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News and Events

ECDPM. ICTSD. ODI. 2002. Trade Negotiations Insights, February 2002. Vol. 1, Issue No. 1.

The objective of this new publication is to build bridges between different rounds of negotiations taking place at international, regional and national levels, by providing trade policy-makers with contextual analysis and regarding the latest developments from a broad perspective. The ultimate goal is to make greater sense of the wide range of choices available in trade negotiations. http://www.odi.org.uk/acp_eu/tni_english.pdf

19-21 September, Slovenia

The 10th General Conference of EADI (European Association of Development Research and Training Institutes) will take place in Ljubljana, Slovenia, from 19 to 21 September. The Conference will discuss the topic of 'EU Enlargement in a Changing World - Challenges for Development Cooperation in the 21st Century'. For more information on speakers, papers, the Scientific Committee, registration and venue, please check out:

<http://www.eadi.org/generalconference.htm>

(More News & Events:

<http://www.capacity.org/events.html>)

Advancing the policy and practice of capacity building in international development cooperation

Capacity Development for Trade

With the renewed interest in international trade agreements, developing countries are faced with a growing number of initiatives in this connection. Among the recent development have been a series of regional trade agreements among the developing countries themselves, as well as initiatives coupling developing with developed nations. The Free Trade Area of the Americas has brought together Mexico, Canada and the US. The countries of the Pacific region have signed an agreement with Australia and New Zealand. And the 77 countries of the African, Caribbean and Pacific (ACP) group have entered into the Cotonou Partnership Agreement with the European Union. In parallel with these developments, a new round of multilateral negotiations was launched in Doha, the capital of Qatar, in November 2001. In order to take advantage of the opportunities and challenges presented by these international trade initiatives, each developing country has to be able to clearly identify its key development objectives and to translate them into appropriate trade strategies. Capacity development for trade plays a crucial role in ensuring the relevance and effectiveness of this process.

This issue of Capacity.org spotlights the debate on how trade policy, trade-related technical assistance and capacity-building needs can be articulated in a broad development context. Among the key concerns emerging from many donor programmes are the importance of national ownership in developing trade capacities, the need for an appropriate institutional framework to ensure the sustainability of trade negotiation capacity, the participation of all relevant actors, the sharing of regional best practice and the adoption of appropriate coordination mechanisms.

This is reflected in the contribution from Henri-Bernard Solignac Lecomte (of the OECD), who paints a broad picture of the development of a new agenda for capacity-building and technical assistance for developing countries. Analysing the experience of many past donor programmes, he identifies some of the factors that can explain a country's success or failure in using international trade as an instrument of development strategy, and reviews some of the possible avenues for providing technical support to developing countries. Also included in this issue is an article by David F. Luke (of the UNDP) highlighting some of the lessons learned on capacity-building for international trade negotiations in Africa, where most countries have only limited institutional and human resource capacities.

Capacity development for trade is high on the agenda of international organisations and the development community. Against this background, you will find an update on the agenda arising from the recent WTO trade round in Doha, as well as a selection of key readings and a list of web resources on the same topic. Finally, we briefly review the (difficult) process of obtaining EU funding for trade capacity development in developing countries.

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Capacity-Building and Technical Assistance to Developing Countries: a New Agenda?

The Doha Declaration stresses the 'important role' of 'well targeted, sustainably financed technical assistance and capacity-building programmes' and dedicates a whole section to them, reiterating the commitment of the WTO members to helping the weakest among them participate effectively in the multilateral trade system. But what does this mean in practice? What is the exact objective of trade capacity-building (TCB)? Who should provide this assistance and how? Is it all gain for developing countries, or does it entail any risks? A recent paper published by the European Centre for Development Policy Management (ECDPM) tries to answer these questions. It is based on a review of various trade capacity-building projects and programmes in African and Caribbean countries.¹

Trickier than it seems

That trade-related capacity in poor countries is extremely weak is widely acknowledged. Strengthening the capacity of the poor countries to participate in the world trade system may seem a relatively logical and uncontroversial manner of promoting their interests, and those of the world trade system as a whole. Yet the issues affecting trade-related capacity-building and technical assistance are diverse, complex and constantly changing. The links between trade, development and poverty (through the former's impact on growth and income distribution) are not always clear.² Moreover, the technical aspects of trade policy-making in the context of the WTO or preferential trading arrangements are becoming increasingly complicated, as 'new' issues such as services, intellectual property, TBTs and e-commerce all come into the picture. This is particularly true of countries in which, for many decades, trade policy consisted mainly of 'granting import licences'.

As a result, there is not yet a clear common understanding among donors (or recipients)

of the scope of TCB or, even more importantly, of the objectives of this type of assistance. Actually, until very recently, very few attempts had been made at defining what TCB in poor countries entails, and very little practical guidance was available as to how trade capacity can best be developed and strengthened. The first comprehensive attempt was made by the OECD Development Assistance Committee, which last year published its *Guidelines on Capacity Development for Trade in the New Global Context*³. One of their virtues is that they make an effort to look into the core of the matter: what kind of capacity should we aim to build or strengthen? If the answer, as the Guidelines suggest, is that a whole process of trade policy-making must be engineered in these countries, this clearly means that there is plenty of scope for improving current TCB practices.

Trade capacity-building: are we missing the point?

Many factors can explain a country's success or failure in using international trade as a vehicle for its development strategy. As evidenced by the experience of countries⁴ that have successfully used international trade as a key feature of their development strategies (such as Mauritius, various East Asian developing countries, and indeed the developed countries), efficient trade policy-making may be best described here as a process by which:

a country's *trade interests* are clearly identified, in the framework of its overall development strategy;
these interests are translated into *policies and negotiating goals*;
roles are distributed - either explicitly or implicitly - and *resources* are allocated to implement these policies, and to promote these interests, either reactively or proactively, in the various negotiating fora (i.e. at multilateral, bilateral and regional levels).

Best practice reveals three critical elements of an efficient trade policy process: *government leadership*, *institutional capacity* and the *inclusion* of all actors, including the relevant ministries (i.e. not just those in charge of 'trade'), the business sector, trade promotion and regulation bodies, think-tanks and other civil-society organisations.

Donors should seek to support the structuring and sustainability of such a process (in countries where it is either inefficient or close to non-existent). Evidence shows that, whilst they do so to some extent, they generally operate in a dispersed manner and that comprehensive approaches are very rare. Capacity-building initiatives in the area of trade policy often aim primarily at *helping developing countries to cope with the obligations* they have assumed under the trade agreements they have signed; they also mostly refer to *technical assistance and training*; and are largely directed at *trade administrations and officials*.

What's wrong with that? Firstly, it is restrictive to describe developing countries' trade policy needs as being a package of information and know-how that is required to implement commitments made under the multilateral system, or as part of other agreements (e.g. within the ACP-EU cooperation framework). The purpose of TCB necessarily depends on a country's own objectives and development strategy, and thus calls for specific attention to be devoted to ownership and context-specificity.

Secondly, it is inadequate to consider capacity needs as merely a sum of information and know-how which are lacking, and which TCB would merely transfer from donors to recipients. Trade-related technical assistance programmes targeted at middle-rank officials will have little impact as long as awareness at higher levels and the institutional setting

for trade policy-making are both inadequate. At best, it will enhance the capacity of individuals, who may then be tempted to leave the civil service for more lucrative positions in the private sector, for instance as consultants.⁶

Finally, the potential beneficiaries and targets of TCB aid at a policy level consist of more than just the government, although the latter clearly is a key player.

The risk of biased aid

Helping engineer an efficient, sustainable and inclusive trade policy process is not an easy task. One common shortcoming of trade capacity development projects is that they end up being biased - in one way or another - in favour of donors rather than recipients.

Four types of such biases have been identified that apply more or less exclusively to the area of trade capacity-building as compared with other areas of development assistance:

Negative discrimination. Donor countries may be reluctant to provide assistance for activities they perceive as hurting their own short-term commercial interests, for instance, by creating or strengthening capacity to counteract anti-dumping measures taken by third countries ... including the donor countries themselves.

Positive discrimination. Donors may be tempted to 'positively discriminate' in favour of trade-related assistance which they see as generating benefits for their own economies or firms, at the expense of other interventions that would mainly benefit the recipients. The case of agricultural exports from Maghreb countries (e.g. Morocco and Tunisia) to Europe is a telling example: the EU imposed quota restrictions on vegetable imports from these countries during the season when European producers grow them, while at the same time using part of its financial aid and technical assistance to build greenhouses for

counter-season production. Obviously, the necessary equipment needed to be bought from the EU.

Tied aid. Tied aid (in which most benefits are captured by suppliers of equipment and technical assistance) is common in trade-related projects. Many donor-sponsored activities presented - and in some cases accounted for - as development aid see 'contractors', NGOs and consultants from the donor country pocketing the bulk of sometimes sizeable budgets, with little guarantee that they are the most efficient suppliers, or that the project itself actually meets a priority development need. At a policy level, aid-tying surfaces in projects with a high content of built-in technical assistance from the donor country.

Buy-off. A less direct potential impediment to aid efficiency in TCB is that the support granted by donors for enhancing the recipient country's negotiating capacity in various fora may alter the negotiator's goals and incentives. Efficient negotiating capacity means the ability for a country to formulate and defend its own trade interests. Being supported in this by a donor country who is sitting at the same negotiating table (for instance, at the WTO or during the ACP-EU negotiations) is no less than a contradiction in terms. Let us take a look at a few examples:

- *Training.* In the run-up to the Seattle Ministerial meeting in 1999, a case was observed in Senegal in which a US-funded training package for policy-makers and private-sector actors strongly emphasised issues which the donor country itself had prioritised (e.g. the need to do away with agricultural subsidies), while deliberately overlooking issues in which Senegalese interests might be in conflict with those of the US (e.g. intellectual property rights). Similarly, the promotion by EU members of the 'multi-functionality' concept (a catch-all phrase used to gather support against proponents of agricultural

trade liberalisation) at seminars for aid recipients illustrates just how blurred the borderline can be between assistance and propaganda.

- *Technical assistance* for administrations in charge of trade policies is arguably necessary where capacity is weak or absent, but direct support to, or involvement in drafting negotiating positions (as observed in the European aid to Namibia ahead of the ACP-EU trade negotiations) contradicts the basic principle that trade policies should be owned by the country in question, and defined in coherence with its overall development strategy.

- *EU financial support* for the ACP Secretariat in Geneva (as from January 2002) may arguably shift former's accountability further away from ACP countries towards the EU. Here again, the argument of mutual interests in the WTO between the EU members (soon to be even more diverse as the Union expands) and the 77 ACP countries (which already represent very diverse interests in many trade areas) seems, at best, extremely weak.

Ways forward

Does this mean that trade-related capacity-building and technical assistance are so biased in essence that they eventually do more harm than good? Not necessarily. Research, particularly when performed by independent institutions commissioned by donors, has been deemed useful by recipients, thanks to its demand-led and neutral nature.

Besides, while some bias in TCB may be unavoidable, it can always be reduced, or at least monitored. For instance, some donors include provisions in technical assistance contracts to ensure that the material produced for supporting negotiating strategies remains confidential to the recipient government. Similar provisions remain to be defined on technical assistance content, or on rules for the use of ODA funds in TCB projects.

A consensus needs to be built among donors on the ultimate objective of TCB: to empower developing countries in the multilateral trade system, and help their products penetrate OECD and other world markets. It is in donors' interests to be able to negotiate with informed trade partners, just as it is in their interests that developing countries trade more.

As for the recipients, several trade officials have argued that the best antidotes to biased TCB assistance are awareness and leadership: if national trade interests and the related objectives are clearly identified in the first place, there is much less scope for third parties to unduly influence trade policy.

1 For the full text of the report, see *Building Capacity to Trade: A Road Map for Development Partners*, ECDPM Discussion Paper 33, at http://www.ecdpm.org/pubs/dp33_gb.htm.

2 Bussolo, M. and H.B. Solignac Lecomte, 1999, 'Trade Liberalisation and Poverty', *ODI Poverty Briefing No.6*, London: ODI. (<http://www.odi.org.uk/briefing/pov6.pdf>); Winters, A.L., 1999, 'Trade, Trade Policy and Poverty: A Framework for Collecting and Interpreting the Evidence', Global Development Network <http://nti.ids.ac.uk/eldis/winter.htm>.

3 See www.oecd.org/dac/trade; see also Pengelly, T. & M. George, 2001, *Building Trade Policy Capacity in Developing Countries and Transition Economies - A Practical Guide to Planning Technical Cooperation Programmes*, International Trade Department, London: DFID. <http://62.189.42.51/DFIDstage/AboutDFID/files/itd/tcen.pdf>

4 And to some extent that of CARICOM's Regional Negotiating Machinery (RNM).

5 A feasibility study conducted by the London-based Overseas Development Institute as part of a scheme for building the capacity of African trade officials by arranging temporary outplacements to European governments has highlighted the risks associated with divorcing individual capacity development from institutional capacity development.

6 Gonzales, A., S. Page and M. Tekere, 2000, *Helping the ACP Integrate in the World Economy - An Agenda for Research and Support*, ECDPM-ICTSD Discussion Paper, Maastricht: ECDPM. (<http://www.oneworld.net/ecdpm/en/events/20009/index.htm>)

By Henri-Bernard Solignac Lecomte,
OECD Development Centre, hbsl@oecd.org

WTO Trade talks in Doha give High Priority to Capacity Development

Many reasons have been given for the failure of the 1999 WTO trade negotiations in Seattle. One of them was undoubtedly the fact that the developing countries refused to let themselves be marginalised by the developed world and allow the latter to simply carry on with business as usual and set the agenda of the day.

Things were different at the most recent trade round, the Fourth Ministerial Conference, which was held in Doha, the capital of Qatar, in November 2001. The developed countries realised that they needed to make a more concerted effort together with the developing countries if the trade talks were to be effective. For their part, the developing countries started out by making their participation in the Doha round conditional upon the developed countries giving a firm commitment to capacity development and technical assistance in trade-related matters. They felt that only a firm pledge of this type would enable every country to play a full part in ongoing and future negotiations. The trade round resulted in the Declaration of Doha, which provides a mandate for negotiations on a range of subjects and other work as laid down in the Doha Development Agenda (http://www.wto.org/english/tratop_e/dda_e/dohaexplained_e.htm).

Following this political pressure, the WTO General Council decided in December 2001 to establish a sound and predictable basis for funding WTO Trade-Related Technical Assistance (TRTA). This was to be followed by a pledging conference in early March 2002, for which the General Council set a target of CHF 15 million for core funding.

Some governments agreed to provide significant support in kind, including organising their own training courses for trade officials. The subsequent Development Agenda Global Trust Fund Pledging Conference in Geneva, which was attended by senior trade officials, high-ranking representatives from international organisations, and experts on finance and development, managed to collect the double of the target, i.e. CHF 30 million.

Whilst the response to the calls for capacity development for trade from the developing countries has thus been encouraging, all multilateral and bilateral donors will nonetheless need to make a major coordination effort to ensure that their actions are coherent and to harmonise programmes. A genuine policy dialogue both among donors and with recipient governments is needed to make capacity development both more effective and targeted.

The WTO Secretariat, which is one of the prime actors in this regard, can only meet part of this need. However, it has now identified several key ways of addressing the demand for technical cooperation and capacity development for trade. These are:

The development of effective inter-agency groups, focusing on specific issues and activities, for the coordinated delivery of TRTA. Support for the Integrated Framework (IF) for Trade-Related Assistance. One of the exciting outcomes of the most recent meeting of the six agencies supporting the IF was the unanimous undertaking to support developing and least-developed countries in the new round of trade negotiations and the negotiations on

the Doha Development Agenda, by drawing on their own complementary expertise.

The creation of a Doha/Trade-Related Technical Assistance Database. This should include constantly updated country files, in which records are kept of the assistance received from different multilateral and bilateral donors.

Effective coordinated delivery of TRTA by the WTO and bilateral donors in the OECD's Development Assistance Committee.

The building of a strategic partnership with regional banks and institutions. The Memorandum of Understanding signed in February between the WTO and the Inter-American Development Bank can act as a model for this sort of cooperation.

The WTO Secretariat-wide Annual Technical Assistance Plan, which - in conjunction with a number of international development agencies - responds to the short-term trade-related

technical assistance needs of the beneficiary members. This Plan is a significant step forward in responding to the 514 activities agreed during the Doha trade round. Implementation has effectively begun, and will now be accelerated.

New supervisory mechanisms for evaluating the performance and delivery of programmes.

So as to be sure that this ambitious agenda of technical cooperation and capacity-building work is achieved, the WTO Secretariat is seeking to fill a number of vacancies with people appointed on special short-term contracts, subject to a fast-track recruitment procedure.

For more information on WTO assistance, see http://www.wto.org/english/tratop_e/devel_e/tct_e.htm

Websites on Capacity-Building for Trade Development

The **European Commission's DG Trade/ ACP website** focuses on ACP-EU trade relations and includes a very useful section on next steps and future prospects, plus plenty of relevant documentation.

<http://www.europa.eu.int/comm/trade/bilateral/acp/acp.htm>

The official **Free Trade Area of the Americas website** provides lots of valuable information on the FTAA process, its committees, the measures designed to facilitate commercial exchanges, as well as a Database of Technical Assistance Programs. <http://www.ftaa-alca.org/> and <http://www.ftaa-alca.org/tecass/tapindex.asp>

The **International Centre for Trade and Sustainable Development** is an independent, non-profit and non-governmental organisation that aims to foster a better understanding of developmental and environmental concerns in the context of international trade. A very useful weekly trade news digest provides a review of trade-related articles and information relevant to the sustainable development and trade communities (a free e-subscription is available on the website). <http://www.ictsd.org>

The **Trade Knowledge Network (TKN)** is part of a project aimed at building long-term capacity to address the issues of trade and sustainable development in developing country research institutions, non-governmental organisations and governments through increased awareness, knowledge and understanding of the issues. The TKN links network members and brings together new and existing research on trade and sustainable development.

<http://www.iisd.org/tnk/default.htm>

The **International Trade Centre (ITC)** works with developing countries and economies in transition to set up effective trade promotion programmes for expanding their exports and improving their import operations. The website covers six key areas: product and market development; the development of trade support services; trade information; human resource development; international purchasing and supply management; and needs assessment and programme design for trade promotion. The information sheets on ITC Technical Cooperation Tools are particularly useful. www.intracen.org/

The **Joint Integrated Technical Assistance Programme (JITAP)** is a joint initiative by the ITC, the WTO and UNCTAD to provide technical assistance to a select group of LDCs and other African countries. JITAP is a comprehensive attempt to trigger a robust process of trade policy-making in poor countries, starting from a very low level of awareness and institutional capacity. <http://www.jitap.org/>

The **Integrated Framework for Trade-related Technical Assistance for LDCs** is an initiative taken by six organisations that are seeking to work together with the Least Developed Countries (LDCs) in an effort to coordinate their trade assistance programmes. <http://www.itd.org/index1.htm>

UNCTAD's technical cooperation programmes on trade seek to expand the trading opportunities available to developing countries, by building up their capacity in this area through policy advisory services, access to information and training. The emphasis is on the enlargement and improvement of export opportunities, including in the commodities sector, and on improving the efficiency of export and import transactions and cutting down their cost. <http://www.unctad.org/en/techcop/techcop.htm>

The **World Bank's website on International Trade and Development** was created as a research, training and outreach tool for people interested in trade policy and developing countries. Particular emphasis is placed on the new trade agenda associated with the upcoming round of WTO negotiations. The site contains lots of interesting course and training material. <http://www.worldbank.org/trade>

Technical cooperation in the **WTO** aims to help recipient countries understand the WTO agreements and expand their capacity to use the multilateral trading system in order to advance their economic growth and meet their development objectives. It contains a Guide to sources of trade-related technical assistance which is meant to be a comprehensive platform on technical assistance provided by the WTO and other organisations and national governments. <http://www.wto.org/>

Capacity Building in Africa for Trade Negotiations: From Nowhere to Getting there Fast

During the mid-1990s, African countries were faced with the challenge of building capacity for trade negotiations. From a very low starting point, a remarkable turn-around has been observed during the last seven years.

At the end of the Uruguay Round in 1994, most African countries signed the World Trade Organisation (WTO) Agreements without having participated meaningfully in the negotiations, but in full recognition of the need for integration into the global economy and of the liberalising trend that was driving the globalisation process. The establishment of the WTO that followed in 1995 as a forum for continuous trade negotiations, the negotiations between the Africa, Caribbean and Pacific (ACP) countries and the European Union (EU) for a successor to the Lomé Convention that were then looming, as well as negotiations to lower trade barriers between African countries in the context of intra-regional economic integration programmes presented a major challenge for capacity building for trade negotiations.

To meet this challenge, a major effort emerged during the last seven years that has seen a remarkable degree of collaboration between African regional organisations such as the Organisation for African Unity (OAU), the UN Economic Commission for Africa (ECA), the African Economic Research Consortium (AERC), the ACP, bilateral agencies, and international organisations such as UNCTAD, UNDP, and the WTO itself to support capacity building for trade negotiations. This effort has resulted in a noticeable improvement in the effectiveness and performance of African trade negotiators at critical negotiating forums including the 3rd WTO Ministerial Conference at Seattle; the 1997-99 ACP-EU negotiations; at the intra-African level, notably the Common Market for Eastern and Southern Africa Free trade Agreement of 2000 and the Southern African Development Community Trade Protocol of

2000; and more recently at the 4th WTO Ministerial Conference at Doha, Qatar. Five main lessons, consistent with the body of evidence on the prerequisites for effective capacity building, are clear.

Ownership: the countries concerned and their regional and sub-regional organisations have taken the lead in identifying capacity deficiencies, in directing resources provided by collaborating partners to bridge the gaps, in utilising this support to articulate negotiating objectives and positions, and in establishing a viable institutional framework to support the various stages of negotiation.

Sustainability: the institutional framework that has emerged provides an essential basis for the build up and sustainability of trade negotiation capacity. Established under the auspices of the OAU, the framework consists primarily of the conference of African ministers of trade, a decision-making and coordinating forum; the Africa groups at Geneva and Brussels, the location of WTO and ACP/EU negotiations, respectively; and a panel of trade policy experts, serving as advisors both to the conference and to negotiators in Geneva and Brussels as well as to negotiators dealing with intra-regional trade issues.

Participation: while it has been observed that some African countries have been more active than others at trade negotiations, there has been broad participation of all countries concerned not only at the level of trade policy makers but also at the level of private sector commercial interests, civil society, the media, and the academic/research communities.

Sharing regional best practices: to the extent that the African countries

generally share similar interests and concerns in trade negotiations (including intra-regional negotiations), they have generally been able to learn from one other during negotiation preparatory processes.

Coordination: international and regional agencies constituting the collaborating partners have generally stuck to their mandates, largely avoiding duplicating the interventions of each other, and standing back to allow the countries and their network of regional organisations and national constituencies to take the lead role. Notwithstanding the relative effectiveness in coordination, tension and friction have been observed between the partners.

While a very positive picture has been drawn of substantial progress in trade negotiation capacity building in Africa, this is not to suggest that there are no further challenges. The key challenges include enhancing the participation of countries that have been less active on the one hand and the widening and deepening of the participation of national constituencies on the other. In addition, the collaboration between the international and regional agencies concerned, which has so far been fairly effective, will surely be tested during the forthcoming WTO post-Doha and other negotiations.

By David F. Luke, Southern Africa Sub-Regional Resource Facility (SURF), UNDP,

For information on SURF, please consult:
<http://www.sasurfs.undp.co.zw>

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Bibliography

Davies, R., and K. Mbuende. 2002. Beyond the rhetoric of economic partnership agreements: issues to be addressed in ACP-EU trade negotiations. S.l.: s.n.

This paper seeks to transcend the benefits that Economic Partnership Agreements could theoretically generate. It explores the issues that will need to be addressed if Economic Partnership Agreements are to contribute to the structural transformation of ACP economies so as to lay a basis for poverty-focused forms of sustainable growth and development. In addition, the authors seek to highlight, from an ACP perspective, the major issues that will need to be addressed within the future process of negotiating ACP-EU trade, development and economic cooperation agreements. The paper is based on the authors' experience in monitoring and assessing the conduct of the EU's trade negotiations with South Africa. (Publication on internet forthcoming).

OECD. 2001. The DAC guidelines on strengthening trade capacity for development. Paris: Organisation for Economic Co-operation and Development.

Developing countries want to join in the globalisation process. However, the increasing complexity of global markets, the new challenges of the multilateral trading system and the competing demands of regional, bilateral and multilateral trade agreements are confronting developing countries with an expanding array of competitiveness and policy challenges. In many cases, they lack the institutional and human resource capacity to meet these challenges.

The DAC Guidelines on Strengthening Trade Capacity for Development have been prepared on the basis of an emerging international consensus on and understanding of how the international

community can work together more effectively. They are designed to help developing countries enhance their capacity to trade, and participate more effectively in the international rule-making and institutional mechanisms that shape the global trading system. They also provide a common reference point for the trade, aid and finance communities, placing trade capacity-building in the context of comprehensive approaches to development and poverty reduction. The Guidelines discuss the need for developing capacity for trade, policy constraints on trade, the formulation of a lasting policy framework for trade development, and principles for developing capacity for trade. <http://www.oecd.org/pdf/M00022000/M00022182.pdf>

Kostecki, M. 2001. Technical assistance services in trade-policy: a contribution to the discussion on capacity-building in the WTO. (ICTSD Resource Paper, 2). Geneva: ICTSD.

The purpose of this study is to provide a short overview of policies and procedures used by the major multilateral agencies in formulating, implementing and assessing capacity-building programmes in the field of trade policy. The objective is not to advocate any specific model of technical cooperation, but rather to pave the way for a much-needed international debate on trade policy-related technical assistance (TA) by leveraging the experiences of other organisations. With this in mind, the paper looks at the institutional mechanisms provided by these agencies and presents the opinions of leading experts on capacity-building on the current state of such programmes, as well as future options. The study focuses on the WTO and, to a lesser extent, on other leading multilateral institutions in trade-related TA, such as the International Trade Centre (ITC), the United Nations Conference on Trade and Development (UNCTAD) and the World

Bank, as well as relevant non-governmental initiatives.

<http://www.ictsd.org/pubs/respaper/TAPER5-12-01.pdf>

Pengelly, T., and M. George. 2001. Building trade policy capacity in developing countries and transition economies: a practical guide to planning technical co-operation programmes. London: DFID.

This guide has been produced by the DFID's International Trade Department to support the implementation of the UK Government's White Paper on International Development, entitled *Eliminating World Poverty: Making Globalisation Work for the Poor* (December 2000). The aim of the guide is to provide practical advice for planning trade policy technical cooperation (TPTC) programmes in developing countries and transition economies. It is based on insights gained from TPTC programmes supported by the DFID since the late 1990s in Africa, South Asia, Eastern Europe and the Caribbean.

<http://62.189.42.51/DFIDstage/AboutDFID/files/itd/tcen.pdf>

Solignac Lecomte, H.-B. 2001. Building capacity to trade: a road map for development partners - insights from Africa and the Caribbean. (ECDPM Discussion Paper, 33). Maastricht: ECDPM.

This paper aims to provide a road map for trade capacity development and the trade policy process, as well as some practical lessons of experience with trade capacity development (TCD). It starts out by analysing the best practice in efficient trade policy processes. The second part of the paper highlights some of the main success factors, as well as the common limitations, of TCD, based on the experiences of donors and recipients in Africa and the Caribbean. http://www.ecdpm.org/pubs/dp33_gb.htm

ACP-EU Trade and Capacity-Building Funding: An Update

One of the more pressing capacity development problems that need to be resolved before the Cotonou Partnership Agreement can be fully implemented is that of how African, Caribbean and Pacific (ACP) countries should best prepare for and negotiate future trade agreements with the European Union (EU). The negotiations are set to start in September 2002 and are vitally important in the light of the centrality of ACP trade development and the effective integration of ACP states into the world economy as a means of eradicating poverty and securing sustainable development. In December 2000, the EU set aside a sum of EUR 20 million from the European Development Fund (EDF) for this purpose. The funds were to be accessible almost immediately, in accordance with a strict timetable. Unfortunately, the special 'quick disbursing mechanism' has become bogged down in delays.

The trade capacity-building programme is designed to provide ACP governments, regional organisations and non-state actors with the technical assistance they need in order to prepare and negotiate Economic Partnership Agreements (EPAs) with the EU. The EU's Programme Management Unit (PMU), which is responsible for approving and implementing individual projects, is not likely to be operational until the 2nd quarter of 2002, which is considerably later than the original target date of December 2001. Institutional bottlenecks arising from the internal reform of the European Commission have been blamed for this situation. A similar support package of EUR 10 million for ACP capacity-building for WTO debates has been plagued by the same type of delays. Not only is it now very difficult for ACP countries to gain access to substantial funds for capacity-building, the delays also mean that any support that is forthcoming will almost certainly be too late to support any meaningful process of preparation for trade negotiations with the EU.

Among the ACP countries, progress has also been slower than anticipated. Whilst ACP officials recognise that the process has begun, they also accept that there is still much work to be done at all ACP levels in identifying trade policy objectives and formulating strategies for achieving joint goals. This process of finding a common position is certainly not likely to be completed before the scheduled September 2002 launch of trade negotiations. The issue which needs to be addressed most urgently is how to achieve an ACP consensus on their strategy for September 2002, when negotiations will start.

In his presentation to the ACP Trade Ministers meeting in Brussels in November 2001, EU Trade Commissioner Pascal Lamy said that the European Commission was prepared to allot the ACP countries up to EUR 50 million for capacity assistance with the new WTO Round. This was over and above the EUR 30 million that had already been promised, but not yet delivered. The EUR 50 million would be part of the 9th EDF, the overall development fund for financing the Cotonou Partnership Agreement, and would need to be negotiated within the context of regional and national indicative programmes.

This political commitment must now be translated into technical delivery mechanisms. Both the European Commission and the ACP countries need to formulate proposals for programming this fund. This is a major challenge, given the lack of progress that has been made to date in establishing the first trade capacity development fund. It will be up to both partners, the ACP and the European Commission, to push the process forward to the next stage and to come up with proposals for specific trade capacity development activities.

Capacity.org was set up by the European Centre for Development Policy Management (ECDPM) as a tool for development researchers, practitioners and decision-makers. As both a web site and a newsletter, *Capacity.org* brings together information, ideas, and viewpoints on capacity development policy and practice within international development cooperation. It acts as a platform for dialogue and provides a channel for informed review and synthesis of the complex issues faced by development practitioners and policy makers.

Focusing on both the 'why' and the 'how' of capacity building - debating policy questions and learning from practical experiences - *Capacity.org* seeks to 'unbundle' the complex of ideas and practices that we call capacity building. In doing this, the editors particularly encourage the exchange of perspectives and experiences from the South, to ensure that the discussions are rooted in reality.

Developed by ECDPM, it is our aim to make *Capacity.org* a joint effort in which all of our various capacities and expertise are mobilised and shared. Interested individuals and organisations can help make *Capacity.org* an effective communication tool for people who seek to alleviate poverty through capacity development. Join us by contributing information, lessons, ideas and opinions, and feedback. Offers to co-finance parts of the initiative or to link related initiatives are very welcome.

<http://www.capacity.org>

*This issue of Capacity.org is compiled with the assistance of Sanoussi Bilal, Kathleen van Hove, Jilles van Castel
of the European Centre for Development Policy Management (ECDPM).*

Comments, suggestions and requests should be addressed to Volker Hauck or Gwénaëlle Corre,

Onze Lieve Vrouweplein 21, 6211 HE Maastricht, The Netherlands, Fax: (31)-43-3502902, E-Mail: cb@ecdpm.org, <http://www.ecdpm.org>