DAC WORKSHOP -- TOWARDS GOOD PRACTICES FOR DONORS ON CAPACITY DEVELOPMENT FOR TRADE

AGENDA AND ISSUES FOR DISCUSSION

29-30 MAY 2000

Contact person: Ebba Dohlman (Tel: (33-1) 45 24 98 48/Fax: (33-1) 44 30 63 33)
Email: ebba.dohlman@oecd.org

91373

Document complet disponible sur OLIS dans son format d’origine
Complete document available on OLIS in its original format
DAC WORKSHOP

TOWARDS GOOD PRACTICES FOR DONORS ON CAPACITY DEVELOPMENT FOR TRADE

29-30 MAY 2000

AGENDA AND ISSUES FOR DISCUSSION

Objectives of workshop

1. This workshop will serve as the key building bloc towards the preparation of a set of donor good practices in capacity development for trade, to be presented to the DAC Senior Level Meeting in December 2000. A set of four country case studies have been prepared as a basis for discussion at this workshop (El Salvador, Ghana, Senegal and Vietnam) and have been issued as background documents [DCD(2000)10 with annexes 1-4]. A case study contributed by USAID on the three African enterprise networks will also be issued as background for discussion.

2. The workshop will be a unique opportunity to discuss the main findings from the case studies and other experiences with stakeholders from donor and partner countries, with a view to developing concrete, relevant and practical guidance for donors in this area. This guidance will include:

   (1) Identification of the needs for and constraints to capacity development for trade;
   (2) A “roadmap” for effective donor policies and instruments to overcome those constraints;
   (3) Proposals for improving delivery and implementation of donor activities in the field;
   (4) Preliminary guidance on impact evaluation indicators for trade capacity building programmes.

The contribution of trade for development and poverty reduction

3. DAC’s Development Partnerships Strategy emphasises the importance of integrating developing countries into the global economy as an essential means of avoiding marginalisation, generating resources for development, achieving sustainable development and contributing to the reduction in poverty called for in the International Development Goals. However, many of the poorest developing countries have not yet been able to integrate successfully into global markets, and hence to participate in the growth-inducing, and potentially poverty-reducing benefits of trade. It is recognised that while economic growth alone cannot guarantee substantial and sustained reductions in poverty and inequality, accelerated growth is a necessary condition for reducing poverty. And recent work by the World Bank and IMF shows clearly that attaining the International Development Goals for 2015 depends upon a breakthrough in the speed at which these countries are able to integrate successfully.

4. For less advanced developing countries, integrating in the global economy and benefiting from the global trading system implies a comprehensive agenda including: creating the conditions for private
sector-driven development, liberalising trade and investment regimes, building supply-side capacities and enhancing competitiveness of the private sector. Substantial progress on political and economic reforms is necessary but not sufficient, to generate a strong supply response. For these reasons, and because of their growing stakes in the WTO, requests from developing countries for support to strengthen their basic human and institutional capacities in the trade area have increased significantly. Bilateral donors have a potentially important role in working with the international community to meet these growing demands and support efforts of partner countries.

**Structure of workshop**

5. The workshop will extend through two full days of discussion:

- **Session 1** seeks to set out the key components of what constitutes a comprehensive strategy for capacity development for trade and its contribution to poverty reduction.

- **Session 2** will identify the main policy and supply side constraints and capacity gaps of developing countries for trade development.

- **Session 3** will then focus on the donor strategies, instruments, and modalities for responding to those needs effectively in both the public and private sectors as well as to strengthen the interface between public and private sector actors/stakeholders.

- **Session 4** will focus more specifically on “how to” implement effective policies at the field level, ensure genuine partnership approaches and consider ways to monitor and measure implementation.

- **Session 5** will be provide an opportunity to bring together the key points from the discussion as a basis for producing good practices.

6. Towards the end of each session, Jim Fox and Henri-Bernard Solignac Lecomte, authors of the case studies will provide some reactions to the thematic discussions based on their experience with each of the four countries studied. They will also lead the two parallel lunchtime seminars, which are planned for the first day of the Workshop. This will give participants a chance to discuss the case studies in greater depth.
Recent experience in capacity development for trade has shown that to be effective, development cooperation must take a holistic approach which links macroeconomic and structural reforms more effectively with private sector, human and institutional capacity development in a targeted, coherent and comprehensive manner. Trade liberalisation and market access will be of limited benefit if developing countries do not have the capacities to take advantage of new opportunities. Building this capacity plays a potentially vital role in supporting growth and poverty reduction. This session will examine the importance of trade for development and for creating the conditions necessary for achieving poverty reduction. It will consider ways in which developing countries can reap the full benefits from their trade reforms. Finally, it will explore the elements necessary for ensuring that trade development is consistent with and fully integrated in the country’s overall development and poverty reduction strategies.

Suggested issues for discussion:

- What are the key components of a comprehensive strategy for capacity development for trade?
- How do you make trade capacity development work for the poor?
- How can donor agencies help developing countries mainstream trade into their development and poverty reduction strategies?
- How can donor agencies themselves, both multilateral and bilateral, mainstream trade into their strategies? What would be the operational content of a strategy for co-ordination among these support agencies?

Coffee break (11h)
Session 2 - Capacity needs and constraints [11:15-13:00]

The major policy and supply-side constraints to trade

Lead-off speaker: Mr. Jagdish Saigal, Senior Programme Manager, UNCTAD/UNDP Global Programme on Globalisation, Liberalisation and Sustainable Human Development

Commentary:
Mr. Agustin Adongo, Executive Director, Federation of Associations of Ghanaian Exporters (FAGE), Ghana
M. Amadou Habibou Ndiaye, Directeur de Commerce Extérieur, Ministère du Commerce et de l’Artisanat, Senegal

This session will consider developing country needs, drawing on assessments of developing countries, work by the relevant multilateral institutions and the case studies. The policy and supply-side constraints which impact on trade cover a very broad range of issues including good governance, sound physical, legal and communications infrastructure and macroeconomic stability. While these will not be dealt with in detail at this workshop, it is important to highlight these constraints at the start. This session will focus more specifically on trade-related capacity constraints in policy formulation, negotiations, and implementation at the national, regional and international level. It will also provide an overview of the constraints to export competitiveness and to meeting trade systems requirements.

Suggested issues for discussion:

- What basic conditions must be met before trade development can be successful?

- What are the most important trade-related obstacles for less advanced countries? Can we generalise? Can we prioritise?

- Given the very broad range of trade-related needs in developing countries and the current activities of multilateral institutions, what is the particular value-added of bilateral donors in this area?

Lunchtime seminars [13:15-15:00] (a snack lunch will be provided in the meeting rooms)

Presentation by Jim Fox on El Salvador and Vietnam followed by a discussion
(Chair: Martin Dagata, ITC) - Room E, Chateau

Presentation by Henri-Bernard Solignac Lecomte on Ghana and Senegal followed by discussion
(Chair: to be confirmed) - Salle Roger Ockrent, Chateau
Session 3: Effective donor strategies, instruments and modalities for capacity development for trade [15:00-18:00]

a) Public sector policy formulation and implementation [15:00-16:30]

Lead-off speaker - Tom Pengelly, DFID, UK

Many developing countries experience human and institutional capacity constraints in the public sector at the level of analysis and monitoring, formulation of trade policies, participation in trade negotiations, and implementation of trade agreements. Donors can assist in building this capacity and facilitating dialogue through a wide range of activities. This session will also consider the role of donors in supporting the establishment of export processing zones, in the diversification of exports and in catalysing foreign direct investment.

Suggested issues for discussion:

- What are the most pressing constraints and capacity gaps for trade policy makers in developing countries?
- What types of donor activities have appeared to be the most successful in terms of responding to those constraints?
- What is the value added of bilateral versus multilateral agencies in this area?
- Where are the continuing gaps? How can they be addressed?

b) Promoting trade competitiveness [16:30-18:00]

Lead-off speaker - Claire Mandouze, EC Commission DGVIII

This session focuses on donor policies and instruments which aim at the private sector and its organisations and service providers to promote competitiveness and improve the benefits from participating in the global trading system. It will consider donor activities which promote public-private sector partnerships and build the capacities of private sector associations and service providers. It will also examine how this institution building can help the private sector meet the requirements imposed by the international trading system. Donor policies may help to improve the capacities to access information and adjust to stringent environmental, food, quality and technical norms and standards. This session will also explore ways to help bring entrepreneurs into regional and global markets through such instruments as regional co-operation and integration, private sector networks and clusters.

Suggested issues for discussion:

- What are the most pressing constraints and capacity gaps for enhancing the competitiveness of the private sector in developing countries and helping them access markets?
- What specific capacity building is required to help developing countries meet the sometimes overwhelming health, food, safety, environmental and other technical requirements?
- How can donors best support dialogue between the public and private sector to ensure that private sector concerns are articulated and fed into the policy-making process? What are the donor instruments and approaches that help rather than hinder the process?
• What types of donor activities might help strengthen intermediate private sector organisations to play their roles of providing services to their members and being credible and constructive interlocutors around the policy table?

RECEPTION (18h15 - Salle George Marshall)

Tuesday, 30 May 2000

Session 4: How to ensure effective field-level implementation and monitoring [9:30-13:00]

This session is divided into two parts. The first will consider some of the constraints to implementing partnership approaches in this area and how to overcome them. The second will explore some preliminary thinking in developing impact indicators for trade capacity.

a) Promoting effective partnership approaches [9:30-11:30]
   Lead-off speaker: Dennis Browne, Director, Centre for Trade Policy and Law, Carleton University, Canada

While the challenges faced by developing countries in the area of trade make a clear case for donors’ efforts, there are nevertheless a number of ways in which effectiveness of these efforts may be undermined. This part of the session focuses on overcoming the constraints faced by donors to more effective field level implementation, co-ordination and monitoring. It will draw on the case studies and other material to examine four particular sets of issues including coherence, co-ordination, incentives and capacity.

• Coherence: Trade capacity related activities may contradict with the commercial or trade policy interests of donor countries and may therefore be “overruled” by those interests. Donors may be tempted to “positively discriminate” in favour of trade-related assistance which they see as generating benefits for their own economies/firms. Potential conflicts may also arise in trying to build the negotiating capacity of developing countries to defend their own interests when they contradict with the donor country’s trade policy.

• Co-ordination: Successful trade development must consist of a concerted, multi-dimensional approach which engages numerous actors, institutions and processes at the same time in an integrated and comprehensive manner. Given the magnitude of this task, the scarcity of aid resources, and the importance of avoiding duplication, there is a clear need for donor co-ordination and a practical division of labour. Co-ordination has been inadequate in many cases. Some of the impediments to donor co-ordination include poor information exchange among bilateral and multilateral donors, insufficient communication between donor headquarters and field offices and among the various ministries in capitals, and the unequal level of integration of trade development into donor assistance programmes. The discussion can draw on the experience of the Integrated Framework and JITAP as well as the case studies, to consider ways to address these issues.

• Incentives: There remain a number of issues which raise questions about the legitimacy of trade activities as part of development co-operation. Many donors do not give priority to trade and private sector development activities because of experience in the past with ineffective trade promotion programmes and support to unviable state-owned firms. Donors have also refocused their efforts recently on poverty reduction and basic human needs and are not universally convinced that trade
contributes strongly and directly to poverty alleviation and better income distribution. This is in contrast to most developing countries which are generally convinced of the need for wealth creation through trade and trade liberalisation. These elements undermine the incentive for donor agencies in the field to prioritise trade capacity building.

- **Capacity:** Finally, even if donors do give priority to trade capacity activities, there may be limited trade expertise to implement such activities in the field and insufficient support or incentives from headquarters to build the expertise. The relevant stakeholders in partner countries may also have inadequate capacity to understand and “manage” the aid instruments made available to them, take full ownership of implementation and co-ordination and manage follow up activities. Trade capacity development may have to compete with many other development priorities. This may call for a more pro-active approach by donors.

**Suggested issues for discussion:**

- How can we ensure that donor support to build negotiating, and other trade-related capacities is independent of its national trade policy and commercial interests?
- How can capacity development for trade be linked more clearly with the poverty reduction agenda at the country level and hence donor agency priorities in the field?
- How can bilaterals contribute more constructively to the trade-related activities of the multilateral agencies, including the Integrated Framework? What is the value added of the bilateral agencies?
- Through what mechanisms can donors improve the capacity of and incentives for field offices to enhance their trade-related activities?
- How can donors best help developing countries manage the trade capacity development process without imposing their own donor agendas?

**Coffee break (11:30)**

b) **Monitoring and evaluating donors’ efforts in capacity development for trade [11:45-13:00]

*Lead-off speaker - Lahcel Aboutahir, Technical Co-operation Division, WTO*

The results of capacity development for trade may be less tangible than for “spending” sectors such as health or education. This may be a handicap, as donor agencies are often under great pressure to disburse funds quickly and with visible impacts. Capacity development for trade includes both output-oriented projects, for which tangible results can be expected, and process-oriented projects, where impact assessment is more problematic. This part of the session will reflect on modalities and criteria for assessing the relevance, performance and impacts of donors’ efforts in this area. It aims to identify some preliminary impact indicators to assess achievement of objectives and co-ordinating approaches.

**Suggested issues for discussion:**

- What are “output-oriented” activities for both the public and private sectors in trade capacity building? What types of indicators could we use to assess progress?
• How can results be measured for process-oriented projects such as investing in the institutional capacity of public and private actors to engage in dialogue?

Session 5: Strategic directions for donor good practices: next steps [15:00-17:00]

Moderator: David Weiner, Senior Fellow, Overseas Development Council (ODC)

This final session should bring together the key ideas emerging from the discussion and identify the essential points for a donor "checklist" of good practices. We will circulate a preliminary checklist prior to this discussion. Participants will be requested, on this basis, to consider:

(a) Have we covered all the main themes; is anything missing?

(b) For each of the main themes, what are the main points to be addressed and messages that should come from the eventual guidance?

(c) What indications emerge for international and country level arrangements for co-ordination, monitoring and lesson-learning?