



CHAPTER 19

STRENGTHENING CAPACITIES

A global trading system based on a negotiating framework cannot deliver fair outcomes unless its members have the capacity to both negotiate international trade agreements and extract benefits from them that are in their interest. None of the reforms proposed in this book will bring the hoped-for results unless developing countries gain the capacity to use the reforms effectively in achieving their development goals. Strengthening the capacities of developing countries, especially the least developed countries, is therefore a crucial part of a human development-oriented multilateral trading regime.

Most developing countries lack the capacity to set the agenda for and the pace of negotiations in the multilateral trading system, to negotiate effectively on issues of greatest concern to them or to fulfil their commitments to the trading regime. Many of the reforms proposed in this book include measures to develop such capacities.

Many developing countries lack adequate or effective policy research capacity. This is especially true of sub-Saharan African countries, which remain severely handicapped by their inadequate understanding of the complex issues being negotiated. Until recently they had defined goals in general terms, and they have lacked resources for the policy research and analysis necessary to assess how different agreements might affect their interests (Ohiorhenuan, 1998). But in more recent years their capacity to define goals and articulate their interests has improved. This has been evident in the stances taken by the Like-Minded Group, the African Group, the group of least developed countries and the African, Caribbean and Pacific group in the lead-up to and at the World Trade Organization (WTO) Ministerial Conference in Doha in 2001. Nevertheless, there is an urgent need to further strengthen the capacities of developing countries.

Probably in part because of differing interests on a range of trade issues, developing countries as a bloc have not devoted financial or technical resources to creating an independent research programme on trade issues equivalent to the Washington, DC-based Group of 24 (G-24) research programme on international monetary and financial issues.¹ The G-24 programme, a useful model for research on trade and development themes, is already studying some of the new issues, such as investment and competition policy. The United Nations Conference on Trade

and Development (UNCTAD) through its ‘Positive Agenda’, the South Centre through its trade programme, and some non-governmental organizations have provided policy research and analysis of this kind. To be sustainable, however, such a programme needs to be genuinely independent of both the UN system and non-governmental organizations and clearly owned and led by developing countries. The South Centre trade programme, given its mandate and existing work in the area, could potentially play this role if strengthened and enhanced.

TECHNICAL ASSISTANCE WITHIN THE FRAMEWORK OF THE WORLD TRADE ORGANIZATION

This section focuses on capacity development and assistance measures in the context of WTO agreements and through WTO-partnered initiatives outside the agreements—the Joint Integrated Technical Assistance Programme to Selected Least Developed and Other African Countries and the Integrated Framework for Trade-Related Technical Assistance. An analysis of the measures in the WTO agreements shows that they are limited in scope, aiming primarily at compliance with WTO provisions. The WTO-partnered initiatives have had mixed results.

World Trade Organization agreements

Within the WTO, efforts are made to address the gap in capacity by providing technical assistance under WTO agreements. This assistance emphasizes workshops, seminars, technical missions, briefing sessions and documentation to assist developing countries in adjusting to WTO rules, implementing their WTO commitments and exercising their rights as members.

Each of the agreements has specific clauses on technical assistance (box 19.1). Although many of these provisions are binding, they tend to be difficult to implement because they require mutual agreement on the terms of the assistance provided.

The technical assistance provisions are comprehensive, span the range of agreements and are aimed at assisting developing countries as they integrate into the global trading system. But technical assistance in the WTO framework has failed to address the real needs of developing countries on two counts; in assisting them to participate effectively at the international level and in helping to build capacity on their terms and tailored to their needs. Part of the reason is that technical assistance measures in WTO agreements are limited primarily to helping developing countries become compliant with WTO provisions rather than helping them build the capacity to trade more, negotiate better or adjust internally to the demands of increased integration. The measures suffer from four main shortcomings:

- *Compliance focused.* Although the technical assistance has been aimed at assisting developing countries in complying with WTO agreements and commitments, there has been little effort within the WTO to estimate the

Box 19.1 TECHNICAL ASSISTANCE IN WORLD TRADE ORGANIZATION AGREEMENTS

- The General Agreement on Trade in Services refers to technical assistance from the WTO secretariat and the need for members to encourage and support participation in the field of telecommunications services.
- The Agreement on Trade-Related Aspects of Intellectual Property Rights requires that members provide, on request and on mutually agreed terms and conditions, technical and financial cooperation for developing and least developed countries (article 67).
- The Agreement on Sanitary and Phytosanitary Standards requires that members agree to facilitate technical assistance, bilaterally or through international organizations. And where meeting sanitary and phytosanitary standards requires substantial investment, the agreement obligates members to provide assistance to allow developing countries to expand market access opportunities for the product affected (articles 9.1 and 9.2).
- The Agreement on Technical Barriers to Trade requires that, if requested, members advise developing country members on regulations and grant technical assistance on mutually acceptable terms in a way that does not create unnecessary obstacles to developing country exports (articles 11 and 12).
- The Agreement on Customs Valuations requires industrial country members to furnish technical assistance on request and on mutually agreed terms.
- Under the rules for dispute settlement the WTO secretariat agrees to make available a qualified legal expert to any developing country member (article 27.2).

costs of compliance and factor them into the technical assistance efforts. These costs can be significant, with compliance often involving substantial administrative requirements, changes in legislation and new institutions and enforcement mechanisms. Moreover, the technical assistance provisions are narrowly defined and often have little relevance to the development process of countries. And many have little relevance for countries at low levels of economic and industrial development.

- *Donor driven.* Technical assistance has remained primarily a top-down process with little ownership by developing countries. But donor-driven technical assistance has historically not worked: it undermines local capacity, distorts priorities, increases administrative burdens and is driven by donor priorities and needs rather than local requirements. More important, it focuses on ‘development as displacement rather than development as transformation’ (UNDP, 2002, p. 8).
- *Open ended.* The provisions for technical assistance are largely open ended. They are contingent on future negotiations, with most requiring that technical assistance be provided ‘on mutually agreed terms’ or ‘if requested’. Much of the technical assistance has been intended as a quid pro quo for an expanded negotiation agenda and has been used as a political tool to promote a negotiation mandate (Tandon, 2002). While the terms of the technical assistance provisions are reasonable, they are hard to implement and often require yet more negotiating capacity in developing countries. Moreover, even though the provisions are technically binding, there are few mechanisms to ensure that they are actually implemented.

- *Inadequate and inappropriate provisions.* The provisions for technical assistance are inadequate for addressing the needs of developing countries. Technical assistance fails to recognize the diversity among developing countries and their needs, rarely going beyond categorizing countries as least developed or not. Moreover, the WTO has limited personnel and other resources for meeting the demands and requests of developing countries.

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

By contrast, the Joint Integrated Technical Assistance Programme to Selected Least Developed and Other African Countries (JITAP) appears to have played an important and useful role in developing recipient countries' capacity to understand the international trading system. JITAP emerged in 1994 as a result of a call by African trade ministers to strengthen their capacity to participate in the WTO, to enable their countries to integrate effectively into the international trading system and take advantage of new trade opportunities through greater export readiness. Formalized in March 1998, the programme is jointly sponsored by the International Trade Centre, UNCTAD and WTO. It provided initial assistance to eight African countries: four least developed countries (Benin, Burkina Faso, the United Republic of Tanzania and Uganda) and four others (Côte d'Ivoire, Kenya, Ghana and Tunisia).

One of the most effective roles of JITAP has been in building human resource capabilities. Another has been in fostering participation beyond a country's government on the issues and debates relating to the multilateral trading system— involving business and even civil society organizations. It has also played a useful role in bringing together country-level experience for the negotiators in Geneva, to support a better articulation of their interests.

Still, JITAP could be much more effective. It has suffered from several organizational and administrative problems (Pallangyo, 2002). A key concern is JITAP's continued focus on market access and marketing issues rather than on strengthening the supply side of developing country economies, essential for export expansion. JITAP could also be linked more explicitly with poverty reduction and human development strategies.

Integrated Framework for Trade-Related Technical Assistance

Along with the technical assistance provisions in the WTO agreements, the ministerial conference in 1996 set the agenda for assisting and promoting the integration of the least developed countries into the global economy and the multilateral trading system. The programme for doing so is the Integrated Framework for Trade-Related Technical Assistance, a joint initiative of the WTO, the International Trade Centre, UNCTAD, the World Bank, the International Monetary Fund and UNDP.

It was widely agreed that the Integrated Framework achieved little in its first three-year phase, getting off the ground only in 2000, revamped and with a mandate to integrate ('mainstream') trade and trade-related endeavours of least developed countries into their national development strategies through the instrument of the poverty reduction strategy paper (PRSP).

The Integrated Framework, as remodelled, seeks to identify key constraints to a country's ability to successfully mainstream trade priorities into national development strategies. Based on findings of a diagnostic study, a programme of trade and trade-related technical assistance is then planned for strengthening the economy's competitiveness, including by building human and institutional capacity.

But the Integrated Framework has so far failed to effectively link trade and poverty reduction strategies, in part because poverty reduction strategies give priority to public expenditure policies rather than to enhancing economic productivity and supply-side capacity (Luke, 2002). The Integrated Framework pilots in Cambodia, Madagascar and Mauritania have brought to the fore the challenge of linking trade and poverty reduction strategies. The pilot exercise led to an extension to 11 other least developed countries by the end of 2002, with accompanying demands for enhancements, adaptation and flexibility to suit their differing circumstances.

The Integrated Framework is still in an early stage, and its focus is still on the initial diagnostic studies rather than follow-up capacity building. As a result, assessing its development impact remains difficult. But while it is clear that the Integrated Framework is potentially an important initiative, integrating pro-poor trade strategy into national development strategies continues to represent a major challenge.

TECHNICAL ASSISTANCE AFTER DOHA

Growing criticism from developing countries and civil society organizations has renewed attention to the issue of technical assistance. The fourth WTO ministerial conference, held in Doha in 2001, emphasized the need to increase technical assistance to least developed countries and small and transition economies as a priority, as well as the need to support domestic efforts aimed at mainstreaming trade into national plans. For least developed countries, it directed the WTO Sub-Committee on LDCs to design a work programme to:

- Incorporate trade-related elements of the 2001 Brussels LDC Programme of Action.
- Review the Integrated Framework and the appraisal of the ongoing pilot scheme in selected least developed countries.
- Facilitate and accelerate the negotiations with least developed countries acceding to the WTO.

As a result of the Doha ministerial conference, the WTO general council decided to establish a regular fund for WTO trade-related technical assistance, with the aim of initially raising 15 million Swiss francs. Contributions to the Doha

Development Agenda Global Trust Fund have totalled more than twice that amount, with industrial country governments pledging more than 32 million Swiss francs to boost technical assistance in the context of WTO agreements.

The fund is an encouraging step in recognizing the importance of technical assistance and providing sufficient resources for this assistance. But new technical assistance programmes in the context of WTO agreements do not appear to differ significantly from the old ones in their underlying assumptions or in their purpose. Only when the structure and content of such technical assistance change will it effectively meet the needs of developing and least developed countries. A starting point would be to have the needs of developing countries, not donors, shape the design of the capacity building efforts. An important part of the framework for capacity development should be an independent policy research and analysis programme on trade, located in Geneva and driven by developing country needs. This framework could build on the South Centre's trade programme or be established separately.

Finally, assistance to developing countries needs to be linked to the costs they face in implementing the WTO agreements. Technical assistance has been focused on compliance, driven by donor interests and negotiated in the context of further concessions by developing countries. To ensure that technical assistance is directly relevant to developing countries, the implementation costs of all existing and future WTO agreements should be estimated, and the technical assistance provided should be commensurate with those costs.

For the trading system to benefit its poorest and most vulnerable members, capacity development in the context of the WTO is crucial. A multi-pronged strategy is required, aimed at making compliance with WTO provisions less onerous and helping to develop supply-side capacities to take advantage of new trade opportunities. Ideally, the strategy should also be aimed at enabling all countries to participate in the world trading system with equal opportunities to benefit from it.

NOTE

1. Despite the many challenges that prevent the G-24 from exerting a substantive influence in global debates on international monetary and financial reform, it has had some achievements in recent years. One has been to better integrate its research programme into G-24 operations through the creation of a technical group meeting in 1995, with the membership taking partial responsibility for funding the research programme (Mohammed, 2001).

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