

Changes in Strategic Influence: DFID's Contribution to Trade Policy

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Department for International Development

Evaluation Report EV644

**CHANGES IN STRATEGIC INFLUENCE:
DFID'S CONTRIBUTION TO TRADE POLICY**

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The opinions expressed in this report are those of the author and do not necessarily represent the views of the Department for International Development

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PREFACE

This study was undertaken as part of the programme of independent evaluation studies commissioned by the Evaluation Department of the Department for International Development (DFID). The purpose of these studies is to improve the quality of development activities by providing evidence of what makes for effective development. Lessons learned from evaluation can be applied to strengthen current and future policies and programmes. Evaluation of development assistance provided by DFID also helps to strengthen DFID's accountability.

DFID's Evaluation Department (EvD) is independent of the spending divisions in DFID, and reports to DFID's Management Board through the Director General (Corporate Performance and Knowledge Sharing). Each year, Evaluation Department commissions a number of evaluations which rigorously examine the design, implementation and results of selected DFID policies and programmes. The findings and lessons from each evaluation are published.

This report presents findings and conclusions from an assessment of DFID's work on trade policy and, in particular, its influence on UK trade policy and the conduct of multilateral trade negotiations. The study finds that, on the whole, DFID has been successful in influencing the trade agenda to take account of developing country interests and to ensure greater engagement with developing countries in trade negotiations. Of course, these successes cannot be wholly attributed to DFID: this policy area has been very dynamic and many players have been pushing for change. The study also concludes that, despite success, DFID could have taken a more strategic and systematic approach to building up and exercising its influence.

The study was undertaken largely as a desk study, supplemented by interviews and a survey of DFID's trade-related capacity-building projects. It was completed in 2002 since when, of course, policy and practice in this dynamic area has continued to evolve rapidly both in the UK and internationally. The findings and lessons in the study have been discussed widely within DFID both in relation to trade issues and with regard to strengthening DFID's approach to influencing activities. We believe that these issues will also be of interest more generally to readers concerned with trade, development and development assistance.

The study was conducted by David Pedley, an experienced DFID economist attached to Evaluation Department, supported by Iain Murray (Deputy Programme Manager) and consultant Tom Dolan. Elaine Smith and Susan Boland prepared the text and tables for publication, which was edited by Caryn MacLean.

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September 2003

LIST OF ACRONYMS AND ABBREVIATIONS

ACP	Africa, the Caribbean and the Pacific
ASREP	Asia Regional Economics and Policy Department.
CAP	Common Agricultural Policy
DAC	Development Assistance Committee
DFID	Department for International Development
DNE	Detached National Expert
DTI	Department for Trade and Industry
EC	European Community
EPZ	Export Promotion Zone
EUD	European Union Department
EVD	Evaluation Department
FCO	Foreign and Commonwealth Office
FER	Fundamental Expenditure Review
GDP	Gross Domestic Product
HMG	Her Majesty's Government
HPD	Health and Population Department
IDTs	International Development Targets
IEPD	International Economic Policy Department
IF	Integrated Framework
IFID	International Financial Institutions Department
IMF	International Monetary Fund
ISP	Institutional Strategy Paper
ITC	International Trade Centre
ITD	International Trade Department
JITAP	Joint Integrated Programme for Technical Assistance on Trade
LAC	Legal Advisory Centre
MAFF	Ministry of Agriculture, Fisheries and Food
NGO	Non Governmental Organisation
ODA	Overseas Development Administration
OECD	Organisation for Economic Co-operation Development
PARP	Policy and Resource Plan
PRISM	Performance Reporting Information System for Management
PRSP	Poverty Reduction Strategy Process
PSPD	Private Sector Policy Department
RLD	Rural Livelihoods Department
RTA	Regional Trade Agreement
SDD	Social Development Department
TPG	Trade Policy Group
TRIP	Trade Related Intellectual Property Agreement
TSP	Target Strategy Paper
UKMIS	UK Mission in Geneva
UKREP	UK Representative Office, Brussels
UNCD	United Nations and Commonwealth Department
UNCTAD	United Nations Centre for Trade and Development
WTO	World Trade Organisation

EXECUTIVE SUMMARY

Background

1. This study is the second of DFID's Evaluation Department's "fast and focused" studies. Its Purpose is to provide an indication of the strengths and weaknesses of DFID's work on trade following its creation as a separate government department after the May 1997 General Election. It also looks at the experience of its predecessor the Overseas Development Administration, (ODA, a semi-autonomous organisation within the Foreign and Commonwealth office (FCO)) identifies lessons and good practice for future work. Because much of what DFID aims to do in this area involves influencing the approach to trade of other organisations, the study has emerged as a case study in approaches to influencing strategy.

2. The study was undertaken during the period July 2001-February 2002. It used triangulation approaches, drawing on a number of different sources of information: interviews, donor web sites, telephone conversations, academic papers, written documents, a questionnaire, and trade-related project data. This information has been used in two ways. Firstly, the concept of "trade" is defined, as well as good practice approaches for effecting change. Secondly, these concepts are used to analyse ODA/DFID's trade-related activities for lessons learned and to consider future implications.

Findings

Trends In Activities Over Time

3. There has been an increase in the number and a shift in the composition of trade-related activities undertaken by DFID compared to ODA. ODA's focus was principally on aid rather than trade. This reflected, firstly, its institutional role within UK government structures as an aid administration rather than a participant in inter-departmental discussions on the positions adopted by the UK in multilateral trade negotiations. Secondly, it reflected the fact that trade relationships between developing and developed countries had been less important in the past, because there was less trade, and trading relationships were less unequal (4.1.3-4.1.6). ODA's trade-related projects were principally in the areas of export promotion 4.1.7 and 4.1.17-4.1.18). DFID has been much more strategic in its trade-related activities, with a much greater emphasis on influencing the multilateral trade environment and building trade policy and negotiations capacity in developing countries (6.2.1-6.2.3).

ODA's Attempts To Influence Trade Strategy: The Foundations For DFID's Later Successes

4. Interest in playing a more strategic role within interdepartmental trade discussions developed before the transformation of ODA (roughly from the 1995 Fundamental Expenditure Review of ODA) into DFID, reflecting:

- a. changes in the multilateral trade environment, which meant that there were much greater opportunities for economic expansion stemming from increased trade;
 - b. academic literature which suggested that developing countries needed to be much more involved in multilateral trade negotiations and would need help to facilitate this;
 - c. the likelihood that future EU-ACP Conventions would probably consider aid and trade together.
5. ODA was largely unsuccessful in persuading other government Departments to take greater account of developing country interests when setting UK trade policy. Factors which contributed to this were:
- a. ODA's limited knowledge of trade issues (4.1.20-4.1.23);
 - b. Limited staff and financial resources to devote to a greater pursuit of trade issues (4.1.15-4.1.18, 4.1.21 and 4.1.23);
 - c. Its weak institutional position within UK government structures (4.1.13-4.1.15 and 4.1.21)
6. Nevertheless, the work undertaken to develop contacts and gain knowledge provided a base for DFID to have an immediate impact on inter-Departmental trade policy discussions following its formation in May 1997 (4.1.25-4.1.26) and in its later work, for example in inter-departmental discussions on the EU's "Everything But Arms" proposal (5.3.4).

DFID and Trade: A New Department and a New Position Within UK Trade Policy Making

7. The creation of a new government Department, DFID, following the 1997 General Election had a significant impact on the ability of its officials to become involved in trade issues. The new Department was able to be much more proactive, both within Whitehall and internationally (5.1.1-5.1.2).
8. The process of writing the White Papers greatly increased the coherence of trade and development policies within government. The process was aided by the new government's principle of "joined-up" government, which meant that trade and development issues were looked at together (5.1.3 and 5.1.5).
9. DFID's role within the inter-Departmental Trade Policy Group has, since 1998, developed from limited involvement to one where it is a major source of expertise and resources for exploring issues (5.3.2).

DFID's Organisational Set-up For Influencing UK Trade Policies

10. The creation of a separate DFID department specifically devoted to trade has meant that DFID can devote more staff time to trade issues (5.3.4 and 6.3.1).

11. Although this department, International Trade Department (ITD), formerly International Economic Policy Department (IEPD), leads for DFID on trade, a number of other DFID departments have an interest in trade-related issues (5.1.7). Within DFID HQ these individual departments look at trade-related issues from different perspectives and this has led to differences in opinion on priorities. This has sometimes led to complaints that ITD determines DFID's approach to a particular issue without fully consulting other departments (5.1.7 and 5.3.5).

12. Trade-related objectives in DFID are generally not SMART (specific, measurable, attributable, realistic and time-bound) and are set by these individual departments rather than agreed across DFID as a whole (5.2.1-5.2.7).

13. Nevertheless, coherence between DFID central departments, both in setting trade-related objectives and pursuing them, is improving and leading to reductions in duplication and overlap (5.2.8-5.2.12 and 5.3.6).

14. The availability of ITD staff or ITD-financed consultants has helped country programmes set up Trade-Related Capacity-building Programmes (5.3.15). Beyond this, however, links between IEPD/ITD and country programmes, in objective setting and activities, as well as in sharing information, have been weak, but are improving. Links between the centre and country programmes are strongest in London, but weaker between London and overseas offices (5.2.13-14 and 5.3.12-5.3.16).

15. The high turnover of staff within IEPD/ITD has weakened DFID's links with country programmes and other donors (5.3.14). A combination of this and the weak links between ITD and country programmes may limit ITD's ability to meet the increasing demand from other Government Departments for information on trade-related capacity-building in developing countries (5.3.18).

Techniques Used To Pursue Strategic Trade-Related Objectives

16. DFID's trade-related work with other Government Departments and donors has benefited from the use of good practice approaches in influencing and negotiation skills. Specifically:

- a. DFID's decisions on whether to enter specific areas of trade with which it was previously unfamiliar have been informed by taking time to build up sound knowledge bases (5.3.2-5.3.4).

b. In negotiations with other government departments, DFID's position has been strengthened by its research (both internal and that of externally-financed consultants), ensuring that discussions are based on objective criteria rather than untested assumptions or lobbying by special interest groups (5.3.4 and 5.3.10).

c. In these negotiations, DFID has also benefited from using established networks to build coalitions (5.3.4 and 5.3.10).

d. In addition, these negotiations have demonstrated the benefit of understanding and attempting to accommodate different stakeholders' interests, as well as the costs of not doing so (5.3.4 and 5.3.10).

Impact on Processes Since 1997

17. The limitations to DFID's approach to setting trade-related objectives make it difficult to identify a baseline for measuring performance (6.1.1). Impact has been assessed by, firstly, drawing out from documents and key informant interviews the priorities identified below, then recording changes that have occurred since priorities were set, and, finally, using contribution analysis to draw conclusions on DFID's part in these changes.

Main Objectives

18. The following key objectives since 1997 have been identified:

a. continuously ensuring that the Government's international policies on trade, agriculture and investment take account of its development objectives;

b. a set of objectives related to ensuring that the EU position in further WTO negotiations takes maximum account of developing country interests;

c. a set of objectives related to maximising the benefits for developing countries from the post-Lomé arrangements, and ensuring greater coherence between trade and development policies;

d. building capacity in developing countries to pursue pro-poor trade reforms (6.1.2).

Major Changes Since 1997

19. DFID has been much more strategic in its trade-related activities, with a much greater emphasis on developing trade policy and negotiations capacity in developing countries (6.2.1-6.2.3).

20. DFID's position within government decision-making processes has been strengthened considerably:

- a. DFID's profile has been raised now that it is a separate Department with its own Cabinet Minister (5.1.1-5.1.2 and 6.3.1);
- b. Its staff and financial resources have increased and it has acquired expertise, which other government Departments have been able to use (5.3.2-5.3.4 6.3.1 and 6.3.5);
- c. Partly as a result, its reputation amongst other Government Departments has improved dramatically, reflecting a shift from a position of largely unsuccessful lobbying on behalf of developing countries to more of a capacity-building role within government (5.3.3, 6.3.2 and 6.3.4).

21. DFID's more strategic position within UK government is not purely the result of its own efforts, but is also partly due to the fact that government Departments now work more cooperatively and take development issues into account when arriving at UK negotiating positions (6.3.3-6.3.4).

22. DFID (as one part of the UK government) and the Secretary of State are perceived by other donors and international organisations as being amongst the leaders in linking trade and development issues in the multilateral trade environment (5.3.8, 6.4.2-6.4.4).

Attribution

23. When considering attribution account needs to be taken of other factors which might explain changes in the multilateral trade environment. Attribution in this study is assessed in terms of "chronic" and "contingent" factors. Chronic factors are important levers or prompts for change which affect the environment in which an organisation works over a long period; contingent ones are specific in time and place and act as a immediate prompt for change.

24. With regard to chronic factors, DFID has been operating in a dynamic world in which developing countries have become more aware of their influence on rule-setting within the WTO and other developed countries have become aware of the need to link trade and development issues (7.3.4).

25. Contingent factors are divided into those which relate to the UK government as a whole and those which are specific to DFID. Key contingent factors have been the emphasis placed on "joined up" government, embodied in the process of writing the two International Development White Papers, the swift integration of DFID into Whitehall trade networks, and the readiness of other Departments to take account of the views and needs of developing countries when forming their positions on issues (7.3.5).

26. There are a number of contingent factors specific to DFID. DFID was able to respond very quickly to its new position as an independent Government Department. This was partly because of the ground work done and networks built up during the previous two years. This has been built upon

by the Secretary of State, as evidenced by the opinions of other donors and key informants from other Government Departments. These informants also stress the benefit from DFID's establishment of a separate, well resourced, department dedicated to trade and investment issues (now two separate departments). The benefits of having a separate department with the time to research issues, form and maintain networks, and become involved in often drawn-out negotiations has been borne out by the case studies included in this study (7.3.6).

Lessons Learned

27. To have an impact in a new areas of work, policy statements and strategies need to be backed up by freeing up staff time and financial resources to pursue them (5b and 16a-b).

28. To influence multilateral decision-making an organisation needs to have a sound knowledge base from which to argue its case (5a, 16a-b).

29. Work undertaken in developing a knowledge base and establishing contacts can still be worthwhile, even if there are constraints to effecting change. If the constraints are removed in the future, these previous efforts reduce the time it takes to reach a position of "influencing in partnership" (6 and 16c).

30. In organisations where the starting point for objective-setting is individual units, the organisation needs to establish mechanisms which ensure coherence across units in these objectives, particularly where units may have different viewpoints on a subject of interest across the whole organisation (11, 12 and 14).

31. Setting objectives which are not SMART makes performance measurement and management of attempts to influence strategy difficult (17).

32. Successful influencing requires an understanding of, and sensitivity towards other parties' perspectives (16d).

33. An organisation's influencing objectives are more likely to be achieved when it has something to contribute that other organisations need (5c and 20b).

34. Successful negotiating and influencing is assisted by building up networks and coalitions. Building up networks can take a long time and may require enduring a period of time when the effort involved is yielding little benefit (6 and 16c-d).

35. Research undertaken before entering discussions or negotiations increases the likelihood of an organisation's views being accepted and of discussions being based on objective criteria rather than "special pleadings" or prejudice (16b).

36. When dealing with broad and detailed subjects such as trade there are benefits for donor organisations in having a separate unit with the time to research issues, form and maintain networks, and become involved in often drawn-out negotiations (10 and 26). There are also risks with this approach, in particular that this lead unit will not consult other units adequately when writing policies and strategies (11).

37. Continuity of personnel aids the pursuit of influencing objectives because of the need to develop a knowledge base, build and maintain networks and to be able to respond quickly to new developments (15).

CHANGES IN STRATEGIC INFLUENCE: DFID'S CONTRIBUTION TO TRADE POLICY

1. Background, Methodology and Summary

1.1.1 DFID's Evaluation Department's Programme of Evaluation studies, 2001/02-2002/03, introduced the idea of "fast and focused" studies. These would focus on specific issues or programmes and would produce a single, short report, to be completed within six months. They form part of EvD's strategy of providing preliminary evaluative reviews of immediate policy relevance to balance the more traditional approach to evaluation which focused on impact studies of completed projects.

1.1.2 The first of these smaller-scale studies, on "influencing" was written in 2001. The topic area for this, the second one, is trade and development. Its Purpose is to provide an indication of the strengths and weaknesses of DFID's work on trade (and the work on trade of its predecessor the Overseas Development Administration, ODA¹) and to identify lessons and good practice for future work. This has been done by examining the relevance, efficiency, effectiveness, impact and sustainability² of ODA/DFID's policies and programmes, 1990-2001, concentrating on the period 1997 onwards, since this marks a watershed in the organisation's³ approach to trade. Because much of what DFID aims to do in this area involves influencing the approach of other organisations to trade, the study has emerged as a case study in approaches to influencing strategy.

1.1.3 Since major involvement by the organisation in trade policy and development is recent, and since this study is "fast and focused", it has not attempted to assess the impact of the organisation's trade related activities on poverty. Instead it has examined the impact the organisation has had on processes related to trade.

1.1.4 The study was undertaken during the period July 2001-February 2002. Full details of the sequencing of activities and methodology are contained in Annex 1. They are briefly summarised in the rest of this section.

1.1.5 The study used triangulation approaches, drawing on a number of different sources of information namely:

- **key informant interviews** with strategically placed people from DFID, other government Departments⁴, the UK Mission in Geneva, bilateral and multilateral donors, and the Organisation for Economic Cooperation and Development;

¹ Following the change of government after the May 1997, ODA was renamed DFID and its role broadened from being principally involved in administering aid programmes to covering all means of development.

² These are the five DAC principles of evaluation

³ "Organisation" is used here to refer to both ODA and DFID where reference is made to the period of time covering the transformation of ODA into DFID.

⁴ In this paper "department" refers to units within ODA or DFID and "Department" refers to Government Departments eg Department of Health, The Treasury, DFID etc

- **searches of donor web sites;**
- **telephone conversations**, mostly with key informants based outside the UK;
- **academic papers;**
- **exchanges of written documents**, such as minutes and letters held on DFID's files;
- **minutes of inter-Departmental meetings**, particularly those of the Trade Policy Group;
- **a questionnaire**, sent to programme managers and advisers on DFID trade-related capacity-building projects;
- **and data on trade-related project activities**, extracted from DFID's Performance Reporting Information System (PRISM).

Details of files examined and people consulted are contained in Annexes 2 and 3 respectively.

1.1.6 A number of people assisted in producing the study. A consultant, Tom Dolan, undertook telephone interviews with a number of representatives from other donors and web site searches. Iain Murray of Evaluation Department analysed PRISM data on ODA/DFID's trade-related project activities, the reports of Tom Dolan's interviews and questionnaire responses. Members of a small internal reference group commented on four working papers and drafts of this paper. Colin Kirk, Head of Evaluation Department, DFID, and Professor Murray Saunders, an external evaluator from Lancaster University, provided extremely helpful comments on methodology. Finally, Elaine Smith and Susan Boland efficiently typed the text and produced the tables.

1.1.7 Fast and Focused studies are not intended to be comprehensive and, given the short time over which the work is done, it has not been possible to cover all possible sources of information. However, this study is "indicative" in that it provides strategic insights into the evolution of DFID's current and potential contribution to UK policy-making on trade. Although links between trade and poverty are examined, it has not been possible to cover the relationship between trade and the significant development issues of both environment and gender. Similarly there are a number of potential informants to whom it was not possible to speak. In particular there was not time to contact any informants from Non Governmental Organisations (NGOs), although some idea of their views was gleaned from attending one of ITD's regular informal NGO consultations. The other major gap has been the absence of contacts with anyone in a developing⁵ country, either working on trade-related activities or affected by them. Finally

⁵ In this and other working papers, "developing countries" will be used as a short hand for "least developed, developing and transition countries".

contact with DFID staff working on country programmes has not extended beyond the questionnaire mentioned above. In spite of these gaps, the various sources consulted have largely provided consistent information.

1.1.8 In producing this study, the information collated from the various sources has been used in two ways. Firstly, the conceptual context of the study has been established. This has involved setting a framework for what is meant by “trade” and drawing from available literature on defining good practice approaches that an organisation might adopt when attempting to effect change.

1.1.9 The second objective has been strategic and forward-looking: to analyse the evidence of what DFID has done; draw out some lessons learned; and consider future implications. Through synthesising the evidence gained from the various sources of information, supplemented by a closer examination of some case studies, the study arrives at conclusions on the extent to which DFID has applied the concepts defined in the first part of the study and the impact of DFID's trade work on the multilateral trade environment.

1.1.10 The structure of the study reflects these two purposes. Sections 2 and 3 provide the conceptual background to the study. Section 2 provides a framework for looking at the many ways in which trade affects the lives of the poor. Because of the extended causal chain through which these changes are transmitted, it is difficult to find a direct relationship between trade and poverty reduction. Section 2 also looks at the way the impact of trade is perceived by different types of development professionals. This perception is influenced by people's backgrounds. Those who focus on broad macro-level issues will have a different perspective on the impact of trade on poverty to those who focus more on particular groups of people or institutions.

1.1.11 Section 3 breaks down general concepts, such as “influencing” and “negotiating” into more precise analytical tools. “Influencing” is broken down into “advocacy”, “lobbying”, “awareness-raising”, “reputation management”, “networking” and “contact management”. These are then linked to the concept of “change forecasts”, which are frameworks for thinking about what needs to happen if change is to be secured. Many of the skills required for securing change are the same as those required for negotiations, such as focusing on “interests” not “positions”, and generating options. These concepts are also defined.

1.1.12 The analytical part of the study is contained in sections 4-6. Sections 4 and 5 analyse the policies, objectives and activities of ODA and DFID, respectively. They contain an analysis of the relevance of trade-related policies to ODA/DFID' broader policies and objectives, referring to the conceptual framework of trade outlined in section 2. Trade-related objectives are analysed for the extent to which they are coherent and measurable. The activities of the organisation are analysed for evidence of adherence to the concepts outlined in section 3. Case studies provide a number of examples of good practice.

1.1.13 Section 6 brings together the analysis. It looks at the changes that have taken place since 1997. DFID has taken a much more strategic approach to trade-related activities since 1997, with a much greater emphasis being placed

on building trade-related capacity in developing countries and promoting changes in the multilateral trade environment so that there are greater benefits to participation in trade by developing countries. DFID has also had a much more prominent role within Whitehall and developing country interests are now taken into account when UK positions are being drawn up. Finally, DFID (as one part of the UK government) has gained a reputation for being one of the leading organisations linking trade and development issues in the multilateral trade environment.

1.1.14 Section 7 draws together some conclusions. Firstly, it reaches conclusions on the extent to which DFID staff have used the concepts outlined in Section 3. In general the concepts outlined in section 3 have been used, but informally and through "learning by doing". These could, perhaps be formalised, particularly in the areas where weaknesses have been found, namely those of objective setting, where objectives were largely set within individual departments rather than across DFID as a whole, and defining indicators. Secondly, conclusions are reached on the extent to which changes since 1997 can be attributed to DFID. DFID has been operating in a dynamic environment and a number of changes have taken place independent of anything DFID has done. Nevertheless, DFID, as part of the UK government, has been a lead institution in aligning trade and development issues more closely within the multilateral trade environment.

2. The Role of Trade in the Lives of Poor People

2.1.1 This section looks at what is meant by trade and traces through the wide range of impacts a change in trade policy or conditions might have. It also looks at different perspectives on trade-related issues. A change in, say, the level of tariffs, will set off a chain of other changes, which may not be predictable and will be country-specific. People will focus on different parts of this chain, so the policy stance taken by an organisation on trade-related issues may also reflect which view prevails within that organisation.

2.1.2 The word “trade” refers simply to an enormous volume of miscellaneous transactions of flows of goods and services. These take place because people are not able to provide all goods and services for themselves. People also have varied access to the resources required to provide goods and services, whether these resources occur naturally or take the form of tools and labour. This difference in “factor endowments” leads to individuals or groups of people trading things they do have for things they do not. Provided there is no coercion involved, both parties to an exchange will gain (although those which they formerly traded with may lose). As time elapses, societies have discovered that trade is facilitated if there is a “medium of exchange” ie money.

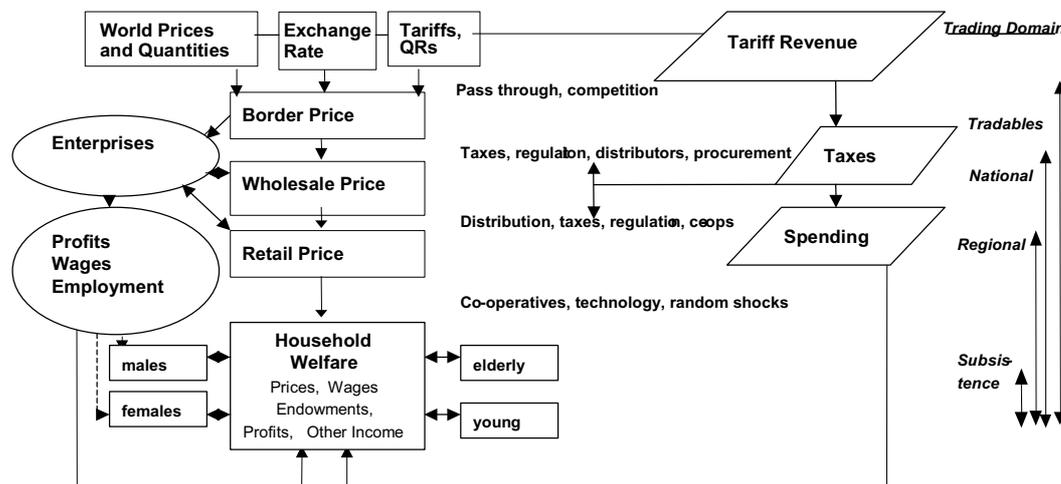
2.1.3 At this level there would be no reason to concern ourselves further in this exchange of goods and services. We only need to examine trade further when there are significant barriers to trade. Barriers to trade can be natural, such as distances or mountain ranges, or social, such as legal requirements, for instance health and sanitary regulations. The existence of borders is an example of the latter. They do not necessarily have to be an impediment to trade, but most international trade, which is what trade across borders is, involves the need to overcome some barriers, be it the need to make goods available for inspection, meet different standards and so on. Unequal power relationships may also serve as barriers to trade for some groups.

2.1.4 The existence of barriers to trade is a reason for people to combine and trade as a group, or for people to employ others, forming firms where employees trade their labour for money. Trading in larger quantities can reduce the cost of overcoming barriers to trade. Barriers also provide reasons for governments to become involved in trade. At worst the government might comprise members of a powerful group which wishes to strengthen its power further. Alternatively, the government may protect weak groups, control the operations of powerful firms, or to try to overcome natural impediments to trade. Where trade takes place across borders, pairs of countries, or groups of countries may agree on ways in which trade between them could be furthered.

2.1.5 Thus, trade is part of a process generating a wide range of institutions and relationships. These are shown schematically in Figure 1 below, which is taken from McCulloch, Winters and Cirera (2001). The way these institutions and relationships interact has implications for welfare and the way this may be manifested in poverty for some.

2.1.6 The range of trading relationships shown in Figure 1 increases as we move from the bottom to the top. The smallest unit is the Household. At its simplest level, members of the household may engage purely in subsistence production. Often, even households mostly producing for subsistence become involved in trade in some way, either selling some of what they produce or engaging in paid employment. The size of the benefit households gain from this trade will depend on a wider range of power relationships between the household and the people or firms it trades with. The benefits individual members receive will depend on power relationships within the household. Beyond this there is a range of relationships between firms, be they competitors or suppliers. These relationships can spread beyond the immediate locality to the wider region or the nation as a whole. Where trade takes place beyond borders the returns a firm receives, and how they trickle through to individual households, will be affected by the nature of the relationship the host country has with the trading country as well as the way institutions which have been designed to manage and/or facilitate trade operate.

Figure 1: Trade Policy and Poverty – Causal Connections



Source: McCulloch, Winters and Cirera (2001), p 99

2.1.7 The way governments become involved in trade is shown on the right hand side of Figure 1. At a national level they become involved through collecting taxes, setting regulations, employing people and procuring goods and services. Their involvement in international trade takes the form of collecting tariff revenue procuring goods and services, and being involved in trade negotiations on a bilateral and multilateral basis.

2.1.8 Because of the range of relationships involved it is difficult to predict what the impact will be on individuals, households or institutions of changes in trading relationships. Often the impact manifests itself in a way that disguises the connection with a change in the trading environment. For example, an increase in household income may arise from an increase in the wages of one of its members. This may reflect an increase in profits resulting from a reduction in the cost of an imported input following a reduction in import tariffs. In order to

compensate for the fall in tariff income, however, the government increases consumption taxes. Thus both the income and expenditure of this household have increased with a net impact that will be beneficial to some households, firms and institutions and costly for others. Yet the role of trade in producing these changes will be less apparent than the more noticeable changes to tariffs and taxes. Where changes in the trade environment lead to significant changes in the structure of industry in a country, they may manifest themselves in the form of changes within household relationships, if changes in employment and wages affect men and women, the young and old, or the skilled and unskilled differently.

2.1.9 The impact becomes more difficult to predict the more we move away from individual household production towards international trade because the chain of relationships increases in length and complexity. Thus, attempts to evaluate the impact of trade reforms on poverty are fraught with significant problems of attributing cause and effect. Yet increased openness to international trade is one element of increasing “globalisation” (along with greater openness to capital and labour movements), the benefits and costs of which for developing countries are hotly debated. The stance individuals take in this debate is influenced by where their main area of focus is in the range of relationships mapped in Figure 1.

2.1.10 Given the difficulties found in measuring the impact of trade on poverty, this study will examine instead the factors which have influenced the degree of involvement of ODA/DFID in trade issues, the nature of that involvement and changes that the organisation has attempted to effect. The above discussion is particularly relevant to the latter two aspects, since the point in the schema in Figure 1 from which an organisation enters trade debates will affect the nature of that involvement. Kanbur (2001) identifies two groups of commentators who have different approaches to reducing poverty:

- Group A, who tend to take an approach based in economics and tend to include amongst their number economists, Senior Managers in International Financial Institutions and multilateral banks and those who work in Finance Ministries; and
- Group B, who take a more social and advocacy approach and tend to include in their number analysts and advocates in NGOs, social sector officials and, amongst academics, non-economists.

2.1.11 Kanbur locates the differences between these two in three dimensions: the level of aggregation; the time horizon; and the operation of markets. These differences are summarised in Figure 2. As Kanbur recognises this division is, of course, a caricature. Nevertheless, the distinction is relevant to this study because the view that predominates will affect the way in which a donor organisation approaches trade issues. Group As are more likely to focus on broad benefits that can come from greater openness, particularly its contribution to increasing economic growth. Their focus is, therefore, more on the elements at the top of Figure 1. Group Bs' starting point is more likely to be at the bottom of Figure 1, concentrating on the impact of greater openness on groups of people, particularly those which may lose from a change.

Figure 2: Kanbur's Typology of Development Professionals		
Differences	<u>Group A</u>	<u>Group B</u>
Level of Aggregation	Focus more on quantitative measures	Focus on more qualitative and often more disaggregated measures
Time Horizon	Stress the medium run, in which economic adjustment has occurred and dynamic forces have played out	Focus more on the short run, in which adjustment costs and temporary poverty looms large
Operation Of Markets	Tend to have confidence in markets, with information flowing reasonably freely and incentives for efficiency working well	Believe markets function poorly and are dominated by the interests of powerful corporations and elites. See a risk that reform is as likely to give these groups new opportunities to exploit the weak as much as it will give the poor opportunities to improve their lives

2.1.12 This section has elaborated upon what is meant by “trade” and brought together the complex nature of trade relationships in a simplified diagram that will be referred to throughout the rest of the study. It has also brought out the potential influence of an organisation’s starting point in determining the approach taken by it towards trade-related issues. The next section covers approaches which might be used to bring about changes that an organisation wishes to see. Subsequent sections will look at the extent to which the analytical constructs outlined in this and the next section are reflected in what ODA/DFID has done in the area of trade. It will also look for examples of good practice and draw out some lessons.

3. Tools For Effecting Change

3.1 Conceptual Framework For Influencing

3.1.1 This section outlines some analytical concepts for use in situations where change beyond the control of an organisation is being sought. In future sections, what will be assessed is whether they have been used in practice, even if not formally referred to.

3.1.2 It is important to remember that DFID is not attempting to bring about change for its own benefit. It is an advocate on behalf of developing countries. It needs to be in touch with developing country views and has a potential role in representing them. At the same time, DFID also has views on what the best approaches are for developing countries to follow, and these may not necessarily coincide with those of developing countries.

3.1.3 DFID's position is further complicated by the fact that it is not the institution that can bring about this change. Instead it is trying to influence the approach of others. Its principal target institutions with regard to trade are the EU, the WTO, and UNCTAD. Before 1997, direct contact with these institutions was minimal; it was generally ODA's parent body, the FCO, which made contact, or another Department such as the DTI. Since 1997 DFID's contact with these institutions has increased, but, nevertheless, DFID is just one Department making an input into an agreed UK position on an issue, and is rarely the lead Department putting across the UK position within these institutions. Which Department plays the lead inevitably shapes the position taken. The Lead Department is the one that decides on the language used in the meeting, has informal discussions in the margins of the meeting, and interprets to the other departments the strategies and verbal and non-verbal language witnessed at the meeting. In summary, DFID is attempting to influence the position of its target institutions through its influence in forming the UK's position on particular issues.

3.1.4 The process of bringing about such change is often referred to as "influencing", but as Spicer points out, influencing has generally been used in an unspecific way within DFID. She suggests that the "influencing agenda" is used as a "proxy term for our engagement, collaboration, advocacy and policy dialogue with partners, including, but not restricted to multilateral organisations" (Spicer, 2001, p43).

3.1.5 Davies suggests a division between advocacy and capacity building. "Advocacy" is supply led. In an advocacy relationship the starting position is one of a difference of opinion and the advocate's objective is to move the position of the targeted organisation(s) closer to its own. Advocacy can work in both directions, and an advocate may knowingly or unknowingly move towards the position adopted by the target organisation (Davies, 2001, pp12-13).

3.1.6 Capacity Building is generally led by demand, even if the full nature of that demand is not evident at the beginning of the relationship. In contrast to advocacy, agreement on outcomes is likely to be a precondition. However, it complements advocacy efforts. A relationship might involve both information

exchange as a means of understanding better each others' position, as well as an attempt to alter that position. Those who think they are doing capacity building may, in fact, be doing advocacy, and *vice versa* (Davies, 2001, p13). Spicer's concept of "influencing in partnership", defined as "a two-way exchange in which influence is underwritten by shared objectives" (Spicer, 2001,p ii) brings this out more explicitly.

3.1.7 Davies further divides advocacy activities into "lobbying" and "campaigning". Campaigns are targeted at large numbers of people and the means of contact is through the media. In lobbying contact is usually more direct and aimed at a smaller number of participants (Davies, 2001, pp 13-14)

3.1.8 Finally Davies adds another element to effecting change, awareness raising, which is undertaken prior to advocacy work. It is does not involve any explicit agreement being reached about desired change. It is simply the provision of information, which is then expected to become part of the recipient's basis for further decisions (Davies, p15).

3.1.9 The relationship between these concepts is shown below in Figure 3. They will not be used rigidly in this study. For instance, awareness raising may take place alongside advocacy and capacity-building.

Figure 3: Aspects of Influencing

	Capacity building	Lobbying	Campaigning
Awareness raising		Advocacy	
	Influencing		
(all being means to objectives)			

Source: Davies (2001), p 15

3.1.10 Poate divides lobbying up into networking, contact management and reputation management. Networking, he suggests, is largely discredited, as being unstrategic and indiscriminate. Contact Management involves understanding who an organisation wishes to influence, who is best placed to do the contacting, and how frequent contact should be. Reputation management is about establishing your organisation as a credible contact for your target organisations. If an organisation has a good reputation, it is more likely to be listened to (Poate, 2001). The concepts of contact management and reputation management are useful extensions to Davies' schema. Poate's dismissal of

networking is, perhaps, a bit harsh as some initial networking, as a precursor to working in partnership, is necessary to establish “presence” and to demonstrate an organisation's worth to other organisations in the network. This is the concept of networking that will be used in this study.

3.2 Influencing Powers

3.2.1 The decision on whether to enter a new area should be informed by consideration of the organisation's attributes for effecting change. Spicer (2001, pp 11-13) adapts concepts taken from Handy (1988) to arrive at four factors which will help an organisation to secure change.

- **Position power** “is influence derived from DFID's official status or title, access or “seat” at the policy table”.
- **Resource power** is “influence achieved through financial resource transfers and related incentives and pressures”.
- **Expert power** is “power of knowledge and experience”.
- **Person power** covers “individual or group influencing skills, networks and capacity for team working and organisation.

3.2.2 A link can be made between reputation and Spicer's four forms of organisational power. An organisation's strengths and weaknesses in these areas of power are likely to be reflected in its reputation.

3.3 Planning For Change

3.3.1 From the above, it should be clear that “Influencing” is a generic term covering ways of altering the position of an organisation or person. When attempting to bring about policy change the concept of Change Forecasts is helpful in drawing out the processes and actions that might lead to change. These offer a link between lower level activities and higher level objectives, and guide decision-making by identifying activities that support change. Key elements in a change forecast are:

- **statement of change:** this describes the key characteristics of the sector in its current state, and the future state after the anticipated change over the relevant time-frame.
- **forcefield analysis:** this describes the forces which support change on the one hand and the forces constraining change on the other. They could be domestic, regional or global. The forces could include those which are systemic (e.g. lack of resources), people based (e.g. individuals who are change advocates) or technical (e.g. lack of skills to implement change).
- **stakeholder analysis:** this shows not only who the key stakeholders are but also defines the key characteristics of their current and anticipated behaviour.

- **description of the process of change:** this describes the key steps in the change process - the “how” of change. This would include the role of change advocates, the people who are pressing for change.

3.3.2 Change forecasts are based on the idea that change will only take place when the people it affects really want change. Change is not driven by one party. The changes outlined are predicted ones, rather than a blueprint, and the resulting change (if there is one) may be different from that forecast (McKendry, 2001, pp 2-3)⁶.

3.3.3 The skills required to influence change are similar to those required for negotiating. Fisher, Ury and Patton (1997, p4) identify four key factors in successful negotiations:

- a. **Separating the people from the problem** – participants should see themselves as working together to attack a problem, not each other;
- b. **Focusing on interests, not positions** – negotiations conducted on the basis of stated positions often fail. Usually, there are a range of underlying interests not revealed in the stated position. If negotiations cover this wider range of interests it is easier to find a solution that meets at least some of the interests of all parties.
- c. **Generating options** – generate a variety of possibilities before deciding what to do;
- d. **Use objective criteria** – insist that the result be based on some objective standard.

3.3.4 This section has identified some analytical tools to use when reviewing the approaches employed by an organisation. They cover the need for background research to establish facts about the issues that need to be tackled, to gather ideas on what needs to be done, and to form options on how it might be done. Tools that might be used in this analysis are stakeholder analysis, forcefield analysis and an assessment of the interests and power to effect change of each stakeholder. Finally techniques that might be used to influence and negotiate change have been introduced.

3.3.5 The next two sections use this framework to analyse ODA/DFID's involvement in trade-related issues during the period 1990-2001.

⁶ The description of the Change Forecasts approach described above is slight adaptation of that contained in McKendry's paper, which is orientated towards sectors in an individual country rather than global issues like trade. Spicer (2001), annex 3, contains an example.

4. UK Policies, Objectives and Activities on Trade and Development, 1990-April 1997

4.1.1 This section looks at ODA stated policies, objectives and activities on trade⁷. It is divided into two periods: 1990-95, and 1995-97.

1990-1995

4.1.2 ODA paid little attention to trade in the period up to 1995. Only one Ministerial speech (Chalker, 1993) explicitly referring to trade was made. Using this, key informant interviews, file reviews, project data and the summary of ODA's approach contained in the 1995 Fundamental Expenditure Review (FER), it has been possible, nevertheless, to build up a picture of ODA's involvement in trade issues.

4.1.3 In general, explicit connections between macroeconomic reforms promoting economic growth (including trade liberalisation), and their impact at ground level were not made in ODA in the first half of the 1990s. In line with the "Bretton Woods consensus", to which ODA subscribed, trade was seen as one of a number of non-aid instruments that could facilitate development. ODA's role was to encourage developing countries to open up their economies, so that they could gain from greater investment and increased exports, and to participate in the Uruguay Round of the General Agreement on Trade and Tariffs (GATT). Other issues, such as European Community (EC) trade policy or the way GATT operated, were largely left to other Government Departments.

4.1.4 This meant that ODA had little involvement in Whitehall⁸ discussions in the first half of the 1990s, and largely limited its involvement to discussions on Lomé renegotiations, informing the FCO's input. For example, in the Lomé renegotiations, 1989-90, it was the FCO which commented on the Commission's final proposal and outlined the UK's negotiating position. The FCO led discussions with the UK Representative Office (UKRep) in Brussels and corresponded with The Department for Trade and Industry (DTI) on trade issues and the Ministry of Agriculture, Food and Fisheries (MAFF) on agriculture.

4.1.5 Key informants agree that this reflected ODA's position as one "wing" within the Foreign and Commonwealth Office (FCO), and second to FCO interests, whose Secretary of State, a member of Cabinet, was senior to ODA's Minister, who was not a member of Cabinet. ODA's status as an aid administration meant that its principal focus was on delivering aid through country programmes and its structure reflected this. Two key informants from other Government Departments mentioned how difficult it was to find anyone in ODA who was interested or able to discuss cross-cutting issues such as commodity prices.

⁷ The study focuses on areas where the organisation has sought directly to improve the environment in which trade takes place both within individual developing countries or at regional/world level. It does not cover ODA's Aid and Trade Provision since it did not fit into this definition.

⁸ Whitehall, the street in London where a number of Government Departments are located, is commonly used as short-hand for "the British Civil Service" or "Central Government Departments"

4.1.6 In addition, historically, there had been less need for support from ODA to developing countries on trade issues. EC trade with developing countries is a good example. The four Lomé Conventions had, since 1975, linked the EC through trade, aid and institutional development, to 70 countries in Africa, the Caribbean and the Pacific (ACP). Stevens (1996) reports that in 1975 there was reasonable parity of power between the EU and ACP in trade, so ACP countries secured significant benefits from EC trade concessions. The European Development Fund, set up to deliver aid to signatories of the Lomé Convention, also provided significant aid benefits to these countries relative to the EC's, mostly richer, other aid recipients. More generally, most developing countries had had largely closed economies and had limited their involvement in multilateral trade negotiations within GATT to obtaining preferential access to industrial country markets (Martin and Winters, 1996, p1).

4.1.7 ODA's trade-related expenditures at the beginning of the 1990s reflected the limited role in broader trade issues. Indicative⁹ data in Table 1, taken from DFID's Performance Reporting Information System for Management (PRISM) shows the distribution of trade-related projects during the period 1990-97 (a full list of the projects is contained at Annex 4). This period is broken up into roughly two equal halves in order to gain a feel for trends over time. Trade-related projects are divided up into 9 separate categories, listed at the bottom of Table 1.

4.1.8 Expenditures on trade-related projects in the four years 1990-93 inclusive came to just under £17 million covering 27 projects in five of the nine categories. They were mostly concentrated in export promotion (category 5) activities (83% of expenditure), generally related to particular export crops. Most of the remaining expenditure (17%) was on activities relating to trade and the private sector (category 6). Virtually all of this comprised grants to DECTA for the provision of trade information to developing countries and the

⁹ Data in Table 1 should only be used as an indication of actual expenditures on trade-related activities. DFID's data systems are unable to provide data on total expenditure that took place in a particular period. Instead, the whole of a project's expenditure is allocated to the period in which spending commenced, which means that some of the expenditure may have occurred after the period end. Whilst this will introduce some biases and inconsistencies into the data, this approach should still assist us to see how areas of trade-related expenditure changed over time.

TABLE 1: ODA PROJECTS BY TYPE AND EXPENDITURE, 1990-1997																					
PERIOD	1990-1993 inclusive							1994-April 1997							TOTAL 1990- 1997						
	1	2	3	4	5	6	7	8	9	TOTAL	1	2	3	4		5	6	7	8	9	TOTAL
Category of Activity	1	2	3	4	5	6	7	8	9	TOTAL	1	2	3	4	5	6	7	8	9	TOTAL	
Projects	1	0	0	5	12	7	2	0	0	27	1	3	0	6	13	9	9	2	0	43	70
Expenditure (£'s)	43	0	0	74	13,869	2,797	20	0	0	16,803	6	937	0	106	9,889	1,573	125	29	0	12,665	29,468
% total exp	0	0	0	0	83	17	0	0	0	100	0	7	0	1	78	12	1	0	0	100	
KEY	1 Developing Trade Policy and Negotiations Capacity																				
	2 Ethical Trade Projects																				
	3 WTO Accession																				
	4 Trade Research, whether general (including ESCOR), or on behalf of a country or organisation (eg EU) but excluding DFID																				
	5 Export Promotion																				
	6 Trade and the Private Sector																				
	7 Training on Trade for people from developing countries																				
	8 UK capacity-building and dissemination																				
	9 Promoting Regional or World Trade																				
	Note – errors due to rounding																				

4.1.9 identification of future opportunities for trade promotion projects. Only nine of the 27 projects came outside these two categories. These were concentrated into just three categories. This distribution of expenditure suggests that the focus of ODA's trade-related projects at the beginning of the 1990s was on the stakeholders (firms and households) found in the bottom half of Figure 1 above, largely relating to Group B interests, using Kanbur's typology.

1995-97: A Shift in Emphasis

4.1.10 The period 1995-97 saw a shift in approach. The 1995 Fundamental Expenditure Review (FER) recommended that ODA should become development organisation rather than an aid administration. It argued that ODA had built up expertise on a wide range of development issues, including non-aid instruments, and had the capacity and contacts to be influential in non-aid fora. The FER advocated improved coordination between key Whitehall Departments (ODA, 1975, pp 29-31).

4.1.11 The multilateral trade environment had also changed. Many developing countries had been active participants in the Uruguay Round (1979-94), particularly towards the end of the period (Martin and Winters, 1996, p1). By the mid-1990s there were a number of reports such as the 1996 UNCTAD Trade and Development Report, which suggested that there was potential for developing countries to increase economic growth through opening up their economies more. The benefits would be greatly increased if developed countries adopted a less protectionist stance. Another reason why the benefits had been small so far was the fact that the multilateral trading system had been established by developed countries and largely reflected their interests. Page and Davenport (1994) made extensive estimates of the potential impact of the GATT Uruguay Round of multilateral trade negotiations and agreements on developing countries. They found that the quantifiable effects were on average positive, but insignificant in size (just 1.4% for developing countries as a whole) and for some sectors and groups uncertain in sign. Writing a little later, Martin and Winters (1996) seemed more positive about the benefits of the Uruguay Round for developing countries. They particularly stressed the more active involvement of developing countries in that Round when compared to previous ones. Their survey of three sets of estimates of the annual benefits of the Uruguay Round yielded estimates of the annual benefit to developing countries ranging from 0.30% to 2.6% of GDP.

4.1.12 Whilst estimates of the impact of the Uruguay Round varied, what the authors of these and other papers (See, for instance, Wang and Winters(1997) and Stevens (1996, 1997a and 1997b) were agreed upon was that where developing countries had gained in the past, it was often through being granted significant preferences against otherwise high tariffs. This was particularly true for ACP countries. However, these preferences had been eroded by successive multilateral trade rounds and would be eroded further in the next round, particularly in agriculture. This next round would also extend multilateral trade negotiations into new areas, such as services and might lead to consideration of other topics, such as labour standards or the environment. Thus developing

countries needed to become more involved in multilateral trade negotiations in order to ensure that their interests were taken into account. This, however, would involve offering concessions in return and it would be important that developing countries adopted a strategic approach towards trade negotiations.

4.1.13 ODA officials working in European Union Department (EUD) were particularly conscious of these changes. The circumstances in which the first Lomé Convention was reached in 1975 no longer pertained, and both the value of the aid package and the trade concessions granted by the current, fourth, Lomé convention were less beneficial than in 1975. In addition, the Lomé convention was under threat as it was incompatible with World Trade Organisation (WTO) rules on preferences: membership of the ACP was not based on objective criteria such as income, but on the basis of historical relationships between EU member countries and certain low and middle income countries (Stephens, 1996). The implication was that when the fourth Lomé Convention expired in 2000, it would probably be replaced by something quite different, if at all. Moreover, in Post-Lomé negotiations, the aid and trade elements would very likely be considered together, with the possibility of trade-offs from one to another.

4.1.14 The above evidence suggests that by the mid-1990s the relevance of trade to ODA's work was much greater than it had been in the past. At the very least, there was a case for becoming involved in trade issues in post-Lomé discussions, and there was a good case for broadening this involvement to cover the whole multilateral trade environment. The result was that ODA's greater involvement in trade issues within Whitehall started from deliberations within EUD. EUD's work largely involves dealing with general issues related to large programmes with limited detail. In addition the contact that ODA officials had with trade literature (the sources or authors mentioned above were those mentioned by key informants working on EC or international issues at the time) meant that ODA entered the wider debate on trade-related issues from a Group A perspective, rather than a Group B one.

4.1.15 ODA's greater role in trade-related issues became formalised as part of the fourth of Four Aims (building on the FER's recommendations), introduced in 1996, which was: "To promote international policies for sustainable development and improve the effectiveness of multilateral development institutions". Aim 4 recognised ODA's broader role as a development agency and not just as an aid provider. It, therefore, covered wider policy issues (trade, investment, food security, migration and debt). Yet, this policy does not seem to have been converted into more formal, time-bound objectives.

4.1.16 Files and key informant interviews also suggest that ODA was only able to allocate minimal additional resources to covering Aim 4 issues. Country programmes were expected to cover them as part of their existing work. At the centre, the developing interest in trade issues led to the funding of some research and the creation of a new Trade and Development Unit within EUD in September 1996. This provided a two-person secretariat to coordinate discussions on Aim 4 issues to comment on coverage of Aim 4 issues in departments' business plans and draft Country Strategy Papers.

4.1.17 The first Aim 4 Progress Report, which covered the year prior to April 1997, reported that coverage of the wider policy issues listed above was “very patchy”, with no discussion at all in two-thirds of geographical Business Plans and trade and investment being mentioned in only two. The conclusion of the Review was that this patchy coverage was due to this being a relatively new area. People working on country programmes needed to be persuaded of the relevance of wider international policies to their work. This suggests that, in practice, where ODA covered trade and investment issues, it did so largely as central policy issues.

4.1.18 This is reflected in the data on trade-related activities in Table 1 covering roughly the same period. In the period 1994-April 1997 inclusive there was an increase in the number of projects, from 27 in the earlier four year period to 43 in this slightly shorter period, although expenditure fell from £16.8 million to £12.7 million. These projects covered seven of the nine categories, thus representing a broadening of activities. New areas were ethical trade projects and two small activities aimed at building ODA capacity, reflecting a desire to be better informed on strategic issues. In spite of this, export promotion (category 5) activities were still, by far, the main area of focus with 78% of expenditure covering 13 projects. The second highest share was also still trade and the private sector (category 6); its share fell from 17% to 12% although the number of projects increased from six to nine. Thus, although ODA's policy stance was shifting slightly, its trade-related expenditures reveal a similar composition to the previous period.

4.1.19 At central level the Aim 4 Progress Report states that ODA pursued a number of areas related to trade and investment. It worked with the DTI on the UK position for the proposed Multilateral Agreement on Investment (MAI), which was opposed by many developing countries because they feared WTO rules would guarantee investors rights without corresponding obligations to meet those of the host country. ODA's United Nations and Commonwealth Department (UNCD) also worked with DTI on the reform of UNCTAD. ODA was also attempting to influence the UK position on the future of the Lomé Convention (see Box 2). In addition, ODA was attempting to influence the UK position for the June 1997 WTO High Level Meeting for Least Developed Countries.

4.1.20 Whilst ODA did have a voice in discussions on the future of the Lomé Convention, elsewhere ODA's attempts to persuade other Departments to make greater reference to developing countries had limited impact. ODA took an interest in drafts of the Government's Trade White Paper. Yet a review of the files suggests that ODA's involvement was minimal. ODA attended meetings of the influential inter-Departmental Trade Policy Group, but the recollections of key informants from other Departments is that ODA made little contribution to discussions. Finally, ODA attempted to influence the UK position in the WTO Singapore Ministerial in December 1996, but was excluded from the UK delegation.

4.1.21 One key informant has stated that exclusion from the Singapore Ministerial confirmed that for ODA to be taken seriously in Whitehall discussions it needed to become better informed about trade issues. Much greater external inputs were sought, with research papers commissioned, for instance, on the

linkages between the EC Trade and Development policies and the Common Agricultural Policy. The final paper informed the newly-created DFID and other government Departments on possible positive and negative impacts of CAP reform on developing countries and made suggestions on how to mitigate the most negative short-term ones (Stevens, Kennan and Yates, 1997).

BOX 2: REACHING AGREEMENT ON THE UK POSITION ON THE FUTURE OF THE LOMÉ CONVENTION

The Lomé Convention provided a framework for relations between the EU and 71 countries of Africa, Caribbean and Pacific regions (ACP). The Convention was renegotiated every ten years. ODA had, in the past, focused on the aid aspects of negotiations. However for the negotiations for a successor to Lomé 4, which was due to expire in March 2000, ODA took a more active interest in the trade aspects. ODA used its position as the main agency dealing with the aid aspects of Lomé to widen discussions to cover the trade aspects as well. The entry point was a note to other Departments of draft objectives in September 1996. This attracted some written responses, most arguing for more discussion before considering objectives.

ODA seems to have mostly focused during the next few months on working with the FCO on a joint position. The files contain minutes detailing ODA's evolving thinking (but not the FCO's responses). Face-to-face discussions also took place. From the files, interviews, and academic research which ODA was aware of, it is evident that a major concern was the fact that Lomé was incompatible with WTO because it was non-reciprocal and discriminatory (some poor countries were not part of the ACP grouping and hence did not have access to the preferences conferred under Lomé). ODA initially (c. February 1997) suggested a UK position favouring modifying Lomé so that the excluded countries were brought into the agreement, with access being in three tiers, based on income. DTI showed some sympathy for this approach, but the Treasury opposed it on the basis that all preferences were distortionary and should be phased out for all but the least developed countries. MAFF argued that there was no need to change the *status quo* and was concerned that enhancing market access would increase supplies of CAP products into EU markets. By the time of the May General Election, the UK position had not been agreed.

Discussions continued after the elections. The new department, DFID, in line with academic thinking (eg Stevens, 1996, 1997a), saw merit in phased Regional Trade Agreements (RTAs) between the EU and groups of developing countries. This would enable the EU to offer enhanced preferences on the basis of income (Least Developed Countries would continue to receive existing preferences), but still enable non-Least Developed Countries to negotiate their own as part of an RTA, rather than lose them altogether. This approach would be WTO-consistent.

This was eventually adopted as the UK position, by which time the EU was looking to adopt it as the agreed approach in any case. Prompted by DFID, the UK sought and secured agreement that there should be a five year grace period to allow sufficient time for ACP economies to adjust to the new arrangements. ACP countries would continue to benefit from the existing preferences for a further five years after the end of the Fourth Lomé agreement in 2000.

4.1.22 The analytical framework expounded in section 3 above, when linked to comments from key informants working outside ODA, provides a plausible explanation for ODA's limited success in inter-departmental fora. ODA had a poor reputation (see box 3). It seems reasonable to say that the organisation had **negligible position power**. The institutional set-up was one in which it fed its views through the FCO, rather than in its own right. The resulting policy line across government was that developing countries would benefit from a greater opening up of world trade, with little consideration of whether the multilateral

trade environment facilitated this. The exception to this was in the Lomé discussions, where ODA's involvement in aid aspects gave it an entry point into discussions on trade (see Box 2). ODA's **resource power was also weak**: departmental financial resources to devote to trade issues were limited. It had **little expert power**; its ideas were regarded as being based on an incomplete assessment of the facts and DFID staff interviewed agreed that their knowledge base was limited. It did, however, start to do something about this towards the end of the period by commissioning some research and making contact with academics and academic literature. Finally, ODA had **limited person power**. Staff working on trade issues were few in number (about three or four, but none full time) and had other higher priority responsibilities.

Box 3: ODA/DFID's reputation in Whitehall, circa 1997

"useless"

"arrogant and inept"

"Evangelical"

"a pain"

"Department for NGOs"

"Team that wanted to do a lot with no experience."

4.1.23 One possible explanation for ODA's limited expert power is that it did not have enough knowledge (in negotiation terminology "objective facts") to convince others of its case. The negotiations on the future of Lomé illustrate this point (see Box 2). Key informants in other Departments formed the impression that ODA was still learning about the issues relevant to the trade aspects of Lomé.

4.1.24 A review of the files and interviews with key informants who were working for ODA at the time is consistent with such a view. ODA had started to form contacts with academics, but had not yet allocated sufficient financial resources to commission research in depth. Trade issues also cover very wide and complex areas, so that even if the financial resources had been available, it would have taken time for ODA staff to build up knowledge. Furthermore, staff time was in short supply. Few staff at the centre directly covered trade and staff working on country programmes saw trade issues as a low priority.

4.1.25 In sum, the inputs were probably insufficient to secure the outcomes desired. Thus ODA's efforts did not get much beyond raising awareness of developing country issues; it did not bring about noticeable change in the approach of other Departments.

4.1.26 In spite of this, the work undertaken in developing contacts and gaining knowledge was not wasted and may even have been a prerequisite if ODA were to have an impact in future. An examination of the files, supplemented by key informant interviews reveals that during this period ODA staff had built up knowledge of potential allies in other government Departments.

4.1.27 In terms of Figure 3, DFID later reaped substantial benefits from ODA's awareness-raising activities, the development of contacts and its "learning by doing" (see below). An example of the difference this made is in discussions on CAP reform, where within a month of the creation of the new Department the Secretary of State and DFID officials made interventions on CAP reform and

were working with MAFF on a Cabinet paper. DFID was able to respond to the Secretary of State's request for information by providing briefing on the interests of other Departments. One key informant offered as a contrast the issue of tied aid, where DFID had weaker links with other Departments and had a more limited understanding of the issues and views of stakeholders. Thus it took longer to make an impact on inter-departmental discussions.

4.1.28 There are a number of **lessons learned** from ODA's attempts to influence trade issues in this period:

- a. To have an impact in a new area, policy statements need to be backed up by freeing up staff time and financial resources to pursue them;**
- b. A weak knowledge base limits the impact an organisation entering a new area can have;**
- c. Work undertaken in developing a knowledge base and establishing contacts can still be worthwhile, even if there are constraints on effecting change. If the constraints are removed in the future, these previous efforts reduce the time it takes to reach a position of "influencing in partnership".**

5. DFID's Trade-Related Policies, Objectives and Activities: 1997- 2001

5.1 The Two White Papers: Developing Coherence Between Trade and Development Policies

5.1.1 The creation of a new government Department, DFID, following the 1997 General Election, had a significant impact on the ability of its officials to become involved in trade issues. As the DAC Peer Review of the UK Development Co-operation Policies and Programmes recognises, ODA was transformed from a semi-autonomous aid administration agency within the FCO to a separate government department "with a highly ambitious mandate... .. charged with galvanising international efforts in support of poverty reduction by 'engaging with and influencing' others" (DAC, 2001, p9). DFID officials could now attend trade meetings in their own right, rather than as the junior Wing of the FCO, and benefited from the fact that it had a Cabinet Minister. She came to the new Department with views on trade similar to those which had influenced the officials which would now be working for her. In a speech made in February 1997, just before the General Election, she stressed the need: for coherence between trade and development; to manage globalisation to ensure that the benefits went to the people; to reform the WTO so that it benefited developing countries more; and to look at development holistically rather than to simply equate it with aid. On post-Lomé issues, she favoured a phasing of reciprocity and felt that a further WTO waiver should not be difficult to obtain (Labour Party, 1997)¹⁰

5.1.2 Key informants from other government departments noticed an immediate change in approach, from a passive to a more proactive one. The organisation also became known outside the UK. A key informant from UKMIS and one from an international body both mentioned that their first contact with ODA/DFID came soon after the new Department was created.

5.1.3 The new government came to power with a manifesto commitment to tackling global poverty and placing development issues higher on the political agenda. Its principle of "joined-up" government meant that trade and development issues should be looked at together.

5.1.4 The ways in which DFID and other government Departments aim to tackle world poverty are set out in the first and second government White Papers on International Development (HMG, 1997 and 2000). With regard to trade, these White Papers take the stance that increased international trade and investment can contribute towards the Government's commitment to refocus its international development efforts on the elimination of world poverty, but that increased attention needs to be paid to ensuring that the benefits of this process reach developing countries and poor people. They commit the government to helping developing countries to become more integrated into the multilateral trade system, to promoting equitable trade rules, to support developing countries'

¹⁰ The statement issued at the speech covered EU issues. Reporting of other issues covered is taken from ODA files. Throughout this report, references to DFID's Secretary of State generally refer to Clare Short, who was DFID's Secretary of State over the period from May 1997 to May 2003

efforts to reduce trade barriers, and to improve the capacity of developing countries to take advantage of new opportunities.

5.1.5 The process of writing the White Papers greatly increased the coherence of trade and development policies within government. Key informants from both DFID and other Government Departments identify the writing of them as an important device for bringing Departments closer together and reaching broad agreement on a wide range of policies on trade, agriculture and investment. (Exchanges of minutes, letters and e-mails on DFID's files confirm that there was significant inter-Departmental collaboration on the writing of the White Papers, particularly the second one.) Thus, whereas ODA's advocacy efforts had, in effect, largely stopped at the level of awareness raising, DFID's relationship with other Departments quickly developed into more of an "influencing partnership" which explored areas of common interest. In Davies' terminology, advocacy was now being combined with capacity-building.

5.1.6 As before, these policies largely reflect Group A perspectives, and officials who had been working in EUD at the time that ODA started becoming interested in trade-related issues played a significant part in writing the trade sections of both white papers. Given this history, and the perspective of the Secretary of State, it is perhaps not surprising that DFID's involvement in trade-related issues has taken the form of working from the centre to change the way the multilateral trade environment operates, rather than, for instance, increasing the number of projects with a trade focus within country programmes. Where trade-related projects were to be established, the emphasis in the White Papers and in speeches made by the Secretary of State has been on building trade-related capacity within developing countries, in contrast to ODA's narrower focus on promoting the exports of particular goods or products.

5.1.7 Within DFID, responsibility for taking forward the new trade agenda outlined in the first White Paper was conferred on a new department, International Economic Policy Department (IEPD, now called International Trade Department, ITD) created in December 1997 and devoted purely to working on trade and investment issues. It should not be forgotten, however, that a number of other divisions/departments had already been involved in trade-related issues for many years, covering the full range of stakeholders in Figure 1. The work of Rural Livelihoods and Environment Division covers a number of areas in which trade-related issues impinge: phytosanitary standards; wildlife; agriculture; ethical trade; Trade Related Intellectual Policy Agreements (TRIPs) and forestry. Health and Population Division (HPD) is deeply involved in areas related to TRIPs and pharmaceutical pricing. There are links between trade and the work Social Development Department (SDD) does on labour standards. EUD works with ITD on food security issues. Enterprise Development Department (EDD) staff have contacts with private sector organisations which could be linked up with those working on trade issues. In 2000 Investment and Competition issues were split from ITD and transferred to the newly created Private Sector Policy Department (PSPD), which is also involved in ethical trade (previously covered by EDD).

5.1.8 During the course of this study, discussions have been held with staff from several of these departments. Nevertheless, the focus is largely on the lead

provided by IEPD/ITD in pursuing the trade-related elements of the two White Papers. One conclusion is that the creation of this department solely covering trade issues has meant that DFID can devote more staff time to trade issues. However, because a number of other DFID departments also have an interest in trade-related issues, there have been some weaknesses in the coherence of DFID's approach to trade. Trade-related objectives in DFID are set by these individual departments rather than agreed across DFID as a whole. They are also generally not SMART (specific, measurable, attributable, realistic and time-bound). Nevertheless, coherence, both in setting trade-related objectives and pursuing them, is improving and leading to reductions in duplication and overlap. Finally, DFID's trade-related work with other Government Departments and donors has benefited from the use of good practice approaches in influencing and negotiation skills.

5.2 Setting Trade-Related Objectives Within DFID

5.2.1 IEPD's purpose was stated in its first Policy and Resources Plan (PARP), written in January 1998, as:

- a. To ensure that the Government's international policies on trade, agriculture and investment take account of its development objectives;
- b. To help promote these policies, both within the EU and in multilateral fora;
- c. To promote the development of trade capacity in developing countries.

5.2.2 This list was later put more concisely (by the then Head of IEPD in a letter to UKMIS, the UK Mission in Geneva in May 1998) as:

- a. Promoting the capacity of developing countries to participate effectively in the rules-based multilateral trade system;
- b. Promoting their capacity to trade successfully, and to attract investment.

5.2.3 The first of these involves changing the multilateral trade environment so that it reflects the interests of developing countries better, whilst the second involves increasing their capacity to benefit from greater trade openness. ITD staff report that this broad division has been maintained subsequently, with about 75% of effort being devoted to the former and 25% to the latter.

5.2.4 The first PARP refers to developmental objectives, but not to the broader objectives of the Department. In particular, there is no mention of poverty reduction. The third PARP (it has not been possible to find the second PARP) mentions poverty reduction once, as one pillar (out of four) of IEPD's mission, namely, "support and encourage features of 'globalisation' which promote growth and poverty reduction in developing countries". Yet the PARP contains no details on how this would be done.

5.2.5 Subsequent PARPs do take a broader perspective. In the fourth PARP, written towards the end of 2000, and the first to be written after IEPD's renaming to International Trade Department (ITD), ITD's mission has been condensed into

a single sentence, namely, “to promote greater participation in international trade by poor people and countries, and to increase the benefits and minimise the costs of international trade to the poor.” Some of the ways in which this is reflected in objectives are through: building capacity in developing countries to pursue pro-poor trade reforms; and the articulation of trade in Poverty Reduction Strategy Papers (PRSPs).

5.2.6 The quality of the objectives, measured in terms of whether they are “SMART” (specific, measurable, attributable, realistic and time-bound) has improved through time. The objectives in the first PARP were very general and not time bound. It should be borne in mind, however, that the PARP was written soon after IEPD had been set up and was still finding out about issues. It is also clear from the files that it was produced in a hurry in order to be included in the general assessment of resource bids.

5.2.7 IEPD's third PARP compares achievement against expected performance from the previous year. Yet, the expected performances were not time-bound, quantified or qualitative. The same is true of the indicators of achievement for the four objectives for the then forthcoming three year period (2000/01 to 2002/03). The first ITD PARP, written in late-2000 is an improvement on the previous three PARPs. Each objective is supported by: an assessment of the modalities through which it will be pursued (research, dialogue etc); a time-bound quantitative (but not qualitative) indicator of achievement; and a brief assessment of risks. This has been supplemented in one area, by “Defining a Development Round”, a document which lists the outcomes ITD is seeking in the next round of WTO trade negotiations. Findings are similar from a review of the trade-related objectives of PARPs of other departments, specifically, RLD, SDD and HPD (see below). In general, objectives are not SMART, but quality has improved over time.

5.2.8 A similar trend of improvements over time is evident when looking at the coherence of objectives. The first IEPD PARP does not mention the role advisory groups and non-country DFID departments might play in pursuing DFID's trade-related objectives. Neither did other departments participate in an inter-Departmental meeting, held in June 1998, to consider IEPD's work programme. Mention is made in the PARP of IEPD's weak institutional capacity and shortage of policy skills, but there is no mention of how other departments might fill this gap. The third and fourth PARPs are also silent on the links to other non-country departments. For instance, one of the objectives in the fourth PARP is “Advance developing country interests in the agriculture negotiations”, with the first modality being “ITD inputs to Whitehall policy-making and EU positions”. There is no acknowledgement of the interest Rural Livelihoods and Environment Division would have in this subject or of the contribution it might make.

5.2.9 Coherence of objectives works two ways. A review of some PARPs from three other central DFID departments with a potential interest in trade-related affairs, Social Development Department (SDD), Rural Livelihoods Department (RLD) and Health and Population Department (HPD) reveals few mentions of possible links with IEPD.

5.2.10 The SDD PARPS produced in December 1998 and December 1999 contain objectives relating to ethical trading initiatives and Core Labour Standards. These involved working with other Government Departments, including, on ethical trade, with Trade Policy Department in the DTI, IEPD/ITD's main interlocutor outside DFID. Within DFID work on ethical trade involved frequent contact with the DFID's Business Partnerships Unit, but not with IEPD. A lack of links with IEPD is also found in both HPD's December 1998 PARP and RLD's December 1999 PARP. HPD's PARP does not mention intellectual property issues. RLD's PARP focuses on sustainable livelihoods. Within this context the dependence of many poor people on the natural resources production is mentioned, but not the links to international trade.

5.2.11 A reading of these PARPS, when coupled with interviews with key informants from these departments suggests two possible explanatory factors for the lack of links in these documents between the work of these departments and that of IEPD. Firstly, it is clear from reading the PARPs that these departments were very busy implementing other aspects of the first White Paper, as well as devoting a lot of time towards writing or contributing to Institutional Strategy Papers (ISPs) and Target Strategy Papers (TSPs)¹¹. All the departments reviewed led on some of these and were expected to contribute to others. Secondly, it may reflect the existing perspectives of people working in these departments. The issues of interest to people in these departments are more likely to be Group B (for example, human rights, crop production and AIDS prevention) than Group A using Kanbur's typology. Some key informants in SDD and RLD expressed frustration that trade-related issues of interest to them, such as labour and the structure of individual agricultural markets, did not have a higher profile within DFID.

5.2.12 Later PARPS reflect a much greater awareness of possible links between the work of these three departments and trade. The current SDD PARP includes "Trade – making it work for poor people" as one of its three strategic thematic priorities. HPD objectives now include working in a number of trade-related areas. The current PARP mentions: Trade Related Intellectual Property Agreements (TRIPS); access to and pricing of medicines; R&D incentives and work with industry.

5.2.13 There is a similar story to tell on the coherence between the centre and geographical units. The first IEPD PARP recognises a potential role for geographical units. In later PARPs this relationship is established as being to promote trade-related capacity building projects in country programmes, although both the third and fourth PARPS are silent about the means through which IEPD/ITD would make its contribution. There is no mention of the role ITD might have working with country programmes to help them mainstream trade issues into the poverty reduction strategies of recipient countries; instead this is to be done through links with the World Bank.

5.2.14 In sum, there are gaps in the coherence of DFID's objectives in the area of trade, although these are being closed. Links between the objectives of

¹¹ ISPs set out DFID's objectives in working with multilateral institutions. TSPs set out DFID's strategies for meeting the International Development Targets.

IEPD/ITD and those contained in the PARPs of other central departments are limited, although at least the latter are more likely to mention trade-related issues now than in the past. IEPD/ITD's emphasis in its PARPs has been more on establishing links with organisations outside DFID and DFID country programmes. The link with country programmes comes in the area of capacity-building programmes; IEPD/ITD's objectives for links with country programmes do not seem to extend beyond this. On the whole, the lesson learned for DFID is that **objective-setting on a departmental basis runs the risk that DFID-wide interest will be under-emphasised or will not be treated coherently across departments.** This risk is likely to be greatest at a time when departments' activities comprise a number of high-priority strategic objectives in their core or traditional areas of work. In such situations, work in new areas is likely to be regarded as of lower priority.

5.3 Pursuing Objectives

5.3.1 The previous section on DFID's trade-related objectives, outlines how it was largely IEPD which took the lead in setting DFID's trade-related objectives. IEPD's initial objectives were broad and general. Its first PARP recognised that it would not be possible to cover all areas. The decision on which issues to focus on immediately and which to leave until later was greatly informed by the earlier collaboration on the White Paper. IEPD's knowledge base was further strengthened by discussions with other Government Departments, NGOs, people working in Geneva and the World Bank amongst others. Where this revealed gaps in knowledge additional research was commissioned.

5.3.2 In addition, IEPD staff worked on an internal paper during much of 1998 in which they took a more systematic look at key issues in order to arrive at an informed position on them. This paper was later discussed in the inter-Departmental Trade Policy Group (TPG). (Unfortunately, neither the paper nor the record of the TPG discussions are on DFID's files.) IEPD/ITD's role within this group has developed from one where it made limited interventions to being a major source of expert power (DFID's knowledge of the capacity-constraints facing developing countries, for example), and resource power (DFID has the resources to commission research, whereas DTI does not). Further details are contained in Box 4. Following the failure to reach agreement on a new trade round in Seattle in November 2000, DFID's role in inter-Departmental policy and strategy formulation was greatly heightened because of its knowledge of developing countries, and the resources it could use to increase Whitehall's knowledge-base.

Box 4: Minutes of Trade Policy Group (TPG), 1998-2000: what they reveal about DFID's changing role within Whitehall

Minutes of meetings are useful information sources since they record actual preoccupations, rather than stated strategies or ex-post justifications of actions. The inter-Departmental TPG discusses papers produced by Departments on different aspects of trade policy and also receives oral updates on recent developments. The discussions inform policy and strategy formulation. Frequency has increased over time to about once per month.

The 1998 TPG minutes suggest that DFID was still establishing itself as a Department which could contribute to trade policy. DFID was not represented at the first meeting of the year and discussions hardly mentioned developing countries. In subsequent minutes, there are more references to developing countries in discussions. Yet even where preparations for the WTO Seattle Ministerial were discussed, developed country issues dominated. The new trade round was discussed in terms of UK and the "Rest of the World".

In 1999, DFID's role extended to writing papers for discussion. In the January meeting, the TPG discussed a joint DFID/DTI paper on trade and development. Nevertheless, the paper on "Least Developed Countries: The Implications of Seattle", discussed at the December 1999 meeting, was written solely by the DTI. A footnote in this paper mentions that representatives from a number of Departments, but not DFID, had met that month to discuss the need for a coordinated approach among international institutions towards developing country capacity-building, and for developing country participation in the broader globalisation debate. There is no mention of DFID in the paper. DFID had, however, become involved in sub-groups, for instance on investment, and the economists' group.

The failure to reach agreement on a new round in Seattle appears to have greatly increased DFID's profile within the TPG. In 2000 a number of papers on developing country interests and how to bring them more into the multilateral trading system were discussed. This reflected a much greater role for DFID in the drafting of papers. DFID also featured more prominently in discussions and as a source of information on developing country views. For instance the minutes of the November 2000 meeting record several DFID inputs into the debate on a joint DTI/DFID paper on addressing developing country concerns in the New Round. The existence of this paper is evidence of the extent to which developing country agenda were now being taken into account. Also the fact that it is a joint paper is evidence of the extent to which DTI was becoming more aware of developing country interests. Other examples of joint DFID/DTI papers are ones on special and differential treatment and on building developing country confidence,

Throughout the year 2000, the TPG minutes reveal an increasing interest in trade-related capacity-building by other Departments, leading to the production of a DFID paper on Policy Coherence and Trade-related capacity-building, discussed at the end of the year. DTI/FCO/HMT comments all reflected much interest and a desire for more to be done to build up confidence that Developed Countries were serious about helping to build capacity, and of the need to meet interests of LDCs.

Changing the Multilateral Trade Environment

5.3.3 Within specific areas the approach to pursuing objectives has been based on developing detailed background knowledge. In both the case studies in Box 5, which gives two examples of work undertaken as part of IEPD/ITD's efforts to change the multilateral trade environment, DFID built up a sound knowledge base before entering into discussions with other Departments on areas new to DFID. (This approach has been taken a step further by PSPD, which has produced a position paper on investment and competition.) Both cases reveal that DFID had moved from a position of lobbying on behalf of developing countries to more of a capacity-building role within government (Box 4 also traces this shift in DFID's role in the TPG). It does this through its access to financial resources for research (expert and resource power) and the time its staff have to devote to developing strategy and making contacts in Geneva (person power),

The result was that the background papers served as a means of awareness-raising amongst other Departments. The **lesson learned** is that **an organisation's influencing objectives are more likely to be achieved when it has something to contribute that other organisations need.**

Box 5: Case Studies: Entering New Areas

Services

ITD only started working on Services in September 2000. It was part of the "built-in agenda" for the next round of trade negotiations, which were expected to be launched at the Seattle Ministerial in November 2000. ITD started from a position of little knowledge of the topic. It had been regarded as low priority because developing countries were generally against inclusion of services in WTO. However, recently India had written a paper about the movement of labour. Linking liberalisation of services to increased labour mobility now gave developing countries a possible benefit from the discussions on services in WTO.

To find out what the key issues were the ITD desk officer spent five months gathering information. This confirmed that there were issues of importance for developing countries. Once an initial overview of the area had been gained the ITD desk officer contacted her opposite number in DTI to discuss the key issues and agree on areas of research to be financed by DFID. Further consultations with other Departments followed and with their agreement, she also engaged in discussions with representatives from developing country WTO/UNCTAD missions in Geneva, being joined by DTI officials for some meetings, but often participating alone because of her DTI colleagues' time constraints.

Special and Differential Treatment

Prior to the Uruguay Round developing country members of GATT had had little integration into the world trade system and were not expected to make any commitments. During the Uruguay Round there was general agreement that rules should be universal. Hence developing countries started joining the mainstream, but the concept of Special and Differential Treatment (S&DT) evolved, which allowed developing countries to be treated differently in the implementing agreements. In time, however, for different reasons many developing and developed countries became dissatisfied with S&DT.

When ITD focused on this subject in 2000 they had no knowledge of the area and so engaged in a period of informal discussions and the sharing of knowledge with DTI and others (including NGOs, WTO, OECD, developed and developing countries). Very quickly, both Departments realised that they had similar views and wrote a joint policy paper for consideration by the Trade Policy Group in May 2001, which mandated the two Departments to produce a shorter version of the paper to be considered by the European Commission. Many of the ideas were then taken up by the EU in Geneva discussions on S&DT and in developing approaches to competition and investment agreements in the WTO.

5.3.4 Box 6 on the EC's Everything But Arms (EBA) proposal gives an example of a negotiation process between departments (see also Spicer 2001, pp 32-33). DFID's negotiation position was strengthened by its research, allowing it (and DTI and FCO) to base discussions on objective criteria rather than lobbying by UK industry. This research also provided it with a "statement of change" ie a statement of the current situation and its likely future state after the proposed changes have been introduced. This is in contrast to the process described in Box 2 above where discussions on the UK position towards the Lomé Convention took place largely on the basis of opinions and prior positions rather than on the merits of written arguments. This example also shows the benefit of using established networks as well as understanding and attempting to accommodate different stakeholders' interests. **A lesson learned from the examples in both**

Box 5 and Box 6 is the benefit of having a separate department devoted purely to trade and investment issues. This allowed staff time to explore issues and to think. It also draws together evidence in one place for use in discussions and negotiations. Finally it provides a point of contact within DFID (outsiders can be quickly referred to it). A number of key informants from other donors perceive significant benefits for DFID of having a separate trade department (see Box 10 below).

5.3.5 These case studies are based on key informant interviews with DFID staff who are working or have worked in IEPD/ITD. As mentioned above, other departments have also been working on trade-related issues and had often built up a considerable knowledge base even before the creation of IEPD. Key informants in these Departments have areas of interest which were often different to those of ITD, focusing on issues affecting stakeholders towards the bottom of Figure 1 and/or at a more disaggregated level. For instance, RLD might be interested in investigating whether there is a case, in certain circumstances, for developing countries to protect their natural resources production base. Some of these key informants report that they have sometimes had to make ITD aware of the work they have been doing, for instance on TRIPS in HPD or labour standards in SDD. Much seems to depend on whether the topic in question is an IEPD/ITD priority (something that may change over time). Where this is not the case, for instance, labour standards or animal welfare, key informants from other departments report that they have had to decide whether to pursue their interest alone or give up.

Box 6: Case Study: Everything but Arms (EBA)

In September 2000 EU Trade Commissioner Pascal Lamy announced a proposal that all LDC products except arms should enter EU markets duty free. MAFF and the DTI received over 1,000 letters complaining that UK sugar beet interests and sugar cane producers in the Caribbean would be damaged by the proposal.

DFID staff had frequent informal contact with DTI staff to discuss their views, during which it emerged that DTI supported DFID's position that any influx of sugar from LDC markets would be slow and incremental, allowing time for adjustment by uncompetitive Caribbean producers. DFID commissioned consultants to provide data as an input into the position paper that DTI was producing as the lead Department. MAFF had been receptive to the lobbying of the UK sugar industry, but recognised in time that their argument that the UK would become flooded with imports from the least developed countries was leaving it isolated in Whitehall. The FCO was concerned about the political impact of the proposal on the UK's relations with Caribbean countries.

Through a process of sharing draft briefs for Parliamentary Committees and draft responses to lobbying letters a UK line was agreed, which was sensitive to maintaining good relations between UK and Caribbean governments. Approaches employed by DFID were generally informal, using established networks, and prior knowledge of stakeholder interests.

While for tactical reasons the agreed UK position in the EU was to support full acceptance of the EBA proposal, Ministers agreed a fall back position that the UK would accept a phasing in of duty free access for the more sensitive products: rice, sugar and bananas. The final agreement included a phase-in for these products.

5.3.6 Nevertheless, over time, and particularly since late 2000 or so, key informants generally report recognition by both ITD and other departments of how they can work together in pursuit of common interests. Where this is happening, key informants report that duplication of effort has been reduced and

there has been agreement on common strategies in their interaction with other government Departments. A good example is the matrix of interests on different trade-related areas (attached at Annex 5) produced jointly by ITD and RLD which formed the basis for an agreement on who would lead in particular areas, common approaches and information sharing.

Building Trade-Related Capacity To Assist Developing Countries' Integration Into the Multilateral Trade Environment

Central Initiatives

5.3.7 Building capacity within developing countries to handle trade issues is the second strand of IEPD/ITD's approach. At the multilateral level, DFID has been working with a number of other bilateral donors (Canada, Denmark, EC, Ireland, Italy, Japan, the Netherlands, Norway, Switzerland and USA) and six core agencies (WTO, IMF, the International Trade Centre (ITC), UNDP, UNCTAD and the World Bank) to revive the Integrated Framework (IF). This was established in 1996, principally to coordinate the trade-related technical assistance of the above six agencies. Little progress was made, however, and an independent review in June 2000 highlighted the lack of linkages to development strategies or programmes and the absence of donor resources. A key focus of the revived IF will be to integrate trade into national development strategies (eg Poverty Reduction Strategy Papers (PRSPs)). Donors will also coordinate their trade-related technical assistance within these strategies, with funding coming via a trust fund. A pilot phase of three countries has commenced and a list of eleven more countries has been drawn for extending the IF.

5.3.8 DFID was earlier intensively involved in the establishment of the WTO Legal Advisory Centre, which provides legal aid to developing countries. This is one of a number of initiatives to strengthen institutions in Geneva (WTO, UNCTAD, ITC and the South Centre). DFID has also been strongly involved in the Joint Integrated Programme for Technical Assistance on Trade (JITAP) programme led by WTO, UNCTAD and the ITC to meet trade development needs in 8 African countries. DFID has also had a major input into the World Bank's Trade Policy Development Programme. A number of key informants from other donors have acknowledged DFID's pivotal role in multilateral capacity-building initiatives, in particular its role in taking forward the IF.

5.3.9 In general, other Government Departments have not been closely involved in these initiatives, although they are, however, becoming more interested on their impact on building capacity in developing countries (see below and Box 4 above). The exception to this limited involvement was the proposal to establish a WTO Legal Advisory Centre (LAC) in the WTO to provide legal aid for developing country members involved in dispute settlement cases. Further details of what one key informant described as "the last big battle" are contained in Box 7.

5.3.10 In this example DFID became involved in informal discussions with representatives from other countries without informing other Departments, which upset DTI. However the process within Whitehall by which agreement was reached within Whitehall that the UK would support the LAC provides better

examples of good practice. This shows the importance of being aware of the sensitivities of other stakeholders when organisations plan their moves. Whilst it is appreciated that there was a need to respond quickly to the opportunities offered, a stakeholder and/or forcefield analysis might have suggested a different approach to involving other Departments. It illustrates the value of building coalitions (as does Box 6). DFID and UKMIS were able to support each other against initial opposition from both the DTI and the EC. It is also an example of the benefit of using objective criteria. Each time DTI raised a new objection, DFID and UKMIS responded by providing clarifications or seeking additional information from consultants. So, in addition, it is an example of both expert power and resource power. It also illustrates the importance of separating the people (or organisation) from the problem. In spite of the initial aggressive response from DTI, DFID and UKMIS's responses used the language of reason. In time, this meant that discussions focused on interests, not positions.

Box 7: WTO LEGAL ADVISORY CENTRE – INFLUENCING AND NEGOTIATING

The founding of a Legal Advisory Centre (LAC) within the WTO was first suggested in early 1998 by Claudia Orozco, Minister Counsellor at the Permanent Mission of Colombia to the WTO. It would be a legal aid facility for WTO members that were developing and transition countries. The LAC finally came into being in December 1999, with the UK being one of the twenty-nine founding members.

The initial proposal was a contentious one for a number of organisations. The European Commission was upset that the UK and the Dutch had discussed the proposal informally with Ms Orozco and others because it felt that it required agreement by all member states (the EU viewed it as a trade issue rather than a capacity-building one – an area of non-EU competence). Subsequent reasons for objecting were that: it might result in EC countries indirectly subsidising developing countries bringing a case against the EC; and the EC had also proposed its own scheme, which it thought was more workable.

Within the UK, DFID was the first department to be aware of the proposal, having been alerted by UKMIS, Geneva, which arranged a meeting with Ms Orozco in Geneva in February 1998 without informing other government departments. DFID strongly supported the LAC proposal. UKMIS was aware of the problems faced by developing countries in being properly represented in WTO settlement cases, also supported the idea. Subsequently it received support from MAFF, based on its observations of the problems ACP countries had in representing their case in WTO disputes over bananas, and the Treasury, which supported the proposal because it would help build support for the multilateral trade system. The FCO was cautiously supportive, but keen not to upset the Commission. UKREP, Brussels was also keen to avoid a row in the EU.

DTI was extremely upset when it was told of DFID's initial consultations. When DFID informed other Departments of its informal discussions, the DTI sent an immediate riposte. It objected on the basis of procedures: firstly, the DTI was the lead department on EC discussions on Dispute Settlement and DFID should have consulted it; secondly, DFID's involvement might give the impression of UK support for the LAC proposal. DTI also objected to the proposal on the grounds of cost, which it thought would be very high, and because of its view that developing countries should build up their own capacity for legal expertise. DTI subsequently added to these objections by echoing the EC's.

In subsequent letters DTI expanded on these objections forcefully. UKMIS and DFID's responses expanded on the details of the proposal, to counter what they felt were misconceptions. DFID also employed consultants to provide advice on the structure and operation of the proposed centre. In addition DFID sought opinion on whether the LAC was an area of EC competence (in response, FCO legal advisers opined that it was not). In the meantime, UKMIS and DFID continued informal discussions, whilst making it clear that no UK line had yet been agreed.

By June 1998 DTI senior management had participated in inter-Departmental correspondence and proposed a discussion in the TPG. From this point onwards relations between DFID and DTI improved. Written correspondence and reports of meetings suggest that discussions about the proposal focused on questions of detail and strategy, rather than assumptions or assertions. Nevertheless, it is clear from a submission to the Secretary of State in September 1998 that DFID was becoming frustrated by DTI's continued evasiveness about their reasons for opposing the proposal, listing a number of reasons offered by the DTI at various times, the responses DFID had given and the views of other stakeholders. The Secretary of State's subsequent letter started an exchange of Ministerial correspondence and further discussions between DFID and DTI officials, leading to confirmation in April 1999 that the UK would become a founding member of the Centre with a financial contribution from DFID.

Trade-Related Capacity-Building in Country Programmes

5.3.11 IEPD/ITD has been keen to see DFID country programmes contribute towards capacity-building. Since 1997 a number of country programmes have started Trade-Related Capacity-Building (TRCB) Programmes. Some of these will form part of the Africa Trade and Poverty Programme (ATTP), which will work in a number of African countries and key regional bodies. There are also a number of individual country trade programmes.

5.3.12 Because of the need to prioritise its areas of focus IEPD/ITD has been unable to invest significant resources in providing trade advice to country programmes. Nevertheless, in IEPD's early days, members of the department visited developing countries to assist country programme staff in capacity building activities. The Asia Division six-monthly meeting in December 1998 noted that "joint IEPD/ASREP visits to South Asia to help local offices absorb the trade and investment agenda, and to establish good links with local trade officials, had been very successful". Since then, however, this task has more usually been allocated to consultants. ITD recruited a trade consultant on a call-down basis (the position has been filled by two people in sequence) to provide assistance to country programmes, thus reducing the time costs of designing and implementing trade capacity building projects.

5.3.13 According to one of the two people who have filled this position, the approach has provided a number of benefits. Firstly, a consultant is more able to respond to requests at short notice; this would only have been possible for members of the department if they had been given few other responsibilities, something that was not possible, given ITD's work load.

5.3.14 Secondly, the fact that the consultant position has been filled by just two people (one of whom subsequently had a spell within ITD) since 1997 has provided the department with significant continuity of expertise, something that has not been so true of the staff within the department. The recent Internal Audit Report on ITD (DFID, 2001) reported a high turnover of staff in ITD. Key informants from other donors and international organisations have also mentioned this as a problem. One complained, "we establish contact and then they leave." The continuity of the consultant position has meant that lessons learned in the design and implementation of capacity-building projects could be

shared across countries and regions. This has been captured in a guidance booklet written by the consultants (DFID, 2001a).

5.3.15 Knowledge of how individual developing countries organise themselves in-country to consider trade issues and their capacity to address them largely resides with people working in country programmes and the two consultants¹². A number of people working on these programmes responded to a questionnaire on their experience of setting up and/or managing a TRCB. Many had benefited from inputs by one or both of the IEPD/ITD-financed consultants, both in setting up the project and in reviewing it, and this input was well received. IEPD/ITD staff were generally seen as helpful, particularly in providing briefing. The IEPD/ITD consultants had also provided useful support to staff wishing to learn more about trade.

5.3.16 Nevertheless, the general consensus was that more contact with ITD was both necessary and desirable. Some London-based programmes had had contact with ITD and found it helpful, but for both these and overseas-based respondents there was some sense of disappointment with the level of information sharing and feedback from ITD. This finding on the coherence of DFID's trade related activities between central policy departments and country programmes echoes that of Ling. In his study on the extent of joined up working in Africa, he reports complaints from posts (DFID and FCO) in Pretoria and Nairobi that they were not getting as much information from the centre as they needed (Ling, 2001, p14).

5.3.17 Since the November 1999 Seattle Ministerial meetings it has become apparent that future WTO Trade Rounds will not be agreed unless the interests of developing countries are taken into account (Developing Countries form the majority of WTO members in this consensus organisation). ITD has, therefore, faced increased demand from other Government Departments to provide information on the situations facing people working in trade ministries in developing countries and of DFID's TRCB projects. This has led to the production of a paper discussed in the TPG (see Box 4) and a seminar organised by DFID to discuss TRCB projects. Both have been warmly received, but from discussions with staff from other Departments and minutes of TPG, it is clear that this demand for information is not yet satiated.

5.3.18 Three factors which might limit ITD's ability to meet this demand for more detailed information are: firstly, the fact that many DFID staff who have this information do not work in London or in ITD; secondly, the high turnover of ITD staff (see above); and thirdly, that the best repository of this knowledge is the consultant, who has assisted on TRCB projects. This singleton consultant has now been replaced by a panel of consultants. Whilst this will broaden the range of expertise available to country programmes, the knowledge gained from such exercises will now be dispersed amongst a number of consultants.

¹² ITD staff report that their contact with developing country officials is generally with those working in Geneva.

6. Assessing Impact: What has changed since 1997?

6.1.1 This penultimate section looks at the extent to which DFID has secured change since 1997. Identifying a baseline by which the performance of DFID since 1997 in trade-related issues can be assessed, however, is difficult because of the very general nature of its initial objectives.

6.1.2 DFID's trade-related agenda, as set by IEPD in its early days and the White Papers. Seems to have covered:

- a. continuously ensuring that the Government's international policies on trade, agriculture and investment take account of its development objectives;
- b. a set of objectives related to ensuring that the EU position in further WTO negotiations takes maximum account of developing country interests;
- c. a set of objectives related to maximising the benefits for developing countries from the post-Lomé arrangements, and ensuring greater coherence between trade and development policies;
- d. building capacity in developing countries to pursue pro-poor trade reforms.

6.1.3 Subsequently other objectives were added, particularly related to spreading knowledge of trade issues, both within and outside DFID. It is too early, however, to assess whether these have been achieved.

6.1.4 The objectives outlined above are compared to changes that have taken place since 1997. The information sources used to measure changes are:

- data on DFID'S trade-related activities;
- an analysis of changes in DFID's power base, using Spicer's adaptation of Handy's indicators;
- comments from key informants on DFID's reputation within Whitehall;
- and an analysis of information from key informants in other donors and international organisations.

6.1.5 Measuring contributions towards the pursuit of strategic objectives is problematic because of the many factors influencing change. As Mayne points out, "In most cases any number of factors can be advanced to explain the observed outcome other than the program itself. The more obvious these other factors are, the less credible is the performance information." (Mayne, 1999, p 9). The approach is that of Contribution Analysis. Evidence is drawn upon to demonstrate what Hendricks (1996)¹³ calls "plausible association": whether "a reasonable person, knowing what has occurred in the program and that the intended outcomes actually occurred, agrees that the program contributed to those outcomes".

¹³ Quoted in Mayne, 1999, p 9

6.2 A More Strategic Approach to Trade-Related Activities

6.2.1 The most immediate impact of DFID's approach to trade activities has been in the number and composition of trade-related activities undertaken as part of the development programme. As can be seen from Table 2 below the broader remit of DFID compared to ODA has led to a significant expansion of trade-related activities (see Annex 4 for full list of projects). Trade-related projects commenced since 1997 increased from 43 in the three-and-a-third years prior to May 1997 (see Table 1 above) to 141 projects in the same period of time after May 1997. Once they have been completed, this increase in the number of projects is estimated to result in a 180% increase in expenditure if the expenditures (£12.7 million) on the projects started in the period 1994-97 period (and now completed), are compared to commitments (since not all of them are yet completed) of £35.4 million in 1997-2001.

6.2.2 Projects started since May 1997 have a completely different composition to those which took place in the seven years before this. Of the projects started since May 1997, only 10% of them were in export-promotion activities (category 5 in Tables 1 and 2), compared to over 75% in the two periods covered in Table 1. Instead the data show a shift to more strategic activities, with 39% (previously less than one per cent in the previous two periods) of projects aimed at developing trade policy and negotiating capacity (category 1) and 25% (zero in both the previous periods) aimed at promoting regional and world trade (category 9). Another new area for DFID has been assisting countries seeking WTO accession (Category 3), which now account for 4% of expenditures.

6.2.3 The data also show that trade is looked at more broadly in DFID than in ODA. Since 1997 at least one project has been started in all nine categories of trade-related projects, whereas they were limited to five and seven categories in 1990-93 and 1994-97 respectively.

Table 2: DFID TRADE-RELATED PROJECTS, May 1997 - June 2001 (£ '000s)

Category of Activity	1	2	3	4	5	6	7	8	9	Total
Number	31	13	6	16	7	7	1	22	38	141
Commitment (£'s)	20305	2593	818	826	1924	802	10	1232	6866	35376
Current exp (£'s)	6493	2000	720	550	1676	440	5	623	4135	16642
% total exp	39	12	4	3	10	3	0	4	25	100
Key	Developing Trade Policy and Negotiations Capacity									
1	Developing Trade Policy and Negotiations Capacity									
2	Ethical Trade Projects									
3	WTO Accession									
4	Trade Research									
5	Export Promotion									
6	Trade and the Private Sector									
7	Training on Trade for people from developing countries									
8	UK capacity-building and dissemination									
9	Promoting Regional or World Trade									

6.3 A Greater Role Within Whitehall

6.3.1 There have been a number of changes in terms of inter-departmental ways of working. The strength of the four power factors identified in Section 3 changed greatly after the 1997 general election. The new Department, DFID, was now a separate government Department with its own Cabinet minister to argue its case. **This has increased its position power.** DFID is now formally part of the Whitehall decision-making process on trade-related issues. DFID also had greater freedom to contact external organisations, such as the WTO, directly. **Resource power has also increased:** there was much greater access to resources to finance research and the costs of attending meetings outside the UK. In time, this has contributed to a **considerable strengthening of DFID's expert power.** However, as Spicer points out, expert influence is effectively conferred by the audience (Spicer, 2001, p 12). It is likely that DFID's expert power would have been much less had there not been a commitment to "joined-up government" and an openness amongst staff in other Departments to achieve consistency between trade and development issues (see below for further details). Finally, over time DFID's **person power has been greatly enhanced.** The creation of a department specifically devoted to trade has meant that DFID can devote more staff time to trade issues. DFID's widely respected Cabinet Minister can also argue her Department's case at the centre of government and even chairs some Committees, such as the inter-Departmental group on pharmaceutical pricing.

6.3.2 There has also been a **significant improvement in DFID's reputation** with other Departments, as can be seen from the quotes contained in Box 8 below. DFID now has a reputation for being well-informed and has contributed towards thinking on policies within Whitehall. Key informants, both within DFID and in other Departments report that policy documents incorporate DFID's views. In contrast, ODA's poor reputation meant that its views were not taken seriously. Key informants in other Departments have a suspicion, however, that DFID does not always share information and research insights in a timely way with other Departments. Some also feel that DFID sometimes operates on its own too much. DFID's informal discussions on the Legal Advisory Centre without involving other departments (see Box 7) is one example of this. A related complaint is that DFID can sometimes forget that it is just one part of government. One symptom of this is seen as DFID's trade briefing papers, which are issued in its name, even though they reflect a position agreed by all Departments.

6.3.3 In addition the new government had a commitment to "joined up" government. Very quickly, DFID became incorporated into formal networks for circulating documents and attended the Trade Policy Group in its own right. Although some feared that this might intrude into what they regarded as their traditional spheres of influence, officials from other Departments largely seem to have been receptive to the new ways of working proposed. Although there were a number of disagreements, key informants report good working relationships with DFID.

BOX 8: DFID'S REPUTATION WITH OTHER GOVERNMENT DEPARTMENTS, 2001

Useful ability to commission research and contribute to capacity-building programmes

Very good strength of analysis

Has raised UK profile in UNCTAD, WTO etc

Has helped UK have strong influence on the commission

Has helped in presentation of trade policy.

Has encouraged lateral thinking on policies which support trade.

sometimes acts on its own, not informing others until later.

"joined up" often only flows one way.

Can hold back on information

6.3.4 Thus the receptiveness of officials in other Departments to involving DFID fully in discussions and networks is another factor which contributed towards DFID's rapid integration into the inter-Departmental trade network. This has meant that DFID's position has changed over time to one of being principally an advocate to one where it works in partnership to bring about change. Its capacity-building role within Whitehall has also been recognised, reinforcing the finding from the case studies (paragraph 5.3.3 above). A corollary of this partnership is that, in the same way that DFID can have an influence on the stance taken by other Departments, they can also influence DFID. Thus, for example DFID's line on pharmaceutical pricing and human rights in relation to WTO have become more nuanced over time.

6.3.5 This raises the question of whether DFID's impact is sustainable. Now that the role of developing countries in trade discussions is understood within Whitehall, is there any further need for DFID to be involved? DFID's key role in providing expert and resource power suggests that continued involvement at the current levels will be required if the momentum gained in integrating trade and development issues is to be maintained. If DFID were to withdraw from involvement in trade-related issues, it is likely that other departments would still take developing country interests into account in forming UK positions, not least because of the heightened role that developing countries are playing in multilateral trade negotiations. However, their access to developing country views and understanding of their needs has been greatly assisted by DFID's involvement.

6.4 A Changed Multilateral Trade Environment

6.4.1 Over time there has been a much greater appreciation of the importance of considering developing country interests if multilateral trade negotiations are to be successfully completed. This appreciation has been reflected in the agreement reached at the WTO Ministerial in Doha in November 2001. The Ministerial resulted in agreement on the need to reduce (with a view to phasing out) subsidies and barriers to trade in agriculture. Agreement was also reached

on continuing negotiations on services, and commitment to tackle tariff peaks, high tariffs and tariff escalation as well as non-tariff barriers to manufactured goods. The declaration on TRIPS recognised the need for a flexible interpretation of TRIPS to enable developing countries to protect public health during crises such as the HIV/AIDS pandemic in Southern Africa. These changes would potentially generate enormous benefits for developing countries. DFID's view of the outcome is contained in Box 9.

Box9: ACHIEVEMENTS OF DOHA

AN AGENDA FOR A DEVELOPMENT ROUND

- Agreement on **TRIPS and public health**, recognising the need for a flexible interpretation of TRIPS to enable developing countries to protect public health.
- Action on some 50 measures from the developing countries' **implementation agenda from the Uruguay Round**.
- On **agriculture**, commitment to real progress on **market access and action on export subsidies**.
- Continuing negotiations on **services**, which offer real prospects for developing countries to make substantial benefits through liberalisation and economic growth.
- Commitment to tackle **tariff peaks, high tariffs and tariff escalation as well as non-tariff barriers** on non-agricultural products.
- A commitment to a work programme on **trade, debt and finance**.
- Systematic attention throughout the text to the issue of **capacity-building**.
- A comprehensive set of commitments on the particular needs of the **least-developed countries**, including a commitment to the objective of duty and quota free market access plus a commitment to make their accession process faster.
- A **review of Special and Differential Treatment** - across all WTO business areas – to strengthen these provisions and make them more precise, operational and effective.
- According to latest World Bank figures, the continued opening of markets to trade could lift an additional 300 million people out of poverty - helping us make the **Millennium Development Goals** on poverty reduction a reality.

This is not yet a **Development Round** – it is a **development agenda** and is only the beginning of negotiations. To make it a real Development Round we will work to ensure that these *commitments become a reality*.

Source: DFID press release

6.4.2 Some evidence of DFID's part in this achievement comes from key informant interviews with people working for other donors and international organisations (see Box 10 below). Virtually all of the eleven respondents thought that DFID was a major influence on their organisations and trade-related matters more broadly. The White Paper and creation of a trade department together with the strong and influential leadership of Clare Short were cited as the main reasons. Clare Short's ability to talk knowledgeably about both trade and development was admired (as it is amongst officials in other Whitehall Departments), seven respondents saw her speeches as having a positive impact.

6.4.3 Many saw DFID as providing a model for how they could employ a more strategic approach to trade and development. DFID's ability to organise meetings, share briefings and push issues along was also mentioned, both generally and more specifically in the area of capacity building. Some saw the model of a separate trade department, linking trade and development, as something to aspire to and were envious of the resources DFID had available for

trade matters. A number of donors have benefited from research commissioned by DFID. Several had used DFID's guide to trade-related capacity-building.

6.4.4 Some saw DFID as a major influence on UNCTAD. Donors that were aware of its work with the EC felt that it had been influential. One mentioned that

BOX 10: Other donors' views on DFID and its Secretary of State

"Clare Short is so visible.....the only development minister to go to Doha – which shows a lot of dedication and interest in developing this area."

"...[It is] through the publication of the White Paper...and the involvement in the working group on TRIPS that DFID became well known. This was backed by Clare Short – who has made a big impact."

"Few Ministers have put together the Trade and Development component yet. Clare Short....and a few others.. see it more holistically.... (she) sees it from the Development side but she can speak for the Trade side – and she does it very successfully."

"DFID is the most influential bilateral donor in the trade/ development area – bar none. This is largely due to Clare Short. In her speeches and also how she has allocated money within DFID.....she has identified this as a priority issue – from a poverty reduction point of view."

"One of the things...which has been very useful is creating a trade department within DFID. That is unique – DFID is one of the few donors that have done that."

"DFID is also very active and effective in UNCTAD... DFID has the people who can give good advice as to when to intervene and what to do to help the donors help UNCTAD advance."

"DFID work is well recognised in the research area."

"If [DFID] want to start targeting [the EC]– and have more specific impact then they need to get a better institutional map (e.g. who makes the decisions) and they also need to be aware more of the legal framework."

"With respect to DFID's broader role e.g. involvement in the EU....sense is that DFID's involvement is much more marginal – partially because it is more complicated."

"...classic coordination problem ie where DFID is trying to do things centrally and in that is working through the Integrated Framework – but at the same time they are decentralised and they are working region by region. And so you get this overlap. This leads not only to a waste of resources – but it also confuses the client. This happens with other agencies as well"

the EC often ends up following the advice of DFID. However two donors felt that DFID needed to be more knowledgeable about the way the EC works and to counter-balance its strengths against EC weaknesses, eg clear strategy, money and flexibility. One donor mentioned problems of internal coherence and suggested that DFID suffers from a "classic coordination problem", observing that there is an overlap in the way DFID works centrally and regionally; for instance, between its work on the Integrated Framework, the Africa Trade and Poverty Programme and what it is doing "region by region". Another mentioned that DFID had worked with the DAC and other donors on producing the DAC guidelines in trade-related capacity building projects, but seemed to have put more effort into promoting its own rather than the DAC ones.

7. Conclusions and Strategic Planning Issues

7.1.1 The extent to which developing country interests are taken into account within multilateral trade negotiations has increased greatly since 1997. DFID has played a part in this, but so have other Departments within Whitehall, other donors and developing countries themselves. A number of conclusions can be drawn.

7.2 Conclusions on the Internal Efficiency, Effectiveness and Coherence of DFID's Trade-Related Activities

7.2.1 Trade-related objectives have often been very general and not time bound. This makes it difficult to monitor progress. This weakness is true of all the PARPS reviewed, not just those of ITD/IEPD. For projects the logical framework approach encourages design teams to make objectives time-bound and measurable in terms of quantity, quality and time. Thus the general nature of objective setting in PARPs is supplemented by greater precision at project level. Yet, for more policy-driven interventions, DFID has not yet introduced standard approaches for setting and measuring objectives. Some of the more recent PARPS reviewed, however, have attempted to tackle this weakness. For instance, the 1999 RLD PARP has adapted the logframe approach, with time-bound strategic objectives. PARPs, in general, seem to be increasingly including "indicators of achievement", although they do not include ways of assessing the extent to which these achievements can be attributed to their efforts.

7.2.2 The PARP-based system of planning means that objective-setting and lesson-learning principally takes place at the level of the department rather than the organisation as a whole. This has weakened the coherence of objective-setting of trade-related activities, with a department's objectives often being made with insufficient reference to how these may relate to other departments' objectives. The *pursuit* of objectives has also suffered from this compartmentalised approach to activities within DFID, although coordination is improving. Coherence would be improved if all departments working on trade-related activities (including some representation from country programmes and/or regional divisions) worked together to produce an overarching set of trade-related objectives and agree common strategies for pursuing them.

7.2.3 Coherence of objectives and strategies between DFID and the rest of Whitehall has been strengthened through collaboration on the two White Papers, the development of networks, and greater involvement of DFID in the TPG. ITD staff (and, since its inception, PSPD staff) have used a number of the techniques outlined in Section 3 to increase DFID's involvement in Whitehall discussions and policy and strategy formulations.

7.2.4 Firstly, whilst key informants state that stakeholder analysis has not been formally used, ODA/DFID's process of building contacts means that the interests of other departments are now known. DFID has been able to identify partners with which it can form informal coalitions on and decide on "fall back" positions. There are occasions where these interests are recorded formally. A written analysis of different stakeholders' interests seems to be used when briefing the Secretary of State on a problem that has arisen during a negotiation process.

The LAC case study (Box 7) is an example where this more formal analysis might have been helpful at the beginning of a negotiation process. Use of stakeholder analysis early in a process might help anticipate other groups or individuals' reactions to a proposal. This is an element of the Change Forecasts approach outlined in Section 4 above.

7.2.5 Whilst key informants state that no formal systems of contact management have been used, the impression gained from interviews is that contacts are generally made at the right frequency and level, with more senior management being brought in only when problems cannot be resolved at a lower level. Contacts are largely informal. Meetings, such as those of the TPG, are more likely to be used to discuss broader issues.

7.2.6 The case studies provide examples of informal use of negotiation skills by DFID staff. (Most key informants had not had formal training in negotiation skills). DFID staff engage in negotiations on the basis of detailed background knowledge and objective criteria (both backed up by research), and aim to consider options rather than pursuing fixed positions. This has not always been the case. In the words of one DFID key informant, "there was still some shooting from the hip" in DFID's early days.

Strengthening The Approach

7.2.7 Two general conclusions suggest themselves from the above analysis. Firstly, **employment of the concepts outlined in section 3 has assisted DFID in its trade-related activities.** These approaches have generally been employed informally, with learning through experience rather than through formal training. Weaknesses in approach, for instance, in the coherence or objective-setting, or in the evidence-base for a suggested option, have been associated with the lack of use of one or more of the concepts. Thus a second conclusion is that there are probably **benefits from formalising some of these processes or using them more extensively.** This would assist both forward planning and future performance measurement.

7.2.8 An outline of more formal system of objective setting and pursuit of change in the area of trade would incorporate the following elements. Firstly, there would be agreement across DFID on general trade-related objectives. Once this has been done departments working on trade-related issues can discuss and agree on objectives in each area (not all departments would need to be involved in all areas) and the priority sub-issues, and to come to a greater understanding of their different perspectives.

7.2.9 The next stage would require smaller teams which would convert detailed objectives into change forecasts, through the setting of immediate objectives. For these to be useful as instruments of performance management, they would need to be made SMART. Their links to the predicted changes would also need to be stated.

7.2.10 There would also need to be an assessment of the stakeholders which might bring about these changes, and decisions on the role that individuals and departments might play. This process could take place both within DFID, and

subsequently Whitehall as a whole. Within DFID once departments have agreed on broad objectives, which stakeholders are key to the pursuit of the objectives, the extent to which those stakeholders share DFID's objectives, they could agree a strategy for influencing and managing contacts with key stakeholders. This might lead to a set of departmental-specific intermediate objectives or "progress indicators" which could be reviewed periodically, say every three months. The process described above would need to be repeated for inter-Departmental discussions.

7.3 Conclusions on Impact and Attribution

7.3.1 The very general nature of DFID's trade-related objectives has made it difficult to assess DFID's performance since 1997. Only by reviewing files and discussing with key informants has it been possible to assess *ex post* what DFID's trade related objectives were and these objectives have been compared to changes that have taken place since 1997. If the process outlined at the end of the previous section is used, it would make it much easier to measure performance in future.

7.3.2 The review of activities reveals that DFID has taken a much more strategic approach to trade-related activities since 1997, with a much greater emphasis being placed on building trade-related capacity in developing countries and promoting changes in the multilateral trade environment so that there are greater benefits to participation in trade by developing countries. DFID has also had a much more prominent role within Whitehall and developing country interests are now taken into account when UK positions are being drawn up. Finally, DFID (as one part of the UK government) has gained a reputation for being one of the leading organisations linking trade and development issues in the multilateral trade environment.

7.3.3 On the whole key informants from other donors regard DFID as influential in shaping the multilateral trade environment and in promoting trade-related capacity-building. In considering attribution, however, there are a number of other factors to consider and as Mayne points out, "Unless you discuss alternative explanations, your claim about the program's efficacy can be effectively challenged by simply pointing out the existence of alternative explanations" (Mayne, 1999, p 14). One way of ordering contributory factors is to divide them into "chronic" and "contingent" factors. Chronic factors are important levers or prompts for change which affect the environment in which an organisation works over a long period; contingent ones are specific in time and place and act as a immediate prompt for change.

7.3.4 There were a number of chronic factors that were changing the way that people and organisations were looking at trade. Firstly there were the changes in the multilateral trade environment which were reducing the benefits that developing countries were securing from existing preferences. Developing countries were becoming more aware of the need to ensure that multilateral trade negotiations reflected their interests better. The failure of the Seattle Ministerial strengthened their position greatly. It also made developed countries realise that developing country interests needed to be taken more into account, and it is clear

from their responses that a number of countries are moving in the same direction as the UK towards a more coordinated approach towards trade and development.

7.3.5 The response of the UK government to these chronic factors has, in the opinion of a number of other donors placed it as a lead country. Key contingent factors have been the emphasis placed on “joined up” government, embodied in the process of writing the two International Development White Papers. Other aspects of “joined up government” are the swift integration of DFID into Whitehall trade networks, both formal and informal and the readiness of other Departments to take account of the views and needs of developing countries when forming their positions on issues.

7.3.6 This look at factors outside DFID places its impact in context. However, it is not to belittle its role and there are a number of contingent factors specific to DFID. It still needed to respond to its changing environment and the evidence contained in this study suggests that it has played a significant role both within Whitehall and in the wider multilateral trade environment. DFID was able to respond very quickly to its new position as an independent Government Department. This was partly because of the ground work done and networks built up during the previous two years. This has been built upon by the Secretary of State, as evidenced by the opinions of other donors and key informants from other Government Departments. These informants also stress the benefit from DFID's establishment of a separate, well resourced, department dedicated to trade and investment issues (now two separate departments). The benefits of having a separate department with the time to research issues, form and maintain networks, and become involved in often drawn-out negotiations has been borne out by the case studies included in this study.

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Annex 1: Methodology and Sequencing

The study was undertaken during the period July 2001-February 2002. It used triangulation approaches, drawing on a number of different sources of information namely:

- searches of donor web sites;
- telephone conversations;
- academic papers;
- exchanges of written documents, such as minutes and letters held on DFID's files;
- minutes of inter-Departmental meetings, particularly those of the Trade Policy Group;
- a questionnaire, sent to programme managers and advisers on DFID trade-related capacity-building projects;
- and data on trade-related project activities, extracted from DFID's Performance Reporting Information System (PRISM).

A consultant, Tom Dolan undertook telephone interviews with a number of representatives from other donors. Iain Murray of Evaluation Department interrogated PRISM and analysed the data extracted on ODA/DFID's trade-related project activities. He also helped analyse the reports of Tom Dolan's interviews and responses from a questionnaire of DFID country programme staff managing trade-related capacity-building projects. Details of files examined and people consulted are contained in Annexes 2 and 3 respectively.

These different sources were approached in roughly the following order. There was an initial period of intensive background reading of historical information on ODA and DFID files, focusing on the period 1990-97 and the process leading to the two White Papers on International Development Papers (HMG, 1997 and 2000). This was supplemented by preliminary reading of academic papers. In August data were extracted from DFID's PRISM. This process overlapped with the first few key informant interviews, which were concentrated into the period August-November 2001. The questionnaire sent to DFID country programme staff working on trade-related capacity-building projects was sent out at the beginning of October. There were 16 responses, (some of which were followed up by telephone conversations), covering virtually all such projects. The production of working papers covered the period October-early January, and the first draft was written from mid-January to early February.

Key informant interviews were conducted with strategically placed people from DFID, other government Departments¹⁴, the UK Mission in Geneva, bilateral and multilateral donors, and the Organisation for Economic Cooperation and

¹⁴ In this paper "department" refers to units within ODA or DFID and "Department" refers to Government Departments eg Department of Health, The Treasury, DFID etc

Development. With one exception, all the interviews were individual ones. Interviewees came from two general categories. The first group were senior managers who could provide a strategic overview. The second group comprised those who might provide greater detail within this strategic overview. Generally DFID staff were interviewed in the following sequence: July-September, those working on trade-related issues in the period 1996-97 and on the first White Paper; August, those working in DFID's International Economic Policy Department (IEPD) during its first year or so; and September-October, current in International Trade Department (ITD, IEPD's successor) staff and staff from other departments working on trade-related issues. Interviews with staff from other Departments working on trade-related issues took place in September and October. Some of those currently working on trade-related issues had been doing since as far back as the 1980s or early 1990s.

Tom Dolan's telephone interviews with representatives from 11 other donors/international organisations took place in October and November 2001. The decision on which organisations to target was based on an initial survey of web sites to gauge the extent of each organisation's involvement in multilateral trade fora. This information was supplemented by prior knowledge in cases where the web-sites provided insufficient information, and the initial list of 24 was reduced to the final 11 to target for interview. Interviews were successfully undertaken with a representative from each of the targeted organisations.

The interviews were semi-structured and confidential. For DFID staff they covered ODA/DFID's objectives in the area of trade through time, perspectives on what the key trade-related issues were, approaches employed when working with other Government Departments and the links between departments working on trade-related issues within ODA/DFID. Staff working in other Government Departments were asked about the experiences of working with ODA/DFID. Representatives from other donors and international donors were asked about the work their organisations were doing in the area of trade, their links with DFID, and their perceptions of DFID's impact on trade-related issues.

During the course of the study four working papers, available on request, were produced. They are:

Working Paper 1 - Definitions and Data: What do DFID's Project Information Systems Tell Us About Trade Activities Through Time?

Working Paper 2 – History of ODA/DFID's Trade Activities: How What We Did influenced Where We Are

Working Paper 3 – The Organisation of Trade Work Within DFID

Working Paper 4 – The Evidence Base For ODA/DFID Involvement In Trade

These contain preliminary analysis and in some areas greater detail than has been provided this paper. They have been drawn upon in writing it. They were circulated to a small reference group within DFID for comments and these have been very helpful in shaping the form of this paper. Members of the reference group have also commented on first draft of this paper, produced in February

2002. It has also benefited greatly from comments on methodology by Colin Kirk, Head of Evaluation Department, DFID, and Murray Saunders, an external evaluator from Lancaster University.

Annex 2: Files Consulted

DEPARTMENT	<u>File Number</u>	<u>Title</u>
	<u>1989/ 91</u>	
European Community and Food Aid Dept	IDB 311912001A-D	LOME Renegotiations Trade Aspects
International Division	IDE 975912001A	World Bank Seminars Strengthening Trade Policy Reform
	<u>1992/ 94</u>	
Economic and Social Division	ESC 536834001A	GATT Trade Policy Review
European Community Dept	IDB 536311001A	GATT Compatibility of LOME IV
	<u>1995/ 97</u>	
Asia and Latin America Division	ALA 491912001A	European Community Trade Policy
International Division	IDA 491763001A	European Community Business Planning/ Aid Framework
Education Division	EDA 800445001A	White Paper on International Development
Environment Policy and Research Dept	ESA 468711002A/B	Aid Economics and Small Enterprises: White Paper
Social Development Division	ESD 711663002A/B	Development White Paper
Government Institutions Dept	ESF 998800001/2A	Government Institutions Department:White Paper
Economics Research Group	ESG 984800001A	Science and Technology: White Paper
Aid Policy and Finance Dept	FNF 800711001A/B	White Paper on International Development
Aid Policy and Finance Dept	FNF 800786001A/B	White Paper: Correspondence from Private Sector
Aid Policy and Finance Dept	FNF 800786002A	White Paper: Correspondence from Public
Aid Policy and Finance Dept	FNP 800448001A	White Paper on International Development
Health and Population Dept	HPB 711800001A-C	DFID White Paper on Development
European Community and Food Aid Dept	IDA 711800001A	White Paper on International Development
European Union Dept	IDL 711800001A	DFID White Paper
European Union Dept	IDL 800912001A-C	The White Paper on Trade
Environment Policy Dept	NRA 800000001A-C	1997 White Paper
Rural Livelihoods Dept	NRH 711800001A-F	DFID White Paper

Annex 2: Files Consulted

Rural Livelihoods Dept	NRH 794312010B	
International Financial Institutions Dept	IDF 912311001A	IFID: Committee on International Development
International Economic Policy Dept	IDL 912311001A/B	Trade and LOME Convention
United Nations and Commonwealth Dept	IDK 934663003A	Aim 4: Enhancing Effectiveness of Multilaterals
International Economic Policy Dept	IDL 673000002A	Aim 4: Multilateral Aid Country Strategy Papers
	<u>1998/00</u>	
East Asia and Pacific Dept	ASC 465000001/2A	DFID White Paper on International Development
Education Dept	EDA 800445001	White Paper on International Development
Education Dept	EDA 800832001	White Paper: Studies in Human Development
Conflict and Humanitarian Aid Dept	EMF 800352002A-E	White Paper II
Conflict and Humanitarian Aid Dept	EMH 335800001	DTI: White Paper on Strategic Export Controls
Infrastructure and Urban Development Dept	ENA 800000001A-D	White Paper II
Information Dept	EOO 800000001A-B	White Paper
Economic Policy and Research Dept	ESA 800470001A	White paper II: Globalisation
Economic Policy and Research Dept	ESA 800991001A	White Paper II: NGO and other Charity Flows
Enterprise Development Dept	ESB 800445001A	White Paper II
Enterprise Development Dept	ESB 800678001A	White Paper II: Rural Livelihoods
Social Development Dept	ESD 711663001/2A	Development White Paper
Development Policy Dept	FNF 800448002A	White Paper II
Development Policy Dept	FNF 800711002A	White paper II: Globalisation
Development Policy Dept	FNG 800000001A/B	White Paper on International Development
Development Policy Dept	FNP 800480001/2A	White Paper on Development
Health and Population Dept	HPB 711800001/2A	White Paper on Development
Health and Population Dept	HPB 800672001A	White Paper II

European Union Dept	IDA 491800002B	European community: White Paper
European Union Dept	IDA 492000001B	Six monthly White Paper: EC Developments
European Union Dept	IDA 491000013H	European Community LOME
European Union Dept	IDA 491763001A	European community: Business Planning
International Trade Dept	IDL 912415001A/B	Trade Policy Groups
International Trade Dept	IDL 912311001	Trade and LOME Convention
International Trade Dept	IDL 912834001A	WTO: Trade Policy Reviews
International Trade Dept	IDL 711800001A	White Paper
International Trade Dept	IDO 912296001A	Trade Policy Group- UK
International Trade Dept	IDN 543912001B	Whitehall - Trade Policy Group
International Trade Dept	IDP 975912002A	World Bank - Trade Policy Programme
International Trade Dept	IDP 404000001A	IEPD Policy
International Trade Dept	IDP 404365001A	Programme Budget-Policy Paper
International Trade Dept	IDP 623912001A-I	WTO - Legal Advisory Centre
International Trade Dept	IDP 673912001A	Whitehall - Trade Policy Group
Environment Policy Dept	NRA 800000001/2A/B	White Paper
Rural Livelihoods Dept	NRH 711800001A/B	White Paper
Rural Livelihoods Dept	NRH 678762005A	RLD Partnerships Post LOME Trade Arrangements
	<u>2001/03</u>	
Conflict and Humanitarian Aid Dept	EMF 08340000001A	White Paper 2
Infrastructure and Urban Development Dept	END 11590000001A	White Paper 2
Development Policy Dept	FNG 11590000001A	White Paper 2
International Trade Dept	IDL 04011159001A	White Paper 2
Social Development Dept	SDA 11591240001A	White Paper 2
International Trade Dept	IDP 13970942001A-H	WTO: Legal Advisory Centre

Annex 2: Files Consulted

Private Sector Policy Dept	ESM 13091122001A	WTO: Whitehall Trade Policy Group
International Trade Dept	IDL 02841309001A	USA: Trade Policy
International Trade Dept	IDL 13091122001A	Trade Policy Groups
International Trade Dept	IDP 13091203001A/B	WTO: Trade Policy Review
Infrastructure and Urban Development Dept	ENC 04871122001A	IUDD: Sustainable Livelihoods Policy
International Trade Dept	IDL 09561198001A	LOME: Impact Studies
International Trade Dept	IDL 13090956001A	Trade and LOME Convention
Rural Livelihoods Dept	NRH 05061076002A	RLD: Post LOME Trade Arrangements
ITD		Various files on Trade-Related capacity-building Projects

Annex 3: People Consulted

DFID*

Name	Capacity in which consulted	Department/Division
Derek Akintade	Natural Resources Adviser	RLD
Garth Armstrong	Economic Adviser, Former Yugoslavia	Central and South East Europe Dept
David Batt	1. Former Head	EUD
	2. Former Head	IEPD
Andrew Bennett	Head of Division	Natural Resources
John Burton	Senior Economic Adviser	DFID India
Jane Corfield	1. Programme Manager, Regional programme	Eastern Europe and Central Asia Dept
	2. Former Programme Manager, Ukraine and Moldova programmes	Eastern Europe and Central Asia Dept
Ken De Souza	Natural Resources Adviser	RLD
Mark George	Former Consultant	ITD
Elwyn Grainger-Jones	Team Leader	ITD
Peter Grant	1. Head of Department	Asia Regional Economics and Policy Department
	2. Former Head of Department	International Economics Department
Vicki Harris	Head of Department	Private Sector Policy Department
Jim Harvey	Deputy Head	RLD
Val Imber	Consultant	PSPD
	Former Consultant	IEPD
Liz Kerr	Policy Analyst	ITD
Catriona Laing	Former Programme Manager	EUD
	Team Leader	IEPD
Karl Livingstone	Economic Adviser, Malawi Programme	DFID Central Africa
Julian Lob-Levyt	Chief Adviser	Health and Population Department
Moazzam Malik	Former Programme Manager	IEPD
James Medhurst	Head of Department	DFID Pacific
Deborah McGurk	Former Economic Adviser, Tanzania Programme	DFID East Africa
Richard Moberly	1. Senior Economic Adviser, Russia	Eastern Europe and Central Asia Dept
	2. Former Team Leader	IEPD
John Piper	Economist	DFID Caribbean
Sophie Pongracz	Economic Adviser, Moldova	Americas and Transition

Annex 3: People Consulted

		Economies Dept
Susan Prowse	Team Leader	ITD
Peter Rundell	1. Former Programme Manager	
	2. r Co-Author, FER	EUD
Michael Schultz	Head of Department	Social Development Department
Charlotte Seymour-Smith	Head of Department	ITD
Helen Stanley	Former Team Leader	IEPD
Simon Stevens	Team Leader	ITD
Bo Sundstrom	Economic Adviser, Bangladesh Programme	DFID
Kate Tench	Former Economist, Palestine Programme	West Asia Department
Louise Thomas	Policy Analyst	ITD
George Turkington	Head of Department	Civil Society Department
Judy Walker	Senior Social Development Adviser	Social Development Department
Martin Wall	Economic Adviser	Eastern Europe and Central Asia Dept
Myles Wickstead	Coordinator of White Paper I	
Joanna Wilkes	Former Economist, Palestine Programme	West Asia Department
Simon Williams	Deputy Programme Manager (Regional)	Central and South East Europe Dept
Roger Wilson	Head of Department	Governance Department
Adrian Wood	Chief Economist	Economics, Business and Statistics Division
Sushila Zeitlyn	Senior Social Development Adviser	Social Development Department

* Some DFID staff were interviewed in more than one capacity, with their more recent position listed first.

Other Government Departments

Name	Designation	Organisation
Heather Booth di Giovanni	Economic Adviser	DTI
Eleanor Fuller	First Secretary	UKMIS, Geneva
Val Imber		Formerly Treasury
Peter Jenkins	Deputy Head	Formerly UKMIS, Geneva
Malcolm McKinnon	Head, New Trade Issues and Services, Trade Policy and	DTI

	Europe Directorate 2	
David Walmsley	Formerly, Trade and Development Policy	DTI
Jan Wright	Formerly, Trade and Development Policy	DTI

Organisations Outside HMG

Name	Designation	Organisation
Nicholas-Aris Charalambides	DNE Economist, EC-E4 Trade Group	European Community
Damien Cole	Counsellor, Multilateral Policy Section	Dept of Foreign Affairs, Dublin
Julie Delforce	Governance Dept	AusAid, Australia
Ebba Dohlmann		OECD
Goran Edhorn	Private Sector Division	SIDA, Sweden
Bernard Hoekman	Research Manager, International Trade Group	World Bank
Adair Huechen	Counsellor, Geneva Mission	CIDA, Canada
Margriet Kuster	Policy Adviser, Ministry of Foreign Affairs	Netherlands
Jiro Otsuka	Senior Adviser Macroeconomics and Finance	JICA, Japan
Erik Rasmussen	Development Section	DANIDA, Denmark
* Government Official		USA

* Respondent does not want to be named

Annex 4: ODA/DFID Trade-Related Projects

Africa
1990-1993

Country	Project	Title	Project Purpose	Started on	Commitment £000s	Expenditure £000s	Project Type
South Africa	059-522-001	Export Training and Support Initial Market Survey	To support the development of JX's long term capability to develop the export capacities of producers from disadvantaged communities	18 Sep 92	1,813,000	1,812,999	5
Tanzania	063-011-011	Zanzibar Cash Crops	To increase export earnings	01 Oct 91	190,000	167,227	5
Tanzania	063-540-016	Export Promotion Strat Study	To carry out an in-depth study of the initiatives being undertaken towards export promotion strategies: to assess remaining work.	04 May 93	45,000	44,972	5
		SUB-TOTAL	CATEGORY 5 (3 PROJECTS)		2,048,000	2,025,198	
Malawi	037-522-001	Industry and Trade		22 Nov 90	9,000	8,948	6
Senegal	055-522-002	Export/Investment Promotion for Senegal	A 2 day UK seminar in November to be organised by DECTA (part of Crown Agents) on Export/Investment potential of Senegal for UK business. An 8 day visit to Senegal by the consultants will be involved.	03 Jul 92	29,000	25,660	6
		SUB-TOTAL	CATEGORY 6 (2 PROJECTS)		38,000	34,608	
			TOTAL 1990-1993 (5 PROJECTS)		2,086,000	2,059,806	

1994-April 1997

Tanzania	063-540-020	Assistance to AMKA	To promote enterprise development leading to increased knowledge, producer development, ethical business practice and organisational development	01 Apr 94	521,960	480,211	2
Kenya	031-680-087	Fair Trade Exchange (JFSM1275)	The project will establish an organisation that will provide training and marketing support to producer organisations that are interested in fair trade.	01 Apr 96	190,631	0	2
		SUB-TOTAL	CATEGORY 2 (2 PROJECTS)		712,591	480,211	
Zimbabwe	073-522-002	Assistance with UNDP/World Bank Trade Expansion Programme	To identify with GOS major issues of Trade Reforms in Zimbabwe and agree TORs to main mission, Jan94. Mission to prepare chapter draft on current and future Macro economics and exchange rate policy	03 Mar 94	29,429	27,922	4
		SUB-TOTAL	CATEGORY 4 (1 PROJECT)		29,429	27,922	
Mozambique	044-542-006	Free Trade Zones Phase 3 Export Processing Zones	To assist the Government of Mozambique to introduce Export Processing Zones by providing a one year consultancy in the office for the Promotion of Foreign Investment (GPIE)	01 Oct 94	219,000	179,089	5
Cameroon	012-500-012	Dried Meat Project	To deliver interactive workshop on results of technical/marketing surveys in Cameroon in 1994 to producers/traders/retailers of dried meat product Kilishi & initiate trade relations with southern markets.	01 Feb 95	15,000	13,025	5

Kenya	031-540-015	Feas'y study into Expan of Traidcraft Exchange OBDS work	To establish, in the context of ODA/BASE and Tx overall objectives, how the TX OBDS can best assist small businesses to expand their activities with particular regard for export marketing and sales development.	30 Mar 95	45,000	39,742	5
Tanzania	063-501-003	Zanz Cash Crops Farming Project	To increase export earnings through the development of alternative export crops	18 Feb 97	3,222,157	3,149,614	5
Tanzania	063-502-003	Cashew Research Project	To achieve long term growth by increasing the national production of cashew nuts for export	18 Feb 97	4,691,000	4,664,526	5
		SUB-TOTAL	CATEGORY 5 (5 PROJECTS)		8,192,157	8,045,996	
					8,934,177	8,554,129	
					TOTAL 1994 – APRIL 1997 (8 PROJECTS)		
MAY 1997 – JUNE 2001							
Tanzania	063-542-061	Joint Trade-Related T A P	To build Tanzanian capacity for Trade Policy and Performance, so as to facilitate its integration into the multilateral trading system and take advantage of its market access and other provisions.	14 Aug 98	504,000	489,999	1
Malawi	037-522-002	Trade Policy Project	Malawian institutions and private sector in a state of readiness to meet the opportunities and threats of increased regional and world trade liberalisation.	26 Jan 00	420,000	171,052	1
Ghana	025-522-005	Ghana Trade Policy Project	To increase the capacity of GoG to formulate and implement trade policy and to participate meaningfully in multilateral, regional and bilateral trade negotiations.	15 May 00	1,000,000	43,017	1
Zimbabwe	073-522-004	Trade Policy Capacity Project (Zimbabwe)	Zimbabwe secured growth-oriented trade negotiation objectives and improved compliance with WTO agreements.	27 Nov 00	516,000	201	1

Kenya	031-596-001	EAC Trade Protocol Negotiations	Trade Negotiations	01 Dec 00	0	22,118	1
		SUB-TOTAL	CATEGORY 1 (5 PROJECTS)		2,440,000	726,387	
Ghana	025-500-027	Fair Trade Chocolate	Improved and sustainable financial, social and economic returns to small scale cocoa farmers.	01 Nov 98	50,000	0	2
Zambia	072-540-023	Assistance for Marketing Exports from Zambian Enterps	To promote more effective business performance among enterprises in Zambia with particular respect to increasing exports, and in the context of promotion ethical business practices.	01 Jan 02	1,020,000	782,201	2
		SUB-TOTAL	CATEGORY 2 (2 PROJECTS)		1,070,000	782,201	
Lesotho	032-540-002	Assist Lesotho Manufacturer's Association	To establish a training/production centre in the garment sector to achieve modern small scale garment enterprise in Lesotho and generate employment and income mainly for women	15 May 98	1,662,000	1,471,730	5
Ethiopia	020-500-011	Ethiopian Leather Institute	To provide assistance to the Ethiopian Ministry of Trade and Industry with establishing a new leather and leather.	05 Oct 98	20,000	15,098	5
		SUB-TOTAL	CATEGORY 5 (2 PROJECTS)		1,682,000	1,486,828	
Central Africa	068-522-001	Trade Study	To better inform DFIDCA of the key issues in international trade and investment affecting the central and southern Africa region (and in	15 Nov 99	5,400	5,361	8

				particular 4 countries served by our office), the process by which trade policy is formed and any priority issues amenable to donor assistance.					
				CATEGORY 8 (1 PROJECT)				5,400	5,361
				SUB-TOTAL					
Southern Africa Regional	062-599-033	EU-SADC Trade Liberalisation Seminar Preparation		To prepare for and implement an EU-SADC Trade Liberalisation Seminar and capacity building programme to be held in Dar-es-Salaam	01 Dec 97	0		83,466	9
Central Africa	068-542-003	Regional Meeting of Customs		Workshop will be used to discuss and agree upon a framework of actions needed to implement the SADC Free Trade Protocol	23 May00	70,000		43,627	9
		SUB-TOTAL		CATEGORY 9 (2 PROJECTS)		70,000		127,093	
				TOTAL MAY 1997 – JUNE 2001 (12 PROJECTS)		5,267,400		3,127,870	
				1990-1993		2,086,000		2,059,806	
				1994 – APRIL 1997		8,934,177		8,554,129	
				MAY 1997 – JUNE 2001		5,267,400		3,127,870	
		GRAND TOTAL:		25 PROJECTS		16,287,577		13,741,805	
ASIA 1990-1993									
India	149-522-001	Export Development		To develop Indian marketing techniques and develop an export market	01 Apr 90	3,840,000		6,637,804	5
Pakistan	171-522-001	Integrated Export Promotion Project		To assess whether assistance in promoting specific exports is required, whether the UK can provide effective assistance and if this is the case to develop a project proposal	01 Jan 92	54,960		47,418	5

India	149-522-002	Export Dev.Prog.Phase III	To promote the growth of export opportunities from India to industrial market economies	23 Apr 93	4,300,000	4,223,160	5
		SUB-TOTAL	CATEGORY 5 (3 PROJECTS)		8,194,960	10,908,382	
			TOTAL 1990-1993 (3 PROJECTS)		8,194,960	10,908,382	
1994 – APRIL 1997							
India	149-680-183	Trade Training for Tribal and Rural Youth – India	To fully equip four trade training workshops to NCVT standards as laid down by the government of India	01 Apr 97	51,472	51,199	7
		SUB-TOTAL	CATEGORY 7 (1 PROJECT)		51,472	51,199	
			TOTAL 1994 – APRIL 1997		51,472	51,199	
MAY 1997 – JUNE 2001							
Pakistan	171-522-002	WTO- Related Tech Co-op	To help Pakistan make full use of its in- country capacity to prepare effectively for the next round of WTO trade negotiations	05 Mar 99	1,081,000	256,025	1
South Pacific	255-596-002	Trade Scoping Mission	To identify possible areas of cooperation in trade and investment regionally and at country levels	01 Jun 00	0	3,505	1
Bangladesh	139-542-033	Trade Policy Capacity Building (TPCBP)	To increase the efficiency and effectiveness of GOB trade policy interventions within the new global trade systems	01 Aug 00	616,000	138,837	1
		SUB-TOTAL	CATEGORY 1 (3 PROJECTS)		1,697,000	398,367	

India	149-680-202	Support for International Resources for Fairer Trade	To promote more ethical and effective business performance among enterprises, leading to increased sales to both the growing local market and the export market	01 May 98	151,477	125,232	2
Bangladesh	139-540-005	BEMAP (Bang Exp marketing Assistance Programme)	Increased equitable employment and incomes among poor producers of handicrafts and related products through the development of local capacity to support export orientated small enterprise development in Bangladesh	03 Jun 98	796,389	598,135	2
Pakistan	171-540-003	PRIDE in Pakistan Project	To develop a sustainable mechanism for promoting more effective business performance among small enterprises in Pakistan, through ethically based fair trade export and domestic sales growth.	01 Jun 99	90,000	70,085	2
		SUB-TOTAL	CATEGORY 2 (3 PROJECTS)		1,037,866	793,452	
China	145-542-045	World Bank research project on World Trade Org Accession	To produce World Trade Organisation – consistent, pro-poor policy recommendations based on sound analysis of development impacts of WTO Accession	08 Aug 01	320,000	252,000	3
		SUB-TOTAL	CATEGORY 3 (1 PROJECT)		320,000	252,000	
	149-522-003	Trade & Poverty Research	Research	28 May 99	45,000	43,262	4
		SUB-TOTAL	CATEGORY 4 (1 PROJECT)		45,000	43,262	
Pitcairn Islands	221-500-002	Apiculture Programme	To provide training in apiculture and the processing of honey to export. To train a quarantine officer and give guidance which will assist with the marketing of Pitcairn honey outside Pitcairn	15 May 00	17,000	16,245	5
		SUB-TOTAL	CATEGORY 5 (1 PROJECT)		17,000	16,245	

Bangladesh	139-542-037	Trade and Investment	To inform DFID B of the key trade and investment policy issues of interest to Bangladesh	23 May 00	8,000	7,750	8
		SUB-TOTAL	CATEGORY 8 (1 PROJECT)		8,000	7,750	
			TOTAL MAY 1997 – JUNE 2001 (10 PROJECTS)		3,124,866	1,511,076	
			1990 – 1993		8,194,960	10,908,382	
			1994 – APRIL 1997		51,472	51,199	
			MAY 1997 – JUNE 2001		3,124,866	1,511,076	
		GRAND TOTAL:	14 PROJECTS		11,371,298	12,470,657	
LATIN AMERICA 1990-1993							
Paraguay	121-522-001	Assistance to Proparaguay	To enable Proparaguay to increase exports and inward investment. Proparaguay is a government body formed from the relevant departments of the Min of Foreign Affairs and Min of Trade & Industry	01 Jan 93	50,000	43,376	1
		SUB-TOTAL	CATEGORY 1 (1 PROJECT)		50,000	43,376	
Belize	083-500-006	Plant protection project	To safeguard and increase agricultural export earnings and farmer's income through crop protection	23 Jul 92	787,000	760,269	5
		SUB-TOTAL	CATEGORY 5 (1 PROJECT)		787,000	760,269	

			TOTAL 1990 – 1993 (2 PROJECTS)		837,000	803,645	
MAY 1997 – JUNE 2001							
America Regional	076-500-010	AC Trade and Agricultural Study	To allow authorities designing agriculture and trade policies to understand rules and criteria defined by the WTO	16 Mar 00	70,000	68,173	9
		SUB-TOTAL	CATEGORY 9 (1 PROJECT)		70,000	68,173	
			TOTAL MAY 1997 – JUNE 2001 (1 PROJECT)		70,000	68,173	
			1990 – 1993		837,000	803,645	
			MAY 1997 – JUNE 2001		70,000	68,173	
			3 PROJECTS		907,000	871,818	
FORMER SOVIET UNION AND EASTERN EUROPE							
1990 - 1993							
Poland	287-522-003	Polish Chamber of Foreign Trade		28 Mar 90	2,200	2,200	6
Hungary	276-540-031	Est.Export Credit Agency	Appraisal mission and visit programme to Hungary to assess whether an Export Credit Agency can be established	11 Nov 91	28,000	20,712	6
		SUB-TOTAL	CATEGORY 6 (2 PROJECTS)		30,200	22,912	
Russian Federation	292-540-029	International Trade Finance	To provide training for bankers in St Petersburg	01 Jan 93	14,350	6,500	7
Russian Federation	292-540-021	Int Trade Finance	Trainers chosen by KHF bank training adviser to meet urgent need for courses	01 Feb 93	14,350	13,000	7

		SUB-TOTAL	CATEGORY 6 (6 PROJECTS)		1,557,894	1,510,472
Estonia	275-522-002	Attendance at Tallinn International Trade Conference	Send 2 people from Bradford and Ilkey college to the conference in October 1994, who will write a report to be distributed free throughout the UK and Europe	07 Nov 94	1,890	1,890
Slovak Republic	307-540-050	Training of Trainers Barclays	To produce a group of competent trainers to deliver courses on International Trade and Finance to local bankers through the Institute of Banking Education	01 Feb 95	24,000	0
Slovak Republic	307-522-001	Export Promotion Services	Visit to Bratislava to explain how UK export promotion services operate and assess how it may be adopted locally	16 Feb 95	1,800	1,788
Czech Republic	306-540-024	International Trade Finance Training of Trainers Programme.	To train a team of trainers to deliver a week long course in International Trade Finance to be delivered to Czech bankers	09 Mar 95	22,000	14,312
Hungary	276-542-065	Ministry of Trade Training Development	Upgrade the skills and knowledge of the 10 high level officials in the Ministry of Industry and Trade	21 Jun 95	43,175	32,310
Slovak Republic	307-540-060	Euro money Course June 95	Two Slovak delegate costs for the Euro money 3 rd annual global trade and project finance forum, London 29-30 June 1995	22 Jun 95	3,300	2,371
Ukraine	283-522-001	Assistance to the Academy of Foreign Trade	To assist the Academy of Foreign Trade in managing a study tour to the UK by senior staff of AFT determine future training, education and qualification needs of trade representatives based in Ukrainian Embassy	01 Mar 96	15,000	14,900
Slovak Republic	307-540-077	Euro money Trade Fin.	A course in May on International Trade Finance for Mrs P Ikova and Dr Bachledora	04 Oct 96	7,500	6,474
		SUB-TOTAL	CATEGORY 7 (8 PROJECTS)		118,665	74,045

Russian Federation	292-540-192	Assistance to Russia's WTO Accession Negotiations	Visit of a WTO expert to Moscow to meet relevant officials and discuss what is happening, areas identified for help and areas practical for KHF assistance	12 Feb 98	8,000	5,892	3
Moldova Republic	300-542-008	Assistance to Patent Office	To resolve the problems that AGEPI have with management, financial and administrative skills to allow them to operate in a manner which is beneficial to the national economy and join the World Trade Organisation	11 Aug 98	30,000	30,000	3
Moldova Republic	300-522-002	WTO Conference	Facilitating Moldova's accession to the WTO by funding attendance at the conference in Seattle	01 Nov 99	6,318	6,318	3
		SUB TOTAL	CATEGORY 3 (3 PROJECTS)		44,318	42,210	
Russian Federation	292-522-001	Russia Trade with the EU	To analyse how Russian access to the EU market has developed over the last three years with a particular focus on tariff and non-tariff barriers into the EU market	01 Apr 99	5,000	5,000	4
		SUB-TOTAL	CATEGORY 4 (1 PROJECT)		5,000	5,000	
Slovak Republic	307-540-084	Antidumping Trn Initiative	One day seminar for businesses involved in exporting to the EU together with industry associations and other interested parties, a two day workshop for Slovak exporters of steel and handbook	15 Aug 97	25,000	13,887	6
Bulgaria	265-540-042	Export Insurance Agency	To support the establishment of an effective and financially sustainable Export Credit Agency in Bulgaria	19 Mar 99	625,000	315,826	6
Moldova Republic	300-541-001	Assistance to ARIA	To provide funds to contribute towards organising an International Conference on Enterprise Competitiveness and its	24 Nov 99	42,000	1,499	6

			impact on International Trade						
			CATEGORY 6 (3 PROJECTS)				692,000		331,212
			SUB-TOTAL						
Armenia	274-542-016	Trade Ministers Visit	Visit by three Armenian Trade ministers to London	31 Oct 97		10,000		5,054	7
		SUB-TOTAL	CATEGORY 7 (1 PROJECT)			10,000		5,054	
Macedonia	308-540-021	Trade Policy SE Europe	To inform DFID of the implications of possible changes to trade regimes facing Albania, Bosnia, Croatia, Macedonia and FRY	01 May 99		7,500		0	8
Macedonia	308-522-001	Trade Policy SE Europe	To examine potential Trade Issues arising from Kosovo crisis	01 Jun 99		7,588		7,588	8
Macedonia	308-522-002	Trade Policy SE Europe	To advise HMG of the current access of Albania, Bosnia, Herzegovina, Croatia, FYROM and FRY to the markets of the European Union, European Free Trade Area and Central Europe Free Trade Agreement, and to each other's markets	01 Jun 99		50,000		45,681	8
EECAD Regional	294-542-002	Trade and Trade Policy (review)	To inform DFID of the current situations in EECAD countries covering all issues relevant to date	01 Jul 00		62,000		60,790	8
		SUB-TOTAL	CATEGORY 8 (4 PROJECTS)			127,088		114,059	
Russian Federation	292-540-217	International Trade Disputes	To increase level of awareness of anti-dumping issues	10 Aug 99		31,000		0	9
Russian Federation	292-522-004	International Trade Disputes	To increase level of awareness of anti-dumping issues	06 Oct 99		36,000		34,994	9
		SUB-TOTAL	CATEGORY 9 (2 PROJECTS)			67,000		34,994	
			TOTAL MAY 1997 -JUNE 2001 (21 PROJECTS)			3,983,287		1,499,883	

			1990 – 1993		58,900	42,412	
			1994 – APRIL 1997		2,890,966	2,746,043	
			MAY 1997 – JUNE 2001		3,983,287	1,499,883	
			47 PROJECTS		6,933,153	4,288,338	
			GRAND TOTAL:				

**MIDDLE EAST
1990 - 1993**

Egypt	018-500-008	Agric. Export Development		22 Mar 90	10,000	10,979	5
West Bank and Gaza	259-595-021	DECTA Trade Promotion Cons	Study to seek means of promotion trade for Palestinians	05 Nov 92	16,828	16,041	5
		SUB-TOTAL	CATEGORY 5 (2 PROJECTS)		26,828	27,020	

			TOTAL 1990 – 1993 (2 PROJECTS)		26,828	27,020	
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MAY 1997 – JUNE 2001

West Bank and Gaza	259-542-034	Economy & Trade Policy Dev	This project aims to equip MOET with the technical and legal capacity to prepare for economic negotiations with third parties so that it can fulfil its policy – making role more effectively	01 Nov 99	495,057	482,861	1
		SUB-TOTAL	CATEGORY 1 (1 PROJECT)		495,057	482,861	

			TOTAL MAY 1997 – JUNE 2001 (1 PROJECT)		495,057	482,861	
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			1990 – 1990		26,828	27,020	
			MAY 1997 – JUNE 2001		495,057	482,861	
			3 PROJECTS		521,885	509,881	
			GRAND TOTAL:				

**CARIBBEAN
1990 - 1993**

Dominica	095-964-001	Export Fruit Cr Pr		11 Dec 91	40,000	32,923	5
Caribbean	232-500-014	Cepat Export Marketing	To provide exporters with the necessary skills to take advantage of expanding market opportunities	01 Jul 93	4,000	4,000	5
		SUB-TOTAL	CATEGORY 2 (2 PROJECTS)		44,000	36,923	

			TOTAL 1990-1993 (2 PROJECTS)		44,000	36,923	
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1994 – APRIL 1997

Jamaica	111-500-008	Banana Quality Improve Pr	To investigate ways to maintain or increase Jamaica's income from exported banana's by reducing rejection of poor quality fruit due to peel scarring	01 Jun 95	644,600	623,710	5
		SUB-TOTAL	CATEGORY 5 (1 PROJECT)		644,600	623,710	

			TOTAL 1994 – APRIL 1997 (1 PROJECT)		644,600	623,710	
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MAY 1997 – JUNE 2001

Caribbean	232-522-002	CARICOM RNM Project	Technical support to the CARICOM Regional Negotiating Machinery to enable effective participation of CARICOM countries in hemispheric regional and multilateral trade fora	23 Mar 99	1,490,000	1,159,342	1
		SUB-TOTAL	CATEGORY 1 (1 PROJECT)		1,490,000	1,159,342	

Caribbean	232-540-005	Enterprise Development	To facilitate matchmaking between Caribbean and UK small businesses to protect existing employment and to generate new opportunities throughout the creation of bilateral trade links within the UK	01 May 98	35,000	8,657	5
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		Africa	update World Bank study						
	790-620-063	Lome Trade Options Study	Study to identify changes to the trade regime of the Lome IV Convention which would benefit ACP States	01 Dec 93	5,000	0			4
		SUB-TOTAL	CATEGORY 4 (5 PROJECTS)		51,642	73,830			
	790-629-030	Trade Dev.Prog. TWIN Ltd Third World Info. Network Ltd	Support programme for selected African small-holders and farmers organisations producing coffee and cocoa to develop export capability, export-market strategies and export quality products	02 Mar 93	116,286	111,795			5
		SUB-TOTAL	CATEGORY 5 (1 PROJECT)		116,286	111,795			
	000-680-028	Overseas Business Development Service	To assist third world producer groups to become commercially viable & develop their potential for involvement in international trade	01 Apr 90	475,814	463,296			6
	562-620-900	Core Grant	The provision of trade information to developing countries. Identification of future opportunities for specific trade Promotion Projects	01 Apr 91	288,000	2,269,852			6
	790-629-044	Namibians: visit to Kenya visit of Namibian Officials	To enable officials from Min of Trade/ Industry, Namibia to benefit from lessons learned in small enterprise promotion in Kenya, and to discuss with Kenyans application of insights & develop links	10 Sep 93	6,300	6,119			6
		SUB-TOTAL	CATEGORY 6 (3 PROJECTS)		770,114	2,739,267			
			TOTAL 1990-1993 (9 PROJECTS)		938,042	2,924,892			

1994 – APRIL 1997

	172-680-010	Fair Trade Programme (JFS1133)	To increase fair trading by supporting approx 200 local organisations in business counselling, training, market information and networking	01 Apr 95	666,990	457,355	2
		SUB-TOTAL	CATEGORY 2 (1 PROJECT)		666,990	457,355	
	694-620-010	Policy Analysis Agriculture East and South Africa	Creation of a database on African PTA food trade issues	01 Feb 94	36,071	34,016	4
	777-620-038	Trade Liberalisation in Developing Countries	To disseminate findings of a research report	01 Mar 95	10,446	10,446	4
	001-500-048	International Markets for African Agricultural Exports	NRI to analyse global trends in commodities and products of relevance to Sub-Saharan Africa, trade factors, policy reform programmes, ACP status, issues, currency zones	26 Mar 95	15,525	13,575	4
		SUB-TOTAL	CATEGORY 4 (3 PROJECTS)		62,042	58,037	
	706-620-003	Horticultural exports under trade liberalisation Africa	To inform policy on horticultural production in the context of changing markets for horticultural trade between Africa and Europe	01 Nov 94	63,775	59,385	5
	790-629-068	SEDF	Development of local capacity to support export oriented small enterprise development in Bangladesh	18 Mar 97	18,500	18,500	5
		SUB-TOTAL	CATEGORY 5 (2 PROJECTS)		82,275	77,885	
	790-620-053	DeCTA Review	Review of the Trade Promotion grant to Developing Countries Trade Agency	10 Mar 94	20,000	17,505	6

			(DeCTA)						
790-629-052	Dir. 3 rd World Prim. Prod.		Research, analysis, collation, editing, production and distribution of a directory of "minor" primary commodities and other export products developing countries	17 Jan 95	40,500	40,158			6
790-629-077	India Trip & Trade Fair		Funding for India Trip & Trade Fair Support to Asian enterprises	01 Feb 97	5,775	5,775			6
	SUB-TOTAL		CATEGORY 6 (3 PROJECTS)		66,275	63,438			
680-620-006	GATT Trade Policy Review		Review papers on trade policy by GATT to reach understanding of latest situation	01 Mar 94	3,000	3,000			8
790-620-069	GATT Uruguay Round Study		Identify benefits & costs of Uruguay round agreement for sufficient classes of developing country (with focus on ACPS, & those countries which stand too lose). Provide background for briefings, speeches etc.	28 Jun 94	26,600	26,381			8
	SUB-TOTAL		CATEGORY 8 (2 PROJECTS)		29,600	29,381			
			TOTAL 1994 - APRIL 1997 (11 PROJECTS)		907,182	686,096			
MAY 1997 - JUNE 2001									
357-700-	ITC JITAP TC Programme		The Integrated Programme aims to help African countries participate more effectively in the multilateral trading system and improve their export competitiveness	01 Mar 98	356,948	356,948			1
352-760-008	TA to Caribbean		To give technical assistance to the Caribbean on the negotiating machinery in World Trade	01 Nov 98	9,000	7,892			1
352-760-005	T & E Capacity building		To ensure that 10 developing countries	01 Nov 98	426,014	423,964			1

				are better placed to identify their national interests and protect these within the trade and environment debate								
	352-760-012	Trade policy capacity building		Assist IEPD achieve its department objectives related to integrating developing countries into the global economic and multilateral trading systems	01 Jan 99	260,000	178,419					1
	352-760-007	Call Down		Call down support for trade policy capacity building	01 Jan 99	70,000	0					1
	352-760-011	WTO TC Trust Fund		TC to enhance the integration of the least developed countries into the multilateral trading system and continue helping developing countries better understand their rights and obligations under the WTO agreements	01 Jan 99	660,000	645,780					1
	352-760-030	ITC Global Trust Fund		The purpose is for DFID to provide financial support to an international trade centre delivered project which will support capacity building in developing countries	01 Dec 99	530,000	461,719					1
	001-522-001	Trade and Poverty Programme for Africa		To enhance pro-poor economic integration and participation in the international trading system	01 Apr 00	7,500,000	92,604					1
	001-552-001	Trade and Poverty Programme for Africa		To enhance pro-poor economic integration and participation in the international trading system	01 Apr 00	100,000	0					1
	352-762-008	Building capacity to trade		To assist IEPD to further develop its competition policy objectives and to act in an advisory role for issues of capacity building to build developing country confidence in WTO negotiations	01 Jul 00	133,000	66,369					1
	352-764-009	ITD Trade Consultants		To provide expert input to design, monitoring and evaluation of bilateral and multilateral trade policy capacity building projects and other TR technical cooperation	01 Mar 01	350,000	24,580					1

352-760-040	Africa Trade Project	To build capacity for African countries to participate effectively in international trade negotiations	26 Mar 01	300,000	114,500	1
352-763-009	Integrated Framework Pilot Scheme	To support the partner country, identified within the pilot scheme of the Integrated Framework, and assisted by the lead agency, to complete a trade integration study for effective participation in the global economy	01 May 01	400,000	362,169	1
352-760-042	Linkages between Trade & Non Trade Capacity Building	To build the capacity of civil society groups in understanding the complex issues regarding the linkage between trade and two "new issues" – labour standards and the environment	01 Jun 01	50,000	25,000	1
	SUB-TOTAL	CATEGORY 1 (14 PROJECTS)		11,144,962	2,759,944	
790-629-088	Expanding Fair Trade (Twin)	Aims to review experiences of fair trade over past decade and highlight key theoretical and practical issues to draw out policy implications of fair trade to encourage relevant changes and shifts in regulation of international trade	01 Jan 98	52,000	52,000	2
790-629-091	TX-Best Practice Guide	The project will institutionalise best practise in partner development and will contribute to the effective establishment of DFIF HQ of further partners promotion trade from poor producers	01 Jan 98	49,500	49,500	2
781-629-054	Stimulating Sustainable Trade	To review the potential for trade in sustainable produced goods and services from the perspective of developing countries	01 Aug 98	80,000	52,837	2

790-629-104	Trade Development Challenge Fund	To support innovative trade development initiatives which aim to benefit poor and marginalised producers	01 Oct 98	103,276	103,015	2
790-637-006	Fair Trade Study	Assess costs/benefits of fair trade	01 Jul 99	80,000	67,721	2
790-629-122	Fair Trade Tea	To improve sustainable livelihoods	20 Mar 00	59,523	43,394	2
777-620-098	Gender Trade in Africa	A comparative examination of the gender implications of codes of conduct in the export horticultural sector	08 Jan 01	44,076	43,677	2
790-629-138	Synchronised Trading	To encourage leading food retailers and food service operators to incorporate a percentage of Fair Trade raw material within their private label products	11 Jun 01	17,000	12,046	2
	SUB-TOTAL	CATEGORY 2 (8 PROJECTS)		485,375	424,190	
790-629-085	Employment Creation Rajasthan	To assist the Government of Rajasthan to achieve its goal of employment generation through the development of Exportable products by Rural Enterprises in the leather, textile and clayware	01 Sep 97	52,850	50,829	3
352-760-026	UNCTAD accession trust fund	To provide financial support to a UNCTAD delivered project which will assist developing countries in their efforts to join the WTO	01 Nov 99	401,000	375,000	3
	SUB-TOTAL	CATEGORY 3 (2 PROJECTS)		453,850	425,829	

683-620-048	Trade, Economic Costs of Pollution Environment Policy in Developing Countries	To review the economic and technical literature on the above subject. It is intended to be a springboard to future empirical research on trade and investment and the environment	01 Dec 97	19,825	19,814	4
352-761-003	Stimulating Sustainable Trade	To identify the best ways of promotion trade in sustainable produced goods and services from developing countries to the EU	01 Aug 98	200,000	82,124	4
352-761-002	Impacts Of Trade Liberalisation	Impacts on Trade Liberalisation	01 Aug 98	25,000	25,000	4
352-761-004	Removing Trade Restrictions	To identify and prioritise those areas where the removal of trade restrictions and distortions would be most likely to yield environment and development benefits of most interest to developing countries	01 Sep 98	30,000	22,495	4
708-620-079	Trade Liberalisation IDS	The project would construct and use gendered models of an African economy and a South Asian economy to assess the differential impact of trade liberalisation on men and women, and to appraise the efficacy and efficiency of alternative possible	01 Oct 98	126,394	112,311	4
352-760-015	ATPSM	To assist developing countries to negotiate effectively in future multilateral negotiations on agriculture	01 Jan 99	110,000	110,000	4
352-761-007	Win Win situations	Research Win Win Situations on Trade and Environments	28 Jan 99	4,000	3,152	4
352-761-008	Animal Welfare	To provide preliminary data and analysis indicating the extent to which developing countries may be affected by a proposal to restrict imports into the EU to animals and animal products of	25 Mar 99	4,040	3,895	4

			market opportunities allowing them to generate the growth necessary to eradicate poverty							
			CATEGORY 6 (4 PROJECTS)					110,435	108,980	
			SUB-TOTAL							
748-657-013		CAP Coherence (R6973CA)	Review of the linkages between the EC Trade Development Policies and the Common Agricultural Policy	01 Jul 97	13,135	11,650				8
790-631-059		Aim 1: Trade and Investment	Department Spending Review: Trade and Investment Scoping Activity	01 Aug 97	17,625	17,625				8
352-761-005		Trade Technology Of Poverty	To provide an overview of research carried out on the linkages between trade and trade policies with poverty and to propose suitable areas for further work	01 Oct 98	470,000	206,789				8
352-764-002		Building Consultant Database	To raise awareness within DFID of existing local expertise in the field of trade policy	16 Feb 99	9,010	9,008				8
352-764-004		Policy Briefing Notes	Information notes on contemporary trade issues	25 Mar 99	80,000	47,495				8
352-764-003		SDT Study	To help DFID assess the desirability of, and scope for special and differential treatment which afford developing countries greater room for policy discretion in prospective multilateral trade negotiations	05 Oct 99	5,310	10,612				8
352-760-034		Sensitivity Analysis on GSP	The consultants will establish the tariff to be paid on important EU imports from selected developing countries under four actual or potential GSP regimes. The objective is to allow DFID to identify the winners and losers from alternative GSP arrangements	01 Aug 00	13,334	13,334				8
411-761-001		Seminar on Export Credits	The seminar is to take forward discussions about the role of export credits in the poorest countries and the effectiveness of export credits. It should also develop ideas and approached for	18 Aug 00	105,000	63,249				8

352-764-010	Usage of EU Trade Preferences	To assist in the adoption of a UK Government policy stance in preparation for the forthcoming negotiations to the GSP commencing in 2002	01 Jun 01	29,950	7,121	8
001-522-003	Trade Policy and Africa Study	To provide a complementary picture to feed into and add to an overall report on how DFID working with other government departments can take forward the DFID White Paper II agenda on trade in Africa	01 Jul 01	8,000	5,850	8
	SUB-TOTAL	CATEGORY 8 (15 PROJECTS)		1,046,864	473,487	
319-761-001	WTO Trust Fund	UK Response to an action plan by the World Trade Organisation for the integration of IDCS into the global economy. UK grant of 60k for the attendance of IDC representatives at high level meeting Oct 97	01 Nov 97	120,000	74,160	9
352-765-001	Contribution to DC Speakers	To fund developing country representatives participation in the Chatham house trade, investment and environment conference	27 Aug 98	5,875	5,875	9
352-760-003	TIAF	Pledge made at Commonwealth Heads of Government Meeting to help the integration of countries, especially small states and the least developed, into global economy	12 Jan 99	307,800	254,649	9
352-760-016	High Lever Symposias	The events offer useful opportunities for making progress on a number of key issues currently facing member states in the lead up to the ministerial meeting at the end of the year	08 Feb 99	100,000	100,000	9

352-761-011	DFID/World Bank Trade Project	The project will support a programme of research and capacity-building, managed by the World Bank, on key development issues likely to arise in future multilateral trade negotiations in the WTO	01 Apr 99	3,000,000	1,780,103	9
352-760-019	PWC ACWL	To draft articles of foundation in accordance with the terms and provisions contained in the final version of the proposal for an Advisory Centre on WTO Law	01 Apr 99	6,200	5,904	9
352-760-020	CTS Database	To assist developing country WTO members in future trade negotiating by establishing an electronic database linking the loose leaf schedules of bound tariffs to information on applied tariffs in the WTO's Integrated database	01 Apr 99	377,000	370,946	9
352-761-012	PriceWater Coopers – ACWL	To draft articles of foundation for the ACWL and design a road map of Swiss law concerning tax exemption and immigration questions	01 Apr 99	6,145	0	9
352-763-002	WTO Customs Valuation	Participation of WTO CV Committee Chairman on the WTO TC mission to Jamaica to assess the effectiveness of the WTl missions	01 Aug 99	2,800	2,741	9
352-760-025	Mon/Eval of WTO's TC	To enhance the World Trade Organisations TC activities by developing, monitoring and evaluation policies/systems in line with international best practice	01 Aug 99	132,000	95,000	9
352-761-014	Textiles study	To identify textile and clothing products that would give maximum benefit to developing countries if integrated into the WTO system in 2002	17 Aug 99	78,000	64,740	9
352-760-032	WTO Competition Symposium	To build support within civil society for the idea of WTO rules on competitions	01 Sep 99	9,700	9,525	9
352-761-016	Geneva Week	To assist in the presentation of a workshop at the WTO for non Geneva	01 Nov 99	100,000	100,000	9

				based delegations on assisting integration into the trading system				
352-763-003	DAC Best Practice Review	To provide financial support to the DAC/ODC project	01 Nov 99	50,000	23,257		9	
352-762-010	International Dev Law Institutional workshop	Finding ways to empower developing countries to benefit from international trade rules of particular relevance to trade flows, such as that of WTO stem (Global Framework) and that of NAFTA & The European Union (Main Export Markets)	01 May 00	17,000	13,067		9	
352-763-004	CBC Congress May 2000	To help the CBC fund the cost of participants from Commonwealth developing countries attending the CBC Congress in London, May 2000	01 May 00	10,000	10,000		9	
352-760-021	Advisory Centre on WTO Law	To produce a draft on an International agreement for the establishment of the centre. To develop the appropriate legal instrument which would allow the centre to become an appendix to an existing international organisation	01 Jun 00	13,000	9,531		9	
352-760-038	TBT WTO	Project paid for the travel and subsistence costs of developing country participants at a workshop in Geneva to discuss TBT	01 Jul 00	20,000	20,000		9	
187-006-001	CUTS Training Seminar	To strengthen capacity of civil society in developing countries	01 Sep 00	16,000	16,000		9	
352-762-013	Africa Trade Ministers Meeting	Contribution towards participation at the Africa Trade Ministers Meeting in November 2000	26 Oct 00	100,000	0		9	
001-522-002	African Trade Ministers Meeting	Contribution to the World Trade Organisation to facilitate the participation of representatives from the Least Developed Countries	01 Nov 00	50,000	0		9	
352-760-029	South cent WTO	Providing Technical Assistance to Developing countries for the WTO Negotiations on Agriculture	01 Jan 01	150,000	3,441		9	

352-763-006	WTO Competition policy workshop	To promote a better understanding of competition policy, to disseminate information on the WTO's work on interaction between trade and competition policy and to facilitate a dialogue on these issues	18 Jan 01	220,000	215,633	9
352-762-011	ComSec Tiaf Phase 2	Provide funding to enable the Commonwealth Secretariat to assist poorer Commonwealth countries to implement WTO Agreements and prepare for multilateral, regional and bilateral trade negotiations	01 Feb 01	1,100,000	250,004	9
352-763-007	CBC Africa Trade Congress	To fund the event and cost of participants from commonwealth developing countries attending the CBC Trade Congress for Africa in Kenya, March 2001	01 Mar 01	57,000	56,000	9
352-763-008	DTI/DFID Commonwealth workshop	To fund the event and cost of participants from commonwealth Africa countries attending a DTI and DFID workshop on trade negotiation in Kenya March 2001	01 Mar 01	70,000	69,921	9
352-762-016	Contribution to Joint Integrated Tech assistance Program	To build national capacity to understand the WTO agreements and implications for the country	01 Mar 01	201,000	200,559	9
727-620-006	Ministerial Round Table on Trade and Poverty 19 March 2001	To discuss Trade and Poverty in the least developed countries	01 Mar 01	50,000	7,603	9
687-620-023	WTO Poverty Reduction	This project will evaluate whether proposed reforms to WTO procedures are capable of advancing the interests of the poor in developing countries. The reforms relate to each of the WTO's three main functions: negotiating agreements, reviewing country trade policies and settling disputes	20 Mar 01	140,152	32,517	9
352-761-020	IDLI – Feasibility Study	To explore the feasibility of three specific project ideas: the establishment	20 Mar 01	38,000	8,751	9

			of Chairs in international Trade Law in various parts of the world						
	352-761-023	Agriculture Commitments CTS Project	To code WTO agriculture commitments of developing countries into the CTS to enable WTO member States to evaluate market access opportunities in future negotiations	01 Jun 01	60,000	56,247	9		
	352-764-011	Sponsoring developing country delegates	To facilitate dialogue between World Trade Organisation officials and human right lobbyists. This will contribute to the goal of better understanding and cooperation between these groups	01 Jul 01	6,400	5,362	9		
	790-637-023	Inter-Government Experts Meetings	To increase capacity and participation of high level officials from developing countries, Capitals in Uctad and WTO meetings	01 Jun 01	45,100	44,519	9		
		SUB-TOTAL	CATEGORY 9 (33 PROJECTS)		6,659,172	3,906,055			
			TOTAL MAY 1997 – JUNE 2001 (93 PROJECTS)		20,866,608	8,764,598			
			1990 – 1993		938,042	2,924,892			
			1994 – APRIL 1997		907,182	686,096			
			MAY 1997 – JUNE 2001		20,866,608	8,764,598			
		GRAND TOTAL:	113 PROJECTS		22,711,832	12,375,586			

Annex 5

Respective interests of ITD and RLD in agricultural trade

Objective	1. Reducing the current distortions to global markets for agricultural products caused by trade barriers and trade distorting subsidies		2. Enhancing the capacity of developing countries to export their agricultural output
Lead department	ITD		Regional departments (RL & Economic Advisers)
Support department	ITD		Regional departments (RL & Economic Advisers)
Core interest	<p>Enhancing trading opportunities for developing countries is essential for economic growth and through that for poverty reduction.</p> <p>ITD also has a core interest in enhancing capacity: trade capacity building needs to be mainstreamed into country-level development strategies.</p>	<p>Trade and market access is one of several factors affecting poor people's livelihoods; RLD's interest is how trade relates to and interacts with other factors in livelihood terms.</p>	<p>The ability of poor people to take advantage of markets depends on their access to a wide variety of factors: land, knowledge, inputs, skills, finance and their ability to meet the tighter specifications imposed by standards and regulations.</p>
Cross-cutting perspective	<p>Raising awareness of the importance of trade issues across DFID, and of the impact of trade concerns of developing countries across Whitehall.</p>	<p>Raising awareness of how trade-related factors affect livelihoods, and of the 'technical' detail of specific trade issues</p>	<p>Raising awareness of the specific interests of partner countries and poor people within them</p>

WTO Agriculture Round	Informing HMG and EU positions. Consultation with developing countries.	Impacts on food security. Consultation with other developing country stakeholders	Strengthening the capacity of developing countries to take part in negotiations (with ITD centrally)
Standards: SPS (formal and mandatory standards)	SPS as 'non-tariff barriers' to trade EC regulation to establish a European Food Authority and European Food Law Developing country participation in international standards-setting bodies	Specific detail on issues such as pesticide residues, phytosanitary matters, animal disease, animal welfare etc. Selective participation in UK/EU/international standards-setting processes	Perspectives on how specific measures impact on livelihoods Capacity building to negotiate and comply with standards
Standards: other (private sector and voluntary standards)		Ethical trade, fair trade, symbol schemes, organic schemes and integrated production standards and schemes Awareness raising amongst northern players of livelihood issues	Perspectives on how specific measures impact on livelihoods Capacity building to negotiate and comply with standards (in conjunction with EDD as business development services)
CAP	CAP as a protectionist policy that prevents developing countries exploiting their comparative advantage in agricultural products and exporting to the EU.	CAP as an instrument of European rural development policy: RLD interests are policy coherence and lesson learning from developing and developed country experiences, especially sustainable agriculture and livelihoods issues.	Perspectives on how CAP impacts on livelihoods (local market distortions, dumping) Demonstration of policy consistency in PRS and rural sector debates.
CFP	CFP as a protectionist policy that prevents developing countries from sustainably	Main RLD focus is on generating coherence between commercial and development	Perspectives on how CFP impacts on livelihoods (especially artisanal fishers)

	exploiting their own fishing waters for export	policy, currently through ongoing review of CFP. Linked efforts to direct EU research and development programmes towards greater poverty focus.	and poor consumers) Consistency and complementarity in policies and programmes e.g. bilateral fisheries agreements
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Updated: 4 September 2001

DEPARTMENT FOR INTERNATIONAL DEVELOPMENT

The Department for International Development (DFID) is the UK Government department responsible for promoting sustainable development and reducing poverty. The central focus of the Government's policy, based on the 1997 and 2000 White Papers on International Development, is a commitment to the internationally agreed Millennium Development Goals, to be achieved by 2015. These seek to:

- Eradicate extreme poverty and hunger
- Achieve universal primary education
- Promote gender equality and empower women
- Reduce child mortality
- Improve maternal health
- Combat HIV/AIDS, malaria and other diseases
- Ensure environmental sustainability
- Develop a global partnership for development

DFID's assistance is concentrated in the poorest countries of sub-Saharan Africa and Asia, but also contributes to poverty reduction and sustainable development in middle-income countries, including those in Latin America and Eastern Europe.

DFID works in partnership with governments committed to the Millennium Development Goals, with civil society, the private sector and the research community. It also works with multilateral institutions, including the World Bank, United Nations agencies, and the European Commission.

DFID has headquarters in London and East Kilbride, offices in many developing countries, and staff based in British embassies and high commissions around the world.

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ISBN: 1 86192 583 2