

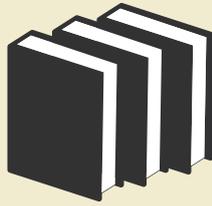
# Trade Mainstreaming Guidelines for Pacific Island Countries:

## "The Guide"



PACIFIC ISLANDS  
FORUM SECRETARIAT

## Key Trade Developments in the Region—2017 at Glance!



### **FRAMEWORKS:**

- Niue and Papua New Guinea endorsed their National Trade Policy Framework in June, and April 2017 respectively.
- Palau, Tonga, and Kiribati completed the formulation of their National Trade Policy Frameworks.
- Tuvalu launched its 2016 DTIS update in October 2017.



### **COLLECTIVE ACTION:**

Forum Leaders endorsed the Pacific Sustainable Development Goals (SDGs) Round map—containing Trade related targets and indicators, in September 2017.



### **REGIONAL INTEGRATION:**

- PACER—Plus Negotiations completed in April 2017.
- Kiribati announced its readiness to trade under PICTA in September 2017—making PICTA trading members 8.
- Fiji ratified the WTO Trade Facilitation Agreement, January 2017.
- Samoa and Solomon Islands: notified parties to the current interim EPA their decision to join the group.



### **HUMAN SKILLS DEVELOPMENT:**

The Forum Secretariat launched south—south knowledge exchange programme on trade policies. By November, 14 PACP officials had participated in the programme.

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## i. FOREWORD MESSAGE

This **“Trade Mainstreaming Guidelines for the Pacific Island Countries”** has been produced in response to the Forum Trade Ministers’ decision of 2015, which called for implementation of Trade Policy Frameworks (TPFs) to be mainstreamed through National Sustainable Development Strategies/Plans. The formulation of this guide involved closer consultation with all Pacific ACP States, and relevant development partners **and was approved** through Regional Trade Mainstreaming Workshop held on **30 and 31 October 2017**, and subsequent circulation to the Forum Island Countries (FICs).

The guide has been **established** during a turning point in the FICS’ trade policy environment. For example, the establishment of the guide coincides with almost all FICs having: put in place national Trade and Investment Policy Frameworks; and concluded the negotiation of regional and sub-regional trade agreements. At the same time, at the multilateral level, WTO FIC Members are in the final stages of ratifying or early stages of implementing the Trade Facilitation Agreement. In effect, these recent developments are pushing farther national capacities to advance a bigger national trade agenda. In this regard, this guide offers strong **“building blocks”** to assist FICs: 1) advance their trade policies in a manner that will drive regionalism; 2) enhance their participation in the regional and global trading systems; and 3) realise their Sustainable Development Goals commitments (reflected in the Pacific Sustainable Development Roadmap endorsed at the 48th Forum Leaders’ Meeting) relating to trade in particular.

The establishment of this guide reflects the Pacific Islands Forum Secretariat’s (PIFS) commitment to supplement national efforts with **“knowledge products”** to encourage **whole-of-government and relevant stakeholder groups’** collaboration in trade policy making. In the formulation of this guide, special consideration was dedicated towards localising the guide as much as possible; whilst maintaining international guidelines on trade mainstreaming. The intention of this approach was to ensure that the guide reflects the Pacific context, and documents selected FIC lessons and best practices.

I encourage all relevant stakeholder groups (government, private sector and civil society) to take advantage of recommendations and suggestions provided in this **“guide”** during their trade mainstreaming endeavours.

I take this opportunity to thank Members and Development Partners, including consultants and the Pacific Islands Forum Secretariat staff who have contributed to towards the TPFs and this guide, and seek your continued support in ensuring that the FICs are able to use trade and investment to support their development objectives.



**Meg Taylor, DBE**

Secretary General, Pacific Islands Forum Secretariat

December 2017

## ii. ACKNOWLEDGMENT

The successful establishment of this guide is a result of strong partnership between the Forum Secretariat and: 1) the TRADE COM II PROGRAMME (EU funded Intra—ACP PROGRAMME); 2) The Commonwealth Secretariat (through the Hub and Spokes Programme); and 3) Pacific Island Countries (whom provided information and facilitated national stakeholder consultations). Collectively, the Secretariat is grateful of everyone's efforts; support; and dedication towards the completion of this guide.



PACP Officials and Development Partners at the Regional Trade Mainstreaming workshop, 30th October, 2017

### iii. EXECUTIVE SUMMARY

This guide is divided into 5 parts (sections 1 to 5). Altogether, these sections provide a deeper narrative on Trade Policy Frameworks, and the Trade Mainstreaming concept-underpinning: pillars, processes, and guiding principles.

**Sections 1 and 2** briefly presents the background of the National Trade Policy Frameworks (commonly known as TPFs) across the Pacific region. In particular, both sections offer users of this guide some history, and current (as of December 2017) progress regarding the formulation and establishment of TPFs in the Forum Island Countries. The last parts of this section looks at common features and differences among different TPFs-and their contribution to, and the rationale for trade mainstreaming.

**Section 3** explores different modalities and techniques to mainstream trade (and TPFs in particular) into National Sustainable Development Strategies - **a process map** is presented and discussed in detail. In particular, this section offers users of this guide, simplified yet practical guiding steps to undertake inclusive trade mainstreaming processes. Practical tools to undertake stakeholder analysis (to unlock possible stakeholder divergences that may emerge during trade mainstreaming processes) and identify critical problems (both proximate and deeper issues to be addressed during trade mainstreaming) are carefully elaborated.

**Section 4** presents and emphasises the importance of establishing strong pillars **“anchors and actions”** to sustain trade mainstreaming outcomes. In this section, “anchors and actions” are divided into two categories: Standalone anchors (Policy, Institutions, and Partnerships) and cross-cutting anchors (Communication and Capacity building). The discussion on anchors and actions is supplemented by country-based good practices from selected Forum Island Countries-highlighting lessons to be learnt and best practices-as a knowledge sharing mechanism.

**Section 5** briefly presents key conclusions-summarising the key observations sighted during the formulation of this guide.

**The Annexes** to this guide also provide useful information of relevance to TPFs and Trade Mainstreaming.

# 1. INTRODUCTION AND PURPOSE OF THE GUIDE

At their 2015 meeting in the Cook Islands, Forum Trade Ministers noted the importance of National Trade and Investment Policy Frameworks (TPFs) and recommended mainstreaming the implementation of TPFs through National Sustainable Development Strategies<sup>1</sup>. Therefore, this **guide** responds to the Forum Trade Ministers' call by providing practical pathways to assist Forum Member Countries (PACPS in particular) effectively mainstream their TPFs into National Sustainable Development Strategies.

The guide offers practical tools to shape and inform the process of mainstreaming trade policies—in a holistic manner. As such, the guide outlines a comprehensive approach based on two complementary processes or sets of actions that contribute to trade policy mainstreaming in different ways. The two complementary approaches (described below) give clear guiding steps to Forum Member Countries in designing and mainstreaming their own TPFs—and trade policies in general:

- **The first part of the approach (Sections 2 & 3)** addresses the key issue of mainstreaming TPFs within overarching National Sustainable Development Strategies (NSDS). After reviewing the context for TPFs and the rationale for mainstreaming in Section 3, Section 4 outlines a conceptual framework and practical **step—by—step** guide that PACPS can use to ensure that trade policies are properly mainstreamed into NSDS.
- **The second part of the approach (Section 5)** identifies some of the key elements that help 'anchor' the mainstreaming of trade issues across government policy and in the broader stakeholder community. Again, the focus is on providing PACPS with practical guidance to be used within an ongoing process of trade policy mainstreaming and implementation, to achieve durable trade policy goals, and outcomes.

Above all, this "Guide" acts as a knowledge product that will serve both the Government and Non—State Actors in two ways: 1) On the government side, the "guide" provides selected trade mainstreaming best practices in the region; and a process map to inform and guide an inclusive trade mainstreaming processes. Selected best practices and lessons learnt—presented in this guide contribute to knowledge exchange across the PACP region. 2) The guide will assist the private sector, civil society organisations, development partners and other relevant stakeholder groups to identify **entry points** for their contribution to trade mainstreaming in their respective countries.

Moreover, despite being prepared for trade mainstreaming in particular, the guiding principles in this "**Guide**" can also be adapted to mainstreaming other public policies – whether sector—specific policies such as agriculture, or cross—cutting issues such as gender or climate change, resilience and disaster policies – into overarching national development strategies. Noting that regional and international agencies, including the PIFS are assisting Forum Island Countries (FICs) in mainstreaming various sectoral issues (such as SDGs, Gender, Climate change) into National Sustainable Development Plans, the principles embedded in this guide provide a useful tool for ensuring coherent approaches to mainstreaming processes.

<sup>1</sup> Note on Terminology. Different Countries call their overall National Development guiding instruments different names—but the purpose remains the same. For instance, in some PACP States, the instrument is called the National Sustainable Development Plans or National Sustainable Development Strategies, or etc. Throughout this guide, the overall National Development Strategy will be called National Sustainable Development Strategy (NSDS).



PACP Officials exchanging ideas at the Regional Trade Mainstreaming workshop

## 2. TRADE POLICY FRAMEWORKS IN THE PACIFIC ACP STATES

### 2.1 State of Play of Trade Policy Frameworks

Since 2011, with the assistance of the Forum Secretariat and other Development Partners, PACPs have made considerable progress in putting in place comprehensive national Trade Policy Frameworks (TPFs). As of October 2017, PACPs were at different stages of TPF formulation, implementation, or review (see Table 1).

TPFs are important policy instruments, which provide practical steps towards integrating PACPS into the global and regional trading systems. The key benefit of TPFs is that they provide workable policy prescriptions applicable to each PACP situation, and establish unique platforms (*the National Trade Development/Facilitation Committees involving the public and private sectors, and the Civil Society*) for inclusive trade policy decision making. In addition, even though key principles remain the same, each TPF is tailored to specific PACP national conditions—there is no **'one size fits all approach'**. Nonetheless, in most PACPS, TPFs (*and other trade policy instruments such as the Diagnostic Trade Integration Study (DTIS)*) have remained policy documents that are familiar among the Ministries/Departments discharging core trade policy services. As a result, PACPS have faced multiple challenges in the TPF formulation, implementation, or review. In some PACPS, the policy reforms which were expected to follow the establishment of TPFs have not been realised. This experience reflects, among other factors (*including capacity constraints especially for Smaller Island States*), that the successful TPF implementation is (and should be) anchored by strengthening the *whole-of-government* coordination capacities and capabilities. In this regard, participatory engagements should allow inclusive institutional arrangements for other agencies handling trade and trade-related policies to be clearly delineated; and appropriate resources secured and allocated.

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**Table 1: Overview of Trade Policy Frameworks by Year of Completion**

Year	Pacific Island Country
2011	Federated States of Micronesia (1st Review process started in 2016)
2012	Republic of Marshal Islands, Samoa*, Vanuatu (1st Review process due soon)
2013	Nauru
2014	Fiji
2015	Solomon Islands, Cook Islands
2016	Tuvalu, Niue
2017	Papua New Guinea
2017	Kiribati, Palau, and Tonga (all at various stages of government endorsement)

**\*Samoa's framework**, the Trade Sector Plan, makes clear links between the trade, commerce, and manufacturing sectors. It is currently being reviewed for the 2018–21 period.

## 2.2 Common Features of National Trade Policy Frameworks

While all PACPS belong to the same ACP Group of State, share the Pacific Islands Forum Membership, and share the Pacific Ocean identity; the diversity of their trade policies is high. This diversity emanates from different levels of socio—economic factors including: geographical location and resource endowments, and historical legacies and relations with key trading partners—especially developed countries. Moreover, membership in the different “Clubs” mentioned above influences each PACPS’ trade policy menu. Nonetheless, TPFs across the Pacific ACP States share some core common features, **including**:

### Overall Vision for Linking Trade to Development



TPFs set out the **overall vision** for how PACP States seek to maximise the contribution of trade to sustainable development. They aim to build on NSDS both by informing the overall vision and strategic objectives, and by specifying what government wants to achieve in more detail, outlining in each case an ambitious **agenda of trade policy reforms** and initiatives.

### Broad Definition of Trade



PACP States' TPFs take a **broad view** of trade, recognising that in Small Island States trade often extends beyond exports of goods to non—traditional areas such as tourism and labour mobility. In most cases, they also make strong linkages with other crucial development issues, such as ensuring that trade contributes to environmental sustainability, and is consistent with public policies in health, education and so on.

### Linking International Trade and Domestic Production



TPFs are often focused not just on international trade but on building **domestic productive capacities** in areas of comparative advantage, including addressing the specific challenges in many PICs of boosting investment, production and value—addition across countries that often geographically disbursed, while also establishing clear rules that provide predictability and security for firms.

### Wide Coverage of Different Policy Instruments

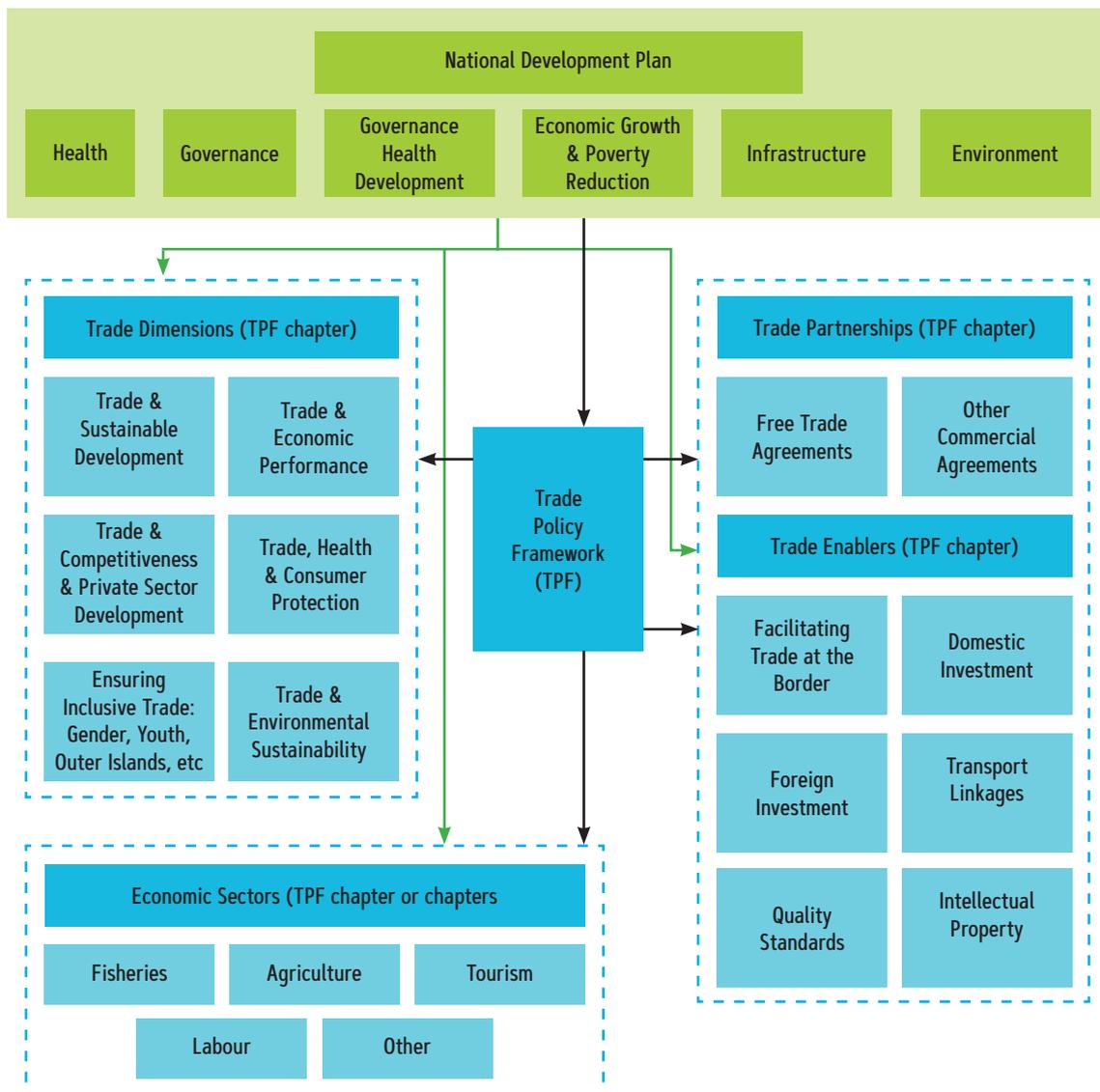


TPFs tend to cover a **large range of policy instruments** (including the whole framework of laws, regulations, rulings, standards and strategic positions) adopted by a government that influence trade. Trade policy is also heavily influenced by **international treaties and agreements** that provide benefits in terms of market access into trading partners’ markets, but come with their own set of commitments and obligations.

## 2.3 Rationale for Mainstreaming Trade into National Development Strategies

Trade is a cross-cutting and multidimensional activity, spanning multiple sectors of the economy. The broad scope of trade demonstrates that fully-fledged implementation of a trade policy framework involves multiple stakeholders (across government, private sector, and key stakeholder groups in civil society) in almost all spheres of the economy. An illustrative nexus between trade and selected sectors is summarised in Figure 1 below— where selected components of a comprehensive TPF are placed at the centre of an economy, and possible linkages between TPF components and the overall National Sustainable Development Plans are **mapped**. A key implication to note from figure 1 is that: at the government level, responsibilities for trade policy lie not only within Ministries of Trade or Commerce – which in any case often have limited capacity – but with virtually every government department. Thus, the complex linkages between trade and other sectors – from broad development goals to sector policies – warrant the need for a coordinated and integrated approach to implementation. Hence, it is crucial that trade policies are properly ‘mainstreamed’ across departments handling trade and trade-related issues, at all levels of government.

**Figure 1: Typical Relationships between Trade Policy Framework, National Development Plans and Other Trade-Related Policies**



## 2.3.1 TPF implications on trade mainstreaming

**Table 1** above indicates the status of each PACP (as of October 2017) regarding TPF formulation, implementation and review. In particular, between 2011 and August 2017, 10 PACP States—each has a TPF fully established. A few PACP States are in the last stages of TPF establishment. Broadly, where TPFs have been established, the impact has been reflected in three domains (*Policy, Partnerships, and Institutions*) of the concerned economy:

### Policy

The first domain that has felt, and benefited from the presence of a TPF is **the policy section** of the concerned PACP Countries. For example, despite PACP States establishing TPFs at different timeframes, almost each PACPS' TPF statement/foreword message opens with this phrase "*this being the first ever trade policy framework....*" This statement demonstrates the void TPFs have filled and shaped in PACPS' public policy (trade and trade—related in particular) development domain. From a trade mainstreaming standpoint, the process of formulating a trade policy framework (and the associated wider stakeholder consultations) initiated '**horizontal**' mainstreaming of trade policies into other sectoral policies. Invaluably, the TPF process has generated stakeholder awareness (and understanding of trade and its contribution to overall national development), which has secured "buy—in" with key stakeholders from across government, the private sector and civil society to support trade—related reforms and actions. As a result, TPFs have contributed to 'horizontal' (or cross—sector) trade policy mainstreaming; and paved the way for 'vertical' mainstreaming of TPFs into overarching National Sustainable Development Strategies.

### Partnerships

The second domain of national public policy to have benefited from TPF presence is **the Partnerships** aspect of public policy. For example, TPFs and the associated National Trade Committees (NTC) have enabled lead trade agencies to forge new partnerships **with**: 1) other relevant government agencies, 2) the private sector, 3) development partners, and 4) Civil Society Organisations (CSO) to advance a collective trade reform agenda. A paradigm shift towards the inclusion of the private sectors in trade governance is demonstrated for instance in RMI, where the National Trade Development Committee (NTDC) is chaired by the National Chamber of Commerce. In all PACP States, the private sector and other CSOs are members of the NTDC—the entity responsible for TPF implementation. Arguably, the inclusion of all relevant stakeholder groups into National TPF governance structures has empowered these stakeholder groups, and strengthened *stakeholder networks* around Trade policy formulation and implementation. Above all, such reforms have '**democratised**' trade policy development, which was initially perceived to be a domain for selected government agencies. As a result, wider stakeholder settlements continue to facilitate collective national efforts for trade policy development and implementation. In addition, in the public sector, the process has also helped other government departments (including those handling trade—related services) to understand better the nexus between trade policies (for example the focus on regulatory reforms) and their areas of management. From a trade mainstreaming perspective, TPFs have established mechanisms for whole—of—government cooperation, consistency, and collaboration; and improved overall understanding of national trade and trade—related policymaking.

## Institutions ←

The third aspect of national public policy to have benefited from the establishment of TPFs is **the Institutions domain of public policy**. Whereas no TPF is a legally binding policy *per se*, TPFs have elaborated clear, transformative, and minimum trade policy standards required to advance the integration of each PACP into the global and regional trading economies. For the WTO PACP members (Fiji and Solomon Islands in this case), TPFs have been fundamental in shaping and informing their engagement in the periodic WTO Trade Policy Review process. At the regional level, TPFs have shaped and contributed to negotiation and implementation of Trade Agreements **by**: 1) providing evidence to support and inform country positions; 2) reminding negotiators about national strategic objectives to be achieved; 3) and offering a platform for wider stakeholder consultations (through the NTDC mechanisms). From a trade mainstreaming view point, where TPFs exist, they provide a favourable institutional environment and minimum requirements to jump start the smooth mainstreaming of trade into overarching National Sustainable Development Strategies.

### 3 Guiding Steps to Mainstream Trade into National Development Strategies

Previous sections have revealed two fundamental lessons: 1) trade policy formulation processes involve (and should involve) various stakeholder groups; and 2) trade policy reforms impact a wide range of economic actors in multiple sectors. This implies that the trade mainstreaming processes must be participatory in nature; to ensure social inclusion and representation of all community groups—especially women and youth in business in trade policy decision making. To a greater extent possible, mainstreaming process should try to ensure that every stakeholder's voice—even *micro and small economic operators* should not only be heard but **considered**.

In the above regard, this section describes a practical step—by—step guide to establishing an inclusive trade mainstreaming outcomes based on the active participation of all relevant stakeholders.

The guide described below suggests that trade mainstreaming should follow **a linear, multi—staged mainstreaming path** as set out in the process map in **Figure 2 below**. However, it should be noted that in certain (and prevailing) circumstances trade policy formulation may follow a non—linear process, for instance when a Ministerial Order establishes a trade policy, without necessarily observing all steps in linear order. Moreover, trade mainstreaming does not guarantee successful implementation of trade policy frameworks, if NSDS themselves are not fully implemented. However, adopting a 'whole—of—government' approach to public policy formulation and implementation provides more benefits and inclusive outcomes than disjointed public policy formulation and implementation processes.

#### 3.1 Description of the Mainstreaming Process Map

In this sub—section, the five stages of the process map in Figure 2 below is explained in detail. It should be noted that each stage of the process map informs what happens at the subsequent stage. The key benefit of this process map is that, it indicates what happens before, during, and after trade mainstreaming. In addition, key activities expected from the lead trade agencies are listed in the process map **as well**:

- **Stage I: Issues Identification and Preparation.** This is the most important stage for the agency seeking to mainstream trade into overarching NSDS. At this stage, the agency responsible for trade mainstreaming has to identify 'entry points<sup>2</sup>' for trade mainstreaming, and

<sup>2</sup> *Entry points* here refer to periodic windows of opportunity to mainstream trade into the NSDS that open up during the review of an existing, or the formulation of a new NSDS.

determine key stakeholders to drive the implementation of trade components mainstreamed into the NSDS. At this stage, the agency responsible for trade mainstreaming should engage the Ministry responsible for the formulation or update of the NSDS regarding the vision of the country, and how trade may contribute to realisation of that vision. Once the role of trade in the new NSDS is in principle determined, then the trade ministry should undertake a proper stakeholder analysis to determine who is doing what; who will do what; and how. The stakeholder analysis should map key agencies, which should include trade development and facilitation in their action plans during the implementation of the new NSDS. For instance, the agency handling gender issues may commit to facilitate female participation in trade; the Ministry of Infrastructure may be tasked to prioritise infrastructure development linking producers to specific markets; and the Ministry of Foreign Affairs may be tasked to leverage its international cooperation and diplomacy to secure favourable and predictable international market access arrangements. Most importantly, the analysis should demonstrate clearly how trade mainstreaming will contribute to both the National objectives, and concerned Ministries' core mandates. However, in reality, diagnosing trade issues across the whole economy is not an easy task, and may be time consuming. To facilitate this exercise, this "Guide" provides practical tools (the **Stakeholder Analysis Matrix and Problem Analysis Tree**) which may be used for this purpose (see section 3).

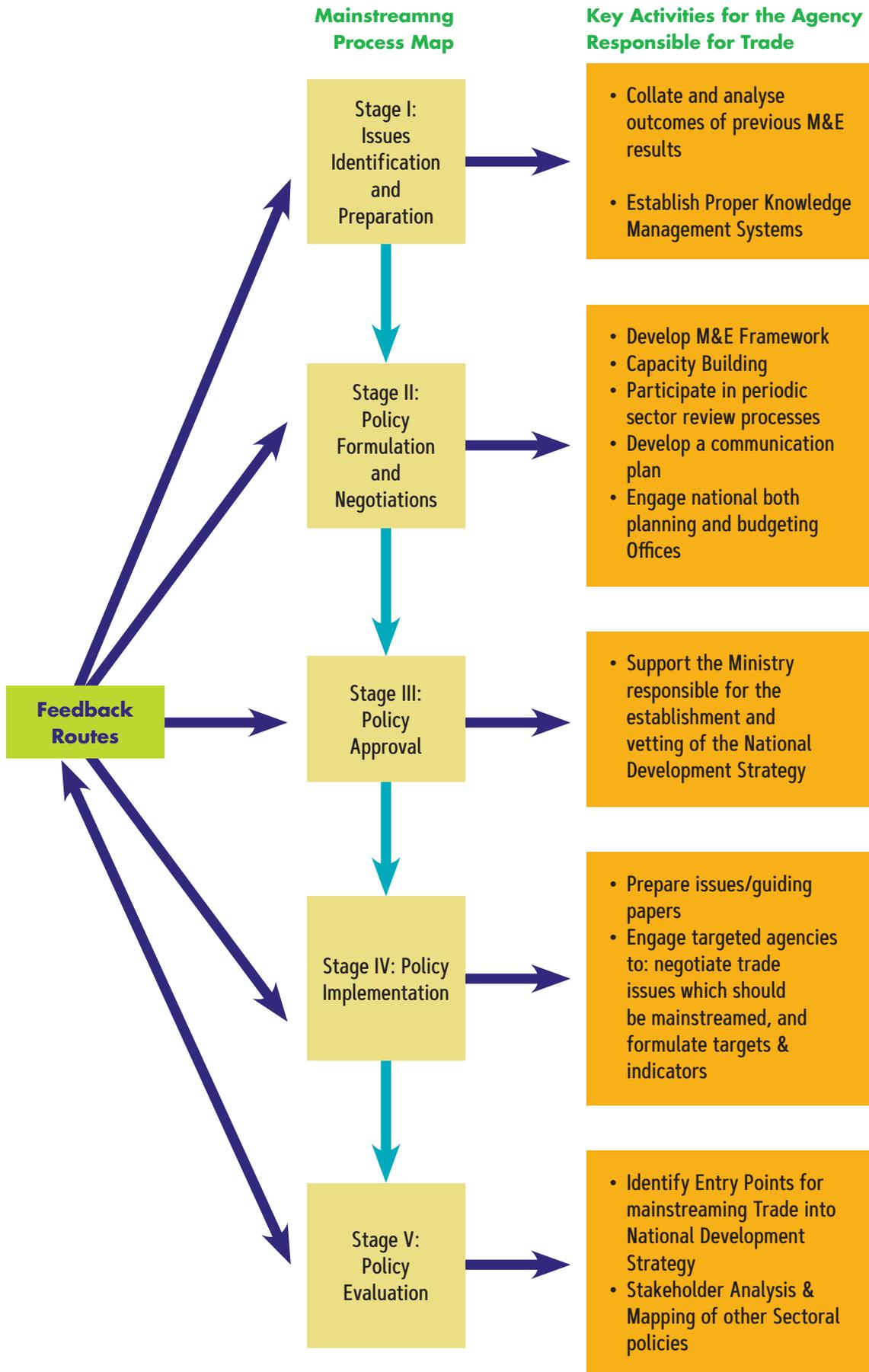
- **Stage II: Policy Formulation and Negotiations.** The actual formulation and/or review of the NSDS lies outside the purview of the agencies responsible for trade. In most PACPS, this body of work falls in the hands of the Ministry responsible for Planning or Office of the Prime Minister. The overall public policy mainstreaming processes involves a number of stakeholders with varying interests and mandates. In this case, mainstreaming outcomes and commitments have to be negotiated among concerned stakeholder groups. Thus, at this stage, the lead agency responsible for trade mainstreaming will have to target and engage a few sectoral agencies which should capture trade policy objectives in the new NSDS. This is a two-way negotiation process, and involves risk taking—especially for agencies not directly involved in trade policies. For instance, as other sectoral agencies commit to undertake trade components under the NSDS, lead trade agencies should be willing to accommodate policies relating to other sectors such as climate change, ICT, infrastructure etc., as may be required by other lead sectoral agencies. In principle, the Stakeholder Mapping exercise undertaken in Stage I above should have identified pressing issues to be (negotiated and) mainstreamed and key sectoral targeted agencies and their roles in trade mainstreaming. To aid prompt decision making, the lead agency responsible for trade must provide targeted sectoral agencies with high quality evidence to assist these agencies determine their role and responsibilities in trade mainstreaming, and risks associated with their commitments.

**Reducing the “Fear—of—Failure”:** It should be understood that the targeted sectoral agencies identified for trade mainstreaming also have their priorities and specific mandates to deliver, which they would like to prioritise under the new NSDS. As such, accepting the inclusion of trade related policy activities as part of their work program during implementation of NSDS spreads the capacity (financial and human) of the concerned agencies too thin and wide. This situation may restrict concerned agencies from committing to resource intensive reforms due to “Fear—of—Failure” and the associated reputation risks. Or prolong stakeholder consultations and negotiation of targets and indicators to be achieved. To expedite the process, the lead agency facilitating trade mainstreaming will need to determine a few trade priorities to be mainstreamed, and negotiate gradual indicators and targets (within available capacities) with other sectoral agencies committing to deliver the trade policy related work under the new NSDS. Prioritisation should be a key guiding principle throughout the process. In practice, even though trade is an important and cross—cutting issue, not all components of trade and trade—related issues (as perhaps reflected in the TPF) will be mainstreamed in the NSDS, at the same time. Therefore, if a certain trade policy issue can be addressed later or through other quicker mechanisms, it should be done that way. Rather than being mainstreamed into the NSDS systems.

- **Stage III: Policy Approval.** At this stage, the rigorous trade mainstreaming work has been completed. Hence, at this point, there will be a reversal in the roles and responsibilities between the lead agency discharging trade policy mainstreaming services and the overall agency behind NSDS formulation or review. The Ministry responsible for the overseeing the elaboration of the NSDS takes the overall lead of its approval. On the other hand, the lead agency responsible for trade takes a backstopping role in facilitating and coordinating with the Ministry overseeing the NSDS establishment process. Key roles for the lead agency responsible for trade may include: supporting Cabinet endorsement of the new NSDS (through preparing policy briefs on trade and rationale for trade mainstreaming); policy marketing and mobilisation of Aid for Trade Resources from third parties (as well as from the National Budget), and communication and visibility for the new NSDS. Once the new NSDS (containing clear targets and indicators for other sectoral agencies to implement trade objectives) is approved, the lead agency responsible for trade may review its institutional set—up is fit to effectively support implementation of the NSDS—*trade related components in particular*. Specifically, the institutional set—up for the lead agency overseeing trade policies should provide capabilities to effectively coordinate sectoral agencies delivering trade and trade—related issues under the NSDS. For most PACPS, existing NTDCs are better placed to discharge coordination of NSDS (trade components in particular) implementation hence eliminating the need to create new institutional arrangements. However, in most cases, the NSDS and other sectoral policies come with their own institutional arrangements. Thus, a whole—of—government approach should be followed at this stage; duties and responsibilities for agencies involved should be properly delineated, to avoid duplicating and/or overlapping institutional arrangements.

- **Stage IV: Policy Implementation.** At this stage, implementing NSDS components relating to trade is a whole—of—government responsibility. However, the lead trade agency will have to supplement coordination capacities of the overall agency (Ministry of Planning or Office of the Prime Minister) overseeing the implementation of NSDS, to ensure that sectoral agencies discharge their commitments under the new NSDS. In addition to overall NSDS monitoring and evaluation (M&E) instruments, lead trade agencies should set—up adaptive M&E instruments to monitor and evaluate the implementation of NSDS—trade components in particular. Furthermore, it should be understood that trade mainstreaming should be two ways. As other sectoral agencies adopt the trade agenda under the NSDS, lead agencies responsible for trade should also undertake trade—related sectoral policies—such as: gender, climate change, and health. In this regard, significant resources should be provided for two—way capacity building on trade and trade—related policies, and development of M&E frameworks for both the lead agency and sectoral agencies delivering NSDS trade components, to support seamless implementation of the trade related components of the NSDS. Concurrently, trade officials should be trained on other socio—economic, and environmental issues, including climate change and gender. On the other hand, relevant sectoral agencies’ staff should be trained on trade policies and development as well. Capacity building initiatives should be supplemented by a clear communication plan. Once trade is fully mainstreamed into the NSDS, streamlined communication systems should be established to guide relevant stakeholders’ engagement, to ensure that none of the relevant stakeholders is left behind in the implementation of the NSDS—trade issues in particular. At this stage, national budgeting and planning processes should involve, and listen to, each other. Traditional policy mainstreaming initiatives have concentrated particularly on the planning side of public policy, with less focus on national budget side of the government. Successful implementation of outcomes and objectives of mainstreaming policies (including trade policies) requires that planning and budget officials work closely. Where possible, budget officials should be represented in the relevant Committees.
- **Stage V: Policy Evaluation.** Ideally the NSDS undergo periodic reviews, in most cases on an annual basis. This stage opens a window of opportunity to reflect on lessons learnt and experiences—which provides guidance on trade mainstreaming outcomes during mid—term reviews and/or the update of the existing NSDS. Key instruments at this stage are periodic M&E reports. Noting that most NSDS are long term policy instruments (5 to 10 years in most PACPS), once trade is mainstreamed into the NSDS, lead agencies responsible for trade should establish proper **knowledge management systems**. Knowledge (lessons and experiences) collated from Stages I –IV, should be properly managed and secured so as to feedback into the same process (Stages I—IV) during the mid—term review and update of the existing NSDS. Lack of these knowledge management systems may expose the concerned agencies to loss of institutional memory regarding previous trade mainstreaming processes, especially due to staff attrition which is common to public agencies.

**Figure 2: Linear Model for Trade Mainstreaming**



Trade Mainstreaming Guidelines for Pacific Island Countries: The Guide

## 3.2 Practical Tools for Trade Mainstreaming Analysis

Figure 2 above, elaborates a process map for a linear trade mainstreaming process. In reality, narrowing the entire economy and a wider range of economic actors within a *five—staged process map* is practically challenging, and requires adaptive instruments. Therefore, this sub—section presents practical and complementary tools (the *Stakeholder Analysis Matrix* and the *Problem Tree Instrument*) to aid proper navigation of the process map (especially components of **Stage I**).

### 3.2.1 Stakeholder Analysis

Throughout this guide, it has been emphasised that trade mainstreaming involves many stakeholder networks, with varying individual motives and objectives. Stakeholders in trade mainstreaming processes may include: individuals (importers and exporters), and organisations (Chambers of Commerce, Women’s Associations, Civil Society Organisations, and public agencies). The different groups will always have converging and/or diverging interests in the outcomes of trade mainstreaming. Thus, a proper trade mainstreaming process should commence with a preliminary stakeholder analysis. This exercise enables the identification of: 1) primary and secondary stakeholder groups which should be involved in trade mainstreaming process; and whom will be affected by the trade mainstreaming outcomes; and 2) partners (both private and public) and their roles. Moreover, it is also essential to identify any interest groups that may pose threats to the trade mainstreaming process; so that responsive measures (such as early engagement and sensitisation) are put in place to counter such threats. Broadly, the key outcome of the stakeholder analysis at this stage of trade mainstreaming is the identification of primary and secondary stakeholders and their interests, before the trade mainstreaming objectives and goals are set in stone. Early identification of stakeholders’ interests ensures that the problem analysis exercise shapes the mainstreaming outcomes towards the needs of, and challenges facing specific stakeholder groups—*producers and consumers*. This helps achieve stakeholder consensus, and realisation of impactful trade mainstreaming reforms.

There is no single format to undertake stakeholder analysis exercises. In this guide, stakeholder analysis instruments demonstrated in this guide, uses a simplified stakeholder mapping matrices which can be modified according to the situation and intention of use. In general, to construct a comprehensive stakeholder analysis, three steps (**listed below**) are instrumental and should be followed:

#### Key Steps:

- Identify a specific issue for investigation (market access is provided as an example in the stakeholder analysis matrix below);
- Determine and cluster stakeholders in groups (Primary, Secondary, and External); and
- Determine key interests, impacts, influence and roles of each stakeholder group.

## Table 2: Illustrative Stakeholder Analysis Matrix for Market Access

The matrix populated on the assumption that during the review of the NSDS, a certain PACP is considering reviewing its Market Access policies for a given product and trading partner.

Stakeholder Group	Interest <sup>3</sup>	Potential Impact <sup>4</sup>	Potential Influence <sup>5</sup>	POSSIBLE Role <sup>6</sup>
Primary: Farmers, and Manufactures	Access to raw materials	Decrease Product prices; High economic returns	Lobbying through Chambers of commerce, and associations	Information sharing
Secondary: Consumers, Hotels	Cheap and quality products	Decrease in product prices; high economic returns	Lobbying through regional and constituency political representatives Pressure on policy makers through industry actions	Information sharing Organising collective action and bargaining
External: Civil Society Organisations, Development Partners, government agencies	Cheap and affordable standards of living; and Enabling Business environment	Improved National welfare	Awareness campaigns, Resource allocation; Advocacy	Advocacy; Information sharing; Policy Making; Resource mobilisation and allocation Review of trade policies Data collection

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PACP Officials at the Regional Trade Mainstreaming workshop, 30 October 2017

### Explaining Terms used in the SAM (Stakeholder Analysis Matrix)

<sup>3</sup> Interest: Means the stakeholder group's interest (reasons) in a given policy reform.

<sup>4</sup> Potential Impact: Means the outcomes of the policy reform.

<sup>5</sup> Potential Influence: Means the Stakeholder group's capacity and mechanisms to influence policy reform

<sup>6</sup> Possible Role: Means the stakeholder group's specific contribution (and means)

## 3.2.2 Problem Tree Instrument

Both trade mainstreaming, and the formulation of trade policy frameworks across all PACPS, intend to address a particular problem. For example, trade mainstreaming (the focus of this guide) intends to advance the implementation of TPFs in PACPS. However simple and clear this intention sounds, successful mainstreaming of trade policies into National Sustainable Development Strategies requires a deeper diagnosis of issues to identify: **all the causal links and constraints to trade mainstreaming, and the challenges** stakeholders are facing—and how to unlock the identified challenges. A simplified yet practical tool to systematically identify the causes, effects, and problem is the “*problem tree instrument*.” This method involves placing the problem at the centre of investigation, around which a causal chain is mapped. The causes of the problem are traced backwards as the “roots” of the problem, whereas the effects are projected forward as the branches of the problem stakeholders are facing. Once the entire causal chain is identified, objectives and goals of trade mainstreaming are established. It is these goals that will be modified into overall indicators of success during implementation phase.

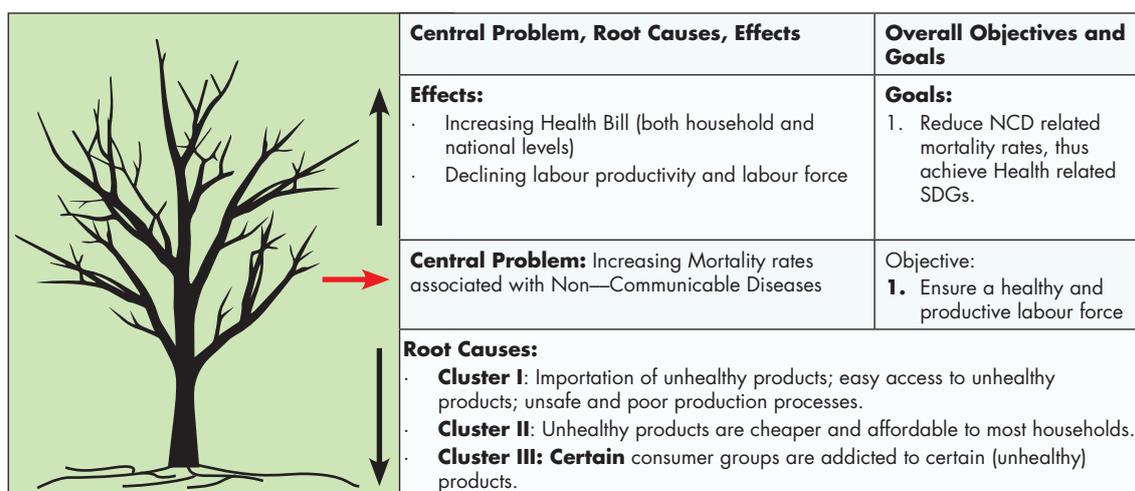
In building a comprehensive problem tree, the following guiding steps should be followed:

- Identify a central problem for investigation. Remember, the problem may indirectly be trade related issue and fall beyond the mandate of the Ministry respond for trade. For instance, the problem or constraint could be climate change, insecure proper rights, etc. In a model example below, Non—Communicable Diseases (NCDs) is used a central problem being analysed for mainstreaming into the NSDS.
- Map the causes, and effects of the problem, by asking repeatedly “**why**” until it’s impossible to ask any further. Build the outcomes nexus between the central problem, and its causes and effects.
- Set the overall purpose; by restating the core problem in positive terms.
- Set the overall goal, by restating the effects of the problem in positive terms. The goals can be later refined to become measurable indicators of successful trade mainstreaming.
- Identify the stakeholder groups who can/should respond to the causes and effects of the problem (refer to Table 2, the stakeholder analysis matrix).

### ***Illustrative problem tree to address Non—Communicable Diseases (NCDs)***

For illustrative purposes, a problem tree analysis is depicted below trying to provide a deeper analysis of a simplified and hypothetical problem. Supposedly, in the problem tree analysis below, Non—Communicable Diseases (NCDs) is identified as a central problem that requires attention during trade mainstreaming process of a given PACP State. This revelation comes after stakeholder consultations that revealed increasing NCDs cases, which is affecting labour productivity and the associated economic returns. Stakeholders attribute the surge in NCDs mainly to free trade agreements—which has been a contentious issue in the negotiation of regional trade agreements. Thus, in addition to commitments to the new SDG’s framework, a given PACP State is concerned and has agreed to address NDCs through mainstreaming trade into new National Sustainable Development Strategy—health component in particular; without necessarily disrupting intra—regional trade. As such, a technical working group has been tasked to advise the government on all possible options to address NCDs appropriately. A problem tree analysis is depicted below; trying to holistically identify actual roots causes of NDCs, as well the associated effects.

**Figure 2: Problem Tree Analysis**



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### Interpreting the outcomes of the Problem Tree Analysis

The problem tree analysis above has identified **three** root causes of NCDs, and the associated effects. The root—causes relate to: 1) Trade Policies—**cluster I**; 2) Consumer purchasing affordability—**cluster II**; and 3) Consumers’ lifestyle—**cluster III**. Important to note is that, each root—cause has a different stakeholder group which should address the issue. For instance, whereas root—cause 1 can be easily directed to agencies responsible for trade policies; root—causes 2 & 3 belong to a different stakeholder group—such as Ministry of economy and other agencies with social responsibilities. Nonetheless, it is evident that broader multi—agency collaboration would still be needed to address the three root—causes.

Important to note also from the problem tree analysis is that a single problem may require different, but complementary policy prescriptions—both **social and economic**. For instance:

- 1) Trade policy reforms such as stringent border control measures, and establishing a comprehensive National Quality Infrastructure would address the NCDs problem (**cluster I issues**), through ensuring consumers access quality and healthy food products only;
- 2) Establishment of social protection programmes through food security measures (such as subsidised quality food stamps, for poor and vulnerable households) would address the NCDs problem (**cluster II issues**), through improving vulnerable consumers’ ability to purchase quality food product; and
- 3) Community awareness programmes, and behaviour change programmes (delivered through communication for development mediums such as cinemas, radio programmes, poems) may address the NCDs problem (**cluster III issues**), by influencing changes in consumer lifestyle.

Without such grounded analysis, trade mainstreaming process may provide only economic or social policy mainstreaming outcomes. Or provide policy prescriptions for only proximate (such as restricting importation of certain products) root—causes of a central problem; omitting the deeper root causes which require fully—fledged policy interventions. For instance, stakeholder consultations may only suggest that NCDs are emanating from importation of unhealthy products, thus call for strict import duties for certain products. In this case, the measure might not address other causes of NCDs such as consumer affordability issues for certain vulnerable community groups, and / or poor production processes in the domestic market.

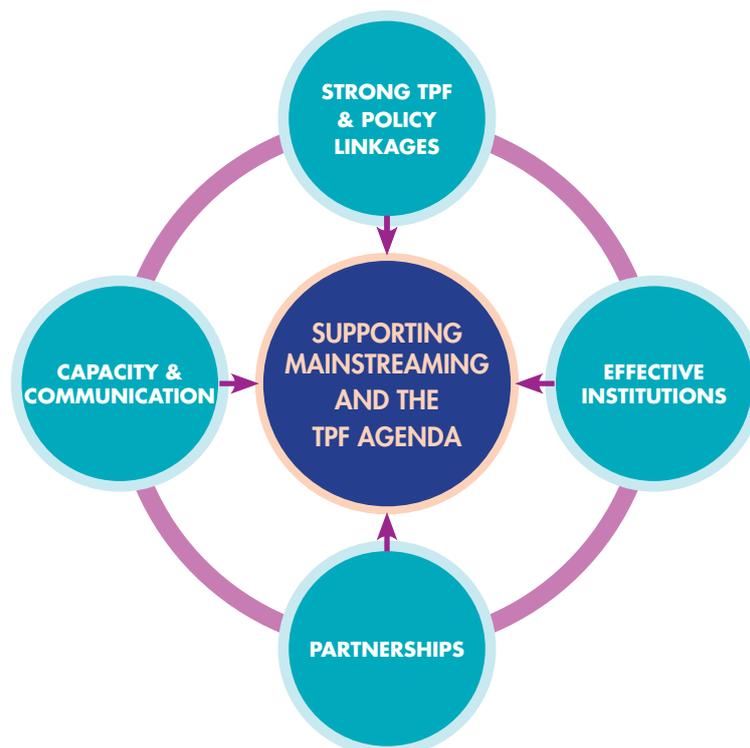
## 4 Anchors and Actions to Support and Sustain Trade Mainstreaming

While the main focus of this “**Guide**” is on mainstreaming trade within PACP National Sustainable Development Strategies, previous sections have also shown that mainstreaming is a **complex, ongoing process** that requires **significant additional efforts** to ensure its success. Even when fully reflected in an NSDS, work on trade policy needs to be properly “**anchored**” by a set of complementary undertakings – such as a strong TPF, effective institutions and partner support – that are vital to sustaining progress on trade mainstreaming and the implementation of a broad trade agenda.

In this section, we outline several such “anchors” based on those highlighted in international practice. These include the areas of **policy, institutions** and **partnerships**, alongside other cross—cutting issues of **capacity** and **communication**. Essentially, the **policy anchor** is concerned with what government *sets out to do* with respect to trade, and the relationships between trade policy and other policies. The **institutional anchor** examines *how the government organises itself* to successfully conduct its trade policy. The **partnership** dimension is concerned with how the implementation of trade policies are properly *supported* in the context of scarce development resources. Capacity and communication are included here separately as fundamental **cross—cutting issues** that require specific attention and investment. Since these anchors are complementary and mutually—reinforcing, there is not necessarily any optimal way of sequencing them that can be applied across all country contexts.

**Figure 4 below** shows that for each of these anchors we highlight some of the key “**best practices**” that have enabled PACPS to implement strong and successful trade policy agendas. The rest of this section analyses these practices to break them down into a set of clear **actions** that PACPS should seek to follow, presented in each case in the form of a simple checklist. Throughout the analysis, examples are given of PACP experiences and success stories.

**Figure 3: Anchors to Support Trade Mainstreaming**



**Figure 4: Broad “Anchors” for Trade Policy Mainstreaming**



## 4.1 The Policy Anchor: TPF Development and Coherence with Other National Policies

At the level of policy development and coherence, mainstreaming trade involves setting a convincing vision and strategic goals, and defining clear action plans. It also involves enhancing understanding and awareness of how trade can contribute to the broader good and ensuring that trade is taken into account in setting national priorities. Here, best practice emphasises ongoing policy development and improving coherence between TPFs and other national policies.

### 4.1.1 Continual Development of Strong Trade Policy Frameworks

While most PACPS have now adopted TPFs, it is important to recognise that trade policy development is an **ongoing and dynamic process**. Current policy needs to reflect progress made, and incorporate new developments: TPFs require regular updating to keep them relevant and up-to-date. The typical formulation process for the TPF involves preparation, seeking funding, research and consultation, validation and endorsement. In terms of countries looking at updating their existing policies, below are key lessons from experience across the PACPS so far:

- **Choose the right structure and scope, but not a “one size fits all....”** While most PACP TPFs have tended to adhere to a similar template, there is unlikely to be a “one size fits all” approach. UNDP (2011) notes that “a common mistake” is designing a national trade strategy that is either too broad (in essence a “wish list”), or too narrow (a few sectors in isolation). Instead, what is needed is a thorough analysis of supply, demand, capabilities and impediments, with solutions and timeframes tailored to the country’s conditions. This analysis should lead to a set of actions prioritised by impact and capacity to deliver over the short, medium and long term.’
- **Make use of the available evidence base.** Wherever possible, TPFs should build upon a solid foundation of prior diagnostic assessment, situational analysis and existing policies. In the Pacific region, the depth of this foundation varies widely between PACPS. Least Development Country (LDC) countries benefitted from Diagnostic Trade Integration Studies (DTISs) undertaken through the Enhanced

#### **PACP Experience: *Blending Resources is vital!***

Formulating, and subsequently mainstreaming TPFs into NSDS requires a significant pool of resources. Blending financial resources from different development partners and national governments has demonstrated commendable results during the establishment of TPFs. For instance, the formulation of any TPF involved at least two development partners: PIFS (through the EU funded PITAP project) in partnership with either:

- 1) The Commonwealth Secretariat. For example in Fiji, FSM, RMI, and other relevant PACPS;
- 2) EIF. For example in Tuvalu; or
- 3) ITC. For example in Tonga.

The outcome of these partnership (TPF documents) have been implemented by national governments in partnership with bilateral partners such as New Zealand and /or Australia. The successful implementation of Vanuatu TPF is a model example of this arrangement. Such partnerships leverage institutional capacities and comparative advantages— especially in project management. Similar partnerships are encouraged during the mainstreaming of TPFs.

Integrated Framework (EIF), which contributed heavily in the development of TPFs. For WTO members, the WTO Trade Policy Review is a useful source of baseline information and policy recommendations. In other cases, there was little comprehensive diagnostic work on trade policy before TPFs, although several regional studies existed from previous work to identify trade—related needs.

- **Incorporate existing policies where appropriate:** similarly, TPFs need to take account of the full range of existing policies (even where there is no clear policy document to draw upon). Ensuring that TPFs are not created in isolation but build upon existing “policy suite” is extremely important, and is covered separately in the next section
- **Ensure ownership and input at all stages:** strong country ownership is a precondition for successful trade mainstreaming. Unlike a regular report or analysis, the Trade Policy should be seen not as an externally produced analysis, but owned and adopted nationally by a broad range of stakeholders. Sufficient space for consultation, feedback and validation need to be included in the TPF formulation process.
- **Focus on dissemination and communication:** in most cases, attention was paid not just to the content but to the design and appearance of final documents, and to dissemination and launch activities. While such work could appear superficial, they were important step forward from previous documents where less attention was paid to design and presentation. Production and dissemination helped legitimise and raise the profile of the documents, ensured that TPFs were read and referred to, including for example when copies were given to donors.

#### 4.1.2 Improve Coherence between Trade Policy, Development Plans and Sector Policies

Adopting a TPF is an important step towards encouraging stakeholders to aim at ensuring that trade contributes to sustainable development. But to ensure proper mainstreaming, there need to be strong linkages and a high level of integration between the TPF and all other relevant policies, plans and strategic documents of the government.

The importance of ensuring that trade policy and priorities are fully integrated within the **overarching frameworks such as a National Development Plan** has already been covered in detail in section 2 above. However beyond these “vertical” linkages between TPFs and NSDS, it is also important that policy mainstreaming takes place to ensure that trade policies and priorities are fully integrated “horizontally” **within the whole range of policies and strategies**

**on sectoral issues** (such as fisheries, tourism and labour mobility), key **trade—related issues** (such as the business environment, trade facilitation, or transport and logistics) or other key **cross—cutting concerns** (gender, the environment, spreading development to outer regions), for which responsibilities are likely to be spread across a wide range of agencies and stakeholders.

**Cook Islands Experience:** A multi—agency working Group is essential.....

Mainstreaming a TPF is a lengthy process which requires strong well—structured coordination capacities, to ensure that all stakeholders participate, contribute, and own the mainstreaming outcomes. In Cook Islands, the TPF exercise closely involved a small “steering committee” of officials from Department of Trade, the PM’s Office, Finance, Investment Board and Chamber of Commerce. This core group received frequent briefings during TPF consultations, offered valuable context and ongoing comments, and convened later to negotiate recommendations in a final TPF. These efforts ensured strong buy—in from the start, which in the end established strong relationships for future TPF work.

Ideally, the exercise to formulate a TPF will have built upon existing sector policies (and the NSDS), through detailed consultations with sector ministries, resulting in a TPF that incorporates and matches their own already—established priorities, and is therefore seamlessly integrated into the country’s broader development vision. But experience in the PACPS suggests that for various reasons this is not always the case: indeed, one of the key motivations behind TPFs was to increase coherence across government policy.

Improving coherence between TPFs and other policies requires active efforts. Even where objectives align, for example on increasing production of viable exports, policy synergies need to be maximised, and policies coordinated properly along the value chain. In other cases of potential conflict – for example where sector policies protect producers in unsustainable industries, or where inefficient state—owned enterprises stifle competition – achieving a more coherent national policy requires **potential conflict to be resolved through negotiations by key stakeholders**, based on sound evidence and analysis, potentially assisted by the tool of a policy review. Over the longer term, conflicts can be avoided by ensuring that whenever a sector—level policy is developed, it contains input from trade officials to ensure consistency with TPF policies and priorities. Just as the NTC coordinates trade policy, **sector—level policy working groups** can also facilitate exchange in specific policy areas, to help move from “working in silos” towards more coherent whole “value chain” approaches. It is important to note that **mainstreaming trade properly within sector policy** is likely to be resource—consuming, requiring extra investments in capacity, since in addition to ensuring a strong TPF, trade officers need also to be closely involved in work on other policies across a range of sectors.

**PACP Experiences:** *Gaps analysis, and evidence gathering is fundamental to trade mainstreaming.*

The formulation of TPF exercises have often shown gaps in sector—level policies, or inconsistencies between current practices and core TPF principles (such as promoting the private sector). For example, within sector level ministries, officials may advocate increased production of a certain crop while unaware of critical downstream barriers around market access or logistics. In this case, mainstreaming outcomes may fail to address the deeper barriers.

...Policy coherence is a prerequisite: A lack of coherence between policies can lead to increased production of goods that are unable to find markets – such situations have not been uncommon in PACPS in the past. In other cases, inconsistent policies may create duplication in public policy management and/or conflicting objectives.

- Align the trade policy cycle to the national development planning process, so that trade concerns are fully reflected in the NSDS (see section 2).
- Seek to resolve sector—level policy inconsistencies and incoherence through negotiation, sound evidence and policy reviews.
- Ensure that trade officials are properly represented technical working groups and committees in areas with a trade concern, impact or implication.
- Devote time and resources to ensuring that trade issues are properly integrated into sector and other cross—cutting policies.

## 4.2 The Institutional Anchor: Strengthening Lead Agencies and Maintaining Effective Coordination Mechanisms

At the level of **institutions**, mainstreaming trade involves the creation of a series of bodies to facilitate the structured engagement of the main stakeholders. Management capacity is also needed in the lead trade agency to conduct analysis, facilitate coordination, implementation and review. The institutional set—up is particularly important for ensuring that the vision and priorities defined at the policy level are effectively resourced, implemented and monitored. Here, best practices include assessing the institutional set—up for trade, and creating effective coordination mechanisms.

### 4.2.1 Assess whether the Current Institutional Set—up is Suitable for Managing the Demands of an Ambitious, Modern Trade Agenda

TPFs require the right institutional setting to ensure they are successfully implemented, and the potential contribution of trade to sustainable development is realised. The “institutional set—up” includes a number of different elements and relationships, including choosing a “Lead Department” for pursuing and overseeing the trade agenda, availability of capacity and resources, effective mechanisms to coordinate and conduct out trade policy, and accountability relationships between the lead department, national committees, and broader government decision—making procedures. Since the adoption of a TPF is likely to result in updated policies and instruments, the overall role, responsibilities and functions of a Department of Trade (or lead agency) may also need to be re—examined.

**PNG, Fiji, and Vanuatu experience:** *Institutional strengthening and Leadership are important elements...*

Over recent decades the role of PACP Trade Departments has expanded considerably, from more interventionist stances (through use of tariffs, import restrictions, licences and subsidies), towards a strong focus on trade negotiations (now largely concluding). The establishment of the first generation TPFs has stretched even farther the national trade agenda, to include new trade policy dimensions relating to private sector development, enhancing business environment and trade facilitation. Thus, mainstreaming the already comprehensive TPFs will again require PACPS’ concerned agencies to reorganise themselves for the new context—*with a fit for purpose institutional arrangements.*

PACPS are responding to the expanding trade agenda in different ways. In PNG, the National Trade Policy was accompanied by an **institutional assessment** of the “trade function”, and working towards enacting a proposed National Trade Act Bill. UNDP (2011) notes that mainstreaming can be improved by “statutorily elevating” the trade lead agency within Cabinet, to increase its ability to influence key policy decisions around major national priorities.

*Political Leadership is an important element of trade mainstreaming... the **direct involvement** of the Prime Minister or Sector Minister, and elevating reporting lines has been crucial in mainstreaming trade in some PACPS. For instance, in Fiji the NTDC reports directly to the Cabinet, whereas the NTDC is chaired by the Minister of Industry, Trade and Tourism. In Vanuatu the PM acts as co—chair at NTDC meetings. Both Countries are success stories in the implementation of their TPFs.*

Ultimately the institutional set—up in each country should follow what works best for effectively pursuing the trade agenda. In smaller PACP administrations, *formal* relationships between departments may be less important than establishing strong *working* relationships in practice. And whatever the chosen institutional set—up, it will almost certainly require increased capacity to support its relationships and deliver results, as covered in the next section.

### Checklist on Assessing the Institutional Set—up

- Assess the functions and powers (policies, legislation, instruments and resources) required to deliver a trade agenda, and whether the current institutional set—up is adequate for the task.
- Designate a lead agency with primary responsibility for delivering the agenda.
- Clarify the roles and responsibilities of various stakeholders involved in trade policy.
- Seek buy—in and involvement of key decisions—makers within government and other institutions.

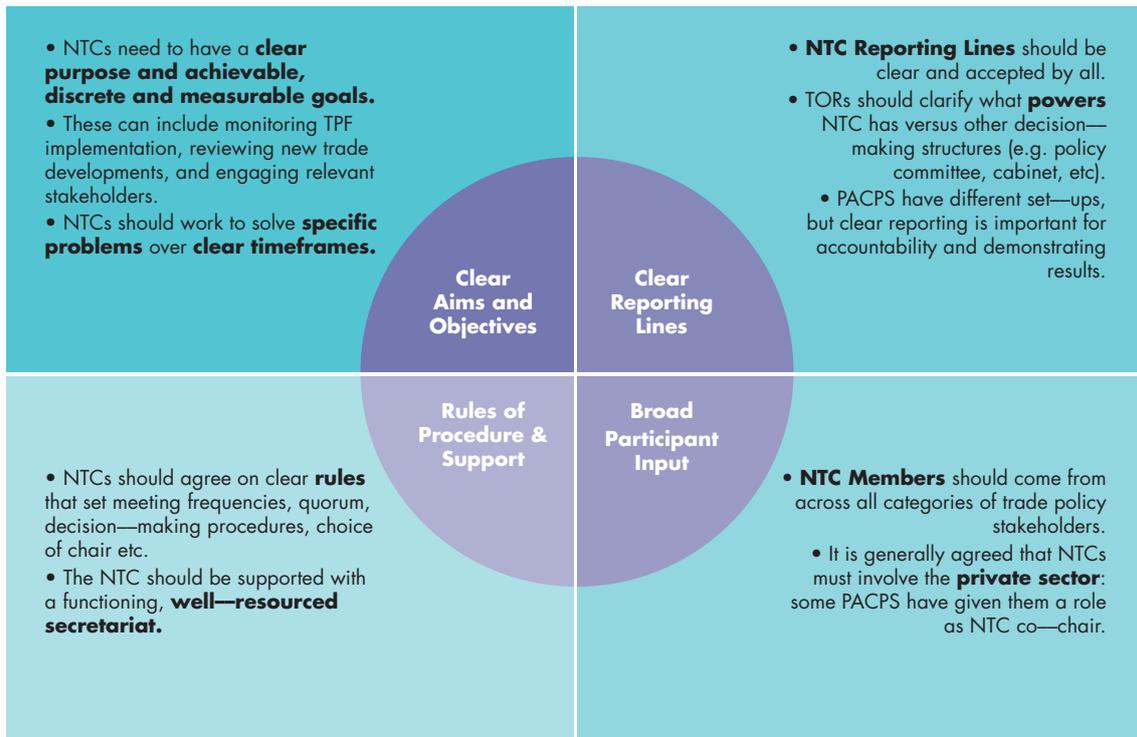
#### 4.2.2 Maintain effective institutional mechanisms for coordinating trade policy including National Trade Committees

TPFs cover a wide range of trade—related cutting issues involving multiple agencies. Trade Ministries have neither the mandate, control, nor technical expertise to formulate and implement policies in other areas. For example on customs issues or fisheries. As such, all PACPS have made efforts to put in place effective institutional mechanisms for conducting trade policy, notably National Trade Committees (NTCs) or equivalents, although effectiveness and operationalization varies between PACPS. Establishing a successful NTC is not easy: it requires careful consideration of several factors such as the NTC role, reporting, participation, procedures and support as outlined in Figure 5. Inclusion of the private sector (and other relevant stakeholder networks) in the TPF governance structures is a step closer to establishing inclusive trade policies.

#### **Fiji and RMI experience:** Private Sector Inclusion in trade mainstreaming.....

Where PACPS have managed to establish functioning NTCs, they have played a key role in putting trade at the heart of national policymaking. **Fiji** has a National Trade and Development Council (NTDC) chaired by the Minister for Trade, with a Trade and Development Committee (TDC) as its official—level executive arm, and numerous technical subcommittees. The private sector is involved in the NTDC governance structures from the technical to the ministerial level, including chairing or co—chairing some committees. Development partners can also be invited when the need arises. Overall more than 300 meetings from 2014 to 2016 were held under this mechanism, and Fiji cites it's NTDC in having a major impact on range of issues including: resolving trade disputes, negotiations under PACER and MSG, trade facilitation, investment promotion and the development of national policies and legislation including the Fijian Made / Buy Fijian campaign.

In RMI, the NTFC is chaired by the Chamber of Commerce. The RMI model provides a good case where the establishment of the TPF offered a paradigm shift—prompting the movement of private sector community from the peripheral, to the centre of trade policy governance.



Once established, the key factor in **running an effective NTC** is ensuring that meetings are properly organised around the achievement of specific objectives and milestones, and effective decision-making to help progress NTC goals. Successful meetings require a resource-draining and time-consuming process of advance preparation that should not be underestimated. One way to consider this process is in terms of a **cycle of preparation, decision-making, and follow-up (Figure 6)**.



Overall, each PACP should draw up its own **NTC process** checklist with responsibilities assigned, and deadlines for preparations to take place. One implication is that maintaining an effective NTC carries a **clear cost**: a key reason why some PACPS have successfully mainstreamed trade policy while others have struggled, is the difference in resources (in terms of staff and funding) devoted to preparing and servicing the committee through a **functioning secretariat**. This is another important element in mainstreaming trade policy and is discussed in the next section.

### Checklist on Establishing and Maintaining a Successful NTC

- Establishing an NTC requires careful consideration of its goals, role, reporting and membership, so that it meets the key test of adding value to existing decision—making processes.
- PACPS should establish a clear process for ensuring that meetings are well—organised and meet their objectives.
- PACPS need to ensure that NTCs are adequately resourced with staff and funding to prepare and service meetings properly.

## 4.3 The Partnerships Anchor: Financing Trade Mainstreaming Outcomes

Delivering the full benefits of trade ultimately requires strong partnerships and additional financial resources for achieving TPF goals. Here, mainstreaming trade involves firstly securing resources for strengthening trade policy and trade coordinating mechanisms. A longer—term goal is to engage development partners to support the trade agenda, by strengthening linkages between TPFs, national policy formulation and development budgets, and capacity to access, coordinate and monitor Aid for Trade (AFT) flows. Despite progress on other anchors, most PACPS (especially Smaller Island States) have had little success in securing significant Aid for Trade resources to support TPF implementation.

**PACP Experience:** Financing Mainstreaming Outcomes...*leveraging bilateral and multilateral sources of funds*

Essentially, the two main funding sources available to lead trade agencies are external donor project financing, and government allocations under the regular budget process.

**Leveraging multilateral programmes:** For LDCs such as Vanuatu, Kiribati and Tuvalu, dedicated support under the Enhanced Integrated Framework (EIF) has been pivotal for trade policy formulation, putting in place the institutional set—up for trade policy mainstreaming, and generating larger investments from donors for implementing trade—related priorities. The EIF provides up to USD1m to each LDC for “National Implementing Units” that are “aligned with in—country structures to champion and promote the national trade agenda” and are charged with mainstreaming trade into NDPs and trade—related strategies; coordinating assistance; monitoring implementation; and leveraging financial and technical resources from the government and development partners for the national trade agenda.’

**Leveraging bilateral cooperation:** Some non—LDCs may exploit their bilateral cooperation and diplomacy to secure funds to finance trade mainstreaming outcomes. PNG managed to secure approximately EUR 3m in funding from the EU within its National Indicative Programme for the Trade Related Technical Assistance II project. Other countries have benefited from regional assistance (e.g. through the PIFS, Commonwealth Secretariat) for trade policy development, although financial assistance has been more limited in scope than the EIF.

### 4.3.1 Secure Sufficient, Predictable Resources for Conducting Trade Policy

Securing a predictable stream of **resources** for conducting day—to—day trade policy functions (as distinguished from the broader funding for TPF implementation, covered below) is essential for making trade central to national policymaking. All the trade mainstreaming activities mentioned in this “Guide” carry a cost: obtaining funding for them is the key factor separating PACPS with successful TPFs, from those where TPF processes have stalled.

PACPs without donor support for trade policy will need to rely on government **spending allocations under the regular budget process**. This is naturally more difficult since Departments of Trade must compete for funding with other departments: the main process will be formulating the **annual budget submission** and **medium term strategic plans** of Departments and Ministries. Arguing for increased funds for trade policy requires **demonstrating clear results**, which can be difficult compared with service delivery activities (e.g. education or health) or physical infrastructure. Nevertheless, small investments in trade policy have the potential to make lasting, and even transformative, differences to the economy. In outlining **the case for trade policy support**, budget submissions should emphasise success stories to argue that a spending “multiplier” exists: for example, ADB found an investment in improving business registration in Solomon Islands resulted in the creation of 1400 jobs and AUD100m in investments over 5 years. Similarly, liberalisation of telecoms monopolies has had transformative effects on PIC economies over the last decade.

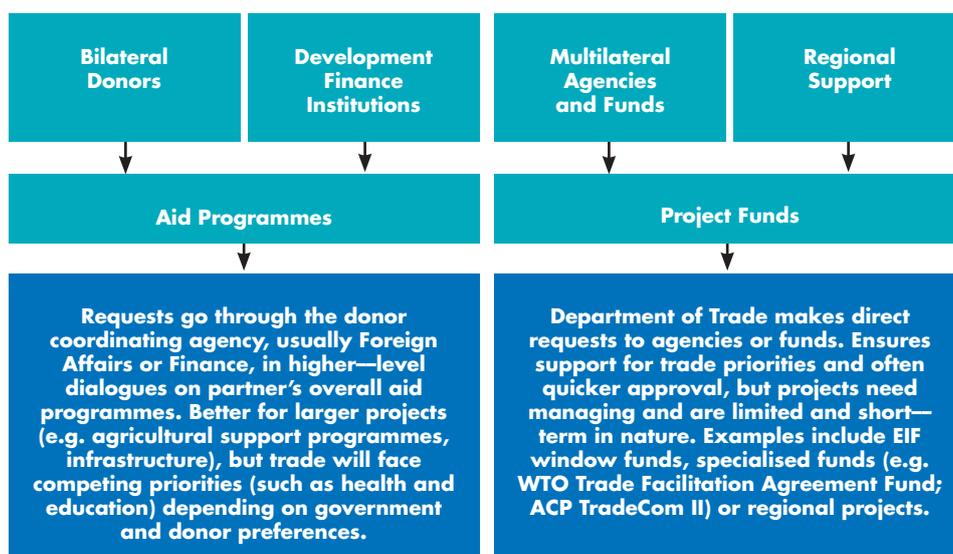
#### Checklist on Securing Funding for Trade Policy Work

- Predictable resources for day—to—day trade policy work are a crucial factor in whether PICs have succeeded in mainstreaming trade in national policy.
- LDC and other countries should make full use of available resources for trade policy support, while also putting in place strategies for shifting to national resources once projects complete.
- Non—LDC PICs could explore how to follow the ‘implementation unit’ model used in the EIF. When making budget submissions, departments should draw upon available evidence on the impact of trade policy and linkages to concrete results to make a strong case for support.

### 4.3.2 Engage Development Partners to Support TPF Priorities

Engaging development partners to support TPF priorities is a long—term effort. Again, there are clear interlink ages between attracting donor funds and investing in other key parts of the trade agenda. One key lesson from countries that have successfully obtained funds for implementing TPF projects is that donors are more willing to support initiatives where there is a strong policy foundation in already in place, where there has been investment in capacity and systems for managing projects, and a clear political commitment demonstrated for example through properly—functioning NTCs.

Beyond this, there are many other ways that countries can enhance their engagement with donors on trade agenda. Ideally Departments of Trade (through bodies such as NTCs) should formulate a **strategic approach for engaging with donors** to support trade priorities, which will in turn require them to think potential sources of funding. These will vary among PACPS and each will have its own **modalities and processes**, but overall there are two main channels through which Departments of Trade can seek funds: through aid programmes or specific project funding (**Figure 7**).



Regardless of the approach, one clear good practice that PACP Departments of Trade should adopt in efforts to engage donors is to develop **high-quality proposals** for priority projects or programmes. This is a time-consuming and complicated exercise – involving for example the careful development of terms of reference for projects – but is another critical factor in ensuring success of the TPF. EIF countries have national implementation units to assist this, but all PACPS need to build their own capacities here. **Project preparation and programme design** is something that can be integrated within the trade policy cycle: after a TPF implementation matrix is produced, project proposals or should be formulated automatically.

### Checklist on Engaging Development Partners

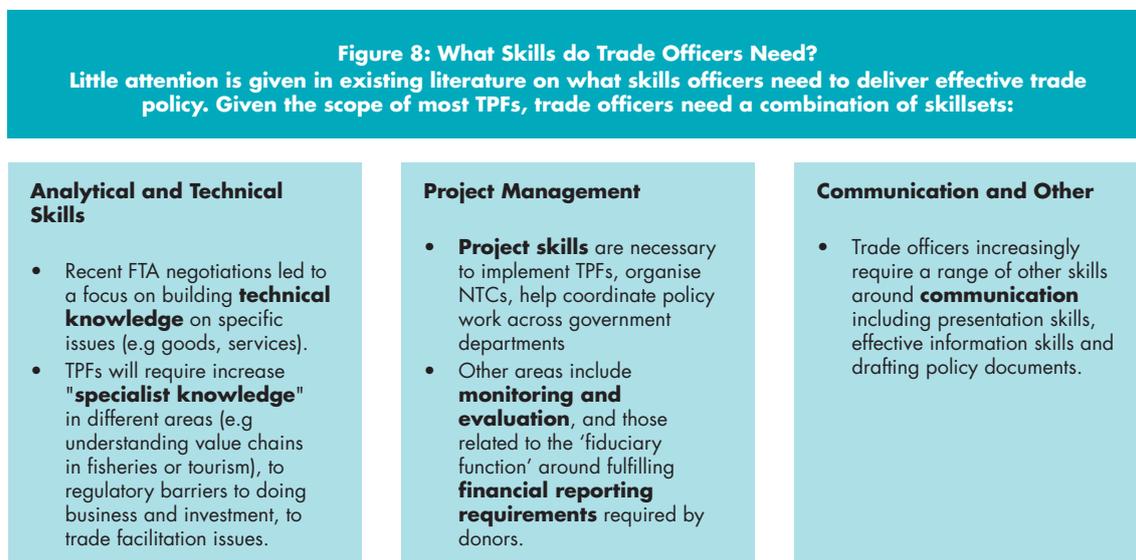
- Put in place a strategic approach for funding the implementation of the TPF that assesses funding options and considers modalities and approaches such as nominating a “lead donor facilitator”, or establishing a donor–government technical working group on trade.
- Mainstream the concept of Aid for Trade within overall national development planning and donor dialogues.
- Build capacity on developing project proposals and programme design, and integrate project preparation activities within the trade policy cycle.

## 4.4 Cross-cutting Activities: Building Capacity for Trade Policy and Communicating Effectively

Building capacity and effective communication are key cross-cutting elements for mainstreaming trade and delivering a trade policy agenda. While they overlap closely with the work in the policy, institutional and partnership spheres outlined above, capacity-building and communication are both important activities in their own right, contributing and reinforcing progress in other areas. Forward-looking Trade Departments should look to support these activities with dedicated strategies that set out clear long-term goals.

#### 4.4.1 Build Capacity for Conducting Trade Policy within Key Departments

The small size of most PIC administrations means that staff capacity is a key **binding constraint** to effective trade policy in many PICs. Technical skills and knowledge are often concentrated within two or three key people. Since trade policy itself has changed significantly in recent decades, and is constantly evolving, officials need to constantly assess their skills (Figure 8).



A Human Resources approach to trade capacity—building should look closely at the skills needed for modern trade policy, analyse the gaps faced, and consider the potential solutions for filling them: recruitment, training, making use of or delegating to staff from other areas of government, and seeking external technical assistance. In terms of enhancing capacity of Departments of Trade, PICs will need to consider a number of options in their strategy. These include:

- When assessing the **role and functions** of the Department of Trade (as discussed above), seek to “free up” capacity by reassigning resources from outdated work areas towards new priorities.
- Assess whether **existing overall staff levels** are adequate for conducting trade policy, and is necessary make submissions for the recruitment of additional staff.
- Put in place Ministry—level **Human Resource Management (HRM)** systems to ensure that officers have the requisite skills to carry out their duties: specific responsibilities (such as running NTCs or monitoring TPFs) should be incorporated within officers’ job descriptions, performance reviews and training plans.
- Where appropriate, **delegate responsibilities to staff in other Ministries** with a role in carrying out the trade agenda, such Customs, Biosecurity or Investment Promotion Authorities (IPAs). The broad scope of TPFs make it important to involve and build capacity on trade issues in Ministries beyond Trade. Sharing responsibilities – for example involving Customs and Biosecurity to help organise the NTC – is vital for small administrations with few trade officers. Delegating tends to raise coordination costs however, and needs to be agreed clearly in advance.

**Possible sources of Technical Assistance:** Some key long—term embedded technical assistance programmes in recent years include: Commonwealth Secretariat Hub and Spokes programme, DFAT, ODI Fellowship Scheme, EIF National Implementation Units, PIFS Small Island States officers programme, (in Foreign Affairs), and specific trade—related support programmes such as PNG’s EU— TRTA project.

- Seek to benefit from **external technical assistance** programmes. Support provided over the last 15 years by long—term embedded technical assistance (TA) programmes has been key to progressing the trade agenda in PACPS, while short term TA has also addressed specific technical knowledge gaps. The aim of such TA however is to build capacity, and should always consider ways for shifting towards national capacity.

### Checklist on Capacity Building

- Assess skills required for delivering trade policy agenda, including specialist knowledge and project management skills.
- Put in place a strategy for filling current gaps (including in small administrations delegating tasks to other departments) and building capacity over the long term.
- Improve Human Resource Management (HRM) systems ensure that officers have requisite skills and qualifications to carry out their duties
- Draw on available technical assistance to fill significant gaps, but always plan for replacing external support with national capacity

#### 4.4.2 Put in Place Effective Communication Strategies to Engage Key Stakeholders

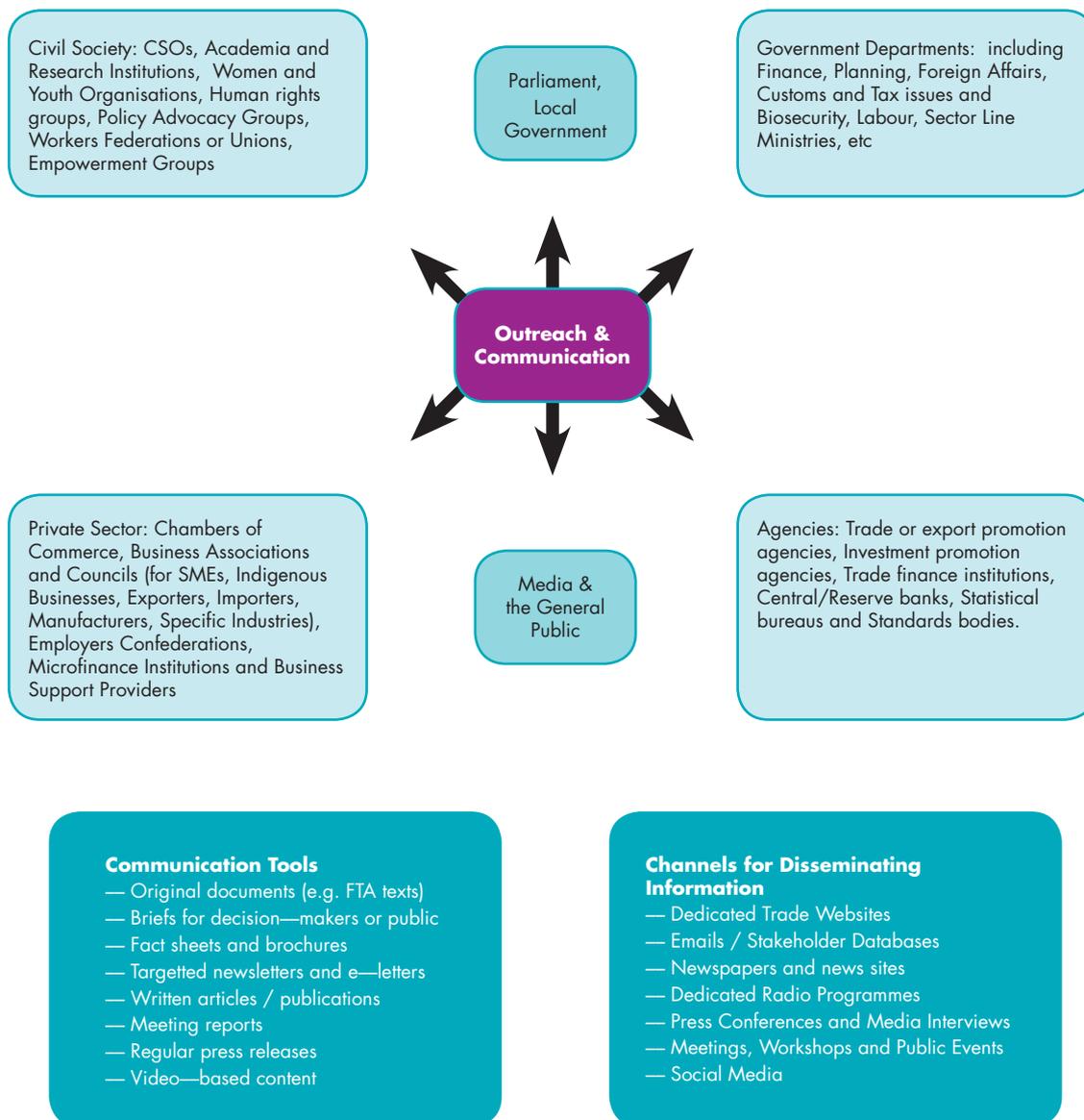
Effective trade policy implementation requires harnessing contributions and support from across the range of trade stakeholders: the government as facilitators and implementers, the private sector as partners and civil society as active participants and ultimate beneficiaries. Strong communication between these stakeholders provides **vital input** that significantly strengthens both the formulation and implementation of trade policy. Communication also plays a big role in building **broader awareness** for trade policy, helping stakeholders understand the rationale for key decisions and forge consensus around them, and demonstrating the benefits of trade.

Fostering better communication however requires sustained efforts, including developing dedicated communication strategies. Figure 9 highlights some of the groups that PACPS will need to target in their own communication strategies, as well as some of key tools and channels available.



Ambassador Mele Falemaka, providing her perspective on Trade Mainstreaming

**Figure 9: Who Should Communication Efforts Target and How?**



Trade Mainstreaming Guidelines for Pacific Island Countries: The Guide

In terms of the steps PACPS should take when developing a trade communications strategy, UNDP (2011) highlights a number of **best practices**, including:

- Outline the key communications issues and challenges, strategic objectives (such as heightened visibility and profile for the trade lead agency) and expected results.
- Define particular target groups and the best ways of reaching each, including new technologies.
- Develop a pragmatic implementation plan with milestones, timeframes and monitoring.

## 5 Conclusion

This regional “**Guide**” has set out a comprehensive approach to trade policy mainstreaming that outlines two distinct sets of processes that take place at different levels, but each play a vital role in putting trade at the heart of national policymaking:

- The central aim of ensuring that TPFs are properly mainstreamed within National Development Strategies or Plans, achieved through a linear five—step process of policy development, outlined in detail in section 3, alongside tools for mainstreaming in section 4.
- An outline of the broader anchors that support and sustain the mainstreaming effort on an ongoing basis, including work on policy development and coherence, institutional mechanisms and partnerships, as well as the cross cutting issues around capacity building and communication (section 5).

At each point the aim has been to build on internationally recognised principles and integrate lessons and examples of best practice so far from the Pacific region and beyond, identify the main factors that have played a key role in enabling some countries to succeed in their mainstreaming efforts, to outline a set of practical steps that can guide PACPS in their approach to mainstreaming trade policy.

Ultimately, the goal of each PACP should be to construct its own mutually—reinforcing system for trade policy to play a driving role in government policymaking. Evidence from PACPS suggests that those countries that have been most successful at implementing their TPFs and in raising the profile of trade policy have been those that have managed to create a strong support system of policy processes, institutions and partner relationships to advance the trade agenda.

Where PACPS have struggled to successfully consolidate the trade agenda, is because one or more components of this “system” has failed to operate effectively: the TPF has been poorly designed in practice, institutional mechanisms have not been supported, capacity of the lead agency has not been upgraded to match the ambition of the trade agenda, or supporting resources were not made available to underpin the trade mainstreaming effort. The overall lesson is that trade mainstreaming needs to be undertaken on a number of interlinked fronts, based on principles detailed here but in a structured way that takes account of the national context in each PACPS.

## 6 Annexes

### 6.1 Annex I: Abbreviations and acronyms

ACP	African, Caribbean and Pacific Group
AfT	Aid for Trade
EU	European Union
CSO	Civil Society Organisation
DTIS	Diagnostic Trade Integration Study
EIF	Enhanced Integrated Framework
EPA	Economic Partnership Agreement
FIC	Forum Island Countries
FTA	Free Trade Agreement
HRM	Human Resource Management
IPAs	Investment Promotion Authorities (IPAs)
LDC	Least Development Country
M&E	Monitoring and Evaluation
MSG	Melanesian Spearhead Group
NDP	National Development Plan
NSDS	National Sustainable Development Strategies
NTC	National Trade Committee or Council
NTDC	National Trade Development Committee or Council
NTFC	National Trade Facilitation Committee
NSAs	Non—State Actors
PACER plus	Pacific Agreement on Closer Economic Relations Plus
PACP	Pacific ACP countries
PIC	Pacific Island Countries
PICTA	Pacific Island Countries Trade Agreement
PIFS	Pacific Islands Forum Secretariat
TPF	Trade Policy Framework
UNDP	United Nations Development Programme
WTO	World Trade Organisation

## 6.2 Annex II: List of Table and Figures

### 6.2.1 List of Tables

Table 1: Overview of Trade Policy Frameworks by Year of Completion

Table 2: Illustrative stakeholder analysis matrix for market access

### 6.2.2 List of Figures

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**Figure 2:** Linear Model for Trade Mainstreaming

**Figure 3:** Anchors to Support Trade Mainstreaming

**Figure 4:** Broad ‘Anchors’ for Trade Policy Mainstreaming

**Figure 5:** Best Practices in Establishing a Successful NTC

**Figure 6:** Establishing a Clear Process for Preparing and Running NTC Meetings

**Figure 7:** Channels for Seeking Development Assistance

**Figure 8:** What Skills do Trade Officers Need?

**Figure 9:** Who Should Communication Efforts Target and How?





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