Look at the two photographs below and ask yourself what problems you perceive for trade and development in each situation; ask as well, what solutions could address both problems effectively and have measurable results¹.

The problem of insufficient knowledge and skills for trade in developing countries is not necessarily obvious. Unlike, for example, the revealing photo of a customs point clogged up with trucks on the Zambia-Zimbabwe border, knowledge is intangible, invisible; we only see the traces of its presence, in the same way that a footprint in the snow signifies a person has walked there. Investing in customs procedures will have measurable, even visible benefits, but measuring the benefits of investment in trade-related postgraduate programs, such as that of the University of the West Indies, is more difficult and may only have noticeable impacts several years down the line. Developing country governments as well as donor country

¹ Left: trucks queuing at the Zambia-Zimbabwe border (courtesy of Mr. Jan Hoffman, UNCTAD); Right: students from the University of the West Indies on the Masters program in International Trade Policy discuss regional policy concerns with Mr. Elliot Paige from the Organization of Eastern Caribbean States.
development agencies may well ask the questions therefore, why should I address the issue of knowledge and skills for trade and support the building of national capacities in this field, and what exactly will I get in return for my efforts and hard cash? In general terms, this paper will try to provide answers to those two questions.

The Importance of Trade-Related Capacity Building (TRCB)

There currently exists a great deal of research and experience on trade-related capacity building, not least in UNCTAD, which is drawing ever increasing attention to the importance of this issue for developing countries and countries with economies in transition. Since the start of this century several declarations and commitments have been made by the international community recognizing the role of capacity building and technical assistance for trade: the Doha Declaration in 2001 explicitly stated that "technical cooperation and capacity building are core elements of the development dimension of the multilateral trading system"\(^2\) and the year after that the International Conference on Financing for Development in Monterrey, agreed that "bilateral donors and the international and regional financial institutions, together with the relevant United Nations agencies, funds and programs [are invited] to reinforce the support for trade-related training, capacity and institution building and trade-supporting services"\(^3\).

Last year the report of the Aid for Trade Task Force pointed out that for developing countries "weaknesses in… institutional capacities to develop and implement results-driven national development strategies" hinder their ability to benefit from trade liberalization\(^4\). More recently, the OECD has highlighted in the context of on-going discussions on the Aid for Trade initiative that "there seems to be an emerging consensus that the aid for trade agenda includes at least [Trade-Related Technical Assistance/Capacity Building] TRTA/CB and infrastructure."\(^5\) But if the importance of trade-related capacity building is recognized by international organizations, is it perceived in the same terms by the countries concerned?

UNCTAD has certainly not been silent on this issue; recently it organized an expert meeting in November 2006 pulling together research on this topic, as well as drawing on our own analysis and on-going technical assistance activities in the field. The meeting concluded that in addition to international organizations and donor countries contributing to the capacity building programs of developing countries, it is developing country governments themselves which have to first see the importance of this issue and commit funds to invest in the development and strengthening of their training and research capacities for trade: "...few African governments invest in trade-related education through the budget [-] 'it all comes from donors'"\(^6\). Today, some developing countries are reaping the rewards from investment in education, training and research over the past 50 years. Their governments committed themselves to policies prioritizing human resource development, and although not exclusively devoted to trade, the experience of these countries illustrates the development and economic growth potential that results from investment in knowledge and skills.

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\(^3\) Monterrey Consensus on Financing for Development (2002), para. 36.
\(^4\) Recommendations of the WTO Task Force on Aid for Trade, WT/AFT/1, 27 July 2006.
\(^6\) UNCTAD (2006). TD/B/COM.5/AHM.1/3
Capacity Building for Trade and Trade Policy

So what are the mechanisms by which investment in trade-related knowledge and skills are translated into economic growth and poverty reduction? UNCTAD views these mechanisms from two perspectives: the role of training and training institutions, and the role of research and research capacity.

Training
Developing countries must implement and be helped to expand comprehensive human resource development for trade, that is, “equipping individuals with the knowledge and skills and access to information, in order to enable them to perform their tasks more effectively.”

In order to provide their own human resources development, developing countries must strengthen, and if necessary be helped to strengthen, their local training institutions, so that over time they can become sustainable and autonomous and able to provide the range of skills required for a dynamic open economy, including trade policy formulation and implementation. Capacity building is not a one-off investment but, because of the very nature of knowledge and skills, will take time to embed and will need constant reinvestment to keep up-dated and relevant.

Research
"The ability to provide rigorous, empirical and accessible policy-oriented research is essential to better integrate developing countries into the international economy, thereby helping them achieve their development goals and reduce poverty." The formulation of successful domestic policies as well as effective negotiation in regional and international fora, increasingly depends on high quality analysis of economic phenomena and data, and an assessment of the impact of trade policy decisions. Research, from organisations such as the Overseas Development Institute’s RAPID program or from the Global Development Network, as well as research networks such as the Latin American Trade Network (LATN) have increasingly drawn attention to the importance of evidence-based decision making for developing country governments.

UNCTAD member states should therefore be encouraged to seek and support research inputs into their policy formulation from existing local research capacity. To sustain the long term effectiveness of national research capacity, governments should also seek ways of generating and supporting local institutions that can provide future locally-relevant research-based policy advice.

To achieve these objectives and provide such training and research, various methods of delivery can be exploited. UNCTAD itself has experimented with several successful modes of delivering training, and supporting research and training providers in developing countries, including North-South programs, helping to generate South-South cooperation and providing advice and support to country programs and courses. In the provision of these services the New Technologies, Training and Capacity Building Branch has pioneered within the house the use of distance learning tools, networking arrangements and open source, freely accessible knowledge and information, supported by ICT - such as the internet and multi-media software.

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- but also employing differentiated technologies to address the needs of countries at different levels of development.

**UNCTAD's Mandate for Trade-Related Capacity Building**

Aside from individual requests from member countries, UNCTAD has been mandated by its quadrennial conference to undertake trade-related capacity building activities in the field of human resources, research and institutional development. The São Paulo Consensus clearly states: "...the international community should assist developing countries, especially LDCs, in their efforts to develop human, institutional, regulatory and R&D capacities and infrastructures for effective, informed and beneficial participation in international trade and the international trading system, and for effective negotiations on international trade and related areas."9 To this end, UNCTAD expanded its existing capacity building programs and launched the highly successful Virtual Institute on Trade and Development at UNCTAD XI which assists academia in developing countries to strengthen their individual and institutional capacities to teach and research trade and development issues.

The Virtual Institute complimented the pre-existing TrainForTrade program which works mainly with trade practitioners as well as civil servants, and the Paragraph 166 course on the key issues on the international economic agenda which works mainly with policy makers, and which was launched at the previous conference, UNCTAD X in Bangkok, from where the name originates. For UNCTAD, the issue of knowledge and skills development for trade is inherently multi-faceted and multi-disciplinary, and therefore builds on cross-divisional cooperation from all UNCTAD divisions: the programs of the New Technologies, Training and Capacity Building Branch (including the Virtual Institute, TrainForTrade and P166 Courses on the Key Issues on the International Economic Agenda) therefore provide coherence and 'joined-up thinking' within the house - the Virtual Institute is also unique in dealing specifically with academia, one of the main local providers of evidence-based research to policy makers. The issue of knowledge and skills development also requires and benefits from inter-agency cooperation: the programs of the branch have developed strong links with Geneva-based, and other international and national partners, promoting UNCTAD's work and reputation and benefiting from the sharing of best practices with other agencies.

UNCTAD's mandate requires it to undertake three pillars of work: research and analysis, consensus building and technical cooperation. Capacity building by its nature involves technical assistance with beneficiaries and partners. However, it also benefits from research into methods and country experiences, as well as the analysis of links between, for example researchers and policy makers, and with a view to strengthening such links. By evaluating the success or limitations of programs and researching the contribution of knowledge and skills to development and trade, UNCTAD can build consensus among member countries and its partner institutions also working in the field. To this end the accumulated experience of the branch in the field of trade-related capacity building puts it in a strong position to contribute to a 'practitioners forum', as recommended by the OECD in the context of discussion on the Aid for Trade Initiative10.

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Conclusion

If developing countries are to derive more efficient and fairer gains from the international economic system it is important for them to support and reinforce the abilities of their knowledge institutions and training providers to produce informed and capable trade professionals. Governments and policy makers need to be provided relevant, knowledge-based research in order to shape and determine national policy and negotiating positions in regional and international fora. Likewise, trade practitioners need the relevant skills and knowledge demanded by the dynamic and expanding processes of international trade. The financial and human investment in the development of this capacity should be permanently embedded in local institutions so that they can continue to deliver research and train professionals over the long term, with locally relevant knowledge and experience.

To answer the two questions posed at the beginning of this paper, further description and analysis would be preferable and certainly these can be found by, for example, looking at previous UNCTAD research on this topic, such as the background paper to the November 2006 expert meeting. However, it can hopefully be seen that investment in knowledge and skills for trade - as well as having many short term benefits - is a permanent process which promises long term sustainability, reduced dependency on external capacity building inputs and increased local relevance of training and research; all of which are indispensable for trade and development. UNCTAD hopes that by prioritising this area for its own work and for member state governments, many more beneficiary countries can follow the successes of their predecessors in investing in and supporting the enhancement of their knowledge and skill capacities for trade.

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12 Which does not preclude partnerships, North-South, South-South arrangements, or other collaborative models and responses.