

Research Report:

Report on Effective Participation by Developing countries in International Governance, Institutions and Negotiations¹

Part of the DFID-funded Research Programme on Globalisation and Poverty.

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¹The attached fuller report summarises and in some cases updates the working papers, and presents a fuller set of conclusions from the project. Most of the papers from the study are available on the ODI and the GAP websites, and all can be obtained from Sheila Page.

Background

The advantages of international negotiations are that they can deal with an international problem, offer a common regime for international transactions, give governments a common front against national companies or pressure groups, give developing countries protection from bilateral action and offer access to 'advanced model' agreements created by developed countries. The disadvantage is that the regulations and institutions that result restrict countries' ability to choose their own policies to meet development objectives. An additional disadvantage for developing countries is that they are weaker in terms of international power (as well as any particular weaknesses in negotiating capacity), and therefore they may find it difficult or, some argue, impossible to achieve any objectives in international negotiations. The policy choice for developing countries, therefore, is how to balance the possible achievement of their own objectives against the disadvantages of accepting common standards and losing flexibility to respond to national interests, as well as against the costs of negotiation, given other demands on their countries' resources.

This project set out to examine

- When developing countries need to participate in international agreements in order to manage the impact of external forces on poverty reduction and other national objectives;
- What forms of participation have been successful and efficient in resource use; and
- What types of assistance can improve countries' capacity.

The hypotheses tested were:

- That international policy matters to developing countries, and in particular to the target of reducing poverty;
- That the outcomes of international negotiations are not pre-determined by the relative power of countries, and more particularly that developing countries can affect the outcomes.
- That there are replicable lessons, for developing countries' institutions and for donors;
- That the outcome will vary for small countries and large; for those with and without effective representation of national interests.
- That more structured or formal institutional arrangements, providing information and analysis on a more systematic basis on how international negotiations might affect national interests, can improve the quality of participation and negotiating success.

Methods

The project was based on studies of:

- the relationships of trade and climate change to poverty
- the history of GATT-WTO, ACP-EU, and Climate Change negotiations
- the participation of Bolivia, Guyana, and Zimbabwe in negotiations.

The studies of the relationship of trade and climate change and of trade policies and climate change mitigation or adjustment policies to poverty allowed us to define the nature and magnitude of the effects which 'successful' negotiation could have on poverty objectives. These were based on theoretical analysis, and included short reviews of the literature.

The studies of negotiations allowed us to identify the factors behind successful and failing outcomes, both at negotiation level and within countries. They allowed us to compare negotiations on different types of international concern (trade and climate change), using different forms of international institution, and to compare multilateral negotiations with bilateral. The three negotiation studies reviewed the literature on negotiation theory and used some existing studies of the negotiations, but were largely based on examination of the negotiations and their outcomes, supplemented by interviews and direct observation of negotiations during the period of the study. They examined the objectives of developing countries, how they decided whether to participate in negotiations, how they participated, the outcomes, and developing countries' own assessments of the outcomes.

The countries chosen illustrated a range of different interests in the negotiations (greater vulnerability to trade or climate change policies; more or less interest in bilateral negotiations; different degrees of negotiating capacity at the beginning of the studies). The country studies examined the economic and environmental interests of the countries, whether and how these were incorporated into government policy, and the history of their participation in negotiations. These also relied mainly on analysing the negotiations and on interviews and direct observation.

Findings

Examination of the relationships among trade, trade policy and poverty shows (Page 2001) that trade can have significant effects on total income and on its distribution, and therefore on poverty. Analysis of the relationships among climate change, climate conventions, and poverty (McGuigan, Reynolds, Wiedmer 2002; Richards 2003) indicates that climate change impacts will be particularly damaging to poor countries, and that some of the measures proposed to mitigate it can have important distributional effects. Therefore, for countries with limited administrative and fiscal capacity to redistribute income, the type of trade and climate change policy matters for poverty impact.

Some developing countries now believe that they have clear interests in the results of international negotiations. Having identified interests in the negotiations, they have attempted to participate. by participating they have learned some lessons which are making them more effective.

Studies of how countries have participated in WTO, ACP-EU, and Climate Change negotiations (Page 2002, Solignac-Lecomte 2001, Richards 2001) demonstrate that developing countries with clear priorities and willingness to seek alliances and to bargain have been able to modify the outcome of detailed negotiations (in the WTO and Climate Change), have been able to block unacceptable outcomes (in the WTO ministerial meetings), and have been able to initiate new issues (in the WTO). Where they are unclear about their own priorities because of weakness in national policy-formation, however, or highly dependent on the countries with which they are negotiating (ACP-EU, agriculture in WTO), they are not able to protect their interests through participation in negotiations.

Countries need domestic capacity to coordinate official and private objectives in the negotiations, to be able to prepare an informed position, and to be able to negotiate and justify the outcome to national interests. Only local institutions can provide the continuing interaction among policy makers, economic actors, and experts that appears to characterise successful countries.

In examining the obstacles to effective participation, the studies found that some characteristics of the international institutions and the negotiating structures make participation more difficult. Informal or unclear procedures in both the WTO and UNFCCC make it harder to identify when and how to participate. Compressed negotiating periods or broad agendas require a higher input of resources at national level, which may tilt the balance between gains and costs of negotiating. Intermittent or irregular meetings increase the financial and human resource costs of participating.

The studies (particularly Page 2002, Richards 2001, 2003, March) identify some weaknesses where assistance can help (in national policy capacity and institutions), but also some where only experience and long-term changes in national priorities, leading to recognition of the potential role of international negotiation, can change the outcomes. The poor performance of the ACP in the face of the dual role of the EU (as donor and trading partner (Solignac Lecomte, 2001) and the weakness of food importing countries in WTO negotiations suggest that there is a strong risk that assistance which increases or highlights dependence can weaken negotiating capacity.

The analysis of what countries need in order to negotiate effectively suggests that assistance could be helpful both at the final stage, of negotiating and applying decisions, and at the more basic one of formulating and understanding the role of trade policy in economic strategy. Both require resources, expertise, and information. Developing the institutions necessary for effective policy formulation, however, implies developing all actors in the economy, i.e. a complete programme of development, so it is understandable that much effort has been targeted at the most visible point, of negotiations. Some donors have attempted to build negotiating capacity at regional level. Evidence from the studies, however, suggests that most effective developing country groupings in the negotiations have been based on common interests, rather than on existing customs unions or free trade areas. DFID is moving from short term to longer term capacity building, at national level, but still with support for regional organisations.

Assistance to building government networks that can use existing information effectively and to external organisations that can provide additional information and analysis, combined with information about 'best practice' elsewhere are among the most effective forms of assistance. Building research capacity within and outside governments is seen as an important need in all the country studies. Raising awareness of the issues outside government contributes to better-informed policy. Some of these lessons are being applied in current donor funding (two of the participants in the project are involved in the DFID Africa Trade and Poverty Programme which attempts to offer long-term, rather than current, support to negotiations). This will test whether the conclusion that funding, information about other countries, and some capacity building in local organisations can improve the effectiveness of participation in trade negotiations.

Dissemination

The project planned to produce a report on trade and climate and relevant international institutions in poverty reduction: separate reports were produced. It planned three negotiation studies and four country studies (separate studies of trade and climate change negotiations for Zimbabwe; joint studies for Guyana and Bolivia): all these studies were produced. It planned seminars for officials in the three countries and in London to present short reports on the studies. It was able to hold all but one of the planned seminars. In one country, Zimbabwe, although the situation is not exactly that of 'civil breakdown' specified as a risk in the project assumptions, it was decided that it would not be worthwhile to hold a meeting with policy-makers. It was, however, possible to present the Zimbabwe results to a seminar for World Trade Organization officials and delegates, including from Zimbabwe, in Geneva. (The Bolivia workshop avoided civil disturbances by a week.) The publications and seminars directly arising from the project are listed under Publications, part 1. The results have also been discussed with individual negotiators, donor officials, and representatives of the relevant institutions.

Outside the project, the results have been used in advising officials of international institutions, of the countries studied, and of other developing countries on why, when, and how to participate effectively in international negotiations. Two of the country authors have become directly involved in negotiations (for Bolivia and for the Caribbean), and one (Zimbabwe trade) is managing the DFID programme to build capacity in Africa, the Africa Trade and Poverty Programme. The author of the ACP-EU study has contributed to the development of the OECD principles of trade capacity building. The author of the WTO study has advised other African governments on trade negotiations and is also participating in the ATPP. Some other publications, projects, and seminars related to this project are listed under Publications, part 2.

The results, as planned, have been available in time to provide background for the WTO negotiations which began in November 2001 and the ACP-EU negotiations which began in September 2002, and for the annual Conferences of the Parties of the Climate Change Convention.

List of Publications, part 1

- Bojanic, Alan (2001), *Bolivia's Participation in International Trade Negotiations*, ODI Working Paper: October.
- Bojanic, Alan (2001), *Bolivia's Participation in the UN Framework on Climate Change*, ODI Working Paper: October.
- Durrant, Nigel (2002), *Guyana's Participation in Multilateral and Regional Trade Negotiations and the United Nations Framework Convention on Climate Change (UNFCCC)*, ODI Working Paper: April.
- Durrant, Nigel (2003), *Guyana's Participation in Multilateral and Regional Trade Negotiations and the United Nations Framework Convention on Climate Change (UNFCCC)*. Presentation at ODI seminar on 28 January.
- Frost, Peter (2001), *Zimbabwe and United Nations Framework Convention on Climate Change*, ODI Working Paper: October.
- Frost, Peter (2001), *Effective Participation by Developing Countries in International Governance, Institutions and Negotiations: Zimbabwe and the UN Framework Convention on Climate Change*, working paper, published in Zimbabwe.
- Hess, Richard (2001), *Zimbabwe Case Study on Trade Negotiations*, ODI Working Paper: October.
- Hess, Richard (2002), *Zimbabwe: Lessons Learned*, ODI paper.
- McGuigan, Claire, Reynolds, Rebecca and Wiedmer, Daniel (2002), *Poverty and Climate Change: Assessing Impacts in Developing Countries and the Initiatives of the international Community*, ODI Working Paper: May.
- Page, Sheila (2001), *Trade and Climate Change: Implications for Poverty and Poverty Policy*, ODI, 31 March.
- Page, Sheila (2002), *Developing Countries in GATT/WTO Negotiations*, ODI Working Paper.
- Page, Sheila (2003), *Developing Countries: Victims or Participants*, ODI Briefing Paper.
- Richards, Michael (2001), *A Review of the Effectiveness of Developing Country Participation in the Climate Change Convention Negotiations*, ODI Working Paper: October.
- Richards, Michael (2003), *Developing Country Participation in the Climate Change Convention: Challenges for Equitable and Green Global Governance*, Presentation at ODI Seminar, 13 March.

Richards, Michael (2003), *Poverty Reduction, Equity and Climate Change: Global Governance Synergies or Contradictions?* ODI Briefing Paper.

Solignac Lecomte, Henri-Bernard (2001), *Effectiveness of Developing Country Participation in ACP-EU Negotiations*, ODI Working Paper: October.

Solignac Lecomte, Henri-Bernard (2003), *The ACP and the EU: the Cost of Not Negotiating*, Presentation at ODI Seminar, 13 March.

Presentations to policy-makers:

Bojanic, Alan, Michael Richards, Summary of project, and the Climate Change and Bolivia results, to Bolivian officials, La Paz, 18 February 2003

Durrant, Nigel, Sheila Page, Summary of project, and the WTO, ACP, and Guyana results, to Guyana officials, Georgetown, 28 January 2003.

Hess, Richard, Sheila Page, Summary of project and the WTO and Zimbabwe trade results, to WTO officials and delegates to WTO, Geneva, 18 June 2002

Page, Sheila, Michael Richards, Henri Bernard Solignac Lecomte, Summary of project, and the WTO, Climate Change, and ACP, reports, to DFID officials, NGOs, and academics, London, 13 March 2003.

List of Publications Part 2

Related publications, projects, and presentations.

Publications

Country Classifications and Trade, Report for DFID, 2001.

Page, Sheila, 'Developing Country Participation in Multilateral Trade Negotiations', in Asif Qureshi, ed., Perspectives in International Economic Law, Kluwer, 2001.

Page, Sheila, Solignac Lecomte, Henri Bernard, Appraisal of the Cotonou Negotiations, ECDPM Working paper, 2000.

Projects

Henri Bernard Solignac Lecomte, Evaluation of WTO-UNCTAD-ITC trade related technical assistance programme in West Africa, September 2000.

Michael Richards, Study of Pursuing Forest-Related objectives in multilateral environmental agreements for DFID, September 2000.

Sheila Page, advice to Malawi on establishing a mission to the WTO, for DFID, January 2001.

Henri Bernard Solignac Lecomte, contribution to developing the OECD standards for trade related capacity building, 2001.

Sheila Page, advice to Malawi on preparing for WTO Doha Ministerial meeting, for DFID, June 2001.

Sheila Page, advice to Tanzania on how to formulate a position for WTO Doha Ministerial meeting, for DFID, October 2001.

Sheila Page, review of Zambian trade arrangements and negotiations, for World Bank, July 2002.

Presentations to policy makers

Sheila Page, evidence to International Development Committee on WTO Ministerial Meeting in Seattle, February, 2000.

Sheila Page, Henri Bernard Solignac Lecomte, briefing to ACP and European Trade officials, July 2000.

Sheila Page, briefing to Commonwealth country trade officials, June 2000

Sheila Page, Henri Bernard Solignac Lecomte, briefing for ACP trade officials, Geneva, November 2000.

Sheila Page, participation in working groups in preparation for WTO Doha Ministerial, by Federal Trust, the World Economic Forum, and LSE Global Dimensions Programme, October-November 2001.

Sheila Page, workshop for ACP negotiators to prepare for negotiations with EU, Brussels, 2002.

Sheila Page, presentation of results to trade officials from COMESA countries, Lusaka November 2002.

Sheila Page, presentation of results to trade officials at CASIN, Geneva, November 2002.

Sheila Page, briefing to DFID International Trade Department officials, February 2003.

Sheila Page, expert advisor to International Development Committee, report on development implications of Doha Agenda, 2003

Sheila Page (2003), *Globalization and Sustained Development: The Necessary Balance* Paper for Qatar Third Conference on Democracy and Free Trade, 14-15 April.