

**Evaluation of
International Trade Centre
(UNCTAD/WTO)**

**Volume 4
Product Studies**

**EXPORT LED
POVERTY
REDUCTION**

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List of Acronyms

AIDS	Acquired Immune Deficiency Syndrome
CBT	Community Based Tourism
ECDC	Eastern Cape Development Council
EPRP	Export Led Poverty Reduction Programme
EPV	Export Production Villages
EU	European Union
FAO	Food and Agriculture Organisation
HIV	Human Immunodeficiency Virus
HOPE	Health of People and Environment
ITC	International Trade Centre
JITAP	Joint Integrated Technical Assistance Program
KIFA	Kunming International Flower Auction Centre
KTW	Kerio Trade Wings
LDC	Least Developed Countries
MOFTEC	Ministry of Foreign Trade and Economic Co-operation
NGO	Non-Governmental Organisation
PACT	Programme for building African Capacity for Trade
PDS	Peermade Development Society
SME	Small or Medium-sized Enterprise
TSI	Trade Support Institution
UNDP	United Nations Development Programme
USD	United States Dollar
VBA	Verenigden Bloemenveilingen Aalsmeer, (World Flower Centre)
YFA	Yunnan Flower Association

1. Export Led Poverty Reduction Programme

Programme title:	Export-Led Poverty Reduction Programme (EPRP)
Duration:	Three years (2003-2006)
Budget:	USD ¹ 4,900,000
Target groups:	Disadvantaged communities in developing countries and economies in transition.

The Export Led Poverty Reduction Programme (EPRP) is one of the International Trade Centre's (ITC) global programmes. It focuses on direct interventions at targeted (poor) communities in Least Developed Countries (LDCs), as well as in developing countries that have integrated poverty alleviation as a core element of national policies and trade strategies. The programme builds on the classical competencies of ITC's technical assistance: rooted in export strategy at the sector level, establishing market linkages, and providing enterprise-level assistance to meet trade requirements.

This evaluation studies how the beneficiary countries are building on the experiences from pilot projects, and up-scaling them in order to extend these benefits to a wider cross-section of people. It also looks at how the programme supports institutional linkages between ITC and the mainstream trade development agencies that must participate in the implementation of a larger sector programme; and to incorporate these into budgets under a national/sector export strategy, drawing from the lessons of the pilot project.

At another level, the performance of EPRP projects in countries will also be used to reflect on multi-disciplinary, sector-based programmes as an effective mode of delivery of ITC technical assistance.

1.1 Programme Description²

Introduced in 2002, the EPRP is now a global programme and has a budget line of USD 4.9 million for the three-year term, 2003 to 2006 (initiated by a EUR 2.4 million contribution from the German Trust Fund project [INT/29/74]).

The EPRP addresses poverty reduction through the direct involvement of poor and disadvantaged communities in export-oriented activities. The EPRP is the only ITC programme that directly interfaces with final beneficiaries at the local community level. The EPRP approach is to identify sectors with export and employment/income creation potential in disadvantaged communities, and with the assistance of a local partner, match local producers with market outlets (domestic or international). Technical assistance focuses on building the links needed for human resource development, for micro credit and for various technical/production inputs, delivered through local partnerships. The

¹ United States Dollar

² The texts in this section are substantially reproduced from official ITC documentation of the EPRP, including those available on the ITC intranet site. As a result, they have not been amended materially.

knowledge and experience from the activities are documented and disseminated in order to replicate and improve on what was learnt from the projects.

EPRP projects are under implementation in several countries: Bolivia, Brazil, Cambodia, China, Ethiopia, El Salvador, India, Kenya, Mongolia, Vietnam and South Africa. Many countries have approached ITC for similar projects, based on the results from existing projects. The sectors selected include: agriculture products, Community Based Tourism (CBT), leather products, textiles/clothing and light manufacturing, based on product/market potential and local resource strengths.

The EPRP addresses problems at the enterprise, support institution, and national policy levels.

Enterprises

EPRP attempts to link small producers to the export value chain, often in collaboration with export-oriented enterprises. In particular, *the programme supports disadvantaged communities in producing export-oriented products (or components) and services* by promoting: (i) group formation, (ii) training in export business skills, (iii) adaptation of products to international market requirements, and (iv) the creation of partnerships (e.g. with micro-finance institutions).

On the marketing side, EPRP promotes links between disadvantaged producers and attractive export markets through market and buyer identification, along with partnership building with local exporters and overseas importers, including foreign investors or joint venture partners.

Support institutions

The programme strengthens the capacity of support institutions to provide the services necessary to help disadvantaged communities unlock their productive potential and exploit export-driven opportunities. These trade-related support institutions include trade promotion organisations, exporters' associations, chambers of commerce, micro-credit providers, selected Non-Governmental Organisations (NGOs), training institutions and commodity councils, as well as producer associations. The programme works with these partners on skill enhancement and technical support on EPRP issues, as well as on outreach and delivery modalities.

National policy

At this level, the EPRP aims to create awareness among key decision-makers and support providers about the potential of trade, as an engine for poverty reduction.

The following types of inputs are budgeted for the programme:

- **Personnel** – including a programme co-ordinator, EPRP trade promotion advisers, administrative support, international and national consultants, as well as related travel costs.
- **Group training** – to contribute towards the cost of training events.

- **Grants to institutions** in beneficiary countries, including Trade Promotion Organisations, Chambers of Commerce, Exporters Associations, training institutions, and selected NGOs.
- **Equipment** – expendable & non-expendable.
- **Miscellaneous expenditures** – reporting and communication costs.

The programme's budget for three years is USD 4.9 million, and is drawn on the basis of an estimated annual average cost per project of approximately USD 50-80,000. The maximum allocation per country is USD 250,000, though this is not a rigid ceiling. The annual allocations for the three-year period are: 2003 – USD 1.3 million, 2004 – USD 1.8 million and 2005 – USD 1.8 million.

Project pipeline³

ITC has already responded to several country requests for the implementation of EPRP projects. Work is currently underway in Bolivia, Brazil, Cambodia, China, Ethiopia, El Salvador, India, Kenya, Mongolia, South Africa and Vietnam.

In 2003, the programme had identified export-led poverty reduction opportunities in 8 developing countries – two in Africa, three in Asia and three in Latin America in the following sectors:

- Agricultural products (fresh & processed) in China, El Salvador, Kenya and South Africa;
- CBT in Bolivia, Brazil and El Salvador and in 2004 Viet Nam; and
- Textiles (silk) in Cambodia.

All of these initiatives are already under implementation.

Opportunity studies identifying products/services and markets were also conducted in Bolivia, El Salvador, Kenya, South Africa and Viet Nam. The results of the needs assessments conducted in these countries have led to the development of EPRP country specific technical assistance, focusing on product/services, and market and human development. Initial technical inputs have already produced impact in El Salvador's coffee and CBT projects.

Opportunity studies were also conducted in four cases: Ecuador (1), Namibia (1), and China (2). In three out of the four cases, the conditions required for launching EPRP pilot projects were not met.

Another 17 countries have requested ITC's EPRP technical support and are on the waiting list for future technical assistance, subject to the availability of funds.

³ ITC project documents on EPRP including EPRP website.

1.2 Methodology

The evaluation of the EPRP is based on a combination of desk studies of several country projects, largely from ITC project documents, discussions with ITC staff, and field visits in four countries - China, India, South Africa and Kenya. The Evaluation met with ITC project partners, members of self-help groups, final beneficiaries, and non-partnering institutions related to the sector/intervention in these countries. EPRP projects in China and India have been completed, and offer an opportunity to see the results/outcomes at the level of final beneficiaries. On the other hand, projects began recently in Kenya and South Africa, which does not permit an evaluation of their performance.

Although ITC has undertaken EPRP projects in Brazil and Cambodia as well, the Evaluation decided to focus on the projects in India and China because of the possibility of evaluating projects that have already been completed; also because India and Kenya were already in the country sample for the evaluation. The addition of South Africa was justified in light of it also being a pivot country for the South-South Trade Promotion Programme, which too was being evaluated. The example of China's floriculture was specifically chosen over other examples such as Cambodia and Brazil because these countries have tourism based projects, and cannot be replicated in all countries. On the other hand, floriculture and agri-based projects lend to the possibility of sharing best practices in several LDCs and other low-income countries as well.

The EPRP concept is based on successful experiences with ITC's projects involving the creation of large-scale community initiatives (export production villages (EPV)⁴) in China and India. Therefore, while the projects in India and China are technically not projects supported under the EPRP itself, they are highly relevant to this evaluation. The results and experiences from the completed projects in China and India offer useful lessons for these projects, and some contrasts can be observed in the settings of these projects.

The assessments/evaluations were made at two levels:

I. The aggregated evaluation was based on the following themes:

a. Evaluation on the five criteria:

- Relevance of sectors and themes of the initiatives
- Performance of ITC
 - Efficiency
 - Effectiveness
- Outcomes/ Impacts
- Sustainability and outreach

b. Strengths and Weaknesses of EPRP

c. Comparative advantage of ITC

⁴ ITC had developed the concept of export production villages, which are a variant of export processing zones, based on an agriculture or plantation product, and the entire area/village involved in export-centric production.

- d. Constraints and Opportunities in the external environment
- e. Conclusions and Recommendations

II. Assessment of country projects (presented as case studies), on the following aspects:

- a. Project Results/Impacts:
 - Sector development
 - Livelihood skills/income enhancement
 - Market linkages
 - Capacities of Trade support institutions (TSIs)
 - Policy initiatives and supplementing interventions
- b. ITC Contribution
- c. Future Challenges
- d. Sustainability

The Evaluation has provided rankings on a 4-point Likert Scale, for the five headings of relevance, efficiency, effectiveness, impact and sustainability, based on the qualitative assessments reached in the evaluation. These scores are perceptual, based on the information and assessments provided by various stakeholders (partnering TSIs, beneficiary groups, community organisations, final beneficiaries), as well as the observations by the Evaluation itself from the perusal of documents, field visits and surrogate comparisons.

It is clarified that rankings are not directly polled by the respondents themselves (there being several stakeholders for most projects, not all agreeing to the same assessments, and all highlighting their prominent impressions of the experiences). This numerical rating has been done for the purposes of overall aggregation covering all country studies and technical studies covered under this evaluation.

Definition of the Rate scale: 4 – Highly satisfactory; 3 – Satisfactory; 2 – Less than satisfactory; 1 – Highly unsatisfactory.

1.3 Summary of Evaluated Projects and Findings

Field studies were carried out for four projects: an organic spices project in India, floriculture project in China, Aloe ferox in South Africa and Horticulture in Kenya. The summaries of these projects appear below:

A. India: Empowerment of Rural Communities to Export Organic Spices

Table 1: Summary of Project Details, India⁵

Status and duration	Completed (May/June 2000 to May 2004)
Beneficiaries	Spices Board India (TSI) NGOs - HOPE ⁶ , PDS ⁷ , WSSS ⁸ and Samanwita Farmer families engaged in farming of spices.
Coverage/Location	Three states in India - Kerala (2 districts), Tamil Nadu and Orissa
Budget (Donor)	USD 250,000 (World Bank)
Major Objectives	All round improvement in the living standards of the beneficiary farmers, particularly women, by providing access to premium international market for certified organic spices, based on the concept of producer-owned EPVs.
Project results	The main results of the project have been: <ul style="list-style-type: none"> • Successful development of organic spices and herbs in four community groups and international organic certification. • Increase in livelihood opportunities and income as a result of the project. • Marketing linkages with processor and German buyer for value-added products. • Exports of organic spices from the country - black pepper and cardamom to Europe, and dehydrated aromatic herbs (thyme and rosemary) to Switzerland.

This project was a precursor to ITC's EPRP programme, which was launched as a global programme only in 2003. This project was one of the proposals selected in the Development Marketplace Competition hosted by the World Bank in 1999, based on its innovative approaches to poverty reduction at the community level. The project aimed to organise small Indian spice farmers in a few villages, build capacity for organic production and certification through partnerships with local NGOs, and ultimately provide access to higher-value export markets. Spices Board of India, the apex organisation for the development of the spices sector, initiated this project with ITC; to assist small-scale producers to penetrate the premium export market for organic spices.

⁵ More details of the programme activities, results and the Evaluation's observations appear in the Case Studies, annex 1.

⁶ Health of People and Environment

⁷ Peermade Development Society

⁸ Wyanad Social Service Society

The project initially targeted 350 farmer families, in four districts across three states of Kerala, Tamil Nadu and Orissa as the direct beneficiaries in the project. Four NGOs already active in the selected districts were identified as the programme-implementing partners.

The technical assistance under the programme was in the form of exposure to ITC project tools, exposure to international market (visits of selected farmers and NGO representatives, international market study, identification of buyers), training of farmers in organic, environment friendly and sustainable farming practices, organic certification, development of organic standards, etc.

The technical assistance in the project consisted of the following:

Exposure to ITC project tools (networking and dissemination)

- Formation of producer groups, and
- Creation of a website of each NGO involved in the project.

Market exposure

- International exposure visits for selected farmers and NGO representatives,
- International market study, and
- Identification of buyers.

Capacity Building

- Training of farmers in organic, environment friendly, sustainable, farming practices,
- Preparations for certification, and
- Development of national organic standards.

Monitoring

- Baseline information on participating families- acreage, income, product mix, output, etc.
- Log books for production, inputs, costs and realisation of income.

The results from the project, as documented by ITC and the partner organisations, are summarised below:

- Producer groups have been formed in each of the four project areas.
- More than 2,000 families have adopted organic farming methods.
- Organic certification has been achieved in the project areas in Kerala and Tamil Nadu (3,500 acres against 764 acres targeted), which will qualify their production for international markets.

- The partner NGO, PDS has already commenced exports of organic spices. The Society exported black pepper, white pepper and other spices to the tune of 91.5 MT in 2001-2002, 101.9 MT in 2002-2003 and 152.71 in 2003-2004 to Europe and USA. Of this, 2 MT of dehydrated aromatic herbs (thyme and rosemary) was to Switzerland. The project has contributed to preparing the Government of India's application to the European Union (EU) for Third Country Certification.
- Farmers are generating increased net incomes, as they have been able to reduce production costs by about 15-20% by eliminating use of chemical fertilizers, pesticides, etc.
- Although many farmers are yet to get a premium price for their organic produce in the domestic market, they are hopeful that their incomes will increase from exports, once the processing facilities (a separate project being set up by the same beneficiaries with United Nations Development Programme (UNDP) support) are operational.
- The TSI and the participating NGOs have gained considerably in terms of capacity building, including exposure to international markets, through participation in trade fairs and buyer-seller meetings.
- Spices Board has been able to introduce national standards for organic cultivation in several spices.

The Evaluation's Observations:

The Evaluation met with the Spices Board, partnering TSIs, and a few farms in one of the EPV in Kerala.

The project is considered highly relevant. India is a major producer and exporter of spices. Yet, organic cultivation not only opens up greater opportunities for exports, but also offers the potential for increase in direct income of producers, due to premium prices in the international market as well as reduction in production costs.

Also the choice of products was most appropriate. Spices such as pepper are a major crop in Kerala. In the Nilgiris region in Tamil Nadu, where the topography does not support expansion of conventional agriculture, the project's introduction of herb cultivation inside huts and cottages enabled a new economic activity for the farmer families.

Due to the large population of producers engaged in production of the selected crops in the respective regions, the project has a clear potential for up-scaling.

The natural conditions in the selected regions and the farming practices used for spices cultivation in the selected locations were already close to requirements of organic certification. However, the farmers are small holders, with neither the financial resources nor technical know-how to achieve organic certification, which was facilitated under this project.

The selection of one state (Orissa), however, seemed less appropriate for the products chosen in the intervention.

The most important aspect of the pilot project is that ITC has chosen to work with a specialised agency such as the Spices Board, which has the record of being among the most effective sector organisations in India. The Spices Board has the support of the sector's producers as well as exporters, besides a good reputation in the international markets.

The Board also has the required outreach and technical capabilities to expand the EPRP model to other districts, and create a national export base for organic spices. With the project resources, nearly 2,000 beneficiaries were included in the project as against the target of 350. This was possible because of the Spices Board's involvement and awareness generation activities.

Also the selection of local NGOs that were already active in the selected regions, helped in gaining the confidence of farmers.

As the project involved agriculture produce, proper timing of various inputs was a key issue in the project. According to respondents, the inputs of ITC have been delivered in a timely and efficient manner, resulting in achievement of organic certification in three of the four regions. This in itself was a critical milestone for the project.

The stakeholders' (TSI and partnering NGOs) are extremely appreciative of the quality and timeliness of technical assistance and other inputs provided by ITC during the project. The assistance and other inputs appreciated include: capacity building, provision of international market information and technical inputs for compliance with the requirements of organic certification of farms, etc. The TSI also found ITC very responsive to beneficiary and TSI needs and very flexible in designing interventions to suit local requirements and adapt to local constraints.

However, it is reliably learnt that the project did not perform well in one of the four districts (a district in East India), and the main counterpart did not have adequate control over the activities in that district. Activities were delayed and the beneficiaries could not progress satisfactorily toward certification. Even the partnering TSI could not send personnel for the marketing exposure programmes due to internal administrative delays.

Results

Field visits in Kerala confirmed that beneficiaries have directly benefited from the project in a number of ways, including: Use of self-generated organic manure; organic certification, which assures higher prices than at present; increase in income from cultivating new varieties; more farmers joining the project on their own initiative; and the Spices Board replicating the project in other areas using its own development budgets.

However, the most significant impact for the project relates to a related development outside the project - a UNDP and Spices Board supported organic spices processing facility in the same district, being set up by the PDS (the project partner in Kerala). The project includes a modern spice cleaning grading, steam sterilisation and grinding facility

with 1,000 MT per year capacity, which can process the entire output of organic spices from the district. The equipment has been installed and trial runs have been completed successfully. The most noteworthy aspect about this investment is that no prior marketing tie-ups had been established, and the EPRP project therefore blended perfectly with it. The plant was expected to go on stream in 2004, and has market tie-ups with a few EU buyers, identified through the ITC project.

Market/Livelihood Opportunities:

- Increases in income were observed in three of the four participating areas, with the exception of the project area in Orissa. The largest increases in income and livelihood were observed in Nilgiris, where the topography does not support expansion of conventional agriculture. The project's introduction of herb cultivation inside huts and cottages enabled a new economic activity for these families. Incomes rose by more than 100% according to project partners, and there were visible signs such as new cable TV connections in the beneficiary homes.
- The project areas in Kerala and Tamil Nadu have collectively obtained organic certification from an internationally accredited organisation, which will qualify their production for international markets.
- The project beneficiaries exported 72 tons of pepper and cardamom to Europe, and 2 tons of dehydrated aromatic herbs (thyme and rosemary) to Switzerland.
- Although many farmers have yet to get a premium price for their organic produce in the domestic market, they are hopeful that their incomes will increase from exports, once the processing facilities (funded by another project financed by UNDP and Spices Board with the same beneficiaries) are operational.

Knowledge and Skills Development

- More than 2,000 families (as against 350 targeted) have improved their skills and adopted organic farming methodologies.
- Farmers have been able to reduce production costs by about 15-20% by eliminating use of chemical fertilisers, pesticides, etc.
- Farmers have learnt the preparation of vermicompost, maintenance of logbooks for the project and monitoring results at the level of households.
- Facilitation of market exposure to international markets, through participation in trade fairs and buyer-seller meetings.
- Organic certification was obtained and all the holdings of these communities were accepted as organic zones.

Capacity Development of Partner Institutions

- Capacities of designated staff of the Spices Board and the four selected NGOs, were enhanced through training in project preparation/monitoring, technical training on export documentation, exposure to international practices, and IT empowerment.

- The four participating NGOs have strengthened their capacity to provide training on production and marketing for the farmers, maintaining records for organic certification and computer-based monitoring, elaborating business and marketing plans, setting up websites as a marketing tool and establishing first business contacts with local exporters and overseas importers.
- The project also resulted in the creation of an Organic Spices Growers' Association to take up collective initiatives on a larger scale.

The Spices Board also benefited from the training and marketing exposure activities under the project. The Evaluation's discussions with the officials of TSI and the participating NGO, and visits to the farms in the project area, confirmed that the project has indeed been successful in meeting (and even exceeding) the output targets.

The Indian project has been documented by ITC as a success story under the EPRP initiative. While the success is indeed confirmed by the Evaluation, the Evaluation would like to also give due credit to the highly complementary project for processing of organic spices. The project enabled an end-to-end linkage from cultivation to market for the intervention and has a significant contribution to the effectiveness of the intervention.

B. China: Development of an Export-Oriented Floriculture Industry in Yunnan Province

Table 2: Summary of Project Details, China⁹

Status and duration	Completed (1998-2003, in two phases)
Beneficiaries	Yunnan Flower Association (TSI) Kunming International Flower Auction Centre (KIFA) Yunnan United Floral Transportation and Marketing (FLY) Farmers engaged in floriculture
Coverage/Location	Dounan province in Yunnan
Budget (Donor)	USD 812,000 (Swiss)
Major Objectives	Income enhancement opportunity from cultivation of flowers.
Project results	The main results of the project have been: <ul style="list-style-type: none"> • Rapid increase in acreage under floriculture and a GDP contribution of USD 500 million and exports of USD 30 million. • Livelihood enhancement opportunities for 120,000 farmers. • Creation of market linkages and logistics infrastructure. • Large-scale roll out through sector policy formulation and a USD 20 million investment from state government.

⁹ More details of the programme activities, results and evaluator observations appear in the Case Studies, annex 2.

In the early 1990s, farmers in Dounan, a county in the Yunnan province, began switching over from less profitable vegetable and other crops to flowers and ornamental plants. In 1995, the Yunnan provincial government, with funds from the central government, undertook a preparatory assistance phase to identify priority needs in technical assistance. Based on the findings from the preparatory phase, ITC formulated an initial project for developing an export-oriented flower industry in Yunnan. The funding for this phase was provided from China's funds-in trust with ITC and activities began in 1998¹⁰.

ITC formulated a first-phase project for developing an export-oriented flower industry in Yunnan, with funding of USD 812,000, including USD100,000 from China's funds-in trust with the ITC. Activities began in 1998. The scope of technical assistance in the initial phase included: formulating an export development strategy for floriculture; study and market orientation tours to benchmark countries - Netherlands, Ecuador, Colombia and Israel – with successful floriculture sectors; training and guidance in cut flower production and marketing; and a pre-feasibility study for a central flower auction market in Kunming.

The Yunnan Flower Association (YFA), created for the purpose, with assistance from the Ministry of Foreign Trade and Economic Co-operation (MOFTEC), China, implemented the project. The first phase studies submitted that climatically Yunnan was 'perfectly-conditioned' to become a principal floriculture base in Asia, but required the building of a modern logistics and marketing system. The pre-feasibility study also concluded that a flower auction centre in Kunming was feasible and could become the centrepiece of the sector's network.

The project's initial phase resulted in an enhanced awareness among all parties of the opportunities for Yunnan's floriculture sector, leading to the formulation of a sector policy and regulatory measures for development of the sector. Based on the encouraging results from the first phase, a second phase was approved in 1999 with funding of USD 600,000 (USD 500,000 from Switzerland and USD 100,000 from MOFTEC). The second phase involved: (i) finalising a design for the flower auction system, (ii) training of operating personnel, (iii) establishment of common support services for more than 15,000 farmers many with marginal holdings, and (iv) developing export readiness in key enterprises and individual growers through technical training.

The second phase saw the (i) creation of a marketing system for flowers in Yunnan in the form of the KIFA, (ii) training of more than 100 persons in the auction management process in Holland, and (iii) an equity participation by Verenigden Bloemenveligen Aalsmeer (VBA), the world's leading auction centre for flowers. In addition, the creation of an integrated logistics and export marketing company Yunnan United Floral Transportation and Marketing (FLY), to supplement the auction centre by providing a group of services under one roof. Export readiness of farmers was improved through training in pre and post harvest management techniques, under a long-term expert identified and provided by ITC, and the auction system itself.

¹⁰ This project too preceded the EPRP but the design and logic of intervention in this project were standardised in the EPRP.

The Evaluation's Observations:

Field visits were made to the Yunnan province, the logistics centre, the auction centre, and farms. Meetings were held with the TSIs involved as well as beneficiaries in the village of Dounan. The large-scale replication of the intervention in the entire area was the most significant observation of the Evaluation. The project has delivered tangible benefits to the region, and beneficiaries have gone on record stating that the project performance has surpassed expectations in respect of export growth targets, which is the major indicator of its success.

Yunnan is among the economically weaker provinces in China and is substantially agriculture based. The introduction of an export-based floriculture sector offered the potential for a large-scale development of communities, based on an export-oriented model. The climatic conditions in the region offered good conditions for setting up such an intervention. Therefore, the project is considered highly relevant to the location.

ITC's skills in opportunity identification and project design were acknowledged, but it was its role in identifying and securing partnerships with other specialised institutions and experts that was seen as unique. The roping-in of VBA as not only a technology benchmark, but as a partner shareholder in KIFA is an achievement credited solely to ITC.

Similarly, the Dutch and Israeli experts chosen by ITC were not only competent to deliver the technical assistance, but were able to build rapport and eventually became very popular with the local community. This was considered a key factor in the project's success in bringing about a transformation in the production practices on such a large scale. Throughout, ITC played a mentoring and facilitating role in the project, effectively and astutely, according to stakeholders. The cordial relationships established by the consultants/experts with beneficiaries have enhanced the stature of ITC among the beneficiaries.

Results:

The quantitative results from the project are significant:

Sector Development

- In less than 12 years, Yunnan has established a sizeable floriculture sector, with more than 20,000 farmers and 10,600 hectares (a 300 fold increase since 1991) directly involved in the cultivation of flowers; and with more than 120,000 persons connected with the sector. There are more than 400 private sector enterprises, set up as co-operatives or as companies.
- The output value of the sector is estimated to be over USD 500 million, with exports in excess of USD 30 million.
- Exports have risen more than three-fold since the start of the project in 1999 and have surpassed initial targets of USD 10 million.

- There has been adequate market diversification for the products, with supplies reaching several international markets.
- The Yunnan provincial government has made a capital investment of more than USD 20 million in the auction centre and logistics infrastructure.

Knowledge and Skills Development

- The project has introduced modern production systems across a large base of the farmer population.
- Growers expressed confidence in their adoption of these systems, and held the ITC intervention in high regard.
- Participating in the auction system has enhanced awareness of price trends, volume trends, quality standards and buyer preferences through direct contact.
- Market missions have aided companies in the identification of products with good market potential in target markets, thus bringing an export-orientation to Yunnan's flower production.

Market/ livelihood opportunities

- The average annual income for flower growers of USD 950 per hectare for all plants, and USD 1,470 per hectare for cut flowers is substantially higher than for other horticulture crops and vegetables. Switching to flower cultivation directly enhances incomes in the agriculture sector, which engages nearly 75% of the population in Yunnan.
- With acreage targeted to almost double by 2010, the poverty alleviation impact of the project would extend to several thousand poor families in the region.
- The 'seller-basis' auction model adopted by KIFA is transparent, and provides for a quality-based price mechanism with adequate minimum or floor prices for the sellers. Both farmers and buyers obtain a fair bargain based on auction standards and increased transparency; and also benefit from a reduction in levels of distribution and associated costs.

Although the Yunnan floriculture sector has developed substantially, it still has a domestic orientation (exports are less than 10% of the output). The sector faces challenges in building air links to key markets, product diversification, intellectual property issues (royalties to mother plant suppliers) and certification. Based on the results from the project, the Government of Yunnan has embarked on a larger programme for transport and logistics to expand the freight capacities to important export destinations such as Japan, Australia and Europe. A third phase of ITC support has been proposed recently.

Observations with Respect to Classification under EPRP:

While ITC considers the Yunnan floriculture project to be the forerunner to the EPRP programme, it is also in many respects not a typical EPRP project:

- It is not a community level intervention, rather one targeting a region of the country with below average development indices.

- The scale of intervention is much larger than the typical EPRP project, and resembles a full-scale sector development or national level project.
- The normal claim to an EPRP project is that it targets poverty reduction through exports. However, the experience of the Yunnan project is that poverty reduction has been based on the large domestic market for flowers. The poverty reduction link to exports can only be when the sector becomes substantially export-based. This suggests that ITC could design poverty reduction projects that integrate communities into a large domestic market as well.
- The project report does not highlight the immense (over USD 20 million) financial contribution of the provincial government in the infrastructure sector, without which the project interventions would not have materialised, or at least certainly not at the same scale. Such supporting investments are not to be found within any other EPRP projects being run by ITC. As a result, most EPRP projects are not able to scale up from the community level to the regional or national level.

These observations have been made with an aim to improve design and targeting of EPRP projects; giving higher priority to cases where the beneficiary government is committing budgetary resources in the sector - with consideration given for a larger allocation of funds per project, in the light of the Yunnan project's outcomes. In any case, the Yunnan project is seen as an excellent example of what needs to be done to scale up any successful EPRP pilot project to the sector or regional level.

C. Kenya: Reducing Poverty by Linking Small or Medium-sized Enterprises to Export Markets

Table 3: Summary of Project Details, Kenya¹¹

Status and duration	Estimated 2004-2008
Beneficiaries	Kerio Trade Winds (NGO) 192 farmer families engaged in horticulture (chillies, French beans) and honey collection.
Coverage/Location	Rift Valley
Budget (Donor)	USD 169,950 (UNDP)
Major Objectives	Expanded opportunities for sustainable production and income diversification.
Project results	Project had just started in late 2004.

Although this UNDP project is referred to as an EPRP project, the Evaluation was informed that this title could be misleading, and a separate EPRP project is to commence in Kenya covering the same products and communities. However, this does not alter the

¹¹ More details of the programme activities, results and the Evaluation's observations appear in the Case Studies, annex 3

evaluation of this project, which is based on interviews with stakeholders and on the project document provided by ITC and these remain valid.

Following a request from the Government of Kenya for programme support under the EPRP, ITC conducted an opportunity study in 2003 to assess the possibility of linking up small-scale farmers in three districts with export markets under a pilot EPRP project. This pilot project aims at integrating the four selected poor communities through product and market development into the export value chain.

The project has three immediate outputs:

- Enhanced competitiveness of exporters;
- Better access to export markets including regional markets; and
- Improved linkages between small-scale producers, manufacturers and service producers, and established exporters.

The EPRP pilot project aims to work with four producer groups consisting of 192 producers growing chillies, French beans and harvesting honey. The project local partner is Kerio Trade Winds (KTW), an NGO that supports poor communities in the Rift Valley.

The work plan for the first year provides for feasibility studies of possible export-led poverty reduction projects and commencement of implementation of one such pilot project. Trade flow analysis, supply and demand surveys for the services and for the horticulture sectors will be conducted with a view to promoting South-South trade. The budget for the programme for the year is USD 169,950.

The project activities include: (i) training in export management, (ii) undertaking trade flow analysis, (iii) supply and market surveys, (iv) export promotion, (v) market contact initiatives under the South-South Trade programme, and (vi) targeted supply-side and marketing assistance to link small scale producers, manufacturers and service providers to export markets.

The project inputs include: (i) export management and export readiness workshops, (ii) national and international consultancies on export promotion, (iv) marketing, and (v) specific supply-side constraints, (vi) study tours for market contacts, (vii) participation in trade fairs, (viii) purchase of equipment, (ix) sub-contracts to institutions for specific interventions, (x) creation of a modest micro-finance facility, and (xi) travel for ITC staff.

The success of the project will be measured by its ability to generate higher export earnings, higher incomes for small-scale producers, manufacturers and service providers, and its ability to create more employment through increased exports.

The Evaluation's Observations:

This is a new project under the EPRP programme and at the time of evaluation activities had not commenced, though funding for 2004 has been committed by UNDP. As such

there were no field activities to be witnessed at the time of the mission. Therefore, the evaluation of the project is based on the assessment of its relevance; the selection of sectors, beneficiaries and implementation partners; and the likely influence of external conditions on the performance of the project.

Horticulture is an important sector in Kenya's exports, accounting for 21% of Kenya's exports in 2002, an increase of 43% over 2001. The horticultural sector is a major employer of the rural population *and* supplier to the processing industry, contributing substantially to food security in the country. With 75% of Kenya's poor living in rural areas, horticulture exports hold a significant potential for poverty alleviation.

The inclusion of French beans and chillies, both having good export potential, are appropriate. However, while honey is simpler to produce in smallholdings, it is a complex product to market internationally and much more precise market targeting is required for it than for French beans and chillies.

As activities have not commenced, the Evaluation would like to mention the following observations, based on the project documents and interviews with ITC national counterpart Almaco:

- Technical activities proposed in the programme for the first year include marketing visits and trade flow analyses for Kenyan exports to various regions. Based on the feedback from other countries on the South-South Trade Promotion Programme, the Evaluation feels that these activities work programme are premature; and strongly recommend their postponement to the subsequent phase, by then sufficient knowledge and skills would have been transferred to the beneficiaries.

ITC should bring to the project beneficiaries all the knowledge and skills provided under some other projects in Kenya, especially the Organic Product Exports from LDCs (some of the products overlap with this project), and the South-South Trade Promotion events. An organic focus would improve the export prospects of the EPRP project considerably.

Challenges

While the EPRP project brings export-based production activities directly to a few small communities, overall the horticulture sector is faced with several constraints and weaknesses, primarily due to its structure, built around poor and marginal farmers. Farmers from the weakest sections, who are the targets of the EPRP intervention, lack access to finance, business skills, reliable market information and market linkages. Moreover, being in remote areas, they are not covered by requisite supportive infrastructure or extension services.

There are several larger constraints faced by the export community, such as:

- Poor quality of storage and post-harvest infrastructure;
- High tariffs in electricity and telecommunication services;

- High cost of finance and the absence of mandated credit structures for poverty-alleviating schemes; and
- Sanitary and Phytosanitary requirements of international markets, pesticide residue levels and traceability of products.

It is beyond the scope of the project to address most of these issues. Therefore, it is essential to inventory the actions and measures being taken in Kenya to resolve these larger constraints. The biggest challenges arise from the constraints in raising internal resources for expanding the project, and in providing appropriate transport and logistics infrastructure to enable exports without loss of value and shelf life. The Rift Valley is not well connected to international air and sea routes, and the export of fresh horticulture products from the project location would face serious difficulties in the absence of an adequate cold chain infrastructure.

The most important steps towards sustainability have been the project location, and the selection of partners and collaborating agencies. The Rift Valley is a good location for horticulture activities, it has the climatic and natural resources to scale up the project from the pilot stage and enable a meaningful export base from the region.

However, sustainability will also depend on external factors at two levels:

- At a higher level, the translation of the National Export Strategy into sector action plans to support exports of the priority sectors, with budgetary support for all identified investment areas, is critical to attain export objectives.
- At the project level specifically, policies on mandated lending for micro-enterprises, provision of extension services and inputs at no (or concessional) cost, and creating financial resources for common infrastructure for pre and post-harvesting processes in remote areas, will have a direct impact on the EPRP project itself beyond the pilot stage.

Based on the field mission, it is difficult to establish if Kenya would be able to put in adequate resources toward the much-required infrastructure to support exports of perishable products. Therefore, there may be a challenge to attain large-scale export of perishable products from remotely located enterprises in the Rift Valley, except in products like honey.

D. South Africa: Export-led Poverty Reduction Programme in the Aloe Ferox Sector**Table 4: Summary of Project Details, South Africa¹²**

Status and duration	Nov 2003 –Nov 2004 (delayed by a few months)
Beneficiaries	Eastern Cape Development Council (ECDC) African Aloe 40 aloe tappers in the Eastern Cape
Coverage/Location	Eastern Cape Province
Budget (Donor)	USD 180,000 (ITC Window 2)
Major Objectives	Expanded opportunities for value-added processing and enhanced income for aloe tappers.
Project results (expected)	<ul style="list-style-type: none"> • Generation of regular and higher incomes for the selected beneficiaries. • Absorption of harvesting skills, self-organising abilities and group management skills. • Established delivery processes, product specifications and prices. • Quality assurance principles for all stages in the supply chain. • Capacity enhancement of project partners to replicate EPRP methods in other areas and products.

This project aims to integrate a group of 40 aloe¹³ tappers in the Eastern Cape into the export value chain, providing technical assistance in sustainable harvesting techniques to producer co-operatives, and assistance in product and market development.

The pre-processing plant and the private sector partner, African Aloe will also receive support in quality standards and quality assurance from the project. The programme partner, ECDC will be familiarised with the EPRP methodology in order to replicate the project in other locations. At another level, the project seeks to establish linkages with research institutions to increase the value addition through process research and technology development.

The project targets four areas of intervention:

- Institutional organisation of a tapper network as a production entity.
- Training in harvesting techniques, functioning as a co-operative and general human relations skills (including HIV-AIDS awareness).
- Quality assurance for the supply chain, including production of quality manuals for pre-processing and processing plants.
- Export Promotion Support, including design of an international marketing strategy, identification of markets and clients, developing promotion materials, prospecting of partners.

¹² More details of the programme activities, results and the Evaluation's observations appear in the Case Studies, annex 4.

¹³ Aloe-ferox is an indigenous wild plant abundant in the Eastern Cape, one of the poorest provinces of South Africa.

ITC actions in the project seek to address the following problems:

- Lack of group formation and training among existing tapper networks.
- Inadequacies in certification and product quality (the absence of quality standards, traceability across the supply chain).
- Dependence on single importers and absence of market diversification.

The project partners are: The ECDC, African Aloe, one of the two processors in South Africa of aloe, turning it into value added products, the Medical Research Council, which is interested in researching the properties of aloe powder as an alternative medicine for HIV/AIDS, South Africa Aloe Council and other research organisations.

The Evaluation's Observations

For various reasons, the project could not begin as scheduled. At the time of the field mission, it was indicated that there were no field activities in place to be studied. Therefore, the evaluation is based on the relevance of the project aims, the selection of partners, and the sustainability of the outcomes targeted by the project.

The project follows the positive results of an ITC opportunity study in 2002-2003 into the presence of the required conditions for launching an EPRP intervention: a target (underprivileged) location, a private sector intermediary (African Aloe), and market linkages (specific buyers in Germany, Korea, Japan).

There is a confirmed export potential for aloe-ferox based products (bitter sap, dry materials and fillet) in the international markets. However, traders of unprocessed products presently dominate the export, and a large part of the value addition takes place in the importing markets. Therefore, the project attempts to mainstream the disadvantaged communities into the export supply chain. It proposes to do this by organising them as a group and training them in harvesting, as well as managing themselves as a co-operative, improving their negotiating ability in the longer term; and providing marketing outlets support for their output through a private sector organisation engaged in export of aloe products.

The Eastern Cape is the most under developed region in South Africa. The integration of tapper networks into the export supply chain and the removal of middlemen will have a direct impact on the income earned by these poorer sections of the South African population. The project gives partner organisations, ECDC and African Aloe, an opportunity to learn the EPRP methodology and processes and replicate similar community-level projects in other locations.

The principal challenge for the project beyond the pilot stage is to ensure that the necessary resources are available when the supply base has the potential to meet the rising global demand for aloe products. Clearly, neither ITC nor ECDC have the mandate to invest in the sector. Increasingly, it will be on the incumbent private sector partner to

raise resources for expansion of processing capacities. Models that include international partnerships will need to be considered.

Other Export Led Poverty Reduction Programme Projects

Bolivia

ITC has completed opportunity studies for a community-based tourism project in Copacabana, in the high plateau regions in Bolivia. The project will have the challenge of converting transiting international tourists (who pass through to other more popular destinations in Peru) into inbound business for Copacabana. ITC has identified a local NGO of the Aymara people and has built a project to integrate them into the local tourism sector by adding a set of products and services to promote tourism in Copacabana.

Brazil

ITC has partnered with Banco do Brasil to implement a tourism-based EPRP project in Bahia. The project was launched by Condomino Costa do Sauipe, a tourist resort in Bahia. The project targets the establishment of a recycling plant to produce organic compost, a production group of organic fruits and vegetables, and community centres for developing artisan goods and forming culture groups. It has already tied up with leading hotel chains to arrange the supply of products and services from the local community. Banco do Brasil plans to replicate the EPRP model at a national level.

El Salvador

ITC launched a pilot project for speciality coffees in southwest El Salvador in 2002, aiming to bring 400 poor families into the cultivation of speciality coffee. Based on the positive experience of the project, authorities and donors have supported development through access roads and education facilities, which was an unexpected spin-off gain from the initiative.

Cambodia

ITC initiated a pilot project in 2003 for the weaving communities in the Takeo province of Cambodia, which is known for its traditional silk weavers, mostly women. However, this tradition is dying due to the low levels of awareness of these communities and the poor market promotion of these products.

ITC has partnered with the Cambodia Craft Corporation and identified 20 weaver families. Cambodia Craft Corporation now provides the families with the skills to form groups, has improved production techniques, product development and so on, as well as establishing links with important import markets through buyer missions and participation in trade fairs.

Vietnam

In 2004, ITC signed up a CBT project in a traditional village adjoining Hoi An, a very popular destination for international tourists. The project plans to set up a village trail for

tourists, complete with local cultural shows, displays of carpentry craftsmanship and traditional products. Local tour operators and craft promotion bodies have associated with the project. Nearly 80 households in Kim Bong are proposed to be brought in as direct beneficiaries and some 900 families as indirect beneficiaries/target groups.

Namibia

ITC carried out an opportunity study for an EPRP intervention in the small-stock meat sector, targeting export opportunities in EU and South Africa. Although the market potential was confirmed, ITC saw that the scope of interventions went beyond its own expertise and mandate and declined support for the project under EPRP. However, ITC recommended the project for consideration by more appropriate agencies such as the Food and Agriculture Organisation (FAO).

1.4 Programme Evaluation

Relevance

Rating: 4 on a scale of 1 – 4

The EPRP theme directly takes off from the recommendations made at the Copenhagen Declaration and the Action Programme of the United Nations General Assembly, to attain the 2015 goal of halving the percentage of people living in extreme poverty. It also addresses the Millennium Development Goal 8 by directly linking trade with poverty alleviation. It recognises that even within non-LDC countries, sections of the population remain marginalised from the opportunities to gain from trade.

ITC views its EPRP approach in a context of close co-operation and joint action (with a number of local partners - NGOs, TSIs, export marketing enterprises, etc.), recognising that poverty is a multi-dimensional challenge, effectively addressed only through multidisciplinary efforts and partnerships. EPRP does not start unless there are local beneficiaries under a self-help group, and other institutions to support, i.e. micro credit institutions, etc.

The projects in all the cases studied were highly relevant to the geographical and community settings in which they were conceptualised, and offered direct livelihood opportunities from export linkages for value-added local produce: spices in India, flowers in China, aloe in South Africa and horticulture in Kenya. These products were selected on the basis of the large export potential, and the possibility of building appropriate international marketing linkages through ITC.

Efficiency:

The performance of EPRP projects could only be studied in India and China, as projects have barely commenced in both South Africa and Kenya.

Rating: 4 on a scale of 1 – 4

To improve the efficiency and the uniformity in the transfer of skills in various projects, ITC has combined several methodologies in the form of a standard EPRP tool kit. The kit includes, among others, an “orientation kit” for opportunity studies, a modular training programme on NGO capacity building in entrepreneurship and exports; and a compendium of model contracts for grouping producer groups and for regulating their terms of involvement with exporters/subcontractors. Tool kits have been tested successfully in India, Brazil and Cambodia and have a high degree of standardisation.

ITC also arranges a large number of technical and marketing partners in its EPRP interventions. This was visible most in China, where skilled experts from Israel and Netherlands were arranged on a long-term basis, designs for the auction centre were developed and tie ups with the world’s largest auction centre were arranged for the project. All these were completed within a period of three years, and the Chinese partners conceded that this would not have been possible without ITC.

Similarly, marketing tie-ups with European buyers for spices in India, horticulture in Kenya, and processors for the aloe vera project in South Africa, all emerged from ITC's specialist knowledge of products and markets in several countries.

In both India and China, the projects were completed within the set time schedules, despite the challenges encountered in co-ordinating with several counterpart organisations and international partners. Dealing with 2,000 farmer families in India and more than 20,000 in China, the interventions were large in scale. This was possible due to the right selection of local partners that had some capacities for technical support and outreach.

However, several EPRP pilot projects currently under implementation are in lesser-developed economies characterised by weak institutional skills, and the successes in China and India may not be easy to replicate.

Cost Efficiency:

The cost efficiency of ITC assistance in the Yunnan floriculture project was compared with several known examples of technology transfer from Dutch and Israeli floriculture companies and other project suppliers. Surrogate data from Dutch and Israeli floriculture projects in other Asian countries including India were considered for this purpose. These indicate that ITC delivered its services in a cost-efficient manner.

The costs of floriculture projects in several countries in Asia have ranged from USD 0.25 to USD 1 million per hectare of cultivation, of which technology and market-support related costs account for 15-30% (several such projects were set up in many parts of India, with few success stories and several bad debts!). ITC was able to arrange technical assistance valued at USD 600,000 for several hundred farmers in Yunnan for a period of almost 10-man months, resulting in more than 10,000 hectares of successful cultivation.

The comparable cost of assistance is estimated at USD 6,000 per holding and USD 60 per hectare. This comparison, while not very accurate, successfully brings out the merit of sustained technology transfer in a concentrated, contiguous area, which again is a feature of the EPRP design.

Cost-efficiency of services provided by ITC could not be gauged in the spices project in India, due to non-availability of cost break-ups and a detailed listing of activities at each of the four locations. However, ITC's approach of developing capacity within the TSI (Spices Board) and implementing partner NGOs that were responsible for managing the project enabled much higher project coverage, in terms of the number of end beneficiaries (farmer families) than initially envisaged. The fact that the project also benefited from the synergistic inputs from another donor-funded project (EC funded, UNDP project for processing pepper and organic tea) also makes it more difficult to assess the cost efficiency of ITC's services.

Effectiveness:

Rating: 3.5 on a scale of 1 – 4

To make its interventions effective, ITC has identified 10 "building blocks"¹⁴ as critical success factors for any EPRP initiative. Examples include identifying products/services and markets with export potential, adapting products/services to standards and market requirements, and strengthening support services.

In China and India, the building blocks have been put in place effectively, giving a firm foundation to the future development of the intervention:

- The products selected for the intervention were developed to meet international market requirements – organic certification in spices, and international auction standards in cut flowers.
- The marketing linkages have been established to enable a steady export of the products – the processing unit and German buyers in spices, and the partnership with Netherlands auction centre in flowers.
- Institutional arrangements (China) or presence of active NGOs as partners (India) ensured that gender issues and micro-credit arrangements are built into the project structure. Similarly, in Brazil, the lead role of a banking institution and its commitment to provide 'community credit' lines ensure that the target beneficiaries would be able to participate meaningfully in the project.

However, arrangements for micro-credit and extension support are presently inadequate in countries like Kenya, and therefore make some components of the EPRP intervention in these countries vulnerable.

Outcomes/Impacts

Rating: 3.5 on a scale of 1 – 4

Experience in both China and India suggests that ITC has produced very good results in its projects at enterprise, institutional and national levels:

¹⁴ Identifying products/services and markets with export potential; Adapting products/services to standards and market requirements; Selecting and organising poor producers; Matching the right products/services & markets to the producer groups; Organising linkages between producers and buyers; Ensuring access to micro-finance; Enhancing human resource development; Strengthening support services; Including the gender dimension; and Taking account of environmental aspects.

Enterprise level

Income enhancement for participants:

- The Yunnan project has established a sizeable floriculture sector, with more than 20,000 farmers and 10,600 hectares (a 300 fold increase since 1991); output value of the sector is estimated to be over USD 500 million, with exports in excess of USD 30 million.
- The herbs project in India saw a tripling of incomes in the participant households, which had no scope to engage in farming in the hilly areas of the Nilgiris, while the spices project in Kerala resulted in cost savings due to adoption of organic practices.
- High incomes were possible from the same agriculture holdings in Yunnan, cut flowers yield more than USD 1,470 per hectare, compared to the average yield of USD 950 per hectare on all horticulture.
- Increase in livelihood skills (introduction of modern production systems in both India and China).
- International marketing linkages (market missions in target markets for all projects).

Institutional level

Strengthened Capacities of implementing institutions:

- ITC partners have gained considerable practical knowledge from the projects, which can be disseminated in subsequent phases of the projects with reducing dependence on ITC.
- Synergies with other interventions in the location/sector:
- Matching interventions greatly enhanced the success chances of both the India and China pilot projects.

National level

- Development of organic standards, application to EU for Third Party certification by the Spices Board, India.
- The introduction of a varietal registration programme to protect licensor rights on mother plants, by Yunnan Province.

In both China and India, the project results far surpassed the expectations on several indicators. The higher absorption capacity of the support institutions in both countries has played a significant part in the success of these projects. However, the most significant impact for the spices project in India may come from a related development outside the project - a UNDP and Spices Board supported organic spices processing facility in the same district, being set up by the PDS (the project partner in Kerala). The project includes a modern spice cleaning grading, steam sterilisation and grinding facility with 1,000 MT per year capacity, which can process the entire output of organic spices from the district. The equipment has been installed and trial runs have been completed successfully. The most noteworthy aspect about this investment is that no prior marketing tie-ups had been established, and the EPRP project therefore blended perfectly with it.

The plant is expected to go on stream in 2004, and has market tie-ups with a few EU buyers identified through the ITC project.

Another important outcome of the EPRP interventions in India and China has been the involvement of women as direct beneficiaries from these projects: the most significant case being the women self-help groups in the Nilgiris, one of the locations of the organic spices project in India. It is reported by the Spices Board that these women groups were able to organise collective saving schemes. They were also able to invest in community facilities such as a nursery and even a common room with satellite TV, a major change in just two years of the project.

Outreach and Sustainability

Rating: 2.5 on a scale of 1 – 4

The outreach and sustainability of the EPRP interventions depends on:

- Commercial viability at a larger scale;
- Penetration of support services at the regional/national level;
- Adequate market potential and linkages to absorb enhanced supply capacities;
- Supply side issues;
- National trade policies and measures/actions supporting the sector and Small or Medium-sized Enterprises (SMEs) in export enhancement;
- Macro economic factors affecting export competitiveness of the sector/economy; and
- Funding modalities for larger scale projects.

These factors vary considerably among countries. Therefore, sustainability can best be evaluated in the country context.

The EPRP projects studied are all expected to be sustainable at the pilot level because they are integrated from production until export. But the continued success of EPRP interventions require and indeed, depend on convergence with other interventions that have the potential to bring about lasting benefits for the target beneficiaries; and eventually help in the large-scale transformation of the sector by linking with international market opportunities. In some countries, especially LDCs, supply side constraints as well as funding modalities can impact sustainability and outreach of EPRP projects.

However, in countries with favourable export policy environments and the ability to fund expansions and up-scaling of these projects, EPRP projects can demonstrate consistent results at a larger scale, and this has indeed been the case in the Chinese and Indian projects.

India:

The Spices Board, NGOs and beneficiary farmer families are all committed to sustain the project. The Spices Board has made provisions in its budget plan for sustaining the

project after ITC support ends. A national organic certification programme with European organic bodies has been initiated. More farmers have joined the project on their own initiative, and Spices Board is replicating the project's activities in other neighbouring areas using its own development budgets.

The Indian project has been documented by ITC as a success story under the EPRP initiative. While this is indeed confirmed by the Evaluation, the key message from this project is that the EPRP's success requires, and indeed depends on its convergence with other interventions that collectively have the potential to bring about lasting benefits for the target beneficiaries, as well as helping in the eventual large-scale transformation of the sector by linking with international market opportunities.

In the Indian project, there were three such supporting interventions:

- A long-standing technical co-operation between the Spices Board and ITC.
- The ITC programme on Quality Assurance in Spices, which laid the ground for the certification based activities in the EPRP (Spices Board had already begun training and awareness building on good cultivation practices).
- The investment in spice-sterilisation and processing facilities under the UNDP/Spices Board assisted project, in the same location.

The most significant impact on enhancing livelihood and income opportunities comes from a related development outside the project, a UNDP and Spices Board supported organic spices processing facility in the same district, being set up by the PDS (the project partners in Kerala). The project includes a modern spice cleaning grading, steam sterilisation and grinding facility with 1000 MT per year capacity, which can process the entire output of organic spices from the district. The equipment has been installed and trial runs have been completed successfully.

While this does not in any way undermine ITC's contribution in the success, it underscores the importance of exploring convergence and synergies with other projects in the sector/location being implemented by other agencies/donors, while designing the community level intervention.

China:

The project comes across as a unique example of co-ordination between the project partners and the provincial government, and of the commitment of the provincial government toward the development of the sector.

The vision set by the provincial government is much larger than that envisaged in the project. Yunnan is envisioned as becoming the leading exporter of cut flowers in Asia. Also the government has made substantial investments in infrastructure bottleneck areas, which are much larger than the financial envelope of the project itself.

The provincial government has readied a proposal for a third phase of ITC technical assistance, covering three years and an outlay of USD 1 million. This phase would target infrastructure bottlenecks, standards and certification, and intellectual property issues. At

the end of the third phase, Yunnan would like to see a substantial export-orientation and an increased role of the private sector in managing and co-ordinating industrial development in the sector. With the successful implementation of phase III, the project would have become sustainable at the sector level, bringing large-scale income enhancement/livelihood benefits in the province.

Kenya:

The most important steps towards sustainability have been the project location, and the selection of partners and collaborating agencies. The Rift Valley is a good location for horticulture activities, it has the climatic and natural resources to scale up the project from the pilot stage and enable a meaningful export base from the region. Also, the project has chosen appropriate collaborating partners to direct technical assistance – national bodies, export organisations and NGOs, all of which will have a continued interest in the sector even after the project closure. Therefore, the project will have built capacities among these organisations to develop similar interventions in future.

However, sustainability of such projects will depend on external factors at two levels:

- At a higher level, to attain export objectives, it is critical to translate the National Export Strategy into sectoral action plans to support exports in the priority sectors, with budgetary support for all identified investment areas.
- At the project level specifically, policies on mandated lending for micro-enterprises, provision of extension services and inputs at no (or concessional) cost, and creating financial resources for common infrastructure for pre and post-harvesting processes in remote areas, will have a direct impact on the EPRP project itself beyond the pilot stage.

Based on the field mission, it is difficult to establish if Kenya would be able to put in adequate resources toward the much-required infrastructure to support exports of perishable products. Therefore, there may be a challenge to attain large-scale export of perishable products from remotely located enterprises in the Rift Valley, except in products like honey.

South Africa:

The project benefits from the presence of a marketing/exporting company, as one of the partners is a favourable indicator towards economic sustainability. However, it is limited by the ability of the partner to tap into international markets alone to attract large-scale investments in processing. In this regard, synergies and sourcing arrangements with other projects, such as the Canada supported project (cosmetic supply chain) should be explored by the project partners.

The aloe project also has a complex mix of applied research and social (AIDS awareness) dimensions, which are not sustainable at a larger scale from the project itself. While these have the ability to sensitise and build awareness of the potential for aloe in medicinal applications, research and social awareness dimensions cannot continue to be funded as

part of a cultivation and processing project. Therefore, the project would need to be conceptualised again for the next phases.

Table 5. Analysis of Programme Strengths and Weaknesses

Strengths	Weaknesses
<ul style="list-style-type: none"> • The biggest strength of the EPRP (compared to other ITC interventions) is that with small budgets, it can produce concrete results with good visibility at the community level and therefore, leverage the results from its pilot projects to influence the policy makers to formulate a sector export strategy. The success in smaller settings provides the basis for EPRP projects to be dovetailed into national or sector export strategies, especially in smaller countries. This allows beneficiary countries to consider EPRP projects as precursors to a sectorial programme, benefiting from their lessons and adapting them on a larger scale. • The EPRP represents a new delivery mechanism of technical assistance by ITC, by bunching together a group of activities that originate in production and end in marketing for a selected sector or product. This end-to-end approach is possible because it focuses multi-disciplinary assistance at the community level, which may not be feasible on a significantly larger scale. • Because of the community-level approach, the EPRP allows for quick replication of successful models in other countries/regions without actually resulting in competition among these countries or regions. This is already visible in the community-based tourism sector, which has seen the maximum number of pilot projects in various countries (Brazil, Bolivia, El Salvador and Vietnam) among all EPRP sectors. These projects do not compete with one another. • The localised nature of the EPRP project makes monitoring of outcomes easier and more attributable to ITC, as it monitors performance of ITC's multidisciplinary technical assistance rather than a set of isolated and discrete inputs. • The EPRP imposes strict pre-conditions (the building blocks) besides an opportunity study for each project for ITC to commit resources, and ensures a higher success rate in pilot projects. 	<ul style="list-style-type: none"> • EPRP projects may overlap with other interventions in the sector in countries where there is large donor activity. The absence of inter-project co-ordination can lead to disparate activities without adding considerable value to the sector as such. The project in Kenya raises several issues of overlap among ITC programmes. • EPRP projects on the ground do not focus sufficiently on the micro-credit aspects of community interventions, and this seriously limits their outreach and replicability. The involvement of micro-finance institutions is missing in most EPRP pilot projects, and this can turn into a constraint after ITC has withdrawn. In the case of Kenya, the government has not been able to evolve a policy for micro-finance, despite the acknowledgement of its benefits and impact on poverty reduction (also see evaluation on Kenya, specifically reference to JITAP¹⁵ project, the comments on SME finance component, which was not implemented). • Because of the high dependence on ITC in-house skills, EPRP projects can only be done in a few sectors in which ITC has built expertise. The selection of EPRP sectors tends to reflect the existing sectoral competencies of ITC. However, opportunity assessments in several countries can throw up potential for EPRP interventions in sectors that are not within ITC classic competence areas. For instance, the livestock project opportunity identified in Namibia could not be progressed further by ITC itself. ITC should consider partnering with other implementation agencies to expand the delivery of EPRP projects in new sectors with high potential. • Co-operation among country officers and EPRP programme managers needs improvement, e.g. for efficient utilisation of programme funds and to avoid overlaps in travel and field time by ITC staff. Specific concerns were also voiced about the high inter-departmental billing of services in EPRP projects, which result in a reduced net outflow of resources into field activities.

¹⁵ Joint Integrated Technical Assistance Program

1.5 ITC Competence and Comparative Advantage

The EPRP has evolved from ITC's extensive experience and lessons learned from its EPV¹⁶ projects worldwide. The EPRP is a bunched delivery of a number of ITC competencies and specialist skills. The most important being the identification of products and markets for exports; establishing market linkages in exports; providing enterprise-level training for export readiness; dissemination of training in project management tools, and the selection and capacity building of sector-based organisations as partners.

EPRP projects focus on sectors showing high potential to contribute to poverty reduction through exports. ITC has prioritised Agricultural products (fresh & processed), Community-based tourism, Leather and leather products, and Light manufacturing and Textiles (fibres & clothing) as the sectors of intervention. In all these sectors, ITC has extensive experience of providing product/market information, trade analyses, and technical assistance for promotion of exports.

These skills make ITC a unique organisation in undertaking a complex, end-to-end intervention such as the EPRP, at the community level. There are no directly comparable examples of similar interventions by other implementation agencies.

Constraints and Opportunities

Development Setting

The implementation and scaling up of EPRP projects requires collaboration with local community-based organisations, besides micro credit institutions and effective export development bodies. ITC's intervention in pilot projects cannot provide for equipment procurement, which is often necessary for the success or expansion of the pilot scale project.

Therefore, there is also often a need for financial investors. Also the presence of local organisations with skills in group formation and management of self-help groups is a key ingredient in EPRP projects.

It is often difficult to find this ideal mix of actors, especially in LDCs, which have weak capacities in all these areas. As a result, EPRP interventions may have a greater chance of success by mainstreaming disadvantaged communities located in a more developed economic setting.

This does not mean that the EPRP concept is not suitable for LDCs, only that the challenges, resource needs, and project duration in LDCs are likely to be greater. This will require flexibility in the norms presently used in designing EPRP projects.

¹⁶ Export Production Villages are communities in rural areas organised (through technical assistance from ITC) to produce or manufacture goods for exports, meeting specific market/customer requirements. This concept was later expanded into the EPRP concept.

Policy Support

The theory of EPRP pre-supposes the presence of a positive trade policy regime. However, in the absence of a strategy on mainstreaming less privileged communities in trade and export-linked activities, EPRP projects can become ‘rudderless’. Government ministries and development finance bodies need to be committed to the EPRP, and be willing to allocate budgetary support for scaling up the pilot projects.

ITC Funding Modalities

The growing popularity of the EPRP makes heavy demands on ITC’s financial and human resources. ITC efforts at mobilising an EPRP alliance comprised of ITC, donors (including private ones), and implementation partners, are steps to address the funding gaps.

At another level, the present indicative ceiling of USD 250,000 per country over a two-three year horizon needs more flexibility, especially when projects begin to show results.

A judicious allocation needs to be made between promising projects that have begun showing results but cannot be weaned immediately after the first phase and new candidates, giving due emphasis to the fact that successes are harder to spot in the TRTA universe.

1.6 Conclusions and Recommendations

Conclusions:

- The Evaluation finds the EPRP programme to be a promising and refreshing approach, linking trade development directly to poverty reduction by focusing actions at the community level. The EPRP also appears as a higher-order delivery mechanism for technical assistance by ITC. That is, it bunches several competences of ITC together, and has a high demonstration effect, and this is the best indicator for pilot project design as it can lead to several competencies and specialisations.
- Multidisciplinary assistance projects like the EPRP have greater chances of sustainable impact at the community level. This increases the chances of creating visible impact more than some other services and products of ITC.
- The EPRP benefits include: the potential for further funding from donor communities for successful projects, scope for catalysing new policy initiatives, and greater ownership by beneficiaries based on pilot project experiences. The EPRP also blends with the new thinking among donors as well as beneficiary countries to look at sector approaches to poverty alleviation. Therefore, there will be increasing opportunities for ITC to undertake similar projects with resources other than its own Global Trust Fund.
- Successful execution of EPRP projects requires improved internal co-ordination among business service units in ITC in delivery of specialised training inputs at reasonable costs and, above all, co-ordination of activities by different divisions in the same sector/country.

Recommendations:

- Given the intense engagement required by ITC, there should be restraint in launching EPRP projects with partners not having a proven track record of managing technical assistance projects, even if funding is forthcoming for such partners/countries.
- The strict preconditions for initiating EPRP interventions should be maintained and a balance must be attained between the number of projects and the scale of intervention in individual projects, within the overall resource constraint.
- In identifying and implementing EPRP interventions, there is a need to strike a balance in the number of sectors in which ITC has adequate specialisation and competence and new emerging sectors where there are considerable opportunities for an EPRP intervention (as in the case of the livestock project in Namibia), but in which there are limited skills at ITC. ITC should consider active partnerships with other specialised agencies, based on their sector expertise (FAO for instance).
- Given the multidisciplinary nature of the intervention, enterprise-level networking events (South-South Trade Promotion, organic production courses, market development missions) in the relevant sectors should, wherever possible, be clubbed with or subsumed under EPRP projects operating in those countries so as to maximise the collective impact.

- It is important for ITC to liaise actively with other agencies involved in the same sectors in the beneficiary country, in order to make its own intervention more effective (many beneficiaries concede that market linkages tend to be poorly addressed in projects executed by other agencies, and this can be turned into an opportunity for ITC).

Annexes

- Annex 1. Case Study India
- Annex 2. Case Study China
- Annex 3. Case Study Kenya
- Annex 4. Case Study South Africa
- Annex 5. People Met

Annex 1. Case Study India

Project Title	Empowerment of Rural Communities to Export Organic Spices of India
Donor	World Bank (UNDP and Spices Board also contributed an equivalent amount of USD 20,000 each).
Expected Outcomes	Expanded opportunities for sustainable production and income diversification.
Project budget	USD 250,000
Project duration	2000 to 2004 (4 years)

Background

Spices Board India initiated this project with ITC to help small-scale producers to penetrate the premium export market for organic spices. The project proposal, which is based on ITC's concept of "EPVs", received a USD 250,000 donation from the World Bank. In addition, the proposal obtained USD 20,000 each from the UNDP and the Spices Board.

The project objective was to use producer-owned EPVs as a mechanism to organise smallholder Indian spice producers, build capacity through partnerships with local NGOs, and ultimately provide access for rural villages to higher-value export markets.

The project initially targeted 350 farmer families in three states as the direct beneficiaries in the project. The project was the first to use the ITC 'building blocks' design for Export-led Poverty Reduction Programme, with four community-based organisations identified as the programme-implementing partners.

Rationale

Spices are an important commercial crop in southern parts of India. The majority of the growers are small and marginal farmers, while women account for nearly 30% of the labour involved. India has a large domestic market for spices but, over the decades, has also emerged as a major exporter. International demand has risen strongly in recent years and aligning remote villages to produce certified organic value-added products for the requirements of international markets has the potential to improve incomes and create a supply base for an organic spice processing industry.

Technical Assistance

The technical assistance in the project consisted of the following:

Exposure to ITC Project Tools (Networking and Dissemination)

- Formation of producer groups
- Creation of a website of each NGO involved in the project.

Market Exposure

- International exposure visits for selected farmers and NGO representatives
- International market study

- Identification of buyers
- Capacity Building
- Training of farmers in organic, environment friendly, sustainable, farming practices
- Preparations for certification
- Development of national organic standards.

Monitoring

- Baseline information on participating families - acreage, income, product mix, output, etc.
- Log books for production, inputs, costs and realisation of income.

Project Outputs as Documented by ITC/Beneficiaries

Market/Livelihood Opportunities

- The largest increases in income and livelihood were observed in Nilgiris, where the topography does not support expansion of conventional agriculture; the project's introduction of herb cultivation inside huts and cottages enabled a new economic activity for these families; incomes rose by more than 100% according to project partners, and there were visible signs such as new cable TV connections in the beneficiary homes.
- The project areas in Kerala and Tamil Nadu have collectively obtained organic certification from an internationally accredited organisation, which will qualify their production for international markets.
- The project beneficiaries exported 72 tons of pepper and cardamom to Europe, and 2 tons of dehydrated aromatic herbs (thyme and rosemary) to Switzerland.
- Although many farmers have yet to get a premium price for their organic produce in the domestic market, they are hopeful that their incomes will increase from exports, once the processing facilities (funded by another donor funded with the same beneficiaries) are operational.

Knowledge and Skills Development

- More than 2000 families have improved their skills and adopted organic farming methodologies.
- Farmers have been able to reduce production costs by about 15-20% by eliminating use of chemical fertilisers, pesticides, etc.
- Preparation of vermicompost facilities in the farms.
- Maintenance of log books for the project and monitoring results at the level of households.
- Facilitation of market exposure to international markets, through participation in trade fairs, buyer-seller meets

- The project has contributed to preparing the Government of India's application to the EU for Third Country Certification.

Capacity Development of Partner Institutions

Capacities of designated staff of the Spices Board and the four selected NGOs were enhanced through the following activities:

- Training of the project NGOs and the respective farmer leaders in project preparation and monitoring.
- Technical training on Export Promotion Tools and Export documentation.
- Exposure to international practices and market trends through ITC information products.
- Participation of NGOs in Biofach 2003, leading to more practical knowledge of the global organic market.
- IT empowerment - assistance in setting up websites of the NGOs for information dissemination.
- Creation of an Organic Spices Growers' Association to take up collective initiatives on a larger scale.

The four participating NGOs have strengthened their capacity in key areas by: providing training on production and marketing for the farmers, maintaining records for organic certification and computer-based monitoring, elaborating business and marketing plans, setting up websites as a marketing tool; and establishing first business contacts with local exporters and overseas importers.

Assessment of Outputs and Outcomes (Evaluation's perceptions)

Overall, the project attained its objectives and demonstrated good results in terms of improvement in income and livelihood opportunities, skills development among community organisations, capacity building of TSIs, and creation of international market linkages.

The lower performance in one of the three states (Orissa) was mainly attributable to the role and readiness of the local counterpart institution, and the bureaucratic constraints faced by the project personnel in executing the agreed activities, such as market missions. Nor could the synergies between the project and other interventions (processing facilities and market linkages under the UNDP project) be extended to the location in Orissa.

Market/Livelihood Opportunities

Field visits in Kerala confirmed that beneficiaries have directly benefited from the project in a number of ways, including:

- Use of self-generated organic manure;
- Organic certification, which assures higher prices than at present;
- Increase in income from cultivating new varieties;

- More farmers joining the project on their own initiative, and the Spices Board planning to replicate the project in other areas using its own development budgets.

However, the most significant impact came from a related development outside the project - i.e., a UNDP & Spices Board funded spice processing facility in the same district, being set up by the PDS (the project partner in Kerala). The most noteworthy aspect about this investment is that no prior marketing tie-ups had been established, and the EPRP project therefore blended perfectly with it. The plant is expected to go on stream in 2004, and has market tie-ups with a few EU buyers, identified through the ITC project. With this large facility, the pilot EPRP project can be scaled up in a sustainable way and linked with the large international market easily.

Sector Development

Organic spice production is a new activity in India. This project, along with the UNDP project, is spearheading organic exports, accounting for almost the entire exports of organic spices from India (USD1.1 million in 2003), either directly by the project beneficiaries or through exporters procuring from the areas certified under the project. The Spices Board has also been able to introduce national standards for organic cultivation in several spices, while the lessons from the project will be replicated in other districts.

Knowledge and Skills Development

ITC technical assistance has been important for the partnering NGOs in the project, as it has helped them manage the project activities effectively, and attain the most important milestone - certification of the project area as an organic zone. The knowledge of export documentation, maintenance of farm records and other project preparatory activities will enable them to expand the production base; and also seek further financial assistance in future. This is an important contribution resulting from the transfer of knowledge and skills by ITC. The Spices Board has also benefited from ITC support in a number of other ways, such as a modern testing laboratory, improvements in the testing of spices for exports and recognition of Indian standards by international bodies, management of international trade fairs, and preparation of market studies.

ITC Contribution

ITC has provided continued assistance right from the beginning: identifying appropriate funding for the project, providing practical support in implementing the unique design of the EPRP format and the building blocks, besides the various project inputs themselves.

However, there had also been a substantial contribution from ITC to the spice sector in India from earlier projects, and these have contributed to the outcomes from this project as well. The Spices Board attributed a lot of its own capacity development in organising its role as the apex trade promotion institution in the sector to the long relationship with ITC, which started in 1977, and has seen several technical assistance activities in areas like trade promotion, market exposure and quality control.

The Spices Board also finds ITC most responsive to beneficiary and TSI needs and very flexible in designing interventions to suit local requirements and adapting to local constraints. Very often, ITC is willing to help its partners, even outside a specific project, i.e. on an ad-hoc basis.

A further advantage of ITC support to Spices Board is that support of this kind enables Spices Board's technical personnel to participate in much-needed international training programmes without going through the bureaucratic process of administrative clearances from the Indian government, which not only delays, but often rejects applications for government funds for international travel and associated costs.

Future Challenges

The success of the Spices Board as a TSI has been in large measure due to its having good executives in the senior-most positions. The executives have been instrumental in developing the capacities and skills of the Board in discharging its responsibilities as India's apex organisation in spices research, production and trade development. However, people move on from such organisations for various reasons, including retirement. It would be useful for ITC to maintain links with people who have worked in past projects, in order to ensure that there are on-going benefits for the sector from association with effective ex-managers of the Spices Board.

The sustained growth of organic product exports requires India to take suitable steps towards creating national certifying bodies that are internationally accredited or recognised by the equivalent bodies in the destination countries; failing which the large-scale development of an organic production zone may be impeded. This requires actions on the part of India's national enquiry points and designated export inspection agencies dealing with EU and US standards bodies, to obtain mutual recognition arrangements to certify Indian products as equivalent to the standards in these importing countries.

Sustainability

The results of the EPRP project have demonstrated a potential for sustainability on account of having identified highly appropriate products, interventions, and implementation partners.

The most important aspect of the pilot project is that ITC has chosen to work with the Spices Board, which has the record of being among the most effective sector organisations in India. It also has the support of the sector's producers and the exporters, as well as a good reputation in the international markets. The Board has the required outreach and technical capabilities to expand the EPRP model to other districts, and create a national export base for organic spices.

However, the Spices Board has a limited fund base, and cannot embark on a large-scale sector development programme without the support of the Ministry of Commerce and Industry. Therefore, the development of an organic spice export sub-sector in India depends on developing a national programme for organic spices, based on the positive experiences of the EPRP project. This will require large investments and budgetary

allocations in several states toward training and certification, as well as processing capacities to handle the output of organic whole spices.

Even in the absence of national funding for exports, local NGOs involved in the project will benefit from the export market links brought in by the EPRP. That will still be a significant result from the pilot project.

Annex 2. Case Study China

Project Title	Development of an Export-Oriented Floriculture Industry in Yunnan Province.
Donor	Phase I - China's funds-in trust with ITC and Switzerland Phase II - Government of Switzerland and MOFTEC
Expected Outcomes	Income-enhancement opportunity from cultivation of flowers
Project budget	USD 812,000 (Phase I) – see below USD 600,000 (Phase II)
Project duration	Phase I - 1998 to 1999 Phase II - 1999 to 2003

Background

The province of Yunnan's floriculture sector has grown rapidly from its beginnings as a modest income diversification initiative in the early 1990s. The provincial government undertook a study in 1995 to identify priority needs in technical assistance (at that time, there was already a Sino-Israeli¹⁷ co-operation programme covering floriculture). Based on the study findings, ITC formulated a first-phase project for developing an export-oriented flower industry in Yunnan, with funding of USD 812,000, including USD 100,000 from China's funds-in trust with the ITC. Activities began in 1998.

The scope of technical assistance in the initial phase included:

- Formulating an export development strategy for floriculture.
- Study and market orientation tours to benchmark countries - Netherlands, Ecuador, Colombia and Israel - with successful floriculture sectors.
- Training and guidance in cut flower production and marketing.
- Pre-feasibility study for a central flower auction market in Kunming.

The YFA, created for the purpose, with assistance from the Ministry of Foreign Trade Economic Co-operation China, implemented the project. Based on the encouraging results from the first phase, a second phase was approved in 1999 with funding of USD 600,000 (USD 500,000 from Switzerland and USD 100,000 from MOFTEC).

This second phase had three main objectives:

- Complete a feasibility study and finalise a design for the flower auction system, including the training of operating personnel.
- Establish and improve common support services (by the local government bodies) for the industry, which has more than 15,000 farmers¹⁸, many with marginal holdings.

¹⁷ The programme with Israel focused on technical assistance to improve production techniques. Several experts visited China and trained farmers and co-operative organisations in propagation and quality improvement. Some Yunnan farmers also took apprenticeships in Israeli floriculture farms.

¹⁸ There are 15,000 farmers in Yunnan, not all participated in the pilot project.

- Develop export readiness in key enterprises and individual growers through technical training.

The terminal review of the project was carried out in December 2003 and it expressed great satisfaction with the achievement of target outputs as well as the overall management of the project.

Project Outputs as Documented by ITC/Beneficiaries

Phase I:

- Enhanced awareness among all parties of the opportunities for Yunnan's floriculture sector, and formulation of a sector policy and regulatory measures for development of the sector.
- The finding that climatically Yunnan is 'perfectly-conditioned' to become a principal floriculture base in Asia but requires the building of a modern logistics and marketing system. The first step in this is the setting up of an organised auction system. The pre-feasibility study also concluded that a flower auction centre in Kunming was feasible and could become the centrepiece of the sector's network.

Phase II:

Marketing System

- The KIFA is fully operational.
- Training of more than 100 persons in the auction management process in Holland, by VBA, the world's leading auction centre for flowers.
- More than 5,000 buyers and sellers have been identified and familiarised with the auction system.
- A partnership was signed with VBA, which has taken a 5% equity shareholding in KIFA (this was an unplanned bonus and entirely attributed to ITC).
- Support Services
- The provincial government adopted the ITC-assisted report on 'Measures to improve and strengthen export support services', many actions under which were required to be taken at the government level.
- An integrated logistics and export marketing company Yunan United Floral Transportation and Marketing, (FLY) was created to supplement the auction centre by providing a group of services under one roof: storage, grading, packing, inspection, fumigation, and organisation of integrated transportation in cool trucks, rail and air.

Export readiness:

- More than 1,000 farmers and 30 companies were trained intensively in pre and post harvest management techniques under a long-term expert, identified and provided by ITC.

- Flower exports have become regular to international markets like Hong Kong, Singapore, Thailand, Russia, Middle East and Japan.

Assessment of Outputs and Outcomes (Perceptions)

The project has delivered tangible benefits to the region, and beneficiaries have gone on record stating that the project performance has surpassed expectations in respect of export growth targets, which is the major indicator of outcome and success.

The quantitative results from the project are significant:

Sector development

- In less than 12 years, Yunnan has established a sizeable floriculture sector, with more than 20,000 farmers and 10,600 hectares (a 300 fold increase since 1991) directly involved in the cultivation of flowers, and with more than 120,000 persons connected with the sector. There are more than 400 private sector enterprises, set up as co-operatives or as companies.
- The output value of the sector is estimated to be over USD 500 million, with exports in excess of USD 30 million.
- Exports have risen more than three-fold since the start of the project in 1999, and have surpassed initial targets of USD 10 million.
- There has been adequate market diversification for the products, with supplies reaching several international markets.
- The Yunnan provincial government has made a capital investment of more than USD 20 million in the auction centre and logistics infrastructure.

Knowledge and skills development

- The project has introduced modern production systems across a large base of the farmer population.
- Growers expressed confidence in their adoption of these systems, and held the ITC intervention in high regard.
- Participating in the auction system has enhanced awareness of price trends, volume trends, quality standards and buyer preferences through direct contact.
- Market missions have aided companies in the identification of products with good market potential in target markets, thus bringing an export-orientation to Yunnan's flower production.

Market/livelihood opportunities

- The average annual income for flower growers of USD 950 per hectare for all plants, and USD 1,470 per hectare for cut flowers is substantially higher than for other horticulture crops and vegetables. Switching to flower cultivation directly enhances incomes in the agriculture sector, which engages nearly 75% of the population in Yunnan.
- With acreage targeted to almost double by 2010, the poverty alleviation impact of the project would extend to several thousand poor families in the region.
- The ‘seller-basis’ auction model adopted by KIFA is transparent, and provides for a quality-based price mechanism with adequate minimum or floor prices for the sellers. Farmers and buyers both obtain a fair bargain, based on auction standards and increased transparency. They also benefit from a reduction in levels of distribution and associated costs.

The pace of achievement in this project outshines all other projects covered in the evaluation, but not unexpectedly: China has always been known to display speed in all strategic interventions. In this project too, this was demonstrated by the impatience to wait for donor funds for the technical assistance, and, more important, the ready funding for the large investment in physical infrastructure (USD 20 million), which was recommended in the project.

Capacity Development of Partner Institutions

A major development in the project was the creation of sector specific institutions to take charge of the industrial development of the sector. The provincial government set up the YFA and gave it the mandate of the apex body in the sector, co-ordinating all development needs and technical assistance in the sector. This includes the delivery of technical training materials to beneficiaries (assisted by international experts); the provision of development finance; intellectual property and new product development (e.g. the development and registration of new varieties); and investment in infrastructure (e.g. the auction centre).

However, the Evaluation is of the view that notwithstanding the commitment shown by the organisation, YFA, being a fledgling organisation in a new sector, needs to build more (including new) capacities to steer the sector to its 2010 target of USD 1 billion in output, and USD 100 million in exports. There will be specific needs for technical assistance across a range of areas – marketing, financial, personnel, etc., as well as a need to create extension branches outside Kunming.

ITC Contribution

ITC’s support to the project was widely and strongly endorsed. ITC’s skills in opportunity identification and project design were acknowledged. However, it was its role in identifying and securing partnerships with other specialised institutions and experts that was seen as unique. The roping-in of VBA as not only a technology benchmark, but as a partner shareholder in KIFA is an achievement credited solely to ITC. Similarly, the

Dutch and Israeli experts chosen by ITC were not only competent to deliver the technical assistance, but were able to build rapport and eventually became very popular with the local community. This was a key factor in the project's success in bringing about a transformation in the production practices on such a large scale.

According to stakeholders, ITC has throughout played a mentoring and facilitating role in the project, effectively and astutely. The cordial relationships established by the consultants/experts with beneficiaries have enhanced the stature of ITC among the beneficiaries.

Future Challenges

Despite the good performance against milestones, the Yunnan floriculture sector faces the challenge of raising the export share of output from the current level of less than 10% to the target 30%. This will require interventions as follows:

- Improved transportation facilities and reduced costs to key markets;
- Product diversification;
- Strict adherence to intellectual property rights of protected international varieties;
- Improved Certification Standards;
- Training and extension services in remote areas; and
- Market information services.

The province has already begun to address most of these areas. Indeed, this project stands out as an example of excellence in the delivery of multidisciplinary technical assistance covering all dimensions in export orientation. Moreover, the project is sustainable, as the beneficiary has already demonstrated local ownership and the willingness to invest substantially (much more than the donor contribution) toward the identified goals.

Sustainability

The project comes across as a unique example of co-ordination between the project partners and the provincial government, and of the commitment of the provincial government toward the development of the sector.

The vision set by the beneficiary is much larger than that envisaged in the project. Yunnan is envisioned as becoming the leading exporter of cut flowers in Asia, and the government has made substantial investments in infrastructure bottleneck areas, which are much larger than the financial envelope of the project itself.

The provincial government has readied a proposal for a third phase of ITC technical assistance, covering three years and an outlay of USD 1 million. This phase would target infrastructure bottlenecks, standards and certification, and intellectual property issues. At the end of the third phase, Yunnan would like to see a substantial export-orientation and an increased role of the private sector in managing and co-ordinating industrial development in the sector. With the successful implementation of phase III, the project

would have become sustainable at the sector level, bringing large-scale income enhancement/livelihood benefits in the province.

Observations with Respect to Classification under Export Led Poverty Reduction Programme

While ITC considers the Yunnan floriculture project to be the forerunner to the EPRP programme, it is also in many respects untypical:

- It is not a community level intervention, but rather one targeting a region of the country with below average development indices.
- The scale of intervention is much larger than the typical EPRP project, and resembles a full-scale sector development or national level project.
- The normal claim to an EPRP project is that it targets poverty reduction through exports. However, the experience of the Yunnan project is that poverty reduction has been based on the large domestic market for flowers. The poverty reduction link to exports can only be when the sector becomes substantially export-based. This suggests that ITC could design poverty reduction projects that integrate communities into a large domestic market as well.
- The project report does not highlight the immense (over USD 20 million) financial contribution of the provincial government in the sector infrastructure, without which the project interventions would not have materialised, or at least certainly not at the same scale. Such supporting investments are not to be found within any other EPRP projects being run by ITC. As a result, most EPRP projects are not able to scale up from the community level to the regional or national levels.

These observations have been made with an aim to improve project design and targeting of EPRP projects, giving higher priority to cases where the beneficiary government is committing budgetary resources in the sector - with consideration given for a larger allocation of funds per project, in the light of the Yunnan project's outcomes. In any case, the Yunnan project is seen as an excellent example of what needs to be done to scale up any successful EPRP pilot project to the sector or regional level.

Annex 3. Case Study Kenya

Project Title	Reducing Poverty by Linking SMEs to Export Markets KEN/04/032/A/01/62
Donor	UNDP, under Expanded Opportunities Programme
Expected Outcomes	Expanded opportunities for sustainable production and income diversification.
Project budget	UNDP is expected to contribute USD 169,950 in 2004.
Estimated project duration	1st February 2004 to 31 December 2008.

Although this UNDP project is referred to as an EPRP project, the Evaluation was informed that this title could be misleading, and a separate EPRP project is to commence in Kenya covering the same products and communities. However, these facts do not alter the evaluation of this project, which is based on interviews with stakeholders and on the project document provided by ITC and these remain valid.

Project Summary

Following a request from the Government of Kenya for programme support under the EPRP, ITC conducted an opportunity study in 2003 to assess the possibility of linking up small-scale farmers in three districts with export markets under a pilot EPRP project. The opportunity study identified a few target communities, products, existing exporters and TSIs (public and private), which fulfilled the criteria and could form the core of an EPRP pilot project. This pilot project aims at integrating the four selected poor communities through product and market development into the export value chain. The pilot project would be replicated to wider communities once success is recorded.

The project has three immediate outputs:

- Enhanced competitiveness of exporters
- Better access to export markets including regional markets
- Improved linkages between small-scale producers, manufacturers and service producers, and established exporters.

Implementation Partners

The project local partner is Kerio Trade Winds, an NGO that supports poor communities in the Rift Valley Province to improve their living standards through promoting market-oriented agricultural activities.

As stated in the project proposal, other supporting organisations of the project include:

- Ministry of Agriculture, and Horticultural Crops Development Authority in the provision of extension services.
- National Irrigation Board (Perkerra Irrigation Scheme), in the provision of advisory services on irrigated crop production.

- MACE Food Limited – in the marketing of produce from the farmer groups.
- KIREC Bee keeping Project, and Honey Care Africa, on successful bee keeping.
- Greenlands Agro Producers Ltd, which exports fresh produce from Kenya.

Project Strategy (Pilot Phase)

The EPRP pilot project aims to work with four producer groups consisting of 192 producers growing chillies, french beans and harvesting honey. The EPRP pilot project will cover the following activities:

1. Defining clearly the activities and roles of implementation partners (KTW) and making recommendations for improving its management structure.
2. Facilitating meetings between identified groups, buyers (exporters) and key stakeholders.
3. Poverty Diagnosis (baseline studies).
4. Needs Assessment on different levels: credit, training, production and commercial.
5. Technical support to producer groups and KTW.
6. Preparation of production schedule and marketing contract.
7. Signing agreements with various service and credit providers.
8. Training in group management, record keeping, marketing, production techniques and environmental issues. In addition, extension services will be provided.

Work Plan 2004 for Year 1

The work plan for the first year provides for feasibility studies of possible export-led poverty reduction projects and commencement of implementation of one such pilot project. Trade flow analysis, supply and demand surveys for the services and for the horticulture sectors will be conducted with a view to promoting South-South trade. The budget for the programme for the year was USD 169,950.

According to the project document, identified interventions in the first year were:

- A feasibility assessment for EPVs in three selected districts (from the poorest identified in UNDP's Country Programme Action Plan).
- Based on the results of the feasibility studies, assistance in the implementation of one such export linkage EPV project for one product sub-sector.
- An Export Management Training Seminar for a group of 15-20 export ready or potentially export-ready enterprises in the horticulture sector and a training event for the same group on export quality, standards and packaging.
- A trade flow analysis, supply and demand survey for the export of fresh and processed Kenyan horticulture and apiculture products.
- Organisation of a buyer-seller meeting for horticulture and apiculture products.
- A supply and demand survey on the potential for service exports from Kenya and formulation of a sector strategy for the services sector.
- Assistance in the preparation of a sector strategy for the services sector.

Scope of Technical Assistance

The project activities include training in export management, undertaking trade flow analysis, supply and market surveys, export promotion, market contact initiatives under the South-South Trade programme, and targeted supply-side and marketing assistance to link small scale producers, manufacturers and service providers to export markets.

The project inputs include export management and export readiness workshops, national and international consultancies on export promotion, marketing, and specific supply-side constraints, study tours for market contacts, participation in trade fairs, purchase of equipment, sub-contracts to institutions for specific interventions, creation of a modest micro-finance facility and travel for ITC staff.

Monitoring

The success of the project will be measured by its ability to generate higher export earnings, higher incomes for small-scale producers, manufacturers and service providers and its ability to create more employment through increased exports.

Assessment of the Project

This is a new project under the EPRP programme and at the time of evaluation activities had not commenced, though funding for 2004 has been committed by UNDP. As such there were no field activities to be witnessed at the time of the mission. Therefore, the evaluation of the project is based on the assessment of its relevance; the selection of sectors, beneficiaries and implementation partners; and the likely influence of external conditions on the performance of the project.

Relevance

Horticulture is an important sector in Kenya's exports, accounting for 21% of Kenya's exports in 2002, an increase of 43% over 2001. The horticultural sector is a major employer of the rural population *and* supplier to the processing industry, contributing substantially to food security in the country. With 75% of Kenya's poor living in rural areas, horticulture exports hold significant potential for poverty alleviation.

The inclusion of French beans and chillies, both having good export potential, are appropriate. However, while honey is simpler to produce in smallholdings, it is a complex product to market internationally and much more precise market targeting is required for it than for French beans and chillies.

Technical Assistance Activities

Based on the feedback from other countries on the South-South Trade Promotion Programme, the Evaluation feels that the following activities in the 2004 work programme are premature, and *strongly recommend their postponement to the subsequent phase*, by which time sufficient knowledge and skills would have been transferred to the beneficiaries:

- A trade flow analysis, supply and demand survey of Kenyan exports to the East African Community, Common Market for Eastern and Southern Africa, South African Development Community, Intergovernmental Authority on Development

and Indian Ocean Rim countries for the export of fresh and processed horticulture and apiculture products. There is already sufficient information available at ITC, and a large sector-level demand assessment is unnecessary for establishing market linkages for a community-level intervention. Funds earmarked for these studies may be substituted by identification of ‘willing, strategic buyer/partners’ and sponsoring their visits to the project, with better results.

- Organise a buyer-seller meeting for horticulture and apiculture products – lessons from the experience of the several buyer-seller meetings held since 1996 need to be “digested” before undertaking yet another mission in this sector. The meetings in South Africa highlighted several enterprise-level constraints that prevented new suppliers from exporting against confirmed orders. In the pilot phase, and until a meaningful and stable production base has been established in the districts, the role of marketing should be left to KTW and the other partners- Greenlands and Mace, both have experience of selling to EU markets. Pilot phase budgets should include appropriate costs towards attending regional trade events or specific market visits by these partners, instead of spending on a delegation of first time farmers, before they have had even one full year of training and cultivation experience.
- Undertake a supply and demand survey on the potential for service exports from Kenya and formulate sector strategy for the services sector – tourism was not identified as one of the sectors in the pilot programme, and spending pilot project funds on studies for another sector is not in the interests of the EPRP.
- Facilitate the preparation of a sector strategy for the services sector – same as above. Services have already been identified under JITAP II for export strategy studies. Therefore spending EPRP funds on the same is an overlap of activities and will take away the effective delivery of the EPRP project.

Lessons from Other Projects

ITC should bring to the project beneficiaries all the knowledge and skills provided under some other projects, especially the Organic Product Exports from LDCs (some of the products overlap with this project), and the South-South Trade Promotion events. An organic focus would improve the export prospects of the EPRP project considerably.

Future Challenges

While the EPRP project brings export-based production activities directly to a few small communities, overall the horticulture sector is faced by several constraints and weaknesses, primarily due to its structure, built around poor and marginal farmers. Farmers from the weakest sections, who are the targets of the EPRP intervention, lack access to finance, business skills, reliable market information and market linkages. Moreover, being in remote areas, they are not covered by requisite supportive infrastructure or extension services.

There are several larger constraints faced by the export community, such as:

- Poor quality of storage and post-harvest infrastructure.
- High tariffs in electricity and telecommunication services.

- High cost of finance and absence of mandated credit structures for poverty-alleviating schemes.
- Sanitary and Phytosanitary requirements of international markets, pesticide residue levels and traceability of products.

It is beyond the scope of the project to address most of these issues. Therefore, it is essential to inventory the actions and measures being taken in Kenya to resolve these larger constraints. The biggest challenges arise from the constraints in raising internal resources for expanding the project, and in providing appropriate transport and logistics infrastructure to enable exports without loss of value and shelf life. The Rift Valley is not well connected to international air and sea routes, and the export of fresh horticulture products from the project location would face serious difficulties in the absence of an adequate cold chain infrastructure.

During the pilot phase of the project, discussions were initiated with large international buyers such as Del Monte and it is expected that part of the investment in processing and export packaging would be forthcoming from such buyers. However, the beneficiaries and project partners should actively seek out other sources of finance for scaling up the project.

Sustainability

The most important steps towards sustainability have been the project location, and the selection of partners and collaborating agencies. The Rift Valley is a good location for horticulture activities, it has the climatic and natural resources to scale up the project from the pilot stage and enable a meaningful export base from the region. Also, the project has chosen appropriate collaborating partners to direct technical assistance – national bodies, export organisations and NGOs, all of which will have a continued interest in the sector even after the project closure. Therefore, the project will have built capacities among these organisations to develop similar interventions in future.

However, there needs to be a spirit of co-operation among these many organisations for the project to become successful in its outputs and outcomes. Based on interviews with some of these organisations, it is felt that the hierarchy and roles of each partner need to be clarified as early as possible and to ensure that all partners are ‘fully-on-board’.

Sustainability will also depend on external factors at two levels:

At a higher level, the translation of the National Export Strategy into sectorial action plans to support exports of the priority sectors, with budgetary support for all identified investment areas, is critical to attain export objectives.

At the project level specifically, policies on mandated lending for micro-enterprises, provision of extension services and inputs at no (or concessional) cost, and creating financial resources for common infrastructure for pre and post-harvesting processes in remote areas, will have a direct impact on the EPRP project itself beyond the pilot stage.

Based on the field mission, it is difficult to establish if Kenya would be able to put in adequate resources toward the much-required infrastructure to support exports of perishable products. Therefore, there may be a challenge to attain large-scale export of perishable products from remotely located enterprises in the Rift Valley, except in products like honey.

Monitoring

The most important assumption in an EPRP project is that there are existing export opportunities within the products/sectors chosen for the intervention, but that there are marginalised communities, which are unable to benefit from the opportunity.

Accordingly, the project delivers its technical assistance elements at the community level to integrate them into the mainstream export community.

The project should therefore monitor the existing supplier base in the Rift Valley or in other regions for these horticulture products, in order to integrate the EPRP communities with them over a period. If such a supplier base were non-existent, it would be a risk to commence Kenya's beans or honey exports with insufficiently prepared exporters. The risk would be that buyers identified by the project would shun Kenya, based on their initial experiences of the country as seen from the project's beneficiaries.

Annex 4. Case Study South Africa

Project Title	Export-led Poverty Reduction Programme in the Aloe Ferox sector INT W2/11 (EPRP SA)
Donor:	ITC Window
Expected Outcomes	Expanded opportunities for value-added processing and enhanced income for aloe tappers.
Project budget	USD 180,000
Location	Eastern Cape Province
Estimated project duration	Nov 2003 – Nov 2004 (delayed by a few months)

Project Description

Aloe-ferox is an indigenous wild plant abundant in the Eastern Cape, one of the poorest provinces of South Africa. This project aims to integrate a group of 40 aloe tappers in the Eastern Cape into the export value chain, providing technical assistance in sustainable harvesting techniques to producer co-operatives, and assistance in product and market development.

The pre-processing plant and the private sector partner African Aloe will also receive support in quality standards and quality assurance from the project. The programme partner, ECDC will be familiarised with the EPRP methodology in order to replicate the project in other locations.

At another level, the project seeks to establish linkages with research institutions to increase the value addition through process research and technology development.

The project targets four areas of intervention:

- Institutional organisation of a tapper network as a production entity.
- Training in harvesting techniques, functioning as a co-operative and general human relations skills (including HIV-AIDS awareness).
- Quality assurance for the supply chain, including production of quality manuals for pre-processing and processing plants.
- Export Promotion Support, including design of an international marketing strategy, identification of markets and clients, developing promotion materials, and prospecting of partners.

Partners

The project partners:

- The Eastern Cape Development Council, which has an ongoing programme for developing the aloe sector in the Eastern Cape Province;
- African Aloe, a private company, one of the two processors in South Africa of aloe into value added products, having export connections in Europe and Asia.

- The Medical Research Council, which is interested in researching the properties of aloe powder as an alternative medicine for HIV/AIDS.
- Centre for Scientific and Industry Research, an industrial and biotechnology research institution.
- South Africa Aloe Council.
- Agriculture Research Council and the National Department of Agriculture, line institutions involved in the agriculture sector.

Scope of Assistance

ITC actions in the project seek to address the following problems:

- Lack of group formation and training among existing tapper networks.
- Inadequacies in certification and product quality (the absence of quality standards, traceability across the supply chain).
- Dependence on single importers and absence of market diversification.

Project Outputs as Documented by ITC/Beneficiaries

The expected results from the project Phase-I are:

- Generation of regular and higher incomes for the selected beneficiaries.
- Absorption of harvesting skills, self-organising abilities and group management skills.
- Established delivery processes, product specifications and prices.
- Quality assurance principles for all stages in the supply chain.
- Capacity enhancement of project partners to replicate EPRP methods in other areas and products.

Assessment of Outputs and Outcomes (Evaluation's Perceptions)

For various reasons, the project could not begin as scheduled. At the time of the field mission, it was indicated that there were no field activities in place to be studied, and therefore, the evaluation is based on the relevance of the project aims, the selection of partners, and the sustainability of the outcomes targeted by the project.

Rationale

The project follows the positive results of an ITC opportunity study in 2002-2003 into the presence of the required conditions for launching an EPRP intervention: a target (underprivileged) location, a private sector intermediary (African Aloe), and market linkages (specific buyers in Germany, Korea, Japan).

There is a confirmed export potential for aloe-ferox based products (bitter sap, dry materials and fillet) in the international markets. However, traders of unprocessed products presently dominate the export, and a large part of the value addition takes place in the importing markets. Therefore, the project attempts to mainstream the disadvantaged communities into the export supply chain. It proposes to do this by organising them as a group and training them in harvesting as well as managing

themselves as a co-operative, improving their negotiating ability in the longer term; and providing marketing outlets support for their output through a private sector organisation engaged in export of aloe products.

Market/Livelihood Opportunities

The Eastern Cape is the most under developed region in South Africa. The integration of tapper networks into the export supply chain and the removal of middlemen will have a direct impact on the income earned by these poorer sections of the South African population.

Knowledge and skills development

The training activities for the tapper networks are highly relevant to the project and clearly defined and well targeted. However, the research and technology objectives stated in the project, while being relevant for the project's future opportunities, are not areas in which ITC or the partners have any direct experience, nor do they involve any specific technical inputs from the project itself. Similarly, there is scepticism as to the appropriateness of using ITC projects for enhancing awareness of HIV/AIDS, which can be better targeted by other direct programmes¹⁹.

Capacity development of partner institutions

The major benefit for ECDC and African Aloe from the project would be the ability to replicate similar community-level projects in other areas in the province, using the methodology and processes characterising the EPRP. The project gives these organisations an opportunity to learn-by-doing in a live situation, which is very different from a training course in EPRP techniques.

ITC Contribution

The project involves classical ITC expertise in building export linkages and developing practical training of enterprises and TSIs, which have been honed over decades of experience. ITC is also closely involved with other programmes (Programme for building African Capacity for Trade (PACT)), which will expand the market opportunities for aloe products in the cosmetic sector in Canada. The latter will be another market besides those currently targeted in the EPRP project.

Future Challenges

The principal challenge for the project beyond the pilot stage is to ensure that the necessary resources are available when the supply base has the potential to meet the rising global demand for aloe products. Clearly, neither ITC nor ECDC have the mandate to invest in the sector; increasingly, it will become incumbent on the private sector partner to raise resources for expansion of processing capacities. Models that include international partnerships will need to be considered.

¹⁹ The tappers need to be trained for producing a more marketable and profitable product and in order to learn how to organise themselves into groups. The same applies for the India project.

Sustainability

The project has a complex mix of economic (income-enhancement), scientific (applied research) and social (AIDS awareness) dimensions, which are not sustainable at a larger scale, since the project seeks to network institutions representing the activities under these dimensions. Therefore, these dimensions would diverge as the project scales up. The presence of a marketing/exporting company as one of the partners is a favourable indicator toward economic sustainability. However, it is limited by the ability of the partner to tap into international markets alone to attract large-scale investments in processing. In this regard, synergies and sourcing arrangements with the PACT project (cosmetic supply chain) should be explored by the project partners.

Annex 5. People Met

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