

RealityCheck

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about this issue

This Reality Check provides an overview of TRCB and highlights the orientation and goals of current approaches to capacity building. By examining what is covered by TRCB and some of the major programmes, we will be able to highlight the major weaknesses in its design and delivery. These weaknesses have led to the conclusion that funding for TRCB, as currently conceived and used by donor countries, is off-target if it is to truly make a significant contribution towards reducing poverty in developing countries. Recommendations will be advanced for refocusing TRCB in order to strengthen capacities in developing countries to understand how trade policies influence and can form an element of strategies to improve the livelihoods of those living in poverty.

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The Reality of Aid

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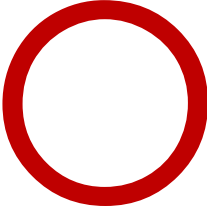
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Introduction

ver the past decade, aid and trade have become increasingly enmeshed as trade is seen as a key element of developing countries' development strategies. The role of liberalized trade and investment regimes in ending global poverty is highly politicized as the analysis of development agencies, academics and civil society organizations continues to be dismissed by organizations such as the WTO.

The increasing centrality of trade as a means for development received its clearest articulation in the World Trade Organization's (WTO) Doha Development Agenda that was the result of the November 2001 WTO Ministerial in Doha, Qatar. This declaration laid out a framework for the WTO's new negotiations. With the majority of WTO Members as developing countries, these negotiations were to "seek to place their needs and interests at the heart of the Work Programme."¹

Negotiations since that time have largely failed developing countries as "their needs and interests" in more equitable trade relations and protection for those living in poverty ignored.² Rather, the WTO has used Trade-Related Capacity Building (TRCB)³ as the key element of its push for the full integration of developing countries in the global economy through liberalized trade and investment and to build political support for the launch of negotiations on new issues of

concern to industrial countries in Europe and North America.

The spirit of the Development Agenda, has been relentlessly undermined by donor countries' reluctance to make development friendly concessions through Special and Differential Treatment (S&DT) or through the support of developing country negotiating positions. Rather, donors have used TRCB as their primary "concession" to development. At Doha there were references to TRCB in 12 paragraphs of the ministerial declaration.⁴ The importance the WTO and donors have placed on TRCB warrants further analysis. The ways in which TRCB is delivered, the organizations that are delivering it, and the types of capacity it is building will have significant impacts on the role of trade as a means for poverty reduction.

The importance trade and development officials from industrial countries are placing on TRCB is evident in the significant funding levels that are now flowing towards these programs. In their review of TRCB activities, the Canadian Council for International Co-operation has noted that although it is difficult to get an accurate and comprehensive picture of the total funding picture, "[e]stimates for total global funds committed to TRCB in 2001 are [US\$466 million] in support of trade policy and regulations, [US\$1,016 million] in support of trade development, and [US\$25.7 million] to the four multilateral trade capacity providers."⁵ Bilateral donor support in 2001 for trade policy and

1 WTO, 2001.

2 See for example, CCIC, 2003, March.

3 It should be noted that there are several terms used for what will commonly be referred to as Trade-Related Capacity Building. Trade-Related Technical Assistance (TRTA) and Trade-Related Technical Cooperation (TRTC) are encompassed by the broad term of TRCB, whose programming includes TRTA and TRTC activities.

4 Commitments on TRCB are made in paragraphs 16, 21, 24, 27, 33, 38 to 43 of the Doha Ministerial Declaration. WTO, 2001.

5 CCIC, 2003: 30. Canadian \$ converted to US\$ using the standard conversion rate of C\$1.56 to US\$1.

regulations was US\$269 million of the global total and US\$703 million in support of trade development of the total contributions.⁶ The funding situation has increased dramatically since 2001 as donors continue to channel increasing funding towards TRCB programming. Although the WTO's TRCB Database reveals a slight decrease in total TRCB funding between 2001 and 2002, the funding commitments from several major donors, including the European Commission, and the World Bank, were increased in 2003 and expectations are that commitments will continue to increase throughout the year.⁷

There is no doubt that trade can play a significant role in poverty reduction strategies and national development goals, but increasing trade alone does not reduce poverty. Trade is a means for ending poverty, not an end in itself.

This Reality Check provides an overview of TRCB and highlights the orientation and goals of current approaches to capacity building. By examining what is covered by TRCB and some of the major programmes, we will be able to highlight the major weaknesses in its design and delivery. These weaknesses have led to the conclusion that funding for TRCB, as currently conceived and used by donor countries, is off-target if it is to truly make a significant contribution towards reducing poverty in developing countries. Recommendations will be advanced for refocusing TRCB in order to strengthen capacities in developing countries to understand how trade policies influence and can form an element of strategies to improve the livelihoods of those living in poverty.

What is Trade-Related Capacity Building?

Although there is widespread recognition that developing and least-developed countries seek increased capacity to trade, there is wide scope and debate about how this should be accomplished. Consideration of the types of activities that could potentially be considered trade capacity building brings forward the realization that almost anything trade-related could be included. The various activities that donors have been including under the guise of Trade-Related Capacity Building include technical training programs in trade rules and procedures, seminars, workshops, courses and technical missions, the provision of manuals, guides, documents, data, research and consulting practices, as well as funding for specific programs and initiatives for expanding trade opportunities in developing countries. But other activities could include support for business or civil society organizations to understand the relationship their country has to international markets or to the impacts

⁶ Retrieved from WTO Capacity Building Database. <http://tcbdb.wto.org/>

⁷ WTO Capacity Building Database, "Guidance for data analysis." <http://tcbdb.wto.org/>

of international trade on the country. TRCB could be used to help countries to define their objectives and participate in the multilateral trading system, to support exporters, to build infrastructure for trade, to build capacity in civil society to monitor the implementation and results of trade, and the list can go on ad infinitum.

The diversity through which capacity building for trade can be understood is critical in understanding how it has been used. Building the capacity to trade is an inherently political issue tied very directly to economic interests of key economic actors in each country and to highly unequal North/South flows of trade and finance. If donor programs in support of TRCB were to truly benefit developing countries, the trade interests of these countries would be in a position to more effectively challenge powerful interests in donor countries in the trade arena.



The lack of clarity about what exactly constitutes TRCB also characterizes the goals and target constituencies behind donor provision of TRCB. These variations are reflected in the November/December 2002 *First Joint WTO/OECD Report on Trade-Related Technical Assistance and Capacity Building [TRTA/CB]*. In this report, the WTO/OECD note, “[d]onors have a broad interpretation of TRTA/CB although there are variations in focus, the specific objectives of TRTA/CB range from participation in trade negotiations and implementing agreements, to supporting national institutions and enhancing productive capacity. Some donors emphasize the trade policy process and mainstreaming of trade into national development plans; others focus on private sector and [small and medium sized enterprise] development, investment related assistance or promoting imports from developing countries.”⁸

As we will see, the goals of existing trade-related capacity building are rarely aimed at enabling developing countries to understand the complex role of international trade in their national development strategies. Nor are they aimed at strategies for orienting trade to support these strategies. Rather, the goal of most donor-sponsored TRCB is aimed at compliance with WTO rules and commitments.

The lack of a coherent understanding of the development importance of TRCB can no longer be said to be the result of a lack of a framework. Although there have been other attempts to examine the theoretical implications of the placement of

⁸ WTO/OECD, 2002: 1.

development at the center of TRCB, a coherent framework for TRCB for development was developed in 2001 by the OECD DAC report, *The DAC Guidelines: Strengthening Trade Capacity for Development*. The *Guidelines* state that the focus of TRCB programming should be on “facilitating a country-driven participatory trade policy process as part of a comprehensive approach to overall development goals and poverty reduction strategies.”⁹ They argue that TRCB must include assistance toward the national determination of appropriate priorities for trade strategies and their implementation, where these strategies are fully integrated with national development plans in the service of poverty reduction.

The OECD/DAC describe TRCB as activities by donors and partner countries that enhance the ability of a country’s policy-makers, enterprises and civil society actors to:

- ♦ work together to develop and implement a trade development strategy that is embedded in a broader national development strategy;
- ♦ improve trade performance through policy and institutional strengthening;
- ♦ participate in and benefit from the institutions, negotiations and processes that shape national trade policy and the rules and practices of international commerce.¹⁰

Despite the emergence of a development friendly and sufficiently broad definition of TRCB, the WTO does not reflect this language in its TRCB activities. Indeed using

In recent years the WTO has sought to play a more central role in the delivery and design of capacity building work.

trade as a means towards poverty reduction is not one of the goals for TRCB described in the WTO TRCB database.¹¹

The Context of WTO led Trade-Related Capacity Building after Doha

The WTO has had capacity building programs in place since its creation, and trade capacity building programs have been undertaken by various other multilateral organizations such as the World Bank, the United Nations Conference on Trade and Development (UNCTAD) and the International Trade Center (ITC), as well as regional development banks such as the Asia Development Bank. Although a multitude of organizations have undertaken TRCB activities, it is important to note that organizations such as the World Bank do not have an official mandate to carry out this work, while others such as the UNCTAD

⁹ OECD, 2001: 23.

¹⁰ Summary of the definition in OECD, 2001: 13.

¹¹ Powell, 2003b.

do. In recent years the WTO has sought to play a more central role in the delivery and design of capacity building work.

In their Doha Ministerial Declaration, WTO Members stated that “technical cooperation and capacity building are core elements of the development dimension of the multilateral trading system”¹² and they endorsed a *New Strategy for WTO Technical Cooperation for Capacity Building Growth and Integration*. The new strategy did not change the WTO’s mandate and approach to TRCB, notably limiting the scope of WTO capacity building “to focus, *inter alia*, on the development of competent trade negotiators on the existing WTO work programme and in those areas that will be part of an expanded work programme in any future negotiations.”¹³

The “new” elements of the WTO strategy are intended primarily to ensure that the WTO is at the center of TRCB programming. The new strategy is also reflective of Director General Supachai Panitchpakdi’s stated four key pillars of his tenure. One of which is “developing a long-term strategy for technical assistance and capacity building.”¹⁴ The other three pillars are 1) further strengthening the WTO’s legal framework; 2) promoting better coherence in international economic policy-making between the WTO and other international agencies; and 3) strengthening the WTO as an institution, and as a Secretariat, all of which also relate to the TRCB agenda.

The WTO has successfully structured a central defining role for itself in TRCB

primarily by channeling donor funding through the Doha Development Agenda Global Trust Fund, through information gathering and sharing with the Trade-Related Technical Assistance and Capacity Building Database, and ideologically by defining the framework of a global economic policy coherence agenda. These three areas warrant further analysis in order to demonstrate how the WTO and donors are misdirecting TRCB funding towards their priorities and interests in the trade negotiations, rather than in support of the needs of developing countries.

Doha Development Agenda Global Trust Fund

The Doha Development Agenda (DDA) Global Trust Fund was established in response to the Doha commitment to ensure long-term funding for the WTO’s technical assistance and TRCB mandate. One of the major criticisms of previous TRCB has been that it was too often open-ended, short-term and contingent on future negotiations.¹⁵ The establishment of a program to deliver secure and long-term funding of TRCB activities can be seen as a positive initiative; however, housing such a fund under the limited TRCB mandate of the WTO, in “the development of competent trade negotiators on the existing WTO work programme,”¹⁶ largely prevents the fund from having significant development and poverty reduction outcomes.

Despite the limitations of the WTO mandate, donors have funneled a significant level of funding towards the DDA Global Trust Fund. Although initial funding expectations for the fund were 15 million

¹² WTO, 2001.

¹³ WTO, 2001: 2.

¹⁴ WTO, 2003: 2.

¹⁵ UNDP, 2003: 337.

¹⁶ WTO, 2001: 2.

The emphasis that the WTO TRCB programs placed on preparing developing countries for negotiations on the new and controversial “Singapore issues” of investment, competition policy, transparency in government procurement and trade facilitation rather than on their stated interests in better understanding how to achieve development goals through these issues.

Swiss francs, contributions have totaled twice that amount with donors pledging more than 32 million Swiss francs.¹⁷ The WTO has used this funding level to undertake, in their own words, “an unprecedented level of commitment in providing technical assistance and capacity building to developing countries.”¹⁸ It has allowed the WTO to engage in the largest number of TRCB activities over one year (481 activities in 2002) in the organization’s history. The WTO also doubled the number of trade policy courses it offers to six annually, developed new training tools including a “Toolkit for Negotiators,” short-term trade policy courses, distance learning services, and for the first time the organization held two three-month trade policy courses outside Geneva, in Nairobi, Kenya and Casablanca, Morocco.¹⁹

This dramatically increased level of activity on the part of the WTO is highly

problematic. Analysts reviewing the content of WTO-sponsored TRCB activities have been highly critical of significant flaws and biased orientations in the WTO programs. In particular, the emphasis that the WTO TRCB programs placed on preparing developing countries for negotiations on the new and controversial “Singapore issues” of investment, competition policy, transparency in government procurement and trade facilitation rather than on their stated interests in better understanding how to achieve development goals through these issues. It has been reported by Yash Tandon of SEATINI that the promise of TRCB was used by industrialised countries at the Doha Ministerial as a way to ignore developing countries’ strong resistance to inclusion of the Singapore issues in the Ministerial declaration.²⁰

The Fund’s focus on these new issues and on compliance with WTO agreements has drawn significant criticism by civil society organizations (CSOs) from both developed and developing countries. In March 2002, several CSOs released a statement in response to the direction they saw emerging in Global Trust Fund programming. The CSOs called for WTO TRCB programs to strengthen the ability of developing countries to identify and pursue their own trade objectives in the context of broader development plans, rather than focus on WTO Secretariat and donor/developed country priorities. They noted that the Doha Declaration does not give support to the Singapore issues, but specifically mandates that technical assistance be given to “better

17 UNDP, 2003: 340.

18 WTO, 2003: 5.

19 WTO, 2003: 30-31.

20 CCIC, 2003, August: 11.

evaluate the implications” of new issues such as investment and competition.²¹ The statement also urged donors to develop an independent evaluation mechanism for TRCB that would be able to assess their impact on building developing country capacity. Thus far, the WTO Global Trust Fund has not been evaluated for its contribution to supporting the role of trade in national determined development strategies for poverty reduction.

WTO Doha Development Agenda Trade-Related Technical Assistance and Capacity Building Database

Another recent development in TRCB has been through the creation of the “WTO Doha Development Agenda Trade-Related Technical Assistance and Capacity Building Database.”²² This database was established in November 2002 by the Secretariats of both the WTO and the OECD and contains the

details and funding levels of TRCB activities from donors at the bilateral, regional and multilateral levels. Once again, though the development of a comprehensive overview of TRCB activities is welcome, the WTO is a poor choice as host.

The WTO bias towards TRCB being limited to initiatives that support WTO compliance and the liberalization agenda creates a troubling dynamic as certain activities that challenge or examine this agenda may be excluded from the database, or could be subject to pressure from other donors. This database is the foundation for the analysis of the impact of TRTA undertaken by both the WTO and the OECD.²³

Coherence

The third key element of the WTO’s initiative to play a central and determining role in TRCB provision has been through the coherence agenda. The coherence agenda strives to harmonize the global economic policymaking decisions that are being supported by the major multilateral institutions. The WTO has placed itself at the center of global economic policy-making and is working with the World Bank, the IMF, the UNDP, the UNCTAD



In Doha, WTO members stressed the need for “technical cooperation and capacity building” to focus on developing competent trade negotiators on the existing WTO programme.

²¹ Bretton Woods Project, 2002, March 11.

²² <http://tcbdb.wto.org>

²³ See WTO/OECD, First Joint WTO/OECD Report on Trade-Related Technical Assistance and Capacity Building, November/December 2002.

and the International Trade Centre (ITC) to achieve coherence. The WTO, the World Bank and the IMF have been the primary drivers in the coherence agenda that is focused on liberalizing trade in goods, services, finance and investment.²⁴ While the coherence agenda could allow other organizations to influence the policy choices that are pursued by the WTO, power relations between the organizations have made it clear whose policies are central to the work. According to these inter-agency agreements, the primary global economic policy is for increased liberalization and increasing compliance and integration of developing countries into the WTO system.²⁵ TRCB activities have found themselves at the center of the coherence agenda as the economic policy choices that are being recommended by multilateral donors are increasingly being subject to the stated desire for coherent global economic policies.

One of the most troubling aspects of the coherence agenda has been the increasing links between organizations that had previously been more trusted by developing and least-developed countries for their work to support developing countries, particularly at the UNCTAD. In April 2003 the WTO and the UNCTAD agreed to establish a framework for technical assistance cooperation through a Memorandum of Understanding. According to the memorandum of understanding, the purpose of the strategic partnership is to “implement the Doha Development Agenda, serve development goals, and integrate developing and least-developed countries into the global economy and the multilateral trading



Delegates at the Doha Ministerial Conference, November 2002.

system.”²⁶ The risks of the coherence agenda are becoming clear as the strong influence on donors of the WTO, IMF and World Bank threatens to undermine the independent policy analysis of the other multilateral organizations, in particular the UN agencies.

An overview of two of the primary multilateral TRCB funds provide clear examples of the way that the WTO coherence agenda are limiting capacity building initiatives for developing and least developed countries.

Integrated Framework for Trade Related Technical Assistance to Least-Developed Countries.

The Integrated Framework for Trade Related Technical Assistance to Least-Developed Countries (Integrated Framework) is concentrates on providing TRCB activities to least-developed countries and is coordinated by six multilateral organizations: the WTO, World Bank, ITC, UNCTAD, UNDP and IMF.

²⁴ Powell, 2003a.

²⁵ WTO: 2003, April 29.

²⁶ WTO/UNCTAD, 2003, April.

The Integrated Framework was established in 1997 and its stated objectives are to support TRCB that is LDC demand-driven and owned, and matched the specific needs of each LDC.²⁷ However, these objectives have not been implemented in practice. The Integrated Framework has been criticized by Jeff Powell of the UK-based CSO Bretton Woods Project as an organization that is providing, “an avenue by which an aggressive deep integration agenda can be locked into national development plans.”²⁸

Powell explains that the Integrated Framework does this by mainstreaming trade into national development plans through the World Bank’s Poverty Reduction Strategy Paper (PRSP) process.

“Mainstreaming trade” into PRSPs entails the adoption of policy conditionalities, both explicit and implicit, which LDCs, owing to their lack of alternative sources of development finance, must lock themselves into in order to ensure access to concessional assistance of all kinds, not simply access to TRCB assistance.

Others have questioned whether the PRSP processes, which were primarily designed to support the use of resources freed up from debt relief for social programs, will provide the comprehensive development framework needed for considering trade strategies without major rethinking.²⁹ Research conducted by the Overseas Development Institute finds that completed PRSPs say very little about trade policy, but

more importantly, where these reports do focus on trade:

[T]rade policy choices are rarely underpinned by a holistic analysis of poverty in each country. PRSPs fail to consider the impacts of trade on different groups of poor and vulnerable people. Effects are not disaggregated between consumers, producers and employees, between urban and rural populations, or by gender. Dimensions of poverty beyond income – risk and insecurity, access to services, and empowerment—are almost completely ignored.³⁰



²⁷ *Integrated Framework*, www.integratedframework.org

²⁸ Powell, 2002: 11.

²⁹ Luke, 2002, August.

³⁰ Ladd, 2003, April.

A review conducted by the southern CSO, the Third World Network, found the policy recommendations of the Integrated Framework for the first three pilot countries to be focused on compliance with WTO commitments or the promotion of the Singapore Issues. The review points out that there is little reference in the Integrated Framework TRCB programs to other factors important to the economic development and trade of LDCs, such as primary commodity dependence.³¹ Although a preliminary review of the second phase of the Integrated Framework was available just before the Cancun Ministerial,³² the report did not alleviate the concern that the Framework was overly focused on donor goals. The emphasis on donor goals rather than developing country interests further highlights how other institutions are being subsumed by the role the WTO and the World Bank are playing in pushing for coherence in global economic policy.

Joint Integrated Technical Assistance Programme for Selected Least Developed and Other African Countries

The other dominant provider of TRCB funding at the multilateral level is the Joint Integrated Technical Assistance Programme for Selected Least Developed and Other African Countries (JITAP). The JITAP was launched in 1998 as a joint initiative of the Geneva-based International Trade Centre (ITC), the UNCTAD and the WTO, with the ITC as the lead agency.

In much the same way as the Integrated Framework, the JITAP's statement of purpose

places the role of developing and least-developed countries at the core of its TRCB programming with the stated aim to help African countries participate more effectively in the multilateral

trading system and improve their export competitiveness.³³ However, as with the Integrated Framework, the JITAP has focussed on integrating poor countries into the WTO system, rather than supporting these countries to use trade as a means to further poverty reduction strategies. An evaluation of the JITAP in June 2002 criticized the program for not providing TRCB programming to meet the concerns and interests of least-developed and developing countries. The analysts recommended that the JITAP focus on three substantive areas:

- ◆ JITAP should develop capacities at the national level to discuss and elaborate on multilateral trading system issues.
- ◆ JITAP should build human resource development capacities, through the engagement of local institutions.
- ◆ JITAP should give greater focus to supply-side issues in its effort to create expanded export opportunities.³⁴



³¹ Hormeku, 2001, October: 4.

³² Capra-TFOC Consortium, 2003, July 4.

³³ JITAP, 2003.

³⁴ De Silva and Weston, 2002, June 6: 6.

Weaknesses of Existing TRCB Programs

A consistent pattern in TRCB activities is emerging where these programs are avoiding some of the most important issues for least-developed and developing countries to capture benefits for poverty reduction from the international trade system. The WTO is coordinating and influencing the overall provision of TRCB programming, both through their own programs and at the bilateral, regional and multilateral level. Donors, who are at times drawing on the resources of their aid programs to support these programs, must urgently address the weaknesses of the current directions of TRCB and refocus their efforts in order to ensure that poverty reduction is placed at the center of capacity building programming. The identified weaknesses of existing TRCB programs can be grouped under the categories of orientation, focus and ownership; actual and perceived bias; and diversification of approaches and suppliers.

Orientation, Focus and Ownership

It is clear that there is a dramatic need for a change in direction for TRCB. Although least-developed countries are often identified as the targets of TRCB, the policy and capacity building emphases of programs to date are on the priorities of donors.

Least-developed countries must be able to define the orientation and focus of the TRCB that they seek and receive so that it can be truly locally owned. In January 2003, Zambia, on behalf of LDCs, submitted a paper at the WTO calling for the mainstreaming of the trade-related elements of the May 2001 Brussels Programme of Action on LDCs³⁵ into the WTO's program.

The Brussels Declaration Programme of Action calls for TRCB to focus on developing human, institutional and productive capabilities for: diversification; implementation of WTO Agreements; trade policy; promotion of sub-regional and regional co-operation including for export promotion; regional trading arrangements; empowering women to benefit from opportunities created by trade-policy reform;



35 UN, 2001

accession; standard-setting and quality control; services; and reducing the impact of external economic shocks.

As Chandrakant Patel of SEATINI argues, it is important to keep in mind the political sensitivity of the myriad issues that are addressed under the WTO. The WTO is not solely a trade body, but several of its agreements touch upon behind-the-border issues and affect national and local policies as well.

...[T]rade negotiations are also about power relations and as such go beyond the narrow bounds of economic and trade-related expertise provided by typical assistance programmes. The process of transforming the WTO from a trade body to one that embraces virtually the totality of economic relations between states poses challenges that go well beyond technical issues and certainly beyond the capacity of the international agencies to address.³⁶

One-size-fits-all solutions must also not be pursued as each developing country must be allowed to make its own determination of what trade policies they wish to pursue, given their own timeframes, and nationally determined development strategies. It is also important for donors to expand their support for developing countries reform proposals in the international trade system. As highlighted by the Canadian-based North-South Institute in its *Canadian Development Report 2003* there will continue to be a need for donors to support concessions in the WTO for developing countries. TRCB is not in any manner an acceptable alternative when

developed countries block developing country proposals or prevent meaningful and effective S&DT provisions. TRCB “cannot be the only, let alone the major, development component of the Doha Development Agenda.”³⁷

Recommendations on Orientation, Focus and Ownership

Recommendation 1

Donors should increase their support of TRCB programs, but they must recognize that TRCB is not a substitute for increasing poverty-focused aid, nor is it a substitute for development friendly concessions in WTO negotiations.

Recommendation 2

Donors must refocus the orientation and goals of the TRCB programs they support to place poverty reduction at the center of trade capacity building strategies. TRCB activities should draw their direction from locally determined and effective multi-stakeholder strategies to reduce poverty, which may be only partially reflected in World Bank/IMF inspired PRSPs.

Recommendation 3

Donors should adopt as a positive framework the trade-related aspects of the 2001 Brussels LDC Programme of Action³⁸ as the basis for their bilateral support for TRCB and the orientation of multilateral programs. Commitment Five of the “Framework for Partnership of this Programme of Action” lays out a workplan to enhance the role of trade in development.

³⁶ Patel, 2001, December 13.

³⁷ Blouin and Weston, 2003: 50.

³⁸ United Nations General Assembly, 2001.



and positive discrimination, and tied aid.³⁹

In his analysis of “buy-off”, Solignac Lecomte stresses that donors have in the past used TRCB as a way to buy developing countries support for their policies. He gives the example of European TRCB that was provided to Namibia in advance

Actual and Perceived Bias in TRCB

As we have seen, donors have tended to use their TRCB funding to build support for their own priorities. These include tying TRCB funding to secure technical assistance contracts for domestic trade experts and the funding of programs on issues of strategic importance to developed countries such as the launch of negotiations on the Singapore issues. If donors continue to retain vested interests and control in the provision, design and delivery of TRCB programming, it is unlikely that they will be able to completely address the challenges of bias. After all, they are providing support for developing countries to potentially challenge powerful economic interests in their own countries in the international trade arena.

In his analysis of bias in TRCB, researcher H. B. Solignac Lecomte, identified three different types of bias: buy-off, negative

of ACP-EU trade negotiations as one example of this type of bias.⁴⁰ Donors have also used “Negative and Positive Discrimination” in their TRCB funding by either avoiding funding activities that they perceive could hurt their short-term domestic interest, or prioritizing assistance that they see as benefiting their domestic economies. Donors have also demonstrated bias through “Tied Aid” whereby the benefits of TRCB programs are captured by Northern contractors and consultants who provide trade expertise to developing countries, rather than drawing on local expertise in order to extend relevant building the capacity within the country.

The challenge of bias is an incredibly complicated one as donors, as the source of funds and accountable to national parliaments, will undoubtedly continue to consciously, or even unconsciously, prioritize their own interests. It is important that efforts be made to limit the role that

³⁹ Solignac Lecomte, 2001, July: 17-18.

⁴⁰ Solignac Lecomte, 2001: 8.

bias could play in TRCB and a first step would be to structure multilateral programs whereby developing countries are able to own the design, implementation and focus of TRCB programming.

Recommendations on Addressing the issues of Bias in TRCB

Recommendation 4

Donors should contribute to multilateral TRCB programs that are co-managed by developing country partners and structured to respond to capacity building needs that are determined by developing country governments and partner organizations. Trade-Related Capacity Building must be understood in its broadest sense so that developing countries have the ability to use these funds to support national development strategies.

Recommendation 5

Donors should stop supporting one-time initiatives in capacity building and should provide long-term funding that is not tied to donor priorities.



Recommendation 6

Donors should give priority in their TRCB funding to developing country expert contractors and capacity building providers as a primary resource of any capacity building work.

The Need for a Diversity of Suppliers and Approaches

Although the WTO and other trade bodies have attempted to portray international trade as a simple positive relationship between increased trade and increased welfare, the reality is much more complicated. To capture the benefits of trade to support national development strategies, developing countries will have to tailor their TRCB programs to the nature of their local economies, and in particular the structures of poverty and inequality in each country. One of the best ways that a developing country would be able to better define its priorities and strategies is through consultation and engagement with a broad diversity of actors and perspectives, nationally and internationally.

A TRCB coherence agenda, under the leadership of the WTO, is challenging this diversity of perspective as the expertise and priorities of organizations like the UNCTAD and UNDP are being subsumed by the pressure for global economic policy complementarity driven by political weight the WTO, the IMF and the World Bank. Given the demonstrated failure in reducing poverty of structural adjustment and liberalization policies promoted by these international financial institutions over the past 30 years, a diversity of independent sources and approaches in TRCB should be

encouraged by donors rather than an artificial coherence based on these same policy prescriptions.

The International Centre for Trade and Sustainable Development and the International Institute for Sustainable Development have proposed that TRCB strategies must involve a wide variety of other actors “unencumbered by bureaucratic constraints,” including academia, independent research institutions and NGOs.⁴¹ Under this network approach to capacity building activities, more vigorous and locally determined strategies would be developed that would be better able to address the particular situations of a developing country. As noted above, donors should also strive to use developing country talent or institutions in the provision of TRCB. These approaches would also build long-term capacity for countries to meet their self-defined development needs

Recommendations on Diversifying the Suppliers and Approaches to TRCB

Recommendation 7

Multilaterally, donors should provide more of their funding to UNCTAD and UNDP directed TRCB and encourage these organizations to maintain their policy and program independence distinct from the WTO driven coherence agenda. **This approach would also support the stated desires of the LDCs for these organizations to play a leadership role in TRCB programming.**

Recommendation 8

Donors should provide untied support to developing countries institutions such as national universities, research centers and specialised civil society organizations to support them in initiating their own capacity building programs. This support must be untied from strategic considerations of donor concerns, thereby strengthening local capacity as well as the education systems in these countries.

Recommendation 9

Donors should support the development of independent policy research and analysis programs on trade, driven by developing country needs and located in Geneva in order to support developing country delegations in WTO negotiations. This could be directed through the South Centre’s trade program, or through another organization, but independent of the WTO, World Bank and OECD.

Recommendation 10

Donors should recognize the diversity of interests in the trade regime within developing countries and therefore the importance of a diversity of perspectives on trade policy. An essential component of TRCB is the provision of support to southern NGOs who undertake their own analysis and capacity building work on trade issues with both government officials and civil society. These could include, but are not limited to, NGOs such as the Africa Trade Network, Focus on the Global South, the Hemispheric Social Alliance, SEATINI, and the Third World Network.

⁴¹ ICTSD and IISD, 2003, February: 4.

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RealityCheck

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The Reality Check is the official newsletter of the Reality of Aid. It is designed to highlight current issues in aid regime written from a regional perspective but with global significance, edited in rotation by the leading networks in the following regions:

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