

Implementing a National Export Strategy

Isaac Njoroge



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Lessons from the Commonwealth 1

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COMMONWEALTH

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Foreword

The Commonwealth Secretariat works as a trusted partner for all Commonwealth people as a force for peace, democracy, equality and good governance. It is a catalyst for global consensus building and a source of assistance for sustainable development and poverty eradication.

Deriving its mandates from the Commonwealth Heads of Government, the Commonwealth Secretariat serves the needs of member governments and their peoples, providing a forum for discussion and collective action and assisting with political, economic and social development.

The Trade Section of the Special Advisory Services Division works towards assisting members to derive greater benefits from the opportunities and challenges provided by globalisation. In responding to requests from Commonwealth developing countries, the Secretariat has provided technical assistance for the development of national export strategy (NES) projects in a number of countries in Africa, the Caribbean and the South Pacific. Between 2005 and 2007, the Secretariat assisted these projects in a successful collaboration with the Geneva-based International Trade Centre.

Our work in this area is based on the premise that strategy development is the starting point for any concerted effort to improve on export performance through increased national competitiveness. Exports can be a powerful driver of economic growth and poverty reduction and therefore the development and implementation of a sustainable national export strategy can assist countries move towards their Millennium Development Goal targets and improve the quality of life for their people.

We have had a very good success rate with our national export strategy projects and shall therefore continue to favourably consider requests for technical assistance from our member countries. We are also pleased to take the opportunity presented through the production of this handbook to share widely the lessons learned in these ventures. It will be an invaluable resource for all those countries planning to develop or already developing a national export strategy.

Jose Maurel

Director, Special Advisory Services Division

Preface

This handbook draws on the experiences of the Commonwealth Secretariat in delivering technical assistance to Member States in the area of export development. Three approaches have been used to deliver this assistance. One approach has been to engage a consultant on a short-term basis to provide support to a member country in producing a framework for export development. Another has been to engage a consultant to work with a member country on a more long-term basis, usually two years, during which time an export development plan is produced and the first phase of its implementation is achieved. From the beginning of 2006, a third and now more preferred approach was adopted. This approach involves the technical staff at the Commonwealth Secretariat working closely with stakeholders in member countries in addressing the impediments to export competitiveness and developing strategies to improve export performance. The output of this exercise is the national export strategy document. Sometimes, but not always, the Secretariat engages an external consultant to provide support for the exercise.

This handbook includes lessons learned from a series of national export strategy projects undertaken by the Commonwealth Secretariat, individually as well as in collaboration with the International Trade Centre (ITC). The collaboration developed from a recommendation made by representatives of some 28 countries and territories at the 'Small States in Transition: From Vulnerability to Competitiveness' workshop in Port of Spain, 18-21 January 2004.¹ The recommendation was for the Secretariat and the ITC to explore ways of working more closely to help small states and other Commonwealth member countries formulate policies and strategies to improve their export performance.

In January 2005, the Secretariat and the ITC agreed on a collaborative framework to jointly deliver technical assistance to an increasing number of countries that were seeking to develop national export strategies. Both organisations provided technical staff to support the projects. ITC provided a regional consultant to give specific support to the projects in the various regions while the Secretariat covered the cost of a national coordinator. In addition, the ITC made available its CD-ROM on strategy (Box 1) to the countries and provided training on its use. The Secretariat used its extensive network in Member States to engage both the public and the private sectors at the highest levels. Some of the countries to benefit from this collaboration were Belize, Botswana, Fiji, Grenada, St Vincent and the Grenadines, Swaziland and Uganda.

Box 1: The ITC ‘Secrets of Strategy’ template

The ITC’s ‘Secrets of Strategy’ template is an interactive CD-ROM developed in 2003 to respond to two concerns raised at various ITC-organised executive forums. The first concern was that many developing countries lacked comprehensive national export strategies. The second concern was that where such strategies existed, implementation remained highly ineffective.

The template was designed as a process tool for developing a relevant national export strategy based on a realistic assessment of national capacities, competitive position, the resources available to devote to the export priority, and a clear understanding of what works and what does not.

The template covers all the important aspects of strategy development. It addresses the issue of political commitment to export development. It provides detailed parameters for the preparation of sector level strategies. It includes step-by-step approaches to the design of strategies for essential cross-sectoral support service. The template also provides guidelines for managing the strategy.

Source: www.intracen.org

In 2008 an external review was conducted of all the national export strategy projects (Record and Mtonya). The review sought to establish whether project activities were achieving project objectives, whether inputs were being efficiently applied and contributing to national priorities, and whether there was any merit in changing the design and mode of delivery of the technical assistance. It assessed the venture as ‘successful’ and recommended ‘that the Commonwealth Secretariat continue to respond positively to country requests for assistance to develop a national export strategy.’

The review made two key recommendations. The first was to arrange a learning workshop to facilitate greater dialogue between beneficiary stakeholders. The second was to develop a publication describing the Secretariat’s experiences and lessons learned from supporting national export strategy projects across Member States.

The National Export Strategy Learning Workshop was held in London in May 2009. It brought together public and private sector representatives from across the Commonwealth to share their experiences on designing and formulating national export strategies. The objectives were to review and critique the existing approach to developing an NES, identify the factors that contribute to successful design and develop an enhanced approach that is effective, efficient and all inclusive. The workshop focused on preparing for the future by learning from the past, and establishing good practice. Discussions covered how to improve the delivery of projects and how the NES process could become more effective in building national capacity within a changing environment.

The countries represented² varied in size and state of development. They included Nigeria, which has 150 million people and is one of the largest oil producing and exporting countries in the world, and Tonga, a least-developed country with a population of 100,000 people. They represented island nations, coastal states and land-locked countries, some rich in minerals and others primarily reliant on agriculture, fisheries or tourism.

Participants established that within their diversity they shared many common developmental challenges. They faced similar constraints including the recurring question: How to make things happen? While it is clear that there is no one-size-fits-all prescription there are some very clearly defined factors that lead to a successful NES design process.

This handbook reflects these and other key insights and lessons learned in the development and implementation of NES projects. It is geared towards countries that are either planning to develop or are developing or implementing national export strategy projects, but it will also be useful for all those interested in international trade development.

Acknowledgements

The production of this handbook has been made possible by the contributions of many people to whom we are very grateful. We wish to acknowledge the contributions of Richard Record who carried out the independent evaluation of the NES projects; Jennifer Hand who recorded the proceedings of the 2009 NES workshop and produced the first drafts of this handbook; and Sunil Sinha of Nathan-EME and Owen Skae of the International Trade Centre who made expert presentations during the workshop. We are also very grateful to all London NES workshop participants for their country papers as well as for their contribution during the workshop. Their inputs are an invaluable component of this handbook.

Special thanks are extended to the following colleagues for their contribution in different but very valuable ways: Jose Maurel, Director, Special Advisory Services Division (SASD) for his guidance and support throughout the NES processes around the Commonwealth; Nikhil Treebhooonun, Head of Trade Section, for his day-to-day guidance and active participation in the NES process including providing inputs into the design and format of this handbook; and Isatu Tholley and Nellie Nsemwa for their administrative support through the NES process.

Notes

1. Participating countries: Antigua and Barbuda, The Bahamas, Barbados, Belize, Botswana, Cyprus, Fiji Islands, Grenada, Guyana, Jamaica, Kiribati, Lesotho, Maldives, Malta, Mauritius, Namibia, Papua New Guinea, St Lucia, St Vincent and the Grenadines,

Samoa, Seychelles, Solomon Islands, Swaziland, Tonga, Trinidad and Tobago, Tuvalu; participating territories: Montserrat, Niue.

2. Participants came from Belize, Botswana, Grenada, Namibia, Nigeria, Samoa, St Vincent and the Grenadines, Sierra Leone, Swaziland, Tanzania, Tonga, Uganda and Zanzibar.

1

The Concept of Strategy

Introduction

A strategy is both a road and a vehicle. It is a road because a clear route is required to get from the current situation to the desired situation. It is a vehicle because it provides a practical means of getting to the destination.

One common approach to planning for the future is simply to look back, learn from previous experience and extrapolate on what may happen. Another is to assess all future possibilities and rank them in order of probability. A third involves anticipating general parameters and multiple perspectives and then adopting a flexible position.

At its best, strategy is a combination of all three. It is an attempt to learn from the past, explore the future and cope with unpredictable or high impact events. A good national export strategy (NES) will have a clear purpose, be action-oriented and recognise the interrelationship between the technological, economic, social, political and cultural aspects of society.

Competition A Common Theme

Economists over the years have attempted to define 'strategy' and five of the most commonly used definitions are as follows:

- A consciously and purposely developed plan;
- A ploy to outmanoeuvre a competitor;
- A pattern in a stream of actions;
- A position defined either with respect to a competitor, in the context of a number of competitors, or with respect to markets; and,
- A perspective – a certain mindset – of how to perceive the world.

One theme that is common in almost all the above definitions is the element of competition. While companies compete to make a profit, countries compete to develop. They compete for markets, for technology, for skills and for investment. They compete to grow and raise their standards of living. The role of governments in the competition arena is critical. They provide a distinctive advantage to

companies by formulating policies that encourage high savings and low interest rates for investment, sound property rights and good governance, a technologically motivated and committed workforce, a low rate of inflation and a rapidly expanding domestic market.

The global economy has been growing at a high rate since the end of the Second World War but total exports have grown at an even faster rate during this period. It can therefore be said that this growth has been fuelled by exports and this has stimulated high consumption in rich countries and investment in developing countries. The ultimate results have been reduction of poverty, accommodation of urbanisation, creation of jobs and increased living standards in both the developed and developing countries. But the experiences have varied from country to country; some countries have grown rapidly while for others growth has only been marginal. This difference can be partially explained by the way governments in the different countries have responded to the changing political and economic dynamics. Measures have included the provision of security, ensuring contracts are enforced, assuming risks, managing the macro economy and shaping industrial policy through the creation and maintenance of the social, political and economic institutions in which citizens function, interact and compete.

A national export strategy is one of the instruments that can facilitate constructive interaction between the government, the private sector, civil society and academia in charting a country's economic development. The NES formulation process provides an opportunity for the various parties to analyse the many national economic issues and organisational structures in terms of how these fit into the socio-political context of the country and how they affect its competitiveness and overall economic performance.

The EXPORT Model

Every country has a strategy for economic development and similarly every country has a strategy for export development, though the latter might not be so obvious. Some countries have explicit, well-elaborated national export strategies while others have implicit, loose collections of export development goals and policies that appear as an export strategy after the fact.

There is no blueprint for an export strategy – no one-size-fits-all approach or plan. There are, however, some specific elements that once adopted in the process of developing a national export strategy would lead to success. These elements can be summarised in the acronym, 'EXPORT', as follows:

E is for Evolving

An NES project is primarily a process that is dictated by the dynamics of the fast changing local, regional and global economies. Time and space are as important as

the structure. An NES project does lead to a product – the actual agreed document – but its ultimate purpose is to build a competitive capacity within a country, and this is a continuing process. As the NES document supports the country’s national development aspiration, it must be flexible enough to take on board changing socio-political and economic dynamics.

X is for eXternal Assistance

External assistance should be aimed at supporting clearly agreed national policies. Care should be taken to ensure that offers of external assistance do not crowd out national priorities. Whilst external assistance provides a framework and guidance, ultimate responsibility for the NES process lies with the country. Its success depends on a long-term committed partnership with an emphasis on facilitation rather than a prescriptive methodology. External expertise and experience is a complement to local knowledge within the country. A development agency has a relationship with the government, which enables communication at the highest level.

P is for Partnerships

The development of a country is the responsibility of all her people. Whether in government, in the private sector, in civil society or in academia, there is one goal – the improvement of the living standards of the people. Governments have long sought to ensure that market outcomes benefit the poor, but they sometimes impede the functioning of markets and the development of the private sector through inaction as well as poorly conceived actions. For instance, governments might respond to poorly performing markets by trying to provide goods and services. This will often result in market distortion and the crowding out of the private sector. These actions will either fail to meet the needs of the poor or generate temporary and unsustainable supply. At worst, the supply of goods becomes a form of patronage.

This is why there is need for partnership in economic development between governments and the private sector in which individual roles are clearly understood. A government’s role is to provide an environment in which the private sector can thrive and prosper. Private sectors all over the world do not have the resources to provide public goods such as infrastructure, security and utilities. Yet these are the prerequisites for competitiveness. To develop and effectively implement an export strategy, there has to be a partnership between the government and the private sector. This partnership has to be built on mutual respect and understanding of each party’s role. It is also important to bring on board non-governmental organisations, which represent large constituencies in many countries.

We had two earlier attempts, both unsuccessful. The trigger for success on the third attempt was that all stakeholders came together. This time everyone is on board.

Workshop participant (Uganda)

O is for Ownership

People take great care of what they own. All stakeholders should therefore participate in the design and development of the NES in a consultative approach. Ownership of the project starts with the national vision as expressed in various national documents. If the vision has an element of export competitiveness, then it is much easier to align the NES process with the national aspiration. By aligning the NES project to the national vision, ownership at the highest level of government can be assured. Individuals feel that they own the process, not that the process is being imposed on them. There is need, however, for a lead agency with responsibility for implementing the NES. Implementation relies on good co-ordination between ministries, state-owned enterprises, the private sector and civil society. This is difficult to achieve if different aspects of the strategy have different lead agencies.

R is for Resources

To grow, a country must make choices about the use of its scarce resources. In the NES context these resources include money, people, programmes and infrastructure. These must be identified and provisions made for their commitment at the outset of the project design and thereafter used efficiently to support NES implementation.

T is for Timeliness

In a rapidly changing global economic environment it is crucial that the development of an export strategy takes the shortest possible time. Once the time lines have been agreed it is vital to ensure that all NES activities remain on track. Experience shows that the process of developing national export strategies has ranged from about seven months to two years. It is generally agreed that it should take no more than seven months. The longer the process takes, the more likely the interest of stakeholders and the momentum built will be lost. In addition, assumptions made at the start of the process are likely to change, necessitating a review of the whole process.

If you approach the NES process in the right way from the start then you can get round any problems that you encounter down the line.

NES Learning Workshop participant (Tonga)

Questions an NES Must Address

1. What do we want the NES to achieve?

A clear purpose is vital. There is no point in a country pursuing an NES project if people cannot see that it will help. Technical assistance is useful only if a

country agrees to make the necessary commitment and is willing to move in a new direction.

2. What sectors are of strategic importance or have the potential to exploit market opportunities and achieve the objectives?

Past experience and a mass of information can interfere with wise decision-making. Discussion needs to be issues driven rather than sector driven and it must be wide ranging. Involving an array of perspectives will enhance the exploration of export potential.

3. What structures, services and support do exporters need in order to be more competitive?

Typical answers include: help to make market systems work better; introduction of incentives to innovate; implementation of new technology; training for exporters; equipping export facilities; providing exporters with target market requirements; and opening up access to finance.

4. How can we address those needs and create an environment that will enable exporters to be more competitive?

Needs are often non-controversial so identifying them may be easy. However, people may disagree about how to address them.

5. What is the best way to get all of our organisations working together to improve export competitiveness?

This discussion will require honesty, the giving and receiving of feedback, and a willingness to embrace change.

6. How can we manage, monitor and evaluate the implementation of the NES?

Strategic thinkers may not be implementers. The activities associated with strategy development and strategy implementation demand different skills so it is important to incorporate a range of expertise within the process.

2

The NES Process

The Need for an NES

In order to take advantage of the opportunities provided by the new global trading environment, countries need to formulate policies and initiatives that focus on facilitating trade and improving competitiveness. The following elements are key in shaping a country's ability to compete in international markets:

- Formulation of pro-active policies that support trade;
- Lowering the costs of doing business inside the country; and,
- Creation of an incentives regime that ensures domestic resources are channelled to the most productive activities.

Sustained growth in export earnings is most effectively achieved where both the public and private sectors agree to co-ordinate activities around an ambitious, yet realistic, export development strategy. Such a strategy identifies constraints to export competitiveness, formulates key objectives that address these constraints, and prioritises sectors in line with the country's national development aspirations.

A national export strategy provides an institutional framework where many of the initiatives that support export competitiveness are brought together in a focused and prioritised manner.

The NES process is participatory. It is designed to:

- Assist countries to develop local capacity for strategic thinking and planning;
- Provide a platform for fruitful interaction between the country's stakeholders; and,
- Ensure that the country owns the process and the outcome.

Typical outputs include a fully elaborated national export strategy document, a strengthened public-private sector partnership and an increased capacity within the strategy development institutions to analyse and formulate strategy. Implementation of an NES would be expected to contribute to the improvement of the country's export performance in the medium to long term, and to the attainment of the country's vision in general.

Key Features

A National Export Strategy is both a vision and an action plan. It will have a clear purpose, be oriented towards action, and recognise the interrelationship between technological, economic, social, political and cultural aspects of society. An NES needs to be both realistic and challenging. It is worth noting that the perfect NES does not exist and the implementation of an imperfect strategy may be preferable to a total lack of action.

The specific details of a national export strategy will vary from country to country but each follows the same broad structure and incorporates similar features. An **introductory section** provides the background and rationale for the NES and reviews the current situation and any challenges in general terms. It highlights the desired vision of the strategy and explains how the strategy fits within the country's development objectives.

Elaboration of the **vision and objectives** of the strategy follows. The **overall objective** of a national export strategy is to improve the international competitiveness of a country and enhance export performance. The ultimate goal is higher incomes and standards of living. A **vision statement** is a vivid description of the desired outcome that inspires, energises and helps in creating a mental picture of your goal. It should therefore be crafted with the overall objective in mind.

The document then sets forth details of the strategy as per the following key features:

Situation analysis

The situation analysis requires the systematic collection and evaluation of economic, political, social and technology data, past as well as present. The aim is to identify the internal and external forces that could influence performance and strategy choices, and to assess the country's strengths, weaknesses, opportunities and threats.

The '5Cs' framework (Box 2) is a useful tool for performing a situation analysis. The premise here is one of 'looking into the future by building on the past'. This analysis provides the 'where we are' scenario, which forms the foundation of 'where we want to go' in line with the 'NES vision'.

Another tool consisting of an 'Eliminate-Reduce-Raise-Create' (E2RC) grid (Table 1), is helpful in identifying factors that can be eliminated from the prevailing situation, those that can be increased or reduced, and new areas that can be created within an economic area to increase a country's competitiveness (Chan Kim and Mauborgne 2005).

Box 2: The '5Cs' analysis

The '5Cs' analysis framework is a commonly used tool in the business sector. It comprises an environmental scan of five key areas in economic development. In brief these are as follows:

1. **Country* context** – Explains the country's basic parameters; state of development, demographics, size, resource endowments, culture, geographic location and so on.
2. **Collaborators** – Where are the main markets?
3. **Customers** – In which sectors and in which markets (countries)?
4. **Competitors** – Who are they and in what sectors?
5. **Climate** – Macro environmental factors including the political and regulatory environment, economic environment, social/cultural environment and technological environment.

* 'Company' in the original version

Source: NetMBA Business Knowledge Center, <http://www.NetMBA.com/marketing/situation/>

Some examples of what these factors could be:

- **Eliminating** airport tax payment at the time of departure and including it in the cost of the air ticket would speed up the process of checking in;
- **Increasing** the level of services delivery in the tourism sector has been identified as one area that would substantially improve the competitiveness of island states;
- **Reducing** the number of customs documents required in imports transactions would save a substantial amount of time and transaction costs;
- **Developing** new ways of doing things at all different levels. Innovation is critical to competitiveness.

Table 1: The E2RC grid

Eliminate	Raise
Identify factors that can be eliminated from the current situation.	Identify areas that can be raised to increase competitiveness.
Reduce	Create
Identify factors that can be reduced if they cannot be eliminated altogether.	Identify new areas that can be introduced within the current context to increase competitiveness

Source: 'Blue Ocean Strategy' (Chan Kim and Mauborgne 2005)

Cross-cutting issues

These are issues that affect the general competitiveness of countries. They can be classified in three categories: those beyond the countries border (demand side issues); those experienced at the border (facilitation issues); and those experienced behind the borders (supply side issues).

Beyond the border

An analysis of the various multilateral, regional and bilateral trade agreements should be undertaken and the extent to which the country is benefiting established. Potential for exploitation of these agreements should be assessed and should form part of the strategy.

At the border

Issues include customs and other border related matters such as customs documentation, compliance to standards, safety, and environmental and export inspections. Effective trade facilitation promotes the exports trade by reducing costs and delays in the movement of goods and services across borders.

Behind the border

The issues are those affecting the productive capacity in the country. A thorough assessment will be needed regarding availability of trade finance, capital finance for investment in productive capacities, and the required human resources to manage the various stages of the product value chain. This assessment must be followed by efforts to bridge any identified gaps in each priority sector.

Once the various cross cutting issues have been identified, then solutions to these issues must be found. The traditional approach is to use the SWOT analysis framework (Figure 1) to develop strategies that can optimise existing strengths within the particular area, overcome the weaknesses, exploit the opportunities presented and become aware of the threats posed.

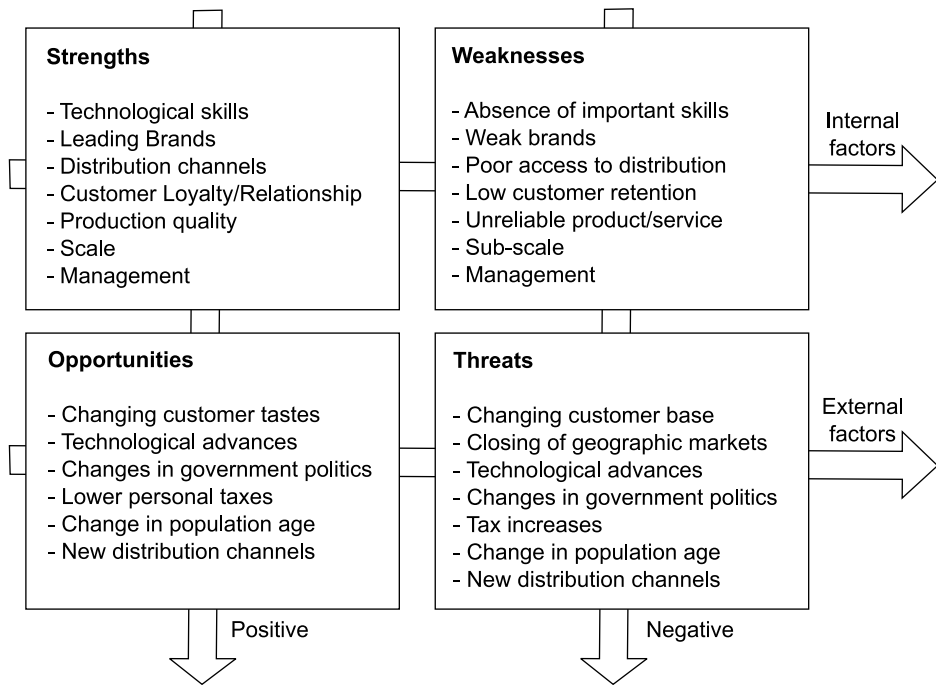


Figure 1: The SWOT analysis framework

Priority sectors

The prioritisation of sectors to be covered in the national export strategy should be in line with the country's development priorities as set out in various national documents. The NES is not a stand-alone project – activities and interventions must be supportive of the country's development vision. For example, South Africa's guidelines on priority setting follow the country's widely discussed budgetary priorities (Box 3). The number of sectors and sub-sectors to be included in the NES will be dependent on the country's overall state of development and the level of available resources within the country – financial, institutional and human – to cover export development activities.

In many Commonwealth developing countries few resources are available for development and the different sectors have to compete for these scarce resources. Many governments in developing countries have adopted the Medium Term Expenditure Framework (MTEF) and the Medium Term Strategic Framework (MTSF). Under the MTEF and the MTSF sectors are grouped into clusters and available national budgetary allocations made available to these clusters. Each sector is expected to bid for funds from the cluster basket to cover its own activities. The bidding process

involves justifying each sector's contribution to the economy. The allocation is done on the basis of how persuasive each sector's case is towards contributing to the overall national development objectives. Those sectors seen to be contributing more will ordinarily be allocated a higher level of resources.

Box 3: South Africa's MTEF guidelines on priority setting

The 2008 South Africa MTEF provides that the priorities expressed in the budget reflect the outcomes of the various political engagements including meetings of the extended Cabinet and President's Co-ordinating Council. In broad terms, provincial and local budgets are encapsulated in the following priority actions:

- Accelerating the pace of economic growth and rate of investment in productive capacity;
- Advancing participation of the marginalised in economic activity through expanded job creation and the promotion of sustainable livelihoods. Investing in people and ensuring that skills development complements employment creation are critical platforms on which to build future prosperity;
- Maintaining and expanding a progressive social security net alongside investment in community services and human development;
- Improving the capacity and effectiveness of the State, including combating crime and creating a service oriented public administration;
- Building regional and international partnerships for growth and development.

The SWOT analysis model described above (Figure 1) would be useful in identifying the strengths, the weaknesses, the opportunities and the threats in each sector and in developing strategies to address them.

Financing the strategy

This handbook was developed against the backdrop of the worst economic slow-down in generations. What started in a few developed countries as a financial crisis in 2008 has spilled into the real economy resulting in contractions in consumer demand, rising unemployment and mounting protectionist pressures worldwide. Developing countries are facing a slump in demand for their export products, a fall in some commodity prices, significant reduction in foreign investments and remittances, and a more general liquidity shortage. Governments in developing countries are now struggling with ways of managing these economic challenges while preparing their economies to perform well in a future economic landscape characterised by growing uncertainty. In a difficult economic environment it is important that investments provide strong fundamentals that will promote growth and development in future years. Providing resources for the implementation of a country's national export strategy is one sure way of investing in the future prosperity of the country.

Implementing the Strategy

'We have completed the NES development process and we now have one of the few excellent tools produced in this country in a long time but we fear that this document might not be effectively implemented.' This is a sentiment often heard in strategy work. The process of developing a national export strategy is an easy task compared to the more difficult implementation phase. There are often many political and organisational obstacles that stand in the way. Yet, without effective execution, no strategy can succeed.

As for any strategy, the NES is not an unconnected management process. It is one step in a logical continuum that moves an organisation or country from a high-level vision statement to the work performed by frontline and back office employees. Successful implementation of the NES will be dependent on the following four pillars:

Strategic alignment of the lead agency

Strategy is about improvement in performance, about change. For the lead agency to get behind strategy implementation it must undergo some degree of change, which can be manifested in the following ways:

- Increased allocation of financial and human resources and programmes;
- Strategy implementation must be incorporated throughout the organisation – it should not be seen as a stand-alone project but rather as part of the overall organisation;
- Support from key management processes including budgeting and human resource development;
- Upgrading the skills and competencies of the key people in the organisation;
- Improved infrastructure;
- The organisation must embrace change management concepts regarding values and attitudes.

Communicating the Strategy

Research shows that only about 5 per cent of people in an organisation understand the organisation's strategy (Jones 2008), which implies that the other 95 per cent are communicating a different message. This is very worrying in the case of a national export strategy since it cuts across many sectors of a country. While the methodology adopted in all NES countries is a consultative one, there is the risk of losing the benefits of this extensive consultation process if the strategy is not well communicated across all sectors of the country's economy. Communication of the strategy can be undertaken through the following means:

- NES presentation to the country's leadership;
- Wide distribution of hard copies;
- Uploading the NES document to the government website with links to all private sector organisations;
- Running supplements in the national print and electronic media;
- Making public presentations in all regions of the country;
- Producing a concise version of the document and disseminating it widely through key outlets.

Operational learning: making it happen

Immediately after the official launch of the NES document, things must start happening. The implementation of the NES should be incorporated into all the activities of the organisations involved. There are many NES actions that can be implemented by organisations across the economy as part of their day-to-day activities. The organisations should then move on to those actions requiring moderate increases in resources by prioritising their activities to free up some resources from elsewhere. Actions requiring substantial resources should be covered through the normal budgetary allocations in the country.

Measurement

'You cannot control what you cannot measure' is a common statement in strategy work. This statement often gives the impression that everything with the label 'strategy' must be measurable. While this statement is partly true for business strategies, it poses some difficulties when applied to public sector strategies or a blend of public and private sector strategies, as is the case for an NES. But this does not make the statement less useful. However, the danger is that too much management time is spent exploring ways of measuring activities when such measurements add little value to the achievement of the overall vision of the strategy. It has also been recognised that different but equivalent headings would yield alternative sets of measures that could lead to questions as to why a particular set was chosen over another. If users are not confident that the measures are well chosen, they will have less confidence in the information provided. The guiding message should therefore be: 'Measure what you can and measure what you should.'

A commonly used methodology to measure performance is the 'Balanced Scorecard' developed by two leading economists, Robert S Kaplan and David P Norton (2004). The balanced scorecard suggests viewing strategy implementation from four perspectives – Customer, Internal Processes, Financial, and Learning and Growth – and develop metrics, and collect and analyse data relative to each of these perspectives (Table 2).

Table 2: The ‘Balanced Scorecard’ method

<i>Perspective</i>	<i>What is it</i>	<i>Key question</i>
1. Customer	Customer focus and satisfaction should be key in any business. If customers are not satisfied, they will eventually find other suppliers to meet their needs. Poor performance from this perspective is a leading indicator of future decline.	To achieve our vision, how should we appear to our customers?
2. Internal Processes	This is concerned with all the processes that create and deliver value to the customer. This will include how well the organisation is being managed and whether products and services conform to market requirements.	To satisfy our stakeholders and customers, what internal processes must we excel at?
3. Financial	This represents the long-term strategic objective of the project and thus incorporates the tangible outcomes of the strategy in traditional financial terms. Kaplan and Norton (1996) gave three possible stages: Rapid growth, Sustain and Harvest. ‘Rapid growth’ would lead to increased sales volumes, customer base and market share. The ‘Sustain’ stage is characterised by measures that evaluate the effectiveness of the organisations to manage the project. The ‘Harvest’ stage is based on cash flow analysis with measures such as increased foreign exchange and revenues.	To succeed financially, how should we appear to our shareholders?
4. Learning and Growth	This is the foundation of any strategy that focuses on the intangible assets of the organisations; the internal skills and capabilities required to support the value-creating processes. It is concerned with jobs (human capital), systems (information capital), and climate (organisational capital). This is the infrastructure that is needed to facilitate the achievement of the objectives of the other three perspectives.	To achieve our vision, how will we sustain our ability to change and improve?

The balanced scorecard helps to pinpoint the specific human, information, financial and organisational capital required for the effective implementation of an NES. It translates the objectives into measures and targets. It should be noted that objectives and targets will not be achieved simply because they have been identified – action programmes must be launched to enable the targets for all the measures to be achieved and resources made available for each action programme.

3

Technical Assistance and Strategy Development

Introduction

Technical assistance is generally defined as any form of aid given to less developed countries by international organisations such as the United Nations and its agencies, individual governments, foundations and philanthropic institutions. The objective of technical assistance is to provide those countries with the expertise needed to promote economic development. More specifically, the World Bank defines technical assistance as the transfer of ideas, practices, knowledge, technologies or skills with the objective of fostering economic development. Technical assistance is classified according to the function it performs, for example, policy or institutional development, capacity building or programme support. National export strategy projects fall under the category of ‘capacity building’.

Since 2004, the Commonwealth Secretariat has provided technical assistance in the development of national export strategies in 14 countries in Africa, the Caribbean, Central America and the South Pacific.¹ In some of these countries – namely Belize, Botswana, Fiji, Grenada, St Vincent and the Grenadines, Swaziland and Uganda – project work was undertaken in collaboration with the International Trade Centre (ITC). This collaboration no doubt enriched the process and led to efficient and cost effective delivery of the technical assistance by the two organisations.

Discussions at the NES Learning Workshop² focused on how to make technical assistance more effective. A locally driven process was considered to be particularly important for an NES project. As workshop participants reflected on their experiences they agreed on some key recommendations that would facilitate the NES process. Below is the model that emerged.

A 5-Step Process for Developing the Strategy

Step 1: Establish stakeholder commitment

The first step in any strategy process is to establish its relevance to those who stand to benefit from it, the stakeholders. The NES stakeholders are spread throughout the economy and range from government ministries to private sector institutions,

civil society and academia. They also include individuals involved in activities that are directly or indirectly involved in export business. Use two approaches to determine the relevance of the strategy to these stakeholders. First, review documents that are readily available in the public domain and those that the stakeholders can provide. Second, engage in direct discussions with key representatives of these stakeholders. This process would ideally be carried out by the NES lead organisation, as mentioned above.

The government should focus its review on long- and medium-term national development plans. They come in different forms but generally the long-term development plans, which many countries call 'vision statements', would cover a period of 20 to 30 years while the medium-term plans cover periods of four to six years. Some countries have shorter 'rolling' development plans covering three years. The content of these documents would usually be explained in more sector-specific instruments, such as papers on trade or investment or industrial policy. The review should focus on the extent of support shown for export development in the country. If export development is not reflected in the long- and medium-term development plans of a country, then this might be an indicator that exporting is not a priority for the government. In such cases it would be unlikely that resources would be made available to support the implementation of any resultant strategy.

The strategic and business plans of private sector institutions would provide information on the importance of exporting to the private sector. These documents would also provide information on what direction the private sector would want to take in the exports business. Most civil society organisations produce brochures, pamphlets and reports on issues that are of interest to them in so far as they affect the unrepresented members of the general public. The issues that relate to the export business could range from remuneration of workers in the exports sector, use of pesticides, pollution and environmental concerns of any kind as a result of activities relating to exports. Regarding academia, a review of annual reports and other educational material would provide insights on the human resource competence in the exporting business. Discussions with private companies involved in exports, or those intending to do so, will provide a clear picture of where the country stands as these are the people who actually produce goods and services for export.

Step 2: Prepare the case

Step 1 above will provide all the background information required to formulate a 'Case for a National Export Strategy'. This should be a brief document that clearly explains the following:

- Overall objective of the national export strategy;
- Benefits of an NES to the economy in general and to the individual stakeholders in particular; and,
- Responsibilities of each stakeholder group.

Organise a meeting of representatives of the key stakeholders to present the 'Case for a National Export Strategy' and to seek endorsement for the initiation of the project.

It should be noted that an effective relationship between the public and private sectors would provide a sound foundation for the successful formulation of the NES. One cannot work without the other. According to the UK Department for International Development (DFID):

The capability of a state underpins political and economic stability and helps ensure human rights, personal safety and security of property are respected. And the state is generally primarily responsible for the provision and regulation of infrastructure, health and education. The State also plays a critical role in providing the institutions required for private companies to grow... Markets themselves can be seen as a type of institution with their own rules of the game that are set by historical, political and cultural factors. It is the role of the state to arbitrate between competing claims on resources and to maintain stability... (2008, p. 17)

Step 3: National resources

Experience shows that national resources will be allocated for the development of a national export strategy if there is enough understanding about its importance. The resources include money, people, mandates and political commitment. Use the following pointers to make an initial assessment of available resources and further needs.

- ***Institutional strength of the mandate holding organisation.*** This organisation would normally provide the NES Secretariat. Assess its capacity to carry out this function and if there is need for strengthening then this should be recommended.
- ***A secure mandate for the NES process.*** This relates to the level of domestic public demand and support. For effective development of the strategy, it should have broad support across the government, the private sector and civil society. Assess the extent to which key stakeholders are engaged and involved in the process through membership of the national team or the various sector teams.
- ***A stable and sustainable source of funding for NES development and implementation.*** Good practice would dictate that this funding is included in the country's national budget. Securing a legislated mandate for the NES process would guarantee the allocation of resources from the national budget. Many NES projects have failed in the past because they were either funded by government or development agencies as one-off initiatives.³
- ***Political commitment at the highest level.*** This is the key to effective development and implementation. First, it ensures that priority issues can be addressed from a multi-sectoral dimension rather than from narrow sector standpoints. Second, it enables the NES co-ordinating system to work across

the economic structures. Third, it ensures that the NES vision and objectives incorporate political goals consistent with national aspirations and are reflected in political aspirations, development plans and policy statements. Fourth, it ensures that policy implications of the NES are followed and considered throughout the NES process and not merely at some end point.

Step 4: Seeking technical assistance

Once steps 1 to 3 are adequately covered, the country is ready to start the actual process of developing a national export strategy. The national institution with the export development mandate should initiate the formation of a small NES team with membership from the government, the private sector, civil society and academia to oversee the process. The team should approach an international organisation working in the area of economic development for support and to bring in international experience and good practice.⁴ Different organisations use different criteria to assess projects for support but the foundation set out above would be sufficient for any one of them to positively consider providing technical assistance on the development of a NES. When the development organisation considers that a country is ready for support it seeks verification and agreement to proceed. For example, the Commonwealth Secretariat undertakes a scoping mission to the country to carry out an independent assessment of the need for assistance.⁵

Step 5: From project launch to strategy completion

The following activities are recommended for taking the country to document completion:

The launch of the project should take two to three hours and include three main features. First, ensure a high political profile (for example, the presence and involvement of the Minister responsible for trade development) to demonstrate political support of the project. Second, all public and private sector and civil society organisations concerned with trade development should be represented at the highest levels to demonstrate their buy-in. Third, invite electronic and print media not only to cover the event but also to participate as agents of development.

Follow the launch with a **kick-start workshop**, lasting two to three days, with the participation of senior government and private sector and civil society representatives with responsibility for developing, influencing and implementing trade and export related policies. Workshop outputs include the confirmation of an **NES national team**, agreement of roles and responsibilities of the members and the development of a work programme with clearly agreed time frames. The national team is representative of the stakeholders. It typically comprises 12 to 15 members drawn from the public sector, private sector, civil society and academia on a ratio of 3: 3: 1: 1. The higher representation of the public and private sectors is a reflection of their size and scope relative to civil society organisations and academia.

The design and consultative process takes place at local level and is led by the national and sector teams. These teams agree objectives and timelines, set criteria for decision-making and prioritise the areas on which to focus. The process requires the right degree of governance, a balance between creativity and accountability, and, critically, advance notification of commitments. Progress can only be made if everyone sticks to the calendar of events as much as possible. The NES consultative process ensures that inputs are received from a large cross section of the economy. These views form the basis for the draft NES document.

During this phase momentum will depend largely on the ability of technical experts and sector representatives to provide quick responses. Use of web-based technology, where available, may facilitate the NES consultative process. Use of audio or video conferencing may be an option for supportive contact between the donor organisation and the national team. The working arrangements for the NES teams vary from country to country. Some countries request a consultant to provide the teams with technical support while others request a co-ordinator to manage the activities of the teams.

A **national retreat** should be organised at the end of the main NES consultative meetings and regional workshops. The aim of this retreat is to review the raw data that has been collected, assembled and collated at both national and sector levels, and to harmonise it for accuracy and consistency. The output of the national retreat is a **draft NES document**. Participants at the retreat include the members of the national team and members of the **NES sector teams**, which represent the priority sectors. Each sector has about six members.

A **national symposium** accords the NES national team the opportunity to present the draft NES document to a wide range of stakeholders for their final views and inputs. These views and inputs are reviewed by the national team and to the extent possible incorporated into the **final NES document**.

The **launch of the project document** marks the official completion of the NES development process and the official beginning of its implementation. The official launch should be a high profile event involving the country's top political leadership. The launch provides the political direction for effective implementation.

Notes

1. Botswana, Namibia, Nigeria, Sierra Leone, Swaziland, Tanzania, Uganda and Zanzibar (Africa); Grenada and St Vincent and the Grenadines (Caribbean); Belize (Central America); Fiji, Samoa and Tonga (South Pacific).
2. 'Small States in Transition: From Vulnerability to Competitiveness', Port of Spain, 18–21 January 2004. For context see 'Preface' above.
3. Countries that provided resources to develop and implement NES projects through their national budgets include Botswana, Fiji, Grenada, Samoa, Sierra Leone, Tonga, Uganda and Zanzibar. These countries are registering good implementation results.

4. Websites of organisations that work in the area of export development include: the Commonwealth Secretariat, www.thecommonwealth.org; International Trade Centre, www.intracen.org; World Bank, www.worldbank.org.
5. The mission evaluates the project's relevance to the country's development priorities, and the extent of the stakeholder's buy-in and commitment. It reaches agreement in principle on the scope of the project and submits a report with appropriate recommendations. A scoping mission may not be necessary in countries that have recently received technical assistance from the Secretariat. Instead, an appropriately developed questionnaire may be used to capture salient features on the new request regarding ownership, counterparts and other organisations contribution to the project, and clarification of issues that might not be evident in the request. Once the project has been approved the Secretariat requires the preparation of a project design document covering project objectives, relevance, overall development impact, and sustainability as well as project design and framework. The approval of this document by the Secretariat's senior management will release the required resources to implement the delivery of the technical assistance.

4

Country Experiences

Background

In 2008, the Commonwealth Secretariat commissioned an independent evaluation of all NES projects. The review found the projects ‘to be worthwhile and an initiative that should be continued subject to continued demand from developing country member states’ (Record and Mtonya 2008).

While countries were at different stages of NES development (Box 4), there emerged three key features that the process provided:

- Development of local analytical and conceptual capacity for strategic thinking and planning;
- Providing a platform for fruitful interaction between the different stakeholders;
- Strategy was developed by local working teams, which enhanced ownership of the process and outcome making implementation easier.

The methodology included country visits and interviews with the various stakeholders and the analysis of questionnaires received from countries that were not visited.

Box 4: NES project spread and status

Global spread of NES projects supported by the Commonwealth Secretariat as of September 2009



The status of these projects is as follows:

1. Completed and being implemented

Botswana, Fiji, Grenada, Nigeria, Samoa, Tonga, Uganda

2. Completed but experiencing implementation difficulties

Belize, Swaziland

3. NES process stalled

Dominica, Namibia, St Vincent and the Grenadines

4. NES projects in progress at the time of the evaluation

Tanzania, Zanzibar (completed in June 2009)

5. New NES project

Sierra Leone (launched in July 2009; completed and officially launched by the country's president in June 2010)

NES Stakeholder Feedback

The review found that experiences varied from country to country and from region to region and offered lessons on a range of NES issues, from mainstreaming in national development to ownership to ease of implementation and constraints in improving export performance.

Political commitment essential

The **Uganda** NES has benefited significantly from the highest level of political commitment. President Yoweri Museveni was briefed at an early stage and he

personally signed the NES foreword during the hour he spent taking part in the public NES launch deliberations. The Cabinet also discussed and endorsed the NES.

The review concluded that this political commitment together with extensive participation during the design process had ‘resulted in real confidence among Ugandan stakeholders that the NES is properly mainstreamed across society, that national ownership is strong, and that the NES represents a fair and reasonable assessment of the constraints to improved export performance’ (Record and Mtonya 2008, p. 12).

The participation of the National Planning Authority in the tri-partite NES secretariat also ensured that the NES was fully incorporated and mainstreamed in the national planning process, with parts of the NES document used directly in the preparation of the national development plan.

The perception of the stakeholders in Uganda on the country’s NES was positive as reflected in their responses to the three questions included in the review questionnaire (Figure 2).

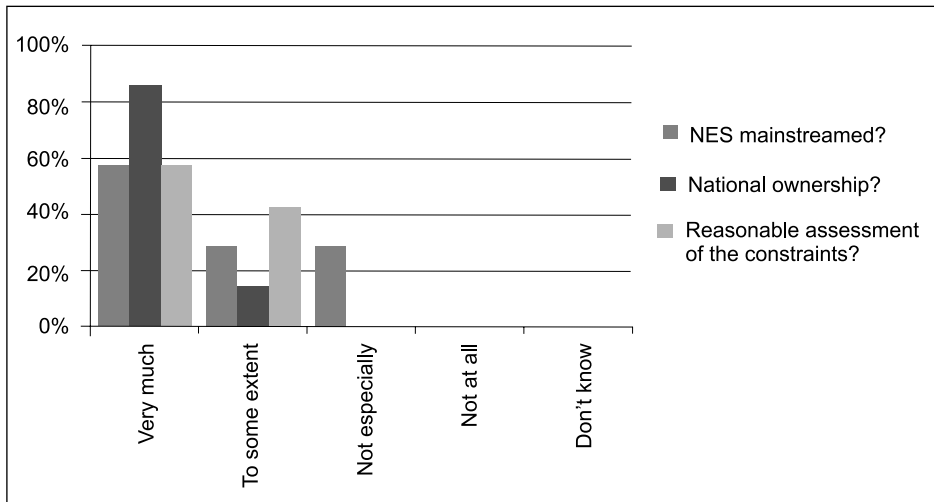


Figure 2: Uganda NES stakeholder responses

Source: Record and Mtonya 2008, p. 12

Private sector emphasis

The **Grenada** NES design process had a very strong private sector emphasis and almost all of the sector design teams were chaired by the private sector. Stakeholders praised the width and depth of consultations, which resulted in genuine

enthusiasm among the business community for the national export strategy and a real sense of national ownership. Stakeholders also highlighted the ‘good calibre’ of core team participants, although they felt that the process would have been strengthened with more direct participation from actual enterprises rather than representative associations. A key success feature identified by the Grenada team was the fact that cabinet endorsed the NES design team and process right from the start, and this was a key step in demonstrating (particularly to the private sector) the importance of the initiative. Throughout the design process, the core team met regularly (once a month, sometimes more often) and frequently invited ministers and parliamentarians to attend meetings and to make presentations when appropriate sectors were being discussed.

Senior public officials frequently mentioned the Grenada export strategy in policy statements including the Minister of Finance who mentioned it a number of times in his budget statement. The cabinet endorsed the Grenada export strategy, which was also cited as an indication of how the NES had been mainstreamed into national policy. It was recognised by senior officials that with expectations in the private sector so high, the pressure to implement was keenly felt.

According to Record and Mtonya, ‘All of the stakeholders interviewed, bar one, felt very strongly that the final Grenada Export Strategy presents a fair and reasonable assessment of the constraints to improved export performance. Such universal praise is a remarkable result and does credit to the thorough and inclusive process carried out by the Grenada team’ (2008, p. 14). See Grenada stakeholder’s responses in Figure 3.

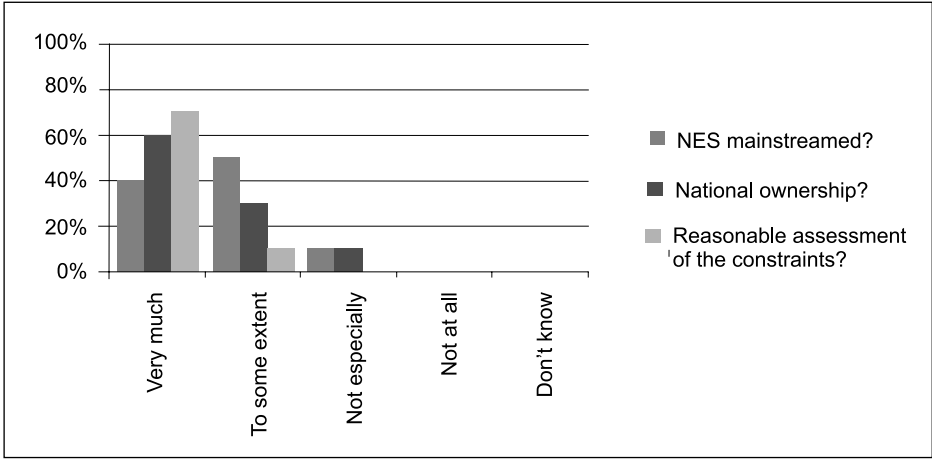


Figure 3: Grenada NES stakeholder responses
Source: Record and Mtonya 2008, p. 14

NES template useful

The **Botswana** NES team utilised ITC's national export strategy template (Box 1). It was noted that while the template was very technical and complex, it gave a sense of integration to the various components. The template involved other sectors and this led to a greater appreciation of the role of these sectors by stakeholders. The priority sectors under the NES were identified using an NES 'situation analysis' study, and studies under the DFID Trade and Poverty Programme. Stakeholders were satisfied that the NES presented a reasonable assessment of constraints to improved export performance. They were also satisfied that the NES was widely viewed as 'mainstreamed' into Botswana's national development aims, and that it was 'nationally owned' and enjoyed a good level of political commitment (Figure 4).

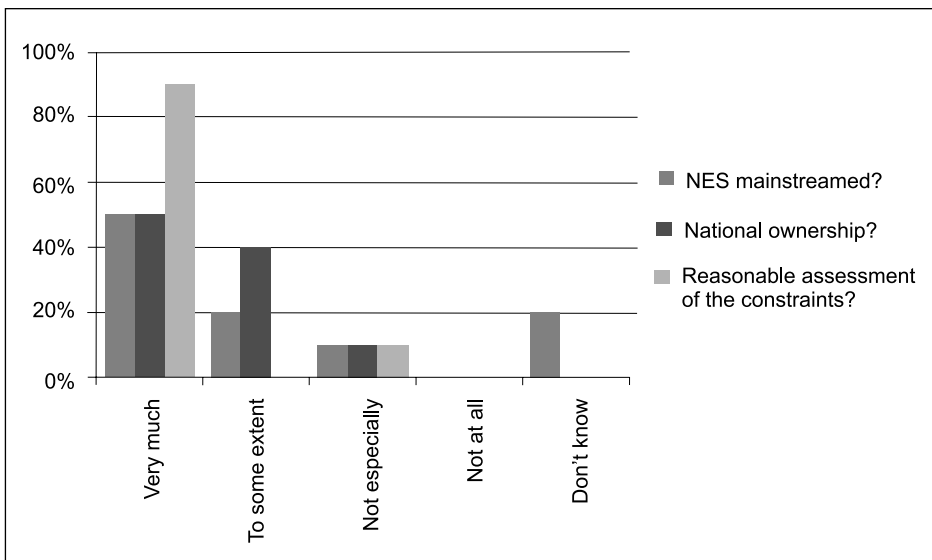


Figure 4: Botswana NES stakeholder responses

Source: Record and Mtonya 2008, p. 19

Pitfalls of external consultancy

Virtually all of the survey respondents in **Belize** were happy with the extent of stakeholder participation in the process. However there were criticisms from the private sector that the process lacked endorsement from the highest levels of the public sector so the good level of participation was wasted.

Stakeholders in Belize viewed the appointment of a national consultant with mixed feelings. The NES Review quoted directly from a respondent:

The appointment of a national consultant can have a disincentive for engagement where the NES design process has not received endorsement from the highest levels of the public sector. In the case of Belize, key stakeholders refused to provide inputs or flatly objected to the articulation and development of sectoral export strategies because they felt that should have been the work of the national consultant. This created a sustained impasse in the design process and without public sector endorsement it proved very difficult to move beyond this. In addition, many questions were raised about the utility of the strategy if it would not be integrated into the broader medium term economic strategy.

Record and Mtonya 2008, p. 15

The use of paid consultants in an environment where civil servants are poorly remunerated, yet critical to the process can also be counter-productive with corresponding demands from participants for some kind of compensation for time committed to the design process. Another criticism voiced by stakeholders was that the process of developing sector strategies took too long due to the ‘team approach to writing’. Some also felt that the strategy could have been more focused. The recommendation was to form small core teams to produce drafts for discussion by the wider group. It is important when developing strategy documents in any context that a balance is struck between being comprehensive, and not losing momentum.

Given the above failings, it is perhaps unsurprising that the stakeholders gave mixed views as to the extent to which the Belize NES was either mainstreamed into national development planning, or nationally owned (Figure 5).

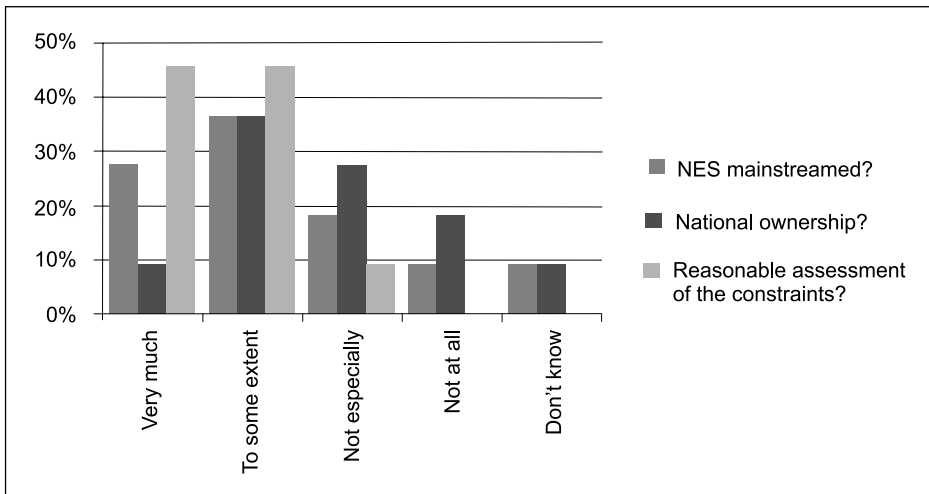


Figure 5: Belize NES stakeholder responses

Source: Record and Mtonya 2008, p. 22

Quality leadership and participation

As of March 2008, the **St Vincent and the Grenadines** NES remained unfinished with sector strategies for agriculture, services, tourism, information and communications technology, and cross-cutting issues still in draft form. Several stakeholders felt that the process might have been more successful had the team benefited from 'better leadership', a 'more rigorous commitment to completing the process on time', and the employment of a 'more resourceful' national consultant.

One particularly critical stakeholder wrote:

I/we have spent considerable time on the NES, but nothing has come out of it. I sure hope that I am wrong. Some stakeholders who were not interested in participating from the beginning because they believed that it would only be talk and no actions would come out of it, are now telling me that they have been right from the beginning...A year has passed by since the last meeting about the NES, and I have the impression that they, indeed, have been right.'

With such sentiments, it is understandable that views were mixed as to the extent to which this NES is mainstreamed, nationally owned, or presents a fair assessment of the constraints to exporting (Figure 6).

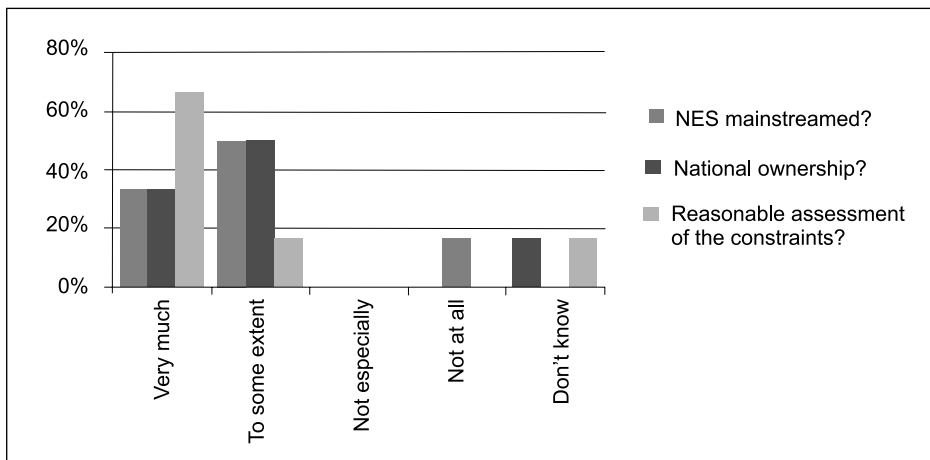


Figure 6: St Vincent and the Grenadines NES stakeholder responses

Source: Record and Mtonya 2008, p. 24

Focused national team, strong participation

The design of the **Swaziland** NES was co-ordinated by a small and focused national team, comprising representatives from key ministerial departments and private sector representative groups. Stakeholders felt that the process benefited from strong participation throughout and they responded positively when surveyed on mainstreaming, ownership and assessment of constraints (Figure 7).

In addition stakeholders welcomed the role played by the Commonwealth Secretariat in terms of the quality of its technical assistance. According to one respondent the Secretariat ‘served as a catalyst in the development of the strategy. Were it not for their persistence, we would not have finished the exercise’ (Record and Mtonya 2008, p. 27).

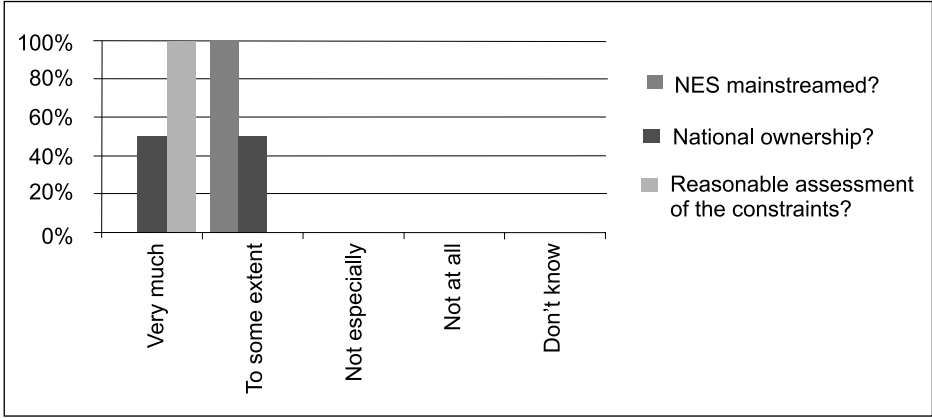


Figure 7: Swaziland NES stakeholder responses

Source: Record and Mtonya 2008, p. 26

Public sector engagement weak

In **Fiji** the NES process generally appears to have been conducted in a participatory and effective manner, and while implementation presents a major challenge, there are promising signs that the NES might be already having beneficial effects on the country’s exports.

Virtually all stakeholders surveyed felt that the Fiji NES design process benefited from wide ranging stakeholder participation. The private sector appears to have become especially engaged and developed real enthusiasm for the process. However, some did feel that the public sector engagement was not as good as it might have been. In particular, one stakeholder noted:

The general lack of information sharing and co-ordination between ministries is a frequent cause of ambiguity regarding the priorities of policy-makers. The NES helped to identify immediate needs to the development of exports, which, often due to lack of government funds, were not being acutely addressed within the Ministry budgets. The NES process resulted in a better appreciation by government of the specific needs of the private sector, when talking about export enhancement (Record and Mtonya 2008, p. 28).

A general lack of appreciation of the needs of exporters among civil servants, particularly those outside of trade ministries, is a common complaint made by the private sector in developing countries. Fiji appears to be no different in this case. Nevertheless, as a result of the strong consultative process, the enthusiasm generated among the private sector and high-level cabinet endorsement, stakeholders surveyed show strong confidence that the NES is mainstreamed, nationally owned and paints a reasonable assessment of the constraints to improving export performance (Figure 8).

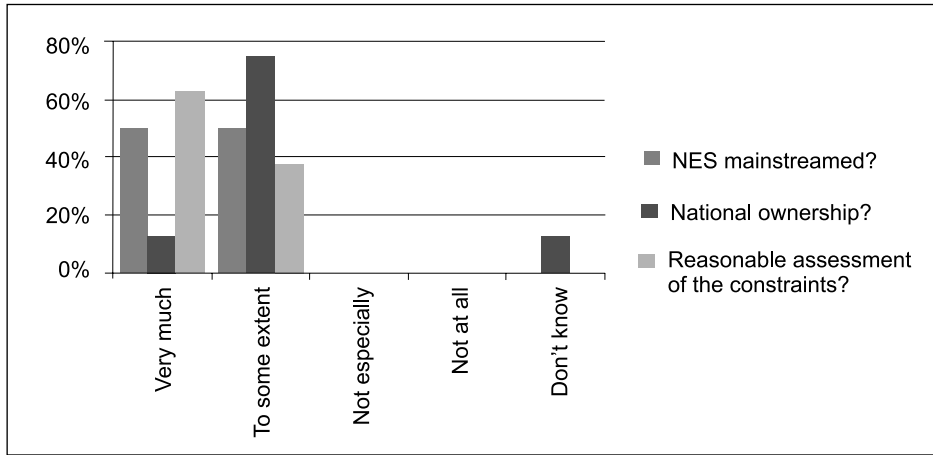


Figure 8: Fiji NES stakeholder responses
 Source: Record and Mtonya 2008, p. 29

Stalled process

The **Dominica** NES process had an encouraging launch with wide representation from stakeholders in both the public and private sectors, and with cabinet approval of the NES design initiative. However, the process become somewhat stalled with little progress made by the various teams set up. Unfortunately, Hurricane Dean struck Dominica in August 2007 causing serious damage to the island’s infrastructure and this coupled with a cabinet reshuffle and a change of minister at the ministry of trade caused further setbacks and delays in the process of developing an NES. The limited commitment from the ministry of trade was identified as a problem.

Given that the NES process stalled at a fairly early stage in Dominica, few general conclusions can be drawn. However, one important lesson for other countries would be that a genuine public sector commitment to following through the strategy design initiative from start to finish is a pre-requisite to a successful NES project.

Localised methodology

Namibia originally began the process of developing a national export strategy in 2005. Concerns were raised at the outset that the standard methodology would be inappropriate for Namibia given the historical context, poor relations between the public and private sectors, and the capacity gap that exists between the public and private sectors. The launch went ahead, but the process quickly became stalled amid frustration with the approach.

In late 2007, following a suitable pause and changes in key personnel, the ministry of industry and trade indicated it was ready to restart the process, but with a localised methodology that would better take into account the in-country circumstances. Namibia re-launched its NES development process in March 2008. It is yet to be seen whether or not the new efforts will result in a more favourable conclusion.

Public/private sector commitment

Stakeholders surveyed in Tonga felt there was real and genuine commitment to the NES design process on the part of the private sector. However, there was some concern within the private sector that this commitment was not totally matched by counterparts in the public sector. However, as one stakeholder commented,

The development of the NES document has required public and private sector people to work together closely for the first time in such a public/private partnership. This has definitely improved communication between the public and private sectors (Record and Mtonya 2008, p. 32).

While stakeholders praised the level of participation during the early phases of the design process, there was poor attendance at the national symposium. It was felt that the process suffered from poor management.

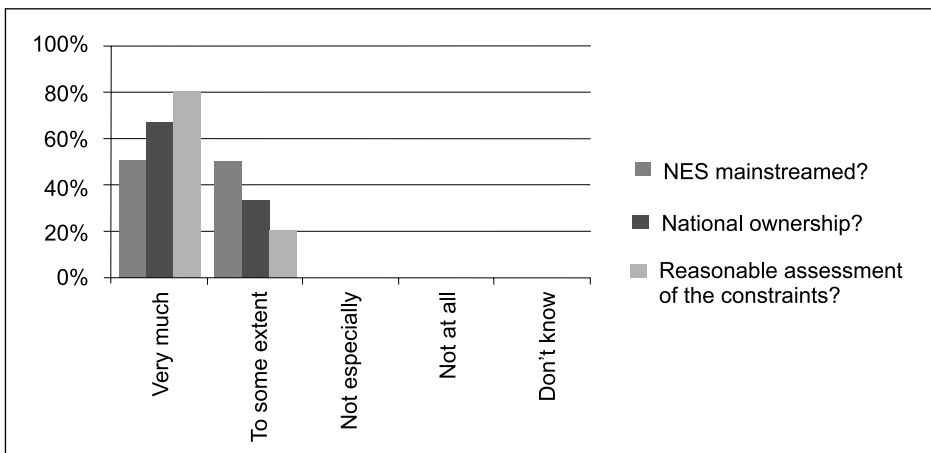


Figure 9: Tonga NES stakeholder responses

Source: Record and Mtonya 2008, p. 33

Although the Tonga NES design process had not yet been completed at the time of the review, there was a strong sense that the NES is helping to mainstream export issues, that the process is nationally owned, and that a reasonable assessment of the constraints is being made (Figure 9).

Strengthened co-ordination

A key outcome of a successful NES process is often strengthened co-ordination between actors in the trade support network, and an improved understanding among the various agencies as to what else is being done. This can help eliminate gaps and overlaps in export service delivery. In the case of **Samoa**, there were early and encouraging signs that co-ordination had already begun to improve.

One stakeholder felt that the NES process had ‘...definitely shed some light on the importance of having all these actors, agencies and ministries working together, if exports are to improve.’

Another stated:

The NES has the potential to really play an important role in improving co-ordination among actors supporting trade and private sector development. By saying this, I am now more confident that most of the key businesses and private sector actors are now in a closer relationship with the government ministries, unlike before. (Record and Mtonya 2008, p. 36).

Figure 10 shows an early indication of stakeholder opinions as to the extent to which the NES process has been mainstreamed, is nationally owned, and is undertaking a realistic assessment of the constraints to improved export performance.

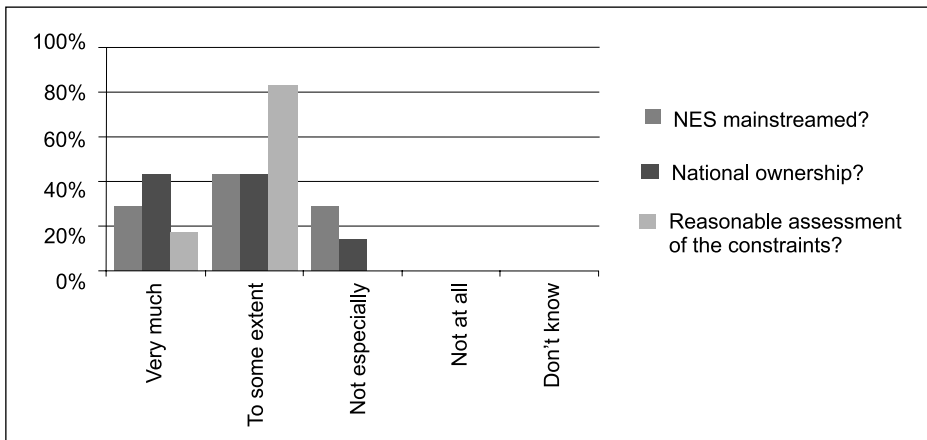


Figure 10: Samoa NES stakeholder responses

Source: Record and Mtonya 2008, p. 36

Importance of flexibility, existing structures

The NES process was completed in both **Tanzania** mainland and **Zanzibar** in June 2009. (Zanzibar opted for a separate process due to the unique economic structures that exist in Tanzania.) Challenges remain on how effective implementation will be. However the process was intensively and extensively consultative and it is hoped that this will make implementation much easier.

The review drew two lessons from these processes. First was the importance of adopting a flexible approach in-country that builds upon and is harmonised with existing initiatives, given that there is rarely sufficient policy space for parallel trade support initiatives in developing countries. Second was the need to utilise (and augment) existing working groups and teams wherever possible, rather than setting up new NES national teams, to ensure continuity and strengthen ownership in the process of developing a national export strategy.

Implementation impeded by structural change

In early 2005 **Nigeria** became the first country among those receiving assistance from the Commonwealth Secretariat to complete the development of a national export strategy framework. However, a restructuring of the main implementing agency in 2006 impeded the implementation phase. Specifically, the restructuring exercise led to the closure of the zonal offices that had been identified as crucial to the effective implementation of the strategy. The restructuring was reversed in May 2009 and since then Nigeria has been making good progress in pursuing the strategic objectives developed in the strategy.

A good foundation

The NES process for **Sierra Leone** was launched in July 2009. The commitment demonstrated by all those involved in the kick-start workshop that followed – Government, the private sector and civil society – has provided a very good foundation for development of the NES. The challenge will be the implementation phase.

5

Capacity Building

Introduction

The UN Development Programme (UNDP) has defined capacity as ‘the ability of individuals, institutions and societies to perform functions, solve problems, and set and achieve objectives in a sustainable manner’ (UNDP 2006). The term ‘capacity building’ describes the task of developing human, institutional and infrastructure capacity. ‘Agenda 21’, the outcome document of the 1992 UN Conference on Environment and Development (UNCED), is even more specific. It states:

Specifically, capacity building encompasses the country’s human, scientific, technological, organisational, institutional and resource capabilities. A fundamental goal of capacity building is to enhance the ability to evaluate and address the crucial questions related to policy choices and models of implementation among development options based on an understanding of environment potentials and limits and of needs perceived by the people of the country concerned. (UNCED 1992, Chapter 37)

Within the context of developing and implementing an NES, capacity building is the process of equipping a country with the skills necessary to enhance its export competitiveness. The shared vision, the stakeholder participation, and the opening and enhancement of dialogue between the government and the private sector representatives create new possibilities.

At the individual level, the participants in an NES project take part in a process that demands the application of a framework and the use of tools, so they expand their understanding of business, and export business in particular. In addition, the process requires them to reconcile differences and make judgements as they analyse, prioritise, focus, make plans and turn these into actions. Those individuals from the public and private sectors and civil society who participate in the formulation and implementation of the strategy will strengthen their communications, co-ordination, advocacy and negotiation skills. The additional skills, access to information, knowledge and training will help the individuals perform their respective functions more effectively.

The NES consultative process involves the elaboration of management structures, processes and procedures and the management of relationships between different organisations and sectors. This enhances the capacity of the different organisations to undertake their respective mandates, not only for the NES project but also for their other mandated activities.

One of the outcomes of the NES process is the alignment of national regulations and conditions to the international market requirements. In some situations this requires making changes to legal and regulatory framework, which enhances the capacities of the organisations involved.

Building Capacity through the NES Process

Examples of areas where countries feel that capacity has been developed during the NES process are provided by the following extracts from the NES review (Record and Motnya 2008):

The **Grenada** Minister for Finance and Planning, Honourable Anthony Boatman, in a communication to the Commonwealth Secretariat, stated:

The numerous benefits...derived thus far by Grenada from the preparation of the Strategy; Grenada now has a cadre of trained persons in strategy design which has resulted in savings to the Government of Grenada in lieu of hiring of consultants... (p. 6).

Statements by leading stakeholders support this view:

The process of developing the Grenada National Export Strategy had a lasting effect on the export of nutmeg products. The rigorous process brought stakeholders together, identified priority areas on which to focus, identified links between sectors and pinpointed areas of weakness... (p. 6).

As a result of the NES process two leading companies, which both process nutmeg products for export, fine-tuned their objectives and focused on factory retooling for greater efficiency and on training staff in key areas such as ICT, marketing and accounting...(p. 14).

The development of the NES signalled a new approach to exports which is not limited to marketing but encompassed other important issues such as transport, finance, trade information, export competencies, quality management among other issues...(p. 14).

In **St Vincent and the Grenadines** the NES process showed that market access, although desirable, is not the only solution to improved export performance. Many of the sectors identified as high potential areas were previously entered by default or for subsistence. They were not seen as business opportunities. It has also become evident that not all of the supporting conditions were in place before the process of developing an NES was established. The NES process has called for the following measures to be instituted urgently:

- A clear government policy on trade development including export development;
- Capacity development for artisans, industry practitioners and regulatory organisations; and,
- A re-orientation of mindsets.

The NES process has created awareness in both **Tanzania** mainland and the islands of **Zanzibar** and **Pemba** that market access alone is not sufficient to improve export performance. The country would have to address supply side constraints and these have been identified to include the following:

- Enhancing technological and managerial capabilities;
- Developing entrepreneurs;
- Strengthening financial support systems;
- Developing linkages and networking between small and medium enterprises (SMEs).

The NES approach used in **Swaziland** left a team of well-trained individuals on various aspects of strategy formulation and these individuals have been called upon to provide inputs in various economic development initiatives. The Trade Promotion Unit is better prepared to co-ordinate export development and promotion activities in the country than was the case before the advent of the NES process.

Botswana has undertaken several initiatives besides the NES but the latter has clearly provided the basis for efforts to promote the development of exports. Further, through the NES, the country's brand, 'Opportunity and Tranquillity Beckons', is seen through the eyes of the exporting community.

Uganda was among a few countries that did not use consultants in the development of the NES. Through the technical guidance of both the Commonwealth Secretariat and ITC, Uganda developed a small team of resource people in different areas and sectors of strategy formulation. These individuals upgraded their competence in strategy development and are now participating in other economic activities not just in their own country but also in other countries in the region.

As a result of prioritising sectors for the NES **Samoa** was able to respond promptly to an unsolicited offer of assistance and request the kind of support that would be most appropriate and relevant. One stakeholder stated:

We launched our NES three months ago and we have already had a review and an opportunity. By having our NES ready we have been able to take advantage of the offers which are out there... (p. 36).

In **Belize** lack of implementation of the NES has been attributed to the absence of political endorsement at the outset of the project. But now both the public and the private sectors are better informed about the need to engage all change agents from the very beginning of a process. The success of other public-private sector initiatives in Belize could be attributed to this knowledge.

The capacity that was developed during the NES process can be directly linked to the formulation of some key policies that have enhanced export development in **Nigeria**. These include the following:

- Provision of incentives and facilities for a number of products identified in the NES;
- Enhanced role of the Cassava lobby groups;
- Revision of legislation and the removal of import duty on all imported agricultural equipment;
- Enhanced collaboration with the International Institute of Tropical Agriculture (IITA), Standards Organisation of Nigeria, and National Agency for Food and Drug Administration and Control.

The **Namibia** national team can now see the direct link between trade policy and export development. Because of this, Namibia is supporting regional integration and the strengthening of regional institutions like the Southern Africa Customs Union (SACU) and Southern Africa Development Community (SADC).

The NES process in **Tonga** has helped both the government and the private sector to identify obstacles impeding the country's competitiveness, and to formulate strategies to address these constraints. The Cabinet approved a steering committee to oversee NES implementation. Membership of this committee is drawn from the NES national team.

In **Fiji**, since the NES was completed in 2006 the government has been allocating resources to support NES activities through a bidding process. Management of these resources is under one of the members of the Fiji NES team who is using the knowledge and skills gained during the NES process to manage this fund.

A lasting legacy

There is general agreement among those involved in NES projects that the process of developing a strategy has been effective in building capacity across a range of skills and knowledge. Recommendations to further enhance its effectiveness include:

- Continual review of the NES;
- Support from partners during the NES implementation phase, for example through business advocacy and assistance with the sourcing of funds;
- An institutionalised forum for the public and private sectors to continue working together beyond the NES project;
- The involvement of the media to communicate progress and celebrate success stories.

6

Change and Challenges

Introduction

The goal of a development project is to bring about change through technically sound programmes that are supported within a country by champions of reform. These may be individuals or institutions and they are often referred to as ‘key drivers of change’.

Understanding how change occurs and the relationship between change and poverty reduction will help improve the effectiveness of delivery of projects. The basic concept of change derives from the recognition that organisations are composed of people, and how they respond to external interventions will to a great extent determine output. Several types of change can occur in an organisation. These include strategic changes as contained in the NES documents, technological changes as organisations embrace new technology, structural changes as organisations review their operations, and attitudinal and behavioural changes of individual personnel. These would often occur at different times but the likelihood of them occurring at the same time is not remote.

Mobilising Drivers of Change

Key drivers of change for an NES project include the cabinet, ministries of finance and trade, members of parliament, civil society groups and private sector bodies. The success of most projects depends on a number of factors but some are more important than others. When time and resources are limited, it is difficult to examine every single factor in detail. Efforts should focus on those factors that have most influence on the problem. These are the ‘key drivers’ (Rasiel and Friga 2001).

There are various ways to engage and mobilise individuals and institutions. These include:

- Integration of the NES into the national development plan for the country;
- An accountability mechanism that ensures the recipient government is accountable to the donor for the results of the NES investment;
- Involvement of all key stakeholders at the inception of the project;
- Pressure and advocacy;

- Demonstration of the benefits that may accrue to drivers of change;
- Provision of feedback and relevant information on progress; and,
- Circulation of success stories.

It is also important to introduce some form of discretionary incentives. As is common in the Western world, some performance based rewards in the NES design and implementation should be explored. It has been suggested that growth has failed to take place in most developing countries because the development formulas used did not take heed of the basic principle of economics: People respond to incentives (Easterly 2001). Getting incentives right is a principle that has to be implemented bit by bit, stripping away encrusted layers of vested interests with the wrong incentives and giving entry to new people with the right incentives.

Development agencies can play an important role by identifying and involving key drivers of change at the earliest stage of a project and acting as a neutral intermediary to bring together the relevant stakeholders. They can provide information from past experiences with other countries and support the dissemination of information about the NES project as well as ensuring a local presence in order to demonstrate commitment. Supplying resources and technical expertise to facilitate the process and liaising at the highest levels of government would help in ensuring that the NES project achieves and sustains a high profile in the country.

Common Problems

Although each NES project will need to address country specific institutional bottlenecks, there is a range of problems and challenges common to many countries.

Political will

One of the biggest challenges is a lack of understanding of the need for change.

At the most basic level there may be no legal mandate or authority for an institution to be the agent of change for the NES process. Alternatively the NES may be placed under the aegis of a government department that is less influential than another. For example, the NES may be under the domain of the Ministry of Trade when stakeholders perceive the Ministry of Finance to be more powerful.

When political will and support is inadequate it is highly unlikely that the NES work will be given the priority it deserves. As a consequence the human and financial resources required to support the NES work are not likely to be provided.

Public sector bureaucracy

When the NES process is led by the public sector, which does not operate on a profit basis, there is a possibility that it may not fully address market failures because

they are not clearly understood. There may also be competing and divergent policy instruments and positions. For example, there might be existing priorities for the import sector or for other sectors.

Often internal government communication practices and mechanisms are poor and some processes may be time consuming; for example, in one country people invited to take part in the NES project had to be approved at cabinet level.

The public sector may take a long time to make progress by committee, and there may be too much emphasis on analysis rather than action. When the consultative process takes too long stakeholder commitment fades. The private sector tends to be busy surviving and whilst companies may be interested in the NES process they may not have the time to go to too many meetings.

Private sector organisations

Having many private sector institutions is a challenge in terms of information flow between partners. In addition, not all stakeholders within the private sector belong to an organisation or have a formal structure. For example women or young people may not be well organised, and so it is difficult to ensure they are represented effectively.

Other considerations

Lack of technical expertise and technology: In many Commonwealth Member States, availability of human resources to address both demand and supply issues tends to be weak and this affects export competitiveness.

Lack of adequate consultation mechanisms, especially in a decentralised society: Most Commonwealth countries are now institutionalising public-private sector platforms but many are still in the infant stages.

Cultural differences between the public and private sectors: History has to a great extent influenced the way public and private sectors are run in many of the Commonwealth Member States, and this has not always resulted in a win-win situation. The message is that these two sectors do not always work well together; they have divergent and sometimes conflicting interests, and some are even hostile to each other.

Key Lessons and Conclusions

The following is a summary of the more important lessons learned and conclusions drawn through the experiences of NES projects from design through implementation.

Design phase

- All key stakeholders in the country should debate the need for a national export strategy before a decision to proceed is made;
- All key stakeholders must be consulted and should be involved in the design of the project;
- The government ministry or department with the planning and finance portfolio must play a leading role in the design of the project.

Development phase

- The government must commit resources to the development process;
- All key stakeholders must commit their individual resources to the project;
- The NES project should be consistent with the country's development strategy;
- To the extent possible, the NES project should be aligned to existing or planned national development programmes.

Implementation phase

- While the NES consultative process is underway momentum is usually high. But experience has shown that where resources for implementation are not made available immediately after the launch, momentum is likely to be lost and resuscitating it in the future becomes very difficult.
- It is only half of the success to develop a good national export strategy. Implementation is more important. A brilliant strategy may put you on the competitive map but only solid execution will keep you there.
- NES implementation requires change at various levels within the implementing agencies and people in these agencies must be willing to embrace change. Overlooking this is one of the greatest causes of failed transformation efforts in many projects.
- Different players in different organisations will inevitably have different views on the implementation aspects of NES. It is therefore crucial that the lead agency and the NES champion communicate clearly and effectively to all key players to ensure that they have a clear understanding of major implementation issues.
- Strategy implementation is about aligning operations with goals. Key to this is the allocation of resources. Unless adequate resources are made available and the NES effectively mainstreamed in the operations of the implementing agencies, success is unlikely to be realised.

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At its best, strategic planning for an export strategy combines learning from the past, exploring the future and coping with unpredictability. This guide explains how the Commonwealth Secretariat helps countries develop national export strategies with a clear purpose, strategies that are action-oriented, and which recognise the interrelationship between technological, economic, social, political and cultural aspects of society.

It will be useful for all government economic planners, particularly in developing countries, who are concerned to learn from experience in developing and implementing national export strategies as part of the drive for national economic development.



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