

Better Exploration of Trade as a Means of Poverty Reduction in Zambia

The Project

With support from the Embassy of Finland in Zambia, CUTS International Lusaka is implementing a project entitled “Better Exploration of Trade as a Means of Poverty Reduction in Zambia” (BETAMPOR).

The objective of the BETAMPOR project is to build capacity of state and non-state actors (especially at grassroots) in order to strengthen their participation in aid for trade initiatives, particularly in regard to the implementation of Enhanced Integrated Framework activities in Zambia.

The EIF is a special initiative established to respond to trade-related developmental needs of least developed countries so that they could become more active players and beneficiaries of the international trading system. One precondition of being a beneficiary of the EIF programme is for countries to conduct Diagnostic Studies and Action Matrices which identify potential sectors as priorities and constraints which they face.

The project seeks to complement the activities being undertaken as per the Zambian Diagnostic Trade Integrated Study (DTIS) and Action Matrix, such as awareness raising and capacity building of grassroots constituents across the country on benefits of the EIF programme.

A range of cross cutting activities has been undertaken by CUTS. They include:

- Sensitisation workshops in four provinces (Luapula, Copperbelt, Eastern and Southern);
- Television programmes;
- Research (Review of Zambia’s DTIS and Action Matrix, analysis of the process of implementation of aid for trade initiatives); and
- Production of advocacy materials.

Based on these activities, advocacy and lobbying with the concerned state and non-state actors have been conducted. All these interventions are ultimately envisaged to contribute to realising one of the main objectives of the EIF, i.e. country ownership.

Key Findings

Enhanced Integrated Framework can be a catalyst for promoting the role of trade in Zambia’s national development and can further help Zambia to address supply-side constraints and other trade-related infrastructure challenges. Zambia needs a programme like the EIF to diversify its economy, enhance trade and address poverty issues. The EIF programme emphasises on the need to identify small-scale pro-poor projects that have immediate and significant impact on the livelihood of marginalised but economically viable communities in rural as well as urban areas.

For the EIF to be effectively implemented and produce the much needed results, it has to be thoroughly domesticated – not only through the creation of institutional arrangements but also by ensuring that actual beneficiaries are a part of the process. Domestication through the promotion of country ownership and inclusiveness in the design and implementation of EIF-related activities is one of the core principles of the EIF.

Before CUTS’ interventions, the discussions and debates on the implementation of the EIF in Zambia were mostly confined within the Ministry of Commerce, Trade and Industry and National Steering Committee of the EIF.

Consultations were limited to Lusaka-based stakeholders.

The BETAMPOR project is an example of involvement of diverse stakeholders in different provinces in Zambia and also the public at large through the effective use of media. Through various interventions, CUTS realises that despite having diverse and sometimes conflicting interests, different stakeholder groups should be brought together through institutional arrangements possessing norms, rules and procedures which can facilitate convergence of expectations.

Under this project, sensitisation workshops provided diverse stakeholders with an opportunity to highlight concerns regarding their livelihoods and how trade can play a positive role. For example, the workshop in the Copperbelt Province led to a realisation of the potential of Zambia to diversify its export base beyond minerals. The workshop in the Luapula Province identified soft and hard infrastructure constraints faced by agricultural producers which are hindering them to get better market access.

Furthermore, besides ensuring a reasonably knowledgeable constituency on EIF-related matters, the provincial workshops were an effort to link grassroots

producers with the National Implementation Unit (at the Ministry of Commerce, Government of Zambia) so that they can benefit from the EIF projects. A women-led dairy group, *identified by CUTS*, in the Copperbelt Province, called *Cinci Wababili*, has been included in a dairy project proposal that is being developed by the National Implementation Unit.

As a result of extensive stakeholder consultations, the following sectors are identified as having potential for trade in the country:

- Fish
- Beans
- Rice
- Sun flower oil
- Fruits (mango, banana, orange)
- Cassava
- Groundnuts
- Palm oil
- Poultry and goat rearing
- Sugar
- Honey and beeswax

While reviewing Zambia's DTIS, CUTS observed some disconnects between trade-related sectors identified as priorities and the priority needs of small and marginalised producers. This observation provided the basis for further advocacy under the BETAMPOR project.

The Government of Zambia, through the National Implementation Unit, has appreciated this observation by CUTS. Terms of Reference for reviewing the DTIS has been prepared and discussed among a diverse group of stakeholders including CUTS and a consultant has been engaged to undertake this review. Following that a new Action Matrix will be prepared.

This review will benefit from interacting with the constituency on EIF-related matters, particularly at grassroots. CUTS has been given the responsibility of ensuring that such interactions take place in a forward-looking manner.

CUTS is also doing research on the process of implementation of aid for trade initiatives in Zambia. Preliminary results indicated that Zambia receives a considerable volume of aid for trade.

In 2009, US\$129 million was received as trade-related aid but there is a lack of effective monitoring of aid for trade projects as well as the inability on the part of the Government of Zambia to develop innovative communication tools to bring the success and utility of aid for trade projects to the public at large.

Learning

Research

- To continue informed discussions on aid for trade initiatives in general and EIF in particular, it is crucial to conduct supply-chain analysis and design appropriate projects to strengthen the supply chain.
- Zambia being a land-locked country, there should be research showing the imperative of regional aid for trade initiatives to enhance regional trade in Southern Africa region, particularly in commodities which ensure the satisfaction of basic needs.

Advocacy

- The revised DTIS and the resultant Action Matrix should identify sectors which have the potential for facilitating inclusive growth.
- Trade should be mainstreamed to Zambia's national development plan by identifying macro-micro gaps on trade-related activities.
- There is a need for greater stakeholder involvement in the implementation of aid for trade initiatives so as to provide better and easily accessible information to the public at large on benefits and challenges of trade.
- Trade-related infrastructure development should be given priority while implementing EIF projects and there should be a functional and an effective system of infrastructure regulations so as to generate local economic development.

Networking

- A network of non-state actors including those representing consumer and business interests should be in place so as to exchange regular information and knowledge on mainstreaming of trade into national development and the effectiveness of aid for trade initiatives in particular

KEY MESSAGES

- Strengthen the involvement of non-state actors in the process of formulation and implementation of trade policy in general and aid for trade initiatives in particular.
- Small and marginalised group of stakeholders, especially small producers facing challenges to get better market access and marginalised consumers facing livelihood challenges should be the focus of aid for trade initiatives.
- Increase support to civil society organisations working on trade and regulatory issues so as to generate new knowledge and expertise for bridging macro-micro gaps in mainstreaming trade into national development discourses.