



# TRADE RELATED TECHNICAL ASSISTANCE (TRTA)

## PROGRAMME

### PHASE II

#### Programme Brief

25 January 2010

***PACE:*** "Poverty Alleviation through Competitive Exports"

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## **1. Legal Basis**

- 1.1 The Financing Agreement of Trade Related Technical Assistance (TRTA II) Programme was signed by the European Commission on 30 June 2009 and countersigned by the Government of Pakistan on 28 August 2009. The Financing Agreement provided the framework for the funding of € 9,545,000 by the EC for execution of TRTA II programme of activities over a period of 54 months. It constitutes the overall framework guiding the implementation of the TRTA II programme.
- 1.2 The Contribution Agreement of TRTA II was signed by the Head of the EC Delegation to Pakistan and by the Director General of UNIDO on 06 November 2009. The Contribution Agreement executes the provisions of the Financing Agreement signed between EC and the Government of Pakistan. Under the Contribution Agreement, the EC will fund the amount of € 9,545,000 and UNIDO will contribute € 500,000 towards the TRTA II programme.
- 1.3 The Financing Agreement and Contribution Agreement described above constitute the legal instruments of the TRTA II programme.
- 1.4 The first pre-financing installment was received by UNIDO on 09 December 2009. This formally sets the Programme starting date as the 01 January 2010.

## **2. Implementation Modalities**

### **2.1 Inter-Agency Implementation**

- 2.1.1 The TRTA II programme will be implemented in a joint management mode with UNIDO under the overall guidance of the EC Delegation to Pakistan. Monitoring, evaluation and audits will be implemented in centralized management mode by the EC Delegation to Pakistan.
- 2.1.2 As lead implementing agency, UNIDO has been mandated the task of overall coordination of the TRTA II programme. The Contribution Agreement foresees that UNIDO may subcontract, after prior approval by the EC Delegation to Pakistan, components of the TRTA II programme to other UN agencies or organizations having the requisite experience and qualifications in execution of the components and operations of the programme. The three components of TRTA II programme are:

- Component 1: Trade policy capacity building
- Component 2: Export development through improvement of quality infrastructure
- Component 3: Strengthening of intellectual property rights

Component 1 has been developed with inputs from ITC, and discussions are under way to explore sub-contracting of this component to ITC.

Component 2 will be implemented by UNIDO.

Component 3 has been developed with inputs from WIPO, and discussions are under way to explore sub-contracting of this component to WIPO.

- 2.1.3. Stakeholder's ownership of the programme will be a key feature to ensure effective programme delivery and capacity sustainability as well as optimum absorption and internalization of TRTA II interventions. Public and private sector stakeholders including counterpart institutions, who are beneficiaries of the TRTA II interventions, will become involved in implementation of the programme at policy level through participation in the Programme Steering Committee (PSC) meetings and at programme implementation level through active engagements in workshops, seminars, training arrangements and other specific interventions to be launched under the programme.

## **2.2 Programme Steering Committee (PSC)**

- 2.2.1 A Programme Steering Committee (PSC), chaired by the EC Delegation to Pakistan and comprising representatives from the relevant ministries, private sector and other key stakeholders, shall be set up as a strategic governing structure of the programme. The PSC will guide, oversee and validate the overall direction and policy of the programme as well as promote donor coordination in the sector.
- 2.2.2 The Secretariat of the PSC will be conducted by the TRTA/Programme Management Office (PMO). It will provide all requisite logistic and secretarial services to facilitate the work of the PSC.

## **2.3 High Level Monitoring Mechanism**

- 2.3.1 In order to provide strategic monitoring support to the PSC and the programme management, an independent High Level Monitoring Mechanism will be established. A group of high-level experts will periodically review programme progress against goals, and assess consistency and synergies between components. Feedback and inputs will be provided to the programme management and to the PSC prior to its meetings.
- 2.3.2 The High Level Monitoring Mechanism will be constituted of top and experienced international consultants having independent thoughts and capable of reflecting on the technical and policy impacts of TRTA programme delivery.

## **2.4 Field Based TRTA II Project Management Office**

- 2.4.1. The Financing Agreement makes provisions for UNIDO to establish a field-based TRTA Programme Management Office (TRTA/PMO) in Islamabad. The PMO is to be headed by a Chief Technical Advisor (CTA), whose principal duties shall concern both overall programme coordination of all TRTA components and field implementation of UNIDO's own technical interventions. The CTA will be assisted by National Experts and support staff.

- 2.4.2. Following completion of TRTA I in September 2007 and on the request by the government, bridging funds were mobilized from NORAD and from UNIDO own resources to maintain the continued operation of the TRTA I Programme Management Office (PMO) so as to avoid loss of institutional memory and momentum gained in implementation of TRTA I activities. This strategy was also crucial for smooth transition into TRTA II to enable successful completion of TA interventions in terms of capacity development of targeted institutions and the long-term trade capacity building process in Pakistan. This bridging mechanism and the signing of TRTA in late 2009, allowed for the operations of the PMO and the staff associated with TRTA I to be continued under TRTA II without interruption as from 1 January 2010.
- 2.4.3. The TRTA I PMO staff, who was retained through this bridging support, continued their services under TRTA II as from 01 January 2010. The present PMO staff comprises:
- Chief Technical Advisor
  - National Expert in Accreditation
  - National Expert in SME Export Development
  - Senior Administration and Finance Assistant
  - Secretary
  - Driver/Clerk
  - Office Boy
- 2.4.4. Job Descriptions for recruitment of additional TRTA II staff at the PMO field office (National Expert in Coordination and Office Secretary) have been elaborated and finalized. These positions shall be advertized and recruitment actions taken soon so as to get the staff on-board by February/March 2010. National experts and support staff for Component 1 and Component 3 will be recruited by the implementing agencies and will be housed in the PMO.
- 2.4.5. Due to the prevailing security situation in Pakistan, the UN Department for Security and Safety (UNDSS) has recommended that the UNIDO Country Office and associated programme offices be shifted to a more secure location in Islamabad. Hence, the TRTA PMO along with the UNIDO Country Office in Pakistan has been temporarily located at the old Business Centre of Serena Hotel in Islamabad. These offices will shift along with the other UN Agencies and their programme management units to the Serena Office Complex in April/May 2010, immediately following completion of the office partitioning and fit-out works.
- 2.4.6. At present, the PMO staff continues using the office furniture and equipment made available under TRTA I under a temporary arrangement with the government. Once TRTA II equipment is procured, the TRTA I furniture and equipment will be handed over to the government. Arrangements are being made for the procurement of the following items by collecting performa invoices from reputable suppliers and evaluating them for procurement actions:
- Office furniture
  - Office equipment (including computers, copiers, printers, fax machine etc.)
  - Motor vehicles (2)

## **2.5 Programme Management at UNIDO Headquarters**

The Programme Manager at UNIDO Headquarters is responsible for the overall implementation of the programme, and supervises and coordinates implementation with the PMO and the participating agencies. The Programme Manager, who was already responsible for TRTA I, will be supported by a full-time Junior Technical Expert and a full-time Project Assistant. Job Descriptions for recruitment of these two programme support staff at UNIDO Headquarters have been elaborated and finalized. These staff is expected to be on-board by February/March 2010.

### **3. Programme Start-up**

A joint event/press conference by EAD, EC and UNIDO, is expected to take place in February/March to announce the commencement of the TRTA II programme to the public and stakeholders.

#### **3.1 Inception Phase**

3.1.1 The TRTA II programme will start with a six months Inception Phase from January-June 2010. During this period, substantive analytical baseline work will be undertaken and stakeholders will be involved in the preparation of work plans and elaboration of capacity building strategies and detailed provisions of TRTA interventions. Training to national counterparts on implementation mechanisms, administrative procedures, visibility guidelines, etc. will be conducted.

3.1.2 National and international experts will be recruited to carry out the initial baseline analysis for the main areas/sectors to be covered by TRTA II. The sector studies will include:

- Fisheries,
- Horticulture produce (Kinnow and Mango),
- Industrial products (fans, surgical instruments, cutlery, sporting goods, textile & garments)

3.1.3 Technical consultations/meeting on the TRTA II will be carried out by early March 2010, in Islamabad to develop the modalities for the Inception Report of the programme. Participants will include:

- Representatives of implementing agencies (UNIDO, ITC, WIPO)
- Representatives of the European Commission (Donor)
- High-Level Representatives of key line Ministries (MoC, MoST, MinFA, MinLDD, MoIP) , private sector representatives, etc.

3.1.4 The Inception Phase will identify and analyze key trade development challenges in the area of trade policy development, supply side development, compliance infrastructure and services, and intellectual property rights. The analysis will focus on the contribution which the programme can make to the creation or the sustaining of pro-poor employment opportunities, and suggest how to orient contributions from each component and its activities accordingly. The Inception Report will contain analysis of sector issues and supply chain constraints to be addressed and detailed work plans of TRTA interventions specific to each component of the programme. Stakeholder's analysis and review of capacity gaps of beneficiaries shall be reflected in the Inception Report and the TA planned arrangements shall be detailed out accordingly.

3.1.5 For the priority programme sectors, the inception baseline analysis will involve:

- Review of sector studies and other relevant documents produced under the components of TRTA I
- Preparation of questionnaires and collection of data and information related to the sector products in respect of market and compliance requirements, value added and quality issues along the supply chain, IP issues, etc.
- Analysis of data and information and presentation in a form of a preliminary draft document
- Preparation of draft report with work plan reflecting current status, needs assessment, stakeholders' analysis and areas of technical support required in terms of trade policy environment, addressing compliance concerns, improving quality and enhancing export and value-added productivity along the supply chain, IP rights, etc.
- Incorporation of the findings of the analysis and studies in the final TRTA II Inception Report and work plan

3.1.6 The analysis to be carried out during the Inception Phase will constitute the basis for a systemic programme approach for TRTA II within which the three components will be implemented as complementary sets of activities and contribute in a strategic manner to the strengthening of Pakistan's trade capacity.

3.1.7 During the Inception Phase a donor coordination meeting will be convened and related activities identified and links established for possible joint activities. Subsequently, mapping of on-going donor activities will be developed by PMO and attached to the Inception Report.

3.1.8 International Experts will be recruited during the Inception Phase to provide a detailed assessment of the capacity-building needs of key counterparts for the three Programme components in cooperation with the counterparts, and building-on already available information collected by UNIDO, ITC and WIPO. The findings will be part of the Inception Report for TRTA II.

## 3.2 **Inception Report**

3.2.1 A draft TRTA II Inception Report to be finalized by end of May 2010 shall include the following:

- Inception Report by Components (1, 2, & 3)
- Overall Inception Report for TRTA II

3.2.2 The draft Inception Report will be distributed for review and comments by public and private sector stakeholders concerned with the programme. A revised version of the final draft will be prepared based on comments received from stakeholders.

- 3.2.3 A National Workshop will be convened in July 2010 for review and validation of the Inception Report. A wide cross-section of participants from public and private sectors concerned with the programme including donor agencies will be invited to deliberate on the Inception Report at the National Workshop.
- 3.2.4 The Inception Report will be finalized based on feedback received from the National Workshop. This version will be submitted for approval by the Programme Steering Committee (PSC) in July 2010. The approval of the PSC will mark the official launch of the Inception Report of TRTA II.

#### **4. Continued Operation of TRTA Activities**

A number of activities in the area of compliance infrastructure development, earlier covered by component 2 of TRTA I, has been continued, on government request, with the bridging support provided between 2007 and 2009. These activities have also been identified to be supported and continued under TRTA II. In order to maintain momentum and sustain the TRTA achievements, these activities will be carried out during the Inception Phase. In particular, the main activities to be continued would cover:

##### **4.1 Assessment of Testing Laboratories**

- 4.1.1 During TRTA I, nineteen testing laboratories (6 microbiology, 7 chemical, 3 textile, 2 leather and 1 electrical laboratories) achieved internationally recognized accreditation after undergoing the rigor of document review, initial assessments and corrective actions. These 19 testing laboratories accredited by Norwegian Accreditation (NA) in November 2006 and the Cleaner Production Centre (CPC) leather testing laboratory of the Leather Products Development Institute (LPDI) at Sialkot, which was suspended by NA since July 2007 and would require full conformity assessment, must undergo annual surveillance visits by the Accreditation Body to sustain their accreditation status.
- 4.1.2 The first of such surveillance visits were carried out in December 2007 and January 2008 with bridging funding from NORAD. The next surveillance visits to these twenty accredited testing laboratories were scheduled for April/May 2009. However, since the TRTA II Programme was not yet operational, the said surveillance visits could not be carried out. Hence, the accreditation status of all 20 testing laboratories has been suspended and would now required re-assessments by the Accreditation Body. The re-assessments, whose detailed Terms of Reference (TOR) have been elaborated and finalized. Re-assessments would be conducted as soon as possible during TRTA II Inception Phase. The sustenance of Accreditation Status of these twenty testing laboratories is extremely crucial to maintenance of Pakistan's capabilities to export its products in competitive international markets, since the test reports issued by these accredited testing laboratories constitute proof of compliance to export market requirements.

## **4.2 Accreditation of NPSL Mass Laboratory**

- 4.2.1 The capacity of the National Physical and Standards Laboratory (NPSL) has been upgraded with significant local funding and substantial support of the TRTA I programme. Consequently, the infrastructure development of six metrology laboratories of NPSL has been completed. The mass measurement laboratory was equipped under TRTA I with the state-of-the-art measuring instruments. Hence, this mass measurement laboratory was prepared and assessed with the bridging support form NORAD for accreditation by an internationally recognized Accreditation Body (NA).
- 4.2.2 The accreditation of the NPSL Mass Laboratory is still pending and requires the conduct of extraordinary visit by the assessors to close non-conformities raised during the initial assessment. This accreditation will avail local affordable facility of reliable mass calibration services. Such calibration services are essential for proof of accuracy of testing and measurement equipment. Hence, during the inception phase, TRTA II support will be provided to NPSL to address the non-conformities and for subsequent conduct of extraordinary visit by NA Assessors to close said non-conformities and grant accreditation to NPSL Mass Metrology Laboratory.

## **4.3 Participation in International Proficiency Testing (PT) Scheme**

- 4.3.1 Participation in International Proficiency Testing (PT) Scheme is mandatory requirement for accreditation and maintenance of accreditation status of testing laboratories. Such PT Schemes are instruments, which benchmark the competence of testing laboratories, are designed to be regular features of the accreditation process.
- 4.3.2 Hence, the twenty Pakistani testing laboratories, which have been accredited under TRTA I, will be supported during the inception phase to actively participate in all PT parameters of relevance to the scopes of accreditation of the laboratories concerned.

## **5. TRTA Website**

- 5.1 It is essential that a robust and modern TRTA website becomes a regular feature of the programme. Hence, a TRTA website will be designed and launched during the early part of the Inception Phase in February 2010. Particular attention will be given to the identification of a suitable website address and its sustainability beyond the Programme duration.
- 5.2 The website shall be designed as a multi-faceted tool for information flow and communication between the public, stakeholders, beneficiaries and programme implementers. Database of stakeholders including beneficiaries, implementing agencies, donors and other interests concerned with the programme will be posted in the website. Digitized studies, surveys and publications produced under TRTA as well as planned activities, calendar of events, information and output produced during implementation of the programme will be made available in the website.
- 5.3 The website will also serve as mechanism for receiving feedback and comments from public and private sector stakeholders as well as others concerned with the programme. The website will be maintained and updated by the PMO and designated programme staff at UNIDO Headquarters.

## **6. Visibility**

- 6.1 The publicity of the TRTA programme and visibility of the donor (EC) and implementing agencies will be maintained regularly throughout the course of the programme. These activities will commence during the Inception Phase as essential feature of the programme launch activity.
- 6.2 Promotional tools such as issuance of brochures on programme launch, special and final events, distribution of calendars and memorabilia items and the TRTA website, will be used as means of programme publicity. The logos of the donor (EU) and those of agencies concerned with programme implementation shall be displayed at public meetings, seminars and conferences as well as in products, material and publications produced under the programme. Publicity and visibility activities and material will also be featured in the print and electronic media.

## **7. Conclusion**

- 7.1 The successful operation of TRTA I resulted in significant gains in terms of building WTO awareness, capacity development of conformity assessment institutions and improvement of Intellectual Property Rights (IPR) regime. In view of the achievements made under TRTA I and requirements to further strengthen the trade capacity building process in Pakistan, the EC approved funding of the successor TRTA II programme.
- 7.2 A major challenge was to achieve smooth transition to a second phase of the programme without loss of institutional memory and gains made under TRTA I. A series of concerted efforts were made by the government, UNIDO and NORAD to bridge the continued conduct of indispensable TRTA activities as well as sustain the operations and staff of the TRTA Project Management Office (TRTA/PMO). Indeed, it is gratifying to note that this challenge was adequately met and allowed for smooth transition into TRTA II. As a consequence, the core of the TRTA II PMO became operational with effect from 01 January 2010, which marks the first day of the programme's operation period.
- 7.3 The benefit of detailed needs assessments and the articulation of explicit capacity building strategies in the first phase of project implementation became apparent in the evaluation of TRTA I. A specific Inception Phase allowing for such detailed needs assessments and capacity building strategies will therefore be an essential feature and element of TRTA II. With the commencement of PMO operations as from 1 January 2010, a series of strategic activities have been conceived and launched to embark upon development of the Inception Report of TRTA II by conducting baseline studies, supply chain analysis, stakeholders' analysis and gap analysis of beneficiary institutions in conjunction with analysis of TA interventions required to address constraints and mitigate perceived problems. This work shall translate into formulation of an Inception Report covering the three components and the overall programme of TRTA II. The final draft of the Inception Report will be completed by end of June 2010 and presented at a special event marking the end of the Inception Phase of the programme.