Cornering the market: ***The World Bank & trade capacity building***

by JEFF POWELL

BRETTON WOODS project

Acknowledgements

This paper belongs to a broader effort by a network of non-governmental organizations to understand and shape the international institutes' efforts to achieve trade-finance coherence. For further reading, see under references, Bieckmann and v.d. Borgh (2002, 2001), Oxfam International (2002a), Rowden (2001), and Tan (2002, 2001).

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Executive Summary

The World Bank is being forced to distance itself from the "political incorrectness" of imposing liberal trade reforms via loan conditionality; increasingly, the more common route to influence trade policy is via trade-related capacity building (TRCB). The latter strategy coincides both with the Bank's re-positioning as a provider of development knowledge (the 'Knowledge Bank') and the pivotal role which TRCB has been set up to play in keeping the trade liberalization bicycle moving forward to the next round of multilateral trade talks in Mexico in 2003.

After a certain hiatus, the Bank is rapidly increasing the amount of resources it dedicates to this area. Already, it is involved in a myriad of trade-related research and training activities at the national, regional and global levels. This briefing examines in detail the role of the Bank in the Integrated Framework for technical assistance to the least developed countries (IF). After a failed first attempt, this initiative, designed to coordinate the TRCB activities of the multilateral agencies and donors, has been revamped and is now touted as lying "at the heart" of efforts to use trade as a means to reduce poverty.

The Bank brings considerable ideological and institutional baggage to the TRCB agenda. In the face of mounting evidence to the contrary, including research within its own walls, the Bank refuses to abandon its dogmatic contention that openness leads to growth and poverty reduction. Furthermore, despite foisting 'good governance' and the need to encourage a diversity of opinions on developing countries, it continues to fund only those partners which share its views on trade, while 'off-message' views in the Bank itself are quashed by external affairs "thought police" before seeing the light of day in the policy department.

The Bank's role in the IF has drawn considerable criticism, stemming from fears that the Bank is displacing other agencies. Both in the selection of countries participating in the IF and in the evaluation of the pilot scheme, the Bank is charged with having disproportionate influence. Its coordination of the diagnostic studies which provide the basis for the remaining phases of the IF, has been criticized for having taken a "cookie-cutter approach" which, in advocating a set of aggressive trade liberalization measures, has failed to learn from other agencies and sectors in-country.

There are two reasons why the Bank's increasing role in TRCB should be checked. First, is the risk of upstream conditionality. With its size, reach and resources, the Bank's role in coordinating TRCB may result in an intellectual straitjacket being thrown over the entire trade policy process-from the choice of research areas and how that research is conducted through to the shape of trade-related institutions and the training of trade negotiators themselves. Secondly, the Bank's lead role in mainstreaming trade into PRSPs via the IF offers the opportunity to lock the trade liberalization agenda into national development plans of the most vulnerable countries. UNDP (2001) has already voiced concerns that in Cambodia "the IF on trade and poverty undermines (rather than supports) key PRSP principles".

This briefing recommends that the Bank refocus itself on its mandated role of providing loans or grants to fund initiatives identified in TRCB assessments. Instead of funding Bank-led TRCB coordination from Washington and Geneva, donors should increase support for coordination at the national level. This would involve supporting a diversity of non-Bank agencies to provide capacity building expertise, including UNCTAD and UNDP, as well as regional organizations and private sector, academic, intergovernmental and non-governmental organizations.

Developing countries urgently need to better coordinate their activities and seize the initiative on trade capacity building. There must be no quid pro quo, that is TRCB funding must not be allowed to be linked to concessions in negotiations; donor attempts to earmark TRCB funds for initiatives which fulfil their own trade objectives must be rejected; and resources must be committed to shaping the design and implementation of the TRCB agenda in-country rather than leaving it up to the World Bank and the donor community.

Civil society organizations need to increase their role in TRCB activities such as the IF. Priorities are to ensure an independent, multi-sectoral evaluation of the IF in the short term and establishing accountability criteria for capacity building more broadly. National development goals developed according to transparent and participatory principles should direct the IF, and not the other way around. Ultimately, it will be up to the development community to prevent the Bank from cornering the market on trade capacity building.

AERC	African Economic Research Consortium (Kenya)
AIDC	Alternative Information and Development Centre, South Africa
CAS	WB Country Assistance Strategy
CEPR	Centre for Economic Policy Research (UK)
CG	WB Consultative Group
DAC	Development Assistance Committee, OECD
DC	Developing Country
DfID	UK Department for International Development
DRG	Development Research Group (WB)
DTIS	Diagnostic Trade Integration Study (first phase of IF)
EC	European Community
IBRD	International Bank for Reconstruction and Development (WB)
ICTSD	International Centre for Trade and Sustainable Development
IDA	International Development Association (WB)
IDRC	International Development Resource Centre
IF	Integrated Framework for Technical Assistance to LDCS
IF IAWG	IF Inter-Agency Working Group
IFSC	IF Steering Committee
IFTF	Integrated Framework Trust Fund (managed by UNDP)
IISD	International Institute for Sustainable Development
IMF	International Monetary Fund
IPRSP	Interim PRSP
ITC	International Trade Centre
JITAP	Joint Integrated Technical Assistance Programme
LATN	Latin American Trade Network (Argentina)
LDC	Least Developed Country
MOC	Ministry of Commerce
NEPAD	New Partnership for Africa's Development
OECD	Organization for Economic Cooperation and Development
PREM	Poverty Reduction and Economic Management, World Bank Group
PRSP	Poverty Reduction Strategy Paper
SATRN	South African Trade Research Network (Botswana)
SEATINI	Southern and East African Trade Information and Negotiations Initiative (Zimbabwe)
TA	Technical Assistance
TOR	Terms of Reference
TRCB	Trade Related Capacity Building
TWN	Third World Network
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNRISD	United Nations Research Institute for Social Development
WB	World Bank
WBI	World Bank Institute
WDR	World Development Report (WB)
WTO	World Trade Organization

1. Introduction

Trade capacity building—how romantic...

Numerous analysts have argued that the World Bank and the International Monetary Fund have used loan conditions "as a battering ram for opening Southern markets" (Watkins, 2002:22). Even if developing country[1] trade negotiators were able to win a battle in Geneva, they lost the war in Washington. Between 1981 and 1994, the World Bank made 238 loans that included liberalization of trade or foreign exchange policy in 75 different countries (IBRD, 1999), leading Elbadawi and Helleiner (1998) to remark that "African countries at present probably have less to fear from the World Trade Organization than from the IMF and World Bank."

The Bank responds that trade reform is today the smallest category of its adjustment lending and a declining proportion at that (Finger, 2002: 1105). In an unusually frank admission, retired WB economist Michael Finger explains the shift in the Bank's focus: in the latter half of the 90s, the Bank has presented its trade work not as loan conditions for trade reform but has "pointed to the support it has offered for developing country participation in the WTO ... One attractive feature of this approach ... is that it leaves the WTO as a firewall against trade reform's political incorrectness. Another is that negotiations are romantic. 'Support for developing country participation in the WTO' is more cosmopolitan politics than support for trade liberalisation." (Finger, 1107)

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

There are at least two reasons why this tactical manoeuvre deserves greater scrutiny. The first is the risk of 'upstream conditionality'—that is, influencing the hearts and minds before the trade debate has even started. Trade capacity builders have enormous influence over the entire process of establishing trade policy; from the choice of research areas and how that research is conducted through to the shape of trade-related institutions and the training of negotiators themselves. The second reason for concern is the imposition of trade conditionalities through more immediate means—the Poverty Reduction Strategy Paper (PRSP). While all sides, at least in rhetoric, agree on the need to mainstream trade policy into country development goals, the question is *which trade policies and how*. In the 2002 LDC report, UNCTAD (2002a:230) warns that "when trade policy conclusions are mainstreamed into PRSPs, they will become the basis for policy conditionalities whose fulfilment will be required in order to ensure access to concessional assistance of all kinds, not simply access to trade-related technical assistance." This means that regardless of the outcome of battles fought in Geneva and Washington, developing countries may have lost the war in their own capitals.

British observers have a particularly important role to play in this debate. The Department for International Development (DfID) has been the most important donor to follow-up the Doha call for increased support for TRCB, doubling its funding to £30m between 2001 and 2004 (2001:3). In addition to an ambitious programme of its own, DfID is providing £6m to a WB programme of research and capacity building on key issues in the forthcoming round of WTO negotiations, and some £1.3m for the expansion of the Integrated Framework for Technical Assistance[2]. There is quiet optimism amongst Geneva officials that money 'in the safe' from donors worldwide for TRCB will be up by a third by the end of 2002.

This briefing begins with a look at the disagreement over what constitutes trade capacity building. An outline of the World Bank's activities in TRCB follows with special emphasis on the case of the Integrated Framework for Trade-related Technical Assistance to LDCs. The third section critically examines WB involvement in TRCB, providing both an overview of orthodox concerns, as well as examining more

1 This briefing will use the terms developing country (DC) and least developed country (LDC) for ease of understanding despite reservations about the underlying political implications. Forty-nine countries are designated by the UN as LDCs based on income, human resource levels and level of economic diversification. For a definition and the profile of the LDCs, see www.unctad.org/en/pub/ldcprofiles2001.en.htm

2 DfID will also be taking a lead 'facilitating' role in several IF countries, starting with Lesotho and Nepal.

fundamental critiques. The paper ends with a discussion of alternative options in the TRCB field and recommendations for donor and recipient governments and civil society organizations.

What exactly is trade capacity building?

While there is a broad consensus about *the need for* trade capacity building, there is little agreement about *what exactly it is*. The use of the term capacity-building itself is a relatively recent phenomenon. 'Technical assistance', which Kostecki (2001: 6) describes as the "first stage", with its emphasis on transferring ready-made solutions, was first supplanted by the term 'technical co-operation' in the 80s. This, in turn, lost favour to the present use of 'capacity-building', with the supposed difference that the beneficiary owns this latest process.

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

> A coherent set of activities by donors and partner countries designed to enhance the ability of policy-makers, enterprises and civil society actors in-country to improve trade performance through policy and institutional strengthening as part of a comprehensive approach to achieve a country's overall development goals and poverty reduction strategies.

Capacity building should be about teaching Africans how to break the rules like the developed countries do

Importantly, the objectives of TRCB are here defined to be part of the larger aim of reaching a country's overall development goals. In figure 1.1 this definition is illustrated schematically: note that trade strategy and the achievement of trade objectives as facilitated by capacity building are *subordinate* to the achievement of development objectives. Also noteworthy is the emphasis on private sector, civil society and academic input into trade policy formulation.

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

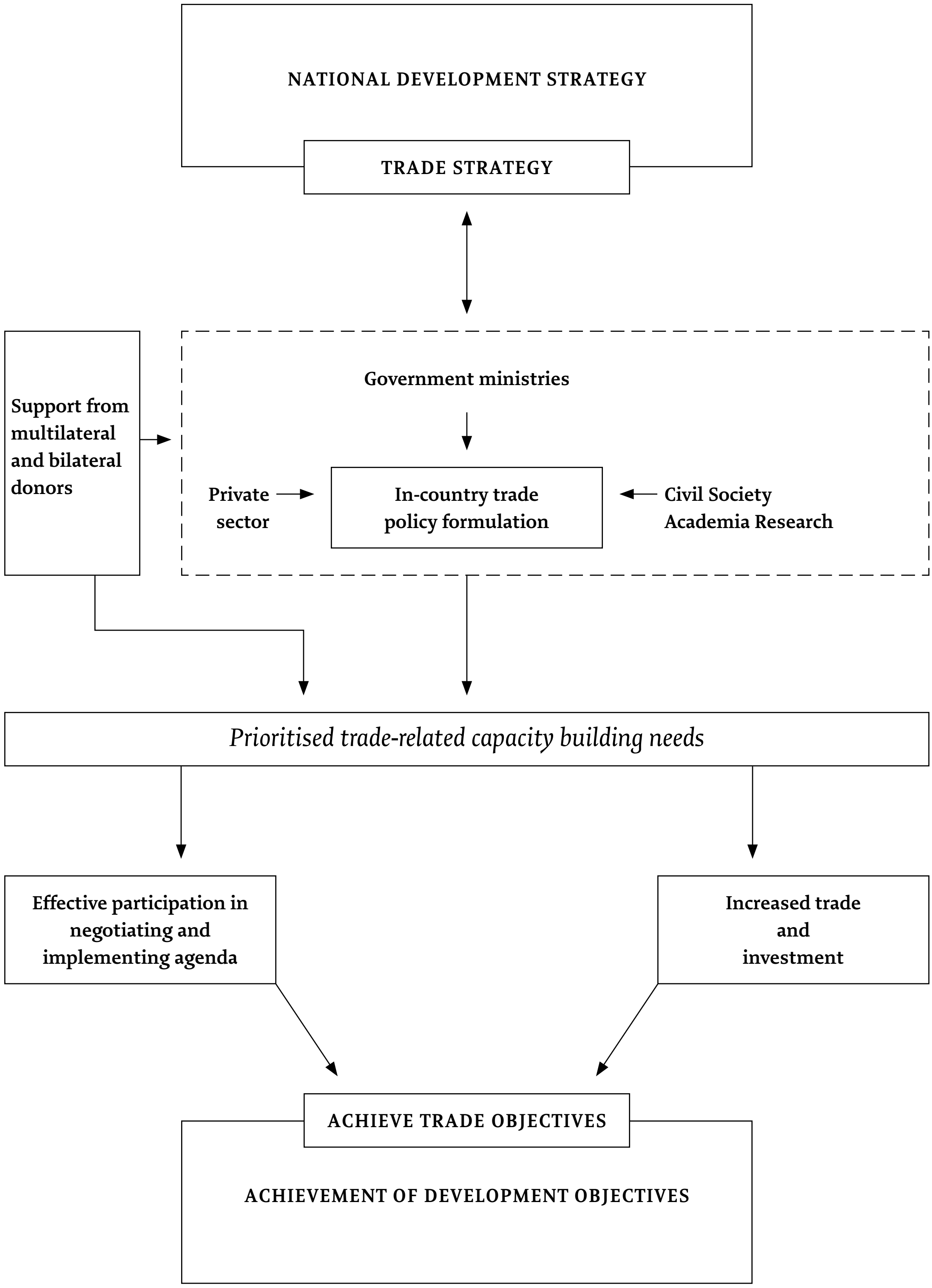
This might lead one to ask what the countries receiving TRCB want. Prior to the Doha round, LDC representatives met in Zanzibar, where it was decided that they needed to "develop the capacity of the private sector, civil society and the research and training institutions to enable them to formulate constructive proposals on the context and the implementation of trade policies that will reflect strategies for poverty reduction." (WTO 2001d:Article 24) They were quite specific about *who* they wanted to do this, "urging for an increase in the extra-budgetary resources for UNCTAD to carry out… activities on WTO and trade-related issues". At a meeting in late July 2002 LDC representatives began work on a position paper which will more clearly lay out their expectations from trade capacity building.

What these differences reveal, and what most of the agencies providing TRCB try to hide behind jargon, is that TRCB is inherently a very sensitive political issue. Who sets the agenda? Who carries it out and how? And who evaluates its impact? Each of these questions is fraught with questions of power. Rashid Kaukab[3], of the Geneva-based South Centre, argues that "real capacity building might mean being able to say they [developing countries] don't want to enter trade negotiations at all." And if countries do decide to enter trade negotiations, can they trust that so-called 'capacity builders' are acting in their interests? "Capacity building should be about teaching Africans how to break the rules like the developed countries do," says Thandika Mkandawire[4], Director of the UN Research Institute for Social Development (UNRISD), "…do you think the World Bank is going to do that?"

3 From discussions with the author in Geneva, 30 July 2002.

4 From discussions with the author in Geneva, 29 July 2002.

FIGURE 1.1 NATIONAL DEVELOPMENT STRATEGY AND THE TRADE POLICY PROCESS



Source: OECD/DfID

2. The Bank and trade capacity building

Knowledge bank cum trade capacity builder

In the 80s and early 90s, the Bank had a significant number of trade economists whose task was to carry out trade analysis at the country level and formulate policy reforms to include in adjustment loan conditions. The advent of the WTO and growing opposition to conditionality saw a scaling back of the Bank's efforts in trade; the number of trade economists working with the Bank fell by over a third. The re-emergence of Bank interest in trade issues has resulted from the confluence of the priority given to TRCB at Doha and the organization's desire to establish itself as a 'knowledge bank'.[5]

Internally, the Bank has formed a new trade unit to bring together a bewildering array of trade-related research, policy and country work under one roof. The new Trade Director, Frenchman Uri Dadush, will be housed in the Poverty Reduction and Economic Management unit (PREM). Recently down to three staff working on trade issues, the unit counts ten staff today with another half dozen or more soon to come on board[6]; similarly, the World Bank Institute (WBI) will be doubling its stable of trade economists and receiving a significant boost to its working budget[7]. An additional $1.6m has also been allocated in 2002 to fund trade work through the Global Public Goods fund. For those inside the Bank, it is felt that this is still inadequate to address the perceived need.

At the **global level**, the Bank works on analyses of the global trading system and the impact of trade-related policies on DCs. Projects include:

- A 6 year programme (started in 1999) of research and capacity building on key issues likely to arise in the next round of WTO negotiations, supported by £6m from DfID as well as contributions from Italy and the Netherlands. It is complemented by the Integrated Programme of Research and Capacity-building to enhance DCs participation in the WTO negotiations on agriculture. Focus is on low-income countries.
- Taking a coordinating role on the integration studies which are the first phase of the Integrated Framework for technical assistance to the LDCs (see 'Diagnostic Trade Integration Studies' below).
- WBI programme, Global Integration and the New Trade Agenda, which consists of training, policy services, products and a research/capacity building programme. The WBI is keen to establish links with pilot programmes of the Integrated Framework.
- The creation of trade statistic databases, such as the World Integrated Trade Solution (WITS), a data-

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BANK TRADE TOME

The Bank's "multiple voices" are dominated by staffers of the WB, IMF, WTO and liberal thinktanks

In late June 2002, the Bank published *Development, Trade and the WTO: A Handbook*, a DfID-funded 672-page collection of articles which tackle every issue under the trade sun.[8] The contention in the introduction (Hoekman et al., 2002:xxix) that the "approach is one of multiple voices" is contradicted by the dominating presence of staffers of the WB, IMF, WTO and liberal thinktank Centre for Economic Policy Research (CEPR), with Dani Rodrik providing a lonely dissenting voice against the trade liberalization bandwagon. The foreword lays out the agenda clearly: "each DC will need a thorough understanding of how trade liberalization can contribute to its national objectives of economic growth and poverty reduction." A series of dissemination meetings and workshops targeting policy makers and senior policy advisors, and outreach activities for press, chambers of commerce and NGOs is planned, in cooperation with the Integrated Framework.

Some observers have questioned the usefulness of the effort. "A handbook is for fixing a car when it is broken," comments Chakravarthi Raghavhan, long-time trade analyst and editor of the South-North Development Monitor. "A collection of essays may be useful for other academics and students."

5 For more discussion of the Bank's role as a 'knowledge bank', see www.brettonwoodsproject.org/topic/knowledgebank/index.html
6 From discussions with Yvonne Tsikata, Senior Economist, PREM, 20 June 2002.
7 From discussions with Philip English, Economist, WBI, 21 June 2002.
8 Agricultural issues are notably missing, but will be covered in a separate companion volume due out in 2002.

base and software package developed by UNCTAD and the WB to analyse the impact of trade liberalization.

- Managing a fund for technical standards in coordination with the WTO.

At the **regional level**, research is undertaken on the impact of integration agreements and some capacity building initiatives are also organized (World Bank, 2002b:7). The WBI works with a select group of trade institutes[9] and academic institutions. This work on trade research capacity building will ultimately feed into trade policy decisions. The International Development Association (IDA), the Bank's concessional lending arm, is focusing on the establishment of 'favourable investment climates'. This includes projects such as the $100m Regional Trade Facilitation Project in Tanzania, establishing a mechanism to insure investors against losses caused by changes in the political environment, and the Leveraged Insurance Facility for Trade (LIFT) to guarantee foreign investment against sovereign—but not exchange rate—risk. Increasingly, the Bank is looking toward working with regional economic groupings on trade issues, signalled by President Wolfensohn's (World Bank, 2002a) recent pronouncement in Morocco that the Bank is prepared to work with African countries on implementing the agenda for the New Partnership for Africa's Development (NEPAD).

Primarily as part of its Country Assistance Strategies, at the **national level** the Bank:

- Performs integration and competitiveness studies (sectoral work);
- Analyses how trade fits with national development strategies;
- Examines the impact of trade reforms and WTO accession requirements;
- Advises authorities on trade integration, liberalization strategies, and export policies;
- Provides financial and technical assistance to strengthen institutions such as customs and tax administration, transportation infrastructure or product standards.

The Integrated Framework

The Integrated Framework is an initiative to coordinate the TRCB activities in the least developed countries of the multilateral agencies and bilateral donors, and to 'mainstream' these efforts into poverty reduction programmes.

The evolution of the IF: IF 1

In December 1996, the WTO Singapore Ministerial Conference mandated an "integrated approach to assisting LDCs to enhance their trading opportunities" (WTO 1997). Six core agencies (IMF, ITC, UNCTAD, UNDP, WB, and WTO), under the leadership of the International Trade Centre (ITC), were to coordinate their activities and those of the bilateral donors to provide a more comprehensive and coherent framework for TRCB.

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

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

Five RTs to follow-up on the needs assessment exercise were held in Bangladesh, The Gambia, Haiti, Tanzania and Uganda with "disappointing results" (WTO 2001e:4).[10] The initiative was dead in the water.

After the first three-year experiment, the IF was dead in the water.

An official evaluation (Rajapathirana et al., 2000) concluded that *inter alia* the IF had failed to generate in-country ownership or inter-ministerial cooperation, lacked sufficient support from the multilateral agencies and had remained a largely unfunded mandate.[11] The chief recommendation of the report was to improve the IF by "prioritizing the link to the overall development assistance architecture" (2000:11). Ultimately, a proposal was made for an IF Pilot Scheme.

Let's try it again: The IF 2

The pilot proposal was adopted by the LDCs in February 2001. In March, a Steering Committee (IFSC) was formed to provide policy oversight, composed of representatives of the 6 core agencies, 6 LDCs and donors. Meanwhile, the day-to-day management of the initiative is handled by the Inter-Agency Working Group (IAWG), made up of the 6 agencies and four special observers.[12] The IFSC decided that administration, formerly located at the ITC, would be brought under the WTO to give it more *gravitas*.

9 This group includes organizations such as the South African Trade Research Network (SATRN) and the African Economic Research Council (AERC) in Africa, and the Latin American Trade Network (LATN) in Latin America.

10 The original 5 participants in the IF 1 were eventually given a choice between participation in IF 2 and a one-time payment of $300K for TRCB activities. They took the money.

11 For further analysis of the reasons for failure of the IF 1, see Prowse (2002:10-12) or Luke (2002:511-2).

12 Special Representatives include Susan Prowse, Senior Economic Advisor, International Trade Division, DfID; Roger Freeman, Director of DC Issues, WTO; Uganda Ambassador Nathan Irumba; and Eba Dohlman, DAC Secretariat, OECD.

By May, three pilot countries—Cambodia, Mauritania and Madagascar—had been chosen by the IAWG based on the following criteria:

1. commitment to mainstream trade into national development plans and PRSPS;
2. completion of the preparatory stage of the PRSP or interim PRSP (IPRSP);
3. completion of the preparatory stage of upcoming meetings of the WB CG or UNDP RT;
4. conducive country environment (e.g. infrastructure, resource base, donor response) (WTO, 2001c)

Funding of the IF 2

An IF Trust Fund (IFTF), managed by UNDP, was established to pool donor funds. After considerable debate about the scope for the use of the Fund, where a number of representatives of both LDCS and certain multilateral agencies advocated the use of funds for actual capacity building on the ground, it was decided that monies would only be used for the mainstreaming of TRCB into national development plans. The UK has contributed £350,000 to the IFTF to support the pilot work programme; as of mid 2002, just over $9m had been pledged in total to the Fund. In practice, the funds for implementation of capacity building identified in diagnostic studies are pledged at what are called 'national consultative workshops', prior to the broader RTS or CGS. To attempt to increase donors' commitment to these workshops, it was decided to appoint a lead donor in each IF country to act as a 'facilitator' of other funders (see table 2.1). It has been emphasized however that this agency is not to play the role of donor of last resort.

Evaluation and extension of the revamped IF

Before any of the first round countries' diagnostic studies had even been finalized, it was decided to extend the scheme

In the original terms of reference (TOR), it was agreed that the IF Pilot would be reviewed by donors, LDCS and agencies before the Doha conference in November 2001, at which time, if all parties were satisfied that the IF was a viable model for the delivery of TRCB and integrating trade into strategies for poverty reduction, the approach would be extended to other LDCS. (WTO, 2001e:10) However, at a meeting of the IAWG, 6-7 September 2001, before any of the first round countries' diagnostic studies had even been finalized, it was agreed[13] to extend the pilot scheme to eleven LDCS: Burundi, Djibouti, Eritrea, Ethiopia, Guinea, Lesotho, Malawi, Mali, Nepal, Senegal and Yemen.[14]

13 This agreement was not unanimous. See 'The World Bank's role in the IF' below.

14 Canada is currently funding Cambodian Minister of Commerce Sok Siphana's efforts to show other LDCS how to benefit from the IF opportunity.

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

The IF and the PRSP

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

Why is the IF important?

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

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

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

Most important is the key role to be played by the IF in keeping the trade liberalization bicycle moving forward. In the opening address by Mike Moore, newly appointed Director-General to the Ministerial Conference of LDCs, in Cotonou, Benin on 5 August 2002, the IF was described both as "successfully re-designed" and as a "key deliverable". The second reason for the high profile of the IF lies in the strategic role it plays "to make sure that an integration strategy [is] an indispensable part of LDC's poverty reduction strategy process." (WTO 2000c:4) The IF provides an avenue by which an aggressive deep integration agenda can be locked into national development plans.

The IF is to play a key role in keeping the trade liberalization bicycle moving forward.

DIAGNOSTIC TRADE INTEGRATION STUDIES

The second step of the IF requires the core agencies to provide a 'coordinated response' to the initial needs assessment of the LDCs. The roadmap for this response is to come from so-called 'Diagnostic Trade Integration Studies' (DTIS) which are managed by the World Bank. This diagnostic phase of the framework is sub-divided into five components:

1. Review and analysis of the country's economic and export performance;
2. Description and assessment of the macroeconomic environment and the country's investment climate;
3. Assessment of the international policy environment and specific constraints that exports from each country face in international markets;
4. Sectoral analysis;
5. Formulation of a pro-poor trade integration strategy. (WTO 2001e:9)

While the first, fourth and fifth components have remained unchanged in the Bank's approach, the second and third areas have been further delineated to include assessments of trade policy, market access and regional agreements; so-called 'behind the border' issues;[15] and an examination of the differential impact of trade policies on poverty. DTIS have been completed in the first three pilot countries and, at the time of writing, were completed or underway in the eleven second-round countries.[17] IAWG officials are cautiously optimistic that DTIS will be in place in 19 countries by the end of 2002.[18]

The teams which carry out the integration studies are made up of a dozen or so staff from the core agencies and external consultants chosen by the Bank. According to Yvonne Tsikata, Bank representative on the IAWG, "we are trying to avoid having the advisors do the work, and instead replace this with a coaching approach", citing Lesotho as a successful example. During the pilot phase, field research was typically conducted for approximately one month. Representatives of the private sector and civil society, however, have yet to be involved. The in-country contact, such as the Ministry of Commerce, choses which sectors (such as fisheries or tourism) will be studied in more detail.

While the WB has been charged with coordinating the DTIS, there exists some confusion over which agency will take the lead role in-country. The issue of who performs the DTIS is no small matter. Witness UNCTAD's stand on the issue of the objectives of the study: "integration studies must see integration as a means to beneficial development and poverty reduction rather than as an end to itself. It should not be assumed from the outset that the goal is to strengthen the policy environment for trade liberalization; rather, the objective should be to promote trade in a way which supports development and poverty reduction." (UNCTAD 2002a:229)

15 'Behind the border' issues include such non-tariff issues as institutional and infrastructure development, Intellectual Property Rights (IPR), financial services and investment policy.

16 From discussions with Yvonne Tsikata, Senior Economist PREM, World Bank Group and member of the IF IAWG.

17 At the time of writing, only the DTIS for Cambodia was publicly available.

18 A number of CIS countries have asked for DTIS with funding to come from non-IF sources. Kenya has also asked for a DTIS and will receive support from individual agencies and donors to undertake it.

TABLE 2.1: IF PILOT SCHEME SUMMARY

Initial three pilot countries

	Lead agency	*Donor facilitator*[i]	*Completion of diagnostic study*	*National Consultative Workshop*	*IPRSP completion date*	*Is trade in IPRSP?*	*PRSP completion date*	*Is trade in PRSP?*
Cambodia	WB	Japan	November 2001	June 2002	January-March 2002	no	oct 2002 expected	expected
Madagascar	WB		November 2001	TBD	November 2000	3 sentences	TBC	N/A
Mauritania	WB	EC	December 2001	December 2001	exempt	N/A	December 2000	no

Second round of eleven pilot countries

	Lead agency	*Donor facilitator*[i]	*Completion of diagnostic study*	*National Consultative Workshop*	*IPRSP completion date*	*Is trade in IPRSP?*	*PRSP completion date*	*Is trade in PRSP?*
Burundi	WB		TBD	*	N/A	N/A	April-June 2002	
Djibouti	UNDP		TBD	*	N/A	limited		
Eritrea	WB		February 2003	*	N/A	N/A		
Ethiopia	WB		February 2003	*	November 2000	no	July-Sept 2002	
Guinea	WB		February 2003	*	October 2000	limited	April-June 2002	
Lesotho	WB	UK	September 2002	*	January-March 2002	no	July-Sept 2002	
Malawi	WB		September 2002	*	August 2000	no	July-Sept 2002	pro-poor growth
Mali	WB	US	February 2003	*	July 2000	no	April-June 2002	
Nepal	WB	UK	March 2003	*	N/A	N/A	April-June 2002	
Senegal	WB	EC	August 2002	*	May 2000	no	April-June 2002	
Yemen	WB	Netherlands	September 2002	September 28-30, 2002	December 2000	limited	April-June 2002	

i Based on information provided by the Bank/WTO/ITC/UNDP (subject to confirmation and correction)

* To be determined by the government

TBD=to be decided; TBC = to be completed; N/A = not applicable

I-PRSP/PRSP information from World Bank PRSP document library
www.worldbank.org/poverty/strategies/

3. Trade capacity building: A general critique

Criticism of TRCB comes from all sides—there is neither enough TRCB nor is that which is being done effective. LDCs decry paltry levels of donor support and point to understaffed missions in Geneva and their inability to fully participate in global trade fora (Luke, 2002:514). One-off seminars are criticized for failing to deliver sufficient analytical depth or the necessary continuity for institution-building (Tekere, 2001:4). Donors and multilateral agencies have responded that, taking into consideration the considerable sums invested in TRCB worldwide, the problem is one of coordination and not money. This analysis is reinforced by routinely-heard complaints about the duplication of TRCB efforts and levels of bureaucratic waste. Long-time trade commentator, Michel Kostecki, contends that "80 per cent of effort is put in management, not in product."[19]

More fundamental critiques question the motivation and influence of funders. Denning (2002:236) has argued that the short-term assignment of foreign experts "limits the acquisition of knowledge from such activities to fairly shallow and low-value knowledge". When nationals are brought in to lead CB efforts, individuals are usually identified who belong to the same epistemic communities as the external agencies. "These exercises had more the character of cloning than the production of people with critical analytical skills." (Mkandawire, 2002:155)

Experts are accused of shirking the hands-on questions, as one trade counsellor protested: "if all you do is bring ministers together and tell them that investment is very important—they know that—they want to know *how to attract it*."[20] The failure in many cases to involve local research institutions, NGOs or private sector members guarantees the perpetuation of a patron-client relationship. The World Bank has admitted as much, saying that capacity builders "may actually have made matters worse ... because they have tended to ... [be] supply driven and geared to satisfying internal institutional demands..." (1996).

This view coincides with the perception of TRCB as primarily aimed at assisting DCs to meet existing trade obligations rather than helping them use trade to attain their development goals (Prowse, 2002:7; Tekere, 2001:4). Donors have typically shied away from addressing the more difficult and expensive supply-side and competitiveness constraints. Even if TRCB were evaluated positively, (raising the thorny issue of how TRCB can be evaluated effectively), Prowse (2002:6) makes the convincing argument that TRCB "without meaningful market access improvements and international trade rules that adequately reflect the development dimension will not provide much compensation." Furthermore, until far-reaching changes are made in the so-called 'green room' negotiating tactics where industrialized countries use strong-arm tactics to force last-minute DC concessions, or the use of 'aid blackmail' against dependent countries, any benefit of improved TRCB would be ephemeral.[21]

Trade capacity building has been aimed at assisting DCs to meet existing trade obligations rather than helping them to attain their development goals.

The World Bank and Trade Capacity Building

Considering this rather bleak picture, many in the trade field have heralded the World Bank's mushrooming involvement in TRCB. Compared to the prospect of an increased role for the WTO, many observers see the Bank as the 'good guy' bringing development into the trade fold. Compared to the WTO, the Bank is seen as more transparent and culturally sensitive, realizing the importance of the involvement of local experts (Kostecki, 2001: 17). Unlike other agencies and bilateral donors, the Bank has the potential financial clout to finance neglected supply-side issues. Moreover, in the Bank's foray into trade, some observers see an opportunity to bring national level trade departments into closer collaboration with the Bank's old friends in finance and planning. What these accolades neglect, and what the Bank attempts to disguise in its portrayal of its efforts as politically neutral, is that TRCB is a highly sensitive issue that intersects with issues of national sovereignty.

Theoretical bias

The economic pillars which gird the Bank's trade capacity building agenda are crumbling beneath their feet. The Bank line, backed up by the usual suspects (Dollar and Kraay, 2001; Sachs and Warner, 1995; Bhagwati, 1988), is that openness equals growth

19 From discussions with the author by phone, 9 August 2002.

20 From discussions with the author in Geneva, 31 July 2002.

21 For more on this refer to, for example, 'NGOs condemn manipulation of draft Doha Declaration', Third World Network, available at: www.twnside.org.sg/title/twr133h.htm

equals poverty reduction. This mantra is supported by regular pronouncements, such as this one from a 29 July 2002 editorial in the World Bank Press Review: "trade liberalization is one of the few policies that just about all economists can agree to favor: It creates wealth; it reduces poverty; it is a positive-sum game." While it is not the objective of this paper to revisit these arguments, it is enough to point out that 'just about all economists' must refer to those met at the lunch table in the cafeteria. For a refutation of the Dollar and Kraay thesis see, for example, the Bank's own Branko Milanovic (2002); Nye, Reddy and Watkins (2002); Weisbrot and Baker (2002); Rodriguez and Rodrik (2000); and Cornell Professor of Economics and resigned lead author of the WDR 2000, Ravi Kanbur (2001).

The idea that the Bank will now take a lead role in (re) building capacities sounds like a cruel joke.

The Bank will respond that its position on trade liberalization is much more nuanced than here portrayed. However, as with any complex development issue, this is a question of balance; a focus on trade liberalization leads to a distortion of national development policies. In each area of trade reform, "a strategy focused on integration crowds out more development-friendly alternatives." (Rodrik, 2001:27) This view is more closely reflected in the organizational understanding of the role of trade put forward by UNDP and UNCTAD, where "trade is at best a means to human development, not an end in itself." (UNDP 2001b).

Institutional bias

De-politicized institutional theory props up the Bank's whole 'good governance' agenda: the idea that there are a 'correct' set of institutions and policies which lead to 'development'. Chang (2001:19) amongst numerous others, rejects this formulation. In direct contradiction, he argues that institutions influence the perception of one's own interests, people's views on what issues are legitimate targets of political action, and how individuals perceive the legitimacy of particular types of action.

This institutional influence is exemplified by the Bank's belief that only a handful of organizations have the capacity to provide TRCB. The circular nature of this contention is revealed by the fact that the Bank is usually a partner and funder of such organizations[22] and, therefore, influences their outlook on trade. These organizations are noted for operating within the neo-classical framework and typically adopt uncritical positions towards the Bank, the Fund and the WTO. Where such organizations do allow space for independent voices from serious academic research centres, the Bank has shown its inability to permit dissenting opinions to penetrate its work agenda. Senior Bank researcher David Ellerman has raised these concerns repeatedly, saying that public relations staff in the Bank act as "the thought police to the black sheep in the organization who—within public view—are not 'on message'"[23]. Examples abound where 'off message' Bank research is either quashed or ignored, but ultimately not allowed to influence policy. Often this gap between research and policy is exacerbated by problems within the Bank bridging Washington and the country offices.

Underneath the polished exterior of trade capacity building lies the fundamental paradox described by Mkandawire, "trade is about power, and no one is going to pay to empower you to fight them."[24] After spending the last 20 years slashing government budgets in the name of structural adjustment—destroying capacities—the idea that the Bank will now take a lead role in (re) building capacities sounds like a cruel joke to many ears.

Analysis of the Integrated Framework

In the progress report made to the Doha Ministerial, it was claimed that the IF Pilot Scheme had "beneficial effects on: (i) coordination amongst stakeholders; (ii) policy coherence; (iii) country ownership; (iv) capacity building; and (v) follow-up and funding." (WTO2001b:7) Was this an earnest analysis of the IF experience, or a public relations exercise designed to ensure continued international support?

Arguments erupt over the use of funds

From the outset, many LDCs and representatives of several of the core agencies have questioned the decision to restrict the use of the IFTF for the mainstreaming of trade policy. "Mainstreaming might be effective in Thailand, Argentina or Brazil," said a UNDP official, "but in LDCs, it does nothing for them."[25] ITC officials felt that the funds should be used for both integration studies and the actual technical assistance itself. In the TOR for the pilot scheme, this issue was never clarified leading to confusion and frustration before the IAWG finally decided that follow-up must be funded instead by individual agencies or donors.

22 Take, for example, LATN, the Latin American Trade Network.

23 'Bank staff criticize "thought police"', *Bretton Woods Update* 26, available at www.brettonwoodsproject.org/topic/knowledgebank/k2610thoughtpol.html

24 From discussions with the author in Geneva, 29 July 2002.

25 From discussions with the author in Geneva, 25 July 2002.

To date, there are at least two problems with this assumption. Firstly, follow-up funds have been extremely hard to come by. Mauritania has been particularly angered by the lack of financial support coming from a CG in December 2001 which followed on the heels of the completion of their DTIS, concluding that the IF is 'just another study'. The European Community (EC), in its role as donor 'facilitator', has planned an ad-hoc round table for Fall 2002 in a desperate attempt to try to energize the process. Mauritania will be an acid test of IF financing.

Secondly, squabbles have erupted over the earmarking of funds by certain donors for priority countries or projects. This has led to the creation of a 'second window' of funds allowing for the somewhat obscure 'immediate follow-up to mainstreaming'. Japan used this second window to support follow-up activities in Cambodia. Core agencies have different views on how to resolve the issue, with some fearing that an *à la carte* approach will allow donors to support programmes which fit their own political objectives.

Coordination, coordination, coordination?

Coordination was supposed to be the IF touchstone. While various IF reports, such as the one cited above, have claimed success on this front, doubts remain. When asked if the IF 2 had improved the coordination of the core agencies, one official responded "frankly, no."[26] But perhaps more important than the coordination of the core agencies is coordination of the beneficiary countries. There is an urgent need for better communication between LDCs and transparency in the IF process, so that LDCs can exchange experiences and exert more influence over the choice of agencies and activities to be carried out. Many LDC Geneva missions who either have or will shortly be making decisions about their participation in the IF have yet to even see the results of the pilot integration studies.

The World Bank's role in the IF

The World Bank's role in the IF has attracted both laurels and darts. Beyond both the resources and the level of professionalism which the Bank has brought to the IF, many observers in Geneva are pleased to see the Bank *learning* from what other agencies are doing in-country. To date, this learning has surfaced in work with UNDP and UNCTAD, but there is hope that it will extend to organizations such as the FAO, UNIDO, UNEP and civil society institutions. One of the concrete examples of this learning process—the Bank has agreed to study what special and differential treatment measures were used or *could have* been used parallel to its integration studies.

Critics argue however that this 'learning' has only occurred after turf wars have been waged between the agencies. From the outset of the IF 2, there was concern that the Bank's lead role to undertake the mainstreaming of trade would undermine the multilateral nature of the initiative (WTO 2000a:1). LDC representatives had been vocal that "the participation of all agencies would help avert the risk of conditionalities that could be imposed if mainstreaming was driven by one Agency." (WTO 2000c:4). Up until quite recently, UNDP had characterized its own role as "no more than a trifle" (UNDP 2001b).

Undue influence

Two examples serve to illustrate the Bank's disproportionate influence. The decision to select countries for the IF pilot scheme is officially made by the IFSC after recommendations made by the IAWG. However, the recommendations of the IAWG, with its single LDC representative, are taken from Bank analysis. Bank recommendations are based on suspect econometric models of 'good governance' (WTO 2001c:19). This is not to challenge the correctness of the Bank's selections thus far, but to suggest that if ownership were to be taken seriously, this decision should be in the hands of the LDCs. Once a country is selected, one of the core agencies is allocated to take a lead role (see table 2.1). A WTO official admitted that this was "partly a question of resources and the Bank has the most resources".[27]

The choice of lead agencies is at least partly a question of resources and the Bank has the most resources.

The second criticism of the Bank's undue influence takes the form of accusations that the Bank "bulldozed" independent evaluations of the IF. As Chiedu Osakwe, Chairman of the IAWG, confirmed, "the original TOR had provided for the review as an inter-agency exercise, and for LDCs and their development partners to be consulted." (WTO 2000b:3) The June 2000 review was, in fact, carried out by consultants hired by the Bank under the supervision of two senior Bank staff. The consultants included a visiting scholar at the liberal American Enterprise Institute and two partners of the Montreal-based Universalia Management Group.

26 From discussions with the author in Geneva, 25 July 2002.

27 From discussions with the author in Geneva, 29 July 2002.

Objections were raised to the process of the review, even though the content was quite critical of the progress of the IF. When the review was presented, several countries "expressed concern about the transparency and correctness of procedure of the review exercise and the decisions to be taken, in light of the fact that Agency Heads had not obtained the prior approval of their Members." (WTO 2000b: 3) Representatives of the IAWG had to go to the unprecedented step of re-asserting that the report had indeed been independently written. (WTO 2000c:2)

The review recommended that the question of enlarging the IF be revisited in June 2003 "after the new recommended arrangements are in place" (Rajapathirana et al. 2000:12). The IAWG decided to disregard this advice, declaring the barely-initiated IF to be a success in time for expansion to a further 11 countries in time for the Doha Ministerial in November 2001. In defence of the IAWG, there has been considerable pressure from the LDCs to expand the IF framework.

They simply take macroeconomic data and play with it.

Cannibalizing other players

There are whisperings in Geneva that the Bank's assuming a dominant role in the IF is part of a broader campaign to cannibalize other TRCB initiatives and agencies. In all the enthusiasm about the resources that the Bank brings to TRCB, it is conveniently forgotten that the Bank *has no mandate to carry out TRCB*. This is the role of the UN Commission on *Trade and Development*. Yet this is just one example where funds are gradually taken away from UNCTAD and diverted to agencies whose organizational view is more in line with the Quad countries. Discussing the abolition of the UNCTAD Centre on Transnational Corporations, Richard Falk concludes that it "was targeted by Washington in the early 90s, as potentially hostile to private sector approaches to the world economic development." (Falk, 2002:187) Chandrakant Patel (2002:3) of the Southern and East African Trade Information and Negotiations Initiative (SEATINI) believes that the IF's guise of inter-agency co-operation is simply "a way for the powerful and preferred institutions such as the World Bank and the WTO to ensure that lesser agencies faithfully follow their agenda and policy advice in the name of inter-agency co-operation and coherence."[28]

Trade integration studies: Cambodia, Mauritania, Madagascar

The Bank has conceded a number of weaknesses of the pilot scheme integration studies: the timeframe was too short; institutional development was overlooked because it was not in the original TOR; and results in some cases are empirically weak as a result of the limited availability of data from household surveys. The IAWG has recommended a number of improvements including assessing the structural situation in-country, improving private sector-public sector consultation and paying particular attention to the needs of countries acceding to the WTO.

More candid criticism has focused on the Bank's attempts to dominate the in-country processes. Officials of sidelined agencies complain that beyond their logo on the cover, there is little of their work in the studies. The Bank, said one such official, is imposing a 'cookie-cutter' approach: "They simply take macroeconomic data and play with it."[29] A document prepared by the Bank must meet certain standards; those who can meet these standards are current or former Bank employees. This results in studies which begin from the premise that TRCB is about preparing the ground for trade liberalization.

The example in **Cambodia** is particularly informative in this respect. Ataman Aksoy, manager of the Bank's Economic Policy Trade Unit and Task Manager for the Cambodian DTIS, brought in a twelve member team, made up of Bank, Fund and WTO staff as well as private consultants in August 2001. There was friction between the WB-led team and both Ministry of Commerce (MOC) officials and staff of other multilateral agencies which centred around differences of opinion over methodology and findings.

The Cambodian government had previously done its own trade diagnostic work which had emphasized the need for the maintenance of domestic controls to support economic diversification. In the end, a balance was struck between the assertions of the MOC, and the trade liberalization recommendations of the Bank team. This kind of a compromise was only made possible by the strength of the MOC and its officials, which in turn was a product of the high priority given to trade and WTO accession by the government. But this raises the question of whether the Bank would have ridden roughshod in a country less committed or well prepared.

28 For more on the 'strategic alliance' between the WTO and World Bank, see Oxfam International (2002), Tan (2002) and Rowden (2001).

29 From discussions with the author in Geneva, 25 July 2002.

The final version of the study was released in November 2001 after drafts were discussed at a workshop earlier in the month. The Bank's trade gurus, Messieurs Dollar and Kraay, make their appearance on page one. "The evidence from experiences of other countries is that trade delivers growth and growth delivers poverty reduction." (MOC, 2001:1) Curiously, while Rodrik and Rodriguez are listed in the references, their names and their critique of the Dollar and Kraay openness hypothesis, are not to be found anywhere in the text.

The study fails on a number of counts:

- There is no analysis of the effects of trade liberalization on poverty, hunger, gender or the environment;
- Rather than assessing how trade would support poverty reduction, both the draft and final documents justify trade liberalization in itself; and
- No considerations were made of the pacing and sequencing of proposed reforms and their poverty impact.

The NGO Forum on Cambodia (2002) concurs with this analysis, charging that the report contains a range of trade-liberalisation recommendations, including moving from self-sufficiency to export-orientation in agricultural policy, establishing export-processing zones and encouraging labour migration, none of which are "backed up by evidence of how they will promote poverty reduction" (Oxfam America 2002). In the December 2001 review of the PRSP, UNDP (2001a: 6) concluded that "...in Cambodia, the IF on trade and poverty undermines (rather than supports) key PRSP principles." Despite such serious concerns, these recommendations are to be prioritised at a Trade Integration Workshop and integrated into the final PRSP due out in late 2002 (see table 2.1).

Much less information is available about the DTIS process in **Mauritania** and **Madagascar**. Neither document was publicly available at the time of writing. What is known is that the Mauritanian Ministry of Economy is the IF focal point and chairs the National PRSP committee; a workshop under the auspices of this committee will incorporate the findings of the IF in an updated PRSP (Mauritania completed its first full PRSP in December 2000, see table 2.1). As previously stated, Mauritanian officials have been extremely frustrated by the lack of real follow-up to the DTIS to date. An ad-hoc donor round table is being organized by the EC for late 2002 to attempt to shore up support.

None of the recommendations in the diagnostic study are backed up by evidence of how they will promote poverty reduction.

Meanwhile, work in Madagascar was put on hold as a result of political uncertainty. It is expected that findings from the DTIS will form the basis for the Trade and Regional Integration component in the full PRSP which is also currently on hold. (WTO 2001b) The next meeting of the IF Steering Group for Madagascar has been tentatively scheduled for October 2002.

4. An alternative agenda

Chopsticks, not spoons and forks

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

> …some of the assistance provided to developing countries by the international community should be devoted to establishing independent and competing sources of advice. Competition in the marketplace of ideas is every bit as important as competition in the marketplace for goods and services. (2002:246)

Donors should channel funds to UNCTAD, UNDP, regional organizations, universities and NGOs.

The question then arises who should provide TRCB instead of the Bank. The immediate response should be that donors must channel new funds for TRCB to UNCTAD. This would be in keeping with the organization's historical mandate, with the stated desires of the LDCS (WTO 2001d), and, less directly, with the conclusions of the first IF review: "The LDCS should be able to draw from the Trust Fund to procure technical assistance from any source." (Rajapathirana et al., 2000:12)

A number of other agencies and organizations should similarly be bolstered:

- UNDP should be rewarded for aggressively increasing its efforts in the area. While traditionally the agency has been left to the 'soft' issues of poverty and social impact assessment, regional trade advisors in Africa and Asia should play a greater role in the mainstreaming of trade policy.

- Regional organizations such as ASEAN, CARICOM and the OAU as well as UN regional economic commissions represent a diversity of economic viewpoints and possess a wealth of geographically and culturally specific knowledge gleaned from involvement in and analysis of regional trade agreements.

- On the academic side, national universities have been traditionally overlooked when TRCB dollars are ladled out. This only serves to further erode the intellectual sovereignty of nations which have suffered from decades of structural adjustment-induced cutbacks to education. Given a TRCB budget in the hundreds of thousands if not millions of dollars, many Southern universities could come up with analysis and long-term capacity building efforts which are both truly independent and represent better value for money (Kostecki, 2001:17).

- Finally, both intergovernmental organizations such as the South Centre and ICTSD and NGOS such as the Africa Trade Network, AIDC, IISD, Focus on the Global South, the Hemispheric Social Alliance, SEATINI, Third World Network and the Trades Centre are possible candidates for providing TRCB in their related areas of expertise.

With other organizations doing the capacity building, the onus would then fall on the Bank to fulfil its mandated role—assisting in funding the work on the ground. At present, the only Bank loans relevant for this kind of work are the competitiveness and export promotion loans which are part of the private sector development group. New facilities (perhaps including a role for grants from IDA for LDC work) should be established to fill this gap and help overcome the persistent stumbling block of a lack of donor financing when the hat is passed around to follow up trade diagnostic work.

LDCs grab the menu

Coordination of capacity building efforts must move from Geneva and Washington to country capitals. Current power imbalances, as shown in the IF example detailed above, mean that staff of the core agencies in Geneva are making many of the key decisions about whose needs are assessed and how, while the selection of which initiatives to fund is still heavily influenced by donors. If this represents an *à la carte* approach, beneficiary countries need to grab the menu. It should be they, and not the donors and powerful agencies, who lead the process. Ideally, a list of multilaterals, universities, civil and private sector organizations should be available from which DCS can choose according to their needs.

For this to become a reality, DCs and LDCs urgently need to coordinate their efforts on TRCB. The status quo, that of the Bank advocating DC interests at the multilateral level, is unacceptable. DC governments must be less quiescent in developing collective positions, whether it be via the G77 or other alliances such as the like-minded group.[30] This is an issue where DCs can call the shots.

- First and foremost, there must be no *quid pro quo*; DCs should not give ground on any of the new issues to garner increased capacity building support. There have been some DCs which have interpreted the Doha mandate to mean that future negotiations on new issues may be put off indefinitely if technical assistance proves insufficient (*Bridges*, 6(3):7; Kostecki, 2001:25). This offers the prospect of turning the tables on conditionality imposed by the strong on the weak; however, it also sets a dangerous precedent that DC participation in future trade negotiations is contingent on the provision of a certain quantity of TRCB, rather than on an independent evaluation of whether participation in such a round is in their interests.

- Secondly, governments should reject the earmarking of TRCB funds for issues which follow donor priorities.

- Finally, trade officials should be more aggressive in shaping the TRCB agenda. Which issues are addressed, who addresses them, and how the activities are carried out will all impact on a government's ability to formulate independent trade policy. More transparent and effective information exchange about initiatives such as the IF would start this transformation from passive recipient to pro-active coordinator of TRCB. These demands should be pressed in upcoming meetings on mainstreaming trade to be held in Geneva in 2002-03.

Increased role for civil society

There are a number of areas where NGOs and civil society organizations, which have traditionally shown little interest in trade capacity building, can make a key difference. The expert culture surrounding TRCB must not be tolerated; if, as contended, trade is the key to poverty, then all stakeholders have an interest in shaping trade policy.

Increased participation, monitoring and leadership in initiatives such as the IF is vital[31] (see 'IF contact information' below). The diagnostic phase is particularly important, since future capacity building activities on the ground will flow from this initial assessment. Trade groups should be encouraging LDC governments to independently determine the composition of diagnostic teams to reflect national priorities, drawing more from outside the 'holy trinity' of the WB-IMF-WTO. This would be supported by donor efforts to strengthen alternative TRCB institutions—particularly at a national and regional level—such as those referred to above. Civil society organizations should participate in drawing up criteria to assure that the composition of diagnostic and capacity building teams, and their work agendas are both transparent and representative of a diversity of sectors. One such criterion might be to ensure that the implications of TRCB plans for the most vulnerable have been assessed—the IF in Cambodia has failed on this count.

One immediate test for organizations seeking to reform the TRCB agenda will lie in the evaluation of the IF pilot scheme, due to take place in early 2003, with a final report in May[32]. Several LDC representatives are concerned that the plan to review the pilot using the same team which evaluated the first IF will not sufficiently consider their positions. NGOs, particularly those in Britain where the TOR for the evaluation are being drafted by DfID, should support the LDCs call for an independent review. This could be the first step in an advocacy effort directed at both recognizing the UK government for its considerable financial support of capacity building while urging DfID to support a diversity of agencies coordinated at the national level. Rather than pouring money into strengthening the coordination of multilaterals under the leadership of the Bank, DfID should empower DC trade ministries to take control of the process in capital.

Trade ministries should take control of the process in-capital.

Particular attention should be paid to the lead role of the Bank in mainstreaming IF recommendations into PRSPs. National development objectives should determine the direction of the IF and not the other way around. If the IF process is not sufficiently informed by these objectives and made both transparent and participatory, then its recommendations *must not be integrated into the PRSP*. NGOs which have been active in the PRSP debate should be wary of this potential to lock-in trade liberalization through the back door.

In the end, all sides agree about the need for TRCB. Furthermore, most LDCs, multilaterals, donors

30 Cuba, Dominican Republic, Egypt, Honduras, Mauritius, India, Malaysia, Pakistan, Tanzania, and Zimbabwe

31 For example, see Oxfam America East Asia Regional Office (2002) as well as the 'Joint civil society statement prepared for the TRCB donor pledging meeting', 11 March 2002, available at: www.brettonwoodsproject.org/topic/knowledgebank/k27tradestat.html

32 Submission of papers for the next round of multilateral trade talks in Cancun is scheduled for June.

and NGOs agree that the two touchstones of the renewed IF—coordination and mainstreaming—are essential to the effective use of trade as a means towards poverty reduction. However, the sticking point in this debate is that the *who* and the *how* determine *what* TRCB happens. If increasing Bank dominance over the TRCB agenda is allowed to continue unchecked, coordination will translate into intellectual hegemony upstream and mainstreaming will lock the trade liberalization agenda into poverty reduction strategies. It is up to the development community to prevent the Bank from cornering the market in trade capacity building.

IF CONTACT INFORMATION

Country	In-country focal point	DTIS team leader	World Bank contact
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Source: PREM, World Bank

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www.wto.org/english/tratop_e/devel_e/framework.htm

6. Resources

World Bank Trade Group
Includes information about the World Bank's trade research, trade data, trade-related loans and projects and capacity building.
www1.worldbank.org/wbiep/trade/

Development, Trade and the WTO: A Handbook *(PDF version)*
Edited by Bernard M. Hoekman , Philip English , Aaditya Mattoo.
publications.worldbank.org/ecommerce/catalog/product-detail?product_id=1525978&

Integrated Framework
Official website of the IF maintained by the WTO. At time of publication, document archive was not up to date.
if.wto.org

Ministry of Commerce, Cambodia, Integrated Framework
Information on the IF process in Cambodia.
www.moc.gov.kh/intergrated_framework/default.htm

UN Development Programme (UNDP)
The Poverty Reduction Page contains the following publications:
The Multilateral Trading System: A Development Perspective, by Third World Network
The Global Governance of Trade As If Development Really Mattered, by Dani Rodrik
Trade, Gender and Poverty, by Nilufer Cagatay.
www.undp.org/mainundp/propoor/index.html

UNDP-UNCTAD
The *Global Programme for Globalization, Liberalization and Sustainable Human Development*, "helps countries meet the challenge of globalization, in pursuit of consistent economic growth, while avoiding the pitfalls of social marginalization, economic insecurity and instability."
www.unctad-undp.org

UN Conference on Trade and Development (UNCTAD)
The Positive Agenda for Trade aims to assist developing countries set their own agendas to play a more pro-active role in future negotiations.
www.unctad.org/en/posagen/index.htm

International Trade Centre
ITC is the focal point in the United Nations system for technical cooperation with developing countries in trade promotion.
www.intracen.org

DfID International Trade Department
Information about the policies and research of the UK's Department for International Development's International Trade Department.
62.189.42.51/DFIDstage/AboutDFID/files/itd/itd1.html

South Centre
This Geneva-based intergovernmental organization, established in 1987 to act as an independent research organization of the developing countries, trains DC trade negotiators and publishes numerous trade-related books and working papers, as well as the regular *South Letter* and *South Bulletin*.
www.southcentre.org

The Institute for Agriculture and Trade Policy's Trade Observatory
US-based NGO with a Geneva arm operating both the Trade Observatory and WTO Watch. Member of the Trade Information Project which monitors WTO activity in Geneva in an effort to facilitate advocacy by civil society actors to redress imbalances in the world trading system.
www.tradeobservatory.org/pages/home.cfm

Third World Network (TWN)
A network of organizations working on macroeconomic and globalization policies. Produces books, reports, the magazine *Third World Resurgence* and a bulletin, *Third World Economics*.
www.twnside.org.sg

South-North Development Monitor (SUNS)
Based in Geneva and published by TWN, SUNS is a source of information and analyses on international development issues with particular focus on North-South and South-South negotiations, publishing the *SUNS Monitor*.
www.sunsonline.org

International Centre for Trade and Sustainable Development (ICTSD)
Assists NGOs working on WTO issues and publishes *Bridges* (in English, French and Spanish) a magazine which updates NGOs on developments, agenda items and WTO issues.
www.ictsd.org

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