



**International Trade Centre**  
UNCTAD/WTO

40 years of trade  
development  
1964-2004

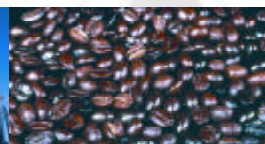
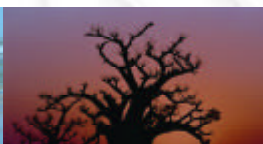
**Export-led Poverty Reduction Programme (EPRP)**

# **The EPRP Process**

## **Making trade work for the poor**

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## 1. INTRODUCTION

Many inspired academic theories have been developed about the reasons why countries should engage in trade and what the benefits would be. The benefits countries derive from trade depend on the basis on which they are trading, e.g. for developing countries in general and for the least developed countries (LDC) in particular, the basis is their comparative advantage in resource and labour intensive sectors. Therefore, it is the pattern of growth generated through trade that matters for poverty reduction. Growth should occur in sectors that are relevant to the poor.

The step from economic growth to poverty reduction is often seen as the most problematic one. Poverty should be defined as much more than just a shortfall in income (i.e. living on less than 1 USD or 2 USD per day). It should be regarded *as a multidimensional issue involving all aspects of human development*, including lack of power, lack of education, lack of opportunities for development, lack of access to health and sanitation facilities, among others. In summary, *“it is the lack of access to the fundamental collective / social opportunities that constitute the essence of individual human dignity”*.

One cannot assume that benefits gained through economic growth automatically trickle down to the poor. National policies along with appropriate institutional mechanisms are required to ensure an *equitable distribution of assets, resources and benefits*. Unfortunately in ‘the real world’, the national redistribution mechanisms of growth do not always function properly. Thus, new solutions must be found if the gap between economic growth generated by trade and poverty reduction is to be filled.

A possible option is the International Trade Centre’s (ITC) Export-led Poverty Reduction Programme (EPRP), which aims at *involving poor communities directly in a market-oriented process by integrating them into the value chains of products and services*. Whereas many other poverty reduction strategies tackle the issue solely on a macro level, EPRP aims at *supporting such efforts on a micro level*, targeting specific poor communities directly, but striving for positive ‘bottom-up’ effects through its pilot projects.

ITC’s EPRP considers specific market oriented productions and well identified market segments / niches for agricultural products, textiles, animal skins, leather and leather goods, light manufacturing and community-based tourism (CBT).

The experiences of some developing countries have shown how the exceptional increase in exports and corresponding economic growth can fail in terms of poverty reduction. ITC has taken stock of this and believes that, through its EPRP, it can really show that trade, apart from generating national development and wealth, could also contribute to achieving the goal of poverty reduction.

Many developing countries and economies in transition have a high incidence of poverty coupled with a lack of entrepreneurial and trade-related capacities at the micro-level. The know-how to mainstream trade and export development into poverty reduction is also insufficient, both at the strategic and policy levels.

Within the community of bilateral development agencies and international organisations new policies, strategies and programmes aimed at reducing poverty have recently been elaborated. However, the contribution that trade could make to the national efforts to reduce poverty are not spelled out.

For the reasons above and in response to the United Nations Millennium Development Goals, ITC launched its Export-led Poverty Reduction Programme (EPRP). The technical cooperation goals and experience of ITC are inspiring factors for keeping the implementation approach of EPRP related projects “holistic” and result-oriented.

The strategic operational framework for EPRP’s technical cooperation includes the following three levels:

- **Micro level:** formulation and implementation of short-term impact oriented pilot projects.
- **Strategic level:** National capacity building and pro-active promotion of business opportunities for business-driven export-led poverty reduction activities based on local/regional partnerships among poor communities, businesses, NGOs and Government trade support institutions.
- **Policy level:** advocacy role on how ITC approach can make a difference; and awareness creation on the contribution that trade can make within a holistic approach to reduce poverty. While progressively achieving tangible results, EPRP pilot projects are expected to generate “bottom-up” multiplier effects in terms of education, health, infrastructure, etc.

Finally, it should also be underlined that EPRP intends to build an active network to allow learning from each other’s experiences and help to identify complementarities and synergies with activities being developed by other bilateral and international institutions working in the field of poverty reduction.

## 2. IMPLEMENTATION PROCESS

The following is a summary of the process for the design, formulation and implementation of EPRP pilot projects:

### *STEP ONE: The Official Request*

All requests for EPRP technical cooperation should be channelled through Government authorities. While submitting their request, Governments should pre-select one of the following sectors as being, according to their specificities, a good lever for poverty reduction in their country:

- Agriculture (fresh & processed);
- Textiles (fibres & clothing);
- Animal skins, leather and leather goods;
- Light manufacturing;
- Community-based tourism (integration of poor communities surrounding tourist sites, into the value chain of products and services).

For the selection of the Sector and Product(s), ITC recommends to use the following basic criteria:

- **Sectors:**

Apart from considering their national sector development priorities, Governments may consider the following:

- Existing domestic or international market demand and national export experience;
- Sectors where ITC's EPRP could complement on-going cooperation efforts.

- **Products:**

The following are the main criteria to be taken into consideration:

- Products with a favourable domestic or international market trend.
- Products for which “**export promotion**” activities can be undertaken.
- Products that can be integrated in the market value-chain.
- Avoid products for which “**export development**” activities would be required.
- Export development activities are by definition long-term production-oriented endeavours, thus requiring a large amount of investments and/or financial support for equipment/infrastructure etc. The mandate and expertise of UNIDO and FAO are better suited for that purpose than the ones of ITC.

## ***STEP TWO: Preparation of an Opportunity Study***

The design / formulation of all ITC's EPRP-related projects is determined by their viability assessed through an opportunity study. The aim of the study is to:

- Avoid creating false expectations in poor communities.
- Select 'winner products' (with favourable market trend), thus enabling the resulting EPRP pilot project to achieve concrete results.
- Identify the *three fundamental pillars* of the EPRP:
  - Communities capable of producing marketable products;
  - Committed national trade support institutions;
  - National buyers/exporters (market link).
- Undertake a first needs assessment of these partners.

National consultants, assisted by ITC on such subjects as market segmentation and trends, will conduct the opportunity study. To help the consultants, EPRP has designed step-by-step guidelines to gather and analyse the information required to assess the viability of a pilot project. Upon receipt of the formal Government request, ITC provides the guidelines to the designated national institution for them to monitor the work of the national consultant(s).

On receipt of the completed opportunity study, ITC formulates the project and defines the corresponding plan of action, including the budget required for its implementation.

In essence, the opportunity study would not only provide an adequate response to the ten building blocks of the Programme that are summarised in the EPRP Brochure, but also identify the three fundamental pillars of the *EPRP sustainable triangle* (mentioned here above), based on a real commitment of all the identified partners.

## ***STEP THREE: Launch of the EPRP Pilot Project***

If the results of the opportunity study are convincing, ITC meets all project stakeholders to agree on a project document, define responsibilities of all concerned partners and complete the formal operational arrangements required for the implementation of the pilot project.

The project document follows the Logical Framework Approach (LFA), thus including namely:

- A development objective;
- Immediate objectives;
- Outputs that are necessary to achieve these objectives (reports, appropriate structuring of the supply chain, etc.);
- Activities or technical inputs that are required to materialise those outputs;
- Project monitoring indicators, based on a poverty diagnosis of the selected project partner community.

The technical inputs provided by the pilot projects are essentially designed to build capacities of all the selected partners, as follows:

- At the level of poor communities:
  - Group formation: community production approach, leadership and business plan.
  - Production techniques: production cycle, factors of production, adaptation to market requirements and quality control.
  - Costing and pricing.
  - Access to financial support.
  - Market partnerships/alliances.
- At the level of the market link (local buyers/exporters):
  - Increasing market knowledge and information.
  - Improving their negotiation skills.
  - Reinforcing their communication skills towards empowering the communities to deliver the goods and/or services according to market requirements.
  - Export techniques.
- At the level of Trade Support Institution(s):
  - Improve their capacity to deliver training to the poor communities.
  - Reinforce their capacity to provide business services to the market link.
  - Build advocacy skills for getting a better business environment and for promoting the replication of the successful EPRP pilot project.

### 3. AVAILABLE EPRP RESOURCES

The programme activities aim at building national capacities at all the three levels mentioned above. This EPRP objective will ensure on the one hand the sustainability of the pilot experience and, on the other, its replication for the benefit of other sectors/products/regions. While following the approach of learning by doing, the capacity building is also designed to create awareness at the policy decision-making level.

Within that context, an EPRP training tool kit and a series of vocational training materials for CBT have been elaborated following the training-of- trainers' approach.

The EPRP training tool kit includes the following modules:

- Basic concepts of EPRP, Institutionalisation and Strategies;
- Community Building and Community Production Approach;
- Managing Production and Marketing;
- Training and Adaptation Skills; and
- Sustainability and Empowerment.

For pilot projects launched in the specific area of Community-Based Tourism (CBT), the programme takes into account the vast range of products and services that can be offered by poor communities surrounding a successful tourist site. The following eight vocational training modules have been developed:

- Core module defining concepts of EPRP and CBT;
- Artisanal Products Development;
- Agricultural Development;
- Environmental Management;
- Hospitality Management;
- Artistic-cultural Activities;
- Providing Specific Services; and
- Tourism Marketing.

To further help the countries to implement by themselves other EPRP projects, or put in place larger scale projects following a national poverty reduction strategy, the programme is developing other materials, handbooks, and manuals designed for building national capacity.

## 4. CURRENT PILOT PROJECTS

At present, EPRP is implementing pilot projects in the following countries:

- BOLIVIA: Community-based tourism;
- BRAZIL: Community- based tourism;
- CAMBODIA: Silk products;
- EL SALVADOR: ‘Gourmet Coffee’ and Community-based tourism;
- KENYA: Honey and horticultural products;
- SOUTH AFRICA: Aloe Ferox;
- VIET NAM: Community- based tourism;

Two other pilot projects will soon be launched in Ethiopia (spices) and Mongolia (leather and agriculture).

The programme’s ambition is to reach a critical mass of pilot projects, thus creating global awareness on the opportunities of using trade as an engine for poverty reduction.

The following country requests received by the Programme cannot be implemented at this stage due to lack of funds:

AFGHANISTAN  
ANGOLA  
ARGENTINA  
COSTA RICA  
EGYPT  
GUATEMALA  
GUINEA  
HONDURAS  
IRAN

JORDANIA  
LESOTHO  
MADAGASCAR  
PARAGUAY  
PERU  
PHILIPPINES  
SENEGAL  
SIERRA LEONE  
ZAMBIA

## 5. WHY CHOOSE THE EPRP?

The EPRP has numerous advantages when it comes to sustainable poverty reduction. The EPRP approach is:

- Addressing directly the priority needs of the poor.
- Bottom-up approach.
- Complementing current macro-level approaches.
- Offering integrated solutions.
- Providing high visibility.
- Selecting project partners on technical criteria to ensure quick and tangible results.
- Ensuring sustainability based on long term market-oriented relationships.
- Addressing economic, social and environmental concerns.
- Encouraging partnerships with private sector (for example hotel chains in Brazil and Wal-Mart).
- Pragmatic market-oriented approach to build future export supply capacities in LDC countries.
- Building on decades of ITC experience in trade development technical cooperation with developing countries and economies in transition.

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