

AID-FOR-TRADE CASE STORY:

MALAWI

Date of submission: 28 January 2011

Region: Southern Africa

Country: Malawi

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Case Story N°1.: NATIONAL DEVELOPMENT AND TRADE POLICY FORUM PROJECT

Case Story N°2: BUSINESS ENVIRONMENT STRENGTHENING TECHNICAL ASSISTANCE

Case Story N°3: INTEGRATED FRAMEWORK PROJECT



GOVERNMENT OF THE REPUBLIC OF MALAWI

MINISTRY OF INDUSTRY AND TRADE

AID FOR TRADE PROJECTS CASE STORIES FOR MALAWI

REGION: SOUTHERN AFRICA

COUNTRY : MALAWI

TYPE: THREE CASE STORIES – *NDTPF, BESTAP AND IF*

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28TH JANUARY 2011

Executive Summary

Developing and least developed countries (LDCs) enjoy a relatively high level of market access. Thanks to the multilateral trading system (MTS), regional integration schemes and various unilateral preferential trade schemes offered by developed countries. However, limited supply capacity has led to underutilisation of these market access opportunities. This issue took a centre stage in the 2001 Doha World Trade Organisation (WTO) Ministerial conference which launched a new round of trade negotiations. At the conference a declaration was adopted which, among other things, emphasised the need to address the development concerns of developing and least developed countries to enable them integrate into the global trading system.

Subsequently, at the 6th WTO Ministerial Conference held in Hong Kong, China, the Aid for Trade (AfT) Initiative was launched as a vehicle for assisting developing countries to overcome the structural barriers and weak capacities that limit their ability to benefit from emerging trade and investment opportunities created by the multilateral trading system. A task force was set up within the WTO to develop modalities for operationalising the Aid for Trade Initiative. The task force proposed the following categorisation for Aid for Trade coverage:

- **Trade policy and regulations:** covering capacity building such as training of trade officials and in analysis of trade proposals and their potential impact.
- **Trade development:** improve business climate and foster private sector development by promoting investments and exports, encourage Private Public Partnership (PPP) and enhancing access to finance.
- **Trade-related infrastructure:** covering infrastructural constraints such as poor transport, inadequate energy supply and poor storage facilities hold back the supply of goods and services.
- **Building productive capacity:** focusing on addressing supply-side constraints in order to boost productivity of a country.
- **Trade-related adjustments:** providing support for developing countries to put in place accompanying measures that assist them to benefit from trade liberalisation.

The AfT initiative centres on the five principles espoused in the Paris Declaration on Aid Effectiveness, namely: national ownership; aid alignment to national development strategies; harmonisation of aid systems and activities among development partners; management for results; and mutual accountability¹. From the development partners perspective, the thrust is to harmonise the delivery of trade-related assistance among donors and devote efforts towards implementing common arrangements, simplifying procedures and embrace an effective division of labour and collaboration. To promote national ownership, recipient countries are required to take a lead role in the identification, designing, implementation, monitoring and evaluation of the programmes.

Implementation of the Aid for Trade at national level is supposed to be done through partnership structures involving government ministries and agencies and the cooperating partners. The national structures are to be supported by a global review and monitoring mechanism. This arrangement seeks to ensure coordination and synergy in the delivery and implementation of Aid for Trade programmes.

Malawi welcomed the AfT initiative and proactively developed a Concept Paper that seeks to elaborate key areas of focus and the implementation modalities for Aid for Trade programme in the

¹ OECD (2006): Aid for Trade: Making it effective

country. The Paper is the first step towards operationalising Aid for Trade Initiative in Malawi. A detailed Action Plan was prepared in close collaboration with various stakeholders, including civil society organizations and the private sector.

A more widespread and fundamental issue is that Malawi lacks the requisite capacity to take full advantage of unfolding trade opportunities because of significant supply-side and institutional constraints. Lack of productive capacity, weak trade support infrastructure, limited institutional and policy capacity, difficulties in complying with trade requirements and lack of proper trade facilitation are among the main challenges hampering Malawi's effective participation in the multilateral trading system (MTS). These issues constitute the agenda for AfT in Malawi and the objective of the AfT Concept Paper in Malawi is, therefore, to build the productive capacity of the private sector, strengthen economic infrastructure and support the country in putting in place a conducive trade policy environment and adjustment accompanying measures. The AfT agenda for Malawi seeks to enable Government to address the above constraints by bridging the financing gap that exists between resources required to implement trade-related support programmes envisaged in the MGDS and projected available resources. According to the Development Assistance Strategy (DAS) 2006 – 2011, the financing gap is estimated at MK 42 billion which translates to 91% of the total financing requirements for implementation of activities under sustainable economic growth theme. To date there are no clear modalities and strategies at international level to guide effective implementation of the AfT initiative at national level.

Analyses of AfT indicate that Africa is receiving a substantial share of AfT resources. The analysis showed that AfT commitments to Africa have been increasing year-on-year since 2002 by an average growth rate of 17% in nominal terms. The commitments had risen from \$4.1 billion in 2002 to \$8.3 billion in 2008. Despite what has been analysed, from Malawi's perspective the following questions still remain: how best can the AfT initiative be implemented to ensure tangible results on the ground in terms of reducing costs, improving export diversification and competitiveness expanding international trade and promoting growth. Malawi observes that AfT should not be just a concept but a reality with clear cut implementation modalities and strategies like other programmes such as EIF.

It is noted that, among other things, the supply data used in evaluating AfT initiative is based on other programmes, with a trade component, already on-going at national levels which have simply been re-labelled AfT. In the similar manner, Malawi has identified three programmes, reported as AfT case stories, that have been classified as AfT programmes despite having been concluded under different frameworks. The programmes are:

1. National Development and Trade Policy Forum-**Trade policy and Regulations**
2. Business Environment Strengthening Technical Assistance Programme – **Trade policy and Regulations**
3. Integrated Framework - **Building productive capacity**

In conclusion, the real success of AfT will only be acknowledged when there is a visible and measurable impact. The success of the Aid for Trade agenda in Malawi depends on the commitment of all the stakeholders. Government has already signalled its commitment through the proactive adoption of relevant strategies which are necessary for the implementation of the Aid for Trade agenda. Lack of clarity on accessibility of resources and the implementing modalities of AfT pose a great challenge on the effectiveness of the initiative. Malawi is particularly concerned with lack of clarity in the implementation mechanism. To date there is no agency in Malawi responsible for administration and implementation of the initiative.

CASE STORY No. 1: NATIONAL DEVELOPMENT AND TRADE POLICY FORUM PROJECT

1.0 ISSUES ADDRESSED

In June 2000, African, Caribbean and Pacific (ACP) countries and the European Union (EU) signed the Cotonou Partnership Agreement that aims to reduce and eventually eradicate poverty, consistent with the objectives of sustainable development and gradual integration of the ACP countries into the world economy. As part of the new trade and economic cooperation dimension in the Cotonou Agreement, ACP countries (including Malawi) and the EU are expected to negotiate new World Trade Organisation (WTO) compatible trade agreements, otherwise known as Economic Partnership Agreements (EPAs), which should involve the progressive liberalisation of trade between the parties. The agreement provides for negotiations between the parties to be undertaken for the new agreements which were initially expected to enter into force on 1st January 2008.

The first phase of negotiations was undertaken at the all ACP level from September 2000 until September 2003. In September 2003, negotiations were launched at the regional level. Malawi has been engaged in these negotiations at the regional level as part of the Eastern and Southern Africa (ESA) group of countries. Negotiations between this group of countries and the EU were launched in February 2004.

2.0 OBJECTIVES PURSUED

As part of the roadmap for the negotiations, Malawi, like other countries in the region, established a National Development and Trade Policy Forum (NDTPF) in 2004, with the objective of developing Malawi's optimal negotiating position through effective organisation and coordination of the national EPA negotiation preparations. The forum was supported by the European Commission through resources totalling €1.6 million over a three year period between November 2006 and August 2009. This was a grant under the 9th European Development Fund (EDF) and can be categorized as Aid for Trade under Trade Policy and Regulations.

The project was expected to address constraints at the institutional and human resource level with regard to trade negotiation competencies, and support the forum to determine negotiating positions for Malawi, to reflect Malawi's best interests and be used by the country's representatives in developing the ESA negotiating positions. Through these interventions the project enhanced Malawi's capacity to participate effectively in the EPA negotiations with the EU. Through the negotiations, Malawi sought to ensure that an EPA would be directly linked to the national development plans, particularly the Malawi Growth and Development Strategy (MGDS), that the Private Sector was involved in the EPA process and that trade was further mainstreamed into the national development policies. This would assist with integrating Malawi into the global trading system, contributing towards poverty reduction and the achieving the national development goals.

The major activities of the programme centred on the areas of research work, training and advocacy and consultations. These were as follows:

- (i) Development of trade negotiating position(s) and undertaking of impact assessment and sectoral studies;
 - (ii) Various training activities undertaken in order to achieve increased competence of national negotiators and stakeholders in the negotiating processes, trade analysis and assimilation of technical issues;
 - (v) Broad advocacy and consultations among all the national stakeholders undertaken during the EPA negotiating preparation process
- The programme yielded the following results:

3.0 DESIGN AND IMPLEMENTATION

The members of the NDTPF included representatives of the public and private sectors, non-state actors, civil society, academia and development partners involved in the trade and private sector development sector. The forum was co-chaired by the National Working Group on Trade Policy (NWGTP) a public and private sector dialogue grouping.

The NDTPF was composed of sub-committees for each of the negotiating clusters (Development Issues, Market Access, Agriculture, Fisheries, Trade in Services and Trade Related Issues). The functions of these sub-committees included providing input into the national position, identifying priority issues, providing support to the country spokespersons, coordinating sector-specific positions, facilitating information exchange, formulating work plans, setting targets, generating progress reports and carrying out technical studies and capacity building programmes.

To oversee the work of the NDTPF, a Steering Committee was established, chaired by the Principal Secretary of the Ministry of Industry and Trade (MIT). The Steering Committee met quarterly to verify the overall approach and strategy of the Programme, monitor progress and facilitate coordination between key stakeholders in the programme. Membership of the Project Steering Committee (PSC) included representatives from the National Authorising Office, the MIT, the Project Management Team and the NWGTP, while the EC Delegation attended as an observer.

4.0 PROBLEMS ENCOUNTERED

- **Delays in funding the NDTPF** – The NDTPF project was conceived in late 2003 and submitted to the donors for support. The negotiations at regional level were launched in February 2004. However, the programme was not approved until November 2006 and first disbursement was not made until March 2007. These delays negatively affected preparations for the EPA negotiations.
- **Unpredictable and Inadequate funding for the programmed activities** – Despite submitting programme activities and their time frames, the donors did not release adequate funds in time to enable the NDTPF to implement the programmed activities. This negatively affected the sequencing of the implemented activities.
- **Delays in recruitment of Project Staff and poor administration** – The Project Management Team Staff were recruited late, five months after the approval and reported for duties at different times. The staff did not go for adequate training on donor procedures and administrative processes, which compromised their ability to properly administer the programme amid pressures of EPA negotiations.
- **Donor Interference** – The donor frequently withheld funding for further activities upon queries in the audit reports causing difficulties on the programmed activities.

5.0 FACTORS FOR SUCCESS/FAILURE

The above problems rendered the project largely ineffective at achieving its objectives. The programme disbursement rate of 34.1% (see Annex) illustrates the challenges which affected the implementation of the project.

6.0 RESULTS ACHIEVED

The programme was expected to yield the following results:

Result 1- Trade negotiating position(s) developed, impact assessment and sectoral studies undertaken. (Research Work). Activities included Development of background papers on critical issues and latest developments, for quick assimilation by public and private sector stakeholders; Undertaking in-depth Sectoral studies; Undertake Impact Assessment studies; Development of strategic analyses and prepare position papers; NDTPF and cluster meetings to review the findings of the studies; Workshops to disseminate results of studies and to consult on negotiating positions

Result 2- Competence of national negotiators and stakeholders in negotiating processes, trade analysis and assimilation of technical issues increased through training activities. (Training). Under this result, activities included Training of negotiators and stakeholders on the Cotonou Agreement and its implications for the various stakeholders; Intensive training of negotiators and stakeholders in negotiating and analytical skills; Training of trainers; Training of negotiators and stakeholders in EPA/WTO trade policy; and Short-term attachments of trade personnel to Brussels, Geneva and COMESA Secretariat

Result 3- Stakeholders and the general public consulted informed and notified at all stages of the EPA negotiating process. (Advocacy and consultation). This was achieved through Consultative meetings with key stakeholders; Workshops for awareness promotion; Round Table Discussions on TV and Radio; Production and distribution of newsletters; Attending regional negotiating meetings; and Attending regional cluster specific meetings and dedicated sessions.

Only the third component of advocacy and consultations was properly implemented.

7.0 LESSONS LEARNED

Predictable and timely disbursements coupled with effective administration are key to proper implementation of any Aid for Trade programme.

8.0 CONCLUSION

In conclusion, this programme did not fully achieve its objectives. The disbursement rate of 34% reflects the shortcomings of the programme, which can be regarded as an example of ineffectiveness of Aid for Trade.

CASE STORY No. 2: BUSINESS ENVIRONMENT STRENGTHENING TECHNICAL ASSISTANCE

1.0 ISSUES ADDRESSED

The Government of Malawi is implementing the Business Environment Strengthening Technical Assistance Project (BESTAP) through the Ministry of Industry and Trade (MoIT) with the technical and financial assistance of the International Development Association (IDA) of the World Bank and the European Commission (EC). The project, which is estimated to cost US\$18.7 million, runs from October 2007 to December 2012. BESTAP was designed to support the World Bank's Country Assistance Strategy medium term outcome of improving the business climate in Malawi. This in turn was linked to theme one of the Malawi Growth and Development Strategy, "sustainable economic growth", sub-theme two, "an enabling environment for private sector led growth." Government's broad aim is to "attain sustainable pro-poor economic growth and improved socio-economic development for Malawi led by the private sector." Private Sector Development Policy advocates for the creation of a favourable business environment in which the private sector can perform efficiently to actively encourage investment and creation of businesses, especially small and medium enterprises, which are currently hindered by market failure and imperfections.

2.0 OBJECTIVES PURSUED

The overall objective of the project is to improve the ease of doing business in Malawi. BESTAP therefore supports capacity development and investment climate reforms in order to accelerate economic growth.

The project has four main components namely: (i) Strengthening Property Rights Institutions and Business Facilitation; (ii) Strengthening Private Sector Development Support Institutions and Services; (iii) Promoting Access to Finance and Productivity; and (iv) Capacity Building and Implementation Support.

3.0 DESIGN AND IMPLEMENTATION

The project implementation is overseen by a Private Sector Development Steering Committee (PSC). This committee is chaired by the Principal Secretary for Industry and Trade, and has private sector representation as well as representation from other government departments. Membership of the PSC is structured to include all the project beneficiaries and is as follows; *Ministry of Justice; Commercial Division of the High Court; Registrar General's Department; Ministry of Lands; Ministry of Finance; Malawi Confederation of Chambers of Commerce and Industry; Reserve Bank of Malawi; Malawi Investment and Trade Centre; Ministry of Development Planning and Cooperation and parent ministry of Industry and Trade.* This committee meets every six months.

In addition, there is a Project Review Committee (PRC) which; (i) provides technical and operational guidance for the project; (ii) reviews and approve quarterly progress reports prepared by the Project Manager; and (iii) proactively address any technical and implementation problems affecting project progress. The PRC comprises of PIU Manager, BUGS Program Manager, and Director of Private Sector Development. The PRC meets on a quarterly basis or when the need arises.

The implementation arrangements were selected based on the need to ensure effective execution of the core project management functions, balanced with ensuring ownership by and capacity building for the beneficiaries of the various project components.

4.0 PROBLEMS ENCOUNTERED

- Understaffing in some implementation agencies, for instance, Ministry of Justice has delayed the organizing of stakeholder's workshops to review the laws that have been revised and drafted by the Legal Draftsperson who was recruited under the project.
- Delays in decision making by the Government created uncertainty on High Court – Commercial Division location. This delay contributed to delays in procurement of the Case Management System at the court.
- In the early stages of the project, there was lack of commitment from some sub-components, which delayed the execution of activities as a result of delays in commenting on crucial documents.
- Delays in the production of a clear communication strategy for the Doing Business Unit (DBU) in MoIT delayed implementation of some activities.
- Low absorption of BUGS grant/ fund by the SMEs as only 30% has been absorbed by December 2010.
- Lack of demand for the onsite HIV/AIDS testing and counseling grants from the MSMEs. Only one firm took up the grant hence the project had to develop other means of utilizing the funds under this activity
- The sequential way of implementing activities as per the PAD was also one of the major constraints to implementation due to the fact that once one activity stalled, the whole chain of activities were delayed.
- The restructuring process has also delayed implementation of some activities under components that are being restructured, such as the MITC.
- Cumbersome but unavoidable procurement procedures by the Bank has delayed implementation of some activities
- Late or non-submission of reports by subcomponents despite several reminders sent and one-to-one Monitoring & Evaluation visits made to the subcomponents explaining subcomponents' roles in the project based on the PAD.
- Decision by government to cancel all PIU's in projects by 2011 has brought some confusion and job insecurities for the PIU staff members.

5.0 FACTORS FOR SUCCESS/FAILURE

SUCSESSES:

- The project was prepared by an existing IDA financed Privatisation and Utility Reform Project (PURP) from where the PIU was recruited. The very existence of a PIU meant that there were no delays in the recruitment and training of staff to undertake the fiduciary functions. The PIU Staff were also able to assist the Implementing Agencies understand what was required of them.
- The project has a well qualified and dedicated PIU that coordinates and supports all the functions of the project.

- The working relationship between the Ministry and PIU is very cordial, ensuring smooth implementation of the project.
- Participatory implementation by stakeholders ensures immediate ownership of project activities. Almost all BESTAP activities are being implemented by the stakeholders.

FAILURE:

- Policy changes by the Government resulted in the cancellation of two key components intended to address access to finance. The cancellation of these two components also affected the project development objective which resulted in a lengthy restructuring of BESTAP.
- Co-financing or pooled funding with different donors who have different requirements could also negatively affect the project especially when the donors take long time before releasing funds due to complicated administrative arrangements.

6.0 RESULTS ACHIEVED

Under component one, some significant progress has been made, including:

- The drafting of 32 bills and 6 pieces of subsidiary legislation as of September 2010, of which seven have been enacted into laws. This was facilitated by the hiring of a legislative Draftsperson in the Ministry of Justice dedicated to working on drafting legislation that has a demonstrable impact on the costs of doing business.
- The Commercial Division of the High Court has been established and is now operational. It has reduced the time take to settle commercial disputes from 200 days in 2009 to 98 days today.
- An ICT needs assessment of the Registrar General's Department was conducted in 2007. Subsequently, there have been steps taken to digitize existing businesses and design an automated business registry database at the Registrar General's Department.
- A consultant is also in the process of digitizing records at the Lands Registry, and a Land Registration and Titling application platform will also be introduced in due course.

With regards to component two:

- A PPP bill was published in June 2009, and at the request of OPC has been consolidated into the Public Enterprise Act. Further, it has been decided that a dedicated PPP unit will be housed at the Privatisation Commission.
- A Legal Advisor and Private Sector Reform Specialist dedicated to Doing Business reforms were engaged by BESTAP. Both reported for duty in 2008 and have provided technical support and built capacity within the Department of Private Sector Development at the Ministry of Industry and Trade.
- The Doing Business Unit was established in 2009 and has been working actively on several initiatives to improve Malawi's performance going forward in the Doing Business survey conducted annually by the World Bank.
- The Public-Private Dialogue (PPD) Secretariat was established in 2008, and in July 2010 the 8th PPD Forum was held. Continued attendance of high level politicians, civil servants and

private sector representatives indicates that this initiative to improve relations between government and the private sector has been successful.

For component three:

- BUGS has already assisted over 700 Malawian firms, with a further 200 in the pipeline. Initial case studies indicate that the grants and advice provided under the scheme are having substantial impact.

7.0 LESSONS LEARNED

- Cost of project implementation/ management support should be thoroughly thought for during project design to ensure that there are no cost overruns
- Co-financing of projects should be done with caution, all agreements should be signed in good time and preferably at the beginning of the project to avoid delays in release of funds by the co-financer.
- Project activities should be designed in such a way that their successful implementation is within the control of the Implementing Ministry to minimise the potential for failure to achieve the Development Objectives.
- Restructuring processes take a long time to be finalised. Therefore, if there is need to restructure the project, it has to be done at the most opportune time to avoid delays in implementation of project activities that are restructured
- Sequential activities that are dependent on each other (e.g. for C to be done, you have to finish A and B), should be avoided since the delays in one activity, delays the whole process
- The World Bank procurement processes are lengthy. Therefore the procurement plan should be well designed in accordance with the project's requirements to ensure that the steps are initiated earlier than the required dates
- Activities that involve procurement of ICT systems take considerable time from drafting Terms of Reference to procurement. There is, therefore, a need to start the procurement processes early. For most systems, there are still activities that run after the actual procurement and delivery of the system through to the stage where the system is fully functional. Consideration for these various stages should be taken account of during project design.

8.0 CONCLUSION

The project utilized USD 12, 602, 432.00 out of USD15, 000,000 in the first three years up to December 2010, representing 84% of the total IDA budget (see Annex). European Commission resources amounting USD3,700,000 are yet to be accessed by the Ministry. This programme falls under Aid for Trade in the Trade Policy and Regulations category. The project has two more years of implementation. In general this programme, despite challenges faced, contributed positively to the objectives and goals of the programme and can therefore be positively classified as successful programme of Aid for Trade.

CASE STORY No 3: INTEGRATED FRAMEWORK PROJECT

1. ISSUED ADDRESSED

The Integrated Framework (IF) initiative was established to support least-developed countries (LDCs), including Malawi, in trade capacity building and integrating trade issues into overall national development strategies. The initiative, categorised into building productive capacity of Aid for Trade thematic area, ran from 2002 to 2007.

2. OBJECTIVES PURSUED

The overall objective of the initiative is to respond to the trade development needs of LDCs, including Malawi, so that they can become full and active players and beneficiaries of the multilateral trading system. Specifically, the objectives are to:

- mainstream trade into LDCs' national development plans (NDPs), such as Poverty Reduction Strategy Papers (PRSPs);
- assist in the coordinated delivery of trade-related technical assistance (TRTA) in response to needs identified by LDCs; and,
- develop the capacity of LDCs to trade, including through capacity building and addressing supply constraints.

3. DESIGN AND IMPLEMENTATION

The IF was initially established in October, 1997, at the High-Level Meeting on LDCs Trade Development held at the WTO. The core agencies participating in the IF are the IMF, ITC, UNCTAD, UNDP, the World Bank and the WTO.

The IF Project had two windows of funding, Window I and window II.

- **Window I** was used mainly to finance the Diagnostic Trade Integration Study (DTIS) and the Action Matrix. The DTIS commenced in 2002 and was validated in September 2003. The Cabinet approved the DTIS in February 2004. The DTIS was reviewed and the action matrix updated in light of new trade developments, at a consultative workshop held in November 2006. The DTIS identifies a number of priorities for improving the competitiveness of the economy, which include macroeconomic and social stability, improved transportation, sector-specific measures, customs reforms, and enhancing institutional capacity.
- **Window II** funding was used to finance two projects that were launched following the validation of the DTIS. These were
 - (i) Trade Policy Advisory Services and Capacity Building for Trade Integration; and
 - (ii) Standardization, Quality Assurance and Management (SQAM) to improve the capacity of the Malawi Bureau of Standards (MBS) to develop national capacity in the field of standardization, quality assurance, accreditation and metrology both at enterprise level, through the enhancement of Malawi enterprises on the importance of standardization issues, and at institutional level. The project further aims to strengthen the capability of local organizations to deliver SQAM related services to enterprises as they attempt to access foreign markets.

4. PROBLEMS ENCOUNTERED

A number of problems were encountered during the implementation of the initiative, including the following:

- Inadequate funding relative to required resources to fully implement its planned activities and achieve its objectives;
- Cumbersome procedures involved in accessing the IF funds through the UNDP;
- Lack of coordination between implementing agencies (including ITC, MBS, MIT, UNDP);
- Design problems in allocating Window II resources (most resources were allocated ITC for consultancies under the SQAM project);
- Delays in rolling out the EIF resources have interrupted implementation of planned programmes; and
- • Larger projects that were identified in the Action Matrix could not be implemented due to limited resources.

5. FACTORS FOR SUCCESS/FAILURE

The key factors which impinged on the success of the project were a lack of Malawi government control over the process and inadequate resources provided by development cooperation partners. Furthermore, the project acted as a stand alone initiative that was not properly integrated into the Ministries activities, and it was therefore difficult to find complementarities and synergies with the work already being carried out by the Ministry, particularly the Trade Department.

6. RESULTS ACHIEVED

The achievements of the IF project, as manifested in the annex, include the following:

- Identification of Malawi's supply-side constraints through a DTIS;
- Improvement of data collection through training of officials of Malawi Revenue Authority (MRA), National Statistical Office (NSO), and clearing agents;
- Establishment of resource centres and provision of computer equipment and library facilities in the Ministry of industry and Trade, Malawi Export Promotion Council (MEPC), Malawi Confederation of Chamber of Commerce and Industry (MCCCI), and the Malawi Bureau of Standards (MBS);
- Development of Ministry's and Malawi Bureau of Standards website;
- Recruitment of a Senior Trade Policy Advisor with the support of the EC;
- Strengthening of the Ministry of Industry and Trade through establishment of a Policy Research and Analysis Unit which is essential in identifying and analyzing trade policy challenges facing Malawi;
- Mainstreaming trade into national and sectoral policies to ensure coherence of the trade policy with policies and strategies of other Ministries;

- Increased awareness of trade policy issues in line ministries, civil societies, academic institutions, trade and business associations, trade and labour unions and private sector, conducted training on trade negotiation skills and supported two officers on postgraduate training;
- Enhancing capacity of the Ministry's statistical unit by providing computers and storage equipment to handle mega data;
- Production of eight research papers;
- Increased awareness of the importance of standards and conformity assessment;
- Establishment of quality management systems;
- Development of HACCP systems (system for food safety); and
- Strengthening of Malawi Bureau of standards.

7. LESSONS LEARNED

The main lesson learned was that Malawi Government ownership and participation in such an initiative is essential if it is to be successful. In particular, it is important that the recipient country is involved in identifying needs and challenges, and particularly in the development of the DTIS as this is pivotal to the IF process.

Furthermore, a streamlined decision-making and management structure to ensure the effective and timely delivery of resources is essential for implementation. Donor commitments should also be met on time to ensure smooth running of activities and project operations as lack of funding disrupts flow of activities.

8. CONCLUSION

In conclusion, the IF performed satisfactorily. The utilisation rate of 99% reflects excellent performance and the programme met most of the objectives and goals of the programme. The initiative is therefore a successful example of Aid for Trade. This programme successfully led to an Enhanced Integrated Framework (EIF) which is in the process of being established to build on the operations of the IF mechanism to ensure that its overall goal is achieved. It is hoped that an EIF will give Malawi greater ownership, increased commitments from development partners and improvements in the IF decision-making and management structure to ensure effective and timely delivery of increased financial resources.

ANNEX: TIMEFRAMES AND DISBURSEMENTS FOR AID FOR TRADE CASE STUDIES

| Project Title | Donor Agency | Year of Agreement | Year of Planned Completion | Type Of Assistance | Cumulative Commitment (US\$) | Cumulative Disbursement (US\$) | Cumulative Disbursement Rate |
|---|--|--------------------------|-----------------------------------|---------------------------|-------------------------------------|---------------------------------------|-------------------------------------|
| Business Environment Strengthening Technical Assistance Project (BESTAP) | World Bank | 2007 | 2012 | Grant | 15,000,000 | 112,165,722.87 | 84.42% |
| Support to the National Development and Trade Policy Forum (NDTPF) | European Union | 2006 | 2009 | Grant | 1,926,411.1 | 658,376.67 | 34.18% |
| Integrated Framework | IMF, ITC, UNCTAD, UNDP, the World Bank and the WTO | 2002 | 2007 | Grant | 1,030,000 | 1,020,000 | 99% |