

## IF Trust Fund Project 1: Institutional Capacity Building for Trade in Maldives

<b>Project Duration:</b>	<b>2 years</b>	<b>Budget:</b>	<b>US\$ 394,200</b>
<b>Implementing Partner:</b>	<b>National Trade Policy Committee</b>	<b>▪ Government</b>	<b>Salary of graduate recruits</b>
<b>DTIS Recommendations:</b>	<b>7: Mainstreaming and Implementation</b>	<b>▪ IF Trust Fund Window 2</b>	<b>US\$ 394,200</b>
<b>Expected Outcomes:</b>	<b>2: Trade Policy and Institutions</b>	<b>▪ Other</b>	<b>-</b>
<b>Management Arrangement:</b>	<b>Ministry of Economic Development and Trade (MEDT)</b>		
	<b>Increase capacity to coordinate trade policy implementation</b>		

### Section I

#### PART 1. SITUATION ANALYSIS

The Integrated Framework process in the Maldives has been firmly embedded into the national policy of the Government. The elaboration of the trade chapter of the Seventh National Development Plan has taken the recommendations and findings of the DTIS to create Maldives' first National Trade Policy which will serve as a cohesive guide across government to ensure an effective and truly integrated approach to achieving the objectives of the trade policy. The Maldives Trade Policy itself will now drive the IF process and the IF will support the implementation of Maldives' own trade agenda. This is important so that the resource needs and actions identified in the IF process are utilised by the Maldives in a meaningful and sustainable way (the specific needs are identified by the Maldivians based on policies on the current agenda rather than simply responding to a list of recommendations).

However, in order that this system operates effectively, the institutional infrastructure to support the process is required. The President's Office has established a National Trade Policy Committee chaired by the Deputy Minister of the Ministry of Economic Development and Trade (MEDT) and comprising policy decision makers (at Deputy Minister level) from all Ministries, Departments and Agencies (MDAs) responsible for trade measures in Maldives; some 14 additional members plus representation from the commercial sector. This Committee will replace all existing trade related committees and be responsible for coordination of the Maldives National Trade Policy and will also take on the role of IF steering committee. To function, this Committee will need support and stimulus to focus discussions and policy decisions. This will primarily require input from MEDT but also support and inputs from the MDAs themselves.

In terms of trade policy capacity, the Maldives is lacking in a number of areas:

- Within the government of Maldives, there is a lack of graduate and professional staff (there are currently more graduate openings than graduates) as most prefer a career in the private sector. The result is that graduates and professionals are able to choose their own career paths and are attracted to the more traditional and known areas such as finance. Since trade and trade policy has had a low profile in Maldives, its relevance and understanding is poor. This means that it does not attract the professionals and graduates it needs to support the policy process. This means that despite recent recruitment drives to the International Trade Policy Division (ITPD) of MEDT, no staff have been recruited. As the "policy process" develops, the importance and prominence of trade policy will become apparent and it is expected to attract both graduates and professionals but this is the future, to date recruitment has been difficult.
- Policy coordination and indeed, policy driven actions are a largely alien concept in Maldives. A project orientated culture exists in government where the goal is the project itself rather than the wider policy context. Therefore, officials lack experience in taking a more strategic approach to decision making and there is often, across government, a resistance to such a cooperative and coordinated approach.
- This lack of experience in a policy approach to government activities also means that there is a lack of skills in providing the necessary evidence based briefings and concept papers needed across all MDAs to enable meaningful participation and engagement in the process. In order that all MDAs fully participate and sign up to this new approach, they will need to develop the skills necessary to contribute.



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As a result, MEDT currently lacks the skills, experience and personnel to effectively drive and stimulate the trade policy process in Maldives. Other MDAs also lack the skills and experience and will need support. However, MEDT will be the focal point for driving the process and supporting these other MDAs and so, it is vital that it develop the capacity to facilitate the trade policy process of Maldives.

## PART 2. STRATEGY

The objective of this project is to provide short term solutions to the lack of capacity in Maldives and help to foster conditions to develop long term capabilities and sustainable institutional support for the cohesive approach to trade policy formulation. Specifically, the goals of this project are to:

- (i) Fill capacity gap in the Maldives administration in the short run to enable work to begin on the implementation of the national trade policy;
- (ii) Develop capacity in the medium term to enable the Maldives to develop its own sustainable structures to support and stimulate national trade debate and cohesive approach to trade policy implementation.

Initially, the strategy will be concentrated on strengthening the policy support mechanism in the Ministry of Economic Development and Trade which will act as the catalyst and facilitator of the NTPC and trade policy coordination process, as well as interlocutor for the Integrated Framework. Activities will be comprised of three components: immediate capacity; expertise and; training and awareness.

*Immediate Capacity:* In order to overcome the current deficiency in staff within the MEDT, an experienced local professional will be recruited to begin undertaking the day to day tasks of the supporting NTPC and the trade policy process whilst graduates are being recruited and undertake advanced training and on-job training/experience.

*Trade Coordinator:* A senior local consultant would be the Trade Coordinator who would report to the Deputy Minister of MEDT (as Chairman of the NTPC) and will essentially be responsible for coordination and facilitation of the trade policy decision making processes in Maldives, organising and facilitating meetings, finding and distributing information for the various committees, monitoring implementation and communicating with all responsible stakeholders. Will also act as Secretary of the NTPC and be responsible for taking minutes. In order to stimulate activities the trade coordinator will prepare major inputs in the form of briefs on specific policy issues to enable informed and evidence-based decisions to be taken. In addition to support to other MDAs, the trade coordinator will also enter into dialogue with commercial sector and civil society interests to ensure full understanding of the implications of proposed activities.

*Immediate Expertise:* The process of policy driven coordination and implementation in Maldives is a relatively new concept. Therefore, it is important that the support mechanisms for this process have and are given credibility from the start. Many of the technical issues are complex and the range of issues covered by the policy is broad (the DTIS comprised eight experienced international experts from eight different disciplines). NTPC will need inputs from "experts" to credibly stimulate engagement and participation from other MDAs. Therefore, in preparing briefs and concept papers, MEDT will need short inputs from a range of expertise to ensure that discussions are meaningful at the NTPC. Because this will be a process driven approach where the trade agenda and needs will be determined by the NTPC, it is not possible to identify which and how much expertise is provided. A draw down approach will be used to provide short inputs (of between 2-20 days) on specific topics from a pool of international expertise (drawn from the many experts who have previously worked in Maldives together with subject specific experts).

*Training:* Since the capacity gap is predominantly in process and approach, formal training would be less effective. The principal method of obtaining training is by doing. Therefore, the training component will comprise a study tour and short placements, long term advanced training opportunities, as well as on-job training for new graduates working with experienced local and international experts.

A Study tour would be aimed at decision makers across government to demonstrate the way in which other countries coordinate trade policy and use inputs to arrive at consensus. It is anticipated

that the study tour would be undertaken at the beginning of the project to demonstrate to NTPC members how the coordination should work and to demonstrate the importance of coordination.

Placements for up to 2 government officials will be sought with governments and international agencies around the world to provide on-job training in the research, analysis and preparation of trade policy briefs.

Advanced training courses will be used to attract personnel to MEDT and raise the level of skills available for policy coordination. The problem of long term capacity development at MEDT is attracting and retraining experienced government personnel for trade policy development. There is a shortage of graduates in the government and these persons can choose their appointments. Providing financing for advanced training (Masters) would encourage candidates to the Ministry for the opportunity to participate. The government officials would join the Ministry and work for a period with the local and international experts (gaining vital on-job training) and then undertake masters training in economics, law or related topic. They would return to the Ministry under bond for a number of years ensuring MEDT had experienced and highly trained staff for its trade policy work. It is envisaged that 5 advanced courses will be completed with 3 recruits working for up to one year and then undertaking a year for advanced training and 2 recruits working for up to 2 years before undertaking advanced training once the initial recruits have returned to work in the Ministry.

There is a need to increase awareness amongst principal stakeholders regarding the need for coordination of trade policy through activities such as the development and maintenance of an IF/Trade Policy website.

### **Strategic Area of Support**

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- DTIS Action Matrix Area 7: Mainstreaming and Implementation
- DTIS Action Matrix Area 2: Trade Policy and Institutions

### **Intended Outcome as Specified in the DTIS Action Matrix**

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- 7.1 Champion trade mainstreaming in national development planning as a high-level inter-ministerial agenda.
- 7.2 Coordinate the delivery of TRTA between GoM and the stakeholder groups.
- 7.3 Establish a coordinating unit within the International Trade Policy Department (ITPD) of MEDT for TRTA implementation, management and monitoring.
- 2.1 Build capacity within the government in particular ITPD (MEDT) [...] to be able to better formulate, negotiate and implement trade policy [...].

### **Outcome Indicators**

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- Government trade policy decisions and implementations will be consistent across government as they appear in policy implementation of the individual MDAs;
- Policy decisions are made at NTPC based on information (research, analysis and consultation with all national stakeholders);
- The NTPC is supported in its activities by a Coordinating Unit established in MEDT who will facilitate the process in a professional way and provide technical inputs as required;
- All MDAs engaged in the trade policy formulation process are committed to the cohesive approach through improved understanding of the need and importance of coordination;
- Government officials are able to prepare briefs and other information to their respective policy makers in the NTPC in a timely and meaningful way;
- Increase awareness and understanding regarding the current national trade agenda amongst all stakeholders (government and non-government) to increase effective participation in the trade policy formulation and implementation process.

## Partnership Strategy

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- Support and commitment to the trade policy process and project will be expected from government, MDAs in the NTPC, UNDP, EU and its IF facilitator, partner governments and institutions to receive Maldives' delegations for study tours and placements;
- Support will be given through the project to MEDT's trade policy coordination unit, MDAs participating in the NTPC policy coordination process and private sector/civil society stakeholders through awareness raising, sensitisation of issues and consultations.

### PART 3. MANAGEMENT ARRANGEMENTS

The National Trade Policy Committee (NTPC) will be the national executing agency for implementation of the project. The NTPC will guide, monitor and supervise implementation. Day to day management of project activities will be undertaken by the International Trade Policy Division (ITPD) of MEDT who will take responsibility for identification and procurement of services to implement the project based on established procurement procedures of the MEDT; plan and initiate activities and; report outcomes and budget to the NTPC.

### PART 4. MONITORING AND EVALUATION

MEDT will report directly to the NTPC at their regular meetings detailing activities and budget expenditure. In addition, at the end of the first year MEDT will undertake an assessment of the impact of the project on its overall objectives, specifically assessing the improvement in the coordinated and cohesive approach to the implementation of the national trade policy. This assessment will also examine constraints and identify ways to improve effectiveness in a long term sustainable manner. This report will be compiled by an independent expert and could be undertaken from resources in the draw down service.

## Section II. Results and Resources Framework

Specific outputs will be:

- Effective coordination and implementation of the Maldives National Trade Policy;
- Cohesive approach to trade policy implementation through engagement and participation by all MDAs in Maldives, each contributing to the decision making process and implementation;
- Coordinating Unit established in MEDT to facilitate, stimulate and drive the national trade policy agenda;
- Trade policy implementing decisions based on research, analysis and consultation which are presented to the NTPC in the form of policy briefs;
- Two study tours and associated reports detailing lessons learnt for Maldives demonstrating how other governments and institutions coordinate their respective trade policies;
- Three placements for government officials in trade policy coordination units of other governments or international institutions;
- Five post graduate courses completed with the participants returning to the trade policy coordination unit by the end of project;
- Establishment of a trade policy web site and undertaking up to 10 awareness raising events such as publishing briefing papers for all stakeholders, seminars and consultation meetings.

Specific inputs will be:

- Local Trade Coordinator, who will be a graduate with 5 years plus experience of working with government and be able to effectively communicate, encourage and motivate both MEDT staff and members of the NTPC. Expected input 24 months full time.
- International Expert for coordination, organisation and facilitation of study tours and placements. 35 days over 2 years.
- In addition, a pool of international experts for draw down service. Expected inputs totalling 50 days over 2 years.

**Section III. Workplan and Budget**

Expected Inputs	Project Activities	Beneficiaries	Outputs	2007				2008				2009		Planned Budget Unit	Total in US\$	
				Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Description	No.			
<b>Target Output 1: Establishment of Coordination Mechanism and Provision of Immediate Capacity</b>																
Trade Coordinator	<ul style="list-style-type: none"> <li>Provide immediate capacity to allow work to begin on trade policy implementation.</li> <li>Coordinate and stimulate NTPC processes</li> </ul>	NTPC Secretariat Ministries Commercial Sector	<ul style="list-style-type: none"> <li>Effective coordination and implementation of the Maldives National Trade Policy through engagement and participation by relevant Ministries</li> <li>Coordinating Unit established to facilitate, stimulate and drive the national trade policy agenda;</li> </ul>	X	X	X	X	X	X	X	X	X	24	mnts	Local Expert	44,160
Draw Down Facility	<ul style="list-style-type: none"> <li>Provide specific immediate expertise and analysis as inputs to decision-making processes</li> </ul>	NTPC Secretariat Ministries	<ul style="list-style-type: none"> <li>Trade policy implementing decisions based on research, analysis and consultation which are presented to the NTPC and Ministries in the form of policy briefs.</li> </ul>	X	X	X	X	X	X	X	X	50	days	Pool of International Experts	46,296	
														<b>Sub-Total</b>	90,456	
<b>Target Output 2: Training and Long term Sustainability of institutional capacity.</b>																
Study Tours	<ul style="list-style-type: none"> <li>Increase understanding amongst stakeholders of the importance of, and need for policy coordination</li> <li>Study of mechanisms in other countries to assess how they can be adapted for Maldives</li> <li>Improve skills of participants in trade coordination</li> </ul>	NTPC Members	<ul style="list-style-type: none"> <li>A study tour would be undertaken at the beginning of the project to demonstrate how the coordination should work and to demonstrate the importance of coordination.</li> </ul>	X									35	days	Fee for International Expert Flights Per diem	33,600
Placements	<ul style="list-style-type: none"> <li>Improved skills and capacity for coordination of trade policy</li> </ul>	NTPC Secretariat	<ul style="list-style-type: none"> <li>Three placements for government officials in trade policy coordination units of other governments or international institutions</li> </ul>				X						2	prsns	Flights Living allowance	3,000
Advanced Training	<ul style="list-style-type: none"> <li>Provision of skilled officials to post graduate qualifications to ensure long term sustainability of coordination process</li> </ul>	NTPC Secretariat	<ul style="list-style-type: none"> <li>Five post graduate courses completed with the participants returning to the trade policy coordination unit by the end of project</li> </ul>	X	X	X	X	X	X	X	X	X	5	prsns	Post Graduate fees and living costs	138,889
Awareness Raising	<ul style="list-style-type: none"> <li>Increased awareness of the issues on the current policy agenda</li> <li>Improved ability of stakeholders to contribute to consultation process</li> </ul>	Chamber of Commerce Women's Entrepreneur Council Civil Society	<ul style="list-style-type: none"> <li>Establishment of a trade policy web site and undertaking up to 10 awareness raising events such as publishing briefing papers for all stakeholders, seminars and consultation meetings.</li> </ul>	X	X	X	X	X	X	X	X	X	-	-	Website, publications, seminars, and consultation	32,407
														<b>Sub-Total</b>	272,207	
														<b>Project Administration at 8% of Total</b>	31,536	
														<b>PROJECT TOTAL</b>	394,200	