

TRADE CAPACITY BUILDING  
PROGRAMME DE  
RENFORCEMENT DES  
CAPACITÉS  
COMMERCIALES



# TRADE CAPACITY BUILDING PROGRAM (PRCC)



Effective integration into world trade gives developing countries a tremendous boost in their growth and ability to fight poverty. Technical cooperation associated with trade capacity building in developing countries has become one of the **key challenges to the development of a multilateral trade system**. Within this context, a French aid plan has been established to build trade capacity in developing countries. It brings together multi-lateral aid and a specific bilateral tool.

The PRCC was established in 2002 and **during its first 3 years of operation, granted subsidies to approximately 20 projects**. These projects included developing eco-tourism in Mauritania (photo opposite), training Vietnamese trade advisors, establishing geographical indications in Cambodia and Laos and developing fair trade in Guinea.

**In April 2006, the program was renewed** for 3 years (PRCC2) with funding, in subsidies, of up to € 25 million. The programme is co-financed by the Treasury and Economic Policy Directorate General (DGTPÉ) of the French Ministry of Economy, Finances and Industry and implemented by the French Development Agency (AFD).

## DEVELOPING EXPORT PROMOTION TOOLS IN MADAGASCAR

Numerous local constraints, limited production capacity, and the lack of infrastructure have held back the development of the Madagascan export trade.

The specific aim of this project, within the framework of the **PRCC**, is to contribute to an increase in Madagascan exports by: 1) strengthening the internal capacities of exporting companies; 2) improving market research, 3) promoting Madagascar's image in foreign countries.

The **PRCC** finances export promotion tools through 3 structures:

- Creating an **export office** to provide individualized support to export companies within the Solutions Center for Small and Medium sized companies established by the International Finance Corporation (**IFC**); support for a group of textile companies (the « Text'ile Mada » **cluster**) in partnership with the Center for the Development of Enterprise (**CDE**);

- Financial assistance for the France-Madagascar Chamber of Commerce and Industry to develop export promotion activities; and
- Co-financing, with the **US Agency for International Development**, Business and Market Expansion (BAMEX), of an **institutional promotion campaign aimed at eco-tourism and natural products in Madagascar**.



## PARTICIPATION IN SENEGAL'S BUSINESS CAPACITY BUILDING PROGRAMME

Senegal has seen a decline in its trade balance and its performance in the European market has been threatened by competition from other emerging countries.

The country has embarked on a process aimed at **maintaining and consolidating its business base** in national, regional and international markets, with the perspective of opening markets in the short term. This national strategy towards the private sector has received the support of major donors, in particular the AFD, which has introduced a large-scale program to support it.

The purpose of Senegal's Business Capacity Building is to stimulate growth and employment by consolidating and revitalizing the country's business base.

**Given the challenges associated with the opening up of the markets and the competitiveness of export companies, the program is being financed by AFD resources, and by the combined resources of the DGTPE-AFD, all within the framework of the PRCC initiative.**

### THE PRCC

Support for building trade capacities has a bearing both on the capacity of the country **to more readily absorb the rules that drive international trade and on the actual improvement in their export performance.**

The DGTPE-AFD Framework Agreement focuses on building trade capacity in terms of activity, especially **tangible growth in exports.** This is reflected by:

- grants to provide technical assistance, training and promote awareness,
- sector and feasibility studies, and
- the funding of small teaching equipment.



#### ■ Activities include, for example:

- Bringing production and distribution conditions up to standard,
- Improving standards and inspection systems,
- Supporting business upgrading, and
- Adapting support procedures to the export trade.

• **A regional approach to projects** in areas targeting trade facilitation has proven indispensable within the framework of the PRCC. This has been achieved through partnerships with regional institutions that provide logistical and political support.

• The PRCC has succeeded thanks to the **strong commitment** of the countries themselves, the **private sector** and **economic partners.**



## SUPPORT FOR THE PROMOTION OF TEXTILE EXPORTS FROM CAMBODIA

The textile industry is a vital part of the Cambodian economy since it represents 95% of the country's total exports and employs roughly 200,000 people, of whom 90% are women.

With this background, the **PRCC** aims at ensuring the sustainability and development of the threatened Cambodian textile export trade. Its goal was to strengthen the country's comparative advantage by creating a socially responsible trade sector which would tap opportunities in the textile industry, where buyers are becoming increasingly conscious of working conditions.

The first component of the project relates to **increasing competitiveness and upgrading workforce skills**. Working with Cambodian authorities, the **PRCC** took the following steps:

- Introduced a computerized tax rebate system for imports,
- Introduced needed training programs,
- Funded specific and relevant studies, and
- Created a watchdog organization to monitor trends.

The second component **relates to increasing non-price competitiveness by developing a socially responsible trade sector**.

- The PRCC demonstrated support for the International Labor Organization « Garment Sector Project ». This program includes activities such as establishing systems to regulate and audit firms according to labor standards.



## TERMS OF THE PRCC

Countries in AFD's intervention zone are **eligible** to benefit from the PRCC. Under PRCC2, a minimum of 70% of the envelope will be allocated to countries located in the Priority Solidarity Zone (PSZ).

In order to operate more efficiently, the program has a **support fund for the implementation of the PRCC** at its disposal. The primary purpose of this funding is to identify projects and provide early support for additional activities.

Projects financed by PRCC2 generally require complementary funding from the beneficiary.

In addition to reaching **funding agreements** with the countries themselves and the public institutions involved, it will also be possible to sign agreements with local authorities, organizations that represent professional or consular groups and possibly other organizations regulated by private law. These organizations must meet local requirements that are directly linked to the opening up of the country to international trade.

## INNOVATIONS BROUGHT BY THE PRCC

DGTPE's Economic Missions and AFD agencies are responsible for **identifying** and **monitoring activities**. The decision, made at the outset, to implement activities jointly arose out of the desire to achieve a balanced approach to the « **trade and development** » issue, bringing together all sources of expertise to deal with this relatively new, and increasingly relevant, complex theme.

Through this **unique project-based approach**, the PRCC has demonstrated its ability to promote innovative activities.

## PROJECTS IMPLEMENTED AS PART OF PRCC 1 (2002-2005)

### Funding for PRCC studies

Funding to identify and determine the feasibility of projects eligible to be included in the PRCC (February 2004)

### AFRICA

<b>Algeria</b>	<ul style="list-style-type: none"> <li>• Building the export capacities of SMEs in Algeria (May 2005)</li> </ul>
<b>Ethiopia</b>	<ul style="list-style-type: none"> <li>• Support for the development and marketing of goods in the horticultural and vegetable sector (June 2005)</li> </ul>
<b>Ghana</b>	<ul style="list-style-type: none"> <li>• Reinforcement of French as the business language in the public and private sectors to achieve improved regional integration (December 2004)</li> </ul>
<b>Guinea</b>	<ul style="list-style-type: none"> <li>• Improved access to sub-regional markets for potato exports from the Farmers' Federation of Fouta Djallon (June 2005)</li> <li>• Development of fair trade (June 2005)</li> </ul>
<b>Madagascar</b>	<ul style="list-style-type: none"> <li>• Support for establishing a laboratory for the epidemio-surveillance of shrimp exports (December 2004)</li> <li>• Tools for the promotion of Madagascar exports (May 2005)</li> </ul>
<b>Mauritania</b>	<ul style="list-style-type: none"> <li>• Partial funding of a national program to upgrade the certification procedure for fish exports (June 2005)</li> <li>• Support for the development of ecotourism (June 2005)</li> </ul>
<b>Senegal</b>	<ul style="list-style-type: none"> <li>• Support for the upgrading of businesses (June 2003)</li> </ul>
<b>Regional project – Africa (French Franc zone)</b>	<ul style="list-style-type: none"> <li>• Improved information on regional and international trade opportunities through the izf.net website (June 2005)</li> </ul>

### ASIA

<b>Cambodia</b>	<ul style="list-style-type: none"> <li>• Support for the establishment of a programme to improve the quality of Cambodian rubber and, through certification, enhance its promotion on international markets (December 2003)</li> <li>• Introduction of Geographical Indications (GI) which will enhance the value of Cambodian products in international markets (December 2003)</li> <li>• Support for textile/clothing exports through the promotion of a new approach supporting a socially responsible trade distribution policy (December 2004)</li> </ul>
<b>Laos</b>	<ul style="list-style-type: none"> <li>• Improvement in the quality and marketing of Laotian coffee – Bolovens Plateau – for export (April 2004)</li> <li>• Introduction of Geographical Indications (GI) (December 2004)</li> </ul>
<b>Vietnam</b>	<ul style="list-style-type: none"> <li>• Fund to strengthen trade capacities (FRCC) (December 2003 and June 2005)</li> </ul>

Further information can be obtained from the French Development Agency (AFD) offices abroad and the Economic Missions of eligible countries.

In Paris, from AFD's *Département des collectivités territoriales, systèmes financiers et appui au secteur privé* – TFP (Department of Local Governments, Financial Systems and Private Sector Support) as well as from the *direction générale du Trésor et de la Politique économique* – DGTPE (Treasury and Economic Policy Directorate General) of the Ministry of Economy, Finances and Industry.



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**DIRECTION GÉNÉRALE DU TRÉSOR  
ET DE LA POLITIQUE ÉCONOMIQUE**

139, rue de Bercy - Télédock 230  
75572 Paris cedex 12  
France

Tel: +33 1 40 04 04 04  
Fax: +33 1 44 87 99 39

www.exporter.gouv.fr  
www.dgtpe.minefi.gouv.fr

Agricultural Policy, Trade and Development Division

**Christophe Viprey**  
christophe.viprey@dgtpe.fr

**Stéphanie Bouziges**  
stephanie.bouziges@dgtpe.fr

**AGENCE FRANÇAISE DE DÉVELOPPEMENT**

5, rue Roland Barthes  
75598 Paris cedex 12  
France

Tel: +33 1 53 44 31 31  
Fax: +33 1 44 87 99 39

www.afd.fr

Private Sector Support Group  
**Hervé Gallèpe**

gallepeh@afd.fr

**Caroline Balossier**  
balossierc@afd.fr

