



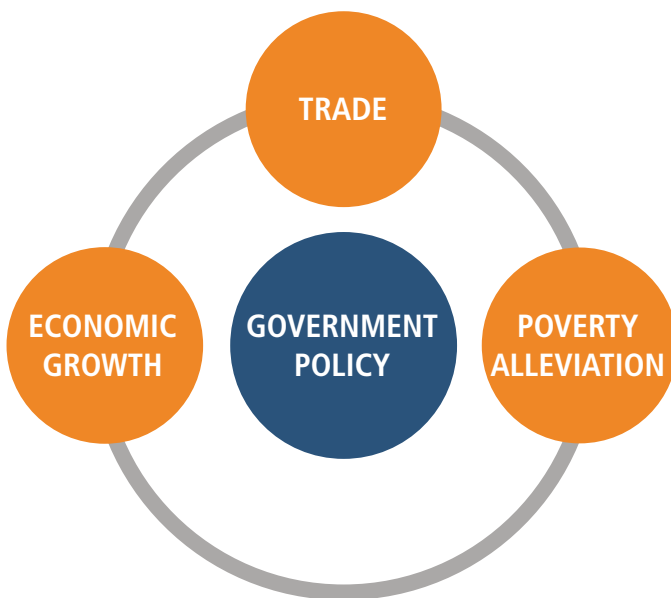
PRIVATE SECTOR DEVELOPMENT

TRADE AS ENGINE FOR ECONOMIC DEVELOPMENT
SMALL AND MEDIUM ENTERPRISES
PROMOTING REGIONAL ECONOMIC INTEGRATION
GREEN ECONOMY
QUALITY INFRASTRUCTURE
INNOVATION

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TRADE AS ENGINE FOR ECONOMIC DEVELOPMENT



CHALLENGES

There is no causal link between trade, growth and poverty alleviation. The main intervening variable controlling that relationship is a coherent government policy. International trade will only translate into economic growth and subsequently will offer chances to decrease poverty, if a country clearly identifies its trade interests and turns these into consistent policies and negotiation strategies.

Moreover, financial and human resources have to be allocated to implement trade policies and the roles of different actors need to be defined. Aside from governments' coherent policies, the critical elements for a successful trade policy are institutional capacities at all levels from trade analysis to the implementation of trade obligations, and the involvement of all relevant actors in the trade policy formulation process.

GFA CONCEPT AND SERVICES

The GFA trade capacity building concept aims at enabling developing countries to identify their trade objectives and to formulate related policies accordingly. GFA experts strive to support countries' export expansion and diversification strategies and to assist them in strengthening national and regional trade-related institutions. The core competence of GFA teams is to enhance stakeholders' capacities and to overcome identified barriers. Consequently, our wide-ranging trade reform expertise takes into account the multiple dimensions of trading challenges:

SUPPLY SIDE

We assist developing countries to overcome manifold constraints by supporting, among other things, the transformation of enterprises and the modernization of customs administrations and services. Also, we help regional integration bodies, e.g. by improving public private dialog in order to facilitate intra-regional trade.

DEMAND SIDE

GFA teams foster knowledge management on the requirements of export markets and advise developing countries and their companies on how to meet trade-related standards. This is crucial for the expansion of exports and its value added. Our services also include developing suitable export strategies, and strengthening public institutions in safeguarding proper product quality controls.

INSTITUTIONS AND HUMAN CAPACITIES

We support trade related institutions in analyzing trade obligations and formulating respective strategies. Negotiating and implementing relevant agreements and modernizing trade laws contribute to GFA's overall approach that a country's trade strategy should be coherent with its overall development objectives. Our highly qualified and experienced experts and trainers possess solid interpersonal and intercultural skills, which enable them to develop and negotiate the optimal strategy in the respective context. GFA works towards the sustainability of its capacity building efforts through C³. This is a training platform based on an interactive adult education toolbox which certified local trainers have successfully applied in a variety of countries.



SMALL AND MEDIUM ENTERPRISES



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CHALLENGES

Poverty reduction requires more than just economic growth. But the latter is an essential factor for the private sector to create jobs and additional income which will benefit the poor. Respective strategies towards broad-based growth need to strengthen micro, small and medium enterprises (MSMEs). These ventures account for the majority of economic activities in developing countries and provide significant employment opportunities. However, MSMEs often face growth constraints due to their size and capacities. Such limitations need to be addressed to strengthen the enterprises' economic potential and competitiveness, and to enhance their access to dynamic markets.

GFA CONCEPT AND SERVICES

For more than 20 years, GFA teams have been supporting private sector stakeholders, particularly MSMEs, through a threefold approach that translates into broad-based growth. First of all, our experts consult reform processes that improve the very framework of economic development. Also, they strengthen demand-oriented and responsive business and financial support institutions. Last but not least, we offer capacity development to entrepreneurs who strive to boost their competitive edge.

BUSINESS ENVIRONMENT

GFA consultants facilitate a conducive business environment for private sector investment and competitiveness by reducing legal, regulatory and administrative constraints. The services we offer comprise assessing regula-

tory impacts, and simplifying business registration and licensing procedures. Also, we improve business-related regulations and enforcement practices, and install one-stop services at the local level.

BUSINESS AND FINANCIAL SUPPORT INSTITUTIONS

Our experts facilitate better access to market information, business services and finance. They improve the institutional arrangements that promote MSMEs in their strategic and operational business activities. We help business membership organizations, financial institutions, providers of business development services (BDS) and public support facilities become more responsive to MSMEs' demands. Also, we encourage such institutions to develop innovative services and market them accordingly, and to develop economically viable business models for service delivery.

MSME CAPACITY DEVELOPMENT

GFA creates awareness among MSMEs that competitiveness in domestic and foreign markets needs to be improved. In this respect, we pursue a systemic approach through collective action in a cluster or value chain. Developing enterprises' ability to collaborate in horizontal and vertical networks is a promising approach as it creates opportunities to benefit from economies of scale. Also, it stimulates innovation and technological upgrading initiatives, often in collaboration with additional institutional stakeholders.



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PROMOTING REGIONAL ECONOMIC INTEGRATION



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CHALLENGES

Regional Economic Integration (REI) has the potential to boost the economic welfare of countries and a region as a whole. It creates larger markets and new trading opportunities while increased competition lowers prices for consumers. Aside from economic impacts, REI also has a political dimension. It tends to have a positive effect on security and stability in a region, on the bargaining power of participating states in international negotiations, and on financial cooperation in regional projects. However, not all countries benefit equally from regional integration. Less developed states tend to face high adaptation costs when REI is targeted in developing regions. Compensatory policies and mechanisms are therefore crucial in promoting even regional economic development.

REI is a complex process which will only succeed once certain conditions are met. Structural stability, the rule of law, and institutional capacities at national and regional levels are equally important to macro-economic stability and proper infrastructure. The willingness to give up parts of national sovereignty is another crucial success factor: Each member state of a REI process needs to be convinced that it will benefit from integration. Hence, REI is a challenging process which needs patience, well-organized management and long-term efforts to achieve tangible results and to maximize benefits.

GFA CONCEPT AND SERVICES

The GFA concept aims at enabling developing countries to improve their capacities in complying with the obligations and taking advantage of the opportunities arising from REI. The core competence of GFA teams lies in the two fields outlined below.

INSTITUTIONS AND HUMAN CAPACITIES

We help building capacity at the level of regional institutions and national governments to enable countries coping with the new tasks and challenges arising from REI. GFA experts support designing institutional set-ups and legal frameworks. They also assist these institutions in implementing free trade agreements related to goods, services, and investments. Another major task is upgrading customs services and harmonizing rules of origin and national standards. Also, GFA experts assist in the implementation of policies supporting REI. These can be competition, fiscal and monetary policies as well as investment and finance regulations, and tax regimes.

ASSISTANCE TO THE PRIVATE SECTOR

The benefits of regionalization materialize through private sector initiatives. Therefore, supporting the private sector in identifying and taking advantage of the emerging opportunities is a key task. Moreover, GFA experts prepare the regional business community for transitional challenges arising from the integration into regional markets such as increased competition and decreased protection of national industries. One way to support the private sector is establishing business intelligence organizations at national and regional levels that disseminate relevant information about changing conditions and business opportunities. This is often combined with value chain promotion to include national products and services into regional value chains. Another instrument of private sector promotion in this context is the active involvement of the private sector in the negotiation process of regional agreements.



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GREEN ECONOMY



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CHALLENGES

In the past, economic growth often seemed to depend on using up natural resources as though supplies were unlimited. The result is a “resource crisis” with a threat of shortages as well as rising prices with significant influences on the environment and the climate. Economic development is a necessary but insufficient prerequisite to reducing poverty and improving overall living conditions. But global consumption of natural resources is outstripping nature’s capacity to regenerate.

WHAT IS A GREEN ECONOMY?

UNEP has defined the Green Economy as “one that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities”. In simple terms, a Green Economy is based on sustainable consumption and production patterns – low-carbon, resource efficient and socially inclusive. Although the debate is still on, many organizations today share an understanding of the concept.

GFA CONCEPT AND SERVICES

For more than 20 years, GFA teams have been supporting public and private sector stakeholders in implementing green economy policies, strategies and concepts. We see the green economy as a multi-sectoral challenge that can only be met successfully through a multidisciplinary approach by mobilising know-how and best practices in various fields.

GREEN ECONOMY POLICIES

Our experts consult reform processes that improve the frame of green economy and low-carbon development strategies at national, regional and local level. The services we offer comprise push approaches – e.g. ecological taxation schemes, implementation of environmental standards, new green laws and regulations and pull approaches – e.g. incentive schemes, award for best practices, awareness building for population. In addition, GFA offers advisory services on environmental fiscal reforms and socially acceptable ways of reducing environmentally harmful subsidies.

GREEN PRIVATE SECTOR DEVELOPMENT

GFA consultants facilitate a conducive business environment for private sector investment and competitiveness by supporting green business development services, introducing environmental standards in value chains, transferring know-how and green technologies as well as developing green, inclusive business models. We promote dialogue between government, private sector and civil society stakeholders in order to mainstream green economy in all relevant policy areas and strategies.

GREEN SKILLS FOR GREEN JOBS

Our experts are highly qualified and develop curricula and training materials for green skills and occupations. They train national experts to roll out related training programs. This way we are meeting the increasing demand of the labour market for technical experts in the fields of photovoltaic, concentrated solar power, solar water heating, micro hydro power and biogas.

GREEN FINANCE

We provide public and private finance institutions with know-how and concepts for sustainable investments, green lines of credit and the financing of projects on topics such as renewable energies, energy efficiency and climate, innovation.

QUALITY INFRASTRUCTURE – CRUCIAL FOR INTERNATIONAL TRADE AND COMPETITIVENESS

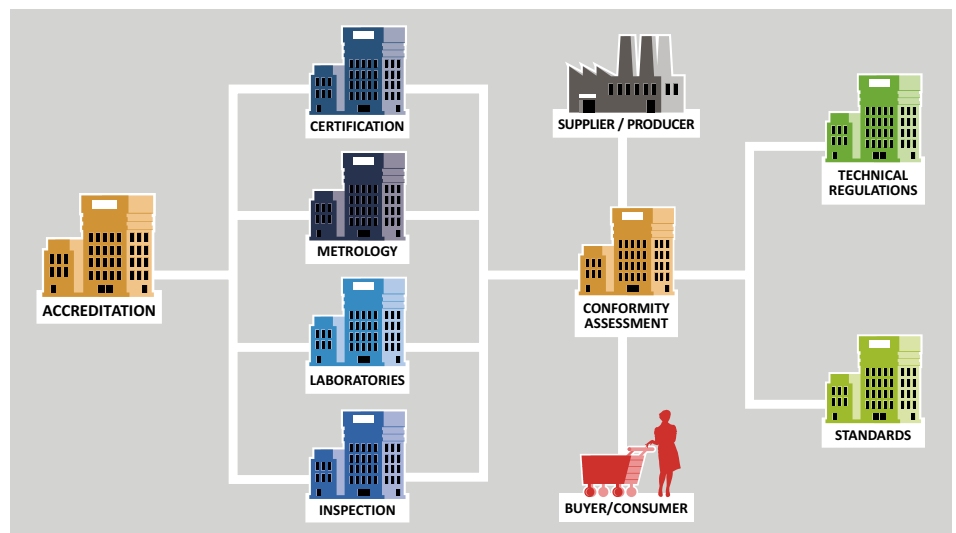
CHALLENGES

Quality infrastructure (QI) incorporates metrology, standardization, accreditation, and conformity assessment. A country’s internationally recognized QI system provides evidence that its products and services meet international standards. Having a functioning QI system in place is a prerequisite for companies’ market access and improves the protection of domestic consumers and the environment. Exporters whose products need to comply with market requirements have to have access to internationally recognized conformity assessment bodies, including testing, inspection and certification. However, many developing countries lack internationally recognized conformity assessment bodies. As a result, exporters face difficulties in demonstrating product compliance, and often have to undertake complex and costly conformity assessments abroad.

To set-up a QI system, governments are required to establish at least three institutions providing the following services:

<p>NATIONAL STANDARDS BODY</p>	<ul style="list-style-type: none"> ■ Provides access to standards developed by international or national standards bodies on a basis of technical regulations ■ Develops national standards based on international standards
<p>NATIONAL METROLOGY INSTITUTE</p>	<ul style="list-style-type: none"> ■ Establishes and offers accurate, reliable and traceable measurements as basis of performance for standards ■ Offers traceable and cost effective calibration services to companies
<p>NATIONAL ACCREDITATION BODY</p>	<ul style="list-style-type: none"> ■ Independent, internationally recognized authority that approves the technical competence of conformity assessment bodies, including testing laboratories, certification and inspection bodies

Source: Information obtained from PTB (2001): A national quality infrastructure



As shown in the illustration, there is a strong interrelation between QI institutions. Standards cannot be defined without reference to reliable measurements. In turn, measurements must be internationally standardized. In order to determine a product’s internationally recognized conformity, it must be tested in laboratories that are accredited by an internationally recognized authority. Successfully implementing a QI system creates confidence regarding products and services in both domestic and export markets. Consequently, businesses align their production processes with international requirements, which in turn enhance their international competitiveness.

GFA CONCEPTS AND SERVICES

Many countries suffer from serious constraints in fully implementing a QI system. Deficiencies range from a lack of technical capabilities and equipment as well as national legislations to insufficiently qualified human resources and weak institutions.

GFA supports the development of QI systems in developing and EU accession countries by providing strengthening of national QI institutions to develop and enhance demand-oriented, effective and efficient QI services that follow international best practice. Our experts support procedural reforms of QI framework conditions and upgrade according skills in line with EU best practice. Internationally experienced teams of experts enhance the technical capacities of QI institutions to include international rules and regulations into their legal framework and to enforce them accordingly. They also assist beneficiary institutions to increase the public awareness towards an enhanced quality culture.

INNOVATION – SETTING THE STAGE FOR KNOWLEDGE-BASED SOCIETIES

CHALLENGES

Achieving sustainable economic growth depends on knowledge, skills, and creativity. Innovation is the central driver for economic growth. Equally important, innovation generates new ways to solve technological, social, environmental, and health-related problems. Therefore, improving the innovative capacities of developing countries is a major challenge for social and economic progress and for people's improved quality of life.

Promoting innovation requires social and economic framework conditions that unleash the creativity of citizens and businesses. However, providing suitable framework conditions at the macro-level is not sufficient for stimulating an economy's path towards a knowledge-based society. Instead, targeted support for innovation processes and agents of knowledge creation and diffusion at the national or regional level is needed to achieve a vibrant innovation system.

GFA CONCEPT AND SERVICES

GFA provides a wide range of services that aim at stimulating innovation in national or regional innovation systems. GFA offers services at the macro, meso, and micro levels of the economy and target framework conditions, intermediary organizations, and innovation processes in and between businesses and other agents of innovation.

INNOVATION SYSTEMS

GFA experts advise ministries and government agencies on options to improve framework conditions for the competitiveness of small and medium enterprises (SMEs) and other businesses through innovation. The mapping of national or regional innovation systems provides a basis for identifying gaps and elaborating roadmaps to build stronger innovation ecosystems.

INNOVATION SUPPORT TO ORGANIZATIONS

GFA consultants are highly experienced in building the capacities of intermediary organizations that facilitate technology transfer and innovation in and between businesses. Establishing incubators and training technology brokers or improving the accessibility of finance for funding innovative ideas are cases in point of services offered by GFA.



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IMPROVING INNOVATIVE CAPABILITIES OF SMES

GFA experts assist SMEs in upgrading the innovative capabilities through direct consulting in areas such as quality management, use of information and communication technologies (ICT), and through sector studies in various industries.



PRIVATE SECTOR DEVELOPMENT

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