



Regional Agricultural Trade for Economic Development and Food Security in Sub-Saharan Africa

Conceptual background and fields of action for development cooperation

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Preface

In times of high food prices, shortages in natural resources and stagnating multilateral trading regimes regional approaches for economic development and food security are increasingly determining the agenda of both developing countries and multi- and bilateral development cooperation.

This study, conducted by the GTZ sector project “Agricultural Trade” on behalf of the German Ministry for Economic Cooperation and Development (BMZ), analyses the beneficial aspects of regional approaches for economic development and food security, describes briefly the most important current African and international political efforts to strengthen regional cooperation, discusses important impeding factors to regional trade, and summarises recommendations for development cooperation.

Results mainly base upon desk study research and interviews with major regional and national stakeholders in East, West and Southern Africa.

The annex (CD) covers results of three fact-finding-missions to Sub-Saharan Africa (SSA) with major regional trade flows, regional trade-related institutions, barriers to trade and possible intervention areas for development cooperation in East, West and Southern Africa.

In this context region comprises several countries and can either refer to official regional arrangements like Regional Economic Communities (REC) or to cross-border trade in general.

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List of abbreviations

ACP	African, Caribbean and Pacific Group of States
ACTO-OTCA	Amazon Cooperation Treaty Organization
AEC	African Economic Community
AfT	Aid for Trade
AGOA	African Growth and Opportunity Act
AIFS	ASEAN Integrated Food Security
ASEAN	Association of Southeast Asian Nations
AU	African Union
AVRDC	World Vegetable Centre
BIMP-EAGA	Brunei, Indonesia, Malaysia, Philippines - East Asian Growth Area
BMZ	Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung
CAADP	Comprehensive Africa Agriculture Development Programme
CEEC	Central and Eastern European Countries
CEFTA	Central European Free Trade Agreement
CEN-SAD	Community of Sahel–Saharan States
CIDA	Canadian International Development Agency
COMESA	Common Market for Eastern and Southern Africa
COMPETE	Competitiveness and Trade Expansion Program
EABC	East African Business Council
EAC	East African Community
EAFF	Eastern Africa Farmers Federation
EAGC	Eastern African Grain Council
EC	European Commission
ECCAS	Economic Community of Central African States
ECOWAP	ECOWAS Common Agricultural Policy
ECOWAS	Economic Community of West African States
EDF	European Development Fund
EPA	Economic Partnership Agreement
EU	European Union
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investments
GDP	Gross Domestic Product
GI	Geographical Identification

GL	Geographical Labelling
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
ICT	Information and Communications Technology
IGAD	Intergovernmental Authority on Development
IT	Information Technology
ITC	International Trade Centre
MDGs	Millennium Development Goals
MSTQ	Metrology Standardisation Testing Quality
NEPAD	New Partnership for African Development
NGOs	Non-Governmental Organisations
NTBs	Non Tariff Barriers to Trade
OECD	Organisation for Economic Co-operation and Development
OSBP	One-stop border-posts
PACT	Programme for Building African Capacity for Trade
PTB	Physikalisch-Technische Bundesanstalt
RATIN	Regional Agricultural Trade Intelligence Network
REC	Regional Economic Community
RIPs	Regional Indicative Programmes
RSPs	Regional Strategy Papers
RTA	Regional Trade Agreement
RTFP	Regional Trade Facilitation Project
SADC	Southern African Development Community
SPS	Sanitary and Phytosanitary Measures
SSA	Sub-Saharan Africa
TBT	Technical Barriers to Trade
UEMOA	Union Economique et Monétaire des États de l'Afrique de l'Ouest
UNCTAD	United Nations Conference on Trade and Development
USAID	United States Agency for International Development
WAEMU	West African Economic and Monetary Union
WCO	World Customs Organization
WRS	Warehouse Receipt System
WTO	World Trade Organization
ZMP	Zentrale Markt- und Preisberichtsstelle



Introduction

Three-quarters of the population in developing countries live in rural areas, most of them working directly or indirectly in farming. In total, farming generates about 20% of GDP in low-income countries. Within agriculture the production of basic foodstuffs plays a decisive role. In Sub-Saharan Africa, for example, they account for over 70% of the market value of the region's entire agricultural production. Developments of rising food prices in 2008 highlighted two core problems: first, increases in food prices have caused the number of undernourished people to rise from the already high level of 923 million (2007) to 1.02 billion (2009); second, price rises on input markets and protectionist policies have meant that farmers in developing countries were not really in a position to respond to the high food prices by stepping up their production. Whereas farmers in industrialised countries responded to the high prices with massive expansions in production, grain production in developing countries in 2008 rose by less than 1%. 42 of the 58 low-income countries are now net importers of food, which increases their dependency on the price fluctuations caused by developments on the world market. Landlocked countries are particularly affected since they have to pay higher transport costs. Today, Africa spends US\$ 19 billion per year on food imports and attracts the majority of worldwide emergency food aid (FAO 2009).

Inadequately functioning agricultural markets make the regional exchange of agricultural products between areas of surplus and areas of deficit more difficult. There is often significant govern-

ment influence on these strategic markets, leading to unilateral and politically motivated decisions (like export bans). However, the food price crisis has clearly shown that protectionist policies reduce regional food availability, thus fuelling the price spiral. Furthermore, uncertain regional sales markets discourage farmers from expanding their production. This untapped potential for expansion means that in a protectionist environment it is not economical for private investors to invest in the agricultural sector. Beside these political factors, non-tariff trade barriers encourage informal cross-border trade – involving higher costs and risks for traders (bribes) and consumers (food safety is not guaranteed).

Regional integration is considered to be a solution strategy for strengthening regional agricultural markets and it increasingly defines the political agenda in many developing countries and in international development cooperation. African regional integration has had a remarkable new start since the formal beginning of the African Union in 2002. The treaty of Abuja (2004) envisages an African Economic Community by 2028. Following the New Partnership for Africa's Development (NEPAD), the AU has become the frame for African regionalism (GTZ 2008, Kühnhardt 2008).

„Lasting solutions, however, have important regional dimensions, related to intra-regional trade, food safety standards, harmonisation of policies, the control of trans-boundary pests and diseases, and technology development (NEPAD 2003: 52).“

2

The beneficial aspects of regional cooperation

There is an ongoing discussion on whether regional integration is positive or negative: Some authors have noted that due to trade diversion the economic benefits of regional trading arrangements in developing regions, and Africa in particular, are doubtful. Others have argued that economic integration is what Africa needs in order to address its problem of fragmented national economies. Today, there is a political consensus for regional integration in Africa (UNCTAD 2009).

The extent to which each below mentioned approach can contribute to economic development and food security finally depends on the political vision of each country and region and the prioritisation of goals at both national and regional level.

2.1 Regional agricultural trade contributes to food security

Intraregional trade in food has potential for improving food availability and therewith contributes to food security of poor and non-poor households. There is significant scope for intra-regional trade among African countries in the key food groups like rice, maize, meat, vegetables and fruits. Most food staples in most agriculture-based countries are not traded internationally, but rather locally and in the region.

Well functioning markets can **reduce the cost of food, its volatility and the uncertainty of supply**. Studies in the SSA region for example show that prices for maize and cassava fall significantly at open borders (Dorosh, Dradri & Haggblade 2009, Köster 1986).

Furthermore, studies going back to the 1980s suggest that it would be reasonable for a region to cooperate in **risk-reducing activities** because fluctuation in cereal production, cash crop production, and export earnings are smaller at the regional than at national level. The studies calculated the amount of stocks needed for each country within a defined region so as to stabilise cereal consumption in times of fluctuations in cereal production and import prices. Studies also compared them to the stocks required by the same countries when cooperating regionally. Results show that regional stocks could be more efficient than the sum of national stocks without cooperation (Dorosh, Dradri & Haggblade 2009, Köster 1986).

Furthermore, regionally cooperating markets **transmit signals to farmers about new market opportunities** and guide their production to meet changing consumer preferences for quantity, quality, variety and food safety.

Regional exchange of food staples needs strong political will and countries have to be prepared to give up some autonomy in designing and implementing their domestic food policies.

Box 1:

Regional agricultural trade for food security – case study from the border region Tanzania and Zambia

The promotion of trade between neighbouring countries is one strategy to enhance food security as regional trade can contribute to food availability, accessibility and stability. The case study developed a general framework to assess the potential of regional agricultural trade for food security. This concept was applied to analyse cross-border trade between Tanzania and Zambia. Both are members of the Southern African Development Community (SADC) and are intensifying co-operation and liberalisation of trade. For food staples, however, markets are highly regulated. The Tanzanian Government pursues an interventionist policy by purchasing food staples in surplus areas to sell these at subsidised prices in deficit regions. Beyond that there are several barriers for cross-border trade, e.g. an export ban on food staples. Zambia's food security policies are biased towards maize as major food staple. Like in Tanzania, the Government intervenes on domestic markets and provides farmers with subsidised inputs. While Zambia as a whole faces seasonal food shortages, Mbeya and Rukwa Regions in the South of Tanzania have favourable natural conditions leading to high agricultural productivity and surplus production of main food staples. However, farmers face several constraints to increase production and economic success, mainly regarding the marketing of produce and the accessibility of extension services. Zambia's demand for Tanzanian maize is high. However, quantities are influenced by the imposed Tanzanian export ban, which contributes to increasing informal cross-border trade flows. Generally, trade is hampered by a number of non-tariff barriers, ranging from cost-intensive and time-consuming customs procedures to road blocks. Most of the non-tariff barriers are relevant for both, formal and informal trade. The assessment of the policy measures regarding regional trade shows conflicts of interests between national food security on one side and agricultural trade liberalisation on the other side. Market interventions via food reserve agencies have negative effects on trade in general and on traders in particular. Additionally, the Tanzanian export ban creates disincentives for farmers and traders. However, the assessment also shows potentials for increasing the cross-border trade and intensified dialogue between both countries (Bese et al. 2009).

2.2 Regional agricultural trade contributes to socio-economic development

International experience has demonstrated that regional trade integration can serve as a powerful catalyst to economic growth and sustainable economic development in predominantly agricultural societies.

Regional approaches **foster political stability** by defusing conflicts within and between countries and in promoting human rights, helping to build trust, enhancing understanding between groups and deepening interdependence. Hence, genuine and trust-based region building requires the mu-

tual recognition of the regime of governance of all partners in a regional grouping (Kühnhardt 2008).

A regional approach **ensures coherence of regional and national policies and leads to a more efficient use of public resources**. Pooled regional resources can ease the financing of commonly essential regional public goods such as transport, energy, water, information and communication, technology, provision of regional research capacity etc. Furthermore, the regional approach of public spending allows infrastructure investments and trade facilitation measures to be implemented in a coherent, sequenced and coordinated manner (UNCTAD 2009).

In larger and more harmonised markets the free movement of goods, services, capital and people **enables economies of scale, stimulates investment, improves competitiveness and attracts more Foreign Direct Investments (FDI)**, increasing both international and South-South trade. Therefore, economic integration can contribute to pro-poor growth by integrating labour markets and lowering the barriers of investment for enterprises (UNCTAD 2009).

Depending on a country's history and development level, regional trade liberalisation is also followed by negative effects like unemployment, especially in the short term and especially for the poor. Liberalisation efforts must therefore be accompanied by complementary policies like public investments to ensure that also vulnerable groups benefit from trade reform (World Bank 2008).

2.3 Regional agricultural trade contributes to global market integration

Regional agricultural trade could be a step towards Africa's integration into the global economy. With the growing importance of intra- and cross-regional trade, South-South co-operation is now an important item on the agenda of developing countries, as well as a valuable tool for achieving the MDGs (Millennium Development Goals) and promoting global interdependence.

By cooperating at the regional level, **the bargaining power of regional institutions in international negotiations can be improved**. The negotiations for the Economic Partnership Agreements (EPAs) between Africa and the European Union (EU) are

currently the most prominent international trade negotiations. The development component of the EPAs specifies the parties' main focus areas in order to meet developmental and regional integration objectives. The regional dimension of EPAs is of particular importance to Africa's many landlocked countries whose access to markets depends largely on their neighbouring countries (UNCTAD 2009).

Agreements related to market access for agricultural commodities are the most important open questions within the WTO Doha Round. Activities which promote regional integration provide an opportunity to ensure coherence between regional integration processes and WTO commitments (e.g. Technical Barriers to Trade, TBT; Sanitary and Phytosanitary Measures, SPS). Other important developments with international rationale are the African Growth and Opportunity Act (AGOA) and the role of China as a major player in Africa (UNCTAD 2009).

Integrating Africa's fragmented markets can **help attract investments, from both Africa and the rest of the world, to build competitive and more diversified economies**. While manufactured products dominate intra-African exports, exports to the rest of the world are mainly primary commodities. Also, while Africa's exports to the rest of the world concentrate on a few products, intra-African trade is more diversified.

The recent financial crisis has shown that the more a country is integrated in the world economy, the more it can be affected. Its steep decline has exposed open economies to a high degree undermining confidence in international trade as an engine of economic growth and socio-economic development.

3

Regional agricultural trade is back on the political agenda

The relevance of agriculture and trade to food security and economic development is finally back on the political and development agenda. At the continental level in Africa, the CAADP process (Comprehensive African Agricultural Development Programme) initiated by NEPAD and the AU creates a framework for coordinating strategies and instruments in Africa's agricultural sector. Intra-regional trade in basic foodstuffs is an area where two of AU/NEPAD's priorities overlap, the second and the third CAADP pillars (NEPAD 2003).

Trade-related capacity development and improved access to markets are prominent in CAADP's second pillar (Improving rural infrastructure and trade-related capacities for market access). Strategic areas of the second pillar are (CAADP 2009a):

- raising competitiveness and seizing opportunities in domestic, regional, and international markets;
- investing in commercial and trade infrastructure to lower the cost of supplying domestic, regional, and international markets;
- developing value-chain and financial services; and
- strengthening the commercial and technical capacities of farmer organisations and trade associations.

The framework for the second pillar clearly addresses the issue of regional trade.

“According to the findings of a study commissioned by the NEPAD Secretariat in 2005, foreign demand for commodities and high-value exports is projected to grow from US\$8 billion and US\$3 billion in 2000, respectively, to roughly US\$10 billion in each category in 2030. In contrast, demand in local and regional urban food markets across Africa is expected to jump from US\$50 billion to US\$150 billion during the same period. By 2030, farmers could derive potential income from these various markets totalling US\$4.5 billion from foreign export markets, and as much as US\$30 billion from domestic and cross-border markets (CAADP 2009a: 2).”

The third CAADP pillar (Increasing food supply and reducing hunger) aims to increase the food supply to achieve food security. Its objectives (CAADP 2009b) are to

- improve domestic production and marketing;
- facilitate regional trade in food staples, and
- build household productivity and assets.

One core assumption of pillar three is that regional trade is essential to overcome food supply deficits:

“Failure to allow regional trade in food staples not only limits the ability of markets to respond to food deficits in the short run, it risks stalling production growth and private investment in agriculture in the long run. In thin national markets without export outlets, production surges lead to price collapses, dampening incentives for long-term investment in agricultural growth (CAADP 2009b: 19).”

Regional and national agricultural policies in Africa shall align with the CAADP framework (DIE 2009). The ECOWAS Common Agricultural Policy (ECOWAP) can be considered the most advanced in Africa.

Box 2:

ECOWAP

The ECOWAP was adopted in 2005. Based on the principles and priorities of the CAADP of NEPAD, ECOWAP provides the official framework for agricultural development in the region, with the main objectives being to boost agricultural productivity and exports, attain food security in member states and promote a sustainable livelihood for farmers. Both National Agricultural Investment Programmes (NAIPs) and Regional Agricultural Investment Programmes (RAIPs) are being formulated to operationalise ECOWAP and CAADP-NEPAD in West Africa. With diverse ecosystems yielding a wide range of produce and creating valuable complementarities between different countries and production areas, the agricultural sector constitutes an important lever for and driver of the integration of economies across the region. Furthermore, certain problems can be addressed more effectively at the regional level than by individual governments – such as by opening up markets for agricultural produce (developing market infrastructures, managing supply chains on a regional basis, etc.), and by formulating an effective cross-border trade policy to promote the agricultural sector. Three major axes for action have been identified: improvements in agricultural productivity and competitiveness; implementation of the intra-community trade regime; and adaptation of the external trade regime (CEDEAO/ECOWAS 2008).

The **EU-Africa Strategy** names trade and regional integration as priorities for implementing the Action Plan and as important factors in combating poverty. The prime goal of the **Economic Partnership Agreement (EPA)** between the EU and the ACP is to help the ACP countries to integrate into the global economy, support their regional integration process. The 10th European Development Fund (EDF) is the basis for EU support for regional Aid for Trade packages (see below). Together with the EC, the ACP regional organisations have prepared the 10th EDF Regional Strategy Papers (RSPs), which embed the regional integration visions of the ACP countries, as well as the 10th EDF Regional Indicative Programmes (RIPs). The 10th EDF constitutes the main EC support from 2008 to 2013. With € 1.78 billion being allocated to the regional integration of ACP countries, the financial envelope has almost doubled compared to the 9th EDF, underlining the EU-ACP consensus on the importance of regional issues for development (OECD/WTO 2009).

At the last Summit of the G8 Leaders food security and support for structural responses aimed at increasing agricultural production were brought to

the forefront again. This is reflected by the commitment to substantially increase aid to agriculture and food security. In the **L'Aquila Joint Statement on Global Food Security**, G8 leaders have pledged to contribute a total of US\$ 20 billion to the agricultural sector over the next three years. Moreover the G8 meeting highlighted the role of agricultural trade in resolving the global food crisis. Countries were called upon to remove food export bans or extraordinary taxes, and to consult and notify in advance before imposing any new restriction.

While the aspired conclusion of the WTO Doha Development Round gained new momentum after the G8 summit, trade issues had been considered in development cooperation for many years. The **Aid for Trade Initiative** has become the paradigm for all trade-related development assistance. As experience has shown, trade liberalisation alone will not lead to growth and increase prosperity in developing countries if they do not have adequate capacities and knowledge enabling them to benefit from trade opportunities. Aid for Trade (AfT) can support developing countries to take advantage of trade opportunities while minimising the costs of doing so.



Box 3:

Aid for Trade

Aid for Trade (AfT) has received considerable attention in international discussions, especially since the international community entered into commitments to increase funding at the WTO 2005 ministerial meeting in Hong Kong. In 2007, the EU adopted its joint Aid for Trade strategy in which it specifies the pledge made within the WTO. The rationale of AfT is to ensure that market opening is accompanied by policies that lift people out of poverty and distribute the benefits of trade expansion more equitably across and within developing countries. Effective aid for trade should enhance growth prospects by helping partner countries to overcome their supply-side constraints and enhance their competitiveness. Donors have also recognised the importance of regional integration and report a rising demand for regional aid for trade (OECD/WTO 2009).

According to OECD/WTO (2009) the following categories are distinguished:

1. Trade policy and regulations, including: training of trade officials, analysis of proposals and positions and their impact, support for national stakeholders to articulate commercial interest and identify trade-offs, dispute issues, institutional and technical support to facilitate implementation of trade agreements and to adapt to and comply with rules and standards.
2. Building productive capacity building including trade development: investment promotion, analysis and institutional support for trade in services, business support services and institutions, public-private sector networking, e-commerce, trade finance, trade promotion, market analysis and development.
3. Trade-related infrastructure, including: physical infrastructure
4. Trade-related adjustment, including: supporting developing countries to put in place accompanying measures that assist them to benefit from liberalised trade.
5. Other trade-related needs

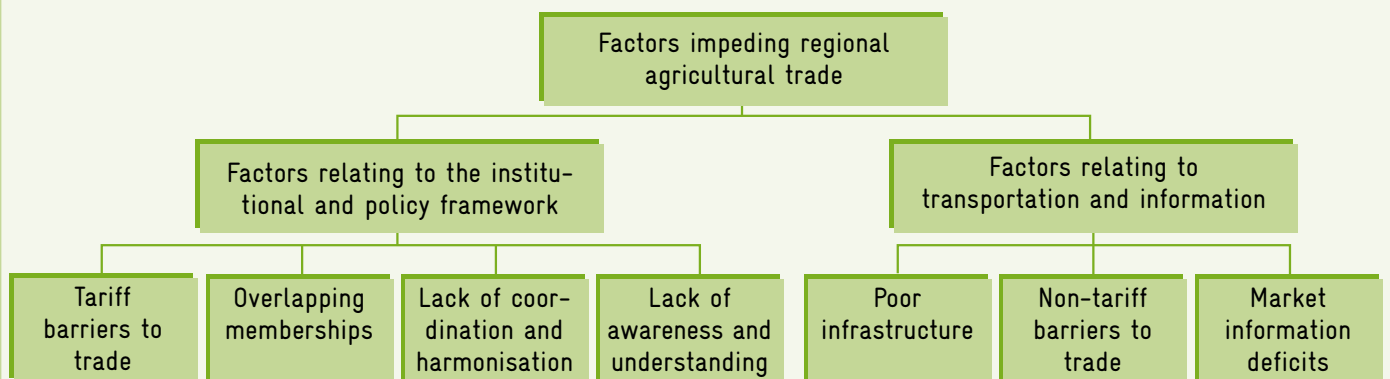
4

Factors that impede regional agricultural trade

Considerable cross-border trade occurs within Africa. Between 1996 and 2000, intra-African annual trade was estimated at US\$2.5 billion. This figure grew to US\$4.5 billion between 2001 and 2004, or 7.5 percent of total exports. Intra-African trade in agricultural products was also about twice the

level of non-agricultural products during the same period for both exports and imports. However, much of this intra-African trade is informal, due to a range of government controls, non-tariff barriers to trade, poor cross-border infrastructure and cumbersome customs procedures (CAADP 2009b).

Figure 1: Factors impeding regional agricultural trade



4.1 Factors related to institutional and policy frameworks

In Africa, eight regional groupings have been designated as building blocks for the development of an African Economic Community (AEC) by 2028: The Arab Maghreb Union (AMU), the Economic Commission of West African States (ECOWAS), the Economic Community of Central African States (ECCAS), the Common Market for Eastern and Southern Africa (COMESA), the Southern African Development Community (SADC), the Intergovernmental Authority for Development (IGAD), the Community of Sahel-Saharan States (CEN-SAD) and the East African Community (EAC).

Although **tariff barriers** to trade have been reduced or eliminated within regional economic communities, they still constitute an important impeding factor to trade between neighbouring countries, especially once these countries are not members of the same REC.

For strategic, economic or political reasons many countries belong to more than one regional integration arrangement. These multiple arrangements and institutions as well as **overlapping membership in the same regional grouping tend to confuse integration goals and lead to counter-productive competition between countries and institutions.**

4.2 Factors related to transportation and information

Poor infrastructure is the main impediment to intra-African trade. In Africa, transport costs account for 50 – 60% of total marketing costs. Studies indicate that there is a decisive correlation between transport costs and trade volume: For instance, increased transport costs reduce trade by 45% in West Africa. Landlocked countries are affected worse (UNCTAD 2009).

However it is not only the lack of physical infrastructure, but also its general poor quality and the lack of processing and storage facilities like warehouses that cause delays and consequently, losses.

Often, **tariff barriers** are not as important since they have been eliminated within the RECs. But **non-tariff barriers** (NTBs) still hamper regional trade. The FAO distinguishes core NTBs (like

customs procedures) from non-core NTBs, that are difficult to locate and control since they refer to roadblocks and checkpoints combined with bribes to the police. In a study of NTBs in Africa it was found that the incidence of core NTBs decreased between 1994 and 2004 while non-core NTBs increased in the same period (FAO 2008). SSA suffers from the highest average customs delays in the world - 12.1 days compared with 7.2 days in Latin America, 5.5 days in Asia and 3.9 days in Western Europe (OECD 2009). According to UNCTAD the average customs transaction in Africa involves 20-30 different parties, 200 data elements and the re-keying of 60-70% of all data at least once (OECD 2009).

According to the OECD (2009) and the World Bank (2008) customs procedures can increase transport costs both directly and indirectly.

Table 1: Direct and indirect costs of customs procedures

Direct costs	Indirect costs
Completion and supply of documents to relevant authorities like customs declaration, certificate of origin, phytosanitary certificate	Long delays at the border causing depreciation costs due to spoiling of perishable food products
Payment of border agency fees and charges like administrative and inspection fees, licence fees, consular fees, terminal handling charges	Unreliable customs clearance and arbitrary application of regulations leading to lack of predictability in the trading environment
Compliance with other formalities like conformity assessments with technical regulations, insurance, pre-shipment inspections, customs broker	Loss of business and foreign investment opportunities leading to loss of international competitiveness

Source: OECD (2009) and World Bank (2008)

Regional markets are often characterised by weak transmission of prices between markets resulting in sharp price fluctuations. Thus acute food shortages in one sub-region can coincide with surpluses elsewhere, within the country or region. Besides poor infrastructure and the lack of political awareness and will, there is no exchange between surplus and deficit regions due to weak **market information systems**. Furthermore although many public market information systems are operational in many African countries, they are not well known, provide inconsistent information and cannot be accessed by poor farmers without network connectivity. Innovative approaches are being piloted based on advances in communications technology

and the liberalisation of telecommunications and broadcasting. Well functioning market information must include for example timely and accurate prices, buyer contacts, distribution channels, buyer and producer trends, import regulations, competitor profiles, and post harvest handling advice (UNCTAD 2009). Linked to weak market information systems is often a lack of information on regulatory requirements like **quality standards**. Quality standards and infrastructure (like weights and measures) are rarely standardised. Furthermore, quality standards are often used as protectionist policy instruments as shown in recent developments in Kenya (see annex).



5

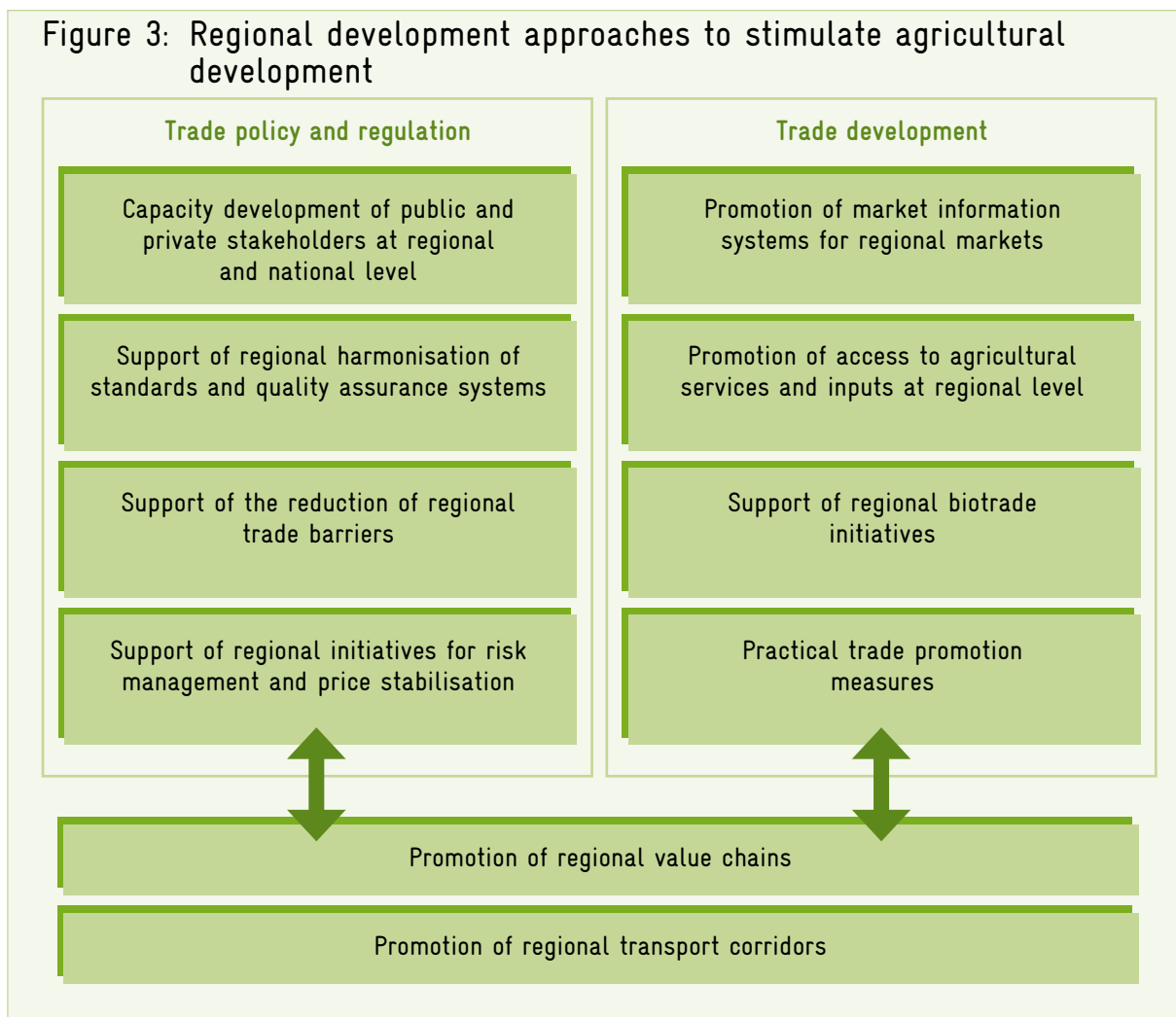
Recommendations for development cooperation

5.1 General approach

Interviewed stakeholders have identified a number of common priorities for promoting regional agricultural trade and for transforming regional trade flows from informal to formal. This includes infrastructure, trade facilitation (especially SPS, TBT and customs issues), competitiveness, market information, reduction of trade barriers and regional trade negotiation capacity.

Development cooperation could support initiatives which reduce barriers and which promote regional markets on the macro and meso level: Following the broad categories of the WTO definition on Aid for Trade, fields of intervention focus on the categories a) trade policy and regulations and b) trade development.

Figure 3: Regional development approaches to stimulate agricultural development



Trade policy and regulation

Capacity development of public and private stakeholders at regional and national level

Many partner countries view human, institutional and productive capacity development as key regional needs and starting point for regional assistance. Capacity development includes: forming a customs union, negotiating trade agreements, developing regional strategies, or harmonising national legal frameworks. Furthermore, building trust and mutual understanding are decisive for any integration processes.

Support of regional harmonisation of standards and quality assurance systems

Standards are a decisive factor in market access. Although harmonised sanitary, phytosanitary and zoosanitary regulations and quality standards exist in some regional economic communities for selected products, enforcing them is a major problem. This is because of the lack of knowledge of the regulations on the part of customs officials, producers and traders and highlights the challenge of achieving harmonised standards and building shared and regionally recognised quality assurance systems.

Support of the reduction of regional trade barriers

Removing regional trade barriers is necessary to ease and simplify cross-border agricultural and food trade and consequently to change informal trade into formal trade. Therefore, trade barriers and their impacts have to be analysed and discussed among stakeholders involved, which is crucial to develop strategies to overcome those barriers.

Support of regional initiatives for risk management and price stabilisation

Short-term supply bottlenecks can be overcome by creating buffer stocks and by regional exchange of strategic reserves, hence guaranteeing food supply and availability. In addition, price escalations for consumers can be avoided by channelling additional supplies from neighbouring markets.

Trade development

Promotion of market information systems for regional markets

Inadequate information about markets and prices is a significant barrier to trade. Monopolistic distribution structures push down the prices paid to producers for agricultural products. The consequent price distortions then lead to the loss of any incentives for market-led production and regional trade. The information systems that have already been developed, in which market prices are recorded, processed and disseminated, should be supported.

Promotion of access to agricultural services and inputs at regional level

The provision of certified services and inputs at regional level, which are not affordable or viable at national levels, can ease production and therewith trade. There is strong need, e.g., to recognise university degrees in agriculture and food technology.

Support of regional biotrade initiatives

The establishment of an internationally recognised frame for bio-patented products and the set up of regional trading structures, for example Geographical Indication and Labelling (GI and GL) could increase regional agricultural trade and open up new market opportunities.

Practical trade promotion measures

Practical trade promotion measures can increase the exchange of agricultural and food products and open up new market opportunities when, e.g., setting-up regional marketing structures and initiatives.

The implementation of certain activities addressing the two levels of trade policy and regulation and trade development can either be followed by a sectoral approach when promoting regional value chains or by a spatial approach when promoting cross-border trade corridors.

5.2 Fields of action to promote regional agricultural trade

In the following, the above mentioned main fields of intervention will be analysed in more detail. The provided compilation is supposed to serve as a guideline for ongoing and planned projects and programmes that incorporate aspects of regional agricultural trade. Furthermore the set can support programmes which have the potential for up-scaling from the national to the regional level or which shall be aligned to regional agricultural strategies and policies.

The sector project “Agricultural Trade” identified these fields applying various methods:

- desk study on regional agricultural trade,
- review of current international discussions on regional agricultural trade,
- fact-finding missions in East, West and Southern Africa to identify and analyse major trade flows and potentials, trade barriers and stakeholders (see annexes on CD), and
- inventory of ongoing and completed projects, programmes and initiatives on selected aspects of regional agricultural trade. Examples from different regions of the world have been considered (Latin America, Asia, South-East Europe, and Sub-Saharan Africa).

Each field of action with its implementation steps is briefly described in a table using the following structure:

- objective,
- expected impacts,
- prerequisites,
- major challenges,
- suggested strategies, and
- typical interventions and key activities.

Two examples of ongoing or completed initiatives complement the analytical description.

The identified fields of intervention to promote regional agricultural trade should be regarded as work in progress. Further experiences, lessons learned and good practices will be included.



Table 2: Capacity development of public and private stakeholders at regional and national level

I	Objective	<ul style="list-style-type: none"> • Strengthening the managerial capacities and market development competencies of regional and national public authorities, civil society and private sector institutions including their representation at regional level
II	Expected impacts	<ul style="list-style-type: none"> • Improved knowledge on the functioning of regional agricultural markets available • Removal of “red tape” in opening-up regional agricultural markets • Effective multi-stakeholder and cross-sectoral dialogues and working groups addressing typical topics of agricultural markets (e.g. food safety, cross border animal health, residuals) • Operational regional networks of experts of public, private and civil society entities
III	Prerequisites	<ul style="list-style-type: none"> • Well functioning network of contacts in each participating country • High skilled proficiency coupled with inter-cultural competence (target group often skilled professionals but limited to public administration) • Long-term support necessary
IV	Major challenges	<ul style="list-style-type: none"> • Weak private and civil society participation in political decision-making processes • Weak farmers’ formal representation at national and regional level and low lobbying-power of various farmers’ groups • High degree of political protectionism in agricultural market policies, especially with regard to food security
V	Suggested strategies	<ul style="list-style-type: none"> • Identify clear topics and aspects for a win-win situation (tangible and practical) and use them in training events • Focus on well organised associations and theme leaders e.g. milk, horticulture, grain • Link relevant political decision makers and organise start-up discussions on non-sensitive issues (e.g. recognition of veterinary drugs, agricultural services) and organise a sequence of events • Organise public-private trade dialogues along regional agricultural trade fairs and events • Set up and facilitate networks on thematic topics, e.g. agricultural departments, food quality boards, farmers’ associations
VI	Typical interventions and key activities	<ul style="list-style-type: none"> • Organisation of technical workshops and training on issues of regional agricultural trade • Support of relevant technical committees in agriculture and food • Support of public-private regional dialogue forums • Strengthening of private sector (farmers, food industry) and civil society representation at regional level • Incorporation of private sector and civil society representatives into regional decision making processes • Facilitation of round table meetings and conferences with political decision makers

Box 4:



Capacity Development of public and private stakeholders at regional and national level – the EAC-GTZ-Programme

Background and Objective: The EAC-GTZ Programme started in the beginning of 2007. A second phase started in October 2009. The main objective of the EAC-GTZ Programme “Support to the EAC Integration Process” is to improve the shaping and coordination of the regional integration process by the EAC Secretariat, while at the same time strengthening the participation of the regional business community and civil society organisations. The programme aims at improving the capacities of the EAC Secretariat to plan and implement economic and social policies. Moreover, it is directed at strengthening the capacities of regional business associations for advocacy and policy making in the context of East African regional integration.

Approach and Activities: The programme provides advice in economic and social policies for the East African Community. During the past phase, the programme has mainly focused on supporting the Common Market negotiations, e.g. through international expertise and by supporting the establishment of a compendium of international statistics on the EAC. The data produced mainly facilitate the work of the delegates of the High Level Task Force in the negotiation process. In support of the integration process of the partner states in general, the EAC/GTZ Programme supported several studies. Examples include a study on the benefits of the East African Community for the “ordinary citizen” as well as reports for Rwanda and Burundi to help these two newly acceded countries to determine their strategic goals within the EAC and their interests as members of the Common Market. Another focus lies on support to the East African business community, whereby the East African Business Council (EABC) was a major partner. Meanwhile EABC has become an officially acknowledged observer at the EAC and improved its overall public visibility. Apart from the EABC, the programme provides support to the East African Farmers’ Federation (EAFF). The programme supported EAFF farmers’ sensitisation workshops to familiarise farmers with the new developments and opportunities regarding the Customs Union.

Box 5:



Capacity Development of public and private stakeholders at regional and national level – Pan-African Reform Processes in the Field of Agro-business Development

Background and Objective: In the Maputo Declaration (2003), the NEPAD Member States (New Partnership for Africa’s Development) emphasised the importance of the agricultural sector, which is the predominant sector in most African economies. To back up the states, the NEPAD secretariat set up the “Comprehensive Africa Agricultural Development Programme” (CAADP), which is to work with regional organisations to generate coordinated agricultural policy framework conditions in the respective countries. GTZ has been supporting the NEPAD secretariat in various fields since 2002 on behalf of the Federal German Ministry for Economic Cooperation and Development (BMZ). The NEPAD/CAADP programme supports NEPAD Member States and selected regional organisations in pursuing a regionally coordinated, uniform agricultural economic policy.

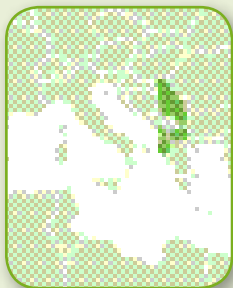
Approach and Activities: The advisory package in the NEPAD/CAADP project which focuses on promoting agro-business, essentially concentrates on holistic capacity-building in the NEPAD/CAADP secretariat and in selected regional organisations. In collaboration with InWEnt – Capacity Building International, Germany – GTZ promotes knowledge transfer and further training measures and instructs African partner organisations in coordination, moderation and mediation processes, thereby communicating knowledge of results observation, monitoring and evaluation. Specific activities include the support of the NEPAD/CAADP secretariat to set up a workplan, and the development of a CAADP Guide with the purpose of enhancing CAADP’s external image.

Table 3: Support of regional harmonisation of standards and quality assurance systems

I	Objective	<ul style="list-style-type: none"> • Regional harmonisation in public food safety regulations and procedures • Providing food quality assurance services in the region according to international requirements • Regional recognition of national tests and laboratories
II	Expected impacts	<ul style="list-style-type: none"> • Reduced hazards at border crossings (e.g. reduction in transaction costs, time gain) • Mutual recognition of national standards and quality assurance systems • Quality improvement and quality assurance • Improved market access, especially for smallholders
III	Prerequisites	<ul style="list-style-type: none"> • High-skilled proficiency coupled with inter-cultural competence • Required back-up by competent national and/or regional institutions • Investment in laboratory infrastructure and laboratory competence
IV	Major challenges	<ul style="list-style-type: none"> • Standards often not relevant for day-to-day trade (informal trade) • Increased competition through more standardised food items can force farmers and processor out of market production • Compliance of regional activities with national and global standards and procedures
V	Suggested strategies	<ul style="list-style-type: none"> • Assess either the present regional SPS management regime and application of available regional voluntary standards in food and agriculture or analyse food standards in specific value chains • Set up standard committees for the food industry at national level and support the regional exchange of information • Put the food sector at the forefront in the discussion on harmonisation of non-mandatory standards • Encourage cross border cooperation (option for PPP-approach) to allow cross border movement of samples and testing
VI	Typical interventions and key activities	<ul style="list-style-type: none"> • Assess present SPS and TBT requirements and general food quality management systems in highly relevant cross border value chains • Adjust national standards, regulations and conformity testings to regionally (and internationally) adopted procedures • Coordinate adjustment processes of national standards • Support national or regional food quality certification and accreditation bodies • Support capacities of food associations, farmers' associations and public food safety organisations in developing and harmonising mandatory and voluntary standards • Organise awareness raising campaigns for the private sector to apply and comply with harmonised standards and regulations

Box 6:

Support of regional harmonisation of standards and quality assurance systems – GTZ support in East and South-East Europe



Background and Objective: Global trade and increasing urbanisation have led to a proliferation of standards to ensure the quality and safety of food. As a potential barrier to trade, health-related consumer protection laws are subject to the regulations of the WTO agreements on sanitary and phytosanitary measures (SPS) and technical barriers to trade (TBT). On top of this, the food industry sets food standards, which although not legally binding are considered obligatory by producers and suppliers, who otherwise risk losing market share. The objective of this sectoral approach is to support partner countries in implementing food quality assurance systems and in participating in the process of standards setting.

Approach and Activities: GTZ assists state institutions and private service providers in creating framework conditions and the services for preparing EU accession and strengthening business relations. Due to the proximity of the European markets and the resulting opportunities, food quality and safety are important issues in South-Eastern Europe. Specifically, GTZ projects support the implementation of quality management systems in the primary production as well as in the processing industry; projects in Macedonia and Serbia support certification of farmer groups against the private-sector standard GLOBALGAP. It is envisaged that export-oriented companies introduce quality assurance systems in accordance with international standards. In Serbia, GTZ assists small and medium enterprises with the implementation of traceability systems. Another area of work is food legislation and the build-up of food safety authorities, so for example in Albania and Macedonia.

Box 7:



Support of regional harmonisation of standards and quality assurance systems – PTB project “Promotion of Metrology and Testing in West African countries”

Background: Against the background of international trade liberalization and, many African countries south of the Sahara are in danger of being disconnected from the international development. This applies in particular to the francophone states of West Africa in which requirements of the WTO, e.g. the TBT Agreement, are implemented only insufficiently, mainly due to considerable deficits in the MSTQ sector (Metrology Standardisation Testing Quality).

Objective: The Physikalisch-Technische Bundesanstalt (PTB) is the national metrology institute of Germany. It supports regional economic communities such as the West African Economic and Monetary Union (WAEMU) to establish regional structures in the MSTQ sector. Activities include the establishment and further development of national and regional infrastructures in the field of metrology and testing. It is envisaged that national and regional networks in the field of metrology and testing increasingly work in accordance with international standards and promote cooperation of West African countries. The offer of services in the field of metrology and testing and for maintenance work on measuring and testing devices shall be extended and take into account private initiatives. Producers and traders, in particular SMEs, as well as consumers are supposed to be aware and informed about the services offered in the field of metrology and testing and increasingly make use of them.

Table 4: Support of the reduction of regional trade barriers

I	Objective	<ul style="list-style-type: none"> • Simplifying cross border agricultural and food trade • Conversion of informal into formal trade
II	Expected impacts	<ul style="list-style-type: none"> • Increased formal cross-border agricultural trade • Reduction of transaction costs at border crossing • Improved transparency in cross border trade for traders and processors • Reduced basis for bribery and corruption • Improved cross border disease control and consumer protection
III	Prerequisites	<ul style="list-style-type: none"> • Stakeholder knowledge on trade barriers and their impacts • Technical working groups with regular assessment of the situation at border crossing • Strong political will • Strong civil society and private sector support
IV	Major challenges	<ul style="list-style-type: none"> • Informal trade • Conflicting interests concerning reducing barriers • Little inter-ministerial and cross-institutional cooperation
V	Suggested strategies	<ul style="list-style-type: none"> • Assess present trading situation • Reach consensus on a list of barriers • Group barriers according to the degree of difficulties in overcoming them • Set-up of working groups monitoring the progress of removal
VI	Typical interventions and key activities	<ul style="list-style-type: none"> • Set-up of working groups of public officials, traders, food processors, inspectorates • Set-up of a monitoring list of prevailing regional trade barriers in agriculture and food trade • Discuss monitoring list at regular intervals and formulate recommendations for political decision-makers (e.g. technical and organisational changes in customs and inspection procedures) • Train customs personnel and inspectors in new rules and regulations • Sensitise traders, food processors, transportation companies to duties and rights of inspections as well as cross border trade procedures • Install complaint units at border crossings • Campaign against smuggling

Box 8:



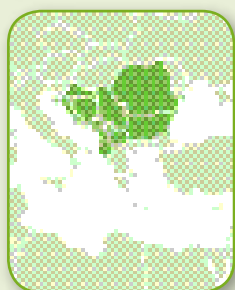
Support of the reduction of regional trade barriers – the GTZ support of Regional Economic Cooperation in Central Asia

Objective: The GTZ programme “Regional Economic Cooperation in Central Asia” promotes closer economic cooperation between the countries of Kazakhstan, Tajikistan, Uzbekistan and Kyrgyzstan. As an integral part of the programme, administrative and technical barriers to trade shall be reduced. The former entails the number of documents and signatures as well as the time required to get these forms processed. Technical barriers to be tackled include, among others, insufficient quality assurance systems and non-harmonised standards.

Approach: In order to remove barriers to trade, the programme supports the establishment of regular dialogues and exchange of technical know-how between respective sectoral ministries and institutions and with private sector stakeholders of the region. In some countries formal inter-ministerial committees have been created to identify possibilities for the reduction of trade barriers and to develop coherent regulations.

Results: In order to accelerate the administrative processes required for trading, GTZ facilitated the creation of “single windows”. A single window optimises administrative procedures and reduces administrative barriers to preparation of documents required for customs formalities. This is done by setting up a mechanism of effective information exchange among stakeholders and strengthening interaction of government bodies. A single window enables stakeholders to submit standardised documents, through a single channel that helps to meet all regulatory requirements related to foreign trade, including checkpoints that work under “one-stop” principle. Technical barriers to trade are reduced by improving quality infrastructure of the region. For instance, the programme supports the harmonisation of technical standards. Moreover, the implementation of international standards on quality management of ISO 9000 series at enterprises/organisations is encouraged.

Box 9:



Support of the reduction of regional trade barriers – the GTZ/Open Regional Fund: Improving Opportunities for Trade in South-East Europe

Background: The Central European Free Trade Agreement (CEFTA) establishes the basis for the efforts of non-EU countries in the region to liberalise trade among each other. In the light of the dynamic political and economic environment in South-East Europe this agreement provides for harmonised procedures and regulations in full conformity with WTO principles and EU standards. However, the existence of a wide range of technical and administrative barriers to trade is hampering the smooth process of CEFTA implementation.

Approach: The project aims to facilitate the regional trade through reduction and elimination of non-tariff barriers, increasing knowledge of these barriers and increasing the exchange of information and cooperation among stakeholders. Thus, the project aims to support the regional policy formulation as well as the further implementation of the CEFTA agreement. One of the pillars of the CEFTA project is the creation of a steady and constructive dialogue between the public and private sector at a regional level.

Results: Analysing and prioritising the existing non-tariff barriers to trade is the goal of a regional business survey conducted in all CEFTA countries. Regional conferences and stakeholder meetings have been organised with broad participation of all public and private actors involved in trade. For example, the first public-private regional roundtable on non-tariff barriers (NTBs) was held in Budva, Montenegro. By bringing together government senior officials and representatives from chambers of commerce and business associations from all CEFTA countries, as well as international trade, a preliminary list of priority areas of NTBs was drafted and submitted to the CEFTA vice ministers. The project provides information to businesses and established an internet portal to serve as a “regional open window” towards CEFTA. The aim of the portal is to inform the businesses about the provisions of the CEFTA agreement in general and the current situation regarding NTBs in the region. Most relevant EU legislation will be up-loaded as well as trade-related procedures to be adopted by CEFTA countries.

Table 5: Support of regional initiatives for risk management and price stabilisation

I	Objective	<ul style="list-style-type: none"> • Setting up transparent and structured trading systems • Managing strategic food reserves in a regional context • Avoiding price escalation for consumers by channelling additional suppliers from neighbouring markets
II	Expected impacts	<ul style="list-style-type: none"> • Improved flow of food staples within the region and therewith improved food availability • Reduced price escalations and price volatility due to new financing instruments and distribution mechanisms
III	Prerequisites	<ul style="list-style-type: none"> • Functioning banking sector • Regular and plausible monitoring system of national and regional supply, stocks and demand • Functioning trade infrastructure (e.g. storage facilities) • Well-functioning coordination mechanism • Awareness and willingness on political level
IV	Major challenges	<ul style="list-style-type: none"> • Bad experiences (e.g. mismanagement of funds or stocks, accumulation of government debts, non-payment of farmers) • Unclear mandate at regional level • Harmonised system of product quality through standards • Inclusion of smallholders in structured trading systems
V	Suggested strategies	<ul style="list-style-type: none"> • A priori establishment of regionally harmonised criteria and conditions in addition to a regional market monitoring system • Develop lean and private sector driven risk management and price stabilisation programmes
VI	Typical interventions and key activities	<ul style="list-style-type: none"> • Assess the potential of regional agricultural trade to improve food security • Facilitate dialogue between national food reserve agencies and link existing early warning systems in order to establish systems of yield forecast at national and regional levels • Establish a demand forecast model. • Develop and offer financial instruments for market stabilisation • Organise regional stock monitoring system for basic food items in cooperation with public and private operators • Organise commodity exchange systems • Improve the access of smallholders to structured trading systems (e.g. warehouse receipt system & commodity exchange)

Box 10:



Support of regional initiatives for risk management and price stabilisation – the ASEAN Integrated Food Security (AIFS) Framework

Background: To ensure long-term food security and to improve the livelihoods of farmers in the ASEAN region, ASEAN Leaders adopted the ASEAN Integrated Food Security (AIFS) Framework at the 14th ASEAN Summit in 2009. The AIFS Framework, which is planned for a five year period (2009-2013), provides measures, activities and timelines to facilitate cooperation in the implementation and monitoring process.

Approach: The AIFS Framework comprises four components, which are distinctive but interrelated to facilitate cooperation in addressing food security in the ASEAN region:

Component 1: Food Security and Emergency/ Shortage Relief

Component 2: Sustainable Food Trade Development

Component 3: Integrated Food Security Information System

Component 4: Agricultural Innovation

Activities: To concretise and elaborate further the AIFS Framework, the Special Senior Officials Meeting of the 29th Meeting of the ASEAN Ministers on Agriculture and Forestry established an ad-hoc taskforce to develop a detailed workplan. This includes a Strategic Plan of Action on Food Security for the ASEAN Region (SPA-FS) for consideration and endorsement by the AMAF meeting to be submitted for approval by the ASEAN Summit in 2008. Relevant ASEAN sectoral bodies will coordinate the implementation of the AIFS Framework and SPA-FS, while relevant government agencies will be responsible for overseeing the implementation and preparation of more detailed action plans at the national level. Partnership and cooperation arrangements with the international organisations, donor agencies, private sector, industry associations and the wider community at the regional and national levels will also be actively sought where required to ensure participation of all stakeholders in the implementation process.

Box 11:



Support of regional initiatives for risk management and price stabilisation – the Warehouse Receipt System (WRS) in East Africa

Background: The East African Grain Council (EAGC) coordinates the Warehouse Receipt Initiative in Kenya, which started in 2007. It is a first step to establish a structured grain trading system in Eastern Africa. The National Cereals and Produce Board in partnership with EAGC has identified and commenced certification of twelve warehouses which have a combined storage capacity of 953,604 MT. These warehouses have the potential to source also from the neighbouring countries (e.g. Tanzania, Ethiopia). The target is to cover all the 110 sites with close to 500 warehouses with a

combined capacity of 1.89 million tonnes. Farmers benefit from using WRS by improved access to cash while waiting for price increases, better sale margins, enhanced access to a larger more formal market and better storage conditions. For traders and millers a WRS provides access to wider sources of commodity and enables them to finance stock or trading positions. The system is an alternative way of managing and financing Strategic Grain Reserves.

Approach: After farmers harvest their crop, the produce (at least 5 MT) is transported to the warehouse where it is checked for quality and graded. The depositor gets a receipt stating quality and quantity of the stored crops. The receipt can be used as collateral at participating banks so that the depositor (i.e. the farmer, cooperative or trader) is eligible to get a loan. Banks give a maximum loan based on 60-80 % of the prevailing market maize price. A certified warehouse has a full comprehensive insurance cover. In case of grain loss through fire or theft, depositors are compensated. When selling the crops, the seller fills out a warehouse receipt transfer form which is given to the buyer and informs the buyer of his bank account to deposit the funds. As soon as the bank receives the payment and a copy of signed transfer form, the loan is paid back to the bank and the original warehouse receipt is released to the buyer.

Table 6: Promotion of market information systems for regional markets

I	Objective	<ul style="list-style-type: none"> • Dissemination of regional prices and market information (e.g. supply and demand, required standards, service providers) • Establishment of regional commodity exchanges
II	Expected impacts	<ul style="list-style-type: none"> • Opening up new regional markets for agricultural products • Improved functioning of regional markets • Regional coordinated market stabilisation efforts • Increased formal cross-border trade
III	Prerequisites	<ul style="list-style-type: none"> • High investments required to install and operate market information systems • Systematic collection of market data in key markets • Functioning reporting agents in each country • Long-term commitment to establish, maintain and update data pools
IV	Major challenges	<ul style="list-style-type: none"> • Time and quality gap of data gathering and dissemination • High investment and current costs • Low ownership/sustainability of the systems • Lack of sufficiently qualified staff
V	Suggested strategies	<ul style="list-style-type: none"> • Use already existing national public or private market information systems and improve or develop the regional reporting needs • Focus on essential food and agricultural commodities, use rather a smaller number but with regular reporting • Link regional information system to individual food companies (e.g. via food associations) • Capacity development on benefits and operation of market information systems at regional level • Potential for public-private partnerships, especially in the IT sector (mobile phones)
VI	Typical interventions and key activities	<ul style="list-style-type: none"> • Systematic collection of national data, storage and transfer into regional system • Qualification of staff in data analysis • Harmonising regional data collection • Qualification in transferring regional data to national management and vice versa • Analysing the potential of ICT for improving smallholders' access to market information

Box 12:



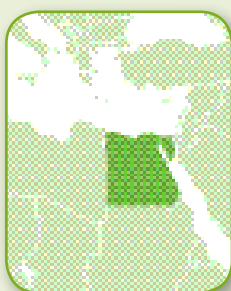
Promotion of market information systems for regional markets – GTZ support for AgriMIS Eastern Europe

Background: In view of the accession of the Central and Eastern European Countries (CEEC) to the European Union the demand for information on markets of agricultural products increases. Given this, national agricultural market information systems in Central and Eastern Europe need to co-operate more closely in their activities in order to improve market transparency. To support these efforts, GTZ supports AgriMIS Eastern Europe, a platform designed for the exchange of market information on agricultural and processed products.

Approach: GTZ together with FAO and ZMP (Zentrale Markt- und Preisberichtsstelle) jointly established a regional network of agricultural market information systems in the CEEC called „AgriMIS Eastern Europe“. The network was launched in October 2002. While until 2009 ZMP operated the system, today GTZ has taken over the platform for the time being.

Results: The core component is a database embedded in an internet platform with restricted access to a user group. The database allows participants to easily and comprehensively exchange and compare market data, i.e. prices and information on market development. Currently, it comprises 13 product groups (e.g. grain, fruit, meat and livestock) with a total of 139 agricultural and processed products. Prices are collected on a weekly basis and can be entered and evaluated at three levels: producer, wholesale and retail level. AgriMIS Eastern Europe offers a wide range of evaluations, e.g. by products or by countries. Moreover, users can produce market reports which describe the current situation on the domestic market. This allows other users to understand the background of market development. The platform also comprises a forum where the participants can post questions and comments. Currently twenty countries are contributing to the system, covering Eastern and Central Europe as well as parts of Central Asia (Kazakhstan).

Box 13:



Promotion of market information systems for regional markets - Egypt4Trade

Background: The information and knowledge management system Egypt4Trade was developed in cooperation with an industrial chamber and an exporters association. Currently it is operated by the Egyptian Chamber of Food Industries.

Approach: Egypt4Trade has been developed to narrow the information gap and to enhance access to relevant information. Its aim is to support SMEs in their export decision-making processes and therefore their international competitiveness. It is a comprehensive sectoral approach complementary to other trade-related databases and internet sources. Currently the food and the textile sector are covered. Through this system trade institutions are able to provide information services to member companies and to handle their specific information requests.

Results: Egypt4Trade provides sector-specific qualitative trade information (i.e. news about markets, products, competitors) and quantitative trade data (i.e. trade statistics, tariff rates). This information and data is collected and categorised automatically by the system. An event calendar lists all sector-specific fairs and exhibitions worldwide. Quantitative trade data are collected from different statistical sources and filtered by selected criteria. This allows analysing market or product news i.e. in reference to competing countries or other markets. Egypt4Trade can be linked to other institutions from the same sector. The platform allows these different users to interact and to share information and knowledge. Publicly available information can be enriched with personal knowledge through a common workspace and shared contacts. Egypt4Trade can be adapted for different actors from all levels whereas the focus is on institutions from the macro and meso level. Its sectoral approach is expandable to any other sectors. Recently, the system has been adapted to the needs of Ethiopia. Although operating at the national level at the moment, the system could easily be expanded and enriched by other data sources to capture regional markets.

Table 7: Promotion of access to agricultural services and inputs at regional level

I	Objective	<ul style="list-style-type: none"> • Provision of certified service at regional level, which are not affordable or viable at national levels • Efficient organisation of regional input distribution systems • Enhanced access to adapted and high-quality agricultural inputs
II	Expected impacts	<ul style="list-style-type: none"> • Unrestricted provision of agricultural services to the region • Regionally recognised single inspection of each food shipment • Easier and cheaper access to inputs • Increased productivity and quality and therewith better trade opportunities
III	Prerequisites	<ul style="list-style-type: none"> • Private agricultural input supply industry available • Coordination efforts and harmonisation of national rules and regulations at regional levels • Active coordination with and integration into regional research centres
IV	Major challenges	<ul style="list-style-type: none"> • Lack of infrastructure to get access to inputs • Little knowledge on existing agricultural service providers • Lack of formal cooperation and mutual recognition between national and regional institutions
V	Suggested strategies	<ul style="list-style-type: none"> • Establish regional service providers for specific agricultural value chains and/or along specific trade corridors • Initiate dialogue between public and private stakeholders to formulate regional agricultural input policies
VI	Typical interventions and key activities	<ul style="list-style-type: none"> • Regional recognition of university degrees in agriculture, food technologies etc. in the region • Provision of cross-border services (e.g. veterinary or food laboratory services) and facilitation of formal recognition at regional levels • Initiation of joint research projects (e.g. improved varieties) • Facilitation of cattle holding grounds and necessary veterinary services along corridors • Provision of regional input supply from recognised sources • Support of regional logistics

Box 14:



Promotion of access to agricultural services and inputs at regional level – GTZ support for AfriCert in Eastern Africa

Background: Certification has become an indispensable marketing instrument, whether this is visible to the consumer, such as the Flower Label, or required on principle by western retail chains for imported fruit and vegetables (GLOBALGAP). Nairobi-based AfriCert, the first certification company in eastern Africa, has now gained accreditation according to the international ISO 65 standard. AfriCert's seal of approval confirms that producers subscribe to good agricultural practices, namely resource conservation, safe use of pesticides, good post-harvest protection, hygiene, and occupational health and safety. Previously, certification was offered exclusively by international companies – a costly process that only major growers could afford.

Approach: GTZ supported the local certification body AfriCert in providing services especially for small and medium-sized fruit and vegetable growers. Instead of depending on international certification bodies, growers are now able to receive the same service at much lower cost from a local company.

Activities: GTZ was responsible for training AfriCert agents on audits, inspections and systematic quality documentation. GTZ supported the development of a quality manual for AfriCert, which was required in order for the company to receive ISO 65 accreditation from the German Accreditation System for Testing.

Outreach: AfriCert now offers growers in the whole East African region affordable certification in line with internationally recognised standards. A considerable gap in the value chain of agricultural products has been closed.

Box 15:



Promotion of access to agricultural services and inputs at regional level – vegetable breeding and seed systems for poverty reduction in Africa

Background: The World Vegetable Center (AVRDC) promotes alleviation of poverty and malnutrition in the developing world through the increased production and consumption of safe vegetables. The Center's African regional program began in 1992 in Arusha, northern Tanzania. After expanding the work into Mali, West Africa in 2004 and into Central and Southern Africa in 2007, the Center recently opened new offices in Madagascar and Cameroon. The Center now partners with over 40 national institutions in Africa and many international organisations. Funded by the Bill & Melinda

Gates Foundation, the Vegetable Breeding and Seed Systems for Poverty Reduction in Africa program aims to increase vegetable production, marketing and consumption to foster rural development, reduce poverty and improve the livelihoods and nutrition of poor women and children in particular.

Approach: Introduced and indigenous vegetable varieties are being bred for pest and disease resistance; tolerance to the abiotic stresses of drought and heat; low requirement for inputs such as pesticides and fertilizers, high economic yield, consumer preferences, and high micronutrient content. The project will then test and multiply the most promising lines, disseminate the outstanding varieties, and undertake demand creation activities to ensure widespread adoption. The project is working with public, private, and nongovernmental partners in the "hub" countries of Tanzania, Mali, Cameroon, and Madagascar and their surrounding "spoke" countries. These cover the four major agroecological zones of Sub-Saharan Africa. The four hub operations will work to develop vegetable seed system capacity in neighboring "spoke" countries; network with national vegetable breeding programs, private African seed companies, and vegetable seed supply systems, and promote increased and sustainable vegetable production, marketing, and consumption throughout sub-Saharan Africa.

Table 8: Support of regional biotrade initiatives

I	Objective	<ul style="list-style-type: none"> • Establish an internationally recognised regional framework for trade with biodiversity products (e.g. herbal medicine, natural essences)
II	Expected impacts	<ul style="list-style-type: none"> • Sustainable use of natural resources • Economic benefits for local communities due to trading biodiversity products • Enhanced countervailing power against international corporations (e.g. bio-patents) • Improved legal basis on regional level
III	Prerequisites	<ul style="list-style-type: none"> • Functioning regional organisation with competence in handling TRIPS aspects in all countries • Legal advice capacities • Technical, legal and organisational support in defining the product or patent on the ground
IV	Major challenges	<ul style="list-style-type: none"> • Very time consuming process • Often disputed international patent situation • Legal dispute could create high follow-up costs • Lack of understanding regarding the value of natural products and the concept of conservation and sustainability
V	Suggested strategies	<ul style="list-style-type: none"> • Clarify and adjust legal prerequisites at local, national and regional level • Definition of genetic pool or the plant/extract/ingredients at community level • Brief and sensitise the involved community • Design, implementation and management of a financial system managing the distribution of revenue within communities (access-and-benefit-sharing)
VI	Typical interventions and key activities	<ul style="list-style-type: none"> • Definition of relevant products • Setting-up of legal structures for recognition of the product at regional level • Follow-up of recognition of regional laws at national levels • Support the registration of nationally defined products • Support briefing of communities about their legal obligations and rights • Promote marketing efforts

Box 16:



Support of regional biotrade initiatives – the Regional Amazon Programme

Background: The programme is a partnership between the Amazon Cooperation Treaty Organization (ACTO–OTCA), the United Nations Conference on Trade and Development (UNCTAD) and GTZ. The purpose of this regional programme is to foster sustainable development in the Amazon region (i.e. Bolivia, Brazil, Colombia, Guyana, Ecuador, Peru, Surinam, and Venezuela) through trade and investment in biodiversity-based products and services. The programme's formulation phase started in September 2005.

Approach: A regional BioTrade Amazon programme will tackle difficulties in promoting biotrade at regional level, which cannot be properly dealt with through isolated initiatives. This is required to a) implement activities that cannot be properly carried out at the national level and are b) implemented in a more efficient and cost-effective way at regional level. It shall complement the activities of National BioTrade Programmes, national environmental authorities and other institutions promoting biotrade in the Amazon region. Potential areas of work have already been identified in informal discussions, which include facilitating joint positions at international negotiation forums, such as on intellectual property rights, access to genetic resources and benefit sharing, creating trans-boundary control mechanisms to prevent illegal trade and an Amazon brand.

Activities: At present, the eight Amazon countries are concluding national assessment studies on the state of trade in biodiversity-based products and services in their respective Amazon regions. Based on those findings, the studies provide recommendations on issues that should be addressed at the regional level through a regional BioTrade programme. The assessment studies have been validated in each Amazon country through technical meetings with major stakeholders. Based on the results of these studies, a regional proposal will be formulated to detail the programme's specific objectives, activities, as well as the implementation strategy and coordination arrangement.

Box 17:



Support of regional biotrade initiatives – the GTZ Biodiversity Partnership Mesoamerica

Background: Central America is a hotspot of climate change which manifests particularly through rising temperatures, unpredictable precipitation and increased occurrence of hurricanes. Deforested, polluted and fragmented eco-systems are highly vulnerable against changing climate conditions that are not only affecting the agriculture and forestry sector, but also infrastructure, urban development, tourism, bank and insurance sectors, among others. 10 years ago, environment ministers from the region endorsed the Mesoamerican Biological Corridor to conserve biodiversity in Central America, thus providing the political framework to create an intact eco-system in the region.

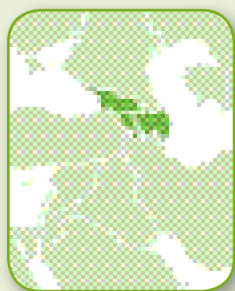
Approach: The active participation of all stakeholders, especially producers and companies as drivers of change and development, is crucial to combine sustainable production and biological conservation. The Biodiversity Partnership Mesoamerica intends to provide an efficient platform for public and private initiatives. It is meant to be aligned with the conservation of biodiversity through sustainable forms of production, which in turn are able to adapt to the changing climate conditions in Mesoamerica and to mitigate greenhouse gas emissions.

Expected Results: Focused partnerships between public and private actors along value chains permit the implementation of concrete projects at local, national and regional level. Implemented best practices create benefits for the local population and contribute to poverty alleviation. Systematized lessons learnt provide sector wide strategies, their integration in private and public handling as well as scaling up potential. A joint platform ensures permanent exchange on experiences and knowledge and allows learning from each other.

Table 9: Practical trade promotion measures

I	Objective	<ul style="list-style-type: none"> • Increase exchange of agricultural and food products • Set-up of regional marketing structures and initiatives (e.g. Geographical Indication, GI and Geographic Labelling, GL)
II	Expected impacts	<ul style="list-style-type: none"> • Increased agricultural trade flows and income generation • Enhanced availability of regionally marketed products on world markets • Reduced political tensions due to joint trade activities
III	Prerequisites	<ul style="list-style-type: none"> • Structured agricultural and food sector • Viable private sector in respective countries • Common interest of private stakeholders in joint marketing
IV	Major challenges	<ul style="list-style-type: none"> • Post-conflict situation requires very sensitive and non-political procedures • Low interest of national communities in joint approaches (e.g. mistrust) • Cost sharing principles
V	Suggested strategies	<ul style="list-style-type: none"> • Initiate a coordinated marketing strategy for typical regional products • Use national agricultural trade fairs as interesting entry points • Common marketing activities outside the region (e.g. international trade fairs Green Week or ANUGA)
VI	Typical interventions and key activities	<ul style="list-style-type: none"> • Design and implement a marketing concept for food products of the region (e.g. East African tea) • Facilitate regional trade fairs • Establish yellow pages for the agricultural and food sector in the region • Organise regular business-to-business events in the region • Promote regional joint ventures and cross-border direct investments • Support the cooperation of national trade promotion agencies at regional level

Box 18:



Practical trade promotion measures – the GTZ private sector promotion programme in South Caucasus

Background: Since 2008 GTZ has supported private sector development in the South Caucasus (the region includes Armenia, Georgia and Azerbaijan). In the context of the European Neighbourhood Policy the region aspires to develop closer trade links with the European Union.

Objective: The programme aims at developing the technical and institutional capacities of national public and private sector associations, especially regarding trade-related administrative and food safety procedures. Thereby obstacles to export products to the European Union shall be reduced.

Approach: One component of the programme focuses on export promotion activities for small and medium enterprises, mostly in the agricultural sector. It is envisaged to improve the access to information for potential exporters regarding trade-related EU-standards and regulations. GTZ facilitated the participation of three countries at the International Green Week in Berlin as well as the Food and Beverage Fair (ANUGA) in Cologne. The countries used one joint stand with the banner “South Caucasus” to present their products. Apart from that GTZ facilitates closer cooperation and regular exchanges between public and private stakeholders of the three countries. For instance, the Azerbaijan Investment and Export Promotion Department will establish offices in neighbouring Georgia. Moreover, GTZ provides technical and organisational training for the newly created Georgian Export Promotion Agency, which includes close cooperation with the respective institutions in Armenia and Azerbaijan.

Box 19:



Practical trade promotion measures - Programme for Building African Capacity for Trade in African regions

Background: The Programme for Building African Capacity for Trade (PACT), developed by the International Trade Centre (ITC) as part of its corporate strategy for regional trade development, builds on a strategic partnership between ITC, as executing agency, and selected regional economic communities, as main counterpart organizations, COMESA, ECOWAS and ECCAS. PACT receives funding from the Canadian International Development Agency (CIDA) and was launched in 2008.

Approach: The programme revolves around a strategic partnership between these integration bodies and regional private sector and trade support institution (TSI) networks, developing priorities and frameworks for joint action that lead to increased exports. By fostering a better understanding of export markets, the programme aims to open the way for African businesses to seize vital opportunities. To this end, the regional network works together to help sectors and companies reinforce regional value chains, upgrade product quality and design, encourage compliance with standards, improve marketing skills and facilitate export linkages.

Activities: In line with the regional priorities, the programme provides enterprises in selected sectors with an integrated mix of business upgrading services, to be developed in partnership with the regional trade support institution network. These will include quality management, standards, exporter training and supply-chain management. Small and medium-sized enterprises will be coached to upgrade their business processes and export management skills, and introduced to targeted regional and overseas markets. Joint trade promotion activities include business matchmaking and market development initiatives in the form of buyers/sellers meetings, market orientation tours or trade fair participation. The programme will focus on high-potential sectors, such as leather and leather goods, horticulture and organic food products.

Table 10: Promotion of regional value chains

I	Objective	<ul style="list-style-type: none"> • Accessing neighbouring markets through well defined commodity of services oriented trade chains (holistic approach) considering all actors from field production until final point of sale
II	Expected impacts	<ul style="list-style-type: none"> • Structured procedure of entering neighbouring markets and linking cross border business communities with farmers • Increased formal trade flows due to increased cooperation • Improved transparency within the value chain for all market actors • Growth in value adding activities (food processors) through cooperation and service provision
III	Prerequisites	<ul style="list-style-type: none"> • Willingness of all stakeholders to cooperate with each other • Basic infrastructure • Active participation of key actors of the chain and their interpretation and assessments of challenges
IV	Major challenges	<ul style="list-style-type: none"> • High risk of failure if focus is on a single commodity (in comparison to spatial approach) • Missing political will to liberalise trade and/or cooperate with each other
V	Suggested strategies	<ul style="list-style-type: none"> • Identify and appoint independent agent (e.g. NGO) to facilitate cooperation along the value chains • Include all major actors of the chain, including public (e.g. custom officers) and civil society stakeholders • Organise forums of meetings • Agree on defined set of measures towards improving the cross border chain (e.g. door-to-door forwarding arrangements including paper work, financial arrangements, quality improvement along the chain)
VI	Typical interventions and key activities	<ul style="list-style-type: none"> • Assess regional value chains including commodity flows, finance and information, main actors, • Identify key intervention areas essential for the expansion of the cross-border value chain • Set-up of regional technical working groups dealing with specific potential intervention areas • Support business meetings and investment promotions along the vertical chain • Facilitate dialogue forums with key stakeholders of the chain verifying the key intervention areas

Box 20:



Promotion of regional value chains – Promotion of economic cooperation in BIMP-EAGA (Brunei, Indonesia, Malaysia, Philippines – East Asian Growth Area)

Objective: The GTZ programme aims to strengthen public and private sector institutions in the sub-region in order to promote sustainable economic cooperation in the areas of cross-border trade, investment and tourism. It addresses the structural and institutional weaknesses at sub-regional level and strengthens sector-specific value chains.

Approach and Activities: In mid-2007, GTZ introduced **ValueLinks**, a value chain development approach to spur the growth of industries by strengthening the linkages among different stakeholders and provide a platform to identify and address gaps and weaknesses. The value chain approach provides opportunities for quick wins created by the stakeholder forums and value chain core groups. The BIMP-EAGA programme applies **ValueLinks** in priority agricultural sectors, namely seaweeds, palm oil and halal products.

Results: In the seaweed value chain, the programme provided an impetus for research institutions to share knowledge and experiences for improved technologies in seaweed processing and product innovations. A harmonised standard for seaweeds has been developed in cooperation with an Indonesian private company for adoption by the four countries. For palm oil, a communication channel between the Indonesian Palm Oil Association and Palm Oil Industry Cluster in Malaysia was established by sharing experiences and best practices in creating and managing of palm oil industry clusters as well as promoting each other's palm oil investment opportunities. In the halal sector, certification bodies are now negotiating on common terms for halal certification. Moreover, possible joint ventures to strengthen the supply chain for halal poultry raising are envisaged.

Box 21:



Promotion of regional value chains – the USAID Competitiveness and Trade Expansion Program (COMPETE) in Eastern and Central Africa

Background and Approach: COMPETE is based on the premise that the private sector should set the agenda for removing barriers to trade and reducing the cost of doing business. However, the COMPETE approach also recognises that for this to happen, there must be public-private sector partnership to address the challenges to doing business in the region. COMPETE works in the following value chains of staple foods, specialty coffee and cotton/textiles/apparel.

Activities: The programme aims at strengthening the capacity of Regional Trade Associations (RTAs) by reviewing and updating existing sustainability plans, developing an RTA institutional sustainability index, building capacity within the RTAs. For certain value chains, the programme supports the creation of effective market information systems. It is planned to expand the reach and commodity focus of the Regional Agricultural Trade Intelligence Network (RATIN) so that it becomes a one-stop source for information about current customs and transport procedures. In the staple foods sector, COMPETE promotes private sector awareness of harmonised standards and supports the implementation of World Trade Organization (WTO) and World Customs Organization (WCO) Policy Standards for the regional trade. COMPETE will work with regional trade associations (RTAs), COMESA, and the EAC to introduce a staples foods transit agenda into the relevant policy committees. Regarding impact monitoring, COMPETE creates and applies an Impact Index to measure the programme's impact on value chain competitiveness.

Table 11: Promotion of regional trade corridors

I	Objective	<ul style="list-style-type: none"> • Opening up trade flows for agricultural products along trade corridors • Enhanced functioning of regional markets
II	Expected impacts	<ul style="list-style-type: none"> • Improved trade flows along trade corridors • Reduction in transaction costs through improved efficiency • Growth in value adding activities (food processors) along corridors through provision of basic infrastructure and services • Formation of business clusters for agriculture and food industries • Improved competitiveness of suppliers
III	Prerequisites	<ul style="list-style-type: none"> • Primary road and logistical infrastructure • Regional or cross-border road governance system • Political will to increase openness
IV	Major challenges	<ul style="list-style-type: none"> • Long-term road maintenance • Lack of willingness of parts of the public sector (e.g. bribery at road blocks) • Weak inclusion of small-scale farmers • Increased volume of traffic • Negative side effects (especially HIV/AIDS) • Security and smuggle problems
V	Suggested strategies	<ul style="list-style-type: none"> • Cross border markets and the efforts in technically and physically improving the market structures as starting point • Develop roadside markets along the main corridor roads • Integrate cross border trade into the national and regional trading structures and strategies • Provide agricultural market infrastructure and develop agricultural clusters
VI	Typical interventions and key activities	<ul style="list-style-type: none"> • Support logistic sector for transporting food and agricultural products • Promote investment and settlement of food processing and handling companies along the corridor e.g. formation of clusters or centres • Support the removal of regionally confined trade barriers

Box 22:



Promotion of regional trade corridors – the Regional Trade Facilitation Project (RTFP) in Eastern and Southern Africa

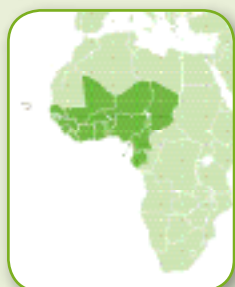
Background: The RTFP was launched in 2004 and is funded by DFID. It was phased out in 2009 and will be succeeded by a follow-up programme called TradeMark Southern Africa. The North-South Corridor Pilot Aid for Trade Programme was initiated as part of the RTFP.

Objective: The aim of North-South Corridor Pilot Aid for Trade Programme is to facilitate the supply-side of trade by looking into the specific bottlenecks along trade routes by using several regional trade facilitation instruments.

Approach: Using the corridor approach, the programme addresses the regulatory, administrative and infrastructural constraints along the transport/transit corridor in a holistic manner. The specific interventions aimed at reducing costs and time are implemented in a sequential manner so that there is a “knock-on” effect in terms of savings along the entire route. Moreover the programme strengthens national, regional and inter-regional trade policy regulation and trade facilitation.

Activities: One example of a specific instrument to promote trade is the establishment of one-stop border-posts (OSBP). A OSBP is a border post shared by border officers from two adjacent countries to conduct jointly cross-border and security clearance procedures. They are supposed to make trade faster, reduce the costs, increase cooperation and the sharing of information between border agencies, increase transparency and reduce corruption. The RTFP supported the development of three OSBP along the North-South trading corridor. Recently, the first OSBP in Chirundu between Zambia and Zimbabwe started operation.

Box 23:



Promotion of regional trade corridors – the USAID West African Trade Hub

Background: West Africa has the most expensive, least efficient road transport in the world. Reasons include the high costs of inputs and taxation, low capacity use, overloaded vehicles running on degraded roads, and a surfeit of old, dilapidated trucks operating when they should be retired from the fleet. Another source of high costs is road barriers, set up mostly by law-enforcement agents to exact bribes from truckers. Bribery and delays also occur at border crossings, where officials may exploit the need to redo paperwork for cargo as part of the transition from one country to the next.

Approach: The USAID West African Trade Hub supports ECOWAS and UEMOA to track bribes and delays on priority trade corridors. Truckers with proper documentation and roadworthy vehicles record the bribes they pay and the length of time they are delayed, noting location and type of uniformed service involved. Focal points collect the data at the end of their journeys and enter it into the database. This information system generates reports which are sent to truckers' unions, drivers, shippers, media, to the heads of the uniformed services concerned, local governments, as well as international organisations and donors negotiating with governments for improved governance. Moreover, the programme also published an extended map that includes project data plus information generated from rapid-reconnaissance missions on major corridors. The extended map covers Benin, Burkina Faso, Côte d'Ivoire, Ghana, Guinea, Mali, Niger, Senegal, and Togo. With credible, regularly updated information, ECOWAS and UEMOA will be able to develop strong policy solutions to reduce delays and corruption, increase transit volumes, decrease transport costs, and ultimately expand the trade capacity of West Africa.



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Annex



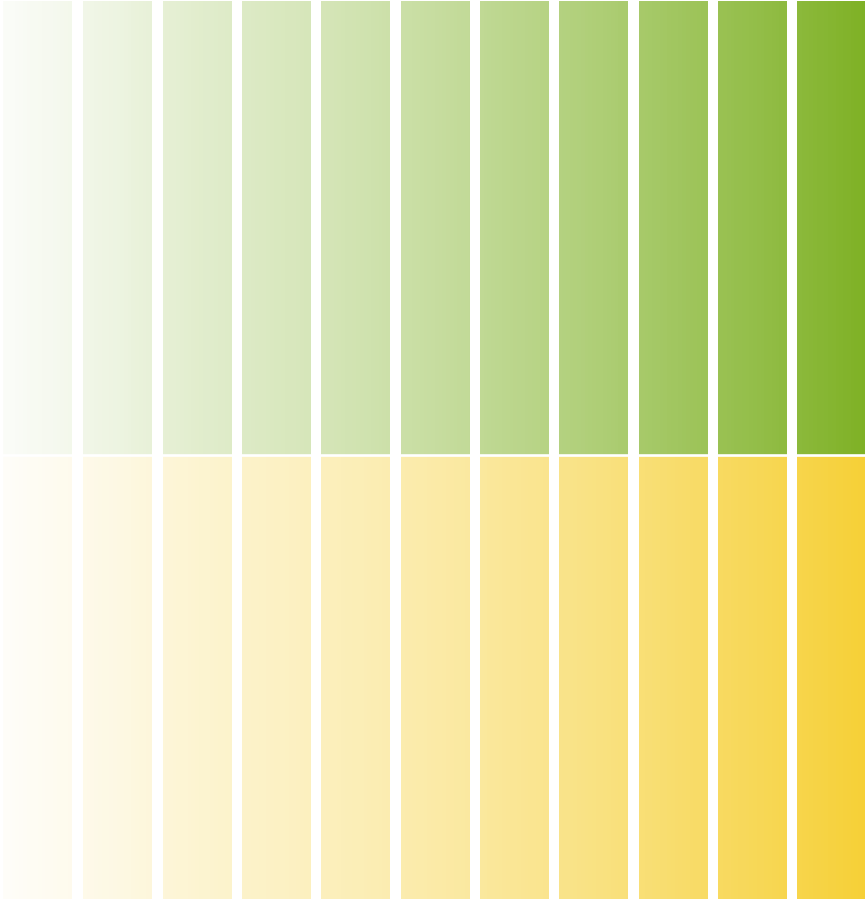
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