Report on the Provincial Sensitisation Workshop

On

The Enhanced Integrated Framework (EIF) for Poverty Reduction Project

March 19, 2009
Chinunchi Lodge, Luapula Mansa

Organised by
Consumer Unity and Trust Society Africa Resource Centre (CUTS ARC)

With Support from
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Welcome Remarks - Tyson Kalaba, Board Representative, Civil Society for Poverty Reduction (CSPR), Luapula Province

Tyson Kalaba welcomed the participants to the workshop. He informed the participants that CSPR is undertaking advocacy work in Luapula Province. He pointed out that poverty eradication upliftment of the vulnerable people . He emphasised the need to bring on board the Private Sector, Public Sector and the Civil Society in order to reduce poverty.

He hoped that the workshop would enable the participants to understand how Luapula was fairing in terms of poverty reduction. He further stated that it helped to understand the issues affecting the people. He emphasised that the workshop was very important and urged the participants to participate fully.

Remarks – Anthony Kasolo, CUTS Board Member

The CUTS ARC Zambia Board Member, Antony Kasolo stated that the country needed to move forward. He reminded the workshop participants that there was lack of development in most rural areas. He hoped that the workshop would find a way forward. He stated that the workshop was very important and urged maximum participation from the participants. Kasolo informed the participants that CUTS was a non-governmental organisation (NGO). The aim of CUTS is to act as a focal point and function as a resource, coordination as well as networking centre to promote South-South Cooperation on trade and development by involving state and non-state actors.

Kasolo informed the participants that the workshop in Luapula was the third to be held in Zambia. He thanked the Finnish Government for its financial support. He pointed out that the Integrated Framework Programme aimed to promote poverty reduction. He observed that poverty reduction does not tackle the issue of trade. He stated that there was a lot of trade in Luapula Province. He pointed out that there was lack of capacity to trade within Zambia and outside. "We do not have a good trade network", said Kasolo. "In other developed countries, they have prioritised trade" he said.

The Integrated Framework (IF) aims at developing countries to participate in trade. Kasolo informed the participants that developing countries were participating at less than one percent of international trade. "If we can participate at 10%, we can develop", he said. He informed the participants that the aim of the workshop was to build awareness about trade, identify the needs and strategies, and integrate strategies into national programmes, and develop the ability to look at trade differently. He urged the participants to be able to influence government. He reminded the participants that home grown solutions were important. He was happy to have participants from different organisations.

Opening Remarks – Charles Mpasa Makwaya, Mansa District Commissioner

The District Commissioner informed the participants that he was happy to officially open the workshop. He informed the participants that we had the capacity to make choices so that we could become part of the global trade.. He stressed that the evil of poverty needed to be overcome. He was hopeful that what is not achieved may be achieved now. He appealed to the participants to create awareness in the community so that people could create wealth. He stated that the things we have in our minds

determines what we do. "We cannot run away from the consequences of our choices", said Makwaya.

Participants Expectations

The following were the participants' expectations:

a) To know more about CUTS
b) To learn about trade opportunities that exist in Luapula Province
c) Awareness on what role the participants were supposed to play in the economic development
d) How to achieve poverty reduction
e) To learn about EIF for poverty reduction
f) How to network
g) To understand the concept of EIF and its strategies

h) Market Linkages
i) How to reduce the gap between the rich and the poor
j)
k) Learn ways and means to enhance capacity in trade development
l)

PRESENTATIONS

1. EIF – Background, Processes and Funding Mechanism – Patrick Chengo – CUTS ARC, Project Assistant
Session Chair: William Chilufya
Rapporteur: Samuel Simute

Patrick Chengo in his presentation gave the background to how the Enhance Integrated Framework (EIF) Programme started, the processes and funding mechanisms. Below is the extract from his presentation.

Background

The IF was initiated in October 1996 at the World Trade Organisation (WTO) Ministerial Conference held in Singapore. The IF was established to support the Least Developed Countries' (LDC) governments in trade capacity building and integrating trade-related issues into overall development strategies.

The programme is anchored by six core multilateral agencies namely the World Bank (WB), International Monetary Fund (IMF), International Trade Centre (ITC), United Nations Commission on Trade and Development (UNCTAD), World Trade Organisation (WTO) and the United Nations Development Programme (UNDP).

Objectives of Revamped IF

The objective of the IF was to improve the capacity of LDCs to formulate, negotiate and implement trade policies so at to be able to fully integrate into the multilateral trading system (MTS) and take up the market opportunities it presents.

When the six agencies met in 2000 to review the progress, achievements of the IF were found to be modest. They adopted a number of recommendations and implemented institutional changes in order to improve the IF effectiveness. Two main objectives were formulated for the revamped IF. These were:

a) to mainstream trade into LDCs' national development plans or strategies; and
b) to assist the coordinated delivery of trade related assistance.

Governance and Management Structure

A new governance and management structure was established to enable the IFto be more country driven and better coordinated. The revamped governance structure has the following:

a) Integrated Framework Steering Committee (IFSC) which is responsible for overseeing the IF, providing policy direction and assessing progress;
b) Integrated Framework Working Group (IFWG) which is responsible for managing the IF, monitoring implementation and overseeing the Trust Fund; and
c) Integrated Framework Secretariat which is housed at the World Trade Organisation

The Secretariat was later reinforced through the addition of the Integrated Framework Programme Implementation Unit, which includes three staff members working exclusively on the IF.

Enhanced Integrated Framework

An evaluation of the IF in 2003/04 recommended the enhancement of the IF. Following the recommendations by the Development Committee of the World Bank and the IMF at their meeting in 2005, the IF Steering Committee set up a taskforce to provide recommendations to enhance the IF. At the WTO Hong Kong Ministerial Conference in December 2005, Ministers reaffirmed their commitment to better integrate LDCs into the multilateral trading system and endorsed the three elements that would constitute the EIF.

Elements:

The following are the elements of the EIF:

a) provide increased, predictable and additional funding on a multi-year basis;

b) strengthen the IF in the country, including through mainstreaming trade into national development plans and poverty reduction strategies; more effective follow up to Diagnostic Trade Integration Study (DTIS) and implementation of action matrices; and achieving greater and more effective coordination amongst donors and IF stakeholders, including beneficiaries; and

c) improve the IF decision making and management structure to ensure an effective and timely delivery of the increased financial resources and programme.

Objectives:

The following are the objectives of the EIF:

a) to enhance the capacity of LDCs to take advantage of trade opportunities;

b) to mainstream trade into National Development Plans/Poverty reduction Strategies; and
c) to assist the coordination of delivery of trade related technical assistance (TRTA) and capacity building activities.

Principles:

EIF is built on the principle of country ownership and partnership. Multi-stakeholders are involved in the whole process including validation exercise. They are also involved in action matrix formulation and activity prioritisation.

IF/EIF Process

The IF implementation process consists of four stages. These are:

a) ***Awareness Building Stage***
This stage focuses on the role and importance of trade development in socio-economic development.

b) ***Preparatory Stage***
Involves preparation of DTISin order to identify constraints to traders, sectors of greatest export potential and an action matrix for better integration into the global trading system.

c) ***Integration Phase***
Integration of the action matrix into the national development strategy.

d) ***Follow-up Activities***
Implementation of the prioritised action matrix in partnership with the development.

Enhanced Integrated Framework Trust Fund

The Trust Fund is funded on a multi-donor basis and is managed by the United Nations Office for Project Services (UNOPS). The funds are provided under two Tiers. Tier 1 has a maximum of US$2,000,000. The funds are used for DTIS, updating and strengthening of EIF in country. Appraisal of Tier 1 is done by Tier 1 Appraisal Committee (TAC 1). Tier 2 has US$12,000,000 per country and funds are disbursed on demand. The proposals are appraised by Tier 2 Appraisal Committee (TAC 2). Financing of activities is based on priorities set in the action matrix.

Zambia's EIF Management Structure

The management structure comprises of the following:

a) ***Private Sector Development Reform Programme Steering Committee (PSDRP)***

It comprises of government agencies and private sector associations. It oversees PSDRP, provides policy direction and reviews progress.

b) ***Private Sector Development Reform Programme Management Unit(PSDRPMU)***

The unit is responsible for day-to-day management of PSDRP activities and working groups.

c) ***Trade Expansion Working Group (TEWG)***

It is responsible for implementing all trade expansion activities, providing EIF direction and overall monitoring of the EIF process and activities. Membership of the TEWG consists of the following: Ministry of Commerce, Trade and Industry (MCTI), Ministry of Agriculture and Cooperatives (MACO), Zambia Development Agency (ZDA), Zambia National Farmers Union (ZNFU), Zambia Export Growers Association (ZEGA), Zambia Association of Manufacturers (ZAM), Ministry of Finance and National Planning (MoFNP), Zambia Association of Chambers of Commerce and Industry (ZACCI), Zambia Business Forum (ZBF), Civil Society Trade Network Zambia (CSTNZ), Zambia Revenue Authority (ZRA), Finnish Embassy (Donor Facilitator) and UNDP (IF Fund Manager)

d) ***Focal Point***

MCTI is the focal point and acts as the secretariat. It houses the National Implementation Unit (NIU) which comprises of the Focal Point Advisor and the National Trade Expert.

e) ***UNDP***

It is the current local fund manager.

Accessing EIF Funds

The following procedure is followed for accessing funds:

a) Formulation of Proposals

The NIU is expected to evolve proposals. The NIUworks in close consultation with TEWG, the Donor Facilitator (DF) and the Executive Secretariat (ES). The proposals should be based on priority areas and have a clear result framework.

b) Appraisal and Approval of Proposals

The proposals are appraised and approved by TAC 2 in accordance with the guidelines. In appraising the proposed projects, the Local Project Appraisal Committee would consider the content of the projects, their relevance, their priority within the action matrix and their costing and implementation arrangements including the executing agency.

c) Execution Modalities

There are two modalities for execution of projects.

2. Status of Implementation of EIF in Zambia – Patrick Chengo – CUTS ARC, Project Assistant
Session Chair: William Chilufya
Rapporteur:

Patrick Chengo's presentation highlighted the background, purpose, progress made, opportunities, challenges and problems encountered during the implementation of the EIF in Zambia. Below is the extract from his presentation.

Need for IF

In late 1990s, Poverty Reduction Strategy (PRS) was used to promote social and economic development. PRS' attention was focused on social development issues such as health, education and other basic needs. PRS paid limited attention to needs related to productive capacity building and trade development.

The other reasons highlighted were that the international trade market share of LDCs is less than one percent and the need to address production and trade in the poorest countries. There is also a need to clarify what productive and trade policies are ideal for achieving sustainable economic growth and ensure that the most marginalised and impoverished also benefit.

The IF Initiative

This initiative was launched in 1997 by six agencies namely IMF, ITC, UNCTAD, UNDP, World Bank and World Trade Organisation. In Zambia the programme was launched in 2004. The DTISand action matrix was approved in July 2005.

Objectives

The following are the objectives for the IF Programme:

a) to better coordinate and pool resources by agencies;
b) to make trade issues a national development priority;
c) to support LDCsto better identify their trade development priorities; and
d) build trade capacity.

Steps for Implementing the EIF

The following steps at the country level were followed:

a) building awareness about trade;
b) identifying needs and responses;
c) integrating identified trade priorities into national development strategy; and
d) implementing the plan.

Problems:

Only 25 LDCs have completed their DTIS while 10 LDCs have started or will soon start the DTIS process. The following were the main problems encountered on the ground:

a) lack of country ownership; and
b) limited engagement of country stakeholders, especially from the civil society.

EIF

In 2005 during the World Trade Organisation Conference, WTO members recognised the urgent need to make the IF Programme timely and effective. An EIF was established in order to meaningfully integrate LDCs into the multilateral trading system.

The EIF supports the LDCs in strengthening the demand side through DTIS. It also acts as a catalyst for mobilising resources as well as providing a mechanism for coherence and coordination in addressing trade capacity needs.

Zambia's EIF Programme

The framework Programme has six components namely:

a) Trade Policy
b) Trade Capacity and Policy Coordination
c) Trade Facilitation
d) Standards, Quality Assurance and Metrology
e) Market Access and Market Penetration
f) AID for Trade

Outputs and Progress

The following has been achieved in Zambia:

a) NIU has been set up with Focal Point Advisor and National Trade Expert
b) TWEG has been reconstituted based on the new Terms of Reference
c) Aid for Trade and IF Strategy and Planning retreat for the TWEG
d) Zambia has embraced the concept of mainstreaming trade in its National Development Programmes and processes
e) Finalisation of the Commercial, Trade and Industry Policy, and submitted to the MCTI
f) Three–year (2009-2011) Programme Document has been drafted and awaiting approval of TWEG
g) DTIS activity matrix has been reviewed and amended
h) A formal request for the Sourced Technical Assistance (TA) for Intellectual Property (IP) needs assessment and legislative review and amendment including capacity building from TradeCom
i) In collaboration with International Development Law Organisation (IDLO), formulated a proposal for TA and CB covering IP, Investment promotion and EPA negotiations for funding by the Finnish Government under Aid for Trade
j) Two draft proposals on Small Holder Coffee Producers Development and Trade Policy and Discourse Capacity Building formulated in collaboration with UNZA
k) Implementation of honey and livestock value Chain analysis
l) Addressing IP implementation

m) Capacity Building priorities

Opportunities

Government is committed to PSDP and a wellinvolved and committed donor facilitator (Finnish Embassy).

Challenges

The following have been challenges:

a) Global macroeconomic and trade policy environment
b) Donor's willingness to support national trade policy and trade strategy initiatives and translate their commitment into sufficient funds being available on the supply side to match the demand side
c) Sufficient absorption capacity and ownership in Zambia
d) Stakeholders being open and responsive
e) Government trade facilitation
f) Participants' capacity to comprehend and understand the issues
g) Delays

Fund Mobilisation

Funds available under the EIF will finance two tiers of projects called Tier 1 and Tier 2. Tier 1 seeks to build greater capacity and country ownership. Tier 2 is aimed at facilitating the implementation of projects identified, DTIS, Action Matrix and initiatives under priorities under national development strategies.

Zambia and Donors

Funding for trade capacity building activities is mostly from existing bilateral donors. The EIF Tier 2 and Aid for Trade will be used to build the supply capacity and trade-related infrastructure needed to expand Zambia's trade.

Marketing, Monitoring and Evaluation

There is a need for a good marketing initiative for the EIF logical framework. A strong performance management system isneeded to be put in place for inspiring confidence among all partners in the reliability of information on development effectiveness.

Floor Discussions

1. How do we achieve country ownership of EIF work programme when the document is prepared in a capitalistic manner while our culture (anthropology) is socialist? How do we get people to understand it?

   The technicalities of the issues are well understood. The knowledge levels are low. It is for this reason that CUTS ARC initiated this project in order to create awareness at national level on the EIF. There is a lot of information on the EIF and MCTI is always ready and willing to provide such information. MCTI has also simplified the

EIF to make it possible for the people to understand. The foundation for the EIF is country ownership of the process. Ownership of the EIF can also be achieved by participation of all relevant stakeholders in the implementation, monitoring and evaluation of the EIF process in Zambia.

2. How does ownership of the programme relate to accessing of funds? What is the essence of ownership? Is it related to access to funds?

   The core objective is to create country ownership, a sense of belonging for the process. There is a need to get people on board, submit proposals to the EIF implementation unit in MCTI. It is being encouraged that these proposal are submitted by cooperatives or associations and not on an individual basis. In Zambia UNDP as the fund manager is monitoring the process along with the Finnish Embassy.

3. The conditions which are set are for accessing funds such as the Citizen Economic Empowerment Fund are not easy. The local people may not access the EIF funds. Presenter talked about the taskforces at national level. There is a need to have taskforces at local levels so that EIF funds can be accessed.

   There are no taskforces at the local level and this is a very important recommendation to the EIF team in Lusaka.

4. Are EIA meant to promote cross border trade only and not local trade?

   We are not promoting local cross-border traders. Both Cross-border traders and foreign investors need to be given incentives. Both local and international trade are included in the EIA.

5. Are we going back to trade policy protectionism in order to promote local trade?

   There is a need to promote both local trade and international trade. Engagement in trade should not crush the small businesses. The policies do not favour local producers. The policies should be conducive to both the local and International markets. Imported goods are highly subsidised hence the need for the government to put up measures to protect local imports from cheap imports.

6. Information on access to market is lacking. Many people do not know where the markets are? Is there a provision in the new concept to address this problem and that people can access the market?

   Market access has been an impediment especially in rural areas. Transportation costs in Zambia are also high., Cost benefit analysis shows sometimes a break even cannot be achieved due to high transportation costs. However, market information can be accessed from ZDA, MCTI and NGOs promoting market access.

3. **EIF: Its Relevance to Zambia and Poverty Reduction –** William Chilufya Provincial Laison Officer, CSPR
   Session Chair: Patrick Chengo
   Rapporteur: Samuel Simute

William Chilufya's presentation highlighted the link between trade and poverty and the major challenges to export expansion in Zambia. Below is the extract from his presentation.

Trade and Poverty

Reducing high levels of poverty underpins Zambia's development objectives. Understanding the link between trade policies and poverty reduction is essential for designing pro-poor interventions. Trade can stimulate both international and national economies.

Link between Trade and Poverty

International trade brings about benefits and losses to households both as consumers and producers or income earners. As income earners, households are affected when trade changes wages and agricultural income. As consumers, households are affected when trade changes the prices of goods consumed by the family.

Reducing Poverty in Rural Areas through Trade

Households can switch from subsistence farming to cash crop farming. Households can plant an additional hectare of cash crop without giving up subsistence farming. Household members may earn a wage working in other farms.

Reducing Poverty in Urban Areas through Trade

Poverty in urban areas can be reduced through trade. Many opportunities for export diversification and employment creation can occur in urban areas. This could result in higher wages. Growing manufacturing industry can foster backward linkages through the sourcing of raw materials. However, light manufacturing sector is generally low and unskilled labour is intensive. Forward linkages accrue in areas of marketing, advertising and distribution.

Trade in the Fifth National Development Plan (FNDP)

It focuses on an aggressive export promotion of targeted products, particularly those in which Zambia has a competitive advantage. The FNDP also highlights the following:

a) Improved market access for Zambian exporters
b) reduction of trade related supply constraints and building export capacity
c) improvement of the business environment and facilitation of private sector development
d) strengthening Zambia's negotiating and technical capacity in trade related negotiations
e) promote investments, especially of viable export sectors
f) Promote trade in services, especially of export nature
g) Monitor and strengthen domestic trade to ensure fair completion and consumer protection.

Major Challenges to Export Expansion in Zambia

The following were highlighted as challenges to export expansion in Zambia:

a) Poor infrastructure, including inadequate road and railway network
b) High costs of telecommunication
c) High transportation costs due to land locked status
d) Uncertain business environment, including high inflation, high tax rates, high cost of utilities, and burdensome regulations
e) Lack of modern technology
f) Inadequate access to credit facilities and high cost of capital.

Contrasting the IF and the FNDP

The following were pointed out in the presentation:

a) Non – coherence between the two Documents
b) Different timeframes for implementation
c) Different areas of focus
d) Some components of the IF do not match those of the FNDP
e) While the IF spells the out implementation agencies, the FNDP does not
f) It is not clear what steps have been undertaken to use trade as a tool for poverty reduction

Conclusion

Trade has the potential to impact favourably on poverty reduction and human development in Zambia. However, the linkage between trade, development and poverty reduction cannot be taken for granted as it may benefit the rich excluding the poor i.e. export trade.

Recommendations

The following recommendations were made:

- Need to develop clear indicators for both FNDP and the IF
- Given the significant financial requirements for the country to address the poverty issue as represented by the Millennium Development Goals (MDGs) targets, both trade and aid inflows are required
- Need to revisit the IF and align it with the FNDP
- Need to ensure fair trade to benefit all citizens

Floor Discussions

1. What is CSPR and CUTS going to do to ensure fair trade? An example, a foreign investor is given five years as tax holiday while the local investor is immediately taxed.

   The role of CSOs is to lobby government on such unfair trade so that they can change their policies for the benefit of the marginalised , otherwise Zambia will continue being a dumping ground for imported goods. For example CSOs have been monitoring Economic Partnership Agreement (EPA) negotiations and are trying to

shape negotiations to be developmental. As CSOs, we need to continue advocating for pro-poor trade policies.

2. Cost of doing trade in rural areas is very high.

   People in Luapula should start talking and lobbying the government on such issues. The EIF is one opportunity where such issues can be brought to the attention of the government.

3. Accessing the funds, who is going to do the proposals? Is it the Government?

   If the area to be funded is identified by the stakeholders here in Luapula, they should prepare the proposal and submit it to the NIU and National Committee and TEWG do the appraisal of the proposals. TWEG is chaired by the Private Sector. The funds are then channelled through the NIU.

4. Was the US$12 mn accessed last year?

   The money is demand driven. It is based on the proposals. The honey sector and coffee production have made proposals and submitted them to the Ministry. Ministry concretises the approved proposal. The money has not yet been accessed.

5. The Natural resources in Luapula e.g. minerals and fishing. How are the people going to benefit from these resources under the EIF?

   The people need to be raising the issues with the government and come up with a proposal that the EIF can fund.

6. Government has spent a lot of time on agriculture leaving out fish farming. Fish farming started in 1950, but the government has spent less money on it.

   CSPR has been advocating the government to diversify on agriculture.Fish farming is an important activity. The proposals should be done by the Association as opposed to individuals and submitted to EIF team. The issue of infrastructure needs to be addressed. For example Pedicle road needs to have raod tolls for its maintenance. It could be one of the proposals.

7. Government policy on trade between Congo and Zambia : Congolese trade freely in Zambia while Zambians are restricted. Zambia Revenue Authority (ZRA) is just watching. Goats and agriculture produce are collected by Congolese freely.

   We need to advocate for fair trade policies. On goats, citizens can also do a citizen's arrest. We need to be proactive and inform ZRA.

4. Luapula Province Export Potential, Challenges and Opportunities: An NGO Perspective – Tyson Kalaba, Board Member, CSPR
Session Chair: Patrick Chengo
Rapporteur: Samuel Simute

Introduction

Tyson Kalaba began his presentation by presenting an overview of production perspectives, trading and later covered the export opportunities and challenges in Luapula Province. Below is the extract from his presentation:

Overview

Many studies conducted by various stakeholders indicate that Zambia has a huge agriculture potential, which is not fully exploited. This potential if exploited could play a key role in economic growth for poverty eradication.

From 1991, Zambia like other poor countries worldwide, embarked on vital economic reforms to promote privatisation and trade in all related sectors leading to higher investments and strong growth in export of crops such as cotton, wheat and horticultural crops (Federico Bonaglia 2008).

Despite various attempts, agricultural productivity, especially for food crops continues to remain low especially in rural parts of the country.

Luapula Province – A General Perspective

Luapula Province is situated between latitude 08-12 degrees south of the equator and longitude 28-30 degrees east of the Greenwich Meridian and shares boundaries with Northern Province to the east, Central Province in the south east and the Democratic Republic of Congo to the north, south and southwestern side.

More than 80 percent of its people are involved in agriculture production on small scale and subsistence for their livelihood. Commercial farming is taking root in Luapula Province though at a slow rate. Commercial production is estimated at 20 percent with an average of 15–20 hectares cultivated per year (CSPR FNDP Monitoring Report on Luapula, 2008).

In terms of rainfall, Luapula falls in the high rainfall belt classified as Region III with an average annual rainfall of over 1,000 mm. The northern plateau areas and the Bangweulu swamps receive the highest rainfall (Luapula Province Investment Profile).

Production Perspective

The debate on how much the province can produce, how much it can consume and how much the Province can export is based on hypothetical understanding of various variables.

Recent studies have confirmed that the agriculture subsector in Luapula Province has the potential to contribute to improved livelihoods provided there is a sustainable increase in the productivity and is driven by effective and efficient commodity markets (PLARD Agriculture Component: March 2009).

In terms of cropping pattern, cassava, maize, rice, beans, groundnuts and sweet potatoes are dominant crops. Other crops produced at a small scale are tea, coffee and soya beans.

The Trading Perspective

Trading is another form of economic activity with potential. It takes the form of retail for agricultural crops such as the ones mentioned above, seasonal fruits and fisheries. Fishing and agriculture can be strong economic base for poverty reduction with sound investment.

Recent studies indicate that fishing and agriculture are reliable sources of income and employs most of the people in Luapula and is a vital source of combating malnutrition (PLARD, Fisheries Component: March 2009).

Market Linkages

Like any other region, Luapula Province has been affected by the structural reforms of 1991 undertaken by the Zambian Government. The structural policies initiated by the IMFand the World Bank were aimed at disengaging direct government involvement in actively running companies and parastatals (CSPR, Understanding the letter of Intent, 2004).

This meant enhancing private sector participation in running the economy; improved productivity and ultimately reducing poverty. To realise that, the government took steps to remove barriers to trade by opening up its market and participating in a number of trade agreements such as COMESA, SADC, and World Trade Organisation.

Export Challenges

The following were highlighted as export challenges; poor infrastructure development, small holders access to credit, extension services, markets, capacity building to business and farmers, organisations and institutional capacity building.

In recent years, government and the donor community have implemented interventions in agriculture such as Luapula Livelihood and Food Security Programme (1994-2000) with an objective to contribute to the development of an efficient, competitive and sustainable agriculture and rural sector in Luapula Province (Federico Bonaglis 2008).

In 2000, International Fund for Agriculture Development's (IFAD) Small Holder Enterprise and Marketing Programme was launched to improve small holders access to inputs and markets and to promote diversification with the overall goal of realising increased incomes and food security.

In 2006 and 2007, Programme for Luapula Agriculture and Rural Development (PLARD) was launched with the aim of improving from the lessons learnt and outcomes of the Luapula Livelihood and Food Security Programme. The project has adopted an holistic approach that covers the entire production and marketing chain and selects communities with a comparative advantage which is compatible with the identified farming systems in the Province.

Challenges in Penetrating the Market

The following challenges were highlighted:

a) Trade liberalisation has overexposed the small scale farmers to broader market risks and opportunities (Advocacy and Lobby Workshop Report, CUTS ARC 2006)
b) Lack of capacity and incentives to contribute to the business once external support is phased out
c) Farmers joining groups simply because these groups provide them access to subsidised inputs without understanding the core existence of the organisations
d) External assistance not proportional to local institutional capacities. Mostly production activities are initiated by funding organisations
e) Lack of an all-inclusive system and structure to involve all actors in the agriculture value chain
f) Little attention paid to support actors like input suppliers, middlemen, buyers and processors and focusing too much on the production side
g) In certain situations, NGOs implementing projects become competitors to the private sector or distort market incentives
h) Most project diagnostic analyses show that small holders' lack of knowledge, narrow range of production possibilities, distances and poor accessibility heavily constrain their ability to interact with the market (Rainer Wincher 1999).

Export Opportunities

The new generation of projects outlined above from 2004 with their specific interventions have focused on market linkages and livelihoods. Luapula Province is benefiting from the liberalised marketing system which allows small scale farmers and traders to participate fully like other players.

Agricultural crops such as groundnuts, beans and cassava as well as fish are traded across the border into the Democratic Republic of Congo (PLARD, Agric Business Competitor: March 2009).

Luapula is a diversified macro-economic environment conducive for growth in that it enjoys plenty of rainfall and natural resources, which include rivers, lakes and tourism sites. On the other hand, the Province has a potential in processing industry for products such as palm oil, jatropha, fishing, honey, rubber, tubers, rattan and salt (Luapula Province Investment Profile 2008).

According to Tyson there are more opportunities than challenges. What is required is building long-term private sector partnerships with a capacity to penetrate domestic, regional and international markets that are already established.

Conclusion

Luapula people are capable of bringing about change and can adopt new innovations (Nordic Journal of African Studies). Poverty is about suffering of the people. We can only fight it with the recognition of every day experience, wisdom, skills and capacity that exist in all our communities.

Floor Discussions

1. What measures are being taken by Cross Border Traders Association (CBTA) so that Zambians can benefit in the trade between Congo and Zambia?

CBTA has not done much to safeguard its members in Luapula and most traders do not know where to get assistance in this case. Most of the participants were not aware that there was a CBTA in Mansa. The Congolese traders are exploiting Zambian small scale farmers through barter system. There is a need to continue interacting and helping each other to find a solution so that the country can benefit from the trade between Congo DR and ourselves."

2. How far have we tackled the mining sector? How are we monitoring the activities to ensure that people are benefiting from mining activities?

There is need to work together and lobby government so that the Zambians can benefit from the mining sector. The challenge is not only in infrastructure (the mining companies need to pay more levy on the road) which the foreign trucks carrying manganese are damaging but also safety of the miners. The miners do not have protective clothing and in the long run chemicals will affect their health.

The foreign investors should not be blamed as it is up to Zambia to put up strict measures on investors' conduct while doing business in Zambia.

3. We are lacking processing facilities for value addition purposes?

Value addition is the key to earn more income on trade and employment creation especially in rural areas. Hence the government or the EIF should promote setting up of processing plants for value addition in rural areas. It is also important that restrictions or tariffs are raised by government on certain goods that Zambia can process such as fruit drinks. To achieve this, there is need for networking among different stakeholders (private, government, farmers) to solve the problem of processing facilities.

4. Challenges in Luapula Province: The following were highlighted during the discussion:

a) Low productivity in Luapula Province
b) Farmers are disorganised, flowers, cotton are exported by private companies. In Luapula, there is no private sector to promote exports.
c) Farmers in Luapula are disorganised
d) Need accurate market information about Katanga Province in the Congo DR for Luapula to benefit from exports. "The population in Katanga is more than Luapula and hence there is potential. There is no information on who to contact in order to facilitate trade. Trade protocols have been signed by Zambia while in Congo, there are not signed.
e) On cross border trade, information is not available at the Provincial administration level.

Recommendations:
There is a need to have a lobby group on trade formed here in Luapula Province. CSOs are the branch networks in Luapula such as CSPR to coordinate the issues on trade together with CUTS.

5. There is a School of Engineering at the University of Zambia but people here cannot make a needle even. Poverty is a business and it is hidden. There is a need to

unbundle the issues. What is our position on these issues? There have been talks about partnership. Our eyes have been opened, but what has been done. We have failed as a Province. What is our stance? What is it that we can do so that we can unbundle poverty?

In Southern Province, CUTS programme on poverty reduction and trade, small scale farmers were challenged to ask Shoprite and Spar so that they can supply them. They failed to meet the demand. Competition against each other affects the production at farmer level. In this regard farmers need to be assisted in terms of production and to become competitive.

6. How well are fishermen or farmers aware of the issues on the EIF?

   Most are not aware it is in this regard that CUTS ARC, CSPR took up the initiative to sensitise the nation on the EIF, it is therefore important that the members represented in the workshop should carry on the sensitisation to other people.

7. C & C Trading Limited has been working with PLARD on cassava. Looking at the impact on the household level, the government should finance organisations which are involved in trading. Organisations such as PLARD should be supported. The manufacturing sector should be developed, revamped so that they are able to convert into final products (value addition) so that we can gain in the value chain. What has PLARD done in the past three years on agriculture, rural development and the catchment areas?

   PLARD came in 2006, and spent two years in planning and implementation began two years ago. Under agriculture component; low productivity, poor planting materials are some of the problems PLARD is addressing. Most of the farmers use old cassava planting materials. Mweru and Bangweulu improved Cassava varieties which take only six months to grow and are being promoted by PLARD. Seed multiplication in cassava, beans and groundnuts is being done. Seed banks are being established. Recently, 90 goats were bought from Southern Province and distributed to farmers.

   Under Agri Business, PLARD has established partnership with C&C Trading Company for marketing purposes. The project is assisting the partners to source outside markets. C&C took cassava to Angola..

   Access to finance is a major constraint. No person has yet accessed the Citizen Economic Empowerment Funds in Luapula Province. PLARD is also working with District Business Associations. Local consultants will be hired to train the groups in business planning. With the training, it is hoped the groups can access the funds.

   Mansa District Farmers Association has benefited three motorbikes, seed multiplication for 400 farmers from PLARD. PLARD is looking at all components in a holistic manner.

   If we are to promote trade, we have to look at the crops with market value. The private sector is involved in crop production. For Luapula crops like Cassava, groundnuts and beans do not have a good market and this needs to be exploited. For

example cassava is selling well in Angola and Zambia can start exporting. There is no private sector to promote crop production in Luapula Province.

On cassava, in Nigeria, they are diversifying and cassava marketing is becoming very important. We should learn from Nigeria.

Appreciation of development by people in Luapula at times is very low. Goats have been given to the farmers but they are killing them.. There is need to sensitise the people in order for them to appreciate development.

Recommendations

The following recommendations were made by the participants:

a) In order to improve trade, supply side constraints such as road networks need to be improved.
b) Capacity building of local farmers on trade policy issues so that they are able to understand issues such as standards, quality assurance etc in readiness for exports.
c) Need to use radio programmes effectively to sensitise the farmers on the EIF and other market linkages issues.
d) Find a deliberate policy to prompt policymakers take action on uplifting the Mansa - Congo border posts so that market entry and trade is made easier.
e) Government to use trade as a means to reduce poverty
f) EIF to support markets access information systems for the benefit of small scale farmers.
g) Strengthen CSO networks in Luapula on trade related issues.
h) Establish database on NGOs/CSOs working on trade.
i) There should be capacity building on project proposal writing to be submitted to EIF team in Lusaka.
j) Government to improve agriculture production and marketing to facilitate exports.
k) Fish industry is important in Luapula hence facilities such as cold storage facilities be established under EIF to facilitate export of fish.
l) Luapula has a number of local resources hence the need to make use of these local resources.
m) Form a committee to spear head development in Mansa (District Planning Unit)
n) Government should come up with a deliberate policy to promote private sector participation through provision of finances in agriculture marketing
o) CUTS should provide priority areas that need to be supported to in order to promote internal trade
p) Identify priority areas by CUTS for support
q) CUTS ARC should open an office in Luapula Province (CUTS ARC be decentralised)
r) Sensitisation workshops be extended to other districts
s) Identify issues related to trade in Luapula and through CSPR advocacy team.
t) Cooperation among CSOs and business community should be strengthened for successful implementation of the EIF.
u) EIF committees be formed at district level or provincial level so that funds can easily be accessed by the local people as well.

Annex I

Sensitization workshop on the Enhanced Integrated Framework (EIF),

March 18, 2009 Luapula Province

0800-0830 Registration

0830 – 1000: **Session I**

Welcome Remarks (National Anthem and Prayer):

Introduction to CUTS/the EIF project: *CUTS- ARC Board Member*

Official Remarks: *District Commissioner*

Floor Deliberations

1000 – 1015 **Tea/Coffee**

1015 – 1140 Session **II**

1. **EIF and its Fund operationalisation process.** *(20min)*

Presenter: CUTS-ARC

2. **Status of implementation of the EIF in Zambia** *(20 min)*

Presenter: CUTS-ARC

Floor Deliberations: *(20min)*

1140-13:15 Session III

3. **EIF and its relevance to LDCs (case of Zambia) and Poverty reduction** *(20min)*

Presenter: Mr. William Chilufya (CSPR)

4. **Luapula Export Potential Sectors/Industries: Challenges and Opprtunities** *(20min)*

Presenter: Mr.Kalaba

Floor deliberations: *(20min)*

1315-1400 **Lunch**

1400-15:30: **Session IV**

5. **Recommendations and Way forward**

Presenter: Preamble of deliberations by rapportuer

Vote of Thanks

ANNEX: ATTENDANCE LIST

S/N	NAME	ORGANISATION	POSITION	CONTACT NO.	E-MAIL
1	Roydah Kapansa	NGOCC	Board Secretary	0979957746	
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16	Edward Chilufya	Village Industry Service	Regional Manager	Regional Manager	0977257592
17	Moses Mapoma	CARYM Mansa Diocese	Treasurer	0979533314	
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19	Samuel Simute	CSPR	Past Provincial Coordinator Rapportour	0977611469	scsimute@yahoo.co.uk
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