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Cornering the Market: the World Bank and Trade Capacity

Jeff Powell

Numerous analysts have argued that the World Bank (WB) and the International Monetary Fund (IMF) have used loan conditions "as a battering ram for opening Southern markets". Even if developing country¹ trade negotiators were able to win a battle in Geneva, they lost the war in Washington. Between 1981 and 1994, the World Bank made 238 loans that included

liberalisation of trade or foreign exchange policy in 75 different countries (IBRD, 1999), leading Elbadawi and Helleiner (*African Development in the context of regimes: The role of the WTO and its relationship to the World Bank*, 1998) to remark that "African countries at present probably have less to fear from the World Trade Organisation (WTO) than from the IMF and World Bank."

The Bank responds that trade reform is today the smallest category of its adjustment lending and a declining proportion at that (Finger, JM, *Implementing Uruguay Agreements*, 2002). In an unusually frank admission, retired WB economist Michael Finger explains the shift in the Bank's focus: in the latter half of the 90s, the Bank has presented its trade work not as loan conditions for trade reform but has "pointed to the support it has offered for developing country participation in the WTO ... One attractive feature of this approach ... is that it leaves the WTO as a firewall against trade reform's political incorrectness. Another is that negotiations are romantic. 'Support for developing country participation in the WTO ' is more cosmopolitan politics than support for trade liberalisation." (Finger, 1107)

This recognition is driving Bank tactics on trade. The ministerial statement from the Doha round of trade negotiations recognises the "urgent needs of LDCs 1 for enhanced support for technical assistance and capacity building...", mentioning the latter a dozen times. Unlike loan conditionality, capacity building appears at first to be a win-win proposition, dovetailing perfectly with the Bank's repositioning as a 'knowledge bank'. In early 2001, Chief Economist Nicholas Stern made clear the Bank's intentions in this area, alleging that "the World Bank is the only organisation with the depth of knowledge at the country level you need to discuss trade issues seriously." (*Financial Times*, 30 January 2001)

There are at least two reasons why this tactical manoeuvre deserves greater scrutiny. The first is the risk of 'upstream conditionality'--that is, influencing the hearts and minds before the trade debate has even started. Trade capacity builders have enormous influence over the entire process of establishing trade policy; from the choice of research areas and how that research is conducted through to the shape of trade-related institutions and the training of negotiators themselves. The second reason for concern is the

imposition of trade conditionalities through more immediate means--the Poverty Reduction Strategy Paper (PRSP). While all sides, at least in rhetoric, agree on the need to mainstream trade policy into country development goals, the question is *which trade policies and how* . In the 2002 LDC report, UNCTAD warns that "when trade policy conclusions are mainstreamed into PRSPs, they will become the basis for policy conditionalities whose fulfillment will be required in order to ensure access to concessional assistance of all kinds, not simply access to trade-related technical assistance." This means that regardless of the outcome of battles fought in Geneva and Washington, developing countries may have lost the war in their own capitals.

What exactly is trade capacity building?

While there is a broad consensus about the need for trade capacity building, there is little agreement about what exactly it is. The use of the term capacity-building itself is a relatively recent phenomenon. 'Technical assistance', which Kostecki (*Technical Assistance Services in Trade Policy: A contribution to the discussion on capacity-building in the WTO*, 2001) describes as the "first stage", with its emphasis on transferring ready-made solutions, was first supplanted by the term 'technical co-operation' in the 80s. This, in turn, lost favour to the present use of 'capacity-building', with the supposed difference that the beneficiary owns this latest process.

A series of well-intentioned, if not technocratic definitions of capacity building have since evolved. DFID and the Organization for Economic Cooperation and Development (OECD) (2001) define TRCB as:

A coherent set of activities by donors and partner countries designed to enhance the ability of policy-makers, enterprises and civil society actors in-country to improve trade performance through

policy and institutional strengthening as part of a comprehensive approach to achieve a country's overall development goals and poverty reduction strategies.

Importantly, the objectives of TRCB are here defined to be part of the larger aim of reaching a country's overall development goals. Also noteworthy is the emphasis on private sector, civil society and academic input into trade policy formulation.

Trade as a means towards the goal of poverty reduction is nowhere to be found in the definition in the WTO's perhaps-misnamed Doha *development* database (2002). For an activity to be classified as trade capacity building, it must "create an enabling environment for increasing the volume and value-added of exports, diversifying export products and markets and increasing foreign investment to generate jobs and trade." In addition, the activity should "enhance the ability of enterprises to participate in international trade, or increase national capacity to participate in the multilateral trading system." Presumably then, research which concluded that participation in a new round of negotiations would run counter to national development goals would not be considered as such.

This might lead one to ask what the countries receiving TRCB want. Prior to the Doha round, LDC representatives met in Zanzibar, where it was decided that they needed to "develop the capacity of the private sector, civil society and the research and training institutions to enable them to formulate constructive proposals on the context and the implementation of trade policies that will reflect strategies for poverty reduction." (WTO 2001d:Article 24) They were quite specific about *who* they wanted to do this, "urging for an increase in the extra-budgetary resources for UNCTAD to carry out... activities on WTO and trade-related issues".

What these differences reveal, and what most of the agencies providing TRCB try to hide behind jargon, is that TRCB is

inherently a very sensitive political issue. Who sets the agenda? Who carries it out and how? And who evaluates its impact? Each of these questions is fraught with questions of power. Rashid Kaukab³, of the Geneva-based South Centre, argues that "real capacity building might mean being able to say they [developing countries] don't want to enter trade negotiations at all." And if countries do decide to enter trade negotiations, can they trust that so-called 'capacity builders' are acting in their interests? "Capacity building should be about teaching Africans how to break the rules like the developed countries do," says Thandika Mkandawire⁴, Director of the UN Research Institute for Social Development (UNRISD), "...do you think the World Bank is going to do that?"

The Integrated Framework

The Integrated Framework is an initiative to coordinate the TRCB activities in the least developed countries of the multilateral agencies and bilateral donors, and to 'mainstream' these efforts into poverty reduction programmes. In December 1996, the WTO Singapore Ministerial Conference mandated an "integrated approach to assisting LDC s to enhance their trading opportunities" (WTO 1997). Six core agencies (IMF , ITC , UNCTAD , UNDP , WB , and WTO), under the leadership of the International Trade Centre (ITC), were to coordinate their activities and those of the bilateral donors to provide a more comprehensive and coherent framework for TRCB .

During the three-year experiment, needs assessment exercises were completed in 40 of the 49 LDC s. This was to be the first in a 5 step process (WTO 2001e:3) involving:

1. country needs assessment
2. integrated responses by the six core agencies
3. preparation of a multi-year country programme and the holding of a UNDP Round Table (RT) or WB Consultative Group (CG) to engage donor support

4. implementation and monitoring
5. regular evaluation by the staff of the core agencies and officials of the LDCs

Five RT s to follow-up on the needs assessment exercise were held in Bangladesh, The Gambia, Haiti, Tanzania and Uganda with "disappointing results".
[10](#) The initiative was dead in the water.

An official evaluation (*Review of the IF development of the least developed countries*, Rajapathirana et al., 2000) concluded that *inter alia* the IF had failed to generate in-country ownership or inter-ministerial cooperation, lacked sufficient support from the multilateral agencies and had remained a largely unfunded mandate.
[11](#)

The chief recommendation of the report was to improve the IF by "prioritising the link to the overall development assistance architecture". Ultimately, a proposal was made for an IF Pilot Scheme.

Let's try it again: The IF 2

The pilot proposal was adopted by the LDC s in February 2001. In March, a Steering Committee (IFSC) was formed to provide policy oversight, composed of representatives of the 6 core agencies, 6 LDC s and donors. Meanwhile, the day-to-day management of the initiative is handled by the Inter-Agency Working Group (IAWG), made up of the 6 agencies and four special observers.
[12](#)

The IFSC decided that administration, formerly located at the ITC , would be brought under the WTO to give it more *gravitas*.

Evaluation and extension of the revamped IF

In the original terms of reference (TOR) , it was agreed that the IF Pilot would be reviewed by donors, LDC s and agencies before the Doha conference in November 2001, at which time, if all parties were satisfied that the IF was a viable model for the delivery of TRCB and integrating trade into strategies for poverty reduction, the approach would be extended to other LDC

s. (WTO , 2001) However, at a meeting of the IAWG , 6-7 September 2001, before any of the first round countries' diagnostic studies had even been finalized, it was agreed
[13](#) to extend the pilot scheme to eleven LDC s: Burundi, Djibouti, Eritrea, Ethiopia, Guinea, Lesotho, Malawi, Mali, Nepal, Senegal and Yemen.
[14](#)

There has been considerable debate about the possibility of extension of the IF to non-LDC s. While use of the Fund is limited to LDC s, the Bank has started to extend the model to other low-income countries in Central and South Asia and Africa. Officials of donor agencies have suggested that processes and tools for diagnostics to mainstream trade into development plans which have emerged from the IF should be provided to all countries for their own planning purposes. Furthermore, bilateral funding agencies are being encouraged to integrate their efforts with the IF , and the WTO is planning to coordinate its Trade Policy Reviews for LDC s more closely with the IF 's integration studies (WTO 2001).

The IF and the PRSP

The route by which the trade capacity building needs identified through the IF process will be 'mainstreamed' into the PRSP process is still unclear. There has been some suggestion that the key contact person in-country for the IF should sit on the PRSP steering committee. However, since there has been no consultation with either the private sector or civil society on the IF , this would amount to running an end-game around the participatory principles of the PRSP . If, as envisioned by OECD /DFID in figure 1.1, there is broad-based participation in the setting of trade policy and prioritising trade capacity building needs, then an argument could be made for a trade-PRSP link. As can be seen in table 2.1, there is virtually no mention of the link between trade and poverty reduction, let alone TRCB needs in any of the existing PRSPs or IPRSPs.

Why is the IF important?

Several events suggest that the IF is being positioned to play a key role in the trade debate:

- ? At the February 2002 heads of agencies meeting, the IF received vocal support from, amongst others, US Secretary of State Colin Powell and Chief Trade Negotiator Robert Zoellick.
- ? After its initial endorsement at the 2001 G8 Summit in Genoa, the IF again featured prominently at the G8's wilderness retreat in Canada in July 2002.
- ? At a 26 June 2002 meeting of the heads of ITC, UNCTAD, UNDP and the WTO, trade was described as the "best way to tackle world poverty" and "at the heart of this" lies the IF (www.unctad-undp.org/news260602).

Why has an initiative that had been given up as a lost cause and which involves extremely modest sums of money become the darling of international policymakers? How has an initiative *which is yet to actually provide any capacity building* become the model for all future programmes of its kind?

Most important is the key role to be played by the IF in keeping the trade liberalisation bicycle moving forward. In the opening address by Mike Moore, newly appointed Director-General to the Ministerial Conference of LDCs, in Cotonou, Benin on 5 August 2002, the IF was described both as "successfully re-designed" and as a "key deliverable". The second reason for the high profile of the IF lies in the strategic role it plays "to make sure that an integration strategy [is] an indispensable part of LDC's poverty reduction strategy process." (WTO Report of the 20th Meeting of the Inter Agency Working). The IF provides an avenue by which an aggressive deep integration agenda can be locked into national development plans.

Trade capacity building: A general critique

Criticism of TRCB comes from all sides--there is neither enough TRCB nor is that which is being done effective. LDCs decry paltry levels of donor support and point to

understaffed missions in Geneva and their inability to fully participate in global trade fora (*Trade-related capacity building for enhanced African trade*, Luke, D, 2002). One-off seminars are criticised for failing to deliver sufficient analytical depth or the necessary continuity for institution-building (Tekere, 2001). Donors and multilateral agencies have responded that, taking into consideration the considerable sums invested in TRCB worldwide, the problem is one of coordination and not money. This analysis is reinforced by routinely-heard complaints about the duplication of TRCB efforts and levels of bureaucratic waste. Long-time trade commentator, Michel Kostecki, contends that "80 per cent of effort is put in management, not in product."¹⁹

More fundamental critiques question the motivation and influence of funders. Denning (*Technical cooperation and knowledge networks*, 2002) has argued that the short-term assignment of foreign experts "limits the acquisition of knowledge from such activities to fairly shallow and low-value knowledge". When nationals are brought in to lead CB efforts, individuals are usually identified who belong to the same epistemic communities as the external agencies.

The failure in many cases to involve local research institutions, NGOs or private sector members guarantees the perpetuation of a patron-client relationship. The World Bank has admitted as much, saying that capacity builders "may actually have made matters worse ... because they have tended to ... [be] supply driven and geared to satisfying internal institutional demands..." (World Bank Report: *Partnerships for capacity building in Africa*, 1996).

This view coincides with the perception of TRCB as primarily aimed at assisting DCs to meet existing trade obligations rather than helping them use trade to attain their development goals (*Research and Training Needs in International*, M.Tekere, 2001). Furthermore, until far-reaching changes are made in the so-called 'green room' negotiating tactics where

industrialised countries use strong-arm tactics to force last-minute DC concessions, or the use of 'aid blackmail' against dependent countries, any benefit of improved TRCB would be ephemeral.²¹

Cannibalising other players

There are whisperings in Geneva that the Bank's assuming a dominant role in the IF is part of a broader campaign to cannibalise other TRCB initiatives and agencies. In all the enthusiasm about the resources that the Bank brings to TRCB, it is conveniently forgotten that the Bank *has no mandate to carry out TRCB*. This is the role of the UN Commission on *Trade and Development*. Yet this is just one example where funds are gradually taken away from UNCTAD and diverted to agencies whose organisational view is more in line with the Quad countries. Chandrakant Patel of the Southern and East African Trade Information and Negotiations Initiative (SEATINI) believes that the IF's guise of inter-agency co-operation is simply "a way for the powerful and preferred institutions such as the World Bank and the WTO to ensure that lesser agencies faithfully follow their agenda and policy advice in the name of inter-agency co-operation and coherence."²⁸

An alternative agenda

For both altruistic and self-interested reasons, donor countries have started to respond more seriously to calls for TRCB since Doha. As the money begins to flow, the World Bank is becoming an increasingly important player. Supporters of the Bank argue that using the WTO to take up implementation issues is to try to eat soup with a fork; it is therefore urging the development community to "put down the fork and pick up the spoon." (Finger, 2002:1107) But should this be a choice of either/or? What if DCs prefer to eat with chopsticks?

The question then arises who should provide TRCB instead of the Bank. The immediate response should be that donors

must channel new funds for TRCB to UNCTAD. This would be in keeping with the organisation's historical mandate, with the stated desires of the LDCs, and, less directly, with the conclusions of the first IF review: A number of other agencies and organisations should similarly be bolstered:

- ? UNDP should be rewarded for aggressively increasing its efforts in the area. While traditionally the agency has been left to the 'soft' issues of poverty and social impact assessment, regional trade advisors in Africa and Asia should play a greater role in the mainstreaming of trade policy.
- ? Regional organisations such as ASEAN, CARICOM and the OAU as well as UN regional economic commissions represent a diversity of economic viewpoints and possess a wealth of geographically and culturally specific knowledge gleaned from involvement in and analysis of regional trade agreements.
- ? On the academic side, national universities have been traditionally overlooked when TRCB dollars are ladled out. This only serves to further erode the intellectual sovereignty of nations which have suffered from decades of structural adjustment-induced cutbacks to education. Given a TRCB budget in the hundreds of thousands if not millions of dollars, many Southern universities could come up with analysis and long-term capacity building efforts which are both truly independent and represent better value for money (Kostecki, 2001).
- ? Finally, both intergovernmental organisations such as the South Centre and ICTSD and NGOs such as the Africa Trade Network, AIDC, IISD, Focus on the Global South, the Hemispheric Social Alliance, SEATINI, Third World Network and the Trades Centre

are possible candidates for providing TRCB in their related areas of expertise.

With other organisations doing the capacity building, the onus would then fall on the Bank to fulfill its mandated role--assisting in funding the work on the ground. At present, the only Bank loans relevant for this kind of work are the competitiveness and export promotion loans which are part of the private sector development group.

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Technical Assistance For Sanitary and Phytosanitary measures

International Trade Forum

Many countries of the South want to earn more from exporting both processed and fresh agricultural products. That means meeting the technical regulations and sanitary and phytosanitary measures in export markets. But are these regulations being used to limit access to developed country markets for fresh and processed agricultural exports, as a number of developing countries fear? What sort of action is needed and what sort of technical assistance should donors be giving to help countries meet the technical requirements set?

Under the World Trade Organization (WTO) Agreement on the Application of Sanitary and Phytosanitary Measures (SPS) to protect human, animal and plant life or health and the Agreement on Technical Barriers to Trade (TBT), member countries need to base their technical regulations and SPS measures on "international standards" if they limit the imports from other countries.

The requirement is designed to provide a measure of uniformity in the way imports are treated. Governments are understandably concerned about health risks, which can range from salmonella poisoning to foot-and-mouth disease or sugar-plant pests. At the same time, the agreements recognize that meeting international standards may be a burden for cash-strapped, resource-short parts of the world. So under the agreements, countries also agree to "facilitate the provision of technical assistance to developing countries" to help them meet standards.

What is the situation in developing countries with regard to SPS, TBT and the aid they are supposed to be receiving? What are their priorities for technical assistance? We now have some answers, thanks to a study carried out by ITC with the Commonwealth Secretariat in six developing countries.

The study investigated whether these countries are participating in the development of international standards; how they are implementing the TBT and SPS Agreements; and what problems they face with regard to exporting. Exports from many developing countries, especially least developed countries, are likely to be concerned by the SPS Agreement more than the TBT Agreement — particularly countries with a limited industrial base.

All face barriers

All of the case study countries — Jamaica, Kenya, Malaysia, Mauritius, Namibia and Uganda — encounter sanitary or phytosanitary barriers to their exports. The greatest problem for them is that importing countries often impose SPS requirements that are stricter than the international norm. For example, the European Union has special requirements concerning meat processing plants and Norway imposes tough controls against salmonella.

However, the study found that the developing countries have hardly ever raised these concerns in the WTO's SPS Committee. If they did take action, it was

through bilateral negotiations. Although there are examples where this strategy was successful, the study uncovered general frustration about the time taken for the importing country to respond or attend to the issue and revise any offending measures.

In control

It would be simplistic, however, to say that developing countries are not capable of meeting SPS measures. The study found that countries do maintain effective SPS control over some of the most immediate and important health risks — for example, Mauritius has measures to exclude sugar-cane pests from the country and Namibia to keep out foot-and-mouth disease.

The study found that “when SPS or TBT requirements threaten their economic interests, the countries are willing and able to take action”. Jamaica, one of the developing countries studied, showed the kind of innovative solution that exporting countries find to satisfy the requirements of importers, particularly when the importing country is prepared to support the effort to meet its standards.

In Jamaica, the Government took decisive action to address problems with exports to the United States relating to pesticide residues in callaloo and yam, and insect pests on hot peppers. Indigenous vegetables and fish account for 27% of Jamaica’s agricultural and food exports, and these “non-traditional” products are exported almost exclusively to the United States, the United Kingdom and Canada. The Jamaican Government opened bilateral talks with US authorities and established national task forces to identify and implement the required action at the national level.

To regain access to the United States market for ackee (from which around 50 000 people are thought to gain their living), Jamaican authorities had to implement a US-approved system of prior approval and regulation of ackee processors. To date, four processors have been approved. For exports of fresh

produce to the United States, Jamaica operates a pre-clearance programme funded initially by the US Agency for International Development. It is now financed by a per-box levy on exports. “The pre-clearance programme confers a significant competitive advantage on Jamaica over its regional competitors,” the case study noted. “Once a consignment has been pre-cleared, exporters can be confident it will be admitted at the United States border.”

Import rules vary widely

Overall, the extent to which the six countries apply international standards as the basis of their own SPS measures for imports varies widely.

Food standards

In countries that have national food standards in place, Codex Alimentarius (an international food code that serves as the basis for many national food standards and is administered jointly by the Food and Agriculture Organisation and the World Health Organisation) standards appear to be widely accepted and used. Mauritius, a substantial food importer with a well-developed food control system, uses all relevant Codex Alimentarius standards for its import standards. On the other hand, although Namibia is also a substantial food importer, it does not appear to have a well-developed food control system of its own and still relies on South Africa’s standards. The extent to which countries apply international standards seems partly to reflect the level and composition of economic activity and the pattern of trade, the study suggests.

Animal health standards

The standards and codes of the World Organization for Animal Health (OIE) are usually the basis for national standards for animal health. However, several case study countries have found it difficult to comply with these standards to maintain effective animal health regimes.

Early stages for plant health standards

The situation for plant health is somewhat different. International norms so far have tended to relate to definitions, methodologies and administrative procedures for carrying out risk analysis, rather than to control specific pest risks. The International Plant Protection Convention did not establish international standards until the mid-1990s and is still in the early stages of its standards-setting programme. One important international measure — from the perspective of obligations under the SPS Agreement — deals with appropriate pest risk analysis. But the case studies show that developing countries have difficulty in following this international norm, as their capacity to deal with SPS issues is limited.

Challenges

The study identifies three broad areas where developing countries have difficulty in implementing SPS obligations:

1. Resources needed for obligations and rights
 - The human and financial resources of developing countries are extremely limited in comparison with what is required to meet their obligations and to take full advantage of their rights, especially for market access, under the SPS Agreement.
 - These constraints also limit the ability of developing countries to participate effectively in the setting of international standards. “Consequently, questions are raised about the extent to which international standards take proper account of the needs and special circumstances of developing countries.”
2. Complex conditions
 - Some developed countries, in addition to setting conditions for market access beyond prevailing international standards, vary their requirements over time in a way that increases the difficulty for developing countries to meet these conditions.
 - Some developed countries also impose conditions on imports from developing countries that are more stringent than those applied domestically.
3. Domestic infrastructure
 - Administrative structures and legislative systems in developing countries can impose further constraints on their ability to comply with SPS measures.

Fragmentary assistance

The case studies have led to the conclusion that much of the assistance provided by national and multilateral development assistance agencies over many years to build SPS- and TBT-related infrastructure has been fragmentary and has not been effectively integrated into national activities.

“Much more assistance is needed, but it should be provided in a more cost-effective way,” the study suggests. Furthermore, in addition to information dissemination, “there is a clear need for assistance to be problem-based, addressing the real capacity constraints that developing countries face”.

Getting on target

The study outlines a suggested approach for assistance that is better targeted:

- ? *Use new channels for dispute resolution.* In many cases, countries lack the confidence to pursue complaints within the

WTO dispute settlement system against major trading nations and blocs. ITC has played a part in helping developing countries settle such disputes through alternative channels. For example, an ITC buyers-sellers meeting held in Cape Town, South Africa identified the food safety requirements of South Africa as a major barrier to sales of canned tuna by a Mauritian company. ITC organized a mission in February 2002 to inspect the company and see whether it could meet South African standards. ITC then helped negotiate a technical agreement between the South African Bureau of Standards and the ministry responsible for controlling exports of fisheries in Mauritius. The outcome was that in the short term, South Africa would accept the canned tuna subject to inspection of each consignment. In the medium term, the Mauritian Department of Veterinary Services would gain accreditation as an inspection body and the food laboratory of the Mauritius Standards Bureau would also obtain accreditation, enabling South Africa to accept their inspection and test reports.

- ? ***Tailor assistance to each country's needs.*** Not all developing countries are at the same level of industrial development and needs for technical assistance vary accordingly. It is important, therefore, to identify, evaluate and quantify the specific needs of each country, in terms of resources required, relevance in resolving problems and cost of such technical assistance. There are also clear differences between the needs and priorities of food importing and food exporting countries.

Technical assistance should not replicate capacities in developed countries, but

should aim to solve problems that are specific to the particular developing country by developing tailor-made solutions.

- ? ***Improve market access for products with real export potential.*** The study findings suggest that donors consider giving aid for products that a country has been trying to export but has not been able to do so because of importing countries' SPS requirements. In addition, developing countries should carry out a preliminary identification of needs themselves to ensure that technical assistance is directed to products with real export potential.
- ? ***Standards will get tougher, increasing demand for assistance.*** Even for developed countries, it is difficult to implement fully all the obligations in the WTO Agreements on TBT and SPS, especially in areas such as risk assessment as the basis of imposing SPS measures. Improvements in knowledge and analytical techniques available in developed countries are leading to new perceptions of risk. So the help needed is likely to exceed the resources available.

A carpenter without tools

Donors need to tackle the apparent fragmentation of technical assistance through a coordinated, integrated approach. They also need to address problems comprehensively. In Pacific and African countries, for example, a range of agencies provided considerable training on pest risk analysis, but without providing the resources to use this training. "This can be compared to training a carpenter, but that carpenter then having no tools (equipment) or timber (financial resources) to actually work with," those carrying out the study concluded.

In capacity-building projects, donors need to "lock in" the local authorities —

particularly key coordinating ministries — during the project design phase. This should ensure there is a complementary effort to match the work of the development assistance agencies.

The study also proposes “...that at times, technical assistance should be directed towards building regional capacity as distinct from national capacity.” Examples to build regional capacity: laboratories for reference testing; record-keeping activities to access previous scientific studies and pest and disease information; and assistance to enable developing countries, if they so wish, to challenge measures that go beyond international norms.

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Editorial Comment: Who Benefits from Technical Assistance and Capacity Building?

Percy F. Makombe

In February 2003, Dr Supachai Panitchpakdi, the World Trade Organisation (WTO) Director-General, and Ambassador Manaspas Xuto, the Executive Director of the International Institute for Trade and Development (ITD) signed a Memorandum of Understanding launching a joint technical assistance programme to help developing and Least-Developed Countries (LDCs) increase their participation in the multilateral trade negotiations. This technical assistance programme will mainly include training courses to be given by WTO and ITD officials.

The argument has always been made that developing countries especially in Africa, need technical assistance to help them to maximise on the opportunities offered by the Multilateral Trading System (MTS). Developing countries sometimes lack the technical expertise to negotiate trade agreements effectively. There is no denying that there is a huge capacity gap between developing countries and the developed world. The Doha Declaration

speaks of a “well targeted, sustainably financed technical assistance and capacity-building programmes.” This begs the following questions: What is the nature of technical assistance and capacity building? How is this technical assistance given? Who stands to gain from this technical assistance? Will this technical assistance strike a balance in trade relations? How long should developing countries wait before they see the benefits of this technical assistance or is it just a case of building castles in the air?

The need for technical assistance in Africa cannot be wished away. Rich countries constantly pledge to help Africa build up its capacity and raise its technical expertise. However the worrying trend is that technical assistance is often used to train African trade people to be more compliant with developed nations’ trade demands. What is also happening is that in some instances, African nations are being persuaded to agree to the expansion of the WTO agenda. This effectively means that while Africa is still grappling with coming to terms with old trade negotiations new issues are introduced leaving little or no time for reflection.

In February 2002, government representatives from developing countries met in Geneva and questioned significant parts of the WTO Technical Assistance Plan. They asked that it be revised to put into consideration the concerns put forward by the LDCs. The LDCs were of the opinion that future multilateral trade negotiations had to take into account their inability to participate effectively in negotiations on a broad agenda and implement new obligations due to their limited capacity. It therefore flies in the face of reason to introduce new issues when developing countries can’t cope with the old issues.

Promises of technical assistance to help the countries deal with the new issues are ineffectual, it’s rather like closing the stable gate after the horse has bolted. Precisely because funds for technical assistance come from the rich countries, it becomes difficult for African countries to

have much influence in determining the direction that technical assistance programmes should take.

It is important to note that the problems associated with technical assistance are not just peculiar to WTO. Sometimes the promised technical assistance is long in coming. The African Caribbean Pacific-EU negotiations are a case in point. The Cotonou Agreement for example recognises the need for preparations before negotiations of a new trade agreement can commence. The European Community had promised that it would give funds to help ACP countries to organise workshops, conferences and seminars as well as support analytical studies of the Agreement before formal negotiations began in September 2002. Yet these funds were delayed by the EC. Logic dictates that since the funds were delayed, formal negotiations should not have begun because the necessary preparatory work had not taken place. But this was not the case and negotiations are moving at maximum speed.

To a large extent the technical assistance plans are devised by the WTO Secretariat and then taken to the LDCs. A large part of the plans revolve around the Integrated Framework for Trade Related Technical Assistance (IF). The International Monetary Fund and the World Bank are some of the institutions involved in this IF. Now given the well documented failure of the World Bank and the IMF with their Structural Adjustment programmes, how can we expect these institutions to come up with programmes that are pro-poor? Nowhere in the plans do you see input from the LDCs. This seems to confirm suspicions that this technical assistance is meant to get the developing countries to accept the agenda of the rich nations, their agenda being the opening up of markets at whatever cost and the unquestioning belief that foreign direct investments provide the answers to all our economic woes.

There is no denying that there is a crying need for a technical assistance programmes to help build up the capacity of the developing nations. Any such

programme should improve and strengthen the ability of countries to define, identify and pursue trade policies that benefit their people. As Henri-Bernard Lecomter points out (*Building Capacity to trade: What are the priorities?*):

“Another, less direct potential impediment to aid efficiency in trade capacity building is that the support granted by donors to enhance the negotiating capacity of the recipient country in various fora may alter the negotiator’s goals and incentives. For a given country, efficient negotiation capacity means the capacity to formulate and defend its own interests. Being supported in this by a donor country who is also sitting at the table of negotiations (for instance in the WTO) is no less than a contradiction in terms.”

To illustrate this point, Lecomter gives the following example:

“In the run up to the Seattle Ministerial meeting in 1999, a case has been observed in Senegal where a US-funded training package for policy makers and private sector actors strongly emphasised issues which the donor country had made its own priorities, while deliberately overlooking issues where the interests of Senegal may well conflict with that of the US (intellectual property rights). Similarly, the promotion by the EU members of ‘multifunctionality’ concept – a catch-all phrase used to gather support against the proponents of agricultural trade liberalisation in the seminars given to the recipients of its aid, illustrates how blurry the border can be between assistance and propaganda.”

Developing countries are sometimes their own worst enemies, granted they have limited resources, but if they want to engage in serious and effective

negotiations, then they must find the funds to take care of their own research and capacity building needs. If they can't find that money, then they need to better utilise research institutions and networks which are sympathetic to their cause.

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