

**REPORT ON THE PROCEEDINGS OF THE SENSITIZATION WORKSHOP ON
BETTER EXPLORATION OF TRADE AS A MEANS OF POVERTY REDUCTION
(BETAMPOR) PROJECT**

16TH OF FEBRUARY 2011

CROSS ROADS LODGE IN CHIPATA

1.0 Introduction

On the 16th of February 2011, Consumer Unity and Trust Society (CUTS) International Lusaka held a sensitization workshop on the “Better Exploration of Trade as a means for Poverty Reduction (BETAMPOR) Project” at Cross Roads Lodge in Chipata. Therefore, this is a report of the proceedings at the workshop. The workshop was attended by over forty participants drawn from Business Associations, Civil Society Organisations, and Community Based Organisations and women groups.

2.0 Welcoming remarks by the Acting Centre Coordinator (Mr. Simon Ng’ona)

The Acting Centre Coordinator welcomed the participants and explained the mission and purpose of the workshop. He said the (BETAMPOR) Project, sought to contribute to the effective implementation and ownership of the Enhanced Integrated Framework (EIF) and Aid for Trade agenda in Zambia. He then ran the participants through the agenda of the meeting and minor amendments were made. He also mentioned that part of the process was the setting up of the Eastern province Charter which was expected to be an interface between the province, CUTS and the National Implementation Unit under the Ministry of Commerce, Trade and Industry. It was requested that participants introduce themselves for the purpose of starting interactions.

3.0 Introduction to CUTS /the EIF Process by Board Chairperson (Ms. A. Chime)

In his opening remarks, Ms Chime welcomed everyone and acknowledged the presence of the Eastern Province Permanent Secretary Mrs Syiyamujaye. She extended her gratitude to the Finnish government through the Finnish Embassy in Zambia, for supporting the in country EIF process and the BETAMPOR project and reminded participants that it was not the first time CUTS had visited Eastern Province. She drew the participants to a time when CUTS visited Eastern province during the implementation of the Market Linkages project.

She then introduced CUTS as an organisation which began in India; Jaipu in 1983 and that the organisation had now embarked on programmes which included issues of competition, investment, trade and good governance. It was further mentioned that the Lusaka office was opened in 2000 and its passion was among other things, trade and improvement of livelihoods.

4.0 The Enhanced Integrated Framework (EIF) process

Ms Chime said besides having market access initiatives such as the Accelerated Growth and Opportunity Act (AGOA), most Least Developed Countries (LDCs) still had constraints to access the markets especially springing from the supply side. It was then said that as a result, several development agencies put up a framework called the Integrated Framework which was later enhanced to Enhanced Integrated Framework (EIF). The purpose of this initiative is to help LDCs to build their trade capacity. Further, she said Zambia had established the National Implementation Unit under the Ministry of Commerce, Trade and Industry (MCTI) and CUTS was a member of the Trade Expansion Working Group.

Ms Chime further said people were supposed to benefit from such initiatives through coming up with viable programmes. It was also heard that some of the objectives of the EIF was capacity building and that countries were encouraged to conceptualise proposals and send them to the Executive Secretariat in Geneva for consideration.

In closing, she mentioned that CUTS was an evidence based organisation engaged in research work in the areas it covers through which it bases its interventions and discussions. She then thanked the participants for finding time to convene with CUTS.

5.0 Remarks by the Permanent Secretary – Eularia Mwale

She opened the workshop by inviting participants to be attentive and to seek clarifications were they felt they needed it. She expressed her delight and appreciation to officiate at the workshop and through her weight behind all the activities and said she was totally committed to the objectives of the project. She acknowledged that one of the challenges producers faced was lack of information about initiatives such as the EIF and re-emphasized government commitment in ensuring that trade, through increased productivity and competitiveness among producers was enhanced. She further said government had embraced the process of trade mainstreaming in the National Development Plans. She underpinned her awareness of the objectives of the EIF as being to deliver trade related technical assistance to which Zambia was a part.

She welcomed CUTS to Chipata in particular and Eastern Province in general and was hopeful CUTS was going to explain how people of Eastern Province could benefit from the EIF.

After conclusion, she was informed by the CUTS Acting Centre Coordinator that CUTS had visited Copperbelt and Luapula and Charters had already been established and so a charter was to be established in Eastern Province as well. He also took this opportunity to inform the PS and participants that the EIF Secretariat in Geneva was headed by a Zambia and countries such as Yemen had already done well as far as submitting its proposals was concerned. In reacting, the PS urged the participants not to be intimidated by processes and that the EIF was just opportunity Zambia needed and such, people were supposed to benefit from it.

6.0 Expectations

Participants were asked on the expectations of the workshop to which responses such as the need for continued visibility of CUTS in the province was underscored. Participants also said they expected other agencies such as the Zambia Development Agency (ZDA) to be present in such meetings to which the ZDA representative gave an immediate response. He said that the agency had funds available for the youth and the women and people were welcome to call on his office.

Further, participants said they were expecting CUTS to highlight how the province could benefit from trade and trade can be made sustainable.

7.0 Poverty Trends in Zambia – How trade can contribute to the reduction process (CSPR)

Mr William Chilufya began by defining poverty as a lack of basic needs such proper health care, education and food. He said besides the growth that Zambia had recorded in the past years; many people were defined as poor. Mr. Chilufya pointed to some challenges to growth as poor infrastructure, low quality of human capital, inefficiencies in public expenditure management, limited access to land and said that the current poverty levels stood at 64% for Zambia. Trade was therefore one of the avenues through which poverty could be reduced especially when the poverty reduction strategies were taken as a central element of trade.

Further, it was said that trade was the main activity people were engaged in and that trade was closely related to sectors such as agriculture and the small to medium enterprises. As a result of increased incidences of trade, it was assumed that the more people trade the more profit they make from fair trading and logically, it is assumed the better their livelihoods become. Mr. Chilufya was also quick to point that trade is not properly handled can also be a source of poverty.

Due to the perceived importance of trade, the Sixth National Development Plan (SNDP) that government launched in February of 2011 sought to expand bilateral and multilateral trade and the increasing of market access. He also said that the SNDP had identified e-commerce, trade facilitation and the implementation of the EIF was key to trade for Zambia. He then concluded by saying that trade can therefore be a tool for reducing poverty in a society or country.

7.1 Plenary

During the plenary discussions, participants felt high poverty levels were as a result of poor linkages between structures of the economy. They said products may be there but what was lacking is proper logistics, marketing structures and access to markets that could pay premiums for their products. It was said that this was much more difficult to people in the rural areas where even information was a problem. It was also mentioned that fear was also a factor that prevented most farmers and small scale enterprises from reaching sources of information and funding and this was made even worse by the high illiteracy levels in Zambia.

It was also said that besides information on markets and the availability of initiatives such as the EIF, it was also imperative that people are urged to add value to their produce in order to get favourable returns. It was also important to encourage people to be innovative and use whatever means was at their disposal where ever they were.

Farmers present complained that institutions such as the Food Reserve Agency and similar organisations were responsible for fuelling poverty in rural areas because of their poor buying behaviour and often delayed payments.

The CUTS Acting Centre Coordinator reminded the participants that they were living in an increasingly competitive world and the quality, quantity, pricing and commitment were paramount in the world of trade. It was also said that it should be upon a business person to look for markets and not wait for government alone.

8.0 Eastern Province Export Potential Sectors/Industries – Mr. Emmanuel Musonda (CSPR)

To begin with, Mr. Musonda gave a description of Chipata District as situated some 600kms North –east of Lusaka and covering a total land surface area of 2,616km² according to a State of the Environment Report 2009. He said the total population of the district was estimated at 430,099 with a growth rate of 3.5 percent and that over 80% of the total population lived in rural areas according to the Living Condition Monitoring Survey of 2004. He further said that agriculture accounted for more than 80% of the economical activities practiced in the district.

It was mentioned that trade was only possible if people had something to trade and such as was made possible because of the favorable environment of chipata. Chipata was said to have relatively availability of arable land, Labor (skilled and unskilled), the availability of a favorable agriculture framework (2004-2015), the Golden Triangle (Nacara Corridor) initiative, conducive weather conditions, a regional demand for agro products (EBZ Report 2008) and plenty of forest resources.

He mentioned that tobacco, maize, groundnuts and cotton were the commercially viable crops for the district and province as they had shown a general tendency for high productivity. From groundnuts, it was said that products such as cooking Oil, peanut Butter, groundnuts snacks, stock feed, plumpy nuts and G/nuts Seed Industries could be set up viably. On the other hand, maize would result in maize meal, the stock feeds, sweet drinks and maize seed industries that could easily be exported to other provinces and the neighboring countries. There was potential in the cotton industry such as linting, clothes production and cooking oil production and also stock feed production while tobacco would, besides cigarettes, draw with it supporting industries such as banks, transport companies and other auxiliary services.

Eastern Province was ranked third in the hierarchy of livestock (cattle) production (CSO 2004) hence had the potential to support the dairy (milk and cheese), meat and the tannery industries (hides – shoes, leather bags and coats) while the district had also potential to produce high grade

quantities of natural honey and beeswax which could support many industries in turn. He said the major challenges preventing the district and province from exploiting its potential were; inadequate capital investment in infrastructure development; poor linking and rural road network, non-existing value adding structure and inadequate storage facilities.

8.1 Plenary

There was a general complaint that organisations were not owning up to their promise and that many had visited the district and province to offer help so that the potentials the province have could be exploited but vanished later on in thin air. In response, the CUTS Acting Centre Coordinator said that it was important to be noted that accountability was important and that once an organisation was registered, it was registered for the people and not for itself. He also said that by virtue of CUTS seating on platforms such as the Trade Expansion Working Group in the Ministry of Commerce Trade and Industry, it would channel some of these highlights and revelations through these platforms. It was also said for the purpose of keeping channels of information open between the province and the CUTS, a charter was to be created as part of the workshop proceedings through which information could be channelled and accessed.

It was also said that most farmers were not able to produce because of capacity issue and where they tried, they were suppressed by competition from big companies. In response, a CUTS representative said what was important was to focus and have clear goals and in doing so, observe and respect the tenets of competition, quality and adhere to acceptable standards.

9.0 Background to the EIF in Zambia (CUTS A/Centre Coordinator)

CUTS Acting Centre Coordinator, Mr. Simon Ng'ona said the purpose of the Integrated Framework was to enhance LDCs' capacity to trade and said that currently, the LDCs' trade share internationally was lower than 1%. It was therefore important to transform Poverty Reduction Strategies (PRS) from only focusing on social development issues; health, education and other basic needs. He said PRS programmes paid little attention to the needs related to productive capacity and trade development therefore, the EIF was meant to address issues of

production and trade in poorest countries. Through clarifying the best suited policies to; achieve sustainable economic growth and ensure that the most marginalised and impoverished also benefit.

He said the initiative was launched by a number of development agencies, revamped in 2001 and enhanced in 2004 to the current Enhanced Integrated Framework (EIF). One of the conditions for acceding country was to undertake a Diagnostic Trade Integrated Study (DTIS) and come up with an Action Matrix on how the constraints identified were to be solved. Zambia did its DTIS in July of 2005 and the exercise was validated. Despite these developments, there was a lack of country ownership and limited engagement of country stakeholders especially the grassroots.

He further said that the government to date had managed to set up the National Implementation Unit (NIU) under the Ministry of Commerce, Trade and Industry (MCTI). He also said Zambia had embraced the concept of trade mainstreaming in National Development Plans (NDP) and that in collaboration with IDLO, Zambia managed to formulate a proposal covering Technical Assistance and Capacity Building activities covering Intellectual Property, investment and Economic Partnership Agreement negotiations for Funding by the Finnish Gov under Aid for Trade.

Seven years after Zambia's ascension to the EIF, no actual and tangible results of enhancing productivity and diversification have been achieved to date. Although the EIF DTIS and action matrix had been prepared for Zambia, there was still a significant gap between its content and the priority needs of many stakeholders, especially marginalized groups in rural provinces who were facing several developmental challenges and ironically, the excluded groups included those that had a huge bearing in shaping up of trade in any country. As a way forward, it was important to properly redefine trade and development related priority areas through a more inclusive approach – that was, better (more knowledgeable) participation of non-state actors in the trade policy-

making process in Zambia and in the planning and implementation of projects under trade-related initiatives such as the EIF.

Mr. Ng'ona said Civil Society Organizations and CUTS in particular were doing their part by taking the discussions of the EIF from the ministry to the grassroots and other stakeholders in order to achieve a critical mass of participation in the process. To date, CUTS had conducted sensitization activities in four provinces, held sector specific round table meeting with (private sector/producers, parliamentarians) and participated in the review of the DTIS and took upon itself to carry out research on the rice value chain and an evaluation of Zambia's DTIS.

9.1 Plenary

The participants wanted to understand why the women's participation was not given prominence and if individuals were also encouraged to send proposals and the allowable sectors to which proposals should come from. In response, Mr. Ng'ona said that the proposals were supposed to be in line with the national strategic documents and also have a national bearing. He also said that it was preferred to have the proposals done at group level and at the NIU level; the proposals would be collapsed into strategic proposals with broader focus. On women participation, he said it was also CUTS view that the process should be engendered. He reminded participants that in case they succeeded, monies would not be disbursed to them but provided for in terms of their need such as equipment.

10.0 Project Conceptualisation/Tier 2 Guidelines (CUTS Team)

The Acting Centre Coordinator started his presentation by emphasising the importance of advance planning and preparation for successful grant writing proposal. He further stated that solid planning simplified the writing stage and that there was also need to formulate as many realistic proposals as possible to access funds being leveraged under the EIF. He strongly urged the participants to be truthful in their writing and not over stretch situations as that would reduce integrity of their proposals. He tipped participants that a well written proposal was a key factor in the grant makers decision making process hence the need to ensure that a proposal described a program/project for change; proved that there was a significant need or problem; be able to show the possibility to deliver an answer to the need or solution to the problem based on experience and ability throughout the proposal. There was also need to include funding purposes and

priorities, and applicant eligibility; determine whether the grant maker's goals and objectives matched with your grant seeking purposes; state your organisation's needs and objectives clearly and concisely. This process required one to write well and be clear, factual, supportive and professional.

On the Tier 2 Guidelines, Mr. Muteto from CUTS also said that the projects that the EIF initiative was considering were those identified under the Zambia Action Matrix or the Poverty Reduction Strategies or the National Development Plans. Further, he said that the projects were liable for funding either from bilateral and multilateral local development partners, the EIF Trust Fund or from the countries own resources. The size of funding was said to be at most US\$1.5million and projects under this funding need to have a maximum life span of three years. On the categories of the envisaged projects, it was said that soft trade, supply-side capacity development projects and small infrastructure projects were considered on a case-by-case basis.

When putting up the proposal, it was said they must be a summary page whose purpose was to simply repeat key sections of the proposal i.e., objectives, results of the project, summary of the activities; summary budget, duration of the project, implementation arrangements, and that the budget should also state other sources of funding, including counterpart funding (if applicable).

To prove in-country endorsement, signatures of the Focal Point, Donor Facilitator and Chair of the National Steering Committee were also supposed to be appended.

Mr. Muteto said that the preparation of the projects should be in the context of and linked to the DTIS Action Matrix and/or national strategies (trade, export, PSD, etc) and a summary description of the sector targeted by the project and a highlight of constraints, in particular those the project will address clearly be elaborated. Further to this, there must be a clear definition of the project objectives; results that the project will achieve; the key outputs and activities that the project needs to include so that the results can be achieved.

Proponents were also supposed to list key risk factors for successful project implementation and these factors included those that could be mitigated by the project and those that were outside of the project. He went on to give examples of risks outside the project such as political risk, exchange rate risk, and those endogenous such as slow disbursement, slow implementation, lack of donor support and lack of support by the rest of the Government. Organizations were also supposed to identify and describe themselves if they are to be the Main Implementing Entity and they were also supposed to describe how the project would ensure national ownership.

10.1 Plenary

Participants raised concerns on the seemingly difficult processes of proposal writing and the processes that proposals were required to follow for approval. They also said that coming up with proposals themselves was a challenge as most lacked the technical skills to do such and hence more information and training was required. In response, Mr. Ng'ona said that the proposal writing process and the approval requirements were not supposed to be a drawback but a starting point. He said through the charter that was going to be formed, such information would be obtainable from this group and as a group, it was expected that the process would be much easier and faster and that CUTS was willing and stood ready to help with the proposals were need be. He further said that the will from the people was paramount and to be a driving force.

It was also said that markets access for Zambia was not a problem as various initiatives were in place but what lacked was the capacity to break into those markets and deliver quality and cost effective products.

Fears were further arrayed on the functioning of the National Implementation Unit to which Mr. Ng'ona said that though the unit was under the Ministry of Commerce, Trade and Industry, it was a project independent of government bureaucracy.

11.0 Formation of the Luapula Charter

The Acting Centre Coordinator facilitated the formation of the Charter for Eastern Province explaining that the Charter would be a Provincial Institution which would comprise of volunteers. The Charter would be an interface between the National Implementation Unit, CUTS International and the Province. Civil Society for Poverty Reduction (CSPR), Zambia Development Agency (ZDA) and the Eastern Province Chamber of Commerce and Industry (EPCCI) were proposed to lead the Charter while the membership was open to everyone present.

The leaders were urged to find time to meet and propose how they would want to work in the province and inform CUTS were need be for assistance in logistics and other formalities

12.0 Closing Remarks – Ms Chime

The Board Chairperson thanked all the workshop participants and reminded the participants that there was need to move away from just talking to taking action. She further stated that trade starts in small ways but if well nurtured would grows and urged the participants to develop bankable proposals for possible funding.