prices fixed by the government in almost all African countries.

### C. Role of Trade-Related Technical Assistance Programmes in Serving the Needs of African Countries

As the pace of globalization and liberalization became more rapid and the challenges facing African countries and LDCs became more complex, they continued to be more marginalized and less integrated into the multilateral trading system. For trade to become an engine of economic revival, growth and development, a sustained effort at the policy level, rules level, entrepreneurial level and productive level, combined with enabling global processes is needed. Moreover, in view of the complex challenges facing African countries, no single multilateral or development agency or individual development partner can on its own address these difficulties, and that careful coordination amongst agencies are required. An essential aspect of such a multi-disciplinary approach is trade-related technical assistance (TRTA). The role of technical assistance is to assist developing countries, particularly LDCs, to build their human resources and institutional capacities, provide trade information and trade related legal support, and improve their negotiating capacities to make them more active players in multilateral trade. Other key roles of TRTA are the construction of commercial infrastructure to enable developing countries and LDCs to draw on the benefits of improved market access and an open, equitable and rule-based system.

(a) WTO and TRTA

In the GATT/WTO, certain provisions[1] were made in recognition of the low level of development in developing countries, especially for the least developed among them. With regards to technical assistance, except for the trade policy courses that were offered under the former GATT, there was no comprehensive TRTA programme in place at the time of the establishment of the WTO in 1995.

The role of TRTA became more pronounced after the establishment of the WTO when it was recognized that there was a need for efforts "to ensure that developing countries and especially the Least Developed Countries (LDCs) among them secure a share in the growth in international trade to commensurate with the needs of their economic development".[2] TRTA has become an important feature of the arsenal of WTO Agreements to assist developing countries and LDCs members of the WTO to facilitate their integration into the multilateral trading system and to maximize benefits from their participation therein.

[1] Special and Differential Treatment GATT/WTO Agreements including longer transition periods in implementing agreements; Part IV of GATT; the Enabling Clause, the Ministerial Decision on measures in favour of LDCs; and Ministerial Decision on measures concerning the possible negative effects of the reform programme on LDCs and net food importing developing countries.

[2] Marrakesh Declaration of 15 April 1994.

In respect of LDCs, WTO Members adopted, at their first conference in Singapore in 1996, a Comprehensive and Integrated Plan of Action for LDCs, designed to encourage closer cooperation between the WTO and other multilateral agencies to assist LDCs in the area of trade. It was endorsed by the WTO, UNCTAD, ITC, IMF, the World Bank and UNDP at a High-Level Meeting in 1997, leading to the establishment of the Integrated Framework (IF) as an institutional mechanism for the provision of TRTA including human and institutional capacity building, and enhancing supply responses.

TRTA is an important "development" component of the Doha Work Programme. In the Doha Ministerial Declaration, the Ministers ask the WTO Director-General to ensure that WTO Technical Assistance focuses – as a matter of priority – to assist developing countries in implementing existing WTO obligations and increasing their capacities to participate more effectively in future multilateral trade negotiations and to enhance their technical assistance by cooperating with other intergovernmental organizations such as UNCTAD. Various paragraphs of the Doha Declaration emphasize the renewed commitments of WTO Members on technical Cooperation and capacity building.[3]

The WTO in its Technical Assistance Plan 2003 has incorporated several new products to take into account needs that are associated with specific national and regional challenges. Also, to encourage global coverage of the organization, the WTO gave prioritized activities for acceding countries. Sustainable capacity building in the form of trade policy course, training of senior Government officials on the Doha negotiations, consolidation and extension of internship, and the training of trainers featured as new products. The WTO Secretariat implemented a substantial portion of its Technical Assistance Plan for 2003. Out of 122 WTO member countries that have submitted request for technical assistance activities in 2003 in 21 areas,[4] 35 were African Countries. From the twenty areas, there have been 187 regional activities and 254 national activities. A particular area of concern to African countries is for TRTA that allows them to respond and deal with problems of implementing the TBT and SPS Agreements, and to deal with measures that affect their trade. In the 2004 Plan, further refinement is being proposed with products that would focus on the quality and sustainability of TRTA, and greater flexibility in the delivery.

An increasingly important aspect of the TRTA of the WTO is cooperation and coordination with other agencies, coordination with bilateral donors and coordination within recipient countries. Examples include the IF and JITAP (discussed below).

(b) UNCTAD and TRTA

UNCTAD has been providing assistance to developing countries in the area of trade negotiations since the GATT Tokyo Round. UNCTAD's mandate on "trade and development"

[3] Paragraph 21 - relationship between trade and investment; paragraph 41 - commitments on technical assistance cooperation with the Doha Declaration; paragraph 16 - market access for non-agricultural products; paragraph 21 on trade and investment, paragraph 24 on trade and competition policy; paragraph 26 on transparency in government procurement; paragraph 27 on trade facilitation; paragraph 33 on environment; paragraphs 38-40 on technical cooperation and capacity building; and paragraph 42 on LDCs.

[4] Accession, Agriculture, Capacity Building, Customs Valuation, Dispute Settlement, Implementation issues, Information Technology and Reference Centres, Integrated Framework and LDCs, Mainstreaming, Market Access, Regional Trade Policy Courses, Rules, Sanitary and Phytosanitary Measures, Services, Short Trade Policy Courses, Singapore issues, Technical Barriers to Trade, Textile and Clothing, Trade and Environment, Trade Negotiations including the Doha Development Agenda Advanced Training Programme and Trade Related Aspects of Intellectual Property Rights.

includes support for the effective participation of developing countries in multilateral trade negotiations. This mandate has subsequently been strengthened during UNCTAD IX and X, in view of the establishment of the WTO. UNCTAD provides technical assistance at the national, sub-regional and regional levels.

According to its mandate, UNCTAD's capacity development deals with the enhancement of developing countries' endogenous capacity to formulate, implement and evaluate home-grown policies for: (a) the development and diversification of their domestic productive sector; (b) the design and implementation of trade and investment policies and negotiating strategies; and (c) the development of trade support services, within the framework of developing countries' development goals and taking into account the evolving international economic environment. The role of UNCTAD is to provide to current and future policy makers and stakeholders of developing countries the instruments they need to have these national-rooted policies, such is the case in programmes such as JITAP and IF.

UNCTAD XI will determine the scope of UNCTAD's future agenda, thus also determining the scope of its capacity development. UNCTAD has highlighted some areas that appear to be new concerns of both the donor and beneficiary countries- mirroring changes in the international environment, in light of its experiences in the design and implementation of technical cooperation, such as the interface between trade policy and poverty reduction strategies, and between trade and financing for development, and the articulation of bilateral, regional and multilateral trade and investment regimes.

(c) UNDP and TRTA

UNDP has developed a particularly strong TRTA programme in sub-Saharan Africa in support of trade capacity building in African countries. The trade capacity building programme of 1996 and the post-Doha coordinated plan of 2002 exemplify UNDP’s commitment to TRTA. This emphasis is consistent with the expressed needs of African countries and the fact that from among the developing regions, it is the African region, which is the most marginalized in global trade and thus the most in need of TRTA. UNDP’s continued and enhanced support for trade capacity building in African is an essential development priority and would ultimately assisting African countries in realizing some of the Millennium Development Goals. UNDP’s continued involvement in TRTA in Africa must also take into account existing programmes, particularly the IF and JITAP.

UNDP's Sub-Regional Resources Facility (SURF) compliments its regional TRTA as well as those of other agencies, including WTO and UNCTAD. There have been various capacity building programmes under the United Nations Institute for Training and Research (UNITAR), some of which are trade-related, as inputs to the UNDP system of SURF. Delivery of UNITAR training on capacity building usually comes as a package covering different aspects of international affairs management,[5] including those relating to international trade.

(d) IF, JITAP and Others

The Integrated Framework (IF) is a partnership programme between the LDCs, donor countries and IF six core agencies, namely WTO, UNCTAD, ITC, IMF, World Bank and UNDP.

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[5] Training usually covers diplomacy and multilateral negotiations; simulation exercises and video-based performance analysis; environmental law; law and natural resources (water, oil); trade law and trade dispute settlement; arbitration exercises; international protection of human rights; international criminal law; and mediation and conflict resolution.

The objectives of the IF are to integrate trade priorities into the national development plans, poverty reduction strategies and to assist in the coordinated delivery of TRTA. Out of the fourteen LDCs benefiting from the current phase of the IF, eleven are African countries,[6] with implementation meetings with the donor community held so far in Cambodia, Mauritania and Senegal.

The IF aims to ensure that TRTA activities are demand-driven by LDCs, enhance ownership by LDCs over the TRTA, increase efficiency and effectiveness in the delivery of TRTA activities according to each of the agencies involved, maintain reviews of TRTA activities in individual LDCs and periodic evaluation of LDCs' success in meeting their needs, and making available comprehensive information about the specific needs of each LDC and the TRTA of each of the core agencies. IF operations are based on needs assessment, which is demand-driven. LDCs are responsible for identifying their needs, with the involvement of the Government, private sector and civil society. The presentation of needs determines the responses of donors in terms of which spectrum of society the assistance is directed to. The needs assessment is based on trade policy, obstacles or impediments to LDCs efforts to expand trade, including supply constraints and institutional bottlenecks, trade promotion and trade support services as well as market access and technical assistance. An evaluation of the IF was concluded in September 2003.

The Joint Integrated Technical Assistance Programme (JITAP) complements the IF. Put in place by ITC, UNCTAD and WTO, it builds capacity in selected African and least developed countries. JITAP has made significant progress in human resource development, policy development, trade infrastructure in particular institutional negotiations capacity through inter-institutional committees, and export strategies for market access opportunities. It has made important contributions in participating African countries to participate fully in the multilateral trading system and the ongoing negotiations under the Doha Work Programme. Eight African countries[7] have been covered in the first phase of JITAP. Resources to the tune of US$ 10 million had been mobilized to implement the first phase of JITAP. With the end of the first phase in December 2002, the second phase of JITAP was agreed upon and launched in February 2003 for a four-year period ending in 2006. The second phase will cover eight additional African countries[8] with an estimated budget of US$ 12.6 million.

There are presently few TRTA activities that specifically target women's organizations in order to address their concerns and priorities in respect of trade and investment and development. The Doha Work Programme, for example, does not have TRTA assistance specifically targeting women. TRTA as conceived within the Integrated Framework seeks a broad based assistance approach that covers all spectrum of society in LDCs, women included. The involvement of gender in TRTA is a specific objective of JITAP II. Also, a Gender and Trade Task Force of the UN has been created with UNCTAD as its Manager.

The IF and JITAP experiences in respect of TRTA has delivered some important lessons for TRTA in Africa. In respect of TRTA needs in Africa, what is required most are the following:

- Institution building to better handle trade policy issues and international trade negotiations;

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[6] Senegal, Lesotho, Guinea, Mauritania, Mali, Djibouti, Madagascar, Malawi, Eritrea, Burundi, and Ethiopia (as well as Uganda and the United Republic of Tanzania).
[7] Benin, Burkina Faso, Côte d'Ivoire, Ghana, Kenya, Tunisia, Uganda, and the United Republic of Tanzania.
[8] Botswana, Cameroon, Malawi, Mali, Mauritania, Mozambique, Senegal and Zambia.

- Strengthen export supply capabilities by strengthening the policy environment for trade liberalization; improving competitiveness of enterprises; increase investment in productive sectors; removing bottlenecks to increase production of tradable goods and services;
- Strengthen trade support services in terms trade efficiency; trade facilitation; access to finance; access to trade information; product development both new and existing ones; improve standards, packaging, quality control, marketing and distribution channels; international purchasing and supply management;
- Train and develop human resources in trade and trade-related areas;
- Support trade related regulatory and policy framework that will encourage trade and investment.
- Involve of women and disadvantaged sectors of society in trade and trade related policy formulation, negotiation and implementation.

## D. Conclusions and Recommendations

In order to respond to the challenges posed by the numerous constraints to trade and development, and for African economies to draw the benefits of globalization, African governments need to concentrate their efforts on capacity building, especially in trade-related areas and agro-related industries. In order for multilateral trading system to have positive impact on development and for Africa to benefit from globalization of world economy, it is imperative to take into consideration development constraints in the African continent. A number of conclusions and recommendations can be made, based on the foregoing assessment of the experience with mainstreaming of trade into development and the role and provision of TRTA.

(1) Most African countries have implemented far reaching economic liberalization programmes as part of their structural adjustment packages. These often included trade liberalization. The overall impact was mixed, and many countries had experience deteriorating economic performance. The challenge is to maintain the pace of reforms, at a level commensurate with the capacities and readiness of African countries to deal with liberalization.

(2) Trade liberalization is an imperative for economic growth and development. It however has to be progressive for African countries, and requires supportive accompanying macroeconomic and prudent fiscal policies and good governance.

(3) In order to enable African countries to participate effectively in the multilateral trading system and be integrated in the global economy, their trade negotiating capacity should be strengthened. In addition, they should be assisted to identify and address structural supply-side constraints – inadequate human and institutional capacity, and trade-related infrastructure. Moreover, participation by African countries in the multilateral trading system requires them to conform to the provisions of the WTO, and at the same time exposing their products to stiff international competition.

(4) In order to ensure maximum impact on African countries, TRTA from developed countries and donor agencies should be well coordinated and harmonized.

(5) Governments' in Africa and their development partners should rely more on coordinated and integrated TRTA programmes such as the IF and JITAP as tools to deliver capacity building assistance to African countries, particularly the LDCs, and to mainstream trade into development plans and poverty reduction strategies.

(6) UNDP should continue to emphasis and support TRTA for sub-Saharan Africa, in particular for trade policy formulation and trade negotiations both to mainstream trade in development, and development into trade, and to enhance the capacity of African countries to mould and shape the evolving trading system, taking advantage of the negotiations under the Doha work programme and ACP-EU negotiations, to respond favourably to the development aspirations and capacities of African countries.

(7) Developed countries should continue to enhance ODA flows in real terms especially in the areas of education, capacity building, poverty alleviation, agriculture, health and other productive sectors that have impeded development in many African countries.

(8) For international trade to expand and for Africa to be part of and benefit from such expansion, good governance and the rule of law are fundamental prerequisites. Many countries in Africa are struggling with the issues of good governance. War and civil strife continue to plague the continent with looming poverty, hunger and disease. These issues need to be addressed by African countries, with the support of their development partners. The NEPAD initiative provides an important avenue to make progress in this area.

# III. THE INVOLVEMENT OF AFRICAN NGOS IN THE POST-DOHA NEGOTIATIONS

**Mr. Yao Graham**

## Introduction

This report examines the role of non-governmental organizations (NGOs) in sub-Saharan Africa (SSA) in the shaping of national and regional positions on issues in the multilateral trading system (MTS), centered on the WTO. The report is particularly concerned with the period since the WTO's Fourth Ministerial Meeting in Doha, Qatar in November 2001 and the advocacy challenges African NGOs face in respect of the Doha Agenda and Work Programme and what they can contribute to how African governments respond to the ongoing challenges of the negotiations. The Report also looks at the strengths and weaknesses of the NGOs in how they carry out trade policy advocacy and the challenges in the political environment. It then makes proposals for building on their strengths and rectifying the weaknesses so as to improve the effectiveness of their advocacy.

The analysis of NGOs' trade policy advocacy has a number of components. It examines the ways in which these NGOs have sought to influence trade policy, what their preferred methods of work are, what issues they have focused on and which policy making institutions have been the targets of their advocacy. It also looks at the dynamics of the relationships between the NGOs and government institutions and inter-governmental institutions as well as the relationships that they have formed among themselves, including those with non-African organizations, for the purposes of advocacy. It also compares how African NGOs work on trade issues with the approach of their international partners, especially in Europe and North America.

The analysis is based on a number of sources. These include the writer's own experience of NGO involvement in trade policy advocacy across SSA and in the international arena, responses to questionnaires circulated to a selection of NGOs and information from published sources. Advocacy here refers not only to the activities directly intended to influence policy makers and institutions, i.e. lobbying and mass mobilization, but also to the important supporting activities of research and information gathering, communication, public education and capacity building, networking and coalition building. This broad definition is used because successful lobbying and mass mobilization require effectiveness in the listed supporting areas.

Trade policy advocacy by NGOs, particularly about the multilateral trading system and the WTO, is a very visible part of NGO advocacy work in the majority of SSA countries. Despite their visibility trade policy advocacy NGOs are still a fairly small contingent within the community of policy NGOs in most African countries. The spectrum of NGOs engaged in this advocacy is very broad, and is animated by concerns as diverse as the issues directly covered by the WTO agreements as well the many issues raised by the effects of these agreements. NGOs long involved in 'economic justice' work have extended their concerns to the MTS and WTO. Women's groups and gender activists are querying the differential gender impacts and implications of the WTO agreements. NGOs working on health have woken up to the implications of the TRIPS Agreement to their constituencies. Organizations of rural producers are asking questions about the terms of the Agreement on Agriculture. Environmentalists are campaigning to ensure that trade liberalization is not at the expense of the environment. Groups concerned about basic services and poverty have taken an interest in the GATS, concerned about its implications for the access of the poor to basic utilities such as water.

In many African countries NGOs have played a very important role in raising public consciousness about the importance of the MTS and the WTO. Data from the authors' survey of leading trade policy NGOs in 12 African countries revealed a focus, since Doha, on the Singapore issues (especially Investment), Agriculture, Services, TRIPS, Industrial Tariff Liberalization, WTO Democratization, Market Access and Gender and Trade as the main concerns of those NGOs which have developed an explicit focus. NGOs influence trade policy through a mixture of indirect and direct means. The latter is realized through campaigns and through lobbying. The direct means are also aimed at influencing public officials and institutions, such as Parliament. The indirect means are by information dissemination and capacity building to develop the awareness in and rouse public opinion and build constituencies and alliances both at home and abroad.

The main instruments NGOs use are communication (newsletters, magazines, websites), capacity building (for NGOs, journalists and in a few cases public officials), lobbying members of the government and the legislatures and public campaigns. In some cases these are backed up by research, yet trade policy research by African NGOs is generally limited. In some countries where governments are not hostile to, or suspicious of, policy advocacy NGOs have considerable formal and informal relations and exchanges between trade policy officials and NGO activists. In a few countries such as Kenya, Uganda, Ghana, Mozambique, the United Republic of Tanzania, Senegal and South Africa, NGOs have a formal place in official, mainly advisory, trade policy structures. A number of African countries have been including NGO representatives in their delegations to WTO ministerial meetings; the number of such participation in Cancun was higher than it had been the case in Doha.

At the supranational level both the African Union (AU) and the Economic Commission for Africa (ECA) have engaged with trade policy NGOs. However, the terms of their outreach are unclear since the engagement seems episodic and only a very small number of NGOs have been invited to take part in their trade policy activities. The ECA has been inviting some NGOs to trade policy fora it has organized, as did the erstwhile OAU. Since 2000 a handful of African NGOs have attended the annual meetings of Africa's Trade Ministers and the AU took a major step in its relations with trade NGOs when it organized an NGO forum during the June 2003 meeting of Trade Ministers; the output of this meeting was formally fed into the ministerial meeting. In some regions such as Southern and East Africa trade NGOs have access to regional policy making structures such as SADC, COMESA and the East African Legislative Assembly. The NGOs have themselves created a pan-African network and platform, the Africa Trade Network (ATN) that brings together some 50 organizations across the continent. Hosted by TWN-Africa it has been in existence since 1998 and has increasingly gained recognition in policy-making circles. Gender and Trade in Africa (GENTA) and the GERA (Gender and Economic Reform in Africa) network both involve persons working on gender and trade issues in Africa. Like in many areas of pan-African endeavour language barriers constrain sharing of information, experiences and collaboration.

On the wider international scene the participation of African groups in key trade policy has grown. African activists are regularly invited to participate and speak in international trade policy meetings. Such engagements contribute to the amplification of their viewpoints, the building of links and enable them to learn from other experiences. African NGOs have attended all WTO ministerial meetings; from a handful at the first Ministerial in Singapore it increased to more than forty accredited SSA organizations for the Cancun Ministerial meeting in addition to those who were in official delegations. SEATINI and TWN-Africa are two organizations with a systematic engagement with African trade officials in Geneva. Since Seattle the quality of interaction between African NGOs and officials attending the talks have improved considerably.

In Cancun, Ministers, negotiators and MPs participated in formal daily meetings to exchange views with African NGO representatives.

African groups have also developed active working relations with trade advocacy groups around the world and participate in global trade advocacy networks. This has the benefit of strengthening the profile of African issues in the work of these organisations and thereby supplementing the advocacy weight behind them. The influential "Our World is not for Sale" (OWINFS) network, a number of whose members have offices in Geneva, includes African organizations. Bilateral links exist between African organisations and groups such as the Oxfam family, Actionaid (UK), the World Development Movement (UK), Focus on the Global South (Asia), CUTS (India) and the Geneva-based International Centre for Trade and Sustainable Development (ICTSD). These NGOs provide channels and platforms for international trade advocacy by African NGOs, as well as the exchange of their views between colleagues. In a number of countries, international NGOs, mainly European ones such as Actionaid, the Oxfams, the Friedrich Ebert Foundation and the Heinrich Boll Foundation partner local organisations in trade policy advocacy. This has the combined advantage of bringing their resources and expertise into African domestic advocacy as well as serving as a channel for African voices and concerns expressed in their home countries. The down side of this situation, however, are the tensions that arise when foreign and local grounds have different views or strategies on a particular policy.

The visibility and policy influence of NGOs engaged in advocacy on the MTS and the WTO have been growing with each passing year with their strongest areas of work being information dissemination and raising public awareness about the MTS. However, in most countries achievements in information dissemination and raising public awareness have not yet produced politically-effective constituencies and strategic influence on the trade policy stances of governments. This situation is paradoxical because on many of the MTS issues there is not a substantial divergence between the positions of trade policy NGOs and the publicly stated positions of governments in many African countries. The experience of the WTO Ministerial meetings – from Seattle through Doha to Cancun – has been that of constantly improving working relationship between African official delegations and most accredited African NGOs.

The paradox is due to a number of factors, two of which are key. Firstly, the overall political context in which the NGOs operate. Despite the considerable progress in political liberalization across Africa in the past decade the culture of citizenship is weak in most countries and the state and elites retain strong authoritarian reflexes and suspicion of autonomous citizens' expression. Across the African continent official attitudes to NGO trade policy advocacy vary across a spectrum. At one extreme are the countries that have given trade policy NGOs formal places in trade policy-making structures, including having NGO members in their delegations to the WTO Ministerial Conferences. In a number of countries where NGOs do not have a place in formal trade policy structures they have fairly easy access to key public functionaries and members of the legislature and its committees. They moreover get invited to officially organized events and get positive responses to invitations they send out to officials to take part in events they organize. At the other end of the spectrum are those countries where governments remain resolutely suspicious of, even hostile to, any institutionalized recognition of a role for policy advocacy of NGOs.

Generally even where there is a formal recognition of a role for NGOs, it is not backed up with government policies and practices that institutionalize access to information or officials outside the designated structure of government-society engagement on trade policy. Such official reaching out to NGOs is still unsystematic and not backed by an adequate and timely information flow to interested or capable NGOs. For example, in Kenya where NGOs have good relations with trade policy officials and interested MPs some NGOs have complained of being given short notice invitations for important meetings with officials of the Executive and Legislature in the period before Cancun. Because of the weakness of institutionalized dealings, it is normal for the quality of access to be crucially dependent on the attitude of a particular official.

On the side of the groups themselves the institutional and political weaknesses of many NGOs compound the situation. Effective advocacy, especially in the vast, complex area of the MTS, requires cadre with a strong knowledge base, political skills and experience regularly backed up by research and effective communication. Most NGOs do not have such staff and resources and lack the finances to acquire them. The upsurge of public interest in trade issues post-Cancun provides a great opportunity to make great progress in tackling these difficulties.

## A. African NGOs Involvement in International Trading System Issues

### *1. African NGOs in Development Policy Making*

There has been a veritable explosion in the numbers and range of engagement of SSA advocacy of NGOs since the beginning of the 1990s, roughly coinciding with the wave of political liberalization across the continent. The range of issues is broad – women's rights and gender issues, environment and development, human rights and governance, economic policy (trade and development, PRSPs, budgets, NEPAD, etc.), social development, social services, debt and development, HIV/AIDS. These involvements take place not only at the national but also at the supranational levels. There are pan-African networks on trade, debt, gender and trade, education, mining and development, etc., and many of the participating organizations are linked through these networks or directly to global networks and processes.

The period of mainly authoritarian governments across Africa was not without NGO activity. These, however, focused overwhelmingly on service delivery and social welfare activities, usually in ways that governments deemed as not politically threatening and as complementing their own policies.[9] Human rights advocacy organizations were a notable exception, understandably so, since their concerns challenged the nature of the political order. The harassment that human rights activists and organizations suffered across Africa in this period put the potential perils of policy advocacy in sharp relief. Today, however, not only has the number and scope of advocacy NGOs significantly increased but in addition many NGOs engaged in service delivery see policy advocacy as a logical and necessary extension of their concerns. The combination of service delivery and advocacy by groups working on HIV/AIDS in a number of African countries is a vivid example of this phenomenon.

Political liberalization has been an important catalyst in the boom in NGO numbers and roles in SSA. NGOs represent just one form of citizens' articulation of freedom of expression and association. Many African governments, including some who are uncomfortable with the rise of citizens' expression through NGOs have had to recognize their existence, some with legislation that is more regulatory than facilitating. One example is Ghana's 1992 Constitution, which explicitly recognizes the right of citizens to establish organizations to defend their interest

[9] For the Ugandan illustration of this point see *Sabiti Makara:* NGOs in Uganda: Their typologies, roles and functions in governance, *C*enter for Basic Research Kampala, Uganda, 2001, p.2.

in the development process, a provision that covers both service delivery and advocacy.[10] Donors' policies have also been an important influence, not only through providing financial support for emergent NGOs but also through their policies. For example, the World Bank's policies on information disclosure and participation, limited as they are, are more progressive than that of many African countries. International processes such as the many UN conferences of the 1990s, with their formal provision of a role for NGOs from national to global levels also aided the development of advocacy engagement by SSA NGOs.

In a number of countries, such as Kenya, Zambia and Nigeria, NGOs made important contributions to the political liberalization process. In the decade since the onset of a more liberal political atmosphere in most of SSA the scope of policy engagement by African NGOs has grown apace. In Zambia and Ghana women's organizations have pushed for legislation improving the status of women. Across the continent women's groups were the critical voices in drawing attention to female genital mutilation and putting it on the agenda for domestic and international action. Shadow national reports on the status of women have been submitted to the UN's Committee on the Status of Women by African women's organizations. African NGOs were a notable contingent in the Jubilee 2000 campaign for debt cancellation that made an important contribution to the forward movement of debt relief policies through the HIPC and other initiatives. More recently the conception of PRSPs, initiated by the World Bank and IMF, has come to pose a tricky challenge to NGOs. The idea that the design, implementation and monitoring of this policy instrument must involve the participation of organizations of civil society has not only generated debate among NGOs, especially in Africa where most of the qualifying countries are located. Even where governments are ready to fully engage with NGOs profound questions have arisen about the capacities of NGOs to meaningfully fulfill the roles implied by the PRSP given the traditions of state reticence about providing information to citizen's groups coupled with the human resource constraints many NGOs face. These notwithstanding, they are given an institutionalized role is seen by some NGOs as acknowledgement of their importance in the policy making process.

### *2. Role of SSA NGOs in Promoting Awareness and Participation in Regional and International Trade Agreements*

SSA NGOs have played an important but uneven role in the development of public awareness about regional and international trade agreements. Overall regional agreements involving regional economic communities such as ECOWAS and SADC have received less attention than international agreements such as the WTO agreements, the Cotonou Convention and the USA's Africa Growth and Opportunity Act (AGOA), Title I of the Trade and Development Act of 2000. Despite the comparatively greater attention to international trade agreements, except for activity around the WTO, which is by far the greatest object and area of attention, the advocacy interest of SSA NGOs has tended to focus on the period of creation or of controversies around policies and agreements. Furthermore attention has weakened during periods of implementation or relative quietude.

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[10] Article 37(2)(a) of the 1992 Constitution, under the Chapter on Directive Principles of State Policy enjoins to enact appropriate laws to assure "the enjoyment of rights of effective participation in the development processes including rights of people to form their own associations free from state interference and to use them to promote and protect their interests in relations to development processes, rights of access to agencies and officials of the State necessary in order to realize effective participation in development processes; freedom to form organisations to engage in self-help and income generating projects; and freedom to raise funds to support those activities". An article titled "Whither the Role of NGOs" in the August 13, 2002 issue of the Malawian publication *Africa News* lamenting how NGOs are abusing the space given to them by the President captures the tensions of NGOs advocacy work in some countries.

The ups and downs appear to be connected with the dynamics of international level advocacy beyond Africa. Global advocacy around the WTO has been gaining in strength since the creation of the WTO with more and more constituencies becoming interested the Uruguay Round Agreements and institutions. African groups have benefited from this wave, resultant availability of information and creation of relationships. By comparison advocacy activity around AGOA is quite low compared to the attention it received during the time it was being propelled through the US Congress by the Clinton administration. This is in spite of the fact that its effects are only now beginning to emerge as qualified countries orient their policies towards its demands. Among the factors that account for this state of affairs, two deserve attention. Within the USA the few groups that have been struggling to keep AGOA in the public eye offer a much weaker lever to African groups for collaboration than what is happening around the WTO. Secondly, within Africa the gulf between NGO critiques and the enthusiasm of SSA governments for AGOA is quite wide, meaning that NGO mobilization faces hurdles absent in the WTO context.  By comparison advocacy for the Cotonou Agreement is picking up again after a downturn as the next phase of its evolution, i.e. negotiation of Economic Partnership Agreements with ACP regional groups begins. In between these two phases Cotonou remained much more alive on the African NGO agenda than AGOA partly because European NGOs have maintained an active focus on the matter together with collaborative relations with African organizations.

Functionally SSA trade advocacy activities include: a) Research and information gathering; b) communication (in the form of print publications – magazines, newsletters, papers, books, and e-communications – websites, e-bulletins and email dissemination, media outreach); c) public education; and d) capacity building, for not only CSOs but for journalists and public officials as well; e) campaigning around specific issues and through networking and collaborating with NGOs, as well as lobbying governmental and intergovernmental bodies.

The two closely linked areas of communication and capacity building have been the strongest areas of work by SSA trade policy NGOs. Most of the NGOs who responded to a questionnaire from the author, listed information dissemination as one of their key areas of trade policy work. Though conceptually distinct, communication and capacity building are being discussed together because they lie on a continuum. Knowledge is empowering as a better-informed person is more able to act in an independent manner.  Routine information dissemination by SSA trade policy NGOs to interested persons and the general public constitutes a kind of low intensity capacity building on a subject matter generally considered difficult and specialized. At the other end of the spectrum some of these organizations undertake what they consciously regard as capacity building events – seminars, workshops, etc. for activists from civil society organizations, journalists and government officials. Communication is exercised through various forms: electronic communications (websites, e-bulletins, list-serves, and e-mail lists); print publications of various kinds – papers, newsletters, magazines and books; newspaper articles, press releases and media briefings, radio and TV interviews and occasionally appearances in documentaries.

Language barriers are an important constraint on pan-African collaboration among NGOs and on the ability of non-English speaking organizations and activists to share in exchanges and processes heavily dominated by English. Costs are an important factor even where there is a desire to overcome this obstacle. Most pan-African meetings organized by SSA trade policy NGOs have English-French interpretation but limited translation of documents on an ongoing basis because of the cost factor. There are only a handful of English-French bilingual publications; Portuguese receives some attention in Southern Africa but generally is not on the agenda in most cases.

2(a) Communication

- **Electronic Communication**

It is the exception for SSA NGOs actively engaged in trade policy advocacy not to use electronic communications.[11] The global nature of the trade subject matter and spread of actors on it means that being electronically connected is a prerequisite for effective advocacy work.

*i) Websites*

Most of the leading SSA trade policy NGOs have websites but the quality is highly uneven. Only a handful can be seen as important sources of information, especially critical views about the MTS and the WTO in relation to African and other developing countries. These websites are useful sources of information, and complement the everyday flow and sharing of information among frontline actors on trade policy on the continent as well as other interested parties. Examples of these are the websites of the Third World Network (TWN)-Africa, the Cape Town-based Alternative Information and Development Centre (AIDC) and the Southern Eastern African Trade Information and Negotiation Institute (SEATINI), which is based in Kampala and Harare. Sections and articles on trade policy issues can be found on the websites of not only organizations that explicitly identify trade policy advocacy as one of their areas of concerns but of others, such as FEMNET, for whom trade issues have some incidental importance. On balance multilateral trade policy issues dominate the subject matter of NGO websites with trade information with a lot less material on regional agreements, including ACP-EU matters. This is mainly due to the relative lack of activity around Africa's regional trade and integration agreements and related to this the smaller amount of scholarly and advocacy time dedicated to these other issues.

In addition to material generated by the host organizations it is also common to find a large amount of information drawn from other sources. African organizations also often post material from other NGOs who have more specialist engagement with a subject area. The loose protocols among NGOs about the re-circulation of, and in fact the active encouragement to re-circulate material makes this a favoured source of information.

Communications through websites have particular advantages but also pose major challenges. In the SSA trade policy context a key challenge has to do with host SSA organizations generating or finding sufficient material of specific relevance to their context over and above material of general applicability to African or developing countries. While the wide availability of material on the MTS from outside a host organization can help fill websites of SSA NGOs, reliance on outside sources has its downsides. Most immediately an exact match between what is available for web posting from outside and the needs of an organization are rare. There is an imbalance between information and analytical literature of general interest taken from outside sources and material of more specific relevance and value to the organization's intended constituency and context. Thus the websites do not match the extent of their known involvement in trade policy issues. Some of those that have trade information are good for giving readers access to snippets of information, statements issued by the host organization and networks it is involved in but are poor in terms of analytical material on the specific implications

[11]The design of a 1997 UNDP/TWN Africa Capacity building programme for trade policy NGOs and journalists provided for supply of modems and start up support for phone access for participating organisations. By the time of implementation a couple of years later, that provision was found superfluous because all the target institutions were on line.

for the country in which the host organization is working and its different social strata or economic actors or region.

Website maintenance appears to be another problematic issue. Regular updating is important for the continuing attractiveness of a site that claims to be for advocacy. Quite a few sites visited by the author appear to have long time lags between updates. The problem of updating is likely to be related to staffing constraints or just the simple difficulty of accessing or producing new and relevant information considered to have website value.

A general problem has to do with the accessibility of websites to interested persons in SSA countries and therefore their value as media of information and public education. The continent has the lowest level of phone and Internet connectivity in the world. According to the 2002 UNDP Human Development Report (UNDP, 2002, p.186-189) the continent had a connectivity of 15 main line phones and 0.4 Internet hosts per 1,000 persons compared with a developing countries average of 78 and 0.7 per 1,000 and a world figure of 163 and 17.8 per 1,000. More than half of SSA countries are LDCs and their average picture is even bleaker with 6 main line phones and a statistically insignificant number of Internet hosts per 1,000 persons. The African country with the highest phone and Internet host density, the small island state of Mauritius, has 235 main lines per 1,000 persons compared with Luxemburg's 750 phone lines and the USA's 295.2 Internet hosts per 1,000 persons. These figures disguise the fact that Internet access is concentrated in a few urban areas in most African countries.

It is not surprising that Paragraph 109 of the New Partnership for Africa's Development (NEPAD) laments that: "In Africa, poor ICT infrastructure, combined with weak policy and regulatory frameworks and limited human resources, has resulted in inadequate access to affordable telephones, broadcasting, computers and the internet service costs are also high: the connection cost in Africa averages 20 per cent of GDP per capita, compared with the world average of 9 per cent, and 1 per cent for high-income countries. Africa has been unable to capitalize on ICT as a tool in enhancing livelihoods."

These problems of SSA low teledensity and poor internet access notwithstanding, some websites of SSA trade policy NGOs serve an important function of providing information about their work and issues they cover to any interested person around the world, including of course in SSA.

*ii) List-Serve and E-mail*

E-mail and list-serves are important means of communication and information sharing by African trade policy NGOs. There are a good number of lists hosted by African organizations with many African organizations also hooked into international list serves. The "Tradenet" list-serve hosted in Dakar Senegal by ENDA-TM is the list-serve of the Africa Trade Network. Participation in it has extended well beyond the membership of the ATN as well as beyond the African continent. The "Eppmwengo" list-serve hosted by the Harare based MWENGO is also very active. African organizations and activists also benefit immensely from their access to and participation in international list serves. "WTO-INTL" hosted by the Washington-based Public Citizen and "Acp-ngo" list-serve hosted in Brussels by Eurostep are good examples of this.

Outside websites and list-serves many SSA trade advocacy NGOs regularly share information by e-mail including using it as a vehicle for distributing e-bulletins. The Nairobi-based FEMNET has an active e-mail distribution service, which includes material on multilateral trade issues. TWN-Africa puts out the French-English monthly e-bulletin Africa Trade Agenda to hundreds of recipients. ENDA disseminates the monthly "*Passerelles*" in French in association with ICTSD. MWENGO publishes the EPP Bulletin and SEATINI also puts out an e-bulletin.

- **Print Publications**

Most African NGOs publish statements, papers and reports, intervening on matters of the moment, making policy proposals like in briefing papers or offer more detailed material like research findings. Less frequently, some of them publish books. The advocacy interventions, either as reactive statement or policy briefs targeted at policy makers, are much more frequent. For example in the first quarter of 2003 coalitions of Kenyan NGOs circulated papers of their comments on the negotiations on TRIPS and Public Health as well as the Agreement on Agriculture. NGOs attending the meeting of Trade Ministers of the Africa Union in June 2003 presented a statement of their positions on the Doha Agenda and the upcoming Cancun WTO Ministerial meeting. The statement has been widely circulated and also publicized by the media.

A few NGOs publish newsletters and other periodicals with information and analysis on trade policy issues. The Cape Town based International Labour Resource and Information Group (ILRIG), ECONEWS (Kenya), SAILD (Cameroun), TWN-Africa (Ghana), ENDA (Senegal) and MWENGO (Zimbabwe) all have print periodicals ranging from newsletters, through newspapers and magazines to journals. TWN-Africa publishes the magazine African Agenda that devotes considerable space to MTS issues. The GERA project based at TWN-Africa puts out the quarterly French-English GERALinks, which includes coverage of gender and trade issues.

Given the paucity of printed material in easily accessible form on MTS issues in most African countries these publications are highly valued by many of their recipients, including policy makers such as members of legislatures and civil servants. In quite a few countries journalists in particular have cited these sources as giving them reference data and regular information presented in a style they can readily use. Their public reach and influence is obviously enhanced when they are picked up and used by the mass media, which unfortunately is the exception rather than the norm.

Sustained publication of periodicals in print faces important cost and distribution difficulties, a different order of problems from the factors that inhibit access to electronic publications. A number are irregular in their periodicity. In many cases the cost of distribution both within and outside national boundaries is prohibitive. Very few, if any, of these publications are financially self-sustaining and very few of those that are consciously dependent on donor support have sufficient financial margins built into their cost structure to support extensive free distribution and end up being directly circulated within small circles of already engaged persons, even if these recipients are in some cases counted in the hundreds. There is a strong tension between donors wanting the widest possible circulation of publications they support and their wariness about costs, with some resolving the tension by urging the increased use of electronic publication with all the associated problems discussed above. As it is the case generally with publications in Africa, it is likely that secondary circulation from hand to hand significantly increases the numbers of persons who read these publications.

2(b) Capacity Building

NGOs have undertaken capacity building activities in a number of contexts. These include routine constituency building, within specific advocacy campaigns, training for trainers and for policy makers. The last being the most challenging is not a widely undertaken activity.

Capacity building activities range in depth and specialisation. For example TWN-Africa has been involved in capacity building work through seminars, backed by distribution of material to diverse NGOs, journalists and trade officials across SSA. In the context of a UNDP sponsored capacity building project TWN-Africa organised workshops for NGOs and journalists in West, East, Southern and Francophone Central Africa. The organisation has also provided resource persons for official policy seminars in Ghana and other African countries. In Ghana where TWN-Africa is based it has also undertaken capacity building work among the trade unions. In many of these cases the activities were organised jointly with counterpart organisations within the framework of the Africa Trade Network. SEATINI has organised capacity building seminars for trade policy officials in the East and Southern Africa regions. ILRIG described in a questionnaire response capacity building as a central task - “Most of our strength lies in educating unions and workers so that they themselves take forward the campaigns and engage government.”

Looking over the past four years one sees a pattern of growing detail in the content of capacity building seminars organised by NGOs. Workshops providing general information about the nature, rules and importance of the WTO and increasingly ACP-EU relations remain a substantial part of the work, but more and more events are focusing on the evolving agenda of the WTO and other trade policy fora. This development is linked to NGOs’ own stronger understanding of the MTS issues and therefore the clearer formulation of campaign agenda. For example in the run up to the Doha Ministerial Conference many members of the ATN organised capacity and strategy seminars which focused on the main issues and points of contention on the Doha Agenda. Soon after the Doha conference a number of organisations held report back events where an analysis of the implications of the decisions taken in Doha and the politics of how they were arrived at were being discussed. In the run up to the WTO’s fifth ministerial meeting in Cancun, capacity building events organised by groups such as TWN-Africa, SEATINI, AIDC and Econews-Africa have tended to be closely focused on the WTO negotiating agenda and timed to coincide with key meetings. In addition to responses to the WTO’s agenda capacity building seminars have increasingly focused on the specific WTO agreements and therefore constituents associated with these. For example in October 2002 a group of East African NGOs and farmers organisations met in a seminar to discuss the Doha development agenda and food security.

2(c) Campaigns and Lobbying

In response to a questionnaire circulated for this paper a number of NGOs identified the Singapore Issues (especially Investment), Agriculture, Services, Gender and Trade, Industrial Tariff liberalisation, Market Access, TRIPS and the Democratisation of the WTO as the subjects on which they have been most focused in their advocacy. The Kampala-based African Women’s Economic Policy Network (AWEPON) identified TRIPS, WTO democratisation and GATS as its priorities. The Mozambican Economic Justice Coalition (EJC) cited Agriculture, TRIPS and Services as its main concerns. SEATINI, TWN-Africa, GERA, Econews and ENDA have devoted considerable attention to the Singapore issues. Consumers groups have been particularly interested in Competition.

The organisations listed above are lobbying trade officials and institutions, including the Ministers and Ministries of Trade, Parliament and its relevant committees. They also organise capacity building and strategy meetings among relevant constituencies. They publish policy briefs and they are reaching out to the media.. Because of the increasing access of trade advocacy groups to public officials and institutions in a growing number of countries, officially organised events rather than NGO initiatives alone have provided opportunities for NGO activists to argue their cases. For example in Kenya in the run up to Cancun NGOs working on trade had the opportunity through both the formal trade policy making structure, the National Committee on the WTO, and occasional meetings and seminars to interact with trade officials.[12] In Ghana TWN-Africa, in addition to its own initiatives, has directly reached key policy making and influencing constituencies such as MPs, top civil servants and private sector leaders through opportunities given to provide resource persons for official seminars. Consumer groups have also used both formal and informal channels for their campaign and lobby work.[13]

Many African trade NGOs reach out beyond the national space but only a limited number have managed to systematically carry their campaign beyond the national level. There is a growing interaction between bodies of the East African Community (EAC), such as its Legislative Assembly and NGOs in the member countries such as Econews in Kenya and SEATNI in Uganda. SEATINI has engaged with other regional bodies in Eastern and Southern Africa such as COMESA, and SADC, including organising workshops on current WTO agenda issues for officials in Eastern Africa. It also reaches out to African trade officials in Geneva. Using the advantage of TWN International's permanent office in Geneva as a base, TWN-Africa has engaged with African officials in Geneva. In the run up to Cancun a representative of the organisation spent more than three months in Geneva following the negotiations and interacting with the negotiators. The organisation also uses invitations to official events from the OAU/AU, ECA, regional bodies such as COMESA and the ACP in Brussels, the European Commission and the WTO to exchange views with officials and lobby on matters of great interest to the organisation such as the Singapore issues. MWENGO and ENDA have been particularly active around the Cotonou Agreement, organising regional meetings and tracking the progress of negotiations in Brussels.

### *3. Linkages and Contrasts with Developed Country NGOs*

An important element of the links between African and Northern groups is the mutual political support and strength they derive from working together. For many groups in the North campaigning on trade issues links with groups in Africa and other parts of the South are

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[12] "EcoNews Africa tries to influence trade policy through our own initiatives and activities, such as capacity building workshops for trade officials, policy briefs and research reports, lobbying on specific issues as well as public meetings, workshops and debates in order to educate the public on the issues and enable them to hold the government accountable for positions they are taking. We are also a member of the National Committee on WTO, initiated by the Ministry for Trade and Industry, with government representatives as well as stakeholders from private sector, academia and civil society. Here we are also a member of some of the sub-committees on specific WTO-issues, such as agriculture, services etc, and this is a formal fora where we can bring forward our positions and try to influence the governments position on the particular issues…. Apart from the NCWTO there is also a task force set up a couple of months back for Cancun, consisting of a smaller number of stakeholders from private sector, academia and civil society that can be called with short notice if there is any urgent matter from Geneva to react upon. So far we have mainly been called on issues related to agriculture. " - Answer to questionnaire administered by author.

[13] "Our member organisations in Kenya, Uganda, Mali, Zimbabwe and Malawi interact with government through formal mechanism such as National WTO Consultative Committee (as they are referred to in Kenya or Inter Institutional Trade Committee in Uganda, names differ in other countries). In other countries such as Chad and Zambia contact is more through informal lobbying opportunities at meetings etc.". – Questionnaire response from Consumer International-Africa Regional Office.

important sources of legitimacy in so far as they provide links to the situations which provide evidence in support of their advocacy. For the groups in Africa the links with groups in the North provide a width and hook up for their work in the key centre of global decision making which are strategic in the contest to shape the MTS. In addition to these underlying links virtually all the African groups working on trade policy issues have various concrete links with NGOs in the developed countries. These include funding support, joint work (seminars, publishing, research), and sharing information. The parties on the other side are a mix of secular – Heinrich Boll Foundation, Oxfam and Action Aid, Friend of the Earth International, Worldwide Fund for Nature (WWF), and faith based groups - Christian Aid (UK), Development and Peace (Canada) - some of which combine funding as well as campaigning, some with multiple engagements, some focused on particular themes, some with offices in developing countries, others without such a presence. They range from multinational organizations such as Oxfam to small organizations focused on single issues.

The most common relationship is that of funding support from a Northern organization for an African group; virtually all of the main trade advocacy groups are primarily funded through this. A number of the funding organizations are themselves heavily engaged in trade policy work and therefore forge collaborative links with some of the groups they support financially. The simplest level of advocacy collaboration is through the sharing of information. These can be general and ongoing or can take intensive forms when either side needs specific information that the other is best placed to provide. For example NGOs in the North tend to get and share access to key documents from bodies such as the EU, the WTO and their own governments which African organizations are not placed to access directly. A Northern group leaked helpful information about the EU’s requests under GATS. On the other hand African material illustrative of the campaign message of many Northern NGOs working on certain trade issues, e.g. market access or investment, require examples from the South and collaborative relations with groups in Africa help with this. Occasionally there is research collaboration between groups from the North and Africa.

Much more involved are the relations of campaigning collaboration where organizations from Africa and the North agree on some issues they both deem important and agree to work together on these. The joint work can range from research, through organizing seminars and strategy meetings and campaign platforms from national to global levels and working in the same networks. At various times TWN-Africa has facilitated research on trade issues undertaken by partners from the North. In the run up to Cancun, as partners in a global campaign to stop the Singapore issues being added to the WTO’s jurisdiction TWN-Africa and Oxfam International co-organized an Africa regional strategy meeting in Ghana which brought together members of the ATN. Econews has an active collaboration with the Swedish NGO coalition Forumsyd, including hosting ForumSyd staff. ENDA co-publishes a periodical with the Geneva based ICTSD. Periodically African groups have joined their colleagues from the North and elsewhere to launch common campaigns, e.g. for WTO democratization in the run up to Cancun and against the Singapore issues from before Doha. The common networks that facilitate these campaigns are important sources of added political strength and solidarity for all concerned.

A complicated situation is created for collaboration between African and Northern groups where the group from the North does not only fund and have advocacy collaboration with African organizations but is also operating directly through offices in African countries. Groups such as Oxfam and Action Aid have such offices and engage directly in mobilization and advocacy in the countries where they are located. On the positive side such presence should help the Northern group have a better sense of the reality within which its African partners operate, something that should inure to the quality of the partnership. In the run up to Cancun Action Aid and NGOs in East Africa designed and implemented a number of activities, including drawing MPs more into the trade policy space. Action Aid has also launched a trade and food security campaign in collaboration with partners across Africa. Oxfam's Africa offices include eight in West African countries. Its West Africa work has been important for its cotton campaign in the WTO. In Ghana it has a programme with small-scale producers and CBOs to campaign on market access issues. In Nigeria, where there is a surprisingly low level of NGO work on MTS issues, it is engaged in trying to catalyze an awakening of interest.

On the negative side there are two main dangers. The most obvious is the power of the financial and political weight of the Northern organization overwhelming local control of the advocacy agenda of local groups. It is not unknown for groups to turn their attention to issues which donors consider attractive; such likelihood is accentuated when the funder/collaborator is sitting right in your space. Secondly there is the danger of a conflict of perspectives between a Northern group active in an African country and some local groups about what should be prioritized and how to approach issues. Difficult questions arise about the balance between recognizing diversity of views and non-local groups giving accent to solidarity with their African colleagues. The matter is made more stark by the fact that the reverse situation of an African group setting up camp in the North and having financial power and political weight in comparison with local groups does not exist and is unlikely to happen in the foreseeable future.

The generally greater financial resources of Northern trade NGOs is one of the many ways in which they differ from African trade NGOs. NGOs in developed countries get funding from support groups in their societies, private charities, and in Europe and Canada, state sources also. There is no support from state and private charities in African countries and negligible funding from support groups. The financial resources result in Northern groups being able to generally afford bigger numbers of qualified and experienced staff than their African counterparts and to commit larger budgets to campaigning around the issues they pick up. Of course the availability of such staff is also related to the overall resource endowment of their societies and more developed cultures and traditions of campaigning.

The traditions of campaigning have a number of dimensions. First there is much greater diversity among the trade advocacy groups both in terms of their origins and constituencies as well as their thematic and functional focus. There are faith based groups as well as a whole range of secular groups, coming at trade from different angles -environmental, health, development, poverty, gender etc. Groups in Africa tend to have a more omnibus approach usually animated by developmental concerns. There is generally a greater tolerance of the right of this diversity of groups to be heard, even by those who vigorously disagree with their views, than is the case in African countries. This results in easier access to information, state/public institutions and officials and also aids fund raising. The greater resource endowments, longer experience and more open political culture also allows groups in the North to undertake more long drawn campaigns on specific issues and to also bring a range of tools and methods (research, publications, media outreach, advertising, lobby, use of popular outreach including use of prominent persons) to bear in the course of such advocacy. They are for example likely to have bigger research budgets (and access to a sympathetic pool of intellectuals). There is also a practice of prominent persons in politics, academia, the arts, sports and other spheres of life being ready to identify with and promote campaigns, a rare occurrence in African countries where such persons tend to express their sympathies privately and off the record.

Trade advocacy groups in the North have to deal with relatively stronger, better resourced and more focused state trade policy institutions than their colleagues in Africa. Whilst there is broadly common perspective among African NGOs and governments about Africa's interests in the MTS, most of the groups campaigning on trade in the North often find themselves in conflict with the positions taken by their governments. They also face the opposition of very powerful, organized interests, mainly corporate, with considerably more resources, political access and influence in the media. They also face a public bombarded with a multiplicity of messages about many issues and for whom it is easy to credibly portray the trade policy stances of their governments as beneficial. For example it is easier for a consumer in the North to welcome the low price of coffee as beneficial than to buy the more expensive fair trade coffee being promoted by some trade advocacy NGOs in the North. These are some of the important differences from African groups who operate in a climate of economic crisis, a general recognition among the population of their countries being weaker parties in the global economy.

### *4. How can African NGOs help countries address the Doha work programme and their implications on trade and development?*

Among the many features of the fifth WTO Ministerial meeting were the relatively large numbers of NGO persons on African government delegations and the active interaction between the different categories of African public officials – negotiators, Ministers and MPs – and African NGO representatives. These developments testify how much legitimacy trade policy NGOs have gained and the potential benefits of increased space for exchanges with public institutions and officials. Appearances in Cancun however exaggerate the reality of African NGO-state relations in the area of trade policy making. Conversations with even some of the NGO persons revealed that the Cancun camaraderie between them and officials is not the norm. The comments below are taken from questionnaire responses from NGOs in countries where the governments cannot be deemed hostile to trade advocacy NGOs, in fact some of them had NGOs in their Cancun delegations.

"Information gaps and bureaucracy" "Government gives you the run around and refuse to disclose information" "The invitations for meetings always come with very short notice, no agendas are given out beforehand etc. so it is difficult to plan for relevant inputs to those meetings." " Lack of formal and sustained channels of communication to ensure follow-up." "Lack of information" Government is not receptive" "As regards the Ministry of Trade officials the major obstacle at first was convincing them that NGOs have something to offer, and that there was another alternative way of analyzing the WTO agreements other than from the WTO, IMF, WB point of view". "Among parliamentarians, the level of interest, commitment and understanding of the trade issues is still very low."

Thus it is clear that whatever it is that NGOs can contribute to how their countries address the Doha work programme and its implications for trade and development, African governments also face the challenge of creating an enabling atmosphere and making meaningful the invitation extended to NGOs, in some cases, to participate in trade policy structures and processes.

In what ways can African trade NGOs help African countries address the challenges of the Doha work programme? They can do so in at least five ways. These are: 1) Help increase public awareness and stimulate debates about trade policy issues; 2) Identify trade issues of public concern and help build and help strengthen domestic constituencies; 3) Conduct capacity building training; 4) Carry out research; 5) Participate in policy making processes.

4(a) Helping to Increase Public Awareness and Stimulate Debates About Trade Policy Issues

Across Africa the World Bank and the International Monetary Fund (IMF) are part of common currency, because they have been prominent influences in SSA economic policy for the past two decades. Not so the WTO and the MTS it oversees. The Bank and the Fund the WTO created less than a decade ago, are new comers with influence way beyond their age. However across SSA, as a symbol of particular policies the WTO is nowhere near as easily recognized a 'brand' as the Bretton Woods twins. There is an urgent need to raise the profile of the WTO in African popular consciousness. The break down at the Cancun Ministerial meeting highlighted the importance of the issues at stake in the Doha Round. For African and other developing countries turning the technical capacity and political firmness shown in Cancun into trade negotiations outcomes requires not only negotiating ability but also political resilience. An informed and engaged public is a key condition for such resilience. African trade policy NGOs are of strategic importance in the building of public awareness on the importance of the Doha agenda. As already pointed out, many of them consider raising public awareness about the role of the WTO and its agreements one of the major achievements of their advocacy work. Despite what NGOs have been doing large sections of the African public and many officials still lack enough knowledge and appreciation of the WTO a policy making forum and its importance in their lives. Therefore more needs to be done. Public awareness and debates about the MTS and Doha round are important for creating the political environment in which governments can be sure that they are carrying key domestic constituencies with them as the negotiations proceed and choices are made.

NGOs need timely access to relevant and quality information for effective public education about both the general and country specific issues in the MTS. Governments can support the public awareness raising work of NGOs by more readily giving them access to information on the Doha negotiations and the positions they take and the reasons why. Many African NGOs complain that their Governments treat foreign companies and individuals better than locals in the matter of information access. Governments need to put in place policies that remove the frustrations NGOs face when seeking trade policy information if not yet provided for. Anxiety that NGOs may criticise governments' positions on issues should not be used to restrict access to information. Such concerns are best dealt with through a readiness on the part of officials to engage in dialogues with NGOs. This is the best way to promote mutual understanding even if it does not always lead to agreement; a vigorous public opinion is better than none. Dialogue can be advanced by officials, both technocrats and politicians, being ready to accept invitations from NGOs to speak in meetings they organise and to share platforms to debate trade policy issues.

4(b) Helping to Identify Key Issues and in the Building and Strengthening of Domestic Constituencies

One result of the low level of public knowledge about the MTS is the failure of many domestic constituencies in Africa to work out what their best interests are and which interests should therefore inform their country's negotiating positions. It is true that many African governments organise occasional seminars and workshops for groups deemed important in trade policy but the contact is generally not sustained or deep and the general political culture does not pay enough attention to starting policy formulation from engagement with interested and potentially affected parties.

Implicit in NGOs' advocacy involvement is a high sensitivity to the key trade issues that can be useful in helping in the identification of issues of importance for different groups and national policy and in helping to build the relevant constituencies around these. In a number of African countries NGOs have brought trade issues to the fore, formed working relations with specific economic and business constituencies thereby given a base for governments to move forward on the issues. The prominence of cotton in the Cancun Ministerial meeting owes to such a process in countries such as Mali. The NGOs and producers organizations have been working together. In Ghana and Senegal NGOs and poultry farmers have raised the issue of imports of underpriced poultry products from leading OECD countries and put them on the trade agenda of their respective countries. In South Africa trade NGOs are working with artisanal fisher folk on trade policy issues. These examples prove the potential of NGOs' activism in the identification of issues and the building of domestic constituencies.

NGOs can contribute to the strengthening of domestic constituencies by organising more target specific and more focused capacity building activities than the type which provides the beneficiary with a rather general level of knowledge about the MTS. There are some pressing challenges on the trade negotiations horizon where domestic constituencies need to identify and stake out positions. Interventions by NGOs have been important in bringing to the fore the implications of the Singapore issues for African countries. In Ghana and Kenya NGO intervention alerted indigenous business organizations to the implications of proposed laws on public procurement. The Economic Partnership Agreement (EPA) negotiation between the EU and ECOWAS under the Cotonou Agreement is a striking example. ECOWAS countries took the major decision to launch negotiations with the EU against a background of widespread ignorance across the region about the far-reaching implications.

As a result major economic sectors are not organising around their interests so as to influence governments' negotiating positions. Their own limitations notwithstanding, it is a fact that in many countries trade advocacy NGOs are among the most interested of domestic groups when it comes to the issues they work on. This means there is already an energy that can be built on in the face of the huge challenges faced in building constituencies for trade policy making across Africa. A not obvious political importance of such domestic constituencies needs to be stressed here. To date the advocacy support of Northern NGOs for African and other developing country trade interests have been more visible in the media than that of their own citizens groups. African governments can work with their own citizens groups to rectify this anomaly.

### 4(c) Conduct Trade Policy Research

Many of the NGOs surveyed for this paper identified research skills as an area where they need capacity building. However a number of NGOs have the capacity for and do conduct useful research using their own staff and networks of researchers associated with them. In countries where NGOs have research skills governments should try and use these skills.

### 4(d) Carry out of Training

Training is an important part of NGOs methods repertoire and could be usefully turned in collaborative work between governments and NGOs. There are large segments of the public service in Africa who ought to be better informed about the MTS and other trade issues such as the Cotonou Agreement. NGOs could provide training to these officials. Training collaboration could take the form of NGOs preparing training material as well as running workshops or providing resource persons for events organised by the public sector.

4(e) Participate in Official Trade Policy Structure and Processes

It is clear from earlier parts of this paper that quite a few African countries have recognised the value of NGOs' participation in the policy making process; not only by allowing them access to policy making institutions but also through their participation in the work of some of these structures. The conception and practice of such participation is however eclectic in most countries. While some NGOs are routinely contacted or invited to offer their views to bodies such as Parliamentary Ministerial Committees there is no predictability about such reaching out to NGOs. There is no attempt to reach out to women's organizations in most countries. Policy engagement is most meaningful when it is institutionalised and systematic.

NGOs have also complained that they find their participation in policy-making bodies somewhat frustrating because of the poor notice and information they get ahead of meetings. Relevant documents if they are being distributed at all are not distributed early enough ahead of meetings. These shortcomings ought to be corrected to make these initiatives better functioning. Without such improvements high visibility NGO involvement in official policy structures such as being part of delegations to WTO and other important trade meetings will not be of optimal value. African governments that have not yet reached out to their trade policy NGOs can learn the positive lessons from those who have done so.

## B. Building the Capacity of Trade-Oriented NGOs

### *1. Capacity and Role of Women's NGOs in Trade Advocacy*

Across SSA women's NGOs are very active in economic policy advocacy. In Zambia women's NGOs have been working on the effects of economic liberalisation on women. Netright in Ghana has been engaged in the debates about Ghana's Poverty Reduction Strategy Paper (PRSP). AWEPON came out of a pan-African sharing by women working on the effects of Structural Adjustment Programmes (SAPs) in different African countries. FEMNET disseminates material on the WTO. There are members of, DAWN, the global women's advocacy group, in a number of African countries. In the United Republic of Tanzania the Tanzania Gender Networking Programme (TGNP) carries out grassroots education on economic policy issues.

A number of the above listed groups and others in different countries have picked up trade issues either from the angle of trade liberalisation under SAPs or the MTS and WTO. Before Doha TGNP organised a teach-in in the WTO. AWEPON is engaged in trade advocacy. Despite the established interest and work of women's groups on economic policy issues, their overall visibility in trade policy advocacy is low. Across the continent two network have been in the forefront of trade policy advocacy – GENTA and GERA. The former, coordinated from South Africa, has members in a number of African countries and has coordinators for specific functional areas such as research. GERA has funded research and advocacy partnerships on gender, trade and investment in 11 African countries.

Women's groups made an important contribution to the understanding of and mobilization of concerns about the gender dimensions of the effects of SAPs across the globe including Africa. A number of women's groups working on the global trade regime have been interested in contributing a gender analysis to the implications and impacts of the WTO and other international trade agreements. This is a concern of both GERA and GENTA. This is an area of research and advocacy where there is still a lot of work to be done. Currently there is not a lot of ready material for use by advocacy groups who might be interested in trade and gender issues. Gender analysis is virtually absent in how African governments approach the setting of their trade negotiating positions unlike how gender has been 'mainstreamed' in general discussions of economic policy and poverty reduction. Yet there is research data available about the effects of changes in tariffs on women's employment in the industrial sector and liberalization of agriculture on women's livelihoods and work burden both as direct economic producers and in the home. Women's and other groups have raised these issues in the context of discussions about SAPs but the issues seem to drop out of official consciousness once we enter the WTO arena. From the experience of what women's groups have contributed to wider economic policy debates there is no doubt about their ability to engage with the trade issues.

The first challenge is to draw more of them into engagement with multilateral trade issues. The contributions that African women have made to the policy making process, especially in areas of economic policy have been despite the failures of governments to systematically reach out and engage them. Generally women's organizations have tended to be marginalized in the economic policy making process. Even where they make up important sections of categories that governments have reached out structural and gender biases have ensured that they have either been neglected or marginalized. This has been particularly the fate of women entrepreneurs in the context of government-private sector dialogue. The findings of a Ugandan study typify the situation across the continent. It found that women entrepreneurs, who make up a majority of the typical African entrepreneur, i.e. small-scale operators were largely excluded from the policy-making processes both on account of gender biases and on the fact they are small-scale operators. Government can make an important contribution to this exercise.[14] The consultative, advisory and other trade policy structures and fora could more consciously draw in women's groups. The many seminars and conferences organized on trade issues by public institutions could more conscious involve the participation of women's organizations.

Also a concerted time bound effort must be made within the term of the proposed capacity building project to draw a critical mass of such organizations into trade advocacy. They should benefit from the full range of activities that are planned under the project. This should not be difficult. As pointed out number of women's groups on the continent are involved with trade advocacy. They and whichever other women's groups are identified should benefit from a dedicated programme on women and the multilateral trading system. African trade NGOs that have generally not systematically reached out to women's groups should be encouraged to do. Such a programme can be led by some of the women's groups already working on trade and some of the stronger SSA trade NGOs.

The question of paying attention to women's interest in the MTS brings the issue of gender and trade into focus. The importance of this subject for women's groups has to be recognized in the drive to attract more of them to take an interest in the global trade issues. NGOs working on this issue feel the official neglect of the subject acutely and sensitivity to it in the capacity building project would be an important contribution to women trade activists feeling that there is more than a desire to make up the gender numbers in drawing women's groups into trade policy. Some categories of women, for example women MPS, could play a role in increasing women's interest in the MTS. For example GENTA and GERA could be considered as collaborators within this specific segment of the project, supplying material from their gender and trade research and possibly resource persons for some capacity building activities. Amongst the new recognition of the need for MPs to pay more attention to trade issues an additional role

[14] Butegwa, Awori and Mukasa: *Private Sector Development in Uganda: Making room for Gender on the Economic Reform Agenda,* in Tsikata, Kerr, Blacklock and Laforce: *Demanding Dignity: Women Confronting Economic Reforms in Africa;* North-South Institute and Third World Network-Africa, 2000.

could be recognized for and played by women MPs in relation to women's groups. There were a number of outstanding women MPs among the group of African MPs who were in Cancun.

## *2. Strengthening African Trade NGOs*

The poor knowledge and preparation of African countries for the Uruguay Round negotiations is axiomatic and the considerable improvement in their grasp of the issues since then has been much remarked upon. Cancun offered proof of the political strength that has grown alongside this knowledge. A number of commentators have highlighted what systematic and sustained capacity work by UN organizations and others contributed to these changes. African trade NGOs stand in need of similar capacity building on a range of issues. They are part of the frontline within African societies, their strength or weakness has a direct bearing on the overall ability of society to understand and engage with the MTS, especially the Doha agenda.

The preceding section identified a range of issues on which African trade NGOs work and the methods and instruments they employ in the course of advocacy. The methods include research, communications, mobilization and networking, training/capacity building, lobbying and campaigning. Despite this active engagement most of the groups have capacity building needs on the issues they work on and the methods and instruments they use for their work. This is clear from the variable quality of the work they do and the limited grasp of the issues in some cases. Responses to a questionnaire put out by the author highlighted the NGOs' own consciousness of their needs in this regard. The areas identified are: 1) deepening knowledge of the trade issues; 2) support for participation in meetings and conferences; 3) research skills; 3) communications skills; 4) translation; 5) improving networking and alliance building, and 6) increasing staff strength.

### 2(a) Deepening Knowledge of Trade Issues

The agreements and institutions of the multilateral trading system are many and complex. Very few of the organizations have staffs that were recruited with specialist knowledge of trade and development issues. To start with such specialists are in short supply across the continent and even where organizations seek to employ such staff the overwhelming majority cannot compete in the labour market for their services. Furthermore most of the organizations are understaffed relative to the range of themes they work on. Our survey of 15 organizations in 12 countries found that it is not unusual to find two or three persons covering not only trade issues (from WTO through Cotonou to AGOA and African regional integration) but also policies of the Bretton Woods institutions. Clearly with such a workload it is not possible with even the best will to have a deep and focused grasp of the complex range of trade issues. Beyond these institutional and staffing bottlenecks even where staff of an African NGO have a relatively specialized focus on trade issues many of them are limited in there grasp of the issues. An examination of the issues that many groups have focused on in their campaign shows a dominant concern with the general rather than the detailed aspects of issues. This is good for generally raising public awareness and presenting the essence of issues but comes up short for purposes of engaging with a country's negotiating position and the interests and implications for specific sectors of the population.

The range of what has to be covered to deepen awareness of the Doha Agenda issues could be determined by a process which combines an a priori selection based on an objective assessment of the interests of African countries on the Doha issues as well as a closer needs assessment of potential beneficiary organisations. The process itself could combine a training of trainers' workshop that offers an intensive focus on the key current issues on the Doha Agenda, from an Africa standpoint, backed up with a series of sub regional seminars, and support to participate in important trade policy meetings. Guaranteeing beneficiaries of such workshops literature in their first languages would be an important element for their ability to become effective vectors to their domestic constituencies.

2(b) Support for Participation in Meetings and Conferences

Involvement in Doha related conferences, seminars and meetings within and outside Africa would be an important contribution to improving African NGOs' knowledge of the ongoing negotiations. This requires resources usually beyond the abilities of many African trade NGOs. Provision of support for such participation must therefore be part of the capacity building project. The strongest trade NGOs and their personnel benefited immensely in the past from such opportunities and engagement. The meetings that some of them have attended, range from WTO Ministerial conferences, Conferences of African Ministers of Trade, AU/ECA experts meetings and brainstorming sessions as well as seminars and workshops organized by the WTO, UN agencies such as UNCTAD, ECA and UNDP, African continental and regional bodies and also events organized by other NGOs. Not only do these offer the opportunity to hear trade policy makers, specialists and activists but also to exchange views with them. Very useful literature is usually available in these meetings that can neither be accessed online nor through purchase. These events are also great networking opportunities; the links built through such encounters are invaluable for future work.

2(c) Research Skills

Sound data and information are the bedrock of credible and good advocacy. Perhaps it is the recognition of this that made the research weaknesses of African NGOs one area where there was near unanimity among the groups surveyed, except the odd exception whose work is basically research and dissemination on trade issues. Very few trade NGOs have dedicated research staff, either full time or as associates. Even where the job description and functional workload of programme staff includes research the overall burden is usually such that there is little time for reflection and for collecting data which is an important requirement for good research. Most African trade NGOs carry out research using secondary data for their advocacy work.

However an area of great weakness is primary research for advocacy, which is context specific, or links trade issues to say livelihoods concerns. Compared to their counterparts in the North, African NGOs have a lot of ground to cover. Yet this is one area where NGOs could make an important contribution to the trade policy-making process. In a number of countries the strengthening links between trade NGOs and important economic actors with keen interests in the trade agenda but little locally researched information illustrate the point. For example in Ghana TWN-Africa and some other NGOs have been working with poultry farmers on the effects of tariff liberalization for their situation. Further research is needed to deepen the arguments and legitimacy of the campaign. The poor research output of trade NGOs is due to a number of factors – weak grasp of the issues in cases, meaning limited ability to set a research agenda, a limited budget in many cases, often due to a narrow conception of advocacy which undervalues the contribution of research. In cases where there is clarity about a research agenda and the context and where there are financial resources to execute the work shortage of in house staff, inability to find outside researchers can scupper research projects. The links between African NGOs and domestic academia is generally poor. One of the contributory factors is that in many countries NGOs cannot afford the services of researchers in markets that have been shaped by the fees Northern donor agencies are willing to pay for such services.

It is impractical to expect NGOs to meet all their research needs from their own human resources. Contracting outside researchers is often a necessity given their own limitations, but more importantly, the knowledge and skills required for competent research across the range of issues on the trade agenda. Capacity building on research skills for African trade NGOs should therefore equip them to: 1) to improve research for their own immediate writing needs even where using secondary data so as to make stronger context specific arguments about trade policy issues; 2) enhance NGOs skills for issues identification and commissioning of relevant research for advocacy and 3) strengthen NGOs skills for evaluating and using research reports and findings. All the above points are relevant for improving the overall volume of written analysis offered by African NGOs. Such an improvement will be an important contribution to domestic policy dialogue and formulation of African positions. It will also be an important boost in an area where Northern NGOs constantly deploy African examples often collected with the help of African NGOs. Such data contributes considerably to their influence Northern trade NGOs exert. The limited research output of African NGOs also means that the rigour of their analysis and the strength of the policy positions can be questioned.

Improving research capacity of African trade NGOs could involve a number of elements. Training programmes involving researchers from NGOs, academia, and policy- making institutions could be organized to pass on skills. Some of the participants especially the NGOs researchers could be commissioned to produce short manuals on research for advocacy. It is important to underline the issue of research for advocacy. Whilst academia can teach NGOs a lot about research, the advocacy context means that issues problematized for research must be related to policy challenges. Experience sharing is another way in which the research capacities of NGOs can be improved. It appears that some countries offer good examples of NGOs contracting external researchers. For example it has been said that the Economic and Social Research Foundation in the United Republic of Tanzania has positioned itself as an institution that conducts research right across the spectrum of stakeholders in the policy debate – NGOs, government and donors. Are there any lessons here? Apart from costs of services what are the other elements for this success?

A dimension of the research problems of African trade NGOs has to do with access to information. Most important in this regard is access to official information, either written or given through interviews by officials. The official culture thus contributes to the difficulties NGOs face in this area. Secondly while it is true that the Internet has democratized access to data there is still a lot of data, which is not online and has to be obtained in hard copy often through purchase.

### 2(d) Communication Skills

Without doubt African trade NGOs have contributed a lot to public awareness about and interest in multilateral trade issues. This is a communication achievement. A close examination however shows that a lot more could have been achieved if the organizations knew and deployed a wider range of communication methods and instruments than those they tended to use. Some of these methods and instruments have been discussed in the preceding Chapter. Dissemination has been a particular weakness. A number of organizations identified popular campaigning, media skills and lobbying as areas where capacity building is required.

The issue of popular campaigning is linked to the constituencies that African trade NGOs have so far tended to reach out to and how they do this. Generally information dissemination has tended to be concentrated in varying degrees within circles of NGOs, labour organizations, business and government. The population at large is brought in through episodic opportunities of public meetings, and the outlets that activists get through interviews, debates and reports in the mass media. Media skills as such have however not been honed by many African groups - writing for the media, cultivating interested journalists, running seminars for journalists at critical moments, use of advertising, presentation of key messages, etc. – these are some of the areas in which there are capacity deficits. Increased access to public officials and institutions has expanded with political liberalization but many groups have admitted that their lobbying skills need to improve if they are to fully benefit from the greater openness. An important institution that would merit particular attention is the legislature. Because under authoritarian regimes they did not exist or were irrelevant in most African countries their full potential is yet to be exploited by advocacy groups. The close understanding of how particular institutions such as the Legislature work, who the most influential persons in the institution are (not necessarily the highest up on the career ladder), the mechanisms and time table of decision-making, the multiple instruments (e.g. policy briefs, face to face meetings), how to walk the line between getting close to the powerful without being co-opted, these are factors bearing on effective lobbying in which some organizations have developed skills and experience.

The best approach to capacity building in the areas of popular campaigning, media skills and lobbying would be to encourage and facilitate the sharing of know how between NGOs with experiences and ‘best practices’ and those African organizations that are in need of learning from others. Some African and Northern NGOs can offer something in this regard with the caveat that cultural specificities pose challenges that must be taken into account in how experiences are shared and learned from.

2(e) Translation

Translation could be considered a dimension of communication but is being treated separately to underline its importance. The trade literature and debates are predominantly in English. Therefore trade NGOs in Francophone and particularly Luxophone Africa feel marginalized and cut out from important sources of information. With the increasing sharing and networking among African NGOs the issue has become even starker in that language barriers hamper the sharing experiences among African countries. The burden of work is great, almost intimidating and pressing. The challenge of translation is essentially a question of financial resources for a select group of NGOs to serve as focal points for facilitating information sharing among African trade NGOs across the language divides. It is an expensive challenge but it has to be met.

2(f) Improving Networking and Alliance Building

Until recently trade policy advocacy by NGOs and labour organizations on one hand and domestic producers’ organizations on the other hand have run in separate streams. Private sector organizations received the capacity building attention and support of a variety of donor institutions and in their status as the ‘engines of economic growth’ were consciously offered access to policy makers and spaces. The growing understanding of the impact and implications of the WTO agreements on African economies is however producing closer collaboration between NGOs and private sector organizations in a number of countries. In Mali NGOs have developed links with cotton producers organizations, in Senegal NGOs are working with an organization of poultry farmers.

Across West Africa groups are working with groups of small producers on market access issues. NGOs in Kenya are developing links with farmers’ organizations. In Ghana TWN-Africa has developed working relations with a number of private sector groups such as the Ghana

Poultry Farmers Association and the Private Enterprise Foundation (PEF) the umbrella organization for private sector groups. All these developments have important implications on how sections of society organize and interact with trade policy institutions of the state and also on how they intervene in policy debates. Both sides are breaking out of their closed circles of interaction with similar type organizations. Now there is interaction that poses novel challenges of networking and alliance building. It has to be consciously supported so that its value is optimized.

2(g) Increasing Staff Strength and Financial Resources

An important dimension and causal element of the above listed weaknesses of African trade NGOs has to do with the size of their staff working on trade issues. A single officer with multi-policy focus on the World Bank and the trade agenda is not likely to be a good investment for all the capacity building outlined above. Supporting some staff recruitment in key areas such as communication, if possible, would contribute a lot to improving the capacity of a beneficiary organization.

Financial support for improved advocacy delivery in identified areas would also be important. In the post Cancun period increased public awareness would be an important pro for the ability of African governments to defend their countries best interests in the WTO negotiations. Communication and public outreach as well as improving media skills and running capacity building workshops for journalists so as to deepen their understanding of the Doha agenda and ongoing negotiations readily come to mind as the type of work support could be given for.

## C. Conclusions and Recommendations

There has been a marked growth in the numbers of African trade NGOs since the creation of the WTO. They have become a very visible and active part of the advocacy landscape in many African countries. In the period they have been an important factor in increased public awareness about the multilateral trading system, agreements and its key institution, the World Trade Organization, as well as other trade agreements and arrangements such as those under the framework of Africa’s regional economic communities and others such as AGOA and the Cotonou Convention. Since Doha the Singapore issues, WTO democratization, Agriculture, GATS and TRIPS have been the key concerns of those SSA trade NGOs who could point to a post-Doha advocacy agenda.

Over time the influence of African trade NGOs on the trade policy-making process has increased both directly and indirectly. The direct means are through campaigns and lobby directed at influencing public officials and institutions, such as Parliament. The indirect methods are by information dissemination and capacity building to develop the awareness in and rouse public opinion and build constituencies and alliances both at home and abroad.

The main instruments NGOs use are communication (newsletters, magazines, websites), capacity building (for NGOs, journalists and in a few cases public officials), lobbying members of the government and the legislatures and public campaigns. These are backed up by research in some cases, trade policy research by African NGOs being generally limited. In some countries where governments are not hostile to or suspicious of policy advocacy, NGOs have considerable formal and informal relations and exchanges with trade policy officials and NGO activists. In some cases NGOs participate in official trade policy-making or advisory structures. A number of African countries have been including NGO representatives in their delegations to WTO ministerial meetings; the numbers of such participation in Cancun was higher than it had been the case in Doha.

NGOs' reach and engagements go beyond the national space. SSA trade NGOs actively participate in regional and global NGO networks and take part in official processes at the supranational level. In Africa the key trade NGO network is the Africa Trade Network (ATN), created in 1998, which currently involves around 50 organizations from around the continent. The leading trade NGOs are members of the ATN and have been involved in meetings organized by intergovernmental institutions such as the ECA and the OAU/AU as well as the WTO, UNCTAD, UNDP as well as those organized by NGOs. These engagements have been important for deepening knowledge, networking and bringing African civil society voices into those spaces.

In the coming period NGOs could strengthen governments' response to the challenge of the Doha agenda in a number of ways. These are: 1) continuing to increase public awareness and stimulate debates about trade policy issues; 2) identify trade issues of public concern and help build and strengthen domestic constituencies; 3) conduct capacity building training; 4) carry out research; and 5) participate in policy making processes.

Despite these positive developments a number of weaknesses and challenges remain, which need to be overcome for the quality of advocacy to improve and for NGOs to have a greater influence on how governments define their trade positions.

A number of these challenges and difficulties are in the attitudes and practices of governments. Even as governments have by and large opened up the political space for advocacy and in cases formalize the participation of NGOs in trade policy structures and processes the engagements need to be systematized and some practices improved so as to optimize the interaction. For example information dissemination to NGOs could be better both through an improved general policy of information access on trade policy issues and in communications with NGOs who engage in official structures and processes. Like has been the case in other areas of policy-making women's organizations are marginalized even as there is now talk of 'mainstreaming trade', echoing the language of mainstreaming gender which was in vogue not so long ago.

A number of these challenges and weakness pertain to the NGOs own capacities. There is the need to: 1) deepen knowledge of the trade issues; 2) improve research skills; 3) strengthen communication skills 4) Pay more attention to translation of documents; 5) improve networking and alliance building with other social sectors such as the private sector, and 6) increase NGOs' staff and financial strength.

# IV. A REVIEW OF TRADE CAPACITY BUILDING BY REGIONAL INTEGRATION GROUPINGS IN SUB-SAHARAN AFRICA

**Mr. P.W. Ndungu**

## Introduction

The establishment of the World Trade Organization (WTO) following the conclusion of the Uruguay Round in 1994, and the subsequent inclusion of more portfolios in the Multilateral Trading System (MTS) posed significant challenges to developing countries in their efforts to integrate the global trading system. The challenges likely to be faced by developing countries have been extensively discussed in international trade conferences and the conclusion has been drawn that strengthening trade-related capacities is a fundamental prerequisite for the effective participation of developing countries in the WTO structures and for overall success of the MTS. This realization resulted in various forms of technical assistance and capacity building being directed to developing countries to facilitate easy integration in global system.

During the Marrakesh Ministerial Conference (1994), it was acknowledged that developing countries were experiencing difficulties in fulfilling their obligations under the Uruguay Round. The conference recommended a continuation of the special and differential (S&D) provisions of the GATT in various WTO agreements to allow developing countries to continue enjoying lower levels of obligations, more flexible implementation schedule, best endeavour commitments by developed countries, more favourable treatment for least-developed countries, and technical assistance and training.

The risks of marginalization, among other problems faced by developing countries featured prominently during the first Ministerial Conference of the WTO held in Singapore in December 1996. The Conference, however, acknowledged that developing countries have undertaken significant new commitments, both substantive and procedural, and recognized the range and complexity of the efforts they were making to comply with them. In order to assist them in these efforts, it was recommended that WTO should improve the availability of technical assistance to developing countries.

As a follow up on the mandate contained in the Singapore Ministerial Declaration, a High-Level Meeting on the Integrated Initiatives for Least-Developed Countries' Trade and Development was held in 1997 at the WTO. The meeting decided that six agencies (ITC, IMF, UNCTAD, UNDP, World Bank and WTO), should jointly implement an integrated framework (IF). The IF did not function as well as expected in the initial three years which necessitated the meeting of three Heads of the six agencies in New York in July 2000 to discuss better ways of delivering trade-related technical assistance to the world's poorest countries. The six agencies agreed to revamp IF and place it within the broader framework of poverty reduction programmes. The first IF phase was implemented on a pilot basis in Cambodia, Madagascar and Mauritania. In light of the lessons learned from the three initial pilots, the pilot scheme was extended to the second phase of 11 developing countries.

Another programme, Joint Integrated Technical Assistance (JITAP) was undertaken by three agencies (UNCTAD, ITC and WTO) which commenced in mid-1998, initially targeted at eight African countries. The objectives of JITAP are to: i) build national capacity to understand the evolving MTS and its implications for external trade; ii) adapt the national trading system to the obligations and disciplines of the new MTS; and iii) seek maximum advantage from the new MTS by enhancing the readiness of exporters. According to ITC's Annual Report in 2002, two principal conclusions can be made based on an independent evaluation, namely that: i) the programme had achieved considerable impact (in terms of awareness and capacity building); and ii) that the programme should be extended to cover other selected African countries. Another JITAP phase was endorsed in December 2002 to become operational in early 2003 to cover additional eight countries. The new phase will maintain the capacity-building focus on WTO negotiations and compliance, the MTS knowledge base and enterprise competitiveness.

The Doha Ministerial Conference of November 2001 put emphasis on technical co-operation and trade-related capacity building as the core elements of the development dimension of the MTS. In line with this recognition and with a view to facilitating the implementation of a variety of technical assistance and capacity building commitments incorporated in the Doha Ministerial Declaration, Ministers acknowledged the critical importance of coherence and coordination at three different levels: i) at the national level in beneficiary countries, coordination among all actors through institution building and coherence through mainstreaming trade aspects into global development plans; ii) at the international level, coordination among bilateral donors; and iii) at the inter-agency level, co-ordination among multilateral institutions and establishment of strategic alliances with regional institutions, including regional development banks, UN regional economic commissions and regional integration secretariats.

These efforts underscore the critical role trade-related capacities play in the integration of developing countries into the MTS and the benefits they obtain from world trade. Based on these facts, this paper attempts to give a review, of the trade-related capacity building efforts in sub-Saharan Africa (SSA). First, it gives a general overview of the key multilateral agencies and the trade-related assistance they provide and the main capacity building programmes. Second, review of SSA trade development efforts through regional economic groupings and other bilateral arrangements. This section will look at the objectives of major integration groupings and other initiatives towards trade development, their efforts to develop synergies with other organizations, and an overview of their trade trends since 1980. Third, it examines the participation of women in decision-making at various sectors within countries and regional groupings in Africa. Finally, outline the lessons learned from various capacity building efforts and the way forward.

## A. Trade Capacity Building by Multilateral Agencies

The complexity of the multilateral trading system calls for increased assistance to support developing countries in their efforts to participate and benefit from trade. To assist developing countries towards integration in the globalization process, various efforts have been put forward by multilateral agencies in their different areas of specialization.

### *1. Multilateral Agencies and Capacity Building*

The following table provides a summary of the main multilateral agencies and their main areas of emphasis in provision of trade related capacity building.

| | |
|---|---|
| International Trade Centre (ITC) | Emphasis on enterprise-oriented aspects of trade policy and trade promotion such as business implications of multilateral and regional agreements, private sector involvement in trade policy and management of regulation-related issues by businesses. Hands-on training, assistance in data collation, analysis and institutional matters to favor private sector capability in trade policy- |

| | |
|---|---|
| | making, managing of regulatory issues in trade and compliance. |
| United Nations Conference of Trade and Development (UNCTAD**)** | Emphasis on policy analysis on trade and investment – advocacy of developing country interests. Analysis of trade policy options in the context of economic development. Trade-related technical assistance includes training and support in trade negotiations and implementation of commitments, accessions advice and customs administration. |
| World Trade Organization (WTO**)** | Emphasis on the WTO agreements. Factual information on WTO rights and obligations of developing countries and progress in trade negotiations. Training and consultation to assist developing country members in applying the Agreements and using the WTO mechanisms. |
| United Nations Development Programme (UNDP) | Trade policy options considered in the broader context of economic and social development. Complementary policy analysis to support trade reform. Sector specific trade assistance, in areas such as agriculture, fisheries, tourism and textiles. Private sector engagement in trade policy-making. |
| World Bank | Trade issues are considered in a broader economic and social context of development and investment-related policies. Creation and dissemination of a core knowledge base that combines policy-relevant research, advocacy, capacity-building, training and operational support for trade at the country-level, including networking to link think tanks and trade policy makers, in-country. |
| International Monetary Fund (IMF) | Trade policy advice provided either in the context of country surveillance and/or programme support and considered in a broader economic and social framework. The assistance would normally include an assessment of the key complementary policy requirements to support in-country trade reform especially in fiscal policy and the adequacy of social safety nets. Trade-related technical assistance focused primarily on trade facilitation issues but also on external trade data collation. |
| Africa, Caribbean and Pacific (ACP) Secretariat | Technical assistance to support member countries to develop requisite capacities to effectively participate in multilateral trade negotiations and implement the WTO agreements and accession so as to increase their benefits and share of the world trade. |

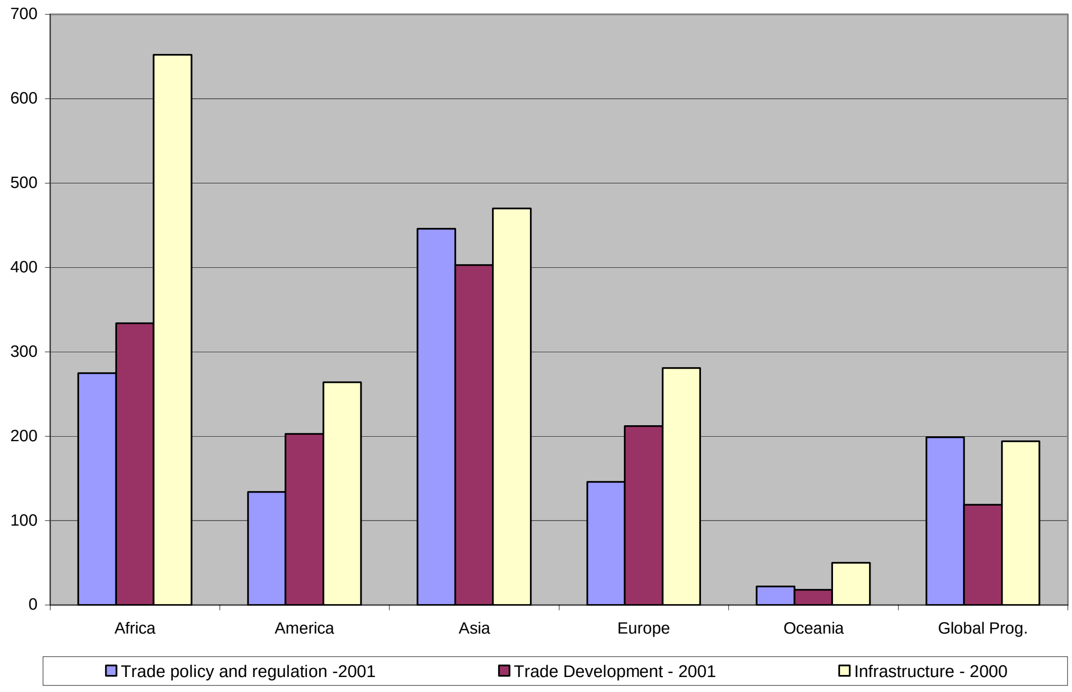
### *2. Trade-Related Capacity Building Activities in Africa in 2001*

Trade-related capacity building in Africa, like the rest of the world, was provided under the following three headings: (1) trade policy and regulation which assist countries reform and prepare for closer integration in the multilateral trading system; (2) trade development to assist in the development of business climate and promote trade business sectors; and (3) infrastructure to assist countries build the physical infrastructure required for ease of movement goods within regions and for exports.

According to the joint WTO/OECD report on Trade-related Technical Assistance and Capacity Building (November/December 2002), a total of 2,500 activities were initiated in 2001 in the areas of trade policy and regulations and trade development. The total value of these activities amounted to US$ 1,482 million of which US$ 466 million went to trade policy regulation and the rest US$ 1,016 million to trade development. Additional funding amounting to US$ 7813, though not all directed at trade, had been allocated to 1900 infrastructure activities in 2000.

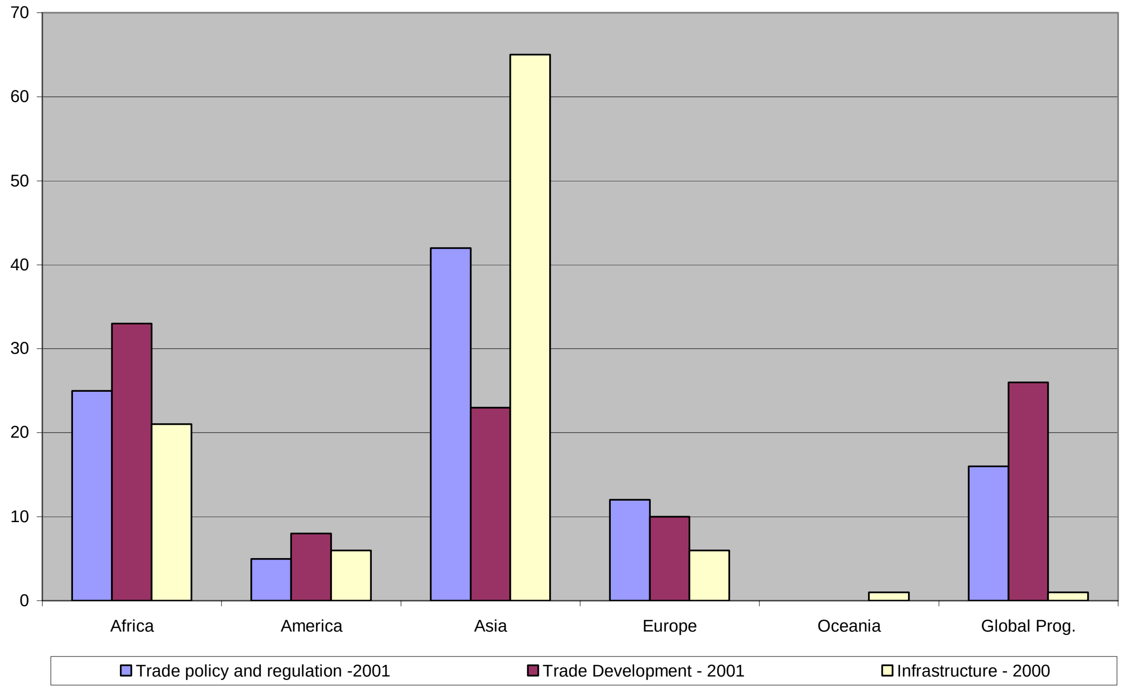
Africa received a combined total of 1,261 activities accounting for 28.6 per cent of total and combined value amounting to US$ 2085 million accounting for 22.4 per cent of total expenditure in all the three areas. Africa received the highest number (652) of infrastructure activities accounting for 33 per cent of the total and a value of US$ 1,629 million accounting for 21 per cent of the total expenditure on infrastructure. Chart 1 summarizes the distribution of capacity building activities by categories and by region; Chart 2 presents the percentage values of technical assistance and capacity building activities for the three categories by region.

**Chart 1 Distribution of Capacity Building Activities by Region**




***Source: First joint WTO/OECD report (November/December 2002)***

Chart 2 Percentage Value of activities by Region




***Source: First joint WTO/OECD report (November/December 2002)***

## B. Capacity Building and Regional Integration in Sub-Saharan Africa

Most African leaders have emphasized regional integration as the only way to overcome the economic constraints brought about by the smallness and fragmentation of national markets. As a result, many economic cooperation and regional integration arrangements have been established as protected regional markets offering expanded economic space for factors of production, industrial production and trade. These regional arrangements have varying objectives and mandates which can be grouped in the following four categories: i) free (or preferential) trade areas: with progressive reduction or elimination of trade barriers between member countries while maintaining restrictive practices including tariffs for non-member countries; ii) custom unions: where member countries reduce or eliminate barriers to trade between each other and adopt a common external tariff towards non-member countries and the pooling and sharing of revenues generated from trade tariffs on imports; iii) common markets, in which members expand the basic customs union by reducing the barriers to the movement of factors of production (labour and capital); and iv) economic unions, where members countries aim at harmonized national economic policies towards common fiscal and monetary policies.

There are currently ten regional agreements of varying design, scope and objectives in sub-Saharan Africa. These Regional Economic Communities (RECs) include:

i. The Common Market for Eastern and Southern Africa (COMESA), with 20 members;
ii. The Economic Community of Central African States (ECCAS), with 10 members;
iii. The Economic Community of West African States (ECOWAS), with 15 members;
iv. The Southern African Development Community (SADC), with 14 members;
v. The Inter-Governmental Authority on Development (IGAD), with seven members in eastern Africa;
vi. The West African Economic and Monetary Union (UEMOA), with eight members, all also belonging to ECOWAS;

vii. The Central African Economic and Monetary Community (CEMAC), with six members, also belonging to ECCAS;
viii. The East African Community (EAC), with three members, two belonging to COMESA and one to SADC;
ix. The Indian Ocean Commission (IOC), with five members, four belonging to COMESA and one to SADC;
x. The Southern African Customs Union (SACU), with five members, all of which belong to SADC and two to COMESA.

It is clear from this list of RECs that there are only four umbrella integration groupings, ECOWAS, ECCAS, COMESA and SADC, while the others are their sub-sets. The overlapping nature of membership across regional integration groups is quite noticeable. Out of the 48 Sub-Sahara countries, 26 are members of two RECs and 15 others are members of three RECs. One country, namely the Democratic Republic of Congo is a member of four regional agreements while only seven countries are members of one group.

There are other new developments taking place to boost regional economic integration in Africa. First, the African Growth and Opportunity Act (AGOA) aimed at promoting free markets, expanding U.S.-African trade and investment, stimulating economic growth, and facilitating sub-Saharan Africa's integration into the global economy. Second; the African Unity (AU) whose paramount goal is to provide a secure and stable continent within which a long-term development agenda can be pursued. Third, the New Partnership for African Development (NEPAD) which is a mandated programme of the AU, adopted by Africa's leaders as a comprehensive framework for social and economic development.

As it is not easy to look at specific trade-related capacity building activities given the large number of regional groupings in sub-Saharan Africa, the following sections will review trade development efforts, enhancement of synergies, and trends in trade within and among the active regional integration groupings.

### *1. The Common Market for Eastern and Southern Africa (COMESA)*

The Common Market for Eastern and Southern Africa (COMESA) is a regional integration grouping established in 1994 by 20 countries, which agreed to promote regional integration through trade development and to develop their natural and human resources for the mutual benefit of all their peoples. The objectives of COMESA are to take advantage of a larger market size, to share the region's common heritage and destiny and to allow greater social and economic co-operation, with the ultimate objective to create an economic community. COMESA is the largest and more successful regional economic co-operation and integration group in Africa. Over the past sixteen years, it has developed a large number of regional programmes, which are assisting member states, in a positive way, to attain economic recovery and sustainable economic growth.

COMESA Secretariat organizes and arranges capacity building and awareness creation technical assistance, workshops and seminars for its member States on various aspects of WTO and the multilateral trade arrangements and negotiations. The main objective is to raise the capacity and technical capabilities of members States in WTO matters so that COMESA countries may play a more meaningful role in the global economic field, particularly in the multilateral trading arrangements. The main areas of activity are agriculture; trade in goods, rules of origin, customs valuation, customs tariffs, and trade facilitation and trade competition.

COMESA was the first regional integration group in Africa to launch a Free Trade Area (FTA), in October 2000. COMESA has taken steps to establish the Fund for Cooperation, Compensation and Development, a $200 million fund to assist members that lose tariff revenue as a result of opening their markets. COMESA has also established mechanisms to; i) implement tariff reductions, ii) eliminate non-tariff barriers, iii) apply remedial and safeguard measures, and iv) define rules of origin.

Preparatory work continues for a regional competition policy, the COMESA business community forum, sub-regional women in business information centers, the COMESA Iron and Steel Industry association, and e-commerce information network for industry. COMESA has adopted a four-phase monetary harmonization program aimed at achieving full monetary union by 2025.

Most of COMESA activities are funded by the European Union and USAID and partially from internal resources and member States contributions. In addition the United States Government has provided a variety of assistance to COMESA's integration efforts, including: i) technical assistance on trade and the WTO; ii) identification of barriers to investment and development of regional solutions; iii) private sector capacity building; iv) telecommunications harmonization; v) facilitation of cooperation with SADC; and vi) study of rules of origin as related to the WTO, World Customs Organization, SADC and other organizations.

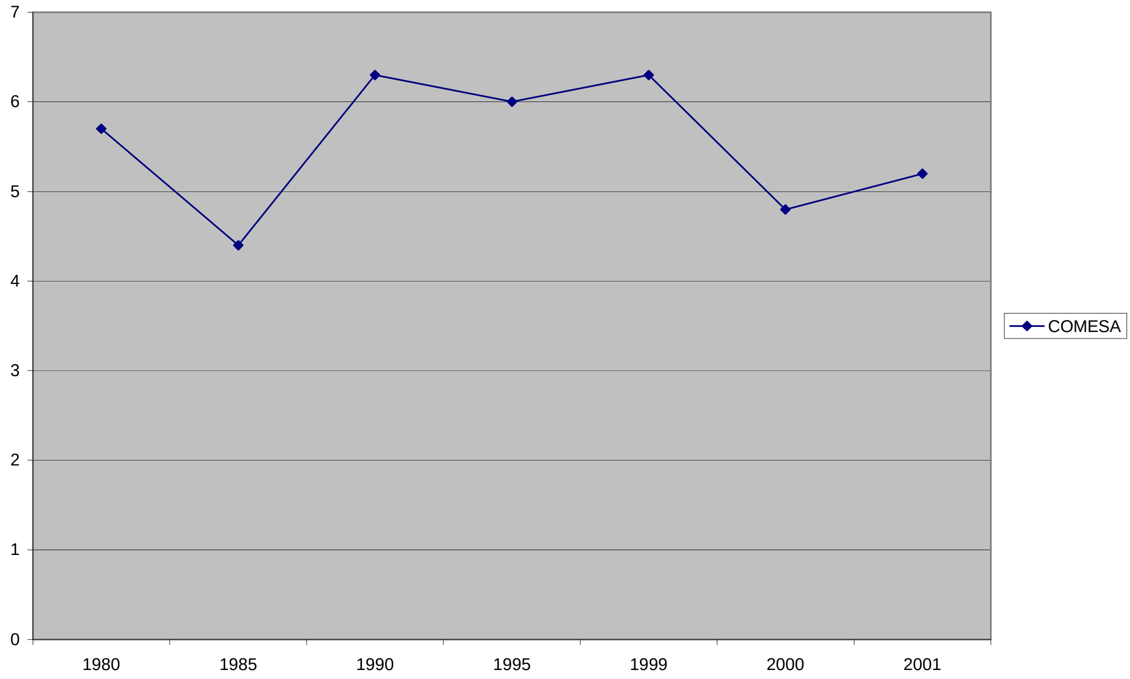
There are two active sub-regional integration groupings within COMESA; East Africa Cooperation (EAC) and The Indian Ocean Commission (IOC). The EAC was re-launched in 1996 where the three countries agreed that their desire to strengthen co-operation among themselves would not in any way diminish total commitment to the aims of the African Economic Community (AEC) and existing regional cooperation arrangements. The EAC treaty calls for a customs union, common market and monetary union and sets the ultimate objective as the birth of a political federation of East African States. The EAC has established a number of institutions designed to strengthen the bloc; the East African Assembly (a legislative body), a Court of Justice, and the East African Business Council created to promote trade and investment. The East African Law Society and the East African Securities Regulatory Authority were also created.

COMESA has formal relations with EAC, IOC and SADC in order to enhance the coordination and development of synergies to make trade development more effective within the region, as well as to ensure that technical assistance initiatives and activities are coordinated and joint participation promoted. The EAC and COMESA have concluded a memorandum of understanding to foster the harmonization of their policies and programmes. COMESA and SADC have agreed to set up task forces to deal with common issues and invite each other to their policy and technical meetings. The US Government has provided technical assistance to the EAC on harmonization of securities laws and has placed an advisor in Uganda to work on debt management including cross-border securities trade.

Although COMESA has implemented various measures aimed developing trade capacities within member states, the volume of intra-regional trade is still very low, way below 10 per cent of total regional trade. As is shown in chart 3, trade within COMESA has dropped from 5.7 per cent to 5.2 per cent for the 21-year period between 1980 to 2001. The trend shows a general drop in trade between 1980 and 1985 while trade remained around 6 per cent between 1990 and 1999. The trend also shows a downward movement from 1999, which makes intra-COMESA trade, unpredictable. This trend shows very marginal gains from the regional agreements, which pose significant questions on the impact of the trade development efforts, which have implemented in the region. The general trend, however, conceals the impacts in individual countries where some countries have gained more than others depending on their level of production.

The volume of trade between EAC countries has remained below 10 per cent in the same way as it has for most other COMESA countries. Three countries produce similar goods (especially primary agricultural goods); e.g. coffee, tea, cotton and fish. A strategy is needed to produce higher-quality goods that are not only competitive within the region, but also on world markets. One important factor in regional trade is the concern that the more industrially developed Kenya would put great pressure on domestic producers in the United Republic of Tanzania and Uganda.

**Chart 3 Intra-COMESA Trade 1980-2001**




***Source: UNCTAD Handbook of Statistics, (Extracted from Table 1.4)***

### *2. The Economic Community of West African States (ECOWAS)*

ECOWAS was established in 1975 by fifteen West African countries to: i) promote cooperation and integration in economic, social and cultural activity, ultimately leading to the establishment of an economic and monetary union through the total integration of the national economies in West Africa; and ii) raise the living standards of its peoples, maintain and enhance economic stability, foster relations among member states and contribute to the progress and development of the African Continent. Although these two objectives were the key elements in establishment of ECOWAS, a long time has been spent resolving political and social conflicts in some of its member countries such as Liberia, Sierra Leone, Guinea Bissau and Niger.

There are sub-regional integration groupings within ECOWAS but the most active in trade is the West African Economic and Monetary Union (UEMOA) — formerly known as the West African Monetary Union (WAEMU) — which was founded by eight countries on 10 January 1994.

UEMOA sub-regional integration group launched a common external tariff in January 2000, with rates not to exceed 22 per cent, although adherence to the tariff structure is not uniform throughout the region. UEMOA has also established a common accounting system, periodic review of member states' macroeconomic policies based on convergence criteria, a regional stock exchange, and the legal and regulatory framework for a regional banking system.

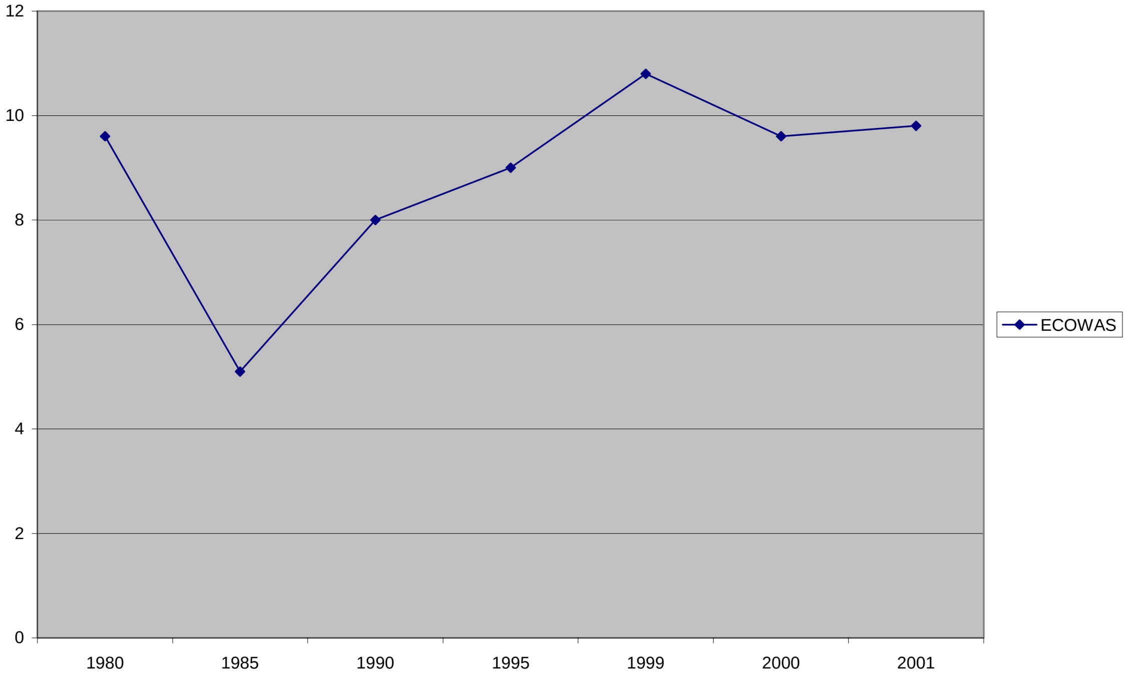
UEMOA has received assistance for capacity building from the US Government through support at the regional Central Bank (BCEAO) by assigning a resident advisor to work with the Bank and member country finance ministries on problems of debt issuance, debt management, and creation of a region-wide debt securities market for the eight UEMOA member countries. Under the US-UEMOA Trade and Investment Agreement (TIFA), the inaugural US-UEMOA Council on Trade and Investment meeting was held in Dakar, Senegal in July 2002. Representatives from the office of United States Trade Representative, other US Government agencies, and UEMOA discussed strengthening trade and investment relations between the United States and UEMOA during the Council on Trade and Investment meeting.

In the efforts to foster regional integration ECOWAS is moving towards a monetary union by committing to reduce central bank financing of budget deficits and creating a Convergence Council to help coordinate macro-economic policies. Towards regional coordination, ECOWAS continues its work with UEMOA to develop common policies for trade liberalization and macroeconomic policy convergence. Both ECOWAS and UEMOA have agreed to adopt new common rules of origin and a single customs declaration form to enhance the flow of trade. ECOWAS and UEMOA are harmonizing their programmes to avoid overlapping and a duplication of efforts, especially those requiring trade liberalization as well as the macroeconomic convergence with the aim to achieve a single monetary zone by 2004.

Through support from the US Government, ECOWAS has implemented a number of regional programmes, for example: i) the West African Power Pool and the West Africa gas pipeline project; ii) funding of seminars on public-private partnerships and the WTO; iii) the West Africa Regional Project (WARP) sponsored programmes focused primarily on harmonizing customs and trade regulations within West Africa and removing barriers to intra-regional trade.

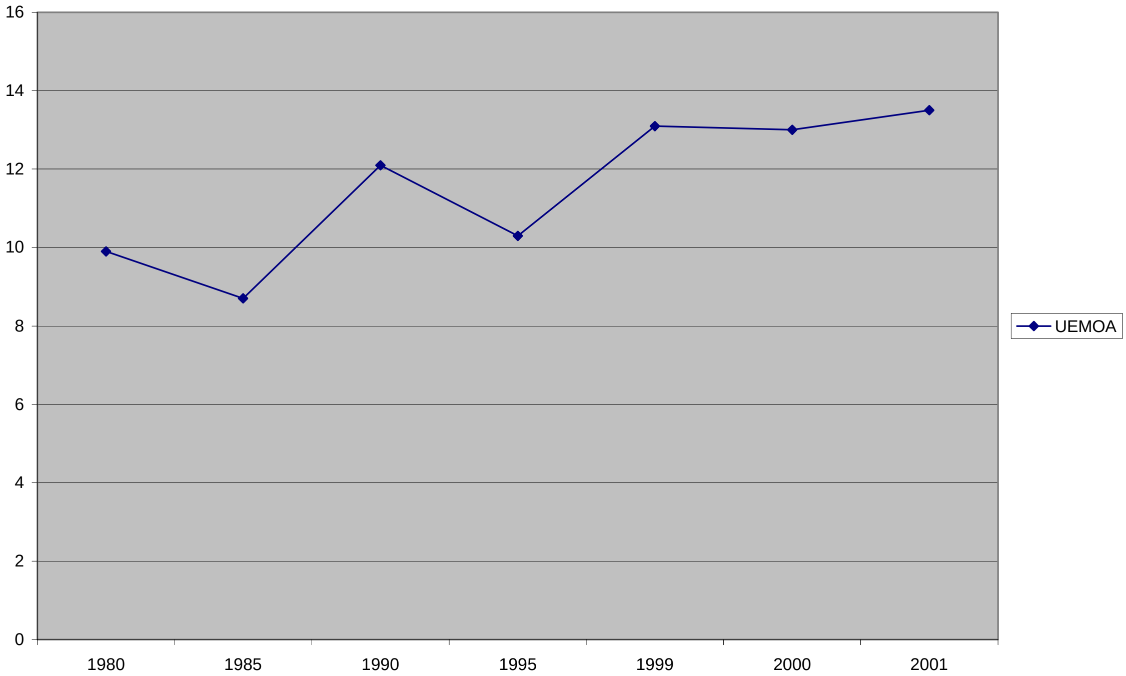
Intra-ECOWAS trade remained about 10 per cent for most part between 1980 and 2001 with the exception of 1999 when it increased to 10.8 per cent of the total regional trade. Chart 4 shows a significant drop to 5.1 per cent in 1985 followed by a general upward trend to 1999. The low level in intra-regional trade indicates that industrial development remains much undeveloped in ECOWAS. To a certain extent this has created serious divisions in ECOWAS regional co-operation. The leading industrial states in the region – Nigeria, Senegal, Côte d'Ivoire, and Ghana – believe that they are important enough to secure a better deal if they pursue their cause as individual countries rather than as a group. Many of them feel that they will be better served individually if they link up with developed countries while the other group – landlocked countries (Niger, Burkina Faso and Mali) – are merely frustrated because they are rather too small to make any significant impact in the global arena. Chart 5 shows a steady increase in intra- regional trade in UEMOA from about 10 per cent in 1980 to 13.5 per cent in year 2001. This trend in UEMOA trade has been integrated within the regional ECOWAS trend.

**Chart 4 Intra-ECOWAS Trade (1980-2001)**




***Source: UNCTAD Handbook of Statistics (Extracted from Table 1.4)***

**Chart 5 Intra-UEMOA Trade (1980-2001)**




***Source: UNCTAD Handbook of Statistics, (Extracted from Table 1.4)***

### *3. The Southern African Development Community (SADC)*

SADC was established in 1992 and now has 14 member States; it replaced the Coordination Conference in order to create a Community providing for regional peace and security and an integrated regional economy. SADC has been undergoing a restructuring process to facilitate the establishment of a Free Trade Area (FTA). Within the restructured SADC, the institutional framework for the FTA is slowly evolving with the creation of new structures to assist member countries in implementing the FTA. SADC countries, with the assistance of USAID, are beginning to form inter-agency task forces to oversee implementation of the FTA at the national level. SADC has made slow progress in implementing the FTA. SADC continues to advance its plans to interconnect the power grids in SADC countries. The Southern African Power Pool has been a model for other regional SSA integration projects.

Most SADC members belong to other sub-regional groupings. The most active sub-regional integration grouping within SADC is the South African Customs Union (SACU), which came into force in March 1970, replacing the Customs Union Agreement of 1910 with five countries. SACU’s objective is to maintain the free interchange of goods between member countries. It provides for a common external tariff and a common excise tariff to this common customs area. All customs and excise collected in the common customs area are paid into South Africa’ national Revenue Fund. The Revenue is shared among members according to a revenue-sharing formula as described in the agreement. South Africa is the custodian of this pool.

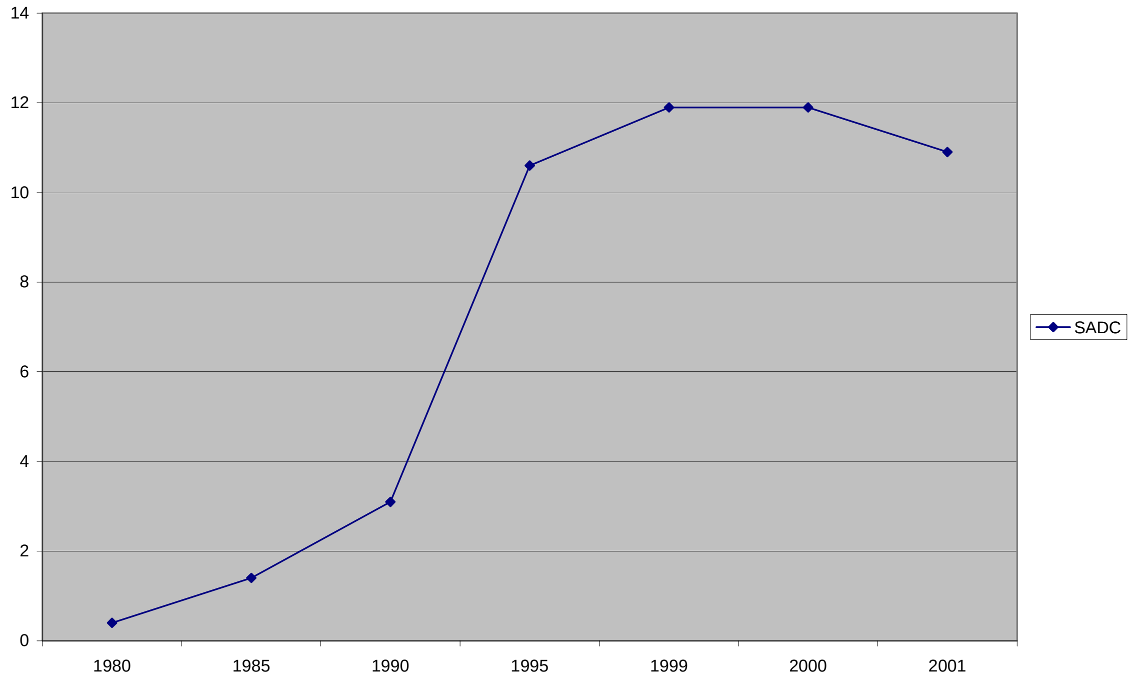
Following the formation of the Government of National Unity in South Africa in April 1994, Member States concurred that the present Agreement should be renegotiated in order to democratize SACU and address the current needs of the SACU Member States more effectively.

The United States has been working very cooperatively with SACU on trade, investment, and capacity development issues. This cooperation is being enhanced and continued as the United States and SACU begin free trade agreement negotiations in 2003.

USAID’s Regional Center for Southern Africa (RCSA) continues to support SADC. RCSA has focused on strengthening the region’s ability to trade with the United States under AGOA and on ways of using AGOA to encourage customs reforms necessary to implement the SADC Protocol. RCSA is also promoting regional integration in SADC and the Free Trade Area (FTA) process through technical assistance in support of macro-economic convergence and tax harmonization.

Intraregional trade in SADC has had an upward trend as shown in Chart 6, increasing from 0.4 per cent in 1980 to 11.9 per cent 1999 and 2000. There was a drop to 10.9 per cent in 2001. The increase in trade can mainly be explained by granting if independence of the South Africa and its subsequent participation in the regional trade. Although the trend has been upward, the level of intraregional trade is still limited. It is to be hoped that the downward trend between 2000 and 2001 will be reversed upward for the benefit of region.

**Chart 6 Intra-SADC Trade (1980-2001)**




***Source: UNCTAD Handbook of Statistics ( Extracted from Table 1.4)***

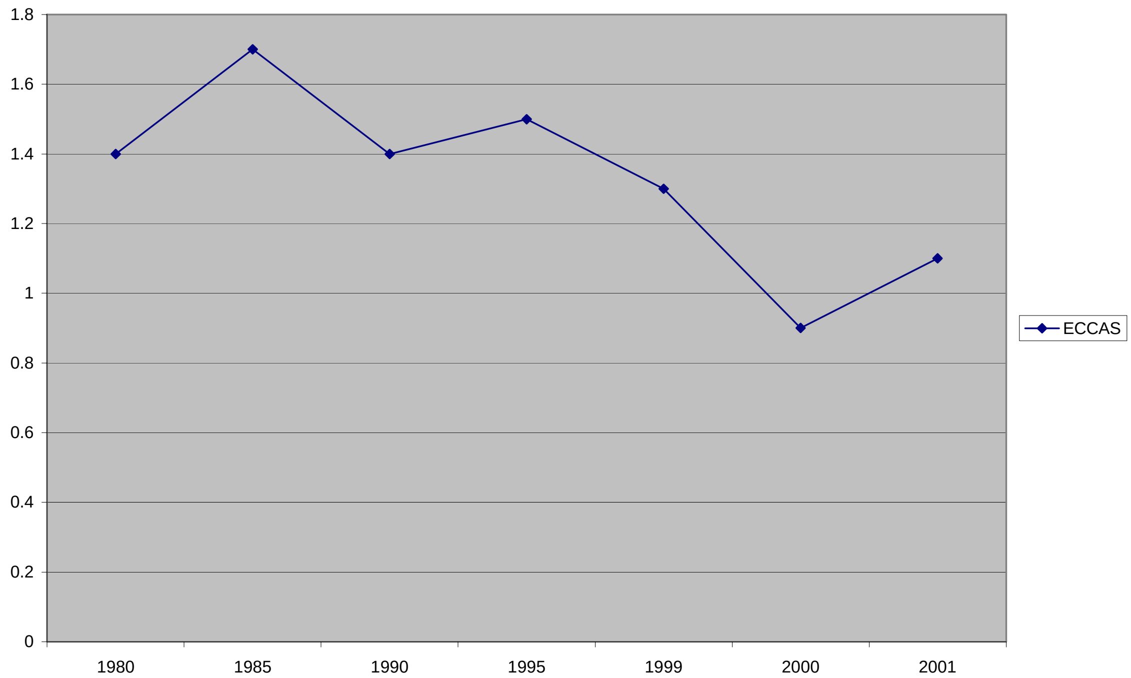
### *4. The Economic Community of Central African States (ECCAS)*

ECCAS was established in October 1983 by 10 countries from the leaders of the Central African Customs and Economic Union (UDEAC) and the members of the Great Lakes States, but only began its operations in 1985. ECCAS aims to achieve collective autonomy, raise the standard of living of its populations and maintain economic stability through harmonious cooperation. It also intends to promote regional economic cooperation and establish a Central African Common Market. ECCAS regional groups have not been very active mainly due to the non-payment of membership fees by member States.

The Central African Economic and Monetary Community (CEMAC) has been active within the ECCAS region. CEMAC was established in March 1994 by six countries to promote the process of sub-regional integration within the framework of an economic union and a monetary union. CEMAC has set up a regional parliament and a court of justice. A single passport has been implemented for travel throughout the region. In April 2002, CEMAC created a regional coordination and administration committee mandated to conclude an economic partnership agreement with the EU. The key challenges to CEMAC's integration are rivalry among leaders within CEMAC and political instability.

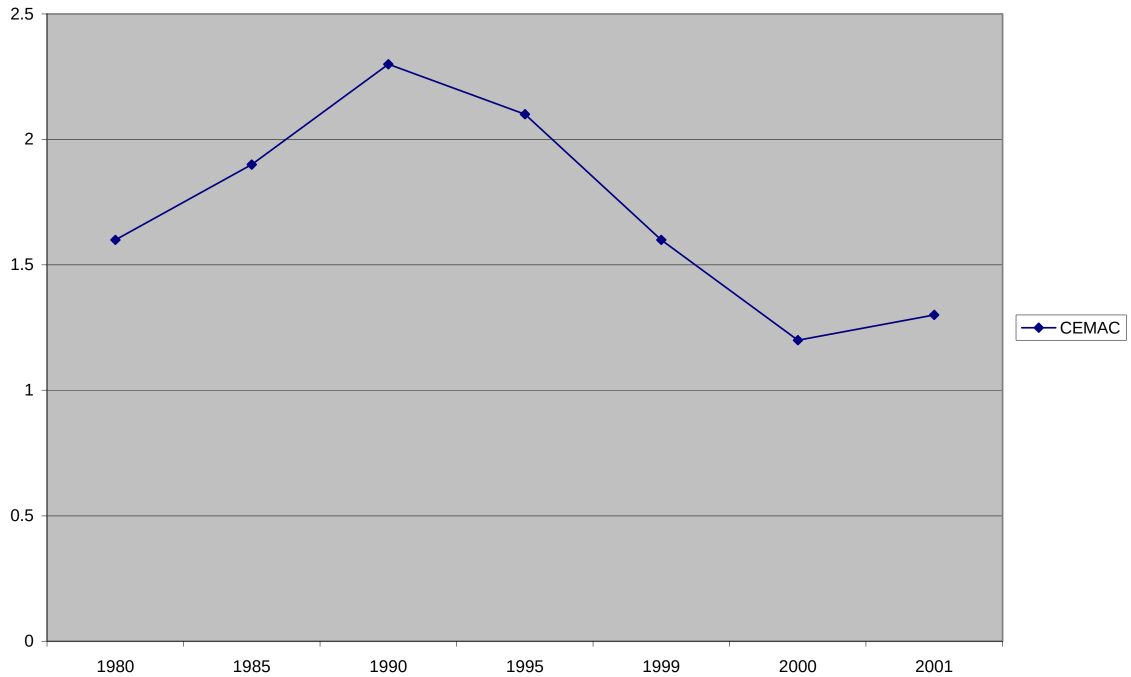
At the regional level, ECCAS is in the process of concluding a modality for programme harmonization and co-ordination with CEMAC. The region has experienced a downward trend in the intra – regional trade. In general, ECCAS has had very limited regional trade stagnating at about 1.5 per cent. Chart 7 shows that trade within ECCAS has dropped from 1.4 per cent in 1980 to 1.1 per cent in 2001 with 2000 being the lowest at 0.9 per cent. The low trade levels could mainly be explained by the general political instability within the region. Due to the difficulties experienced in the region, intra-CEMAC trade has been declining since 1990. Trade in region had a marginal increase from 1.6 per cent in 1980 to 2.3 per cent in 1990. Chart 8 shows that regional trade dropped to 1.2 per cent in 2000 and showed a minimal increase to 1.3 per cent in 2001.

**Chart 7 Intra-ECCAS Trade (1980-2001)**




***Source: UNCTAD Handbook of Statistics,(Extracted from Table 1.4)***

**Chart 8 Intra-CEMAC trade (1980-2001)**




***Source: UNCTAD Handbook of Statistics, (Extracted from Table 1.4)***

### *5. African Growth and Opportunity Act (AGOA)*

The African Growth and Opportunity Act (AGOA) is a major US Government initiative aimed at promoting free markets, expanding US-Africa trade and investment, stimulating economic growth, and facilitating sub-Saharan Africa's integration into the global economy. Towards achievement of these objectives, the US Government puts much emphasis on trade capacity building (TCB) activities.

From financial year 1999 to financial year 2002, the United States devoted $345 million to Trade Capacity Building programmes in sub-Saharan Africa. In 2003, as in 2002, the United States contributed $1 million to the voluntary WTO Global Trust Fund for technical assistance, much of which will be used for programmes assisting SSA countries. In implementing these trade capacity building activities, the US Government uses a broad range of agencies including the Office of United States Trade Representative (USTR), United States Aid for International Development (USAID), the US Department of Commerce and the US Department of Agriculture.

The trade capacity building activities supported by the US government in sub-Saharan Africa are in areas of: i) funding of seminars on WTO negotiations, trade policy implications, legal framework and judicial systems; ii) establishment of regional hubs by USAID for enhancement of global competitiveness; iii) funding of regional programmes through regional integration groupings; and iv) training and research on technical matters that impact trade, agriculture and food security.

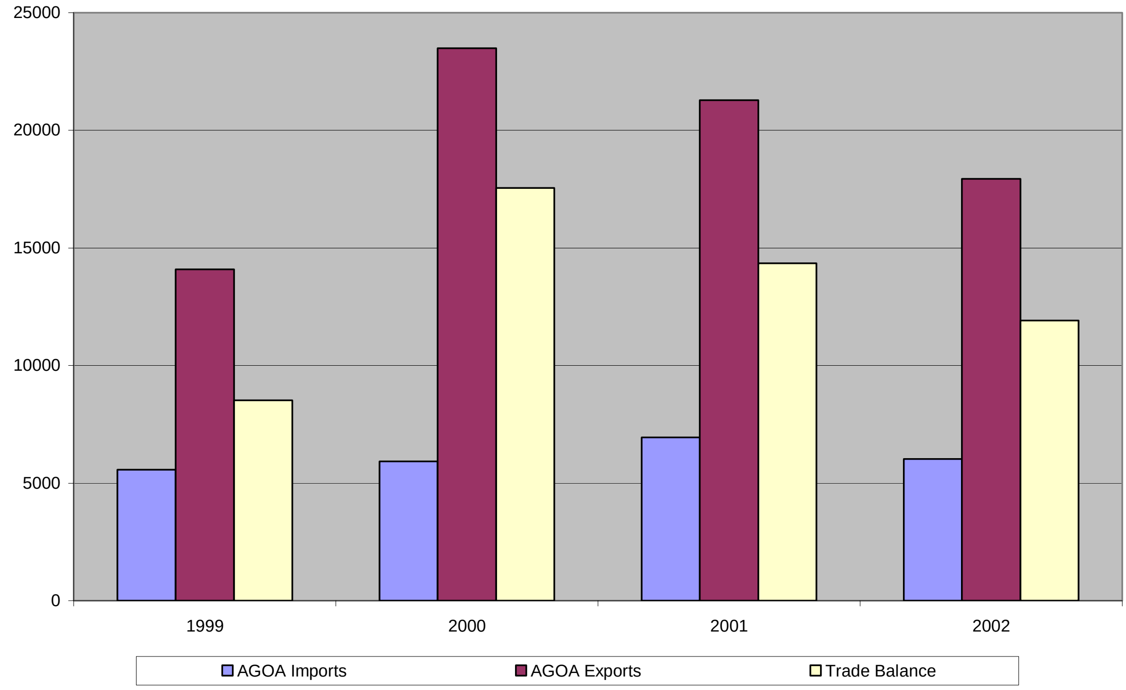
The general overview of trade between the United States and the AGOA-eligible countries of sub-Saharan Africa to some extent supports the principle on which the African Growth and Opportunity is founded give the upward trend.

As shown in Chart 9 below, the combined exports of AGOA – eligible countries have consistently exceeded the collective value of imports from the U.S. Of significance is the fact that total trade has increased from $ 20 billion in 1999 to $ 24 billion in 2002; however, it should be noted that higher increases in value occurred over the 1999/2000 period. In fact, total trade flows decreased by between 5 per cent and 16 per cent in the period between 2001/2002.

Combined exports from the AGOA countries to the U.S. have increased from almost $ 14 billion in 1999 to $ 18 billion in 2002 (2000: $ 29 billion and 2001: $28 billion), a cumulative increase of just fewer than 30 per cent. Over the same time period, imports from the U.S. to the AGOA-qualified countries have risen by a cumulative 7 per cent, from $ 5.6 billion to $ 6 billion.

The value of aggregate trade flows is a very crude parameter for trade analysis as it hides the structure of such trade, and requires a closer analysis of these trade flows to readily draw conclusions with regard, for example, to the benefits of trade to the countries concerned. To highlight this point, a substantial portion of the value of combined exports from SSA countries to the US is made up of 'energy-related' products, which consist mainly of oil and natural gas. Items from the various manufacturing sectors, on the other hand, dominate US exports to AGOA countries.

**Chart 9 AGOA - U.S. Trade (1999-2002)**




***Source: AGOA: The Third Annual Report (May 2003)***

### *6. The Southern and Eastern Africa Trade Information and Negotiations Institute (SEATINI)*

The Southern and Eastern African information and Negotiations Institute (SEATINI) was established in August 2001 to assist in the development of Africa's Capacity to effectively participate in the MTS. SEATINI aims to:

i) prepare African policy makers to better manage the process of globalization by providing free atmosphere for discussion;
ii) building an information network using electronic and print media to ensure sustainability of long-term capacity on trade-related matters;
iii) develop a documentation centre to build on institutional memory and learning;
iv) monitor development in the area of trade and trade-related matters;
v) monitor and evaluate the results of African negotiations on trade and trade-related matters;
vi) help raise awareness and bring into the dialogue the concerns of the private sector and of the civil society into trade-related matters; and
vii) undertake scientific research into contemporary issues arising out of the demands of globalization, the new multilateral trading regime, regionalism, and national responses to these.

To achieve these objectives, SEATINI engages in a range of activities, including: i) organizing periodic workshops for high-level policy makers in the Southern and Eastern African region to come together to discuss matters of common concern to them, and if possible, to arrive at common negotiating positions on these matters; ii) undertaking or commissioning research on trade-related matters and the findings published in full-length manuscripts and smaller Briefing Papers on specific issues for purposes of providing education to a broad readership, initiating debate, giving information, lobbying and advocacy; iii) networking with policy makers, researchers and scholars, international trade negotiators and practitioners, consultants and organs of civil society; iv) bringing out a fortnightly Bulletin that raises issues relating to trade negotiations, and matters of broader concern that impact on policy-making for sustainable development of the African continent; and v) organizing an advisory clinic comprised of a panel of consultants and experts who have had hands-on experience with trade negotiations who can be called upon, at short notice, to provide information, critical analysis, and negotiating positions and techniques.

SEATINI works closely with other trade-related institutions including the Trade and Development Centre (TDC), Community Technology Development Trust (CTDT), Africa Trade Network (ATN), Southern African Peoples Solidarity Network (SAPSN), Third World Network, United Nations Conference on Trade and Development (UNCTAD), South Centre, and World Trade Organization (WTO).

### *7. Intra-Africa trade by Regional Groupings*

Although almost all RECs have been actively and extensively involved in promoting regional trade, the trade facilitation, liberalization and promotion measures do not seem to have had a major impact in boosting intra-REC and intra-African trade. The volume of intra-REC trade remains very low mainly due to a high degree of concentration in the same commodities with very little product diversification.

Table 1 shows that intra-Africa exports were quite low and represented only 9.5 per cent of the total exports. In 2000 only two main regional groupings had intra-trade exceeding 10 per cent of their total exports, ECOWAS and SADC. SADC had the highest level of exports of 15.3 per cent while ECOWAS exports to Africa were 14.2 per cent of the total exports. WAEMU has higher figures but it should be noted that it is a sub-set of ECOWAS.

Table 1. Inter-regional exports in Africa by economic grouping (2000)

(%)

| EXPORTS | AMU | CEMAC | COMESA | ECCAS | ECOWAS | SADC | WAEMU | AFRICA |
|---|---|---|---|---|---|---|---|---|
| AMU | 2.3 | 0.1 | 0.2 | 0.1 | 0.5 | 0 | 0.2 | 3.1 |
| CEMAC | 0.5 | 1.2 | 0.4 | 1.5 | 0.4 | 0.4 | 0.3 | 2.5 |
| COMESA | 0.6 | 0.1 | 5.2 | 0.7 | 0.2 | 5.2 | 0.1 | 10.2 |
| ECCAS | 0.2 | 0.7 | 0.3 | 0.9 | 0.3 | 0.5 | 0.2 | 1.8 |
| ECOWAS | 0.6 | 1.3 | 0.6 | 1.8 | 10.8 | 1.5 | 0.9 | 14.2 |
| SADC | 0.2 | 0.2 | 9.2 | 1.6 | 1 | 12.2 | 0.3 | 15.3 |
| WAEMU | 1.8 | 2.1 | 1.4 | 3.1 | 25.1 | 1.8 | 15.6 | 30.4 |
| AFRICA | 1.1 | 0.5 | 3.3 | 1 | 2.9 | 3.8 | 1.7 | 9.5 |

***Source: ADB, Selected Statistics on African Countries (2002), (Extracted from Table 28)***

Table 2 shows that intra-Africa imports stood at 9.8 per cent of total imports while all sub-Saharan regions imports from Africa were more than 10 per cent of their total imports but the figure remained below 20 per cent. Of the main regional blocs, ECCAS was the highest importer from Africa at 19.9 per cent of it total imports.

Table 2. Intra-regional imports in Africa by economic grouping (2000)

(%)

| Imports | AMU | CEMAC | COMESA | ECCAS | ECOWAS | | WAEMU | AFRICA |
|---|---|---|---|---|---|---|---|---|
| AMU | 3.3 | 0.2 | 0.5 | 0.2 | 0.6 | 0.2 | 0.3 | 4.8 |
| CEMAC | 0.6 | 3.1 | 0.6 | 3.4 | 9.5 | 2.2 | 2.7 | 15.2 |
| COMESA | 0.4 | 0.1 | 3.5 | 0.2 | 0.5 | 9.2 | 0.2 | 12.5 |
| ECCAS | 0.3 | 2.3 | 2.3 | 2.6 | 7.5 | 8.4 | 2.4 | 19.9 |
| ECOWAS | 0.9 | 0.2 | 0.2 | 0.2 | 12.3 | 1.4 | 4.6 | 14.8 |
| SADC | 0 | 0.1 | 3.4 | 0.3 | 1.2 | 1.9 | 0.3 | 13.2 |
| WAEMU | 1.1 | 0.4 | 0.2 | 0.5 | 24.7 | 1.5 | 8.4 | 27.5 |
| AFRICA | 1.1 | 0.2 | 1.9 | 0.3 | 3.3 | 4 | 1.2 | 9.8 |

***Source:* *ADB, Selected Statistics on African Countries (2002), (Extracted from Table 28)***

Despite protracted efforts by governments, institutions and other players towards regional cooperation and integration in Africa, this strategy has produced very limited benefits. African economies remain small and fragmented, relatively underdeveloped and most are stagnant. The overall integration process has been burdened with a number of difficulties, especially the lack of a concerted approach and direction, uncoordinated interventions and programmes, and sometimes conflicting agreements among numerous regional integration groupings.

Specific factors which hindered the achievement of integration objectives hence low trade include: i) inadequate commitment by member states to regional agreements, hence measures agreed in regional forums are rarely incorporated in national policies and plans; ii) low impact of trade liberalization on intra-REC trade flows due to over reliance on primary production; iii) inadequate infrastructure particularly in energy, transport and communications resulting in high costs of doing business and undermines the competitiveness of African products domestically and internationally; iv) RECs are involved in many sectoral areas in which they have very little capacity, resources or comparative advantage; v) the complexity of increasingly liberalizing and globalizing world economy needs has not been adequately addressed as a priority for REC activities; and vi) lack of coordination between REC policies and programmes and the continental integration agenda since there are no rules binding REC integration agendas with the continental framework.

These challenges underscore the need for more efforts and commitments to promote regional integration, as it remains the key solution to overcoming economic fragmentation and promoting economic diversification. Ultimately, the African Union is a means of transforming the continent from a fragmented region of least developed and developing states into a strong and a unified federation of developed nations. The current emphasis on integration led the move to form the AU. The New Partnership for Africa's Development (NEPAD) is the major supporting international initiative.

## C. Involvement of Women in Regional and Multilateral Negotiations

Many African countries have expressed a great commitment in creating an environment conducive to addressing gender issues and promoting the empowerment of women. Despite such positive attitudes, there has been inadequate representation and participation of women at local and national levels, leading to a worse situation at regional and international levels. African women's concerns have been further marginalized at international level particularly in international organizations like the World Trade Organization. Women's concerns have not, therefore, been integrated into the national trade policy agenda, multilateral rule making or enforcement. There is also little attempt to link gender equality objectives and gender mainstreaming to trade and export promotion agendas. Trade negotiators and trade policy makers, who are male dominated, have mainly focused on market access and paid little attention to the social and economic infrastructural needs of different groups in the economy of especially women.

There are other constraints hindering African countries in their efforts to promote gender development which include: i) lack of harmonization and coordination of national policies with the international conventions that support the advancement of women; ii) low status and inadequate allocation of human, technical and financial resources to national mechanisms in charge of women affairs; iii) scarcity of gender disaggregated data at the institutional level which can be used to influence policy-making and gender-responsive action; and iv) weak civil society organization and slow evolution in societal attitudes, practices and beliefs which are unfavourable to the advancement of women.

There have, however, been noticeable efforts in regional institutions and inter-governmental policy bodies in Africa to streamline gender issues within their development agenda though not very successfully. The following sections outline the main regional and intergovernmental policy bodies in Africa, which have taken major steps in gender mainstreaming.

(a) Economic Commission for Africa (ECA)

The African Centre for Gender and Development (ACGD) was established in 1975, as the sole regional Women in Development (WID) structure within the United Nations System in Africa. It services national, regional and sub-regional bodies involved in development issues related to gender and the advancement of women.

(b) East African Cooperation, (EAC)

Chapter 22 of the Treaty of the East African Community is entitled “Enhancing the Role of Women in Socio-Economic Development.” It comprises two articles (Articles 121 and 122) on the role of women in socioeconomic development and the role of women in business. Among other things, Article 121 of the Treaty affirms that “women make a significant contribution towards the process of socioeconomic transformation and sustainable growth and that it is impossible to implement effective programmes for the economic and social development of the Partner States without the full participation of women”.

(c) Economic Community of West African States (ECOWAS)

Among the organizations currently in observer status with ECOWAS is the West African Women’s Association (WAWA) which was recently elevated to the status of a specialized agency of the community as recognition of the importance attached to women’s contribution in all sectors of development in the sub-region. The objectives of WAWA are to: i) contribute to the realization of the unity of the sub-region by an effective integration process of member states of the ECOWAS; ii) initiate common projects in the priority sectors; iii) participate fully in the restoration of a new economic order and its benefits; iv) organize workshops and seminars on subjects of interest in the sub-region; v) initiate and develop research programmes on women living and working conditions; vi) promote experience-sharing between the ECOWAS member Sates; and vii) encourage cooperation among ECOWAS member States.

A national unit of WAWA has been created in most ECOWAS member States, which serve as relay for the implementation of WAWA programmes. The ultimate aim is to establish a national unit in every Member State.

### (d) Southern African Development Community (SADC)

SADC countries adopted a Declaration on Gender in 1997 and established a gender liaison desk within the Secretariat. The SADC Declaration on Gender is an example of the institutionalization of the Beijing and Dakar Platforms. It endorsed a policy framework for mainstreaming gender in all SADC activities and an institutional framework for advancing gender equality by creating a new Department of Strategic Planning, Gender, Development and Policy Harmonization. Following the restructuring of SADC, the mainstreaming of gender became one of the core functions of the organization. Each directorate, and all the supporting units and departments have been given a mandate to include gender issues as one of the operating strategies. The Gender Unit has developed a framework to guide capacity building and staff training, focusing on gender analysis and gender mainstreaming. The Unit has also collected gender resource and reference materials, which are sector specific and relevant to the work of the directorates.

### (e) Common Market for Eastern and Southern Africa (COMESA)

Chapter 24 of the COMESA treaty has two articles (154 and 155) which touch upon the gender issues. Article 154 is mainly concerned with the integration and participation of women at all levels of development especially in decision-making, while Article 155 deals with women involvement in business especially at the policy level and effective participation of women in common market trade and development activities.

COMESA has compiled data on the needs of women’s business associations and has developed a sub-regional information and business centre. Both COMESA and the African Federation of Women Entrepreneurs (AFWE) have facilitated the exchanges with women from south Asia that have led to joint ventures and important partnerships in areas of food processing and packaging.

### (f) Other women's initiatives

There are many women movements all over Africa aimed at integrating women in economic activities and protection against discriminative laws and social settings. One of the main initiatives is the Gender and Economic Reforms in Africa (GERA) programme, a pan-African research and advocacy programme established in 1996 by women from across Africa in order to influence economic policies and decision-making processes in Africa from a gender perspective. Committed to gender equality and economic justice, the programme supports African women to undertake a variety of African-designed policy research and advocacy projects that meet country and region-specific needs. Since 1996, GERA has supported 16 action-research projects in 11 SSA countries. Also on a Pan-African scale, Femmes Solidarité Africaine (FAS) has led successful interventions in the Mano River Union countries. FAS have worked with ECOWAS, OAU and ECA in facilitating women’s participation in the peace process.

(g) Participation of Women in Africa

Despite the efforts and concerns of the regional groupings on the importance of gender mainstreaming especially at the decision-making and policy levels, women empowerment and participation in Africa is still limited as is shown in Table 3 below which gives details of women participation at various categories in different regions of Africa.

Table 3. Participation levels of women in Africa

| | Women in Parliament (%) | | Women in Government (%) | | | | Administrators and Managers | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Ministerial Level | | Sub-ministerial Level | | Female (%) | | Female/Male Ratio | |
| Region | 1986-1996 | 2000 | 1980 | 1995-1997 | 1980 | 1995-1997 | 1980 | 1995-1997 | 1980 | 1995-1997 |
| Africa | 8.5 | 9.1 | 6.8 | 8.3 | 5.9 | 7 | 11.4 | 11.6 | | 0.2 |
| Central Africa | 7.2 | 7.7 | 5.1 | 4.8 | | 6.6 | | 9.6 | | 0.1 |
| East Africa | 8.2 | 11.8 | 8.5 | 9.9 | 7.8 | 8 | | 12.2 | | 0.2 |
| North Africa | 2.9 | 3 | | 5.9 | 2.3 | 4.4 | 12.9 | 13 | 0.2 | 0.1 |
| Southern Africa | 20.6 | 20.6 | 6.5 | 11.5 | 9.4 | 9 | 14.1 | 14.2 | 0.3 | 0.3 |
| West Africa | 7.4 | 5.7 | 8.7 | 8 | 5.5 | 7.3 | | 9.3 | | 0.1 |
| AMU | 2.7 | 3.5 | | 4.4 | 3.2 | 5.7 | 14.5 | 14.2 | 0.2 | 0.1 |
| Cen-SAD | 4.7 | 2.9 | 3.8 | 6.4 | 3.2 | 4.7 | 10.8 | 1.8 | | 0.1 |
| COMESA | 6 | 7.8 | 6.8 | 7.3 | 6.1 | 6.4 | 11.3 | 10.8 | | 0.2 |
| ECOWAS | 7.4 | 5.6 | 8.7 | 8 | 5.5 | 7.3 | | 9.3 | | 0.1 |
| SADC | 16.3 | 19.5 | 6.5 | 9.7 | 8.5 | 9 | 14.2 | 13.9 | 0.3 | 0.3 |
| UDEAC/CEMAC | 8.6 | 5.8 | 4.2 | 5.7 | 6.8 | 5.1 | 9.1 | 1.1 | | 0.1 |
| WAEMU | 7.8 | 8.6 | 7.7 | 9.6 | 8.5 | 9 | | 13.2 | | 0.1 |

***Source: ADB, Gender, Poverty and Environmental Indicators on African Countries (2002 – 2003), Table 1.12***

A general overview of women participation indicates that the percentage of women in parliament remained below 10 per cent between 1986 and 2000. There was a slight increase of 0.6 per cent from 8.5 per cent (1986-96) to 9.1 per cent in 2000. At the Government ministerial level, the figure rose from 6.8 per cent in 1980 to 8.3 per cent (a 2.5 per cent increase), between 1995 and 1997. The proportion of women administrators and managers show a marginal increase between 1980 and 1997 but remained slightly above 11 per cent. At the regional level, most of the regions had below 20 per cent participation in parliament and below 10 per cent at government level between 1980 and 1997. Participation in administration and management was better than in government, which might be explained by private sector acceptance of women workers and also women entrepreneurs.

The structural and governance issues which need to be addressed at, national, regional and international levels, to improve gender representation in the formulation of trade policy including: i) integrating gender analysis and gender perspective in the development and implementation of trade policy-making and negotiation; ii) mainstreaming gender in trade ministries and related government agencies; iii) strengthening research, documentation and dissemination of information on including through the education system the gender implications of trade policies; iv) including civil society and other key stakeholders in the determination of trade agendas; v) increasing women's participation in all decision-making levels; and vi) democratize the processes and practices of the multilateral trading system.

## D. Lessons Learned and the Way Forward

Analysis of trends in African trade indicates that sub-regional integration arrangements have not been successful in increasing trade in terms of market access and economic growth both within the region and across the world. The poor performance can be attributed to some impeding structural characteristics of the economies involved as well as to the approach pursued in promoting regional integration. Some fundamental problems areas prevalent in almost all the regional economic groupings may be summarized as follows:

i. Overlapping memberships, which make implementation of trade agreements difficult due to; first, conflicting obligations, particularly when trade blocs have different rules of origin or tariff reduction schedule. Second, countries already facing economic and financial difficulties cannot afford the administrative costs of participation in multiple agreements, which has made some countries fall behind on their obligations to the trade groups.
ii. Low level of structural complementarities of the economies, which inhibit expansion in production and opportunities for trade creation. This promotes a dominant commodity sector geared to raw material exports hence manufactured goods production tends to be weak and not competitive.
iii. Heavy reliance on tariffs for fiscal revenue: Reduction or entire elimination of tariffs will affect custom revenues which can be quite severe considering the high share of custom duties in public revenues for many African countries.
iv. Lack of political will to establish supranational institutions and to implement agreed treaties and mandates: African governments showed little desire to subordinate domestic political and economic interests to supranational institutions with long term regional goals. Consequently, there remains an inclination to create inter-governmental institutions with multiple and overlapping protocols and mandates and few enforceable mechanisms. In effect, national sovereignty and interests have often been placed ahead of long-term regional goals.
v. Import substitution policies: Harmonization of trade policies and reduction of import restrictions have not received sufficient attention. Generally, the import-substitution philosophy is not compatible with trade liberalization and has led to the establishment of inefficient industries protected by high tariff barriers and the maintenance of overvalued exchange rate systems.
vi. Inadequate mechanisms for equitable sharing of the costs and benefits of regional arrangements, which ultimately eroded members' commitment to, and support for, regional groupings.
vii. Low involvement of civil society: Regional integration appears to be an exercise of the political elite, bureaucracies, and in some cases, foreign organizations. The population, which is supposed to be the ultimate beneficiary often hardly knows what regional integration is all about.
viii. Weak institutions at national and regional level: Many regional institutions are inadequately staffed and lack adequate funding since member countries tend to accumulate huge arrears and thus deprive the very institutions that are meant to promote regional integration of resources needed to fulfill their mandate.
ix. Lack of co-ordination and harmonization of economic policies: Due to lack of political commitments, there is weak or no incorporation of regional agreements into national plans and policies.
x. Over-ambitious goals of regional organizations coupled with unrealistic time frame for achieving these goals.

During the Seattle and Doha trade conferences, it was noted that participation of African countries have considerably increased in trade negotiations in the multilateral trading system though trade capacity gaps with the rest of the world remain large and may be increasing. The emerging complexity of global markets and the new challenges of the multilateral trading system requirements expose developing countries to major competitiveness and policy challenges. This calls for new approaches in capacity building aimed at helping African countries and regions to develop sound trade policy frameworks which will address a wide range of trade-related challenges and opportunities, promote local ownership of trade development efforts, reduce donors influence on local trade policies, and enable the individual countries to sustain and upgrade trade-related capacities over a long period.

The OECD policy brief on "Trade and Development in the New Global Context – The Capacity Dimension" (September 2001) describes capacity development for trade today is about mobilizing participatory approaches to deal with complex trade agendas. Trade capacity building enhances the ability of partner country policy-makers, enterprises and civil society actors to: i) collaborate in formulating and implementing a trade development strategy that is embedded in a broader national development strategy; ii) strengthen trade policy and institutions as a basis for reforming import regimes, increasing the volume and value-added of exports, diversifying export products and markets and increasing foreign investment to generate jobs and exports; iii) participate in – and benefit from – the institutions, negotiations and processes that shape national trade policy and the rules and practices of international commerce.

Recent capacity building efforts in Africa point out that the following prerequisites are necessary for effective capacity building:

i. Individual countries and regional grouping should identify their own capacity gaps and allocate the resources provided by collaborating partners and from their contributions to bridge the gaps. This will enhance the local ownership of capacity building efforts, which, in turn, will promote participation in negotiations on their objectives and positions. The local ownership also facilitates the establishment of a viable institutional framework to support the various stages of negotiation.
ii. Strengthening the existing institutional framework established under the auspices of the OAU, as a basis for the build up and sustainability of trade negotiation capacity.
iii. Continued enhancement of the existing participation in trade negotiations by all African countries trade policy makers, private sector commercial interests, civil society, the media, and research communities in future capacity building efforts.
iv. Since African countries generally share similar interests and concerns in trade negotiations (including intra-regional negotiations), they have learned from each other during negotiation preparatory processes on sharing the best practices.
v. Enhanced coordination between international and regional agencies to avoid duplicating their interventions, and to allow the recipient countries and their network of regional organizations and national constituencies to take the lead role.

These prerequisites were reiterated during a regional workshop on "Trade Capacity Building (TCB): Experiences in an African Context" (Mombasa, Kenya, 26-27 August 2002) as the fundamental recommendations which should form the basis for future trade-related capacity-building programmes in Africa. The workshop recommendations can be summarized as follows:

i. The need for a new a "new culture of capacity building", which can help reinforce Africa's capacity to identify its interests in and influence international trade policy discussions and negotiations, and identify strategies for effective “supply-side” responses.

ii. Clarify the scope of trade capacity building, based on African countries’ own strategies through development of national trade strategies with clearly identified objectives and priorities. “Defining TCB needs to start at home: by preparing a comprehensive trade strategy, based on a realistic diagnostic of the trade potential of the country and supply-side bottlenecks. At this early stage, the neutrality of external assistance should be ensured for ownership to be genuine.

iii. Foster African stakeholder dialogues for sustainable and locally-owned trade capacity building by identifying and engaging key stakeholders; all relevant Ministries and Agencies, the private sector, civil society and research community in negotiation preparation processes. Credible and effective mechanisms for dialogue with a clear and realistic mission are fundamental for its effectiveness.

iv. Foster coordination and enhance synergies in trade capacity building efforts in Africa. It is fundamental to coordinate trade capacity efforts and programmes between donors and regional groupings and between programmes themselves like JITAP, IF and Trade Policy Review Mechanism (TPRM)/Investment Policy Reviews (IPR).

Since it is difficult to capture the economic complexities of Africa’s individual countries a general policy framework, new approaches should be adopted; first where each country assesses their capacity gaps and take the lead in designing their own capacity building activities. Second, there should be concerted efforts for governments within regional groupings to make their policies complementary to ensure implementation and compliance with the regional trade agreements. Third, all actors (government ministries, private sector and civil society) in areas concerning trade development should be involved especially in decision-making at all levels. Four, deliberate efforts should be made towards increasing the participation of women at all levels (national, regional and international) of the Multilateral Trading System.

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# V. CAPACITY BUILDING NEEDS OF AFRICAN COUNTRIES IN THE AREA OF TRADE IN SERVICES

**Mr. A. Pallangyo**

## Introduction

Despite Africa's participation in international trade in services being low, the domestic service sector is relatively large – contributing about 40 per cent to the gross domestic product (GPD) of Uganda, 56 per cent in Zambia and 33.2 per cent in the United Republic of Tanzania. In developed countries such as the US, the service sector accounts for as much as 80 per cent of GDP.

Trade in services is the fastest growing area in international trade, accounting for up to 25 per cent of the trade in goods. However, Africa's share of this is small, accounting for only 2 per cent of trade. Many African countries were expecting to raise their share of international trade in services after signing up for GATS, but this has yet to happen. In Kenya, South Africa, the United Republic of Tanzania and Zimbabwe, tourism is an important source of foreign exchange. Benin, Côte d'Ivoire and the United Republic of Tanzania get revenue from shipments from neighbouring landlocked countries transiting through their posts, while Ghana and Mali receive remittances from their citizens working in the service sectors abroad.

## A. The Key GATS Issues Relative to Capacity Building Needs for African Countries

African WTO member States have not fully participated in the GATS negotiations as expected and have yet to exercise their rights relating to GATS, which is one of the key WTO agreements. The following issues are therefore critical in enhancing Africa's capacity building in GATS:

### *1. Development of a National Knowledge Base on GATS*

This entails the development of a renewable and sustainable knowledge base on GATS that can inform government institutions, business organizations, and individual businesses and other stakeholders so that they, in turn, participate more effectively in the MTS. In addition this will create capacity for enhancing national structures and mechanisms that can support effective implementation and enforcement of GATS.

### *2. Development of Appropriate National Network in the Context of GATS*

At the core of this effort is the establishment of the National Enquiry Point for GATS; the creation of Tanzania's Association of Service Exporters; the establishment of national networks of experts, resource persons and trainers; training of local professionals; and the establishment of mechanisms for cross-country sharing of knowledge and experiences on GATS issues.

### *3. Enhancing the Capability of National Enterprises and Institutions to Conduct Business in Services with New/Existing Markets*

At the core of this effort is a review of the impact of GATS on the national business community, the identification of national priority export service sectors, and the formulation of appropriate sector strategies and related enabling policies to reduce existing internal bottlenecks and to increase the supply of the services to meet demand in identified markets.

### *4. Negotiating Trade in Services in the Post-Doha Work Programme*

This implies capacity enhancement for effective participation in the negotiations under GATS; this can take the form of a constructive dialogue between government institutions, the business sector, and civil society in order to advise the Government of their concerns on GATS issues on which decisions need to be taken by the country. At the core of this effort is the effective utilization of the national consultative mechanism and arrangements on WTO, which already exist in the respective countries.

In the context of addressing concerns for Special and Differential Treatment implied by Article IV of GATS, the following issues need to be pursued:

- Identify interests and objectives for the concerned country;
- Strengthen domestic service capacity and efficiency;
- Improve access to distribution channels and information networks;
- Liberalize market access in sectors of interest;
- Identify and formulate sector-specific development needs;
- Identify key issues to include in the negotiations;
- Link market access commitments to capacity-building programmes for the respective sectors.

In the request/offer process the tasks to be undertaken by concerned country include:

- Evaluation of trading opportunities for the priority service sectors;
- Export market value for the sectors;
- Current barriers to trade in selected services;
- Possible Market Access and National Treatment Commitments;
- Possible MFN exemptions;

In formulating initial offers the particular country's concerns should focus on:

- Identifying trade and developmental interests;
- Promotion of FDI;
- Infrastructure improvements;
- Transfer of technology;
- Reduction/elimination of domestic supply gaps; and
- Other social/economic/ national policy objectives.

## B. Existing Weaknesses and Opportunities in Addressing GATS Issues in African Countries

Service sectors of many African countries are still in their infancy. Constraints facing the industry are many. These include poor physical and soft infrastructure and inadequate capacity in human resources, technology and capital. Others include inadequate regulatory and institutional capacities, jurisdictional problems, and unmet expectation arising from unfulfilled technical assistance promised by developed countries. Coupled with these constraints the private sector is weak to face the challenges of liberalization and globalization.

Even though trade in services is steadily increasing its share contribution in the economy of many African countries, no comprehensive study has so far been undertaken in most of these countries to evaluate the export potentials of the service sector. Though this assessment and evaluation is provided for in GATS under Article XIX, this matter is now left to the care of individual member countries. This is an issue which requires priority attention in view of the fact that such studies have been carried out in some countries e.g. Kenya and Uganda.

The findings of the Summative Evaluation Report on the Joint Integrated Technical Assistance Programme (JITAP) in 2002 indicate that:

- Substantial resources of the programme were spent directly on capacity building in the context of WTO issues in general. In human resource development (HRD) the approach used has been to generate a supply of local trainers who can be instrumental in stimulating a chain reaction in training. About 80-100 persons have been trained in each of the eight JITAP country members, through three-week, two-week and one-week workshops and seminars.

- There was a relative neglect of national institutions in the host countries, which have a dedicated commitment to training in trade-related areas. There was little effort to engage these institutions in the task of HRD in relevant areas of trade. The creation of sustainable capacities for HRD in trade therefore requires the closer engagement of these institutions.

- The use of new technologies to maintain and develop the network of trainers has been quite successful. Videoconferences have proved a very cost-effective way of updating information on trade issues and encouraging some networking and debate between the trade agencies and trade representatives in Geneva, on the one hand and the Inter-Institutional Committees (IIC) participants in the various JITAP countries, on the other.

- The Communication and Discussion Facility (CDF) was a useful site to store documents about JITAP activities in each country and in this respect it has been useful as a dissemination tool about JITAP. But problems in some JITAP countries with access to a computer let alone the Internet limit the CDF's use as a primary source of communication for JITAP stakeholders.

- The reference centres also had an important role to play in JITAP by helping to inform discussions about WTO and other international trade issues/opportunities in government, the private sector and universities. The provision of documents and equipment (notably computers) to link to information on the Internet has been considered quite useful in most instances. The most successful reference centres have usually been those found in libraries/documentation centres primarily targeting the private sector.

- The National Enquiry Points (NEPs) which were established for standards and in some cases for SPS issues provided their services to foreign companies enquiring about national standards and by national companies wanting to know more about standards in foreign markets. In view of the growing importance of the services sector there is need to consider the enhancement of capacity building for National Enquiry Points for services in African countries, some of which have not as yet even established such NEPs. This is a requirement under Article III of GATS.

Not only have African countries failed to take advantage of the technical assistance and special and differential rights, but these provisions have sometimes been incorrectly conceived. There have been complaints that WTO's agenda for least developed countries suggests an incorrect diagnosis of the technical problems facing LDCs by the organization. For instance, WTO has identified the absence of technical capacity as the main problem, in complete disregard of the role of the unsuitability of some of its rules. Rather than helping developing and least developed countries to enhance their capacity to exploit the special and differential provisions and rights, the technical assistance programme only helps these countries to meet their obligations under WTO agreements.

### C. Capacity Building Opportunities Through Regional Trade Agreements (RTAs)

Article V of the GATS provides an exception to the general obligation of MFN treatment for countries that are members of an RTA. An analysis by UNCTAD has noted that the majority of African RTAs, as presently constituted, do not contain any substantive obligations, or specific commitments on services, and hence do not take advantage of the flexibility provided by Article V between developing countries. Article V allows room to exclude modes of delivery and sectors, as well as the maintenance of discriminatory measures with regard to national treatment.

On the other hand, one of the avenues by which African countries could increase their influence in the WTO negotiations is the adoption of a regional approach and strategy. This is widely recognized in Africa today and enshrined in OAU treaties and in agreements between groupings of countries. It is acknowledged that regional cooperation and integration has strategic importance in enhancing the capacity of African countries to negotiate among themselves and expand their productivity and export capacity, and provide a strong and collective political base for joint strategizing as far as WTO and other international fora are concerned. Regional integration is an insurance against the marginalization inherent in globalization.

While the EAC Customs Union is expected to be established before the end of the year**,** promising developments have occurred, in recent years, in the East African regional telecommunication system. First, both Uganda and Kenya have committed certain communication services. For the purpose of projecting East Africa as a single market to attract more foreign direct investment, it may be necessary for the three countries to adopt a common strategy and coordinate their commitments. The three countries should also consult with each other to determine the optimal regional liberalisation of telecommunications and to design strategies for foreign investors.

There are a number of other service sectors that hold the greatest promise as far as regional/joint approaches to the WTO and GATS are concerned. Transport services, particularly air transport and shipping services, is one of the service sectors with immense potential for benefits under a coordinated regional and possibly African approach to negotiations at the GATS. Through consolidation of the regional and continental capacity in the provision of these transport services together with strong and unified negotiations, East Africa and Africa at large could reduce foreign domination in the provision of these services and raise the volume of exports from the continent.

Tourism could also benefit greatly from cooperation among neighbouring countries from economies of scale in areas such as training and information sharing, joint programmes on environmental conservation and marketing. Joint ventures in tour companies among members of regional and sub-regional groupings presents an avenue through which East Africa and Africa at large could acquire tour companies whose influence can be felt internationally.

With regard to trade in services, ECOWAS customs union will allow members to lower market access barriers among themselves while they jointly maintain barriers towards non-members. The Revised Treaty appears to have substantial coverage of services sectors and modes of delivery, because it does not specify which particular services are covered. To this extent, the Treaty conforms with the observation by UNCTAD that it neither contains substantive obligations or specific commitments, nor does it utilize or incorporate the flexibility provided by Article V of GATS.

SADC decided to liberalize trade in services as far back in 2000, so as to avail itself of Article V of GATS and the flexibility provided for therein. The mandate and guiding principles for the decision are as follows:

i) Member States agreed to the use of the GATS-Plus and SADC-Plus approaches and the consolidation of these two approaches, thus resulting into a three-track approach. The consolidation of these approaches could lead to the development of a regional negotiating strategy.
ii) GATS-Plus approach: Sectors subject to commitments in the WTO should be the starting point, and members could consider what preferences they could extend to SADC members going beyond the commitments in WTO in the six priority areas. The agreed sectors are communications, construction, finance, tourism, transport and energy. Work on the collection of laws and regulations for the sectors by the respective Member States were thus considered urgent. For those countries without commitments in the sectors, the laws and regulations in the country will be instrumental in the negotiations.
iii) SADC-Plus approach: Negotiating on the basis of the existing progress made in liberalizing trade in services under the relevant Sector Coordination Units. The starting point being the status quo of each of the priority sectors for determining SADC preferences. This will involve all the stakeholders, e.g. the different Ministries dealing with the sectors.

## D. Capacity Building Needs in the Area of Trade in Services: Case Study of Tanzania

The analysis of capacity building needs for the United Republic of Tanzania in trade in services in this section of the report is set out in terms of:

(i) Awareness of GATS through seminars, workshops, symposia;
(ii) Training in short, mid and long term implying the existence of specialized experts;
(iii) The existence of research facilities in the particular sector, including the academic ones;
(iv) Capacity building of the negotiating skills of policy makers;
(v) Private sector/civil society involvement
(vi) Initiatives for addressing capacity building needs for trade in services in the United Republic of Tanzania.

The above analysis has been carried out largely in the context of the institutions responsible for the sectors of finance, tourism, telecommunication and construction services.

***1. The WTO National Focal Point - Ministry of Industry and Trade (MIT)***

Though MIT is expected to provide leadership in trade policy formulation, encompassing relations with the WTO as well as unilateral trade policy, the Ministry's mission does *not* include responsibility for some other multilateral trade issues. The Ministry of Finance (MOF) leads on the ACP-EU (Lomé and Cotonou) aid and financial issues, and the Ministry of Foreign Affairs and International Co-operation (MFAIC) on other multilateral affairs, including the non-financial aspects of regional economic cooperation and Cotonou.

A recent review of MIT indicates that it has little capacity for the core analytical tasks that can be considered as day-to-day requirements for an institution leading on trade policy formulation and negotiations. These include:

- protection analysis (nominal or effective)
- trade bias analysis;
- tariff dispersion analysis;
- tariff revenue projections; and
- development of competitiveness indices.

Resulting from this weakness, MIT has relied extensively on the use of outside consultancies for specialized studies on a number of issues. This appears to reduce opportunities for in-house capacity building.

There is also constraint on analytical capacity building in access to, and maintenance of, high-quality and up-to-date data. Procedures are not currently in place in MIT to collect these data routinely, and the human and financial resources to institutionalize the tasks are not in place.

Relevant and timely training for career development is also not readily available to MIT staff. Donor priorities have typically had greater influence on access to specific training than have been the needs of MIT itself. Participation in training, where it is available, is also typically determined in an ad-hoc fashion without coordination or targeting on specific staff positions.

In the context of the EAC and SADC, direct participation in negotiations has generally been strong. For the foreseeable future, the key negotiating processes facing the United Republic of Tanzania outside Africa will be centred on Brussels (the Cotonou process) and Geneva (negotiations under the WTO Doha agenda). The United Republic of Tanzania's presence in both is inadequate, to say the least, as is the staffing position for these responsibilities at MIT on one hand, and MOF and MFAIC on the other. This seriously impales the effective coordination between these Ministries in Dar-Es-Salaam and at Geneva, Brussels, SADC and EAC in connection with the WTO, Cotonou and Regional negotiating processes respectively.

As a WTO member, the United Republic of Tanzania, has submitted very few notifications to the WTO as part of its transparency requirements. Examples of the few notifications, which have been submitted, include some aspects of the Agreement on Agriculture, TRIPS and the Agreement on Technical Barriers to Trade (TBT). Thus this is indicative of more fundamental capacity weakness, namely that there is little or no systematic monitoring of relevant trade-related policies to assess their WTO compatibility.

### 2. *Financial Services Sector*

The Ministry of Finance (MOF) is responsible for the overall institutional policy leadership to the finance sector.

The focal point in MOF is the Policy Analysis Department (PAD), which is well endowed with technical skills. It has a mandate to monitor, analyse and contribute to trade policy. The MOF's interest in trade policy is confined to the ability of trade to contribute revenue. It is noteworthy that the Ministry does not, for example, see any need to monitor trade policy as part of macro-economic policy nor does it engage effectively in GATS issues.

On the other hand, the Tanzanian Revenue Authority (TRA), which is an executive agency under MOF, is responsible for producing and maintaining disaggregated trade data and its Research and Policy Department (RPD) undertakes some basic analysis and forecasting of tariff revenues. Whilst RPD's staff capacity is relatively strong, there is still a high dependence on external consultants to undertake policy analysis, particularly through the University of Dar es Salaam and the Economic and Social Research Foundation (ESRF). There is need therefore in broadening their capacities in a number of related areas, particularly:

- WTO trade policy analysis and GATS negotiations;
- Estimating the welfare implications of regional integration processes with particular reference to trade in services.

The Ministry, in conjunction with TRA, has played a central role in developing proposals on tariff rates and bands in the context of East African Community and SADC negotiations. Both MOF and TRA have also participated directly in EAC negotiations on the formation of the Customs Union and the establishment of the Common External Tariff (CET). In addition TRA was instrumental in the exercise of making the United Republic of Tanzania conform to WTO on Customs Valuation.

To date, MOF and TRA have had very little role in WTO/GATS policy issues and negotiations. This is largely because the revenue implications of WTO tariff bindings have, in most cases, been negligible for the United Republic of Tanzania. Applied rates are typically far lower than WTO bindings as a result of unilateral trade policy liberalization preceding implementation of WTO tariff binding timetables.

On the other hand, the Bank of Tanzania's Department of Trade, Finance and Investment Policies (DTFIP) provides analysis of policy developments in the areas of international trade, finance and investment, providing inputs into, and coordinating with, the work programmes of other Ministries and departments, particularly the MIT and MOF. Its specific objectives in trade policy issues include:

- Monitoring developments in international trade organizations, particularly WTO;
- Providing policy advice on regional integration agreements;
- Developing and monitoring implementation of anti-dumping legislation in the United Republic of Tanzania;
- Analysing and making recommendations on competitiveness;
- Advising on opportunities arising from trade preferences, particularly in the context of ACP-EU trade arrangements; and
- Maintaining information and data on trade indices for regional and international trade initiatives related to the WTO, EAC, SADC, AGOA and ACP-EU relations.

Several Bank officials receive trade policy training each year on WTO, World Bank, IMF and UNCTAD courses. These are, by and large, financed through the Bank's own resources.

The training undertaken so far through MOF and TRA do not appear to have a particular bias on GATS issues. This is a matter which needs to be addressed in future especially because the Institute of Finance Management (IFM), which in a way serves the sector, has started introducing specialized courses on MTS issues.

***3. Tourism Services Sector***

The overall policy of the sector is under the responsibility of the Ministry of Natural Resources and Tourism (MNRT). The key institutional arrangements for the promotion, development and regulation of tourism in the Ministry includes the:

Tourism Division, which has the responsibility over:

- Tourism policy, research and planning;
- Licensing and registration;
- Grading standards and inspect;
- International relations;
- Product development and investment;
- HRD planning/policy;
- International relations;
- Industry coordination.

Tanzania Tourist Board, which has the responsibility over:

- Destination marketing;
- Information services;
- R&D.

National College of Tourism, which has the responsibility over:

- Centres of Excellence;
- Delivery of training;
- Consultancy.

The Ministry is currently engaged in the process of reviewing, updating and rationalizing the Executive Agencies Act of 1997, the Tanzania National Tourist Board (Amendment) Act of 1992, the Tourist Agency Licensing Act of 1969 and the Hotels Act of 1963. This will pave the way for the preparation of a legal framework for tourism organizations i.e. what should be the respective roles, functions and legal powers of the Ministry, the Tourism Division and the Tanzania Tourist Board (TTB).

The Ministry of Natural Resources and Tourism (MNRT) has had, in the past, very little involvement in trade policy dialogue and as such it was not involved in the evolution of the Strategic Trade Policy (STP) 2002. There are currently no officials in the Ministry who are responsible for monitoring trade policy issues, although the STP assigns joint implementation responsibility for a number of areas to MNRT, notably in services trade and trade-related environment issues. Therefore the WTO and GATS in particular, appear to be on the back burner. The MNRT and its institutions are more conversant and have closer working relationship with the World Tourism Organization than with the World Trade Organization.

The most significant trade issues for tourism services can be expected at the regional level, in both the SADC and EAC contexts. Initiatives proposed include travel facilitation such as elimination of visa requirements at common borders between member countries, a tourism "univisa" and free movement of transportation. At the EAC level there are draft proposals on the grading and classification of hotels which once approved would be implemented as legally binding on all the three member States. In 1997 the Regional Tourism Association of Southern Africa (RETOSA) was established for the SADC region and in 1998 the Protocol on Development of Tourism was signed by SADC member states.

There is thus need for MNRT to assign an official at least part time to monitor services trade negotiations at the multilateral and regional levels, with a view to analyzing their implications for the United Republic of Tanzania. Future training on services trade should include Ministry officials, since tourism is likely to remain the United Republic of Tanzania's largest service export. There are currently no trade policy analysis skills in the Ministry and no training has been provided or sought in these areas. They are also not reflected in the training programme for the tourism department for 2001-2002.

***4. Telecommunications Services Sector***

At the national level the sector is under the Ministry of Communications and Transport, which is responsible for the overall policy guidance, and the strategic development of the sector. The Ministry is also responsible for other service activities including road, rail, water and air transport. It is further responsible for port/harbours services and meteorological services.

The Directorate of Policy and Planning plays the key road in the promotion and development of the crosscutting issues for the various service sectors under the Ministry. In view of the heavy responsibilities placed under the Directorate, it finds itself unable to cope with the different activities under the Ministry. Though the Directorate is aware of GATS in general, their technical staffs are not quite fully conversant with the various aspects of GATS particularly in relation to the current negotiations.

The awareness and knowledge of GATS has normally been acquired through the Ministry and Industry and Trade, which is the focal point for WTO. Thus the Directorate as no direct linkage in communication with the WTO in Geneva. This also refers to any short-term training through seminars/workshop in which the Directorate has participated.

Under the JITAP institutional arrangement, a senior staff member of the Directorate chairs the Sub-committee on GATS and for that reason it was suggested that the Ministry should be the national enquiry point for GATS. This recommendation has never been implemented in terms of the required financial and technical support facilities.

The Ministry of Communication and Transport, on the other hand, through the relevant Directorates, has very close working relationship with a number of international and multilateral organizations. Such organizations include the International Telecommunication Union (ITU), the Universal Postal Union (UPU), the Pan African Postal Union (PAPU) the International Civil Aviation Organizations (ICAO) organization, the International Maritime Organization (IMO) and a number of regional organizations under SADC and the East African community.

Following the reform measures initiated in 1993, the telecommunication sector is regulated and monitored by the Tanzania Communications Commission in order to foster competition through licensing of operators and franchise holders. It also defines interconnection and tariff policies as well as allocating and monitoring of radio frequencies. The Commission is also responsible for preparation of numbering plans, revenue sharing arrangement and monitoring compliance with standards.

### *5. Construction Services Sector*

The industry in the United Republic of Tanzania is constrained by numerous factors which need to be addressed and these include among others; low capacity and capability of local services suppliers; unfavourable terms for local suppliers to participate in various donor funded projects; low technology and low productivity and quality and above all inadequate supportive policies and strategies.

At the institutional level the construction service sector falls under the responsibility of the Ministry of Works, which is responsible for the construction and maintenance of roads, bridges and government buildings. Among other responsibilities, the Ministry is also responsible for the development and regulation of the registration, monitoring and control of professionals and firms engaged in the construction industry. This involves registration of contractors, quantity surveyors, architects and engineers.

The Ministry, through the Directorate of policy and planning is aware of GATS but because of a shortage of staff, it relies on the National Construction Council (NCC) to follow up on GATS issues. The National Construction Council is a very effective consultative machinery for the stakeholders of the sector, which essentially includes building contractors, quantity surveyors, architects and engineers. The NCC meets regularly after every two years through the construction industry forum to exchange views and ideas relating to the promotion and development of the sector.

The outstanding challenge facing the sector is how to succeed towards competitiveness in the international market for construction and engineering services. As a process towards international competitiveness, it is prudent to start by aiming at regional markets. This process could start with jobs within East Africa and in the Southern Africa Development Community region. Formulation of strategic alliances with foreign firms could equally help local firms acquire international competitiveness at much faster pace. It is therefore important to join hands with big international construction firms to enable the infant local sector acquire the requisite knowledge and experience required in the international market.

The NCC is a member of the IITC sub-committee on GATS and for that reason it has participated effectively in the discussions relating to the preparation of the United Republic of Tanzania's position in the current GATS negotiations.

### *6. Other Stakeholder Organizations*

#### 6(a) Confederation of Tanzanian Industry

The Confederation of Tanzanian Industry (CTI) has had a certain influence over trade policy in recent years. From 1996 onwards, its advocacy role has grown. In response to the more consultative approach to policy formulation by GOT, CTI has made conscious efforts to build its analytical capacity. There is an internal training budget of TSH 7 million (approximately US$

7,100). There are six standing committees examining policy issues, the most significant of which include the Fiscal Policy and Taxation Committee and the Economic Affairs Committee.

The types of trade policy issues that CTI is, and has recently been, involved in are:

- The application of tariff bands in the United Republic of Tanzania's tariff schedule according to the degree of processing of the product concerned, to improve local producers' abilities to compete with foreign producers.
- The preparatory meetings on the EAC Customs Union protocol. Of particular concern to CTI in this context, is the competitiveness of Tanzanian manufacturers under EAC free trade, particularly relative to Kenya, because of the United Republic of Tanzania's "infant" industries;
- Participating in several national and regional committees on SADC and in the sensitization of members and the public on SADC Protocol and its implications and potential impacts;
- WTO policy issues and the development of national positions in preparation of WTO Ministerial meetings.
- Participation in the development of the STP 2002.

In recent years, CTI has received technical co-operation from SIDA and has a capacity building attachment facility with the Confederation of Danish Industries (CDI) under which CTI staff are assigned to CDI positions to receive on-the-job training.

6(b) Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA)

One of TCCIA's key trade-related concerns is that the United Republic of Tanzania currently has no comprehensive regional integration block that is reflected in its domestic laws. It has therefore lobbied the Government strongly to reflect the SADC Trade Protocol in domestic legislation. The Government has ratified the Protocol but concerns remain on its potential revenue impact. Likewise on AGOA, which offers tariff preference in the United States for around 6,000 products, TCCIA has lobbied GOT for its early approval. Now that this has been granted, the Chamber has identified a short-list of products in which the United Republic of Tanzania has immediate trading opportunities.

TCCIA is also closely involved in trade negotiating processes, particularly those relating to the EAC Protocol, and specifically issues of intra-regional tariff elimination, CET rates and implementation timetables, non-tariff barriers, and regional harmonization of tariff exemption regimes and export promotion measures.

TCCIA is active in the preparations for the WTO Ministerial Conferences. It is engaged in activities to sensitize businesses to the opportunities arising from SADC, EAC, SACU-MMTZ, AGOA and the EU's Everything But Arms arrangement.

TCCIA receives technical co-operation from UNDP, the Netherlands (through its Private Sector Development Programme), SIDA and GTZ. SIDA support is in the form of a US$ 2 million 3-year support programme up to December 2004. These resources are being utilized to build a self-sustainable structure from Headquarters down to the district level.

6(c) Civil Society Organizations

Many CSOs and the constituencies they represent are affected by the impacts of trade policy in general, but not many take an interest in it directly. Thus none of the CSOs in the United Republic of Tanzania consider trade policy issues their primary concern.

Under the present conditions in the United Republic of Tanzania, the question, which needs to be addressed, is what should be the qualities of effective representation by CSOs on trade matters and on GATS in particular. These qualities include:

- The analytical ability to trace through the effects, direct and indirect, of trade policy instruments upon the interests of the poor;
- Capacity to set the analysis within the context of the Government's market economic policies;
- Ownership by those whose interests the CSO seeks to represent;
- Persuasive power to influence Government and public opinion;
- The capacity and independence with which to critically assess the policy agendas of CSOs' funding organizations, such as international Non-government organizations, in order to ensure it supports policy advocacy positions supportive of pro-poor trade policies in the specific Tanzanian context;

Very few of the existing CSO's have the academic and research capabilities to carry out the above responsibilities. Those that have these capabilities include: the Economic and Social Research Foundation (ESRF), Research on Poverty Alleviation (REPOA), and the University of Dar Es Salaam.

### *7. Initiatives for Addressing Capacity Building Needs on Trade in Services*

The government has been initiating various reforms in services sectors and has undertaken unilateral measures on priority areas for development including local private sector development and attraction of foreign investments. The United Republic of Tanzania has notified to GATS scheduled commitment under the tourism sub-sector of tourist hotels, which was made after the conclusion of the Uruguay Round of trade talks in 1994.

The United Republic of Tanzania's commitment schedule is as outlined below:

| **Tanzania: Tourism and Travel Related Services - Hotels and Restaurants** | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Modes of Supply: 1)** Cross-border, **2)** Consumption Abroad, **3)** Commercial Presence, **4)** Presence of Natural Persons | | | | | | | |
| | | | | | | | |
| **Sector** | | **Limitations on Market Access** | | | **Limitations on National Treatment** | | |
| | | | | | | | |
| Hotels of four stars and above *2 (CPC 641-643) | | **1)** | None | | **1)** | None | |
| | | **2)** | None | | **2)** | None | |
| | | **3)** | Acquisitions of domestic firms and mergers by foreigners are subject to approval<br>The acquisition of land by foreigners or domestic companies which are deemed foreign because of foreign equity ownership is subject to approval | | **3)** | Unbound | |
| | | **4)** | Unbound except for measures concerning senior managers that possess skills not available in Tanzania | | **4)** | Unbound | |
| | | **Footnote(s):**<br>**2) Applies exclusively to 4-star hotels and above, as defined by Tanzanian legislation.* | | | | | |
| | | **Additional Commitment(s):**<br>*1. The Investment Promotion and Protection Act provides areas where foreign direct investment is allowed except for sectors specifically reserved for nationals.* | | | | | |

The above commitment made by the United Republic of Tanzania is a token by any measure of comparison. It is said that this allows the United Republic of Tanzania more room for maneuver in the current and future negotiations. Uganda and indeed Kenya have made much deeper commitments in the sub-sector of Tourism and Travel Related Services and even extended the courage of services to include: Telecommunications, Financial services, Transport (air and road) services in the case of Kenya and for Uganda the coverage includes telecommunication services.

The implementation of the reforms initiated by the government in the United Republic of Tanzania has achieved substantial liberalization in the services sector. Laws and regulations have been introduced to protect the industry in order to:

- Give time to the Government to implement necessary measures and reforms, which will allow increased participation of local private sector;
- Allow skills development; and
- Enhance technology development;

The existing laws and regulations exert some limitations in terms of market access and national treatment to service providers but these may need to be reviewed in the process of making commitments so as to ensure that they are respectively consistent with Articles XVI and XVII on Market Access and National Treatment.

In preparation for the current services negotiations the Joint Integrated Technical Assistance Programme (JITAP) in the United Republic of Tanzania financed a short-term consultancy to analyze the laws and regulations affecting trade in services. This exercise has helped the United Republic of Tanzania to be in a better position to evaluate the requests, which have been addressed to it by a number of the WTO members. It has also assisted the United Republic of Tanzania to begin the process of preparing its own requests and possible schedule of commitments under GATS and by so doing facilitate the participation of the United Republic of Tanzania in the negotiations process.

The first step in this direction was the compilation of the existing national laws and regulations or measures which affect trade in services in key specific services sectors of Construction, Finance, Tourism, Communications and Marine Transport. The compiled laws and regulations are those, which indicate the limitations or measures, which affect trade in services in terms of GATS Article XVI (Market Access) and Article XVII (National Treatment).

## E. Conclusions and Recommendations

The findings from the analysis made on the capacity building needs for African Countries in the area of trade in services, lead to the following conclusions:

- There is a noticeable growing importance of service Sectors to the GDP and export earnings for African countries.
- In recent years African countries have undertaken considerable reforms leading to updated laws/regulations in keeping with changing environment and globalization.
- These reforms are basically addressed nationally and in response to attraction of foreign investments.
- In some cases, the international or multilateral linkages of the reforms are mainly in relation to the specific or relevant sectors at the national level for example tourism with the World Tourism Organization, telecommunication with ITU and financial services with the IMF or the World Bank.
- There are no aggressive efforts to promote the export of Service sectors in most African countries.
- On the other hand the awareness of GATS in the context of WTO is minimal in view of the fact that most of the training conducted so far has been short-lived mainly through 4 to 5 days seminars and workshops.
- No major studies have been undertaken to determine the potential of the export value for many African countries’ service sectors.
- There are no serious commitments by Government at policy level in promoting knowledge or providing training on GATS.

- It is only now that institutions of higher learning including the universities are beginning to consider adapting their curricular to MTS issues particularly with respect to GATS.
- There is no conscious national effort to coordinate the promotion and development of trade in services.
- Such concerted and coordinated efforts would need to take all the stakeholders into account i.e. the government, business community, civil society organizations and the academia.
- The majority of RTAs –as presently constituted– do not contain any substantive obligations, or specific commitments on services, and hence do not take advantage of the flexibility provided by Article V of GATS between developing countries.
- Many RTAs in Africa have not fully taken advantage of the fact that regional integration is an insurance against the marginalization inherent in globalization.

The identified capacity building needs in the area of trade in services for African countries arise from a review of a number of relevant studies and reports, which have been produced in recent years by different experts and at various seminars, workshops and other fora. The analysis is also a result of interviews and interactive discussions with the key stakeholders of the selected service sectors in the United Republic of Tanzania as a case study. The needs identified reflect the concerns or deep interest in GATS issues. These requirements can be categorized in terms of short and long-term solutions.

In view of the growing importance of the service Sector, this warrants more attention by the government and other key stakeholders and for that reason the following issues deserve consideration in mapping out the capacity building needs for African countries in the area of Trade in Services:

(a) Short Term Capacity Building Needs

- Facilitation of the establishment of a National Enquiry Point for GATS in those African Countries where this has not been done.
- Detailed study on the service sectors to determine existing and potential export value where this has not been done.
- Identify specific sectors of services that require sectoral implementation of S&D provisions in the GATS.
- Prepare studies for service sectors for inclusion under services liberalization in some preferential regimes and regional or sub-regional trade agreements**.**
- Establishment of national exporters association of service sectors operators and suppliers where this is yet to be done.
- Design training programmes on international trade issues adapted to the needs of different audiences, such as policy makers, businessmen, parliamentarians, journalists at the national level
- Short-term training for up to 3 months at Geneva or at Nairobi on GATS in particular issues of interest.
- Enhancement of the full involvement of the various service sectors in the existing national consultative machinery on GATS to enrich negotiations or the position of African countries in GATS
- Ensure that information regarding negotiations on trade in services is widely disseminated at the national level, by using alternative methods so as to reach different target audiences. There is something to be learned from the JITAP

experience particularly with regard to the Communication and Discussion Facility and Videoconferencing.

- Promotion of the existing and new training or research centres on GATS. This could be sector-by-sector e.g. financial service through the existing Institutions of Higher Learning.
- Facilitating short-term training to equip African countries in the art of processing notifications with respect GATS issues.
- Design short and tailor-made courses for undergraduate and postgraduate students on specific international trade issues, as well as Internet courses on trade issues through distance learning and other modalities.

(b) Long-Term Capacity Building Needs

- Introduction of GATS as part of the MTS issues in the curricula of the institution of higher learning where this has not been done.
- Graduate/degree level studies for tutors who will then take on the responsibility of training the undergraduates.
- Legal support for adaptation into the national law any commitments made by the United Republic of Tanzania in the context of GATS.
- The impact of services liberalization on the national economy in general and the need to put in place GATS compatible legislations and regulatory frameworks**.**
- Improve the data collection of statistics (for instance on productivity) and data on measures affecting trade in services that are relevant for regional and multilateral negotiations and for the formulation of national economic policies related to the key service sectors. Improve the dissemination and the training on UNCTAD trade analysis and information system (TRAINS) and measures affecting services trade (MAST) databases.
- Establish mechanisms to regularly update the key stakeholders on the evolving trade agenda and information regarding the GATS.

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