Revisiting Technical Assistance to Least Developed Countries (LDCs) in light of promises made in the context the Doha Trade Negotiation Round

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Summary:

In 2002, nearly 30 WTO members pledged more than 30 Million Swiss Francs to ensure the achievement of the Doha Development Round (DDR). The pledged amount is meant to finance 514 capacity building actives listed in the WTO Annual Technical Assistance Plan (TAP). In addition, support is to be extended to 49 Least Developed Countries (LDCs) though the Integrated Framework (IF), to help them integrate trade policy into their development strategies. Concerns have arisen as to the scope, effectiveness and efficiency of the TAP and IF. While the activities planned are laudable, the authors question whether they can be achieved and suggest a fundamental reassessment of TAP and IF in order to fulfil the objectives of the DDR.

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1. Doha Round Development and Poverty Reduction Initiatives for LDCs

The WTO has been given the explicit mandate by its membership to promote development in its trade agenda. The WTO adopted a Work Programme in its Ministerial Declaration of November 14, 2001, known as the "Doha Development Round" (DDR, conducive to the fulfilment of development objectives by the official date of conclusion of the round, namely 1st of January 2005. [WTO, 2001a]

There are several ways in which the Declaration sets out the development related obligations, both in hortatory and binding language for the WTO membership. First, in its preamble the Declaration stresses:

> "The majority of WTO Members are developing countries. We seek to place their needs and interests at the heart of the Work Programme adopted in this Declaration… In this context, enhanced market access, balanced rules, and well targeted, *sustainably financed technical assistance and capacity-building programmes have important roles to play*." (italics added) [WTO, 2001a: Par. 2]

Second, several paragraphs of the DDR Work Programme are solely focused on development related matters. These are Implementation-Related Issues and Concerns (Par. 13), Small Economies (Par. 35), Least-Developed Countries (Par. 42 and 43), Special and Differential Treatment (Par. 44), and, notably, Technical Cooperation and Capacity Building (Par. 38, 39, 40 and 41).

Third, development considerations are contained in all of the issues of the Work Programme as an overarching principle. For example, when establishing the agenda for trade and competition policy, the Declaration states:

> “ Recognizing the case for a multilateral framework to enhance the contribution of competition policy to international trade and development, and *the need for enhanced technical assistance and capacity-building in this area* as referred to in paragraph 24, we agree that negotiations will take place after the Fifth Session of the Ministerial Conference” (italics added) [WTO, 2001a: Par. 23]

The same wording applies for the rest of the Singapore issues, namely investment, government procurement and trade facilitation in paragraphs 20, 26, and 27, respectively.

2. TRTA (Trade Related Technical Assistance) and TRCB (Trade Related Capacity Building) in the context of the WTO

Trade related Technical Assistance (TRTA) and Trade-related Capacity Building (TRCB) are two important elements of the Doha Development Round. The actions which are required for the delivery of TRTA and TRCB have been identified in Par. 38:

> “…we welcome and endorse the New Strategy for WTO Technical Cooperation for Capacity Building, Growth and Integration. We instruct the Secretariat, in coordination with other relevant agencies, to support domestic efforts for mainstreaming trade into national plans for economic development and strategies for poverty reduction. The delivery of WTO *technical assistance shall be designed to assist developing and least-developed countries and low-income countries in transition to adjust to WTO rules and disciplines, implement obligations and exercise the rights of membership,*

including drawing on the benefits of an open, rules-based multilateral trading system.." (italics added) [WTO, 2001a: Par. 38]

A specific obligation deriving from TRTA consists in providing *secure and predictable funding.* This has been translated into the design and adoption of an Annual Technical Assistance Plan, which is revised on a continuous basis and defines the allocations to projects in the field of development on all the elements of trade.

The mandate for TRTA, envisions *coordinated delivery* by the WTO Secretariat in conjunction with the Development Assistance Committee (DAC) of the OECD, other agencies such as UNCTAD, the ITC, bilateral donors and country beneficiaries so as, "…to identify ways of enhancing and rationalizing the Integrated Framework for Trade-Related Technical Assistance to Least-Developed Countries and the Joint Integrated Technical Assistance Programme (JITAP)." [WTO, 2001a: Par. 39]

Given the explicit mandate of TRCB and TRTA in the WTO, the last 3 years have evidenced efforts conducive to implementation of the Doha Declaration, though arguably not in consistency with the interpretation, nor the level of expectations of many developing countries.

What has been delivered so far is: a) a revised and enhanced JITAP which has been and is being implemented in 16 countries [WTO, 2003b]; b) an Annual Technical Assistance Plan, containing the funding and allocation priorities and activities; c) the Doha Development Agenda Global Trust Fund (DDAGTF) which consolidates external funds and resources from donor for WTO-run TRCB/TA activities; d) the Integrated Framework for Trade-Related Technical Assistance to Least-Developed Countries (IF); and e) a WTO/OECD joint Trade Capacity Building Database (TCBDB), documenting on all the TRTA/CB related activities. [WTO, 2002c] (See Figure 1)

JITAP was originally a joint initiative between UNCTAD, ITC and WTO, to enhance export capacities of African developing countries and to promote their more active participation in the multilateral trading system.[1]

An interesting evaluation on the JITAP was issued in 2002, by two "independent evaluators". The report contains information based on the evaluators' interface with the involved organizations, donors and recipient countries at all levels. In summary, though the evaluators recognize the value of the JITAP contribution to the multilateral trading system, they also draw attention to the shortcomings and make some important recommendations, as follows:[2]

- Implementation of the JITAP across the countries has not been symmetrical in the core areas of "negotiating capacities, enabling application of agreed rules and creating opportunities for export expansion."
- JITAP should be expanded to include inter-country and sub regional scales of TRTA activities

[1] JITAP I covered eight African countries (Benin, Burkina Faso, Côte d'Ivoire, Ghana, Kenya, Tunisia, Uganda and Tanzania). JITAP II, currently in place since January 2003 covers 8 additional countries, namely: Botswana, Cameroon, Malawi, Mali, Mauritania, Mozambique, Senegal and Zambia.
[2] For detailed information on the findings by the independent evaluators see De Silva and Weston, 2002.

- JITAP should use appropriate connections with local institutions to expand its role
- There is a need for review of the JITAP approach to Human resource development (HDR). Instead of solely focusing on government institutions, JITAP should also consider engaging local institutions in building up HDR capacities.
- "Creating expanded export opportunities is one of the three "legs" of the JITAP tripod. In low-income countries, the major constraint to export expansion lies in the supply-side. However, JITAP's focus has been largely on market access and marketing issues. There needs to be greater attention to supply-side issues. Current methodologies to assist in the development of export-sector strategies require review."

The report goes on to suggest that: "A future JITAP should focus on three substantive areas… on building HRD capacities, through extensive engagement of local institutions; and through assistance to the development of export-sector strategies, focusing on supply-side issues. Greater emphasis on trade and poverty issues is essential in these three areas."

a. OECD and TRTA in context of the DDR

The OECD has been working with the WTO on TRTA in the context of the DDR. In particular, both organizations have developed the Trade Capacity Building Database (TCBDB). The database groups relevant data collected under information gathering activities, such as surveys on TRTA/CB [OECD, 2003]. Given that OECD members represent 95% of the donor community, many of the data and survey findings reflect important trends in Official Development Assistance (ODA) geared towards TRTA/CB. For instance, the TRTA/CB only receives 4.8% of the total ODA, which amounts to US$ 2.1 billion. Further, despite a decrease in the amount of ODA in the period 2001-2002, the sum which has been allocated to the multi-donor programmes has increased by over 40%. [Carey, 2004]

Seeking to reactivate the DDR, the OECD has also pointed to the failure of Cancun:

> "All countries have suffered as a result, but the real losers –because they had the most to gain –are the poor of the developing world. If OECD countries were to open up their agricultural market, the annual welfare gains to developing countries are estimated at more than US$ 100 billion. This is well above the amount spent by OECD countries on development assistance. Improved trade facilitation could also yield some developing countries gains of up to 5% of their GDP." [OECD, 2003b]

Two interesting observations arise in this context, which have been left out and contravene the statement cited above. They relate to the gains from trade and the benefits from aid. First, the unequivocal gains from trade if agriculture were liberalized do not reflect how these welfare gains would be distributed, and how they would affect the poor. Even though the gains for developing countries in terms of share of GDP may be greater than those of developed countries, as some authors have argued, it is probable that the capture of such gains would be obtained by more competitive agricultural countries, and definitely not by the poorer countries. [Martin and Winters, 1996]

A recent study on globalization conducted by the International Labour Organization [ILO, 2004], revealed trends which indicate the exact opposite to greater welfare gains for many countries of the developing world. For instance, when measuring the impact off globalization on poverty, even though the overall number of poor has declined in the last decade (1990-2000), due to improvements in two countries, namely China and India. Poverty has in fact increased in a majority of developing countries in the rest of the developing world.

In the light of such empirical evidence, recent criticism on globalization and its impact on poverty reduction and equality reveal that the data which is often used to support claims of poverty reduction is heavily skewed and might represent biased insights of reality. [ILO, 2004 and Hunter, 2004]

Second, the benefits of greater ODA may undermine the export competitiveness of developing countries, appreciate the local currency and generate inflationary effects, if external resource transfers result in the so-called “Dutch Disease”. Developing countries that have underdeveloped financial markets or are so small in terms of the size of their economy may not be able to absorb the flows of financial aid. This may be problematic, if aid is not effectively channelled and allotted. [Heller and Gupta, 2002].

This also coincides with two other concerns, which the current OECD/WTO database does not address, namely whether reported TRTA/CB is commensurate with the needs of the recipients and if it is effective [Carey, 2004].

In summary, the current situation may leave little hope for LDC countries that count on participating in the multilateral trading system, be it for the sake of benefiting from MFN and multilateral trading rules, or for the sake of receiving TRTA/CB to enhance their export capacity and competitiveness.

b. Resistance of some DCs against linking of TRTA/CB to Singapore Issues

Developing countries refuse a direct link between the TRTA/CB and the Singapore issues, not so much because they refuse TRTA/CB, but because of timing and delivery of TRTA. For these countries, first TRTA/CB have to be effective in order to negotiate on new issues. Effectiveness in turns means that TRTA/CB address the shortcomings that are important to these countries and not those that have been perceived as important by donors or the institutions involved. As such, the recent Cancun Ministerial positioning of developing countries seems to point out that the TRTA/CB mandate has not been satisfactorily fulfilled.

Much of the official information of the WTO and OECD, reveal a gap in perceptions regarding TRTA/CB. In a report issued by the WTO Director-General on the mandate of paragraph 41, containing the core commitments on technical cooperation and capacity building, the general stocktaking of the activities so far is very positive. When summarizing the general assessment on activities, their coverage and funding, the Director-General concludes:

> "…the Secretariat, in collaboration with its institutional partners have made considerable efforts to fulfil de Doha mandates on training and technical assistance. All WTO divisions have been involved in the design and delivery of these activities. Some 700 distinct activities have been conducted since Doha, involving thousands of man/hours and mission/days by WTO officials, covering all geographical regions and subjects on the negotiating agenda. This high number of activities has been made possible through the generous financial support of the donors. I am confident in reporting that the mandate entrusted to the WTO Secretariat under the Doha Ministerial Declaration has been fully implemented."

Taking a closer look into the data in the joint TCBDB of the WTO/OECD, the statistical evidence seems to corroborate the gap in perception. The TRTA/CB activities are classified into two core areas, namely "Trade Policy and Regulations" and "Trade Development". "Trade Policy and Regulations" activities address issues such as effective participation in the multilateral trade negotiations, implementation of trade agreements, support to regional trade arrangements, policy mainstreaming, and trade facilitation, amongst others. "Trade Development" activities concentrate on the development of business, improving the business climate, access to trade finance and trade promotion. [WTO/OECD, 2003]

Though both areas address important aspects of supply side constraints crucial for most developing countries, they are not central for the improvement of trade of LDCs. Current TRTA/CB activities have mainly focused on trade facilitation procedures, regional trade agreements, trade mainstreaming and trade education within the category of Trade Policy and Regulations. (See Table 1)

Table 1: Trade Policy and Regulation in 2001 and 2002- US$ million and number of activities

Trade Policy and Regulations	US $ Million		Number of Activities	
	2001	2002	2001	2002
3311- Trade Mainstreaming in PRSPs/ development	94	73	201	233
33112- Technical barriers to trade (TBT) and sanitary and phytosanitary measures (SPS)	127	58	143	237
33121- Trade facilitation procedures	214	194	202	267
33122- Customs valuation	4	17	43	57
33123- Tariff reforms	0	0	6	7
33130- Regional Trade Agreements (RTAs)	57	163	37	66
33141- Accession	12	25	61	41
33142- Dispute Settlement	1	1	23	26
33143- Trade-related intellectual property rights (TRIPS)	13	9	53	99
33144- Agriculture	10	6	38	49
33145- Services	5	18	34	76
33146- Tariff negotiations – non-agricultural market access	6	3	85	78
33147- Rules	9	2	24	38
33148- Training in trade negotiation techniques	6	8	20	32
33151- Trade and environment	80	34	69	88
33152- Trade and competition	41	31	47	69
33153- Trade and investment	9	11	24	35
33154- Transparency and government procurement	2	2	5	18
33181- Trade education/training	37	56	300	338
TOTAL	**727**	**712**	**1415**	**1855**

Source: WTO/OECD, 2003.

Sectors of particular interest to developing countries such as agriculture and non-agricultural market access, have received much less attention both in terms of funding and number of activities, than the sectors of environment, investment, and competition, which are of priority concerns for developed countries.

Looking at Trade Development activities, it becomes apparent that the focus has been on business support services and institutions, trade finance and trade promotion and implementation, as well as market analysis and development. Less funds and activities have been committed for public-private sector networking. (See Table 2)

Table 2: Trade Development in 2001 and 2002- US$ million and number of activities

Trade Development	US$ million		Number of Activities	
	2001	2002	2001	2002
Business support services & institutions	575	449	872	764
Public-private sector networking	27	28	38	58
E-commerce	2	37	29	64
Trade finance	410	334	158	195
Trade promotion strategy & implementation	229	287	360	473
Market analysis & development	189	248	274	438
TOTAL	**1432**	**1383**	**1732**	**1992**

Source: WTO/OECD, 2003.

Seen from a critical perspective, these trade development activities respond mainly to concerns about commercialization and as such, address the barriers that might negatively affect a good from the moment it has been produced, until it reaches its end destination in a foreign market. So far, little has been delivered in these areas. For instance, identified supply side constraints in African countries lack export diversification, result in high transaction costs which impeach the improvement of trade support services, negatively affecting business development.[3] [OECD, 2003]

[3] For an exhaustive description of supply and demand side constraints, see CUTS, 2001.

What also stands out is that almost twice as much funding has been channelled to trade and development than to trade policy and regulations. However, in both categories, there is not much difference in terms of number of activities undertaken, given that trade development reported 1,992 activities and trade policy and regulations registered 1,855 for 2002. This may suggest that almost double the money is allocated to an activity in the field of trade development versus what is made available for trade policy and regulations. A possible explanation is that the inherent requirements in the field of trade development are more capital intensive than those of trade policy and regulations.

It is evident that there is a mismatch between what developing countries want versus what is being offered to them. This puts a considerable strain on the legitimacy of TRTA/CB, given that donors, and notably the WTO and OECD, consider they have delivered, and hence believe nothing should prevent achievements of deeper liberalization in the upcoming negotiations.

However, increasing funding and activities does not presuppose adequate TRTA/CB. If in addition to bad allocation of multi-agency aid, there is lack of coordination between the bilateral and multilateral donors, the effects of financial assistance may be a wasteful use of resources and poor effectiveness in TRTA/CB implementation.

There is a strong case for this argument, since over half of ODA (64%) is given bilaterally. Further, tied aid is also significant, representing in average 54% of overall ODA, meaning the developing countries that are more prone to purchasing goods and services from donor countries will most likely receive assistance. This in turn raises another concern about effectiveness of aid allocation, since assistance appears favourably biased towards meeting the demands and interests of a particular goods and services sector provider in the donor country, as opposed to meeting the needs of the beneficiary country. (See Table 3)

Table 3: Share of bilateral aid in Collective International Aid in selected OECD countries.

	Share of all aid requiring spending on donor-country goods or services (%)[a]	**Share of all aid given bilaterally (%)[b]**
Australia	80	74
Austria	54	65
Belgium	54	57
Canada	79	69
Denmark	19	59
Finland	46	58
France	64	73
Germany	61	59
Greece	87	41
Ireland	6	61
Italy	93	25
Japan	37	68
Netherlands	37	69
New Zealand	53	76
Norway	17	73
Portugal	84	75
Spain	46	61
Sweden	11	70
Switzerland	21	74
United Kingdom	43	66
United States	91	75
Average	**54**	**64**

Source: Taken from Center for Global Development, 2003.

[a] This is the sum of two numbers. The first is the share of gross aid commitments that is given as technical cooperation. The second is the share of all non-TC gross aid commitments that is "tied". A small amount of aid is classified as "partially untied", half of this amount is included in the tied share.

[b] Calculated as 1 minus the ratio of "contributions to multilateral institutions" to "total official development assistance."

3. The Integrated Framework (IF) for Least Developed Countries (LDCs)

The Integrated Framework (IF) has been initiated in late 1997 as joint programme between UNCTAD, WTO, the International Trade Centre (ITC), the UN Development Programme (UNDP) and the Bretton Woods Institutions (WB, IMF) to strengthen LDCs' trade capacities.

Relaunched in 2000 following an exhaustive review of the first 3 years of the IF, the revised programme targeted the previous implementation problems it had experienced by seeking to "mainstream trade"[4] into the national development plans of LDCs, such as Poverty reduction Strategy Papers (PRSPs) and at the same time provide coordinated TRTA in areas specified by LDCs. This new concept and approach, translated into an expanded work programme to include more countries and more resource allocation through a trust fund under the management of UNDP.[5]

Endorsed in the Doha Declaration, the specific tasks of the WTO under the Integrated Framework for Trade-Related Technical Assistance to Least-Developed countries (IF) consisted in; i) designing a work programme for LDCs, ii) increasing funding through donor members' contributions and iii) providing an interim report by December 2002, as well as a full report by the DG on all issues affecting LDCs in the V Ministerial.[6]

Following its mandate, the WTO has produced actions in these three core activities. In light of the achievements of the IF, the WTO's performance raises several considerations noteworthy of mentioning.

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[4] For a complete analysis of the elements and conditions of mainstreaming trade see WTO, 2001a.
[5] For complete information on the IF, please visit: www.integratedframework.org. Also see WTO, 2000a.

First, in terms of designing a work programme, the Sub Committee on Least-Developed Countries issued the "WTO Work Programme for the Least Developed Countries (LDCs)" shortly after Doha, in February 2002. (WTO, 2002e) The programme highlighted the core systemic issues that were to be addressed for LDCs in particular in the context of the WTO. These issues were: market access, TRTA/TB, support to the agencies dealing with export and production diversification, mainstreaming trade into the LDC-III Programme Action, participation and accession to the multilateral trading system, as well as a follow-up to LDC related Decisions and Declarations.

This programme is further informed and narrowed by the "New Strategy for WTO Technical Cooperation for Capacity Building, Growth and Integration", issued in the same month. [WTO, 2002f] The strategy consists of 10 points, among which, the following are relevant for the IF:

- Technical Assistance as a mechanism for "mainstreaming" trade into national development strategies, in particular within programmes such as the PRSPs
- Joint application by the six agencies of the revised IF where supply side constraints and capacity deficits are addressed and where trade is "mainstreamed". (Here the WTO has clarified that providing trade related infrastructure falls outside its mandate and resources).

[6] See Paragraphs 42 and 43 of the Doha Declaration, WTO 2001a.

- Effective and sustained coordination with the bilateral donors in the DAC/OECD, in particular with regards to the Integrated Framework, in the context of the Integrated Framework Steering Committee (IFSC).

When looking at the shortcomings discussed in the previous section on the JITAP, a common ailment of IF seems to be budgetary constraints. This has affected the extent, comprehensiveness and speed of implementation. For instance, even though funds have been made available for mainstreaming trade (See Table 1), and it is one of the priorities in the context of the WTO DDAGTF, concern on the ability to guarantee sustainable financing, is still evident:

> "In terms of liquidity, the DDAGTF was in the black at the end of June 2003. As the funds received stood at CHF 13.2 million and total expenditures (including commitments undertaken amounted to 10.9 CHF million by that time, a balance of CHF 2.2 million was available. The terms of reference of the DDAGTF required, however, that the full amount be paid in the WTO bank account by the end of the second quarter. That threshold has been missed by more than CHF 10 million and could jeopardise the sustainability of the financing of training and technical assistance activities for 2003 and beyond." [WTO, 2003b : Par. 83]

Second, an earlier and very succinct report by the UNDP [UNDP, 2002], responsible for the management of the Integrated Framework Trust Fund (IFTF), drew attention to the importance of mobilising additional resources for capacity building programmes, given the foreseeable growth in the demand for technical assistance in the LDCs which are eligible for IF. In light of performance to the date of the report, pledges by the 17 bilateral and multilateral donors amounted to US$ 10.5 million, of which only 6.9 million had been effectively disbursed in the IFTF. (See Figure 3)

Another problem in relation to financing is the IF's conditionality. The multilateral agencies involved have dubbed the IF as a "country driven process", where the countries in need of assistance set out their priorities and actions. However, the IF in itself is a highly demanding eligibility process for LDCs. In order to become a candidate for IF support, countries have to fulfil three basic criteria, namely (i) demonstrate sufficient commitment to streamline trade into the respective national development strategy (with a particular focus towards PRSPs) (ii) the PRSPs process should be in a preparatory stage and (iii) meetings with WB or UNDP should also be in their preparatory stage. As such, even though IF candidate countries may fulfill these conditions to the extent they deem necessary, it rests on the multilateral agencies to determine if the candidate countries satisfy IF conditionalities, thus whether they are eligible for assistance, and further, at a follow-up stage, if they will implement their Diagnostic Trade Integration Study (DTIS) accordingly. (See Figure 2)

In practice, trade mainstreaming alone requires the elaboration of a Diagnostic Trade Integration Study (DTIS)[7], the organization of national workshops to discuss the results and trade policies contained in the DTIS, the production of a technical assistance (TA) action plan with a so called "TA matrix", which is to be endorsed by the government of

[7]DTIS are part of the diagnostic phase of IF, which comes into effect after the approval of assistance to a particular LDC. This diagnostic phase entails a nation wide process in close coordination with the World Bank, seeking to stimulate discussion between the different sectors involved. The DTIS consists of the design of a plan of action containing trade policy reforms and measures to be executed by the LDC, and

the beneficiary country as well as stakeholders and subsequently to be approved by the donors.

IF conditionalities make themselves apparent in the type of policy reforms undertaken by countries in their DTIS. There seems to be a bias favouring strategies which are centred on compliance with WTO commitments and on the Singapore issues. Taking Cambodia as an example, two of the main areas addressed in it's IF were trade facilitation (notably a Singapore issue) and accession to the WTO, with a particular focus of achieving WTO compliance through legislative reform and institutionalization of trade protection. [The Royal Government of Cambodia, 2002] The same observation has been made in relation to DTIS of other countries. As with JITAP, critics feel that supply-side constraints have not being sufficiently addressed in the context of IF. [Canadian Council for International Co-operation, 2003]

Third, from a simple numerical perspective, it becomes apparent that the IF has not been as comprehensive or far-reaching as originally envisaged. The IF was originally conducted in 3 pilot countries, namely Cambodia, Madagascar and Mauritania. Learning from the lessons of these pilot countries, an adjusted IF sought deeper and more meaningful achievements, by taking on another 11 LDCs[8]. Interestingly, the report on the IF only recommended the extension on the IF pilot phase to those countries that were implementing a PRSP or I-PRSP, or were geared towards implementing one.

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which lays out the scope of TRTA/CB delivery.

[8] Burundi, Djibouti, Eritrea, Ethiopia, Guinea, Lesotho, Mali, Nepal, Senegal and Yemen.

Requests from an additional 12 countries are being considered, namely: Angola, Benin, Burkina Faso, Chad, Lao PDR, Maldives, Mozambique, Rwanda, Sao Tome and Principe, Sudan, Togo, and Zambia. However, the extension of IF to these countries is "…subject to the outcome of the second evaluation of the IF, that is currently being undertaken…", as the WTO has clearly laid out in its Technical Assistance and Training Plan for 2004. [WTO, 2004: Par. 95]

A second evaluation of the IF consisting of a Report by an independent Canadian evaluator, the Capra-TFOC Consortium, was presented to the Integrated Steering Committee of the IF in November 2003. The report acknowledges progress achieved so far, "…but *fine-tuning* is required to move to a robust implementation stage, where concrete in-country results can be achieved within more countries." [WTO, 2003a: p. 5].

The report finalizes by identifying and recommending the areas where the IF needs improvement. These are:

> "(1) Clarification of IF objectives an scope; (2) objective and transparent country selection; (3) Results-Based Management; (4) a stream-lined process for introducing IF to new consultants; (5) competency-based capacity development at all levels; (6) greater participation of local consultants; (7) grater pro-poor focus and integration in DTIS and action plans; (8) more effective integration of agency and donor processes; and (9) equitable governance representation among all three partners."[WTO, 2003a: p. 20]

In conclusion, 19 countries[9] have so far received IF, leaving 30 LDCs still waiting for support.[10] However, the six IF agencies formally compromised to make the IF accessible to as many LDCs as possible, prior the end of the Doha Round, which is beginning 2005 [WTO, 2002d]. This in turn raises the question whether the original objectives of TRTA/CB may have been too ambitious in the light of what the organizations and donors were willing or able to offer, or whether the ability of LDCs to respond with a more enabling trade environment have been overestimated by these institutions. Under both scenarios, it seems that the IF would need exhaustive revision.

4. Unintended secondary consequences of current TRTA/CB

The scope of TRTA/CB varies substantially in the eyes of the different donors and agencies. The OECD survey for instance showed difference in interpretation of TRTA/CB among donors and international organizations, ranging from mainstreaming trade, private sector and SME development, investment-related assistance, to trade facilitation and import promotion. [OECD, 2003]

Such a broad variation of scope has been identified as counterproductive by the second IF Evaluation, which details two recommendations. First, the IFSC should pursue the development of a guideline in order to clarify the IF scope in terms of TRTA/CB delivery, and second the LDCs should base their expectations of resolving supply-side

[9] This includes Bangladesh, Gambia, Haiti, Tanzania and Uganda, which received IF prior its restructure.
[10] For a full list of the 49 LDCs, their criteria and classification, visit http://www.unesco.org/ldc/list.htm

constraints on the costs and benefits in comparison to their other trade and development interests. [WTO, 2003a]

These recommendations once again elucidate the perceptual gap between different parties. Furthermore, the achievements and approach of TRTA/CB seem so far only favourable in the eyes of donors and agencies rather than the beneficiaries, which worsens this perceptual gap and increases the livelihood of possible conflict, for two important reasons.

First, given that LDCs' expectations have not yet been met in terms of TRTA/CB, there is no incentive for LDCs to undertake unilateral steps towards trade liberalization. Further, undertaking such unilateral action could endanger their outlooks in terms of becoming a beneficiary of technical assistance, vis-à-vis other LDCs that are equally eligible, but have not yet taken equal steps towards trade liberalization.

Second, the unmet needs of LDCs in terms of TRTA/CB could raise the incentives for poor countries to maintain LDC status, in order to qualify and benefit from the IF framework. However, many LDCs will not be able to actually benefit from IF support because country selection so far, has been complex, given the numerous steps LDCs have to comply with, but at the same time it lacks consistency, given the distinct differences among beneficiary countries in fulfilling the IF requirements. The IF evaluation once again sees the relative arbitrariness in the selection process as a possible source of conflict which could negatively impact the IF. In this regard, the document states:

> “ The second broad programmatic area requiring fine-tuning, relates to country selection. From the perspective of the LDCs, the predominant concern appears to be the perception that country selection is not sufficiently objective and transparent. To address this issue, the Evaluators recommend that the IFSC develop, and widely publicize, an objective and transparent country selection process.” [WTO, 2003a: p. 7]

Transparency in procedures and clear priority setting is necessary in order to ensure accountability of the IF process and equitable access for LDC candidate countries.

Selectivity between different LDCs could be another source of potential controversy. The IF evaluation report considers the possibility of expanding current TRTA/CB beyond LDCs, so as to incorporate other low income countries as undesirable, given the limitations of capacity and financial constraints:

> “ In the context of country selection, the question arose whether the IF approach in general and the DTIS process in particular, should be extended beyond LDCs. This is essentially a resource issue, as well as one of focus. While it could be done, especially as some low income countries are probably better positioned to benefit more quickly from the IF, it would require a substantially larger financial contribution from the international community, and a much strengthen and enlarged Secretariat. Given the number of potentially eligible countries, much stricter adherence to selection criteria would be required, which could even lead to the exclusion of LDCs for whom the IF was created in the first place. The Evaluators would consider such an outcome undesirable.” [WTO 2003a: p. 6]

In this sense, the IF could be another source of potential discontent and increasing animosity between beneficiaries and non-beneficiaries, given that it only addresses LDCs, leaving other developing countries without IF assistance. The same may be true for JITAP, but on regional grounds, since it targets African countries in need of TRTA/CB.

Recent evidence draws attention on the widening gap between different developing countries, both in terms of wealth and also in terms of trade.[11] This could pose strains on the relation between developing countries in the different international fora, such as multilateral trading system.

The Cancun Ministerial saw a higher participation of developing countries, but on separate fronts. Disparate objectives, in the light of country needs and disparities accounted for these differences. The same may happen in future rounds of negotiations, but it still remains uncertain as to what extent the current TRTA/CB practice and conditionalities might result in competitive tension between developing countries.

It still remains to be seen to what extent there will be trade offs between the advantages of greater coalition building among developing countries and LDCs in post Cancun trade negotiations in light of the opportunities of TRTA/CB reserved for LDCs, a subgroup of the developing country coalition.

[11] See ILO, 2004, Banchetta and Bora, 2003, and Mattoo and Subramanian, 2003.

5. Towards a more Adequate TRTA/CB Delivery

The extent to which capacity building and skill development may be facilitated, depends very much on the current financial resources and capacity constraints of the WTO Secretariat. The Technical Cooperation Audit Report 2002 states:

> "The findings that were presented to the Members in the Technical cooperation Audit Report for 2002 (WT/COMTD/W/111, 28 March 2003) have been taken on board. For example, the report notes that the very short duration of many TA activities, and the often great number of participants, allow more for dissemination of information, sensitization or awareness creation rather than real skill development and capacity building." [WTO, 2004: Par. 8]

The role of the WTO, perceived by the Secretariat in the context of TRTA appears more determined by the need for a greater rationalization of TRTA/CB given the existing constraints, and not by the needs of developing countries and LDCs. The same Technical Assistance Plan goes on to clarify:

"The report states that the WTO TA activities could more effectively contribute to building lasting capacity if they were planned and designed on the basis of a thorough assessment of the Members' needs and problems. Assessing needs is generally recognised as an essential element in designing a Technical Assistance and Training Programme. The Secretariat has, however, never been requested to undertake country by country needs assessment." [WTO, 2004: Par. 9]

At most, there is consensus on the lack of coordination, the inability to agree on what TRTA/CB should entail, and what each actor's role should be. Further, reality and performance aside, everyone seems also to be in agreement on the need for more allocation of aid, as well as on the partnership and country ownership (even though countries are wary of partnering up with the IMF and WB and there is considerable criticism on the extent of ownership in the existing development aid modalities).

However, not all is lost. Some important actors are paving the way for change, seeking to correct the inefficiencies of the current system. A highlighting example is the Utstein group experience. Four important donors[12] have joined efforts to improve their roles in development aid, by trying to define coordinated action in the field of more efficient resource allocation and cooperation know-how. Having undergone considerable reform in their development aid programmes, in particular the UK and The Netherlands, these countries are setting a precedent and example for the rest of the OECD donors, as well as for the EU. [D+C, 2003].

a) Policy Advise

Given that equity, development and poverty reduction are insufficiently and inadequately addressed in the context of TRTA/CB, it is useful to assess the current multilateral trading system through the lens of global public goods. This may help to understand and identify the shortcomings of current TRTA/CB from a policy implications perspective.

[12] Germany, Norway, The Netherlands, and United Kingdom form the Utstein group since 1999, and have provided for a total of US$70 billion worth of international debt relief.

Mendoza and Bahadur, for instance suggest that striking a balance between more free trade and fair trade may better be examined under the global public good (GPG) optic.[13] In their research, the authors find the current system malprovides trade as a GPG, since the benefits of greater trade concentrate in the developed countries because of their leading position in competing internationally and in adopting meaningful and effective trade policy. A more optimum provision level may be achieved if the imbalances in terms of benefits and costs of the different countries are corrected.

The authors conclude that a better provision of the multilateral trade regime would envision filling the gaps of the current trade regime (i.e. liberalize textiles and eliminate distortions such as agricultural subsidies and market access), as well as modifying the decision-making and bargaining process.

Evidence which points to the existing inequities of the trading system has been provided for in *The Least Developed Countries Report* [UNCTAD, 2002]. The general findings indicate that LDCs have embarked on deeper liberalization than most developing countries, and that despite the efforts of greater trade openness, the poverty trends are increasing. Second, LDCs, which undertook less aggressive trade liberalization, experienced a decline in poverty. It is evident that a one size fits all formula is not desirable. Trade liberalization that is development friendly should consider the needs of the countries and the extent of marginalization of these countries from the rest of the world.

[13] See Mendoza and Bahadur, 2002. Such an approach has been undertaken by the Global Network on

The existing mechanisms to correct these inequalities are not sufficient. For instance, the preferential schemes that are in place, such as the Everything But Arms (EBA) initiative of the EU, have had a mixed impact on LDCs. Preferential access has not been meaningful for a group of LDCs because it has focused on goods that already have been liberalized in the EU. [Brenton, 2003] The crucial agricultural goods for many LDCs, such as sugar, rice and bananas, are not under this initiative. Further, the current system does not foster export diversification, since many of the processed agricultural goods that could represent a value-added income to LDCs, face prohibitive tariff escalation schemes as well as other barriers to trade. Under these circumstances, it is difficult for these countries to benefit from EBA given that only 50% of non-ACP (African, Caribbean, and Pacific) actually request the EBA preferences.

Similar considerations on the inefficiencies of bridging the inequality gap in IF and JITAP have already been provided for in the previous sections. An UNCTAD representative has rightly pointed out:

"…the trade-related technical cooperation provided through the IF will support development best if it promotes a form of integration of LDCs into the world economy which is more conducive for sustained growth and poverty reduction. The current "disconnect" between the accumulated knowledge in providing technical assistance for commodity-dependent economies and the work of the IF needs to be speedily bridged." [Gore, 2002a: p. 6]

Public Goods (gpgNet). GpgNet is hosted by the Office of Development Studies in the United Nations

TRTA/CB financing and delivery can substantially help to reduce these imbalances, but it cannot do the job alone. Indeed, if conflicting policies designs are in place, be it in donor or recipient countries, much of the positive effects TRTA/CB may be offset by individual developed country practices and regimes. An unequivocal example of this is ODA destined for trade facilitation and market access.

For instance, even, if the donor countries were to raise ODA to 0.7% of their GDP amounting to US$ 175 billion, the benefits of TRTA/CB that could be financed with part of these funds would be highly offset by the current subsidies in agricultural goods, which amount to US$ 300 billion. Indeed, even if substantial agricultural liberalization where undertaken in the next round, reducing tariffs and capping subsidies following the Harbinson proposal would only amount to a US$100 billion gain in global income, leaving US$ 200 billion of price distorting subsidization in place. [Williams and Buck, 2003] Since the gain is global and the current multilateral trading system does not function equitably, the real beneficiaries of such a liberalization scenario would be the more competitive countries in agriculture, such as Australia, Canada, as well as Brazil and India, for example, but not necessarily smaller developing countries like Bolivia or all of the LDCs.

In other words, development assistance, be it in the form of preferential schemes or TRTA/CB, cannot compensate for the adjustment costs of trade liberalization. Indeed, the numbers reveal that if development assistance is enhanced but market access and

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Development Programme (UNDP). For further information please visit: www.gpgnet.net subsidy capping is not achieved in sectors such as agriculture, the end result would still curtail the benefits of trade. What is needed is trade and aid, but also a matching and coherent trade policy to allow for trade and aid to work toward development and poverty reduction (and not in opposite directions). [Center for Global Development, 2003]

Policy coherence must not be underestimated. It must not be seen as the sole responsibility of beneficiary countries. If TRTA/CB is to be meaningful, policy coherence must align the set of actions by donors, beneficiaries and agencies alike, in a concerted manner.

b) Human and Institutional Development

> "There is little doubt that sector programme support must give much more emphasis to institutional development and capacity strengthening in the large majority of recipient countries. What these countries need is not only more resources but also institutions, procedures, and incentive structures that can help them utilize the resources more effectively and efficiently. This implies a shift of attention in aid strategies from transferring resources to building capabilities and capacities." [Dengbol-Martinussen, 2002: p. 276]

The above statement coincides with the necessity of revamping foreign aid in order to raise its effectiveness. Part of the failure of development aid in the past, has been attributed to the disconnect between the provision of assistance and local institution and human development.

In an interesting study on the evolution and evidence of aid effectiveness in the last four decades, highlights the emphasis which should be put on allocating financial resources to countries that have a track record in policy design and institutional development:

> "The international community <u>can</u> be more effective in fostering development provided that (i) foreign aid helps the process of institution building and (ii) foreign aid is targeted to those countries which are willing to implement good policies and institutions. In these circumstances, development has been shown to be highly effective." [Weder, 2000: p. 17]

However, given that developing countries in need of foreign assistance often lack the ability for policymaking and implementation, they are unable to undertake the necessary reforms and changes with the required expertise and physical framework. Institutional and human development must lie at the heart of any relevant TRTA/CB strategy, in order to enhance development strategies and guarantee their success.

> "The basic idea embodied in institutional development assistance is to strengthen institutional capabilities (in a qualitative sense) and capacities (in a quantitative sense) to perform the functions assigned to them. What this means in detail varies considerably, depending on the functions assigned, the development objectives, and the strengths and weaknesses of the institutions and organizations concerned. Certain basic differences relate to the two main stages of policy formulation and implementation." [Dengbol-Martinussen, 2002: p. 276]

UNCTAD, given its competitive approach to trade, has contributed to this field in two ways. First, it has shed some light on how capacity building can be provided optimally by mapping the relevant agencies with the different TRTA/CB activities. (See Figure 4)

This is the first step in the right direction for delimiting the spheres of action and hopefully for correcting the much criticized lack of coordination and wasteful duplication of efforts among the actors. Consensus on delimiting TRTA/CB scope and delivery is vital for institution development in particular, since it comprises the construction of networks within beneficiary countries, but also with the relevant donor and agency partners. Identifying the actors in an institutional partnership is therefore a necessary step. [UNCTAD, 2003a]

Second, UNCTAD has elaborated a technical cooperation strategy focusing on the *development of human, institutional, productive and export capacities*. Concretely, institutional capacity building from UNCTAD's perspective would seek to:

"(a) Enhance and make full use of national expertise and institutions, so as to ensure that national stakeholders are active partners…";

"(b) Promote networking, including twinning arrangements, among the institutions working in similar or related fields…"; and

"(c) Draw upon institutions and expertise in other developing countries…"

[UNCTAD, 2003b: p. 4]

UNCTAD further envisages ongoing monitoring in order to assess the impact of capacity building, which is to be results oriented, based on "benchmarks and indicators of achievements" at project formulation level. This is important for two reasons, first, it allows for a quick assessment, and second it corrects for probable constraints in developing and operating a monitoring system in the beneficiary country. This is particularly relevant, given the evidence on the weak monitoring systems in countries that have and are undergoing PRSPs.

UNCTAD also foresees the importance of a balanced partnership during project implementation, where donors *and* beneficiary countries have to agree on independent evaluations. This is particularly important, since existing performance assessment on TRTA/CB so far have been conducted by independent evaluators *hired* by the agency to be evaluated (e.g. WTO, IMF and WB), and have not considered or included the sphere of needs assessment.

Among the many institutional development projects of UNCTAD, are:

> "The support given to national "WTO cells" in projects such as JITAP, or the activities supporting the investment promotion agencies, for example, specifically focused on the institutional layer. Other institutional development activities undertaken by UNCTAD concern small- and medium-sized enterprises (EMPRETEC), customs authorities (ASYCUDA) and or transport operations (ACIS), all implying different methods of institutional support. Some programmes integrate various dimensions of institutional development as in the project on Building Issues, encompassing policy coordination, negotiating capacity, legal and economic policy initiatives, and regional cooperation. The Climate Change Programme also has an integrated approach targeting various institutional needs. One of the programmes that is particularly "institutional-intensive" is Competition Law and Policy and Consumer Protection, since it also includes assistance in the drafting of national competition legislation…" [UNCTAD, 2003a: p. 12]

Human development has mostly focused on training of trainers, in the particular case of UNCTAD, and on generating human resources apt for trade through its TRAINFORTRADE programme. Both of these activities, though limited, have proven to have meaningful results in ensuring more proactive participation in the multilateral trading. Another important example lies in the field of trade negotiations.

c) Strengthening Negotiation Competence

The complexity of the international trade regime has dramatically increased since the inception of the GATT in 1947 resulting in multiple challenges for developing countries in general and for LDCs in particular who often cannot rely on sufficient number of trade officials to cover all the WTO negotiations in Geneva or at related other regional trade organisations.

In contrast to the large delegations from many OECD countries, delegations from poor countries of Africa, Asia and Latin America are often limited to one or two officials who are supposed to cover all the formal and informal meetings at the WTO, a sheer impossible task quite independent of the competence level of the country representative.

Out of the 147 members, developing countries amount to three quarters of WTO's membership, including 30 LDCs. According to Michaelopoulos, just to follow the topics of the various WTO bodies and to attend the meetings requires a staff of 4-5 people and that, since the mid-1997 has not been possible so far, the overwhelming majority of developing countries. [Michaelopoulos, 1999: p. 121]

The proliferation of formal and informal meetings related to WTO is contributing to the further marginalisation of many developing countries, especially those of Africa. [Parris, 1999: p. 16] Representation by developing countries at the WTO suffers from being understaffed and underbudgeted. At the same time, there is lack of continuity at the respective missions in Geneva and their capitals due to job rotation, sudden change of government and corresponding abrupt change of WTO representative or decision by trade official to leave government services for better remunerated jobs in private sector.

Following traditional lines of bureaucracy, a lot of WTO based trade officials tend to monopolise meetings and horde information as means of accumulating power and of defending themselves against possible replacement by others. Either way, if crucial WTO information and know-how is not shared nor spread within concerned ministries succession planning is very difficult and each departure of an experienced trade official results in a sudden crisis requiring instant support from either the already thinly staffed WTO experts or from bilateral donors.

Many OECD based TRCB programmes attempt to address these difficulties in regard to inadequate logistical support in Geneva and insufficient numbers of trade negotiators in Geneva and the respective capital. Several OECD countries have joined forces to subsidise living costs and provide office infrastructure for LDCs negotiators in Geneva.

Other have developed or financed training programmes in trade negotiations for trade officials of LDCs and developing countries either through multilateral vehicles (e.g. by financing WTO's training and TC programmes) or through bilateral programmes.

Some of the TRCB in the field of trade negotiations add components of institution development for instance by including participation by other ministries to strengthen inter-ministerial co-ordination or by selective including participants form the private sector (e.g. chamber s of commerce) in order to strengthen public-private sector trade consultation.[14]

d) Building technical capacities

The International Trade Centre (ITC)[15] plays a leading role in the field of trade support services, an important sphere of TRTA/CB. It is the technical cooperation agency of UNCTAD and WTO dealing with business oriented TRTA/CB.

ITC focuses mainly on supporting the business sector by generating and disseminating trade-relevant information. This is of particular importance in developing countries since acquiring comprehensive material and capacity is often too costly for many businesses. Documents such as "The Business Guide to the World Trading System" and "The Business Management System: A guide for Managers on International

[14] For an example of interministerial trade related capacity building see Saner, 2000: pp 23-33.
[15] For detailed information on ITC, please visit: http://www.intracen.org/index.htm

Competitiveness" [ITC, 2002], offer companies the necessary insights on how to cope with the complexities and rules of the multilateral trading system.

ITC is also very active in promoting the business networks, and has developed a programme called World Tr@de Net (WTN), which addresses the specific concerns of the business community. In the context of WTN, ITC contributes to correcting the lack of advocacy of the business sector in trade negotiations, in part due to the weak dialogue that may exist between government representatives and entrepreneurs.

6. Conclusions

Since the Uruguay Round, LDCs have become a central part of trade negotiations. The current trade round has been labelled "Doha Development Round", implying a special attention to be given to the needs of the developing and LDC countries.

Taking into account that poverty has only marginally been reduced and the socio-economic conditions of most LDCs worsened, it is imperative that OECD and large developing countries make special efforts to strengthen supply of goods and services of LDCs otherwise poverty in LDCs will deepen resulting in secondary problems such as increase of armed conflicts, flows of refugees, possible increase of terrorism and environmental and social degradations.

Technical assistance in all its forms discussed in this article is needed to ensure minimally positive adjustment of LDCs to further liberalisation of their economies. A lot has been promised at the outset of this negotiation round, quite a number of bilateral and multilateral TA has been provided, still, it seems apparent that neither quantity nor quality of TA are sufficient to help LDCs move out of their current poverty and misery. More needs to be done and more needs to be known as to efficiency, effectiveness and sustainability of trade related technical assistance for LDCs.

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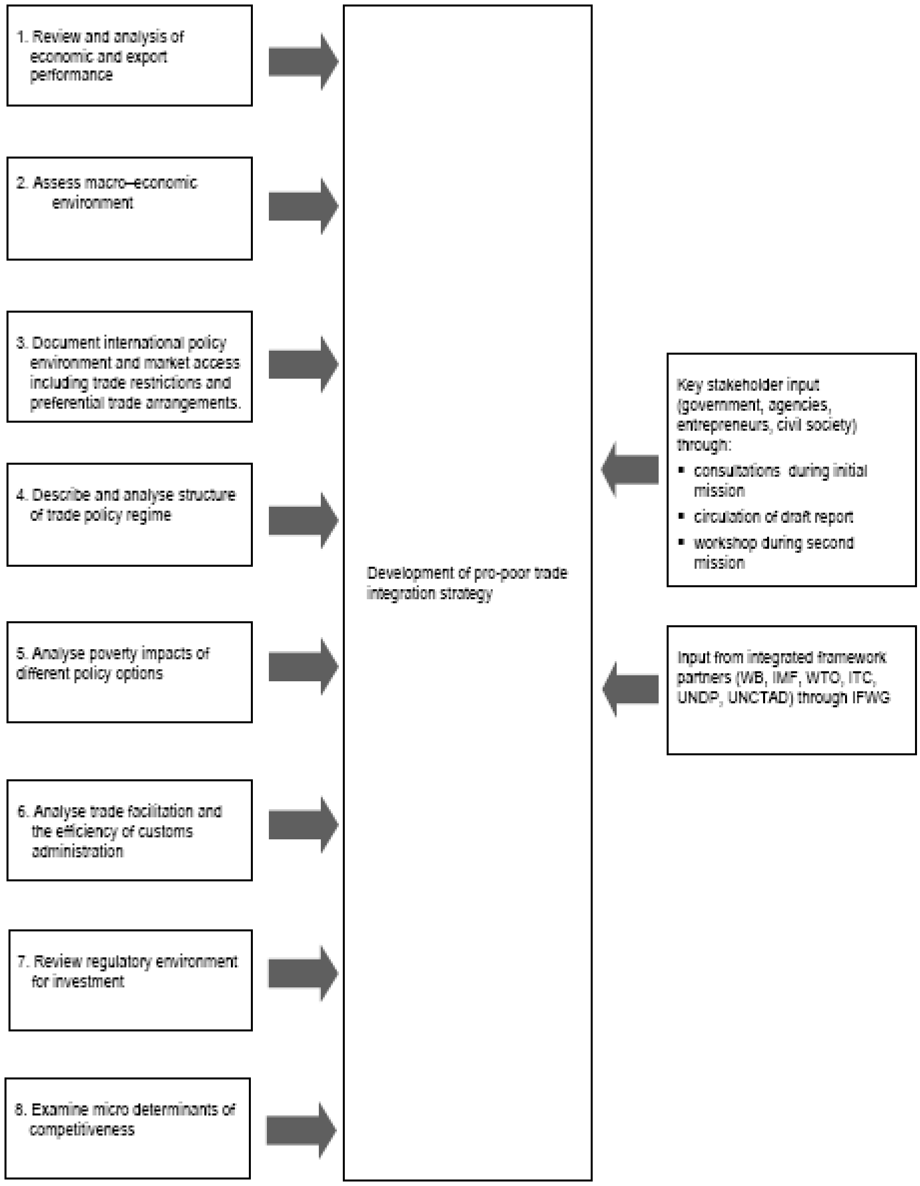
9. Figures

Figure 1: Contributions To The Doha Development Agenda Global Trust Fund

Donors	CHF			
	2001	2002	2003	Total
Members & Observers				
Australia		400,377	432,850	833,227
Austria		292,000		292,000
Belgium		299,315		299,315
Canada		1,050,600		1,050,600
Czech Republic		12,570		12,570
Denmark			587,400	587,400
Estonia		10,265		10,265
European Commission			818,160	818,160
Finland			-	-
France			1,475,000	1,475,000
Germany		772,481	1,348,366	2,120,847
Greece				-
Hong-Kong, China		722,525		722,525
Iceland		15,000	15,000	30,000
Ireland		496,740		496,740
Italy		1,468,000		1,468,000
Japan		1,581,657	210,275	1,791,932
Korea		429,379		429,379
Liechtenstein		20,000		20,000
Luxembourg		45,668	181,375	227,043
Netherlands		2,029,455		2,029,455
Nigeria			1,000	1,000
Norway	234,908	1,273,839	-	1,508,747
Poland		20,000		20,000
Spain	8,078	110,959		119,037
Sweden		4,111,200	1,602,693	5,713,893
Switzerland		749,999	-	749,999
Chinese Taipei		473,427		473,427
UK		558,945	-	558,945
USA		2,454,808	-	2,454,808
WTO Members	46,924			46,924
Total	289,910	19,399,209	6,672,118	26,361,237
IGOs				
Arab Monetary Fund		123,118		123,118
Total	-	123,118	-	123,118
NGOs & Others				
				-
Total	-	-	-	-
GRAND TOTAL	289,910	19,522,326	6,672,118	26,484,355

Source: WTO, 2003b.

Figure 2: Flow diagram on IF process



Source: Integrated Framework for Technical Assistance for Trade Development in Least Developed Countries. Cambodia - An Integration and Competitiveness Study Terms of Reference
http://www.integratedframework.org/files/Cambodia_tor.pdf

Figure 3: Status of IF Trust Fund

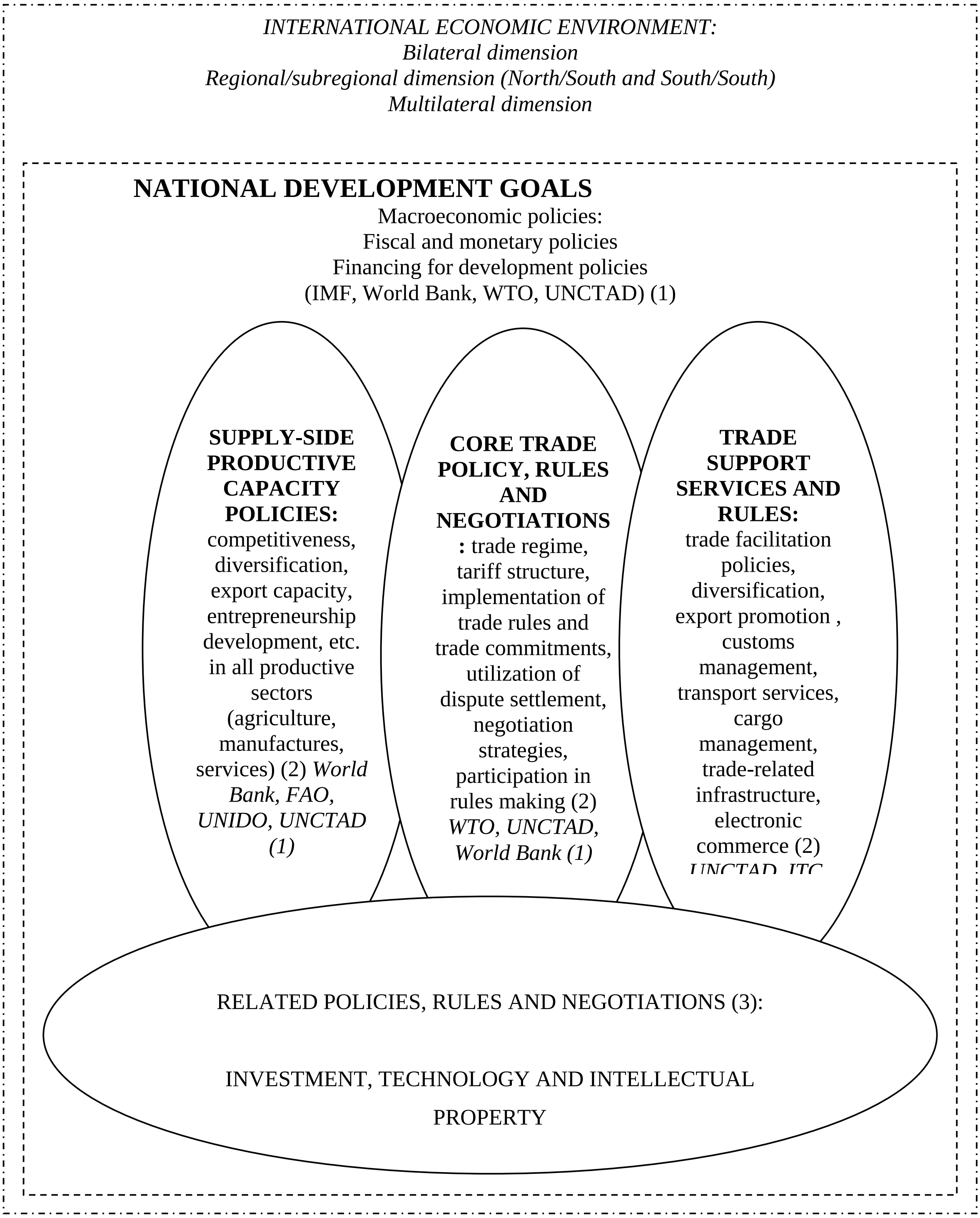
Contributor	Total Pledges US$	Disbursements		
		2001	2002	2003
Belgium	692,942	0	692,942	0
Canada	1,331,405	660,264	0	671,141
Denmark	3,281,168	281,168	0	0
Finland	154,497	154,497	0	0
France	538,213	0	0	538,213
Ireland	535,521	299,950	0	0
Italy*	900,000	0	0	0
Japan	500,000	0	500,000	0
Netherlands	330,000	330,000	0	0
Norway	3,815,155	511,946	0	1,303,209
Sweden	1,510,780	328,558	0	982,222
Switzerland**	500,000	200,000	0	300,000
United Kingdom	3,428,572	500,000	1,428,572	0
United States	200,000	0	0	200,000
European Commission	467,176	0	138,168	0
UNDP	300,000	0	300,000	0
World Bank	1,800,000	0	500,000	500,000
TOTAL	**19,385,429**	**3,266,383**	**3,559,682**	**4,494,785**
Of which:				
Window I	9,156,767	3,266,383	2,366,740	3,523,644
Window II	9,694,118	0	1,192,942	971,141

As of 3 July 2003
Source: IF Financial Report prepared by the UNDP

*The Italian pledge was removed from the IFTF and transferred to ITC.
**Once the TOR for Window II has been finalized, Switzerland will decide on the use of their pledge of US$300,000 to either Window I or II. However, based on previous discussions and until then, the amount is being placed under Window I.

http://www.integratedframework.org/status.htm

Figure 4: Map of capacity development on UNCTAD-related issues



(1) Main agencies involved in the capacity development in this area.
(2) These lists are not exhaustive: they only provide some examples of UNCTAD's areas of work and technical cooperation.
(3) This category is called here

Source: UNCTAD, 2003a.