



Analysis

Strategic positioning and trade-related capacity development

The case of CTPL and Russia

Phil Rourke



A case study prepared for the project 'Capacity, Change and Performance'

Discussion Paper No 570

April 2006

Study of Capacity, Change and Performance

Notes on the methodology

The lack of capacity in low-income countries is one of the main constraints to achieving the Millennium Development Goals. Even practitioners confess to having only a limited understanding of how capacity actually develops. In 2002, the chair of Govnet, the Network on Governance and Capacity Development of the OECD, asked the European Centre for Development Policy Management (ECDPM) in Maastricht, the Netherlands to undertake a study of how organisations and systems, mainly in developing countries, have succeeded in building their capacity and improving performance. The resulting study focuses on the endogenous process of capacity development - the process of change from the perspective of those undergoing the change. The study examines the factors that encourage it, how it differs from one context to another, and why efforts to develop capacity have been more successful in some contexts than in others.

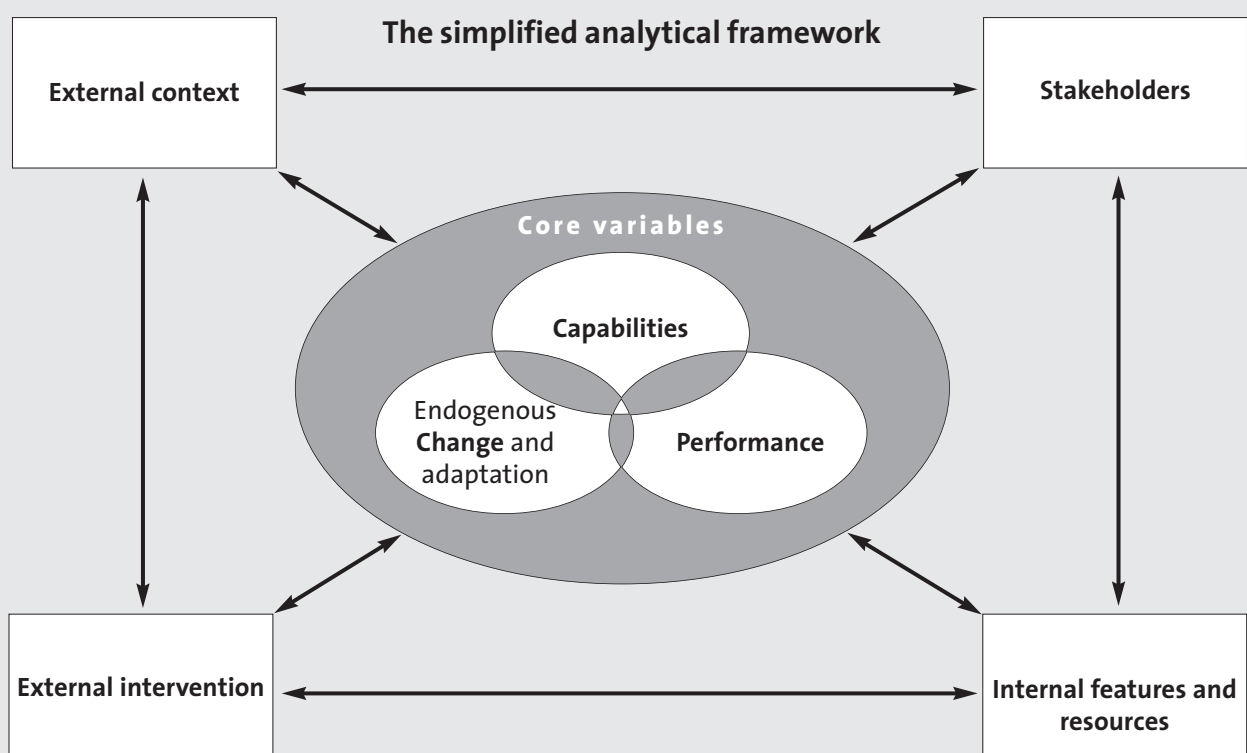
The study consists of about 20 field cases carried out according to a methodological framework with seven components, as follows:

- **Capabilities:** *How do the capabilities of a group, organisation or network feed into organisational capacity?*
- **Endogenous change and adaptation:** *How do processes of change take place within an organisation or system?*
- **Performance:** *What has the organisation or system accomplished or is it now able to deliver? The focus here is on assessing the effectiveness of the process of capacity development rather than on impact, which will be apparent only in the long term.*

- **External context:** *How has the external context - the historical, cultural, political and institutional environment, and the constraints and opportunities they create - influenced the capacity and performance of the organisation or system?*
- **Stakeholders:** *What has been the influence of stakeholders such as beneficiaries, suppliers and supporters, and their different interests, expectations, modes of behaviour, resources, interrelationships and intensity of involvement?*
- **External interventions:** *How have outsiders influenced the process of change?*
- **Internal features and key resources:** *What are the patterns of internal features such as formal and informal roles, structures, resources, culture, strategies and values, and what influence have they had at both the organisational and multi-organisational levels?*

The outputs of the study will include about 20 case study reports, an annotated review of the literature, a set of assessment tools, and various thematic papers to stimulate new thinking and practices about capacity development. The synthesis report summarising the results of the case studies will be published in 2005.

The results of the study, interim reports and an elaborated methodology can be consulted at www.capacity.org or www.ecdpm.org. For further information, please contact Ms Heather Baser (hb@ecdpm.org).



Strategic positioning and trade-related capacity development

The case of CTPL and Russia

Phil Rourke
Executive Director of the Centre for Trade Policy and Law (CTPL)



Centre for Trade Policy and Law
Centre de droit et de politique commerciale

A case study prepared for the project 'Capacity, Change and Performance'

April 2006

Contents

Acronyms	iv
Summary	v
1 Introduction	1
2 What is trade-related capacity development?	2
TRCD as a subset of public sector reform	3
3 The external context	3
The emergence of CTPL Moscow	3
4 The influence of stakeholders	5
5 Internal organisational features	5
6 Strategies for change	6
7 The intervention strategy	9
8 The emergence of partner capabilities	10
9 CTPL's achieved level of performance	12
10 External intervention	13
11 Conclusion	15
Bibliography	16

**The European Centre for
Development Policy Management**
Onze Lieve Vrouweplein 21
NL-6211 HE Maastricht, The Netherlands
Tel +31 (0)43 350 29 00
Fax +31 (0)43 350 29 02
info@ecdpm.org www.ecdpm.org

Centre for Trade Policy and Law (CTPL)
1125 Colonel By Drive, Room 2100
Carleton University
Ottawa, ON, Canada K1S 5B6
Tel (613)-520-6696
Fax (613)-520-3981
www.ctpl.ca

Acronyms

CIDA	Canadian International Development Agency
CTPL	Centre for Trade Policy and Law
DAC	Development Assistance Committee (OECD)
DFID	Department for International Development (UK)
ECDPM	European Centre for Development Policy Management
EU	European Union
MEDT	Ministry of Economic Development and Trade (Russia)
OECD	Organization for Economic Cooperation and Development
TRCD	trade-related capacity development
TRTA	trade-related technical assistance
WTO	World Trade Organization

Summary

Countries large and small consider membership in the World Trade Organization (WTO) as part of a long-term strategy of domestic economic reform and greater openness to the international economy. International donors, therefore, have an interest in providing technical assistance because WTO membership promotes economic reform and further engagement of these countries in the international system. International donors also have an interest in providing long-term trade-related capacity development (TRCD) assistance to equip local experts and institutions with the knowledge and tools for effective implementation and enforcement of WTO obligations.

The question from a capacity development perspective is: what is the best strategy for combining short-term technical support and longer-term capacity development assistance to promote a sustainable TRCD approach in a particular country? This paper examines the effectiveness of a ten-year strategy adopted by the Canada-based Centre for Trade Policy and Law (CTPL), the Canadian International Development Agency (CIDA), the Russian government, and local partners to develop a critical mass of experts within and outside government structures to support the short- and long-term interests of Russia as a member of the WTO.

The main conclusion of this study is that the driving force for change and positive capacity development was the project's strategic management approach and its focus on building a self-financing think tank that would serve as the focal point for a broad-based public-private sector trade policy and law community.

Specifically, a strategic positioning approach provided the appropriate incentives to make informed decisions that supported capacity development. This competitive analysis-focused approach also promoted the kind of organisational structure required for partner institutions to survive in the open market once the external interventions from donors come to an end. Finally, engaging local institutions from a business-oriented perspective in this case helped to develop the kind of culture and decision making required to secure new clients, put resources where they could be most effectively used, and position these organisations to adapt to changing market and competitive conditions.

1. Introduction

Membership in the World Trade Organization (WTO) has its privileges: increased and more predictable access to international markets for domestic goods and services, a dispute settlement mechanism to assist in resolving commercial conflicts, and international recognition as a member of a key multilateral institution. WTO membership also has its obligations: increased exposure of the domestic market to international competition, government responsibility to implement and enforce domestic economic reform commitments made at the negotiating table, and government participation in the evolution of the WTO and its agreements.

Countries large and small consider WTO membership as part of a long-term strategy of domestic economic reform and greater openness to the international economy. International donors, therefore, have an interest in providing technical assistance because WTO membership promotes economic reform and further engagement of these countries in the international system.

At the same time, a successfully negotiated WTO agreement is only the end of the beginning. No agreement on WTO accession has any lasting value if the signatory state does not have the capacity to implement its obligations and participate effectively in the WTO system. International donors also have an interest, therefore, in providing long-term trade-related capacity development (TRCD) assistance to equip local experts and institutions with the knowledge and tools for effective implementation and enforcement of WTO obligations.

From a capacity development perspective, the question is: what is the best strategy for combining short-term technical support and longer-term capacity development assistance to promote a sustainable TRCD approach in a particular country? This paper examines the effectiveness of a ten-year strategy adopted by the Canada-based Centre for Trade Policy and Law (CTPL), the Canadian International Development Agency (CIDA), the Russian government, and local partners to develop a critical mass of experts within and outside government structures to support the short- and long-term interests of Russia as a member of the WTO.

As programme director of this capacity development strategy throughout this period, I have approached this case study as a participant, observer and evaluator. The analysis is based on an examination of the decisions made, interactions with and between different organisations and individuals involved in the project, and extensive interviews with key players. From this, I have concluded that the driving force for change was the project's strategic management approach, and its focus on building a self-financing think tank that would serve as the focal point for a broad-based public-private sector trade policy and law community.

Specifically, a strategic positioning approach provided the appropriate incentives to make informed decisions that supported capacity development. This competitive analysis-focused approach also promoted the kind of organisational structure required for partner institutions to survive in the open market once the external interventions from donors come to an end. Finally, engaging local institutions from a business-oriented perspective in this case helped to develop the kind of culture and decision making required to secure new clients, put resources where they could be most effectively used, and position these organisations to adapt to changing market and competitive conditions.

This paper is part of a wider research study on Capacity, Change and Performance being carried out by the European Centre for Development Policy Management (ECDPM) for the OECD's Development Assistance Committee (DAC).¹ This research involves case studies across sectors, countries and regions to determine the role of endogenous change in capacity development.

The objectives of this study are twofold:

- to enhance understanding of the interrelationships among capacities, organisational change and performance across a wide range of organisations and development experiences; and
- to provide general recommendations and tools to improve the design and implementation of interventions, both endogenous and external, in support of improved capacities and performance.

The paper is organised as follows. Section 2 looks briefly at the concept of trade-related capacity development - its main features and its similarities with

Notes

¹ For more information, see www.ecdpm.org. The author would like to thank Heather Grant and especially Peter Morgan for their advice and assistance throughout the process of completing this paper.

other forms of capacity development. Sections 3-5 discuss the overall context of the case, the influence of key stakeholders, and the internal organisational features of the main local partner. This background sets the stage for the remaining sections 6-10 on strategies for change, partner capabilities, external interventions, and overall performance. Finally, section 11 presents some conclusions drawn from the study.

2 What is trade-related capacity development?

There are many definitions of what constitutes trade-related capacity development (TRCD).² This paper uses the following definitions:³

- *Trade policy and regulations:* This covers 'support to aid recipients' effective participation in multilateral trade negotiations, analysis and implementation of multilateral trade agreements, trade-related legislation and regulatory reforms, trade facilitation, including tariff structures and customs regimes, support to regional trade arrangements'.
- *Trade development:* This covers 'business development and activities aimed at improving the business climate, access to trade finance, and trade promotion and market development in the productive and services sectors, including at the institutional and enterprise level'.

The case study presented in this paper concerns the trade policy-related aspects of TRCD.

International donor support for trade-related programming had its genesis in the bargain between developed and developing countries to reach a consensus on the completion of the Uruguay Round of multilateral trade negotiations and the establishment of the WTO in 1994. At the time, developing countries were concerned about signing an agreement that they lacked sufficient capacity to implement. To address this concern, developed countries committed themselves to provide trade-related technical assistance (TRTA) to poorer countries to implement and manage their WTO commitments. TRTA was therefore viewed as a short-term fix for what were perceived as largely technical problems

(i.e. understanding WTO commitments and how to translate them into domestic laws and regulations). This approach had some success, particularly in middle-income countries. By the late 1990s, however, it became clear that the problems that many countries faced were more entrenched and structural in nature. A longer-term approach - what came to be known as trade-related capacity development - was now needed. This approach was formalised as part of the agreement to launch a new round of multilateral trade negotiations in 2001, the Doha Development Round of the WTO.

TRCD as a subset of public sector reform

Many of the conclusions and recommendations that have been made in other cases about public sector capacity development have some relevance to how and why TRCD programming is implemented. In this context, TRCD is a subset of public sector reform, which has a longer history as an area of development assistance programming.

TRCD is also different in some respects from other public sector reform initiatives. In the context of this paper, the most important difference is the disconnect in the trade area between policy reform and the end results of that reform. Trade policy is about creating a framework for the regulation of commercial activity within a particular defined economic space. It is the rules that govern and are enforced within this economic space that create incentives for private firms to engage in economic activity. Government, therefore, creates the framework (policy reform) but then relies on private firms to use that framework to create further economic wealth (the goal of trade policy reform).

It is for this reason that TRCD is defined as being both trade-policy-related and private-sector-oriented. The former focuses on government, policy formulation and broader socio-economic and political issues, while the latter is concerned with facilitating the role of the private sector in generating economic activity and engaging in the international economy. They are interconnected and mutually reinforcing.

Notes

- 2 Trade-related capacity development is big business. In 2001 and 2002, worldwide spending on efforts of this type totalled \$5.8 billion. The United States alone spent \$752 million on TRCD in 2003, up 18% from the previous year. See Zoellick (2004) Statement before the Committee on Finance of the US Senate; CIDA (2003) *CIDA's Strategic Approach to Trade-Related Capacity Building*.
- 3 OECD/WTO (2003) *Joint WTO/OECD Trade Capacity Building Database (TCBDB)*, p.8.

3 The external context

The Centre for Trade Policy and Law (CTPL) is an independent, non-profit think tank based in Ottawa, Canada, that provides practical and policy-oriented trade-related training, research and advisory services to public and private sector clients. CTPL experts are mainly former government trade officials and policy-oriented academics and independent experts who specialise in trade issues.⁴

CTPL trade-related programming in Russia began in 1994 through a grant from the Canadian government to provide training to Russian government officials on WTO-related issues and to develop 'train-the-trainers' programmes with local universities and training institutes. This Canadian project and similar donor-sponsored projects in Russia focused on both short-term technical problems and longer-term capacity development challenges. In the short-term, these projects were concerned with preparing government officials for negotiating the terms of Russia's accession to the WTO. In the long term, the projects were also focused on building local capacity within and outside government structures for effective implementation of WTO commitments once Russia became a member. The goal of all of these projects was the effective participation of Russia in the international trade community, of which the WTO is the main international organisation.

For two years, the CTPL project worked relatively well. By early 1996, however, the project's design limitations became increasingly apparent and had to be modified to better suit Russian conditions. The project assumed, for example, that the Russian government basically functioned in a way similar to the Canadian experience: civil servants are relatively well paid; departments have long traditions of working together on common issues; there are well established policies and procedures for human resource development; and financial resources are allocated for specific government priorities. In such systems, information flows relatively freely, mentoring programmes are encouraged, and skills are developed through increasing responsibilities and moving through the ranks. In 1996, Russia did not have such a system and culture. What the project needed was greater involvement of local experts who could help design appropriate programmes of assistance that better reflected local conditions and constraints.

The project also had to build a larger local constituency for the project. During the period 1995-1996, there was a relatively high level of competition among international donors and technical assistance projects for the attention of the Russian government. CTPL was in competition for attention with similar trade-related projects sponsored by the Europeans, Americans, the World Bank, and even the WTO itself. CTPL had to figure out a way to compete for attention, even though the project had at its disposal only a fraction of the financial resources enjoyed by these other projects.

The project, therefore, did not have the profile, the financial means, or the experience to compete directly with other donor-sponsored projects. The project did have experts and training activities that were well received by the participants. But it just didn't seem to be enough.

The emergence of CTPL Moscow

A new institution, also named the Centre for Trade Policy and Law but located in Moscow, then emerged as an opportunity to adopt a more focused capacity development approach. In 1996 the CTPL local coordinator began discussions with two former experienced Russian trade officials who had established their own firm earlier that year. The name of their organisation, CTPL, was no coincidence. One of the former officials had participated in the project's internship programme in 1994. While he was in Ottawa, he learned how CTPL worked, liked the approach of bringing together former trade officials to work on trade issues with public and private sector clients, and thought the name translated well in Russian. They established this private company to provide consulting advice and support on trade issues to public and private sector clients.

After much discussion, the Russian Ministry of Trade (later reorganised into the Ministry for Economic Development and Trade, or MEDT), CTPL in Ottawa, and CTPL Moscow proposed jointly to CIDA that the project undertake a significant shift in approach. Instead of focusing on general training for large groups of people, the project would now focus on a few experts within CTPL Moscow and raise their relative level of expertise on WTO accession issues. The Russian Ministry of Trade would remain as the project's main beneficiary or client, but CTPL Moscow would now assume the role of the project's main local partner.

Notes

4 Additional information about CTPL can be found at www.ctpl.ca.

At the time, this shift was considered a huge risk. CTPL did not know the people at CTPL Moscow well. But CTPL was now basically recommending that the fate of the project be placed squarely in its ability to work with CTPL Moscow on a regular basis and to rely on them to realise some of the most important objectives of the project. There were no prior models of a successful private trade policy think-tank being established in Russia. CIDA did agree to provide financial support for some local activities. But this support could not compete with what these Russian trade experts could earn from any of the many consulting companies and law firms that were popping up around town.

The proposal was also considered a significant risk for CIDA. From a donor perspective, the project would move away from working with dozens of people who were participating in the training and workshop programme, and toward investing as many resources as possible in four people who may or may not still be working for CTPL Moscow at the end of the project. There was little room for error.

In November 1997, all stakeholders agreed that CTPL Moscow and CTPL in Ottawa would jointly assist MEDT on trade policy issues related to Russia's WTO accession. CIDA, through CTPL, would provide expert advice, training, and some financial support to the project. CTPL Moscow would be in charge of ensuring that the appropriate Russian context and conditions were reflected in the support being provided to the ministry. At the same time, CTPL and CTPL Moscow would provide advice as 'independent experts'. In this role, both organisations would provide the best advice possible, but the ministry would select those CTPL-CTPL Moscow reports and advice that they would eventually use. This was a critical point because neither organisation wanted to be seen to be influencing the Russian government to act in a certain way.

Further, all stakeholders agreed that CTPL Moscow would provide local support and would be the main link between the project and MEDT. Local experts would become increasingly involved in all aspects of the delivery of the project. Finally, there was a specific plan to provide a gradual transfer of all decision-making and implementation responsibility to CTPL Moscow.

The project also included a business development strategy to attract new investments in the CTPL-CTPL Moscow partnership. This strategy included joint marketing, proposal writing, and the further engagement of both organisations jointly in Russia and the region but outside the CIDA-sponsored relationship. The organisations developed joint marketing materials, sought out potential contracts from other international donor agencies, and discussed business opportunities with private firms. The long-term goal of the initiative was to assist CTPL Moscow to become a self-financing consulting firm and the focal point for the development of a community of public-private trade-related service providers in Russia.

This approach worked for CTPL Moscow because it provided them with the opportunity to differentiate themselves from the other trade-related consulting and law firms that were being established in Russia. The model also provided its experts with a structure that allowed them to remain outside government but also to continue to engage in what first attracted them to government - public service. There really was a strong sense of that from the beginning.

The CTPL model also worked for the project's main client, the Russian government. The model provided senior decision makers within the trade ministry with a small group of experienced trade experts whom they trusted and could help the ministry deliver on promises made both within government structures and at the WTO accession negotiating table. This group of 'trade leaders-in-waiting' would provide strategic and tactical advice and managerial support, while ministry officials could concentrate on technical issues and overall support for the WTO accession strategy. These trade experts could then be attracted later back into government when the financial resources and opportunities arose to take advantage of their expertise within bureaucratic structures. This movement from the private sector and back into government is quite common in the United States but much less so in Canada. This was a useful adaptation of the CTPL model that proved effective in this case.

4 The influence of stakeholders

Throughout the period 1994-2004, the Russian Ministry of Economic Development and Trade (MEDT), and its previous incarnations, was the main stakeholder in the project. MEDT had requested assistance from the Canadian government and other donors to support Russia's WTO accession strategy through technical support to the negotiations (training, technical drafting), training on WTO accession issues, and policy research on the potential impact of a successful WTO accession membership package. MEDT was particularly interested in Canada providing direct support to the WTO accession negotiations and building local training capacity in universities and government-run training institutions.

CTPL itself also had a stake in the implementation of a new strategy that would lead to a successful project. In 1989, CTPL had been established through a multi-year grant from the Canadian government. The grant was expected to be (and was) terminated in 1999. As its first foray in Russia and in implementing a trade-related capacity development project, CTPL needed this project to be successful as part of a long-term strategy to diversify its revenue and client base and to differentiate itself from its Canadian competitors.

CIDA had an important stake in this project as well. CIDA was interested in ensuring that the project achieved expected results, provided good value for money, recognised Canadian support for Russia's economic reform process, and served the broader foreign policy objective of integrating Russia into the international community. But at the time CIDA was also particularly concerned (as were other donors) about the relative impact of its overall Russia programme. By 1996, a consensus emerged that there was no short-term fix to the structural problems facing Russia after the collapse of the Soviet Union. What to do? It was a combination of these internal and external pressures that created the conditions for CIDA to be receptive to a different approach to project implementation.

The final group of stakeholders in the project comprised the WTO members themselves, including

Canada. WTO members had, and continue to have, an interest in opening up new markets for their national firms and in regulating trade and investment with other countries through non-political processes such as the dispute settlement mechanism in the WTO and the WTO system more generally. Immediately after the dissolution of the Soviet Union, WTO members also had geopolitical reasons to encourage Russia and other former Soviet republics to become more integrated into the international trading system. For these and related reasons, Canada and other key WTO members (US, UK, EU, and others) were keenly interested in engaging Russia on WTO accession.

5 Internal organisational features

With CTPL Moscow as the focal point for trade-related capacity development, the project focused on the organisation's internal features and how the project could best support increasing individual expertise and institutional capacity. CTPL Moscow already had several key strengths. First, CTPL Moscow experts were former government officials with significant trade experience and direct links to decision makers with MEDT. These four experts had recognised expertise in trade negotiations and key sectoral issues, and on questions of trade law. This provided CTPL Moscow with instant credibility, the capacity to work immediately on certain trade-related issues under the project, and the opportunity to differentiate itself from competitors, especially foreign-based firms consisting mainly of international experts.

More importantly, CTPL Moscow consisted of individuals who shared a common 'mindset' with CTPL about how the project should evolve and what the results should be. As discussed in a later section of this paper, this shared sense of purpose became the glue that eventually held everything together in the project and helped to move the capacity development process forward.

What CTPL Moscow personnel needed most was to learn from Canadian experts about how to support government negotiators and decision makers in

implementing an effective WTO accession strategy. This was achieved through direct training, internships, a specialised mentoring programme, and joint Canadian-Russian development of policy briefs and expert advice for Russian government officials.

Another key factor related to the growth in internal capabilities was, paradoxically, the lack of sufficient funds to invest in CTPL Moscow. Unlike other donor-sponsored projects in Russia at the time, CIDA did not have the resources to provide CTPL with the means to finance a local office in Russia. CTPL also never had the resources available to compete with European and American projects on the basis of salaries for local experts. The best that the project could do from a financial point of view was to support a part-time Canadian adviser in Moscow. There was a modest budget to pay local experts, but the fees that the project was able to afford were a fraction of what other donor projects were offering.

With few financial resources for local support, the project had to find partners whose motivation to participate in the project was not primarily short-term financial compensation. This required a focus on relationship building and promoting the long-term strategic interests that could be fostered by capacity development activities under the project. Resource constraints forced CTPL and CTPL Moscow to look at every activity, its relative cost, and its relative impact on achieving the expected results of the project. This helped in the development of a strategic approach to capacity development.

6 Strategies for change

Henry Mintzberg and his colleagues⁵ published an excellent primer on the various schools of thought in business strategy, identifying more than 10 different approaches. Chapter 4, entitled 'The Positioning School: strategy formation as an analytical process', provides a concise summary of the intellectual underpinnings of the business strategy pursued by CTPL in this case. According to Mintzberg, strategic positioning is based on the following assumptions:

- strategies are generic, specifically common, identifiable positions in the marketplace;
- the marketplace (the context) is economic and competitive;
- the strategy formation process is therefore one of selection of these generic positions based on analytical calculation;
- analysts play a major role in this process, feeding the results of their calculations to managers who officially control the choices; and
- strategies thus come out from this process full blown and are then articulated and implemented; in effect, market structure drives deliberate positional strategies that drive organisational structure.⁶

The Positioning School is most commonly associated with Michael Porter through his academic writing and widely recognised consulting business. Porter's main idea is that through an analysis of the market in which organisations compete and an honest assessment of internal capabilities of the organisation, firms can arrive at an effective positioning strategy. It is through the process of analysing and then rejecting some strategies and making specific choices based on external factors and internal capabilities, that organisations or firms can gain competitive advantage. Through an ongoing assessment of these factors and capabilities, organisations can sustain competitive advantage through appropriate changes in strategy and positioning as the competitive environment changes over time.

Choice of strategy, according to the Positioning School, comes down basically to one of three options: cost leadership, differentiation or focus. A 'focus' approach is further divided into two sub-strategies: differentiation focus, or cost leadership

Notes

⁵ Mintzberg *et al.* (1998) *Strategy Safari*.

⁶ *Ibid.*, p.85.

focus. According to Mintzberg, differentiation is defined as 'the development of unique products or services, relying on brand/customer loyalty. A firm can offer higher quality, better performance, or unique features, any of which can justify higher prices.'

After analysing the competitive environment, internal capabilities and financial prospects, CTPL and CTPL Moscow decided on a strategy of differentiation focus. Figure 1 helps to explain how we arrived at this conclusion. The horizontal axis represents the value of a contract or donor-sponsored project. Moving from left to right, each point above or below this line indicates an existing or potential project that was either a CTPL project or one of our competitors. The vertical axis crosses this axis at \$1 million, which was the upper limit in the size of donor-sponsored trade-related projects in the mid-1990s. The end of the horizontal axis - \$5 million - represents the estimated maximum size of a project in this area of expertise (all figures in US dollars).

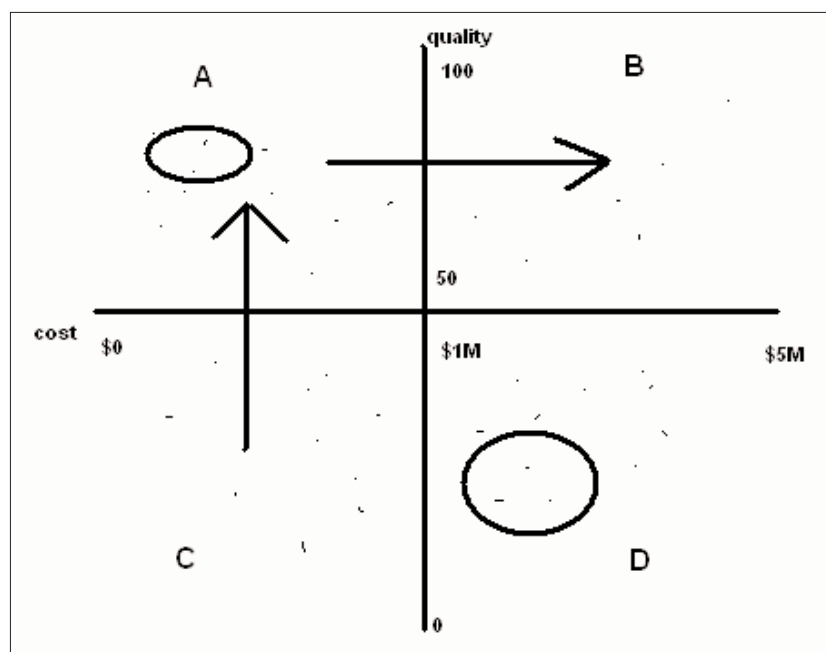
The vertical axis represents quality/level of expertise. It starts at 0, which represents very basic training or expertise on trade-related issues (e.g. answering the question: What is comparative advantage?) and reaches 100 (e.g. very technical legal issues or very sensitive advice on strategic trade issues). The

intersection of this axis with the horizontal axis is at 50, which represents mid-level training and expertise (e.g. graduate-level training programme or technical support on trade dispute settlement issues).

Based on our assessment, the first trade-related capacity building projects in the mid-1990s (including the first CTPL project in Russia) generally fell within the lower left quadrant (C). Most projects involved a few activities (i.e. some training, some advice, and some institutional support) over 1-3 years with a budget of less than \$1 million. Those who were contracted included both individual experts (for the smaller projects - less than \$100,000) and either trade-related organisations like CTPL and law firms or consulting firms that managed the overall project and brought in technical experts for specific activities.

There were also some projects that could be described as falling into the upper left quadrant (A). These were mainly smaller projects involving individuals with specific expertise that was of particular interest and utility to the client. As a good example of this, a former trade negotiator has been hired on an individual basis to serve as adviser to a WTO accession negotiating team. The contract is relatively small but the expertise is specialised and therefore the quality is very high.

Figure 1.



As the demand for trade-related capacity development assistance increased, donors began to design larger projects with multiple activities that would be implemented over a longer period of time. By the late 1990s, there was an increase in the number of projects that could be described as falling into the lower right quadrant (D).

From figure 1, it is clear that the best projects from both financial and long-term competitive advantage perspectives are located in the upper right quadrant (B): multi-million dollar, multi-year projects involving a range of activities and different levels of expertise. These are the kinds of projects that provide sufficient resources to be able to engage local partners at many different levels. Such projects also can provide the right combination of opportunities to build longer-term capacity development locally and sufficiently strong partnerships that have a higher probability of continuing beyond the life of any specific donor-sponsored project.

To get there, Porter's generic strategy matrix suggests either a cost leadership or a differentiation approach. Cost-based strategies are typically most advantageous to larger firms; the differentiation strategies are better suited to smaller firms with a narrower set of services to offer. For CTPL, the best strategy seemed, therefore, to be 'differentiation focus'. What this meant was that the project would try to move from quadrant C to quadrant A. In the ideal scenario, this movement would lead to CTPL Moscow and institutions linked to it becoming large enough, while still taking advantage of its differentiation in the market, moving eventually to quadrant B.

The fastest way to quadrant B, given CTPL's position, would have been to develop expertise within a few areas and then find a partner or partners to supply those services and expertise outside CTPL's core competencies. The practicalities of this and the impact on outcome are discussed in the next section. As a mid-term strategy (i.e. in the context of the CIDA-sponsored project), the goal was to move higher up within quadrant A while remaining independent.

CTPL and CTPL Moscow were engaged in this analysis from the beginning of their partnership. But we were not the only ones. Law firms and consulting firms, for example, were also going through the same kind of strategic calculus in deciding whether to be engaged in other donor-sponsored trade-related projects in

Russia. For such firms, participating in these projects can have significant benefits. For example, such projects provide the opportunity for these firms to develop their internal capacity to deal with trade legislation and regulations, as well as develop their networks of contacts with decision makers within the Russian government. This capacity and network development has the potential to provide benefits for these firms in terms of the legal and consulting services they can offer to private sector clients interested in this emerging market.

Equally important, these projects (especially the larger ones) can also be combined with internal resources of a firm or organisation to establish a local office and to develop further their client base. For established firms with a full client base, this may not be that important a factor. But for an organisation trying to break into the domestic market, this opportunity certainly has some strategic value.

These are two important factors that private firms consider prior to engaging in capacity development projects sponsored by donor agencies. CTPL and CTPL Moscow studied these decisions and their impact, applied the methodology to our particular case, and came up with a strategy that provided us with the differentiation focus that Porter's model predicts can assist in developing competitive advantage.

7 The intervention strategy

A differentiation focus strategy recommends that if your organisation can't compete directly with the main players, leave them to fight it out and move into those market segments where there is less, and ideally no, competition. Once there, build from your position of strength as quickly as possible before the big players notice. Hopefully, if you're smart enough, gain practical experience, have developed a sufficiently strong reputation and range of services, and find enough clients, you can then begin to define competition within that market segment.

While this is occurring, the theory predicts that new firms/organisations will enter the market when they understand the gains to be realised, and will start to try to replicate your approach and compete directly with you on that basis. These new firms will succeed if you stop innovating and do not anticipate how the market will develop over time and how your organisation can compete as the market evolves and matures. Your competitors will get frustrated and begin to lose enthusiasm if you can successfully redefine the market on conditions most suited to your interests so that their gains are not as great as initially anticipated. Your competitors will fail and concede the market if you succeed in achieving a leadership role in which you have influenced the rules in which that market functions. This is the basic niche strategy practiced by underdogs the world over.

By combining its foothold in Russia through CTPL Moscow and a differentiation focus strategy, the project now had a plan to develop both the skills and experience of individual experts within the organisation and the institutional capacity to implement project activities locally. The basic idea was that if the project could increase the number of individuals and institutions engaged in trade policy issues, this would have two significant complementary effects. It would:

- broaden the base of support for trade policy reform, thus reinforcing the interventions made by CTPL and others in support of Russia WTO accession strategy; and

- create a critical mass of experts domestically who would serve as 'enablers' for further trade policy reform and provide a competitive environment in which the Russian government could choose the best and brightest to help implement the government's trade strategy.

In effect, the project was promoting the development of a group of 'trade policy leaders-in-waiting' who could contribute to the government's trade agenda from outside government structures until government could bring them into government or at least link them to government in some way. At the same time, by focusing also on institutional issues, the project helped to advance the Russian government's WTO accession strategy - whether these professionals worked directly for government or not.

If implemented effectively, the strategy would solve the Russian government's 'chicken-and-egg' problem of moving forward on international trade strategy implementation before the government had the internal and financial capacity to do so. The strategy would also work for CTPL Moscow and its local partners because it would provide them with the opportunity to develop a market for their services in the private sector while gaining further skills and experience on trade-related issues. Finally, the strategy would address CTPL's and CIDA's interests because it would create an opportunity to demonstrate tangible results from donor-sponsored efforts.

8 The emergence of partner capabilities

Did this strategy work to promote sustainable capacity development? In a 2004 article⁷ in the *Harvard Business Review*, Dave Ulrich and Norm Smallwood examine how individual capabilities can be com-

bined to raise the overall internal capabilities of an organisation. They argue that these individual and organisational capabilities can be combined to raise the overall capacity of an entire organisation. This can be achieved through the interplay of 11 capabilities that well managed companies tend to have. These are summarised in table 1.

There are many different ways to measure intellectual capital. This is just one. But this list of capabilities

Table 1. Definitions of key organisational capabilities

Talent	Attracting, motivating and retaining competent and committed people
Speed	Making important changes rapidly
Shared mindset	Ensuring that employees and customers have positive and consistent images of and experience with the organisation
Accountability	Obtaining high performance from employees
Collaboration	Working across boundaries to ensure both efficiency and leverage
Learning	Generating and generalising ideas with impact
Leadership	Embedding leaders throughout the organisation
Customer connectivity	Building enduring relationships of trust with targeted customers
Strategic unity	Articulating and sharing a strategic point of view
Innovation	Doing something new in both content and process
Efficiency	Managing costs

Table 2. Relative capabilities in base year: 1998

Organisational capability	CTPL Moscow	University	Foreign firm	Russian government
Talent	+	+	+	-
Speed	+	-	+	-
Shared mindset	Untested	Untested	+	-
Accountability	+	+	+	-
Collaboration	Untested	Untested	Untested	-
Learning	+	+	+	-
Leadership	+	+	+	-
Customer connectivity	Untested	Untested	+	-
Strategic unity	+	Untested	+	-
Innovation	+	Untested/-	Untested/-	Untested/-
Efficiency	Untested	Untested	+	-

Notes

⁷ Ulrich and Smallwood (2004) Capitalizing on capabilities.

helps to go beyond the results of the project and into an analysis of longer-term capacities that have emerged from these results.

Table 2 applies the Ulrich/Smallwood taxonomy to the possible institutional partners available to the project at the beginning of the capacity development intervention strategy. CTPL, for example, could have continued its intervention strategy with the Russian trade ministry (government). Alternatively, it could have focused on more targeted capacity development with its university-based partners. CTPL could also have developed a partnership with a foreign firm based in Moscow. Finally, there was the option of a partnership with CTPL Moscow.

The table identifies the relative capabilities according to each of these criteria by either '+' to indicate it is a competitive advantage or strength, or '-' to denote a competitive disadvantage or weakness. 'Untested' means precisely that: it was difficult at the time to determine the relative strength of the organisation with respect to a specific capability.

What this table suggests is that in 1998 it was certainly the case that an intervention strategy that focused exclusively on government structures had the lowest chance of longer-term capacity development. This is not surprising given the previous discussion about the state of almost permanent crisis that the trade-related ministries faced during the

late 1990s, particularly after the financial crisis. This crisis was felt throughout the organisation, further weakening any opportunities for developing any meaningful strengths and capabilities.

Greater focus on university partners offered some opportunities for further capacity development. But, as previously discussed, new competitors were establishing themselves in Moscow and elsewhere. Within this increasing competitive environment, universities lacked relative strength and experience in the crucial areas of speed, shared mindset, collaboration, customer connectivity, strategy, innovation and efficiency. At the same time, their relative strengths in comparison to government suggested that there continued to be some capabilities that could be developed further.

A strong case could have been made to build a partnership with foreign-based firms working in the international business and trade areas. CTPL tried this approach twice but could not agree with the prospective partner on principles for cooperation.

CTPL Moscow had several strengths, especially in the key areas of talent, skills, innovation, flexibility or speed and accountability. CTPL Moscow also had the specific advantage of being locally owned and operated. The challenge was to combine those strengths with those of CTPL and the opportunities available to raise capabilities through the CIDA-sponsored project.

Table 3. Relative capabilities after five years: 2004

Organisational capability	CTPL Moscow	University	Foreign firm	Russian government
Talent	+	+	+	+
Speed	+	-	+	-
Shared mindset	+	+	+/-	+
Accountability	+	+	+	-
Collaboration	+	+	+/-	-
Learning	+	+	+	+
Leadership	+	-	+	+
Customer connectivity	+	+	+/-	+
Strategic unity	+	+	+	-
Innovation	+	-	+	-
Efficiency	+	-	+	-

9 CTPL's achieved level of performance

After five years, as a result of a series of TRCD initiatives and experience, a different picture of capabilities emerges:

For the Russian government, there were a number of improvements to which CTPL contributed. Russian trade officials continue to be paid a fraction of what their services are worth in the private market, but salaries, along with skills levels, are increasing. With respect to collaboration, customer connectivity and shared mindset, it is clear that on questions of WTO accession, Russia's main trading partners, and the WTO more generally, have a much more favourable perception now than they had five years ago. Several former private sector experts have since returned to government service to hold senior WTO and trade-related portfolios. These include four former associates of CTPL Moscow. Although the Russian government still has a lot of work to do with respect to institutional reform, some important changes have been implemented through government-wide reforms.

At the university level, there have also been some key improvements with respect to collaboration, learning, strategic direction and talent development. This is due in part to CTPL-CTPL Moscow collaboration on the development of new courses and programmes within which trade professionals associated with CTPL training programmes are now key decision makers and professors. But mostly, the improvements began once our university partners began to see our assistance and collaboration as a way for them to develop new programmes to attract students, raise the profile of their university, and generate tuition fees. This provided the basis for the sustainability of this component of the project.

The greatest improvement in institutional capability can be seen with CTPL Moscow. Their continuing involvement, in partnership with CTPL, in technical and strategic support to the government's WTO accession strategy has had a significant impact on the relative capabilities of the organisation at all levels. This, combined with winning bids on several donor-assisted projects, has helped to position CTPL

Moscow as a recognised leader in the trade policy and trade law areas and as a focal point for any government-wide initiative on trade-related issues.

What is interesting is the relative position of these organisations to foreign-based firms. With respect to WTO accession, there has certainly been some change in the dynamics of the relative expertise of foreign-based firms. As mentioned earlier, CTPL and CTPL Moscow are the only organisations providing direct negotiating support to the government of Russia on WTO accession. Five years ago, the situation was much more crowded. What will be worth evaluating in the future is how the relative situation changes once Russia reaches WTO membership and a different set of trade-related services are required.

Is this CTPL model for trade-related capacity development sustainable? One test of this hypothesis is whether the experience in Russia can be replicated in other countries. If so, this may indicate that the model is sufficiently flexible but also comprehensive enough to deal with a range of capacity development issues.

Based on this experience in Russia, CTPL has since adopted a similar approach to capacity development in Ukraine, Georgia and Armenia. In each of these countries, the respective approaches had to be modified to reflect specific circumstances and the interests of the main stakeholders. For example, in both Ukraine and Armenia there was greater interest in and need for developing locally based training programmes. As a result, CTPL and its partners concentrated relatively more effort than in Russia on trade training capacity development, the development of research and course materials, and joint training. In Georgia, however, the CTPL think-tank model and the Russian version of it made more sense in addressing short and long-term trade-related development issues. CTPL, therefore, concentrated its efforts on the establishment with local experts of ICTPL Georgia, an organisation similar in some respects to CTPL Moscow.

An important lesson from the experience outside Russia was that CTPL needed to link its Russian partners directly with its partners in Ukraine, Armenia and Georgia in order to help them understand the CTPL approach and why it may be beneficial to their circumstances. While the respective situations of CTPL partners in all four countries were quite differ-

ent, they all shared the common challenge of re-orienting their respective economies to market-based principles. As trade experts located in what had previously been the Soviet Union, they all also had inherited the same trade legislation, trade institutions, and similar cultural approaches to government decision making and personal relationships more generally. Finally, they all shared a common language. While they all spoke English fluently, they all certainly could communicate much better among themselves in Russian. The combination of these factors raised each partner's confidence in the CTPL approach and helped them implement this particular model for capacity development.

10 External intervention

CIDA, the main donor sponsor throughout the CTPL-CTPL Moscow partnership, made four important contributions to the overall success of this project. First, CIDA provided the flexibility and longer-term support to allow the relationships between Canadian and Russian partners to develop effectively. CIDA was willing, for example, to approve a significant change toward capacity development when no other donor project was willing to do so. But even more importantly, its project officers and Canadian embassy officials played an active role in fostering this shift in programming. This had a positive and reinforcing impact on the relationship between CTPL and its local partners.

Second, CIDA showed leadership by continuing to support the project throughout the 1998 financial crisis and its aftermath. This was during a period when many firms (Canadian companies among them) were pulling out of Russia and donor-sponsored projects were reduced. Indeed, for almost a full year, the CIDA-sponsored CTPL project was the only donor-related trade project being implemented in Russia. This increased CTPL's credibility with its Russian partners and provided CTPL with an opportunity to continue to be engaged.

Third, through the different phases of the project CIDA has continued to maintain the view that, to be effective, the content of CTPL advice and support to the Russians on WTO accession must remain confidential to CTPL and its partners. This was a principle that was initially resisted by the Canadian trade department. But CTPL insisted its independence was linked directly to the work its partners wanted from them. CIDA's support for this position helped CTPL make its case and this component of the project was approved.

Canadian support is in contrast to some other donor-sponsored projects that require full disclosure of what assistance and advice is provided. Simply put, CTPL would likely not have developed the same capabilities in Russia and the project would likely not have realised the same outcome if we had had to operate under rules of full disclosure of advice provided to the partners.

Finally, CIDA was prepared to commit itself to long-term engagement on WTO accession. This position was integrated into CIDA's programming strategy for Russia and became a key rationale for a new phase of the project in 2004 to support Russia in the conclusion of its WTO accession negotiations.

No other donor has been as consistent as CIDA in its support for WTO accession. This includes the UK, a recognised leader in trade-related capacity development. After a successful first phase of a trade-related project in Russia (2001-2003), the Department for International Development (DFID) put out for tender a second phase but cancelled the competition in 2004 due to changes in programming priorities as a result of new demands in Iraq. While the new policy may have made sense from a DFID perspective, it demonstrated (in contrast to CIDA) that support for trade-related projects is volatile and is not as integrated into DFID programming as is generally recognised.

In this case, CIDA and CTPL also benefited from the fact that they were both Canadian organisations. Trade-related projects are concerned with economic interests and as such can come into conflict with the trade and business interests of the donor country and even the bilateral economic relationship. That was the reason why CTPL and CTPL Moscow spent a lot of energy on ensuring that the project stakeholders understood that their advice was independent of any specific government position or interest.

During the period of this case study, Canada's economic interests in Russia were relatively small in comparison to those of Russia's major trading partners such as the US and the EU. The Canada-Russia economic relationship, although important, is also much less a priority for either country, relative to the broader and more strategic relationships between Russia and the US and the EU, respectively. By implication, Canada had less of a stake in the outcome of Russia's successful accession to the WTO. As a result of the combination of these economic and political factors, Russia was more receptive to the offer from CTPL to provide strategic advice on WTO accession because there was less 'baggage' associated with this assistance. This provided both CTPL and CIDA with more programming space in Russia on WTO accession issues than was possible under US- and EU-sponsored trade projects.

The best example to illustrate this is the strategic advice CTPL provides to the Russian WTO accession negotiating team. While the US and the EU also provide Russia with project support on accession, the CIDA project is the only one that works directly with the Russian team in implementing its negotiating strategy. Two CTPL experts regularly sit as members of the Russian delegation at working party meetings in Geneva and provide trade policy and legal advice in support of these negotiations. Other donors have offered such assistance. But the Russians have only accepted Canadian assistance in this area.

This situation indicates clearly the level of confidence and partnership that has developed between CTPL and its stakeholders on this project. But it also reflects indirectly how the economic interests of donors can and do have an impact on the kinds of TRCD projects they can sponsor and the results that these projects are likely to achieve.

11 Conclusion

This case demonstrates that the linkages between strategic positioning, capabilities development, and performance are clear, direct and mutually reinforcing. Strategic positioning of a donor-sponsored effort, for example, provides programming space and time for the internal capabilities of partner organisations to develop and take advantage of donor interventions in the areas of training, technical support and expert advice. As individual expertise and institutional capabilities develop, the relative position of these experts and institutions in the market for trade-related services improves and therefore helps to create the kinds of incentives that raise productivity, efficiency and performance within partner organisations over time.

The linkages between strategic positioning and performance are reinforcing because success in strategic positioning over time creates further programming space that, in turn, promotes increased capabilities development and performance. Local professionals involved in the project further develop their expertise, and local institutions gain recognition for their respective roles in the domestic reform process. These successes attract interest outside the project's circle of partners as new institutions look at what kinds of opportunities are being created in this growing 'market' for trade-related services.

This evolution of the domestic market, in turn, promotes the development of a larger group of public and private sector institutions involved in trade-related issues. Over time, the domestic market for this mini-industry of service providers becomes increasingly competitive and more broadly based. The market itself also encourages further productivity for those involved in this industry, and the long-term sustainability of those institutions that compete successfully within the market.

At the same time, it is key to the realisation of longer-term capacity development objectives that executing agencies and their local partners do not become dependent upon donor assistance. Applying a strategic positioning approach at an early stage of a donor-sponsored project's implementation provides stakeholders with the analytical tools and capabilities to compete in the market place once the donor intervention has run its course.

In this case, CTPL and its local partners decided to try to carve out a segment of the emerging 'market' for trade-related services by focusing on their key strengths:

- *Content.* The partners developed training, research, and advisory services that provided practical support to the Russian government's WTO accession strategy.
- *Long-term business horizon.* The non-profit status of CTPL and the initial investment of CIDA provided the CTPL-CTPL Moscow partnership with the opportunity to not have to deal with the short-term, revenue-generating pressures during the early stages of their respective capabilities development.
- *CTPL's Canadian base.* The fact that CTPL was based in a country with few economic and trade interests in Russia provided CTPL and CIDA with an opportunity to implement an approach that may not have worked if Canadian-Russian economic interests came in conflict with the advice and support CTPL and its partners were providing to the Russian government.

Finally, what this discussion demonstrates is that the 'market' for service providers working in the capacity development 'business' can be segmented and differentiated according to the kinds of services or projects being demanded in the market. The discussion also helps to illustrate how and why firms/organisations that want to offer services in this market respond to the demand in different ways. Specifically, firms react according to their own internal capabilities, interests and their relative competitiveness in the market.

Business strategy theory also cautions that demand and supply in any market change over time as new competitors enter the market, others leave or change the kinds of services they offer, and the demand of the customers (i.e. donors and local partners) shifts according to need and interest. To make an effective intervention in this market, therefore, executing agencies and their partners have to think through their strengths and weaknesses in relation to what the market is demanding at a particular point in time. They also have to consider how the suppliers or other firms in the market (i.e. their competitors) can be expected to respond to this demand. As a result, over time firms/organisations have to continue to adapt their competitive strategy to changing conditions if they wish to be sustainable in the long term.

Bibliography

- Andersson, G. and Isaksen, J. 2002. *Best Practice in Capacity Building in Public Finance Management in Africa: Experiences of NORAD and Sida*, Report R2002: 16. Bergen, Norway: Chr. Michelsen Institute.
- Boesen, N. 2004. *Enhancing Public Sector Capacity - What Works, What Doesn't and Why? A literature review for the OED Evaluation of World Bank's Support for Capacity Building in Africa* (draft).
- Boesen, N., Christensen, P.F. and Therkildsen, O. 2002. *Evaluation of Capacity Development in a Sector Programme Support Context: Contributions to an Analytical Framework* (draft).
- Bonaglia, F. and Fukasaku, K. 2002. *Trading Competitively: A Study of Trade Capacity Building in Sub-Saharan Africa*, Executive Summary. Paris: OECD Development Centre. Online: www.oecd.org/dataoecd/30/55/1939825.pdf
- CIDA, 2003. *CIDA's Strategic Approach to Trade Related Capacity Building (TRCB)*. Economic Policies Division, Policy Branch (draft).
- Edvinsson, L. and Malone, M.S. 1997. *Intellectual Capital: Realizing Your Company's True Value by Finding its Hidden Brainpower*. New York: HarperBusiness.
- Gladwell, M. 2000. *The Tipping Point: How Little Things Can Make a Big Difference*. New York: Little, Brown.
- Horton, D. et al. 2003. *Evaluating Capacity Development: Experiences from Research and Development Organizations around the World*. The Hague: International Service for National Agricultural Research (INSAR); International Development Research Centre, Canada; Technical Centre for Agricultural and Rural Cooperation ACP-EU (CTA), the Netherlands.
- Kostecki, M. 2001. *Technical Assistance Services in Trade-Policy: A Contribution to the Discussion on Capacity-Building in the WTO*, Resource Paper No. 2, Sustainable Development and Trade Issues. Geneva: International Centre for Trade and Sustainable Development (ICTSD).
- Lavergne, R. and Saxby, J. 2001. *Capacity Development: Visions and Implications*, Capacity Development Occasional Series No. 3. Gatineau: CIDA Policy Branch.
- Lavergne, R., Lewis, E. and Pecore-Ugorji, D. 2004. *Capacity Development in CIDA's Bilateral Programming: A Stocktaking*. Gatineau: CIDA Policy Branch (draft).
- Lewis, E. 2004. *A TrAIDing Nation? Camadian Support for Trade-related Capacity Development in Theory and Practice*. Norman Paterson School of International Affairs, Carleton University, Canada.
- Lopes, C. and Theisoehn, T. 2003. *Ownership, Leadership and Transformation: Can We Do Better for Capacity Development*. London: UNDP/Earthscan.
- Mintzberg, H., Ahlstrand, B. and Lampel, J. 1998. *Strategy Safari: A Guided Tour Through the Wilds of Strategic Management*. New York: Free Press.
- Morgan, P. 2005. *Building Capabilities for Performance - The Environment and Sustainable Development Unit (ESDU) of the Organisation of Eastern Caribbean States (OECS)*. Discussion Paper 57K. Maastricht: ECDPM. www.ecdpm.org

- Morgan, P. 2003. *Background Paper on Methodology*. DAC Study on Capacity, Change and Performance. Maastricht: ECDPM. www.ecdpm.org
- OECD, 2001. *Guidelines on Capacity Development for Trade in the New Global Context*. Development Assistance Committee (DCD/DAC(2001)5/FINAL).
- OECD/WTO, 2003. *Summary of Responses to the Survey on TRTA/CB Policies*. www.oecd.org/dataoecd/48/5/26653791.pdf
- Pengelly, T. and George, M. 2001. *Building Trade Policy Capacity in Developing Countries and Transition Economies: A Practical Guide to Planning Technical Co-operation Programmes*. London: DFID International Trade Department.
- Powell, J. 2002. *Cornering the Market: The World Bank and Trade Capacity Building*. London: Bretton Woods Project.
- Prowse, S. 2002. The role of international and national agencies in trade-related capacity building, *The World Economy* 25: 1235-1261.
- Ulrich, D. and Smallwood, N. 2004. Capitalizing on capabilities, *Harvard Business Review*, June: 119-127. Cambridge, MA.: Harvard Business School.
- Solignac Lecomte, H.B., 2001. *Building Capacity to Trade: A Road Map for Development Partners. Insights from Africa and the Caribbean*. Discussion Paper 33. Maastricht: ECDPM/ODI.
- Solignac Lecomte, H.B. 2003. *Building Capacity to Trade: What are the Priorities?* Working Paper 223. Paris: OECD Development Centre.
- Stewart, T.A. 1997. *Intellectual Capital: The New Wealth of Organizations*. New York: Doubleday.
- Zoellick, R.B. 2004. U.S. Trade Representative, Statement before the Committee on Finance of the United States Senate, March 9.

The European Centre for Development Policy Management (ECDPM) aims to improve international cooperation between Europe and countries in Africa, the Caribbean, and the Pacific.

Created in 1986 as an independent foundation, the **Centre's objectives** are:

- to enhance the capacity of public and private actors in ACP and other low-income countries; and
- to improve cooperation between development partners in Europe and the ACP Region.

The Centre focuses on **four interconnected themes**:

- Development Policy and EU External Action
- ACP-EU Economic and Trade Cooperation
- Multi-Actor Partnerships and Governance
- Development Cooperation and Capacity

The Centre collaborates with other organisations and has a network of contributors in the European and the ACP countries. Knowledge, insight and experience gained from process facilitation, dialogue, networking, infield research and consultations are widely shared with targeted ACP and EU audiences through international conferences, focussed briefing sessions, electronic media and key publications.

**The European Centre for
Development Policy Management**

Onze Lieve Vrouweplein 21

NL-6211 HE Maastricht, The Netherlands

Tel.: +31 (0)43 350 29 00

Fax.: +31 (0)43 350 29 02

info@ecdpm.org www.ecdpm.org

This study was undertaken by ECDPM in the context of the OECD/DAC study on *Capacity, Change and Performance* and financed by the Canadian International Development Agency (CIDA), the UK Department for International Cooperation (DfID) and the Swedish International Development Agency (SIDA)

The results of the study, interim reports and an elaborated methodology can be consulted at www.ecdpm.org/dcc/capacitystudy. For further information, please contact Ms Heather Baser (hb@ecdpm.org).

ISSN 1571-7577