



The North-South Institute • L'Institut Nord-Sud

Programming in Trade-Related Capacity Building:
A Resource Tool for Practitioners

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TRCB: A new mandate for development cooperation agencies

International trade is seen in the development community as an important tool for poverty reduction.² However, limitations in the capacity to design and negotiate trade rules, to take advantage of market access gains given supply constraints and to adjust to increased competition in domestic markets have prevented many developing countries from fully reaping the potential benefits of trade and trade liberalization. To address these limitations, donors have been increasingly active in supporting trade-related capacity building.

The OECD's Development Assistance Committee (DAC) defines trade-related capacity building (TRCB) as programs "which enhance the ability of partner country policy-makers, enterprises and civil society actors to:

- Collaborate in formulating and implementing a trade development strategy that is embedded in a broader national development strategy.
- Strengthen trade policy and institutions – as the basis for reforming import regimes, increasing the volume and value-added of exports, diversifying export products and markets and increasing foreign investment to generate jobs and exports.
- Participate in – and benefit from – the institutions, negotiations and processes that shape national trade policy and the rules and practices of international commerce." (OECD, 2001, p. 13)

This type of programming is relatively new and donors are still struggling to identify what approaches work best to build capacity in this area.³ CIDA's mandate and policy statements provide guidance about which principles should inform the design of TRCB programs (CIDA, 2003, 2002, 1999). However, there is a need to provide more specific examples about how to follow these principles. **The objective of this resource tool is to draw lessons from the existing knowledge and evaluations of TRCB and to provide examples of projects that illustrate good practices and ways to adhere to these principles.**

² For overview of discussions on the impact of trade on poverty reduction, see:

- Winters, Alan, "Trade policies for poverty alleviation", in *Development, Trade and the WTO: A Handbook*, The World Bank, 2002.

- DFID Briefing on trade and poverty: <http://www.dfid.gov.uk/pubs/files/tradebrief-trade pov.pdf>

³ This is especially true as capacity building focusing on trade policy is relatively new, though it is less so for TRCB focusing on developing the supply and export capacity of developing countries.

Principles for formulating TRCB programs and projects

The following seven principles are reviewed in this section, with key considerations as well as key strategies and examples of projects being given for each principle.

- 1. Mainstream poverty reduction*
- 2. Gender equality*
- 3. Local ownership*
- 4. Donor coordination*
- 5. Institutional capacity building*
- 6. Pluralism in trade policy*
- 7. Environmental sustainability*

1. Mainstream poverty reduction

Key considerations

- The expansion of trade is often associated with economic growth, and in turn with poverty reduction. Many TRCB projects adopt this indirect approach – it is considered that improvements in the capacity to develop trade policies, and the supply of tradable goods, will indirectly benefit the poor.
- To create such an enabling environment for growth and poverty reduction, it is important that TRCB projects are consistent with, and complement, national Poverty Reduction Strategy Papers (PRSPs) or development policies.
- A more focussed approach can involve measures to increase the prospects of direct benefits for the poor, for instance by targeting agricultural products produced by poor farmers or landless labourers.
- It is important to recognize that in some cases trade liberalization can have short-term negative impacts on poor people and that compensatory and adjustment policies may be needed for them.

Key strategies and examples

Few CIDA TRCB projects have addressed poverty reduction directly – though in some projects there have been components targeting poor people, producers or communities. To the extent that poverty reduction is mentioned, it is usually in a broader, enabling approach, rather than a direct,

focussed approach. A number of donors have supported efforts to mainstream trade, to integrate trade into PRSPs. However, there is a body of research which suggests there is a need for a more targeted approach if trade policies and growth are to contribute to poverty reduction in the short- to medium-term. Different trade policies will have different impacts on growth patterns and hence on reducing income inequality, which can influence the poverty reduction impacts of growth rates – sometimes trade liberalization may exacerbate income inequality while other types of trade policy, e.g. export support of agricultural products, may improve it. It is also critical to take into account the specific characteristics of each country in which TRCB is being carried out. As McCulloch et al (2002) note, “The impact of trade liberalization on poverty is very country-specific.”

Directly targeting small producers is one approach followed in the Program for building African Capacity to Trade (PACT). This program is being implemented by the Trade Facilitation Office of Canada (TFOC) and the International Trade Centre (ITC) with the support of the Canadian Fund for Africa. One component in Ghana is working with small horticulture farmers, to improve their marketing and exports especially to Europe through exploratory missions for exporters and buyers, group marketing workshops and the appointment of export agents. Initial reports suggest that the program has been successful, leading to increased exports by some 600 small farmers totalling €420,000/week.

Studies can be useful in identifying how to integrate considerations of poverty dimensions in trade policies and the development of trade capacities. One of the early activities in the UK’s Africa Trade and Poverty Programme was intended to be a study in each country to help understand the various connections between trade and poor people – such studies would clarify how subsequent trade-related programming might target poverty; how changes in trade policy might affect poor people and appropriate mechanisms to maximize the positive and minimize the negative effects. (While some useful studies were completed, nearly all were delayed because of initial contracting difficulties, so that their findings were not discussed nor were they able to inform the programming.)

Engagement with groups representing (or working with) the poor is another strategy for addressing their interests in trade policy projects. One such example is the project funded by the UK’s Department for International Development (DFID) on “Strategies and Preparedness for Trade and Globalization in India” which began in 2003 and is being carried out by UNCTAD in collaboration with India’s Ministry of Commerce and Industry. A key aim is to ensure that the interests of poor people are represented in the trade policy dialogue with policymakers. The project provides an opportunity for greater engagement of Non-Governmental Organizations (NGOs) and local and regional universities outside New Delhi, particularly in poorer states and regions, by building their capacities for research and analysis of trade and poverty issues. Also, it will engage with associations of smaller and informal producers as well as Civil Society Organizations (CSOs) representing the interests of the poor, e.g. farmers’ associations, informal workers’ associations and NGOs working with marginalized communities. This might lead to more emphasis on product groups and policies of greater interest from the angle of poverty reduction.

Another example of a good practice, focussed, approach is the South Asia Enterprise Development Facility (SEDF). This seeks to contribute to poverty reduction in South Asia by **improving the competitiveness and growth of Small and Medium Enterprises (SMEs)**, particularly in Bangladesh, Nepal, Bhutan and Northeast India. Some 80 percent of the funds are targeted to Bangladesh, given its high share of people living in poverty, and where the development of SMEs is specifically mentioned as a key component of the PRSP. One component of the project involved border trade studies to determine the particular support, such as business advisory services and simplified border regulations, needed by SMEs. In turn these findings led to negotiations between India and Bangladesh to reduce the trade barriers identified as constraints by small businesses on both sides of the border such as transport, trade finance, phytosanitary standards and customs delays. A Northeast Indian-Bangladeshi Chamber of Commerce was formed, bringing together various chambers on both sides of the border, while other results included the establishment of a testing laboratory and four customs stations as well as a guide on how to trade with Northeast India. It is too early, however, to determine how far these changes have improved trade flows, and whether poorer producers and traders, in particular, have benefited.

2. Gender equality

Key considerations

- There is a growing body of work looking at the complex linkages between trade policy and gender equality. Indeed, trade can have a wide range of positive and negative gender-differentiated impacts. For example, export expansion often has a positive impact on formal employment opportunities for women in developing countries (World Bank, 2004). However, the evidence regarding trade and the wage gap between men and women varies from one country to another. Education, skill accumulation for women and enforcement of antidiscrimination laws are seen as critical, as wage discrimination often persists with trade expansion. The literature also stresses that the liberalization of imports of agricultural products tends to disadvantage women producing subsistence food; this is especially a problem in Sub-Saharan Africa (UNCTAD, 2004a, UNCTAD 2004b).
- Trade reform can also have an impact on reducing the availability of social services as tariff reduction can significantly reduce the fiscal resources available to national governments. “Women suffer doubly because, on the one hand, they benefit less from publicly provided services, such as education, health care, clean water, and the like and on the other hand, their work burden in the form of unpaid household work and care labour may increase to make up the windfall” (Cagatay, 2001).
- Despite this growing recognition that trade policies have a wide range of gender-differentiated impacts, there remain significant parts of trade capacity building work which do not look at these differentiated impacts. What are the strategies available to ensure that gender equality is integrated in TRCB?

- CIDA has published a resource tool on how to integrate gender equality into trade capacity building (CIDA, 2003). It identifies gender equality issues and barriers related to specific types of TRCB programming. It then proposes a wide range of strategies to integrate gender equality into these programs. For instance, for TRCB related to the General Agreement on Trade in Services (GATS) possible approaches include the analysis of the differential impacts of GATS on women and men as service providers and workers in different service sectors, as well as beneficiaries and consumers of essential services such as water, energy, health care, and education.

Key strategies and examples

Existing initiatives offer interesting examples of how gender equality can be integrated in TRCB. In trade policy projects, support for **policy-oriented research on the gendered-dimension of international trade** is an important first step. Policymakers and stakeholders are only beginning to understand how trade reforms have gender-differentiated impacts. The development of a national trade strategy to be included in national development strategies needs to be informed by good-quality information on gender and trade. Such work is beginning to be supported by donors and international agencies.

One example is CIDA's Russia Trade and Development project in which 25% of current funds have been allocated to a component on gender equality. The implementing agency, the Centre for Trade Policy and Law (CTPL) is organizing two open competitions, calling for proposals for research papers on gender and trade in Russia. Up to twenty research papers examining the linkages between trade and gender equality will be selected by a research steering committee on the basis of the quality and policy relevance of the proposed projects. One of the main vehicles for the dissemination of the studies will be a conference on gender equality and trade in Russia in 2006. The results of the studies should also be used to inform the development of training modules on trade and development which will be offered at local academic institutions and in training for trade policy-makers. The main challenge for all research-based activities is to ensure that their findings are taken into account and influence the trade policy process as policymakers gain a better understanding of the linkages between trade policy and social issues.

We should note that policy research on gender and trade is often constrained by the lack of sex-disaggregated data. Many trade and industry officials with input into trade policy do not have an understanding of the contribution of women's businesses and women workers to their economy. A starting point is **collecting and analyzing sex-disaggregated data** to identify the size, value and export activity of women-owned businesses, including informal sector activity. While there are gaps in availability of this kind of data, the OECD, World Bank, IFC, ILO and others are beginning to generate such information.

Another strategy, similar to the above example of mainstreaming poverty reduction by ensuring the participation of the poor in the policymaking process, is to **engage with women's groups and associations and support their active participation in the trade policy process**. TRCB can achieve more participation by women in trade policy in a variety of ways. First, it can involve women's associations and networks in the design, implementation and evaluation of

trade capacity building projects, as well as encourage their participation as recipients of trade training offered. It can also support the participation of women's affairs machineries in discussion on trade issues at the national level (including poverty reduction strategy discussions and national trade policy consultations) as well as at multilateral organizations and processes (e.g. the Commonwealth, the Organization of American States or OAS, the Asia-Pacific Economic Cooperation or APEC, and the Free Trade Area of the Americas or FTAA).

Another strategy is to support national and international research networks on gender and trade, or networks that advocate for women's interests. One example of such networks is the APEC Women Leaders' Network (WLN). Established in 1996 with support from CIDA and the National Commission on the Role of Filipino Women, the network aims at getting more women involved in APEC and teaching women leaders in business, science and technology, academia, and civil society about APEC, as well as offering a source of expertise to APEC to ensure gender integration into the APEC process. Other networks such as the Caribbean Association for Feminist Research and Action (<http://www.cafra.org>), the International Gender and Trade Network (<http://www.genderandtrade.net>), and the Organisation for Women in International Trade (<http://www.owit.org>) are examples of the diversity of existing networks which can be built upon.

Most TRCB projects already attempting to integrate gender equality are those targeting trade development rather than trade policy. The Program for building African Capacity for Trade (PACT) is one example of a CIDA-supported project doing so. This program includes a new **component focusing on businesswomen**. A needs assessment led to the realization that while "export-ready" women-owned companies had received some business training, very few had received training on exporting. The project ACCESS! for African Business Women in International Trade therefore focuses on exporter training to be delivered on a "Train the Trainer" model by trade support institutions in the nine African countries selected. The project also includes export mentoring and the creation of an exporter information portal to share information, opportunities and stories.

Another strategy to ensure that women can take advantage of the opportunities offered by the international market is to **focus on the informal sector and micro and very small business sector**, where women are very present. Women businesses are often "too small to be competitive as separate units to produce sufficient quantity of quality products for export markets, or to be eligible for trade support programs, or to benefit from capacity building programs that are more suited to larger producers" (Gibb, 2004, p. 19). Therefore, they need support to access international markets. Such support can take different forms: capacity-building that is inclusive of the organizations and networks that are linked to small producers, fair trade distribution networks, trade facilitation organizations, a favourable policy environment including loan guarantees, and affirmative policies for women producers.

Making policymakers aware of these obstacles facing female producers was one objective of the APEC project "Supporting Potential Women Exporters".⁴ This project under the Committee on Trade and Investment (CTI) took several steps to help **generate awareness** of and support for

⁴ <http://www.apecsec.org.sg/apec/publications.html>

gender dimensions of TRCB and trade facilitation with partners. It involved five country case studies to illustrate constraints which women business owners and exporters encounter when attempting to expand their businesses, as well as “good practices” that helped to address those constraints. The project included an element of capacity-building for both trade and women’s affairs officials on gender and trade, through a “Dialogue” with CTI and APEC’s gender focal points (mainly women’s affairs ministry officials) to discuss key findings and recommendations, and follow-up by project partners with their respective governments.

3. Local ownership

Key considerations

- Local ownership can contribute to making the design and content of TRCB programming both relevant and effective.
- As the context of trade negotiations is constantly evolving, presenting many developing country governments and civil society organizations with new challenges and needs, it is important that programs are flexible and responsive to these requirements.
- While foreign executing agencies may bring trade-related technical expertise as well as experience with the particular administrative and management practices required by donor agencies, direct budgetary support for national institutions can increase local ownership.

Key strategies and examples

Many early TRCB projects were donor-driven – designed and implemented by agencies based in developed countries, in collaboration with national counterparts in developing countries. This was perhaps understandable in what was a relatively new area for development assistance. However, in order to ensure most effective use of TRCB resources, it is now recognized that local ownership is essential. It is also particularly important in the area of trade policy to reduce the possibility of undue influence by donors in areas under negotiation with TRCB recipients. As a result, considerable attention is being given to ways of increasing local ownership. There are several projects and programs which illustrate how this can be done and what approaches to avoid.

One project in which **local inputs to design, management and implementation** have been maximized is CIDA’s Bangladesh Trade Related Research and Policy Development Project.⁵ This involves strengthening the research and analytical capacity of the Centre for Policy Dialogue (CPD), a leading civil society think-tank in Bangladesh, by funding new research in areas of national interest, increasing its exposure to trade issues and negotiation processes,

⁵ CIDA has contributed \$5.6 million over 5 years to this project. An earlier project, managed by the Ottawa-based Centre for Trade Policy and Law (CTPL), of \$2 million over 1999-2004, had also involved CPD.

training, and enhancing its access to trade-related information. In addition, CPD dialogues, publications, networking, and other activities are intended to consolidate the process of Bangladesh's integration with the WTO trade regime by promoting the engagement of civil society and private sector stakeholders. Expected outcomes include: deepening CPD's technical capacity, enhanced capacity of the Bangladesh government to engage in multilateral and regional trade negotiations and to develop trade-related policies and strategies, and development of informed positions by Bangladeshi civil society and the private sector on multilateral and regional trade issues and their recommendation of policies and strategies to the Bangladesh government.

A key characteristic which has improved local ownership of this project is the flexibility built into resource allocation within it. This allows the project activities to be modified as needed to respond to ongoing changes in international trade negotiations – reflecting parallel changes in CPD's assessment of the types of activities which Bangladesh needs. Such flexibility can pose challenges in terms of the Logical Framework Approach (LFA) – identifying expected activities, outputs and outcomes, and related indicators. But it should not be an insurmountable problem – it is one which has been experienced in several other TRCB projects.

This project is also a good example of institutional capacity building. It seeks to build capacity in an institution that is outside government but one which also has good links and credibility both within government and with other stakeholders in the private sector and civil society. In this way the project is deliberately supporting the strengthening of CPD in order that CPD may in turn more effectively build TRCB within this broader community.

Even where management and/or implementation of a project or program are handled externally, there are mechanisms which can ensure a degree of local ownership. For example the Inter-Institutional Committees (IICs) created under the Joint Integrated Technical Assistance Programme (JITAP), which is discussed further below, can bring together representatives of key stakeholders in government and non-government agencies to discuss needs, priorities and modalities for TRCB. The IICs have been complemented by smaller National Steering Committees with particular responsibilities for management and administrative oversight, in coordination with the JITAP coordinator based at the International Trade Centre, the lead agency.

The balance of authority and division of responsibilities between these national bodies and the international agency will influence the degree of local ownership – and the extent to which programming is considered by the stakeholders to be relevant. In the past, in some projects, the centralization in external management agencies of decision-making about the design of programming, allocation of funding between different activities and choice of consultants, for example, has led to frustration at the national level and even to governments requesting the cancellation of programs.⁶ In the case of multi-country programs, even if a modular approach (in which the same set of activities is offered to each country) is followed, local ownership can be enhanced by ensuring greater flexibility in the mix and sequencing of modules and in the choice

⁶ For example, this happened in the case of the first phase of the UK's Africa Trade and Poverty Programme.

of consultant to deliver the modules – this was one of the lessons drawn from the first phase of JITAP.

4. TRCB donor coordination

Key considerations

- As countries receive increasing amounts of TRCB – in both trade policy and trade development – the issue of donor coordination has become particularly critical.
- Coordination can help to reduce the management and administrative burden otherwise placed on the scarce personnel in trade ministries and other agencies involved at the national level, or in regional organizations.
- Various ways to coordinate are available including the Integrated Framework (IF), sector-wide approaches (SWAPs) and direct budgetary support (DBS) with trade programming forming part of national PRSPs.
- It is important that such coordination be led by national governments or agencies (or regional organizations in some cases) in keeping with the principle of local ownership.

Key strategies and examples

The creation of **a common framework, within which national TRCB needs are defined and prioritized and to which donors respond**, is the approach underlying the Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries (IF). It brings together six core multilateral agencies -- the ITC, UNCTAD, the WTO, the World Bank, UNDP and the IMF – and a large number of donors to respond to the needs in LDCs identified in country-level diagnostic studies, for which the World Bank has lead responsibility. Another objective of the IF, through the process of needs assessment and dialogue with key official and non-governmental stakeholders in each LDC, is to promote the mainstreaming of trade into national development strategies – in essence to encourage the government to take the lead in developing trade policies and rules and supply-side capacities. Usually, once the diagnostic studies and accompanying action matrices, have been completed, governments organize meetings assisted by the local UNDP office with potential funders of identified projects.⁷

An evaluation undertaken in 2003 (WTO, 2003) found many areas of IF success and other areas for improvement in donor coordination. Several countries now have completed diagnostic studies and consultative group meetings with donors. In some countries there is an IF lead coordinator

⁷ CIDA has provided some C\$3 million to the IF. The IF Trust Fund has two windows – Window I for the diagnostic studies and Window II for bridging finance to cover some initial projects until the consultative group meetings deliver significant amounts of funding.

(or focal point), chosen by donors; for instance in Malawi, Norway is the IF focal point and in Lesotho it is the UK (represented by the DFID trade adviser based in the DFID South Africa office). The IF has been able to establish a degree of partnership between the LDC beneficiary countries, the six agencies and donors; some ownership and leadership by the beneficiaries; and some integration of support given to them by the agencies; as well as some coordination by donors of their financial support to TRCB in LDCs. A few projects have been funded from the Trust Fund (Window II).

Nonetheless a few problems persist such as donors' and agencies' limited efforts at the country-level to link their TRCB assistance to the IF or to use the IF as a basis for enhanced coordination of their work. Support for the IF has often been driven from donor or agency headquarters; there is less awareness of the role of the IF – and commitment to it – at the country level. This is an area where the national government may need to take more leadership, with the support of the lead donor coordinator, to ask donors to take the IF more seriously and to finance projects identified in the diagnostic study and associated action plan matrix.

The 2003 evaluation also noted the scope for improvements in the functioning of the IF oversight committees (the Geneva-based Steering Committee and Working Group both of which include representation from all three partners) and the IF Secretariat presently situated in the WTO. It recommended a smaller Working Group, with equal representation of the three partners – two members each plus a chairperson – to accelerate decision-making and reduce the sense of the IF being an agency-driven process.

The diagnostic studies and accompanying action matrices have not been easily compatible with PRSPs, partly a result of the different timeframes, the failure often to consolidate the matrix into a costed package for consideration by governments and potential funders, and the rare linkages made between trade, employment and poverty which are needed if they are to be relevant to the PRSP. In terms of capacity building and ownership, the process of carrying out the diagnostic studies themselves has been perceived as developed and driven by the donor agencies. More national analysts could be involved in this analytical work – which would contribute to capacity building – while the involvement of more national stakeholders in the course of the studies would enhance their buy-in to the IF and even national ownership.

Another example of a **common framework** is the trade capacity building database developed under the aegis of the WTO and the OECD created after the Doha Ministerial in 2001. The on-line database aims to collect standardized data on the funding provided by donors to the different types of trade-related technical assistance and capacity building. The database is updated each year and provides information about the programs, the recipient and the type of assistance. It is available at <http://tcbdb.wto.org>

Besides the practical benefits of a **joint and integrated approach** involving several agencies, there can be important conceptual synergies. In the case of the Joint Integrated Technical Assistance Programme (JITAP), established in the mid-1990s, which is administered out of the ITC but whose strategic management and programming also involves staff from UNCTAD and the WTO, an evaluation in 2002 noted, “Its aim was to approach trade issues holistically and

comprehensively, bringing together the entire spectrum of trade negotiations, the application of trading rules and the exploitation of new trade opportunities into one technical assistance programme. It was to be jointly managed and implemented. ... The joint and integrated approach to trade issues has raised the credibility and the profile of the three substantive multilateral trade organisations and has also contributed to developing a more holistic and comprehensive view of trade issues in participating countries. The multilateral trading system has been made more user-friendly through JITAP” (De Silva and Weston, 2002).⁸

The same evaluation found that there were several ways in which donors could help to strengthen JITAP. First, smooth funding flows – irregular flows had contributed to delays in workplan implementation and frustration at the national level. Second, increasing the complementarity between bilateral TRCB and JITAP – only rarely has a bilateral project sought to complement JITAP activity in a country (as in Ghana, where DFID provided additional funding to strengthen the work of the JITAP inter-institutional committee).

Finally, some **harmonization best practices** in the case of a multi-donor funded program include a common Results Based Management (RBM) framework with common performance indicators, joint reporting to donors, pooling of funds, harmonization of procedures, and a joint programming and monitoring committee. Such practises are being considered for the Caribbean Regional Negotiating Machinery (RNM), which was established in 1997 as a specialized regional agency to help the small Caribbean states prepare for the increasing volume and complexity of multilateral and extra-regional trade negotiations.⁹

In early years the RNM was faced with administrative and management problems arising from the diverse and cumbersome procedures followed by its various funders. (Some of these arose from the fact that the RNM did not have a legal status leading some funders to disburse their financial assistance through the Government of Barbados.) Multiple programming, monitoring, reporting and evaluation procedures were soon recognized to be a problem for this small organization. Besides administrative costs there was a possibility of the RNM being taken in different directions by donors’ varying priorities. Recent efforts with strong support from CIDA and DFID amongst others have sought to reduce administrative procedures by increasing the authority within RNM for management and coordination of different donor-funded activities and harmonizing reporting. In 2005 a new harmonized program-based approach was to be phased in as new financing agreements were signed e.g. with CIDA and USAID.

⁸ In its first phase 8 countries were covered; another 8 countries were added in the second phase, to which CIDA contributed C\$7 million.

⁹ Some 60% of RNM funding is from regional governments, CIDA funding in 2003-04 accounted for 8%, DFID 15%, USAID 10% and CDB 7%. CIDA has committed C\$2.5 million in 2000-2005.

5. Institutional Capacity Building

Key considerations

- A large share of TRCB activities still take the form of short-term training sessions and workshops offered to developing country government officials dealing with trade policy. This form of assistance can be useful, in that it improves the knowledge of the individuals involved. However, such activities often fall short in terms of institutional capacity building.
- The OECD Guidelines on TRCB stress that an important objective of TRCB is to develop a policy framework for trade, which is integrated into the broader national development and poverty reduction strategy. TRCB activities are more likely to support the development of such a trade policy framework if they are designed with the following features:
 - longer timeframes, multiple phases
 - flexibility to respond to emerging needs
 - use of national or regional expertise
 - broad range of stakeholders: different ministries and regulatory agencies, including standards and customs agencies, academics, the private sector, unions, organizations working with the informal sector, women’s groups, think-tanks and other civil society organizations
 - relevant studies with strong dissemination strategies
 - experiential learning, participation in actual negotiations

Key strategies and examples

Trade policy networks have been identified as a useful tool to develop a national trade policy framework. They usually focus on strengthening the capacity of organizations in the research communities (universities, think-tanks) and in government. For instance, since the mid-1990s, the International Development Research Centre (IDRC) has supported a number of trade networks located in Latin America, Southern Africa and more recently, in Asia and the Caribbean. The networks include support for trade research undertaken in academia or research institutes, with emphasis on “ensuring that knowledge production is linked to the evolving needs of governments and civil society”¹⁰ and that the capacity to produce such policy research is maintained in the future. Regular exchanges among members of the networks and meetings involving broader audiences help to create a dialogue between researchers and policymakers.

¹⁰ http://www.idrc.ca/en/ev-6604-201-1-DO_TOPIC.html

One successful example is the Latin American Trade Network (LATN)¹¹ which was created in 1998 in order to improve the capacity to analyze and formulate trade policies in the region and to reduce the gap between research and policymaking. It encompasses more than forty institutions across the region with a coordination unit based in Argentina. In addition to the publication of working papers, policy briefs and other documents based on their research work, the network also provided courses for policymakers and stakeholders, building on their existing expertise. That approach helped “to better equip policymakers, negotiators, middle-level officials and private sector representatives to undertake effective international trade-policy analysis and decision-making” (Campbell, 2004).

The Africa Trade Policy Centre is another example of institutional capacity building, this time **at the regional level**. This new centre¹² is located at the United Nations Economic Commission for Africa (UNECA) and has a double mandate, namely to “incubate a comprehensive trade-related technical assistance and capacity building strategy at UNECA, while responding to urgent needs for upcoming negotiating sessions, and attracting outside funding partners and resources.” In 2003, the centre received \$5 million from CIDA for beginning its activities in 2004; it is too early to evaluate its impact.

Building capacity at the regional level offers an interesting avenue in terms of limiting duplication and pooling resources. However, the Caribbean experience highlights that this should not be to the neglect of capacity building at the national level (Dunlop et al, 2004). Support at the national level is essential to ensure that governments can meaningfully engage in regional dynamics, i.e. with a clear understanding of the role of trade in their national development strategies.

Another approach to institutional capacity building is to **strengthen the capacity of civil society organizations** to fully participate in the national and international policy dialogue on trade. One project supported by CIDA and implemented by a Canadian farmers’ organization, the Union des producteurs agricoles (UPA) is a good example of TRCB which broadens the scope of institutional capacity. In this case, the UPA is working with 17 farmers’ organizations in seven countries of Western Africa to improve their knowledge of trade agreements and their capacity to engage meaningfully with national policymakers. The activities include training and regional seminars on international trade in agriculture and on building national dialogue between members of the farmers’ organizations and government representatives. The project will also train trainers in each farmers’ organization; each trainer will then further diffuse the information about trade policy to their membership. Finally, the project offers a specific training session on trade issues for female representatives, as well as a gender mainstreaming training program for all participants.

¹¹ <http://www.latn.org.ar>

¹² <http://www.uneca.org/atpc/>

6. Pluralism in trade policy

Key considerations

- There are multiple views about what types of trade policies are most likely to lead to sustainable development. How can one ensure that TRCB reflects the diversity of views on trade and development?
- TRCB should support the development of national trade policymaking processes and institutions in ways that allow the participation of a broad range of actors in the public debate. Besides governmental agencies and ministries like health, education, and women's affairs which were not historically involved in trade policy, TRCB should extend to actors from outside government such as large, medium and small businesses, representatives from women's organizations and businesses, unions, organizations representing workers in the informal sector, farmers' organizations and consumers.

Key strategies and examples

The support for participation can take many forms. One approach is to support a **multi-stakeholders' forum** which serves as an advisory body to the government on trade policy issues. For instance, in Kenya, JITAP supported the establishment of the National Committee on the WTO which plays the role of a consultative forum. Certain groups may need to receive trade capacity building and support for research and analysis if they are to meaningfully participate in the discussions. Therefore, donors should encourage a diverse group of organizations to apply for TRCB funding.

If the national trade policymaking process is still weak, one way to ensure a diversity of views can be to include a **policy dialogue component** in the project. Such a dialogue component can take the form of initial roundtables mixing government participants, private sector and a variety of non-governmental organizations. Another facet of pluralism in TRCB lies with the organizations responsible for the delivery and implementation of trade policy. For them, adopting a balanced approach reflecting the range of views on trade policy and development is a key challenge.

In recent years, there have been a number of initiatives which attempted to widen the range of views on how trade policies can contribute to development. One approach is to support **high-level research and policy initiatives to broaden the international policy discussion on trade and development**. The Commission on Intellectual Property Rights (IPR) established at the initiative of the UK's DFID in 2001 is an example of such an approach.¹³ It studied how to ensure that IPR regimes benefit developing countries. At that time, the developmental benefits

¹³ <http://www.iprcommission.org/>

of strong IPR protection had already begun to be challenged, but these views were not yet being taken into consideration in the negotiation of IPR provisions in trade agreements. The independent commission supported studies and held workshops, dialogues and conferences to provide input into its final report which was published at the end of 2002. The report examined the impact of IPR on health, agriculture, traditional knowledge and geographical indications, copyrights, software and the Internet and stressed that “far more attention needs to be accorded to the needs of developing countries in the making of international IP policy.” The work and the recommendations of the commission received a lot of attention at the international level; it stimulated a renewed and more informed discussion about the benefits and the costs of IPR, including their place in international trade agreements.

7. Environmental sustainability

Key considerations

- In the early 1990s, the linkages between trade and environmental sustainability were still poorly understood. Developing countries frequently expressed concerns that environmental standards would be used by industrial economies as protectionist measures, whereas many in industrial countries worried that international trade and competition would lead to a race-to-the-bottom in environmental protection to the detriment of sustainable development.

Key strategies and examples

Now, with the research and policy analysis conducted by several organizations, we have a better understanding of the complex linkages between trade and the environment. The work conducted by the Trade Knowledge Network (TKN) on trade and sustainable development is a good example of how our understanding of these linkages has evolved and how TRCB has supported this evolution. The network is piloted by the Canadian-based International Institute for Sustainable Development (IISD) in collaboration with a Geneva-based institution, the International Centre for Trade and Sustainable Development (ICTSD) and brought together researchers from eight developing countries.¹⁴ The network supported new research on the topic and its dissemination to governments and the policy community.

Their work examined concrete examples of how trade or investment liberalization can have beneficial impacts when it facilitates the spread of environment-friendly technologies and management-practices. The research also documented cases of negative linkages between trade and the environment. Scale effects, i.e. the growth of a polluting sector thanks to exports, were identified in studies in China and Pakistan. Structural effects, i.e. the negative impact of moving toward more polluting industries or practices to meet export market demands, were found in

¹⁴ TKN received financial support from IDRC, the Rockefeller Foundation and a number of development agencies including CIDA.

studies in Vietnam. These results **stressed the importance for national policymakers of developing a better understanding of the linkages between sustainable development and the trade strategies they adopt.** TRCB which supports this type of policy work at the national and regional level can help developing countries take advantage of the positive environmental impacts of trade reforms while limiting or mitigating the negative effects.

The United National Environmental Programme (UNEP) has supported capacity building activities related to environmental assessment of trade policies. In their exchanges with officials from Africa, Latin America and the Pacific region, they found that it is useful to have a focal point in government to take the lead in the inter-ministerial process necessary to examine the linkages between trade and the environment. They also noted that that “addressing economic and social issues before bringing environmental ones has proved a more fruitful approach to enhance policy integration” as experts from the different ministries are often more comfortable with the former issues (UNEP, 2003). This approach also facilitated stakeholder engagement.

On the issue of environmental standards as protectionism, the TKN research found that the standards adopted by industrial countries are not usually designed as protectionist measures, but are based on legitimate concerns. However, these measures can sometimes have unintentional effects on developing countries “because they favour larger, more intensive or more integrated producers” (Cosbey, 2005, p. 8). For instance, the EU standards on the production and processing of shrimp involve high monitoring costs which cannot be met by smaller producers in Bangladesh without some form of assistance.

Research from the World Bank has also highlighted that protectionism was not the usual motive for environmental standards (World Bank, 2005). Moreover, these recent studies show that standards adopted by governments in industrial countries, and even standards imposed by buyers upon their suppliers, can have positive impacts. For instance, the process of complying with food safety and agricultural health standards played a positive role in the development of export-oriented sectors like Thai and Kenyan horticulture, Thai and Nicaraguan shrimp production and Indian spices. “Stricter standards can provide a stimulus for investments in supply-chain modernization, provide increased incentives for the adoption of better safety and quality control practices in agriculture and food manufacturing... Rather than degrading the comparative advantage of developing countries, the compliance process can result in new forms of competitive advantage and contribute to more sustainable and profitable trade over the long-term...” (World Bank, 2005, p. xii).

One of the key recommendations coming from the TKN was **the importance of developing domestic institutions in developing countries to manage trade-related environmental standards and deal with conformity assessment.** TRCB in this area should also extend to helping producers to meet new standards. “In an ideal world, such efforts would include some forms of technology transfer, but at an absolute minimum they should included full information about relevant testing methods and about the use and availability of substitutes for banned products/technologies” (Cosbey, 2005, p. 22).

Summary: Key strategies

In this document, we have reviewed seven principles that can help to enhance the development impact of TRCB. The principles were illustrated by reference to a number of recent or ongoing projects and programs including several that have been funded by CIDA amongst other donors. Key strategies that were followed are summarized in the following table.

1. Poverty reduction	<ul style="list-style-type: none"> ▪ Directly targeting small producers ▪ Studies of linkages between trade policy, growth and poverty at a national level ▪ Engagement with groups representing the poor ▪ Improving the competitiveness and growth of SMEs
2. Gender equality	<ul style="list-style-type: none"> ▪ Research and policy work to understand linkages between trade and gender equality ▪ Collection and analysis of sex-disaggregated data ▪ Active participation of women’s organizations in national and international trade policy discussions ▪ Inclusion of a component focusing on businesswomen ▪ Focus on the informal sector and very small businesses ▪ Fostering awareness of the gendered dimensions of trade and trade policy
3. Local ownership	<ul style="list-style-type: none"> ▪ Integration of local inputs in the design, management, implementation and evaluation of the project
4. TRCB donor coordination	<ul style="list-style-type: none"> ▪ Common framework, within which national needs are defined and prioritized and to which donors respond ▪ Harmonization best practices ▪ Common RBM framework with common performance indicators ▪ Joint reporting to donors ▪ Pooling of funds ▪ Harmonization of procedures ▪ Joint programming and monitoring committee
5. Institutional capacity building	<ul style="list-style-type: none"> ▪ Multiple phases, longer timeframes ▪ Building capacity of a broad range of stakeholders ▪ Support of trade research networks ▪ Support of capacity building at regional level to complement national capacity
6. Policy pluralism	<ul style="list-style-type: none"> ▪ Participation of a broad range of actors ▪ Dialogue component in trade policy project ▪ Research initiatives to broaden debate ▪ Participation of various ministries and civil society organizations as recipients or actors in the delivery of TRCB ▪ Representation of diversity of views in the delivery of TRCB
7. Environmental sustainability	<ul style="list-style-type: none"> ▪ Understanding the linkages between trade policy and the environment at national level ▪ Support of national institutions to manage trade-related environmental standards

Participatory Monitoring and Evaluation of TRCB

Participatory evaluation refers to the direct involvement of primary stakeholders. Primary stakeholders are those ultimately affected by TRCB activities, either positively, such as direct beneficiaries of TRCB activities and those profiting from the globalization and integration process, or negatively (Cai, 2004). This latter category includes those becoming unemployed and marginalized due to the trade reforms possibly recommended by TRCB programs. Secondary stakeholders are the intermediaries in the TRCB delivery process, such as executing and implementing agencies of the TRCB programs, project managers as well as the donors themselves. Conventional evaluations tend to focus on secondary stakeholders rather than the direct beneficiaries. Examples of primary stakeholders in TRCB projects are included below.

Why participatory monitoring and evaluation?

With the growth of programming in the area of trade capacity building, we have seen a number of evaluations undertaken by donors and international organizations to assess the success and impact of their work. However, a review of recent TRCB evaluations shows that they usually involve limited participatory elements (Weston, 2004).

The trade field is not unique, as most evaluation in the development field still tends to be of the conventional type, with varying levels of participation from the beneficiaries. “Evaluations are often carried out more to fulfill a management or accountability requirement than to respond to project needs” (UNDP, 1997). In order to help change this trend, this resource tool highlights some aspects of participatory evaluation of trade capacity building.

Participatory evaluation involves beneficiaries as key actors in the assessment of a program or project (UNDP, 1997). It aims to build the capacity of stakeholders to reflect, analyze and take action. It increases the sense of ownership of an evaluation by the stakeholders and thus improves the likelihood that lessons are learned and lead to changes. While the purpose, as in conventional evaluation is to ensure accountability, participatory evaluation is less donor-driven, puts as much emphasis on the process as on the final report and leads to the evaluator being more of a facilitator.

Primary stakeholders for trade policy projects

- Ministries of Trade (Commerce) responsible for trade policy, regulations and negotiations
- In-line ministries and agencies (agriculture, industry, finance, telecommunications, health, women’s affairs, etc.)
- Sub-national government agencies (e.g. provincial, city and country levels)
- Private sector enterprises, chambers of commerce
- Labour unions and workers’ associations
- Civil society organizations, including parliamentarians and women’s organizations
- Academic institutions with a focus on trade policy and regulations
- Consumer groups
- Media groups

Primary stakeholders for trade development projects

- Chambers of Commerce (or exporters' associations) normally serving as a focal point of trade development projects in recipient countries
- Export-oriented enterprises (exporters, commodity producers and services suppliers)
- Export financing institutions
- Poor farmers and labourers (if the TRCB program targets agricultural and agri-food sectors)
- Labour unions representing workers in export-oriented enterprises
- Civil society organizations, including parliamentarians and women's business organizations
- Academic institutions with a focus on trade development

Source: Cai, 2004

How do participatory monitoring and evaluation take place?

Participation of primary stakeholders can take place in the early phase of the design of an evaluation. One way to do this is by holding workshops with the primary stakeholders where they set the parameters of the evaluation. This would require the initial terms of reference for an evaluation to be fairly flexible.

Participation in the conduct of an evaluation of TRCB may be more likely to be achieved than in the design phase, as is the case in more conventional evaluations. For instance, many evaluations include semi-structured interviews with primary stakeholders during field visits. Other strategies can be adopted to increase the participatory nature of the data-gathering and analysis for the evaluation. For instance, in the evaluation of DFID's TRCB conducted by The North-South Institute in 2004, at the each field visit, the evaluators held a meeting with stakeholders at which they presented their preliminary findings. Feedback from these meetings was then integrated in the draft country reports, which were circulated among stakeholders for further comments.

The participation of primary stakeholders can take many other forms such as focus groups of beneficiaries, notes from a participant observer during the implementation of the projects and social mapping. They can be involved in the design of the questionnaire used in data collection. A participatory approach can also be used in the regular monitoring of projects. For instance, in its support for the Caribbean Regional Negotiating Machinery, DFID has held regular meetings with primary and secondary stakeholders to gather information about the management and performance of the project and to receive regular feedback from recipients.

One of the key problems of all evaluation reports, in TRCB as in other areas, is their take-up by stakeholders, including donors. Lessons learned from evaluations are often shelved, ignored or not disseminated to the groups and individuals who could use them. Participatory evaluation should increase the possibility that evaluation has an impact, as stakeholders involved in its design and implementation are more likely to have a sense of ownership of its results.

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