

**THE TRADE, EMPLOYMENT AND COMPETITIVENESS PI  
PHASE II  
PROSPECTUS 2000-2004**

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## List of Acronyms

ADB	Asian Development Bank
ADRF	Asian Development Research Forum
AERC	African Economic Research Consortium
APEC	Asia-Pacific Economic Co-operation
CAD	Canadian Dollars
CIDA	Canadian International Development Agency
ECOWAS	Economic Community of the West African States
EEPSEA	Economy and Environment Program for South East Asia
EPZ	Export Processing Zone
FEDESARROLLO	Fundación para la Educación Superior y el Desarrollo
FLACSO	Facultad Latinoamericana de Ciencias Sociales
FY	Fiscal Year
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
IDRC	International Development Research Center
IMF	International Monetary Fund
MERCOSUR	The Common Market of the Southern Cone
MIMAP	Micro Impacts of Macroeconomic and Adjustment Policies
NAFTA	North American Free Trade Agreement
NCST	National Centre for Software Technology
NGO	Non-governmental Organization
ODA	Official Development Assistance
OECD	Organization for Economic Co-operation and Development
PAG	Program Advisory Group
PCR	Project Completion Report
PI	Program Initiative
PO	Program Officer
RITC	Research for International Tobacco Control
SDI	Spatial Development Initiatives
SISERA	Secretariat for Institutional Support for Economic Research in Africa
SMMEIT	Small, Medium and Micro Enterprise Innovation and Technology
SUB	Sustainable Uses of Biodiversity
TNCs	Transnational Corporations
TWN	Third World Network
UMEOA	West African Economic and Monetary Union
UNCTAD	United Nations Conference on Trade and Development
UNU/INTECH	The United Nations University Institute for New Technology
USAID	United States Agency for International Development
VEEM	Vietnam Economic and Environmental Management
WTO	World Trade Organization

## Executive Summary

Throughout history trade has been the foundation of contacts between countries. However, the ambit of international trade relations is considerably larger than it was even a decade ago, and they are more complex now than they were then for a number of reasons. Partly as a result of the large number of issues raised in the Uruguay Round that had not been raised in previous Rounds, and partly as a result of a more liberal economic environment, wide-ranging issues such as labour standards, human rights, the environment, investment codes and competition policy are now considered legitimate issues in the trade dialogue. These issues are further complicated by the existence of regional and global trading blocs with over-lapping objectives and regulations. Moreover, positions on these issues do not break neatly along North-South lines, and increasingly there is a diversity of experiences and interests within developing countries. Just as important, the theories, tools and techniques of analysis of trade and trade-related policy issues have advanced in recent years. The debacle in Seattle has not changed this ordering in any fundamental way, except to highlight even further the importance of including the diversity of developing country concerns in any work on international trade relations. Similarly, the East Asian crisis too highlighted the need for there to be a greater openness in the institutional structure of the international economic system, and highlighted the importance of finance concerns in the trade debate.

But while the international context within which trade relations are conducted and the tools and techniques used to assess trade and trade policies have changed considerably, the capacity of many developing countries to adapt to these new realities has grown more slowly. Typically, the new issues that enter the trade agenda are proposed by the developed countries or the multilateral institutions in which they wield considerable influence. The more advanced or vocal developing countries like Brazil, India and Malaysia have in fact made an impact on the debate in such areas as labour standards and trade. But even here the decks are stacked against them, and the smaller or less advanced countries have been almost entirely by-standers even though the impact of proposed changes on their domestic economies may be disproportionately large. On the research side too, leading edge work tends to be concentrated in the Northern universities and lending organizations.

In short, the information asymmetry that characterizes international trade relations and policy analysis cuts across North-South and South-South lines, and addressing this issue goes to the heart of IDRC's mandate.

The ***General Objective*** of the Trade, Employment and Competitiveness PI is to ***enable Developing Countries to participate more effectively in the global economy.***

The ***Specific Objectives*** of the PI are to:

1. Improve Developing Countries' negotiation and bargaining capacities;

2. Contribute to the design of instruments, processes and procedures that allow developing countries to better profit from global opportunities; and
3. Assist developing countries to promote coherence between their domestic economic policies and their international trade policies.

The emphasis of this PI on the national as well as international dimension of trade relations is deliberate. We recognize that for developing countries to participate effectively in the world economy, not only do they have to be prepared to participate in international and regional fora to articulate their interests and perspectives, they also then have to adapt domestic policies to take account of developments in the international arena (over which they may or may not have had influence) and honour commitments made.

In its second phase, and building on the reviews of this PI leading up to the formulation of the CSPF, TEC will focus on a limited number of modalities that have been shown to be successful, such as cross-country trade networks and national “TIPS-like” projects. TEC currently supports or will very shortly trade networks that are either region-based or issues-based in the following areas: COMESA, Latin America, MERCOSUR, South Asia, gender (East Africa), product standards (global) and services (sub-Saharan Africa). The TIPS model - meaning support for a national research network linked to one or two policy making bodies but arms length from them - is being actively considered for work in Uganda, and secondarily, Vietnam and Cameroon.

Four other strategic issues bear mention: [a] the initiation of the Global Financial Governance Initiative, a global forum to bring North and South together on issues related to international finance; [b] support for a scoping study on work in Central America, as part of the Centre’s move to enhance its program presence in that region, with secondary plans for similar work in the Caribbean; [c] commissioning of concept papers on non-traditional issues in the trade arena, to assess where and which ones the PI can successfully operate in; and [d] working more closely with NGOs who have or wish to develop strong research capacities in trade issues.

Other strategic objectives will continue to be pursued, as they were during Phase I. These include being ready to move into countries likely to emerge from prolonged periods of isolation and repression; using information technologies to disseminate results and create networks of researchers and policy makers more effectively; and informing the Canadian trade and development community with a view to influencing Canadian trade policy.

Although economics is the principal entry point for the work of this PI, the ambit of disciplines covered by our researchers and the PI team includes enterprise development, environmental management, international relations, gender studies, law, political science and technology policy. This approach along with IDRC’s recognized reputation for supporting rigorous, credible and non-partisan research for development sets it aside from the work of the larger international organizations active in the field. In addition, every effort will be made to enhance the critical mass of work that we support by collaborating with other IDRC initiatives working in similar areas of enquiry, such as ADRF, EEPSEA, MIMAP, RITC, SISERA, SUB, TIPS and VEEM.

## **I. Background**

Throughout history trade has been the foundation of contacts between countries. Today, while international financial flows are in value much larger than trade flows, and while there is little doubt that these financial flows do not simply support corresponding trade flows, trade relations remain at the centre of the international economic agenda. Furthermore, the ambit and complexity of international trade relations is considerably larger now than it was even a decade ago.

Partly as a result of the large number of issues raised in the Uruguay Round that had not been raised in previous Rounds, and partly as a result of a more liberal economic environment, wide-ranging issues such as labour standards, human rights, the environment, intellectual property rights, investment codes and competition policy are now considered legitimate issues in the trade dialogue.

The issues around labour standards revolve around the extent to which low compensation levels and poor working conditions in developing countries constitute an unfair or unacceptable advantage to them (relative to developed countries), and to what extent they simply represent the inherent comparative advantage of “surplus labour” countries. There are gender implications of the labour standards associated with export-based industries generally and Export Processing Zones (EPZs) in particular. It is often argued that export success in some countries has not come as a result of judicious use of a comparative advantage in cheap labour, but rather an exploitative use of poorly paid and poorly treated workers who are young, female and/or belong to certain ethnic groups.

Issues related to the environment are centered on the differing values that countries may place on the use of their bio-physical endowments, and the extent that the benefits from their use are distributed to those persons and/or regions most affected by such activities. Even if it were possible to get past the technical issue of “pricing” the environment to reflect true economic costs to society, large and contentious issues remain over the institutional structure that is required to - for example - design, collect and implement a global carbon tax or adjudicate disputes in this area.

The issues related to intellectual property rights go to the heart of the ethics and practicalities of knowledge creation, control and ownership. By emphasizing the “creation” of modern knowledge, particularly high technology-based invention, recent discussions on intellectual property either ignore a range of knowledge and received wisdom, or worse, create protocols to supersede past practice and procedure in this area. Although the debate over the patents afforded to gene-sequences that exist in their natural state (and which have traditionally been used by farmers in developing countries at little or no expense) received some attention, the issue extends to several cases of the appropriate valuation and treatment of indigenous knowledge typically found in developing countries. This is not only a developing country issue. Small developed countries like Canada have concerns about the concentration of the creation of knowledge in

large developed countries and TNCs largely controlled by these countries.

While the previous examples are relatively well known to the public and (increasingly) researched at least in the more advanced developing countries, investment codes and competition policy are recent entrants to the international trade agenda. Although these issues have always played a role in international trade relations the creation of the WTO has codified or will codify many aspects of their operation. As membership in the WTO, particularly among developing countries, grows, what used to be (in the pre-WTO days) voluntary action will now become a question for active debate and eventually implementation.

Multilateral investment codes try to standardize foreign investment regulations and procedures which hitherto came under national fiat or bilateral/regional agreements. Are uniform tax regimes or operating procedures across countries for foreign-owned enterprises and financial houses possible? Are they desirable, and if so for whom? Should certain sectors be “off limits” to foreigners? Which ones and why?

This “infringement” of international practice on domestic arrangements also extends to the competition policy debate, where the issue turns on whether a country’s trading partners (say, the U.S.) has a say on its domestic industrial structure (say, the marketing arrangements for imported automobiles in Japan, which have traditionally been such as to discourage foreign manufacturers from entering the Japanese market.) Increasingly, competition policy concerns at the trade level are going beyond the traditional anti-trust sorts of examples delineated above to all aspects of domestic industrial regulation. Before trade agreements deal with the myriad of issues involved there is a good possibility that sets of general “principles” will be enunciated, and here it is important that perspectives other than that of the large developed countries be brought to bear.

The constituencies driving these new issues are diverse, and span the different regions of the globe. It is difficult - indeed it would be wrong - to delineate the current trade agenda as dividing exclusively or even primarily along North-South lines. The Cairns Group of nations that formed a bloc on (primarily) agricultural issues during the Uruguay Round comprised a mix of countries that spanned almost every income group and region of the world. It is seen as the prototype of the shape of coalitions to come. But underlying this highly visible development has been a realization in many circles that the least developed countries of the world have little in common with larger developing countries like Brazil and India, who in turn find the Asian Tigers to be competitors as often as they are allies in trade talks. Within the developed countries, NGOs may have more in common with grassroots organizations and labour unions in developing countries than they do with their own governments, business organizations or labour unions. Not surprisingly, business interests in developing countries have more in common with their counterparts in developed countries than with other national organizations closer to home.

The picture is further complicated by the emergence of what has come to be known as “the new regionalism”. Increasingly, the world is categorized by moves towards freer trade to be sure, but also more compartmentalized trade in which regional blocs like APEC, MERCOSUR and

NAFTA co-exist with the more widespread WTO system. Important issues of universality and subsidiarity of potentially conflicting rules remain either unresolved or are resolved in an ad hoc manner.

In the state of affairs described above, central questions arise to which no clear answers exist at present. What is the rationale behind the drive to multilateralize so much of what has historically been a matter for a country's sovereign authorities to determine? How much of this is implementable - by whom and how? Is the trade sector the appropriate "flash point" for all the disputes that arise in these areas? And above all else for IDRC and this PI: what are the developing country perspectives (the plural here is deliberate) on these matters? How can such perspectives be made to make a difference to the international trade agenda? Finally, what domestic policy and practical responses are called for by the participation of a given developing country in a trade agreement or convention?

The debacle in Seattle has not changed this ordering in any fundamental way, except to highlight even further the importance of including the diversity of developing country concerns in any work on international trade relations. Similarly, the East Asian crisis too highlighted the need for there to be a greater openness in the institutional structure of the international economic system, and highlighted the importance of finance concerns in the trade debate.

On a more academic note, two broad trends should be noted in our understanding of trade flows and policies. First, there is a growing consensus that it is inappropriate to delineate "trade" policies from other macroeconomic and sectoral policies. For example, how does one distinguish whether or not a particular exchange rate policy is being used to fight inflation, as opposed to encouraging exports or for that matter foreign capital inflows? When is an "industrial policy" just that and not a primarily trade policy? Consider, for example, spectacularly inappropriate agricultural policies like the European Union's Common Agricultural Policy which has equally significant trade effects at home and abroad.

Second, the analysis of trade has come a long way from the classical emphasis on three or four inputs producing a set of readily identifiable goods which are traded by countries in freely functioning markets. The essence of these technical developments is their ability to incorporate much better "real life" features and situations into our understanding and analyses of the trade and trade policy problematique. As a result, the research skills and research methods available to us are greatly improved now than they were a generation ago, and when used properly, so is their role in policy formulation and ultimately, human development.

In recent years the "new" theories of trade, which emphasize the political economic dimension of trade policies (and therefore patterns) have come to the fore. A large part of this literature derives from observing some distinctly neo-mercantilist behaviour on the part of (especially) the Asian success stories, but also from the incorporation of game theory in economic analysis, which enables us to formalize "strategic behaviour". There are several strands in the new approach, and these may be summarized as follows: [a] a relaxation of certain classical



assumptions, such as equal sized countries, the exogeneity of technological change, and the non-existence of economies of scale; and [b] the introduction of strategic, political, or long term considerations in trade policies.

An important distinction is now made between static comparative advantage and dynamic comparative advantage. In the latter, and again based on real life observation, allowance is made for a country to “create” a niche for itself by promoting certain industries or sectors over others even when a narrow point-in-time calculation does not dictate that resources be allocated in such a manner. If successful, a comparative advantage has been created where none existed previously, with net gains to society. Theories that emphasize the dynamic nature of trade also stress the importance of still poorly understood factors that accompany trade flows - foreign investment, technology flows and increased competition.

Finally, note should be made of the dictum that “countries do not trade, firms do.” This should be set against the equally valid observation that “good” firms in “good” countries have an advantage over “good” firms in “bad” countries. What this serves to highlight is the macro-micro nature of a good analysis of trade patterns. That is, while a firm or industry or sector level analysis of trade is necessary, the macro or enabling environment (which has also come to include domestic social, educational, and science and technology innovation policy) within which the trade occurs is equally essential in understanding trade patterns.

So while the international context within which trade relations are conducted and the tools and techniques used to assess trade and trade policies have changed considerably, the capacity of many developing countries to adapt to the new realities has grown more slowly. Typically, the new issues that enter the trade agenda are proposed by the developed countries or the multilateral institutions in which they wield considerable influence. The more advanced or vocal developing countries like Brazil, India and Malaysia have in fact made an impact on the debate on - for example - labour standards and trade. But even here the decks are stacked against them, and the smaller or less advanced countries have been almost entirely by-standers to issues such as the liberalization of trade in services, or multilateral investment codes, even though the impact of such moves on their domestic economies is disproportionately large. As noted earlier, developing countries’ interests in these matters are neither homogenous nor equal across all countries or all topics.

On the research side, leading edge work tends to be concentrated in the Northern universities and lending organizations. While the policy debate is (correctly) conducted at a practical level, and technical elegance for its own sake is best left to those that are willing and able to play that game, the role of sound research practices and techniques in bringing credibility to a range of Southern voices cannot be overlooked.

In short, the information asymmetry that characterizes international trade relations and policy analysis not only cuts across North-South lines but also within the South, and addressing this issue goes to the heart of IDRC’s mandate.

## II. The Objectives and Approach of the PI

***The General Objective of the Trade, Employment and Competitiveness PI is to enable Developing Countries to participate more effectively in the global economy.***

The ***Specific Objectives*** of the PI are to:

1. Improve Developing Countries' negotiation and bargaining capacities;
2. Contribute to the design of instruments, processes and procedures allowing developing countries to better profit from global opportunities; and
3. Assist developing countries to promote coherence between their domestic economic policies and their international trade policies.

The emphasis in the objectives of this PI on the national as well as international dimension of trade relations is deliberate. We recognize that for developing countries to participate effectively in the world economy, not only do they have to be prepared to participate in international and regional fora to articulate their interests and perspectives, they also have to adapt domestic policies to take account of developments in the international arena and honour commitments made.

An example of the importance of this point lies in the inter-face of trade policy and financial sector policy. Typically, trade sector reform is focussed on raising competitiveness and involves an upgrading of production equipment including the installation of more or more advanced pollution control equipment, the re-training of workers, a re-organization of firms and industries and sometimes the creation of entirely new lines of production (such as shrimp farming or market gardening.) All of these activities require, among other things, an infusion of capital, ready access to credit and a transparent and efficient system of payments and banking. The implications for financial sector policies, then, are clear - *liberal*, not restricted credit creation, or perhaps credit *targeted* at certain sectors, industries or regions, and sound, efficient financial institutions. It is frequently the case, though, that financial policies are driven by a set of considerations which lead to *restricted, untargeted* credit, and which encourage the exit or re-organization of weak and inefficient financial institutions. Similar situations arise when thinking through the coherence of trade policies with, for example, labour market policies or tax policies. (Many aspects of the trade-finance nexus outlined here are being dealt with in a global project called *Finance and Changing Trade Patterns*, described in section IIIa of this prospectus.)

In short, the "domestic dimension" of international trade relations is every bit as complex and important as the trade negotiations themselves, and given the competing pressures pulling on governments everywhere, ensuring consistency and coherence in policies has been a neglected field of research. Thus the three specific objectives of the PI should be seen as guideposts for conceptually related sets of research activities, separated for the purposes of exposition only.

These in turn lead to a set of research entry points which will guide our selection of work activities.

These entry points combine the domestic and external dimensions of the trade-employment-competitiveness nexus, thus permitting us to achieve one or more of our specific objectives. These entry points signal the main elements, characteristics and boundaries of our activities.

***Trade and Social Welfare.*** First, we recognize the employment, equity and environmental considerations inherent in the international trade dialogue and its implementation nationally. This aspect of our work derives directly from the extended ambit of the trade agenda described earlier. It is now understood that the primarily tariff-reducing (and that too on manufactured goods trade) goal of the early GATT discussions (starting with the Geneva talks of 1947 and through to the culmination of the Tokyo Round in 1979) has reached an end, and that future reform in international trade will only come by expanding the nature and scope of the issues covered in trade talks. At the same time, the various and important links between the size and composition of the trading sector and the quantity and quality of employment, income and wealth distribution, and quality of the bio-physical environment are increasingly recognized by policy makers and researchers. To paraphrase a famous cliché, trade is too important to be left to traders. The so-called “other” issues related to trade are now central to it, and IDRC, with its non-partisan multidisciplinary orientation, is well placed to deal with them in an integrated manner.

***Trade and Growth.*** Second, we recognize the financial and technological dimensions of trade and global competitiveness. Trade flows are not only about the movement of goods and services, and arguably never have been. Advances in methodological technique as well as growing awareness of these issues make it an imperative of research in this area to examine, for example, the extent to which trade flows embody technology transfer (and of what kind) and increase domestic competition, and the inter-relations between success in trade and the strength of the financial sector (national and international) underlying it. The link with the central theme of this PI - the international trade dialogue - is this. The introduction of competition policy, investment codes and intellectual property in this dialogue has brought technology, finance and industrial structure issues into the trade orbit. For example, indigenous knowledge is a form of intellectual property which is clearly affected by decisions made by international trade regulating bodies. Finally, it is evident that trade, especially by and among transnational corporations (TNCs), incorporates important technological and financial dimensions that traditional analyses of trade flows have ignored to their detriment. But it is precisely an analysis of such issues that leads us to judgement on the question of whether or not trade ultimately enables sustained growth.

***Trade and the Structure of Production.*** Third, we recognize the sectoral restructuring that follows - and in many cases precedes - a country's successful participation in the global economy. It is now understood that reform is not a “piecemeal” process. Just as trade flows also embody (for example) technology transfer and a comparative advantage in natural resources or certain types of labour, changes in the trade sector are an integral part of the larger reform

process that includes other sectors of the economy. However, it is *not* the aim of this PI to study any and all policy reform. We will limit ourselves to research that examines the sectoral restructuring that derives from trade reform, particularly that driven by commitments made at the regional and international multilateral level.

### **III. Activities and Agenda of Work**

#### **a. Current and Medium-Term Projects**

Over the first two years of the CSPF, the TEC PI intends to develop the projects listed in the TEC PI Medium Term Pipeline (Annex III). Within this time-frame, TEC will renew a number of on-going activities. A number of project ideas have also been discussed as candidates for the TEC program of work for the final two years of the CSPF (these are listed at the foot of Annex III).

#### **b. Links With Other IDRC Activities**

To end this section, a word on links with other IDRC activities that have been or are likely to be forged by this PI.

During Phase II, TEC will work more closely with the MIMAP PI, to take advantage of the work that MIMAP does on the poverty implications of trade policies (particularly trade reform policies). In turn, TEC's work will inform the direction that MIMAP is likely to take, in better understanding how policies at the national and international level are made.

The other direct link is with the "Trade Liberalization and Regional Integration Policy" component of the *VEEM* (Vietnam Economic and Environmental Management) program. This component is concerned with the challenge that Vietnam faces in integrating itself into the world trading system, dealing with international agreements and promoting industrial competitiveness. As VEEM winds down, TEC will take over support of future work in this area.

During Phase I, TEC developed a close relationship with TIPS, and this is likely to continue during Phase II. TIPS has been an integral part of the South Africa component of several TEC cross-country networks. These include networks on: finance and competitiveness; trade in services in Africa; trade and sustainable development; and the development of a Southern African Trade Network patterned on LATN. TEC staff have participated in TIPS activities, including project development and the TIPS Annual Forum.

TEC's work on the trade/IPRs/biodiversity nexus of issues will proceed in collaboration with the SUB PI, particularly follow up to the Crucible project. Work in East Asia, notably on finance issues, will proceed apace with work that ADRF's working group on economic governance will do. Work on trade and the environment in South East Asia will seek to collaborate with the EEPSEA Secretariat.

This collaboration could take various forms. At one level, since there is cross-appointment in IDRC staff working in these areas, there will be a natural tendency to signal points of collaboration right from the project development stage through to dissemination. Allowance will be made in projects (and project budgets) for interaction between researchers in our several endeavours. Finally, when an issue suitably large or complex arises, it is possible that it will be tackled by several PIs together, thus pooling human and financial resources.

#### **IV. Multidisciplinarity and Social/Gender Dimensions**

Economics is clearly the main perspective or entry point for the work of this PI. However, since development issues seldom lend themselves to a narrow disciplinary or sub-disciplinary approach to tackling pressing problems, three avenues will be pursued to broaden the focus of our work.

First, economics itself comprises a large number of sub-disciplines. Economics projects at IDRC have traditionally crossed such boundaries. Examples include our Fiscal Reform network, which combined public finance and macro-economic approaches; the Financial Reform and the Trade Patterns networks, which combine finance theory with monetary and macro-economics; and our set of MIMAP projects, described in that PI's framework paper and prospectus. Special attention has been and will continue to be given to issues neglected in traditional economic analysis, including macro-micro linkages in economies and the political economic dimensions of, institutional considerations in and enabling environment within which successful development strategies are implemented. It is precisely this emphasis which distinguishes IDRC's work in this area from that of other, larger, players in this field and Northern university-based research.

Second, in addition to economics, we expect to place emphasis on international relations, law, political science (and political economy) and environmental management in much of our work. Again, there is a lineage for this in the economics family of projects. In the past, we have supported networks that examined bargaining strategies and negotiations stances in debt negotiations and in trade negotiations. A similar network on environmental issues in international economic relations is just coming to an end. The first two networks took as their starting point the unequal nature of bilateral and multilateral relations, as well as the ability of countries in similar circumstances to derive radically different sets of outcomes from debt and trade talks. This situation was then explored further to glean general insights on the North-South dialogue process, and in the case of trade, was published internationally as *The Developing Countries in World Trade* by Diana Tussie and David Glover (editors), IDRC and Lynne Rienner Publishers, 1993. A similar publication will emerge from the environment network. The point here is to aver that in all of these cases the research problematique, project participants and final results brought together a variety of disciplinary backgrounds and approaches commensurate with the topic at hand. In the work of this PI, we will continue this mode of operation.

Third, economics is still (especially at the policy level) a *social* science. In addition to the MIMAP projects, a project on Women and Industrialization in Asia is indicative of the synergy

between economics and society. In that project, a combination of qualitative and quantitative analysis was brought to bear on how labour markets functioned for women in seven Asian countries during a period of rapid industrialization and growth. Cross-country and temporal comparisons were made to explain women's labour market participation, employment and earnings changes during the 1970s and 1980s, and lessons were drawn for development policy. These were published as *Women and Industrialization in Asia* by Susan Horton (editor), Routledge, 1996. The project on telework in India, too, has a significant gender dimension to it, as should (and will) research in the labour standards and indigenous knowledge issues that we will support.

In sum, the debate over the environmental and social impacts of trade agreements, and the emergence of socially- and environmentally-charged issues in the international trade dialogue more generally, are examples of topics that cut across the trade and society nexus, and which come within this PI's ambit. Bearing in mind that it is our research partners and not IDRC that conducts research, this PI's team has the requisite diversity in background to formulate and support projects of a multidisciplinary nature. Principal areas of specialization represented in the team include economics, enterprise development, environmental management, gender studies, international relations, political science and technology policy. During Phase I, the Latin American Trade Network developed a sub-group working on gender and trade issues, which has close links with UNIFEM work in the region. A network on gender and trade in East Africa was recently approved and we fully expect this dimension to be integral to the work of many of our regional trade networks.

## **V. Dissemination, Connectivity and Networking**

Constructive collaboration among researchers from different environments and wide dissemination of research results are clearly an integral part of the process of sound research. IDRC's long experience as a knowledge broker (see also section VI below) at both the North-South and South-South levels and the emergence of new, powerful forms of communication and interaction facilitate good collaboration and wide dissemination as never before.

Building on the experience with past efforts in collaborative research through networks especially in the former Social Sciences Division and during Phase I of TEC, almost every project we intend to support will be a cross-country effort, either regional or global. This approach brings researchers who normally do not interact or work with each other (except occasionally at one-off meetings and seminars) together for the life of a project (or more), and allows the synthesis of experiences from a wide variety of countries, using a common (and therefore comparable) approach and methodology.

The internet makes such contacts easier and cheaper, but cannot create togetherness on its own accord. In some of the projects outlined above, a list serve will be the primary mode of communication within the research group (including members of this PI). Individual projects will also have some funds made available to enable contact between research groups, on a case

by case basis. For example, there are clear synergies between the several projects dealing with Africa's particular situation in the new trade system. The unique and promising situation in South Africa suggests that there are large gains to be made from integrating it into studies in other parts of the world, particularly Latin America's Southern Cone countries and the successful adjusters in Asia. Finally on the matter of synergy within the activities of this PI, the activities including and especially interim and final outputs of all our projects will be shared routinely with key members of the other projects. This way contacts and possibilities where none had been envisioned (or could have been envisioned) at the start of the research cycle will develop along the way, and the internet will enable these to develop further and flourish.

Given all the attention paid to trade in the world, our efforts can only make a difference if the *individual* investments we make in our various activities then also benefit from the *networking synergies* that they breed or that are nurtured and developed by IDRC. This enhances the productivity of our resources by making the whole amount to more than the sum of its parts.

Traditional forms of dissemination will continue, and in fact will remain at the core of the final stages of our projects. The track record of publication (with reputable commercial publishers like Macmillan, Routledge and Lynne Rienner) of the output of past economics-oriented networks is good and we fully expect to continue to utilize this avenue of dissemination. The international distribution and prestige associated with such publications, though "academic", is important for the impact that our results have on the research and policy community, co-funding efforts and the reputation of the Centre as a leading research support organization (see Annex I.)

But that in itself is not enough. We fully recognize the importance of more applied and direct forms of dissemination which have always played a large part in our past and current projects. In a PI such as this, informing the wider research and policy community of developing country perspectives on trade must and will include seminars nationally, where policy makers and NGO representatives will participate, and internationally, at organizations such as the OECD, UNCTAD and the development banks.

Taken together, our several dissemination and networking efforts will at the first instance link researchers in various parts of the world to each other. Parallel efforts to widen the research circle by bringing in national and international policy makers and NGO representatives not just at the dissemination stage but throughout the project planning and implementation process will also be made.

## **VI. Why IDRC?**

The international trade agenda, and economic policy (especially its analysis) in developing countries more generally, is usually seen to be the bailiwick of the large and well endowed international agencies. Although it is no doubt true that the so-called Washington Consensus has been largely driven by interests not always congruent with developing country needs and aspirations, it would be ironic if the declamations of scepticism about the influence and nature of

advice from the powerful international agencies like the World Bank and the IMF were not backed by support for credible, alternative research and policy formulation. This is where organizations like IDRC enter the picture, and in the particular area of trade and trade-related policies, this PI intends to widen the range and improve the quality of debate on these issues.

While the influence and resource base (both financial and human) of international agencies should not be under-estimated, there is a real opportunity for IDRC to make a difference in this line of enquiry, for a number of reasons.

First, as alluded to above, there is considerable scope to improve the quality and nature of the research and dialogue that underlies policy formulation. The larger international agencies, particularly the World Bank and the International Monetary Fund, are either unwilling or unable to do this on their own. There is now ample evidence that research emanating from these institutions is neither unbiased nor impeccable. Although the forceful and solid reaction from scholars and policy makers to the World Bank's 1993 study *The East Asian Miracle: Economic Growth and Public Policy* is a well known example, lesser known and lesser examples abound, and scepticism about research in these organizations, if only to promote a "second opinion", is in good order.

A very good example of sound research that adds value to the international economic relations debate is IDRC's support for the Group of Twenty-four (G-24) Research Program led by Professor Gerry Helleiner and implemented by UNCTAD, now in its third phase of operation. In this project, supported in conjunction with the Danish, Dutch and several G-24 governments, studies are prepared on key topics of the North-South economic relations agenda principally for Southern Executive Directors to the international financial institutions. Given their timeliness and the calibre of the research - most of which is conducted by Southern scholars - these studies have gained a large and important following among the relevant policy making circles in both developed and developing countries. Examples of the work of this activity include the production of highly regarded critiques of the World Bank's annual *World Development Report*; a symposium and publication on the 50th anniversary of the Bretton Woods Conference; and regular publication of a compendium of the studies completed by this project.

Second, although there are considerable and controversial grey areas, the various international agencies have specific mandates, many of which do not cover the trade ambit of topics. The World Bank has a large and established trade policy research program, and routinely supports trade reform in its operations in developing countries. The IMF, on the other hand, concentrates on financial sector and balance of payments issues, and is less involved in the nuts and bolts of trade policies and trade agreements. (Both organizations are relatively silent on impediments to trade and sectoral distortions in *developed* countries.) The WTO would be the logical institution to house a research and policy analysis program on multilateral trade issues, particularly because its operations and decision making processes are not quite as skewed towards the G-7 as the World Bank and IMF. Unfortunately, it has a very small and over-stretched research program. The regional financial institutions like the Asian Development Bank and the African



Development Bank seem not to address this sphere. UNCTAD is perhaps the only international agency working in many of the areas that this PI will cover, and we intend to work with this agency in several of our activities. But given the travails of the UN system generally and of UNCTAD in particular, we see a real opportunity for IDRC to go beyond what well intentioned but hamstrung agencies are ultimately willing and able to achieve.

Third, the research activities of these organizations are geared towards their lending operations (in the case of the banks) or closely tied to the work agenda of the members (in the case of the UN agencies), and much of it is conducted either in house or by consultants. In an era of diminishing ODA resources, there is very little room for good, solid research conducted indigenously and with the twin goals of capacity building and policy support.

Fourth, IDRC is uniquely positioned to be a knowledge broker that will bring its considerable contacts, experience and not least, credibility, to bear in developing networks of scholars and policy makers in developing and developed countries. It is no exaggeration to state that the sorts of projects we have supported and will continue to support in this PI simply will not or cannot be initiated by anyone but IDRC.

Finally, and building on the two previous points, it is important to bear in mind the capacity building role that lies at the heart of IDRC's programming. Although we fully expect to have policy impact through our work, it may not always be as rapid or visible as that of the larger players. But the creation of a core group of researchers and others familiar with the current trade debate who are part of the *Southern* fabric rather than outside it creates indigenous capacities to deal with such issues. This is surely the more desirable and sustainable way of dealing with the problem than has traditionally been the case. This capacity building approach has a second and no less important dimension. In all our projects, local researchers and decision makers are closely involved at every stage of our projects, from design and implementation to dissemination and evaluation. This ensures "buy-in" as well as credibility for our work, which once again sets IDRC apart from other players.

That said, although we have chosen our objectives and entry points so as not to duplicate the work of other players, every effort will be made to work with rather than supplant the other organizations active in this field.

## **VII. Financial Resources**

### **a. Centre Allocation**

The TEC PI budget requirement for the first two fiscal years of the CSPF is equal to 7m CAD. Approximately 5.4m would be allocated to the activities listed in the TEC Medium Term Pipeline, as shown in Annex III. A further 1.6m is required to renew certain on-going activities. For the final two years, the TEC PI budget requirement is expected to be similar, thus the total financial requirement of the PI, from FY 2000/01 to FY 2003/04 is approximately 14m CAD.



## **b. Resource Expansion**

The attention that trade issues and economic policy issues more generally receive from the large multilateral players is paradoxically both good news and bad news for this PI. Clearly, the recognized importance of this area of enquiry means that we do not have to convince people of the need to support such work. It is neither expensive the way physical scientific work tends to be in capital equipment and facilities or in primary data accumulation the way a lot of socio-economic work tends to be, nor controversial in the same sense that work on governance, religion or culture tends to be. ***We fully intend to exploit the relatively mainstream approach that we intend to take on a broad number of generally accepted issues in international trade/economic relations, rather than define an artificially antagonistic or non-credible course for ourselves.***

At the same time, our emphasis on alternatives to the Washington Consensus and like-minded views on policy reform places a limit on how much or how often we can rely on organizations like the World Bank to support our work. More logical partners such as UN agencies simply do not have the resources themselves to directly support us (except occasionally and indirectly through parallel funding mechanisms) or, as in the case of the OECD, are not in the capacity building business. The events of Seattle and the East Asian crisis have renewed international interest in topics related to international economics, international relations and governance. The foundations, which we were told at the start of Phase I of TEC for the most part, “do not do economics”, are now likely prospective partners in TEC work.

We see the most promise for resource expansion in the following categories of our work. First, we expect to find support even in the larger international agencies for project dissemination activities such as meetings and seminars. Second, we expect to continue to work through our office in South Africa to find support for the activities situated there. Third, we expect our work in the countries emerging from isolation to generate significant external donor interest. Fourth, to the extent that our work captures the excitement of a hot international issue, we fully expect to be positioned to capitalize on the situation.

For small amounts of support such as that towards hosting meetings, we see most of the major international players - the World Bank, the OECD and the regional multilateral banks - as potential partners. We will continue to build on relations commenced during Phase I with the World Bank's World Bank Institute to collaborate on regional training programs on trade issues in Latin America, South Africa and sub-Saharan Africa (on services issues).

As a more long term goal it should be mentioned that we see co-operation with sources of finance in Japan as our single biggest - and potentially most rewarding - challenge, particularly as our emphasis on “alternate yet credible” approaches to policy analysis and focus on institutional economics fits well with Japanese concerns in economics and policy reform. Although no progress was made on this front during Phase I, we will continue to pursue this

opportunity.

On a related point, the negative reaction to the World Bank study on the *East Asian Miracle* referred to in section VI was a primary motivation for the Japanese government (who funded a large part of that study!) to fund the creation of the Asian Development Bank Institute, which will commence operations this year. Located in Tokyo, the ADBI is a research and training institution that is part of the ADB system, and is patterned on the World Bank's Economic Development Institute. The ADBI will be an early target for this PI's connection and resource expansion plans. In the case of the Japanese, ADBI and our Asia resource expansion more generally, developments in IDRC's ADRF will be carefully monitored to enhance synergy and avoid duplication of effort.

All team members will participate in resource expansion activities and here we consider the IDRC resource base (including funding of this PI), reputation and the assistance of management as principal assets. ***We have set a target of raising co-funding and parallel funding amounting to 40% of the IDRC financial commitment over four years to this PI.*** Our experience during Phase I suggests that this is a feasible target. TEC will work closely with the Centre's partnership and business development group to increase its project- and program-based resource base.

## VIII. Outputs, Evaluation and Accountability

### a. Outputs

The work of this PI will result in three sorts of outputs.

- At the ***policy level***, these will comprise ***policy papers*** targeted at the relevant decision makers nationally and internationally, and ***seminars and workshops*** where national and international decision makers will participate and interact with our project researchers. Bearing in mind the target audience, the policy papers will present the technical aspects of the results of our projects in a more accessible writing style and with emphasis on practical applications of the results that are presented. At project planning, mid-term and final seminars and workshops, we will ensure that decision makers from the relevant national ministries and international organizations will participate throughout the life of a project rather than at the very end. In addition, the annual conference on North-South trade relations will be a key catalyst to bring decision makers closer to researchers in our area of enquiry, and to enhance the visibility of this PI's work in Canada.
- At the ***capacity building level***, it should be borne in mind that our activities will comprise not only researchers who are "plugged in" nationally and internationally and familiar with the literature on leading issues in trade but also more junior researchers and policy makers in countries where such analysis is not at the frontier of the trade agenda. Examples of capacity building include research networks like the African Economic

Research Consortium and the Latin American Macroeconomic Research Network as well as activities such as our work on Africa and the GATS. The point here is to emphasize the spread of knowledge not just from North to South but *within* the South, and not just from one researcher to another but *between* researchers and practitioners in government and non-governmental organizations. As an upper end indication of the reach of our capacity building activities, in the Africa and GATS project, one component of this project will cover eight countries and each team will comprise at least three persons, so that capacity building will cover at least 24 persons from the private, government and research sectors. The AERC supports about 250 researchers and its Collaborative MA program has about 180 students enrolled in it.

- At the *technical level*, our outputs will continue to be published in fora that establish the credibility of our work in advanced research organizations in developed and developing countries, international organizations and academic circles. This includes publishing books with leading international publishers (often in conjunction with IDRC), articles and papers in refereed journals and peer review activities by our researchers themselves. We expect our work to generate at least one internationally published book per year.

As a result of these outputs, the impact of this PI's work will be felt at several levels. We clearly target decision makers, particularly trade negotiators, in developing countries themselves. Young researchers and students will also be trained, as will senior researchers working in countries where the current trade agenda remains somewhat alien. Finally, we expect the technical merits of our outputs to have an impact on the international academic research community and the more research-oriented parts of international lending agencies and the relevant government departments in developing countries.

By targeting Southern decision makers specifically, and more generally through our capacity building efforts aiming to create a literate society in trade and related policy reform measures, we therefore expect this PI to make a small but significant contribution to redressing the imbalance between small developing countries and large industrialized ones in the new international trade arena.

## **b. Evaluation and Accountability**

The TEC PI Evaluation Plan is included as Annex II.

# **Annex I: Salient International Publications of IDRC Projects Related to the TEC PI**

Agrawal, Pradeep, Subir V. Gokarn, Veena Mishra, Kirit Parikh, Kunal Sen, *Policies for Industrial Competitiveness in India and East Asia*, Houndmills, UK: Macmillan, 2000 [forthcoming].

Agrawal, Pradeep, Subir V. Gokarn, Veena Mishra, Kirit Parikh and Kunal Sen, *Economic Restructuring in East Asia and India, Perspectives on Policy Reform*, Houndmills, UK: Macmillan, 1995.

Amin, Galal A., *Egypt's Economic Predicament, A Study in the Interaction of External Pressure, Political Folly and Social Tension in Egypt, 1960-1990*, Leiden: E. J. Brill, 1995.

Dobson, Wendy and Chia Siow Yue, *Multinationals and East Asian Integration*, Ottawa: IDRC Books, 1997.

Fanelli, José Maria and Rohinton Medhora (editors), *Finance and Competitiveness in Developing Countries*, IDRC Books and Routledge, 2000 [forthcoming].

Fanelli, José Maria and Rohinton Medhora (editors), *Financial Reform in Developing Countries*, Houndmills, UK: IDRC Books and Macmillan Press, Ltd., 1998.

Ffrench-Davis, Ricardo and Stephany Griffith-Jones (editors), *Coping With Capital Surges, The Return of Finance to Latin America*, Boulder and Ottawa: Lynne Rienner Publishers and IDRC Books, 1995.

Helleiner, G. K. (editor), *Capital Account Regimes and the Developing Countries*, Houndmills, UK and New York, NY: Macmillan Press, Ltd. and St. Martin's Press, Inc., 1998.

Horton, Susan (editor), *Women and Industrialization in Asia*, London: Routledge, 1996.

Lavergne, Réal (editor), *Intégration et coopération régionales en Afrique de l'Ouest*, Paris and Ottawa: Karthala and IDRC Books, 1996 [english version published by Africa World Press and IDRC Books, 1997].

McMahon, Gary (editor), *Lessons in Economic Policy for Eastern Europe from Latin America*, Houndmills, UK and Ottawa: Macmillan and IDRC Books, 1996.

Mkandawire, Thandika and Charles Soludo (editors), *African Voices on Structural Adjustment: A Companion to Our Continent, Our Future*, IDRC/CODESRIA/Africa World Press 2000 [forthcoming].

Mkandawire, Thandika and Charles Soludo (editors), *Our Continent, Our Future: African Perspectives on Structural Adjustment*, Dakar: IDRC Books, CODESRIA and Africa World Press, 1998 [french version was published by IDRC/CODESRIA in 1999].

Morales, Juan Antonio and Gary McMahon (editors), *Economic Policy and the Transition to Democracy, The Latin American Experience*, Houndmills, UK and Ottawa: Macmillan and IDRC Books, 1996.

Safadi, Raed (editor), *Opening doors to the world: A new trade agenda for the Middle East*, Cairo and Ottawa: IDRC Books and The American University in Cairo Press, 1998.

Sen, Kunal and Rajendra Vaidya, *The Process of Financial Liberalization in India*, New Delhi: Oxford University Press, 1997.

Tshibaka, Tshikala (editor), *Structural Adjustment and Agriculture in West Africa*, Dakar: CODESRIA, 1998.

Tussie, Diana (editor), *The Environment in International Trade Negotiations: Developing Country Stakes*, IDRC Books and MacMillan Press, 1999.

Tussie, Diana and David Glover (editors), *The Developing Countries in World Trade*, Boulder and Ottawa: Lynne Rienner Publishers and IDRC Books, 1993.

Various (under the stewardship of Gerry Helleiner), *International Monetary and Financial Issues for the 1990s*, Volumes I-X, New York: United Nations, 1990-99.

Zarilla, Simonetta, Veena Jha and René Vossenaar (editors), *Eco-Labeling and International Trade*, MacMillan Press and St. Martins Press, 1997.

## **Annex II: TEC Evaluation Plan**

The Evaluation Plan of the TEC PI was developed into the project document, “Evaluation of Key Issues in the Trade, Employment and Competitiveness Program Initiative” (Project 04479), which the TEC PI has approved. What follows is an updated version of this document.

### **Evaluation of Key Issues in the Trade, Employment and Competitiveness Program Initiative**

#### **1. JUSTIFICATION**

IDRC’s Program Initiatives are mandated a share in the responsibility to employ evaluation as a learning process for improved planning and management of development research.

The Trade, Employment and Competitiveness (TEC) Program Initiative developed an evaluation plan for inclusion in the TEC Annual Report for FY 97/98, which was based on an evaluation workshop (facilitated by Cerstin Sander of the Evaluation Unit) at the PI meeting in June, 1998 and subsequent consultation among the team.

The purpose of this project is to refine and facilitate a comprehensive process for the implementation of the TEC Evaluation Plan, from June 2000 to December 2001, in order to enable on-going evaluation of the TEC PI during CSPF.

## **2. OBJECTIVES**

### **2.1 General Objective**

The general objective of this project is to establish a continuous evaluation process for IDRC programming and research on Trade, Employment and Competitiveness, which enables on-going assessment and learning by the TEC PI team and project researchers, and enables the PI team to report to management and other stakeholders on achievements and lessons learned.

### **2.2 Specific Objectives**

1. To facilitate learning among the PI team and project researchers about performance with respect to: i) achievement of the goals of capacity-building, policy-relevance and technical merit; ii) the operation of networks; and iii) the integration of gender and multi-disciplinary analysis.
2. To assist the PI team to report to management on the effectiveness of the TEC PI.
3. To provide lessons to researchers and policy officials in trade and macroeconomic circles on how to bridge the research-policy gap more effectively.

## **3. METHODOLOGY**

Evaluation of the TEC Program Initiative will attempt to research and answer evaluative questions (provided in the TEC Evaluation Plan contained in Table 1) surrounding three issues, which correspond to the general types, or *fields of impact* the PI seeks to effect.

1. Developing research capacity in areas of relevance to TEC;
2. Producing policy-relevant research which influences policy decisions;
3. Production of technically sound and multi-disciplinary research results with a Southern perspective, which are reputable from the standpoint of international academic standards.

Assessing the impact of an applied “research for development” program on Trade, Employment



and Competitiveness requires the elaboration and use of a specific conceptual and methodological framework to guide the process. Such a conceptual and methodological framework for the evaluation would attempt to map out *how research translates into impacts* of the types contemplated in the *fields of impact*, and identify the specific evaluation methodologies best-suited to detect and assess these impacts.

Evaluation of the *policy impact* of research would especially require a conceptual and methodological framework since the process by which research influences policy is highly complex and contingent on many factors. Here the task would be to map-out the process whereby new information produced through research is communicated to policy-makers (through policy briefs, topical seminars, etc.), passes through the stages of the policy process (technocratic planning, political debate, etc.) and finally emerges with an influence on policy decisions. This approach entails considering question “2.b.” in the evaluation plan at the initial stages of the evaluation, which is a conceptual and empirical question with implications for methodology for evaluating policy impacts.

2.b. To what extent and how does research influence the policy process in TEC-related sectors? (ie. how does the political economy of policy-making work and how does new information become inserted and used in the process?)

Concepts from the literature on the political economy of the policy process, the role of think tanks in the policy process, and lessons from specific economic policy case studies would be considered in this line of inquiry. Results emerging from TEC project 055223, "Economic Policy Making and Implementation in Africa," would be drawn upon and complemented. Account should be taken of the role of the various extraneous factors influencing policy (the nature of political participation, etc.) as well as the role of variable conditions (different political institutions, economic pressures, etc.) in accounting for different outcomes. Given the number of extraneous factors influencing policy, there is never a clear link between research and policy. However, a careful application of evaluation concepts and methods coupled with a clear understanding of the political economy of the policy process will go some way in enhancing our understanding of the conditions in which evidence-based policy-making might succeed.

On the capacity-building side, the framework would draw on concepts and theories which could guide the assessment of learning processes, and apply them to the selection and adaptation of specific evaluation techniques suited to assess the capacity-building effects of engaging in TEC research. Here, evaluations of the African Economic Research Consortium by David Henderson John Loxley and Eric Thorbecke would be drawn upon, which were particularly strong in assessing capacity building.

Evaluation of the third *field of impact* would be made in reference to the conceptual and theoretical framework of the academic fields of inquiry (economics, political science, political economy etc.). Credibility within established disciplinary schools, critical power and influence with respect to setting new directions for established perspectives and disciplinary traditions, as

well as conceptual/methodological innovation are some of the criteria which could be used to assess the technical merit and multi-disciplinarity of TEC research, as well as its contribution to the formation of Southern perspectives on the issues.

In consideration of the above conceptual issues related to the *fields of impact*, as well as of the TEC *problematique* and research approach, as defined in the prospectus, the evaluators will (subsequent to initial orientation and consultation with the PI and researchers) draw upon relevant evaluation tools and experiences to develop and refine the methodological approach to be employed in the evaluation of the TEC PI. It is expected that the evaluation will employ a plural approach combining methods ranging from expert review of project documents and research results, to surveys, informal discussions, structured interviews and participatory workshops involving researchers and project stakeholders.<sup>1</sup> Evaluation sessions will be held at meetings and conferences of TEC research networks, which will enable the evaluators to engage with a number of researchers in each trip, and also to observe project activities.

On evaluation issues 1 and 3 (capacity building and technical merit), an important methodological component will be review and evaluation of research results by experts in specific fields of relevance who can assess research impacts in terms of capacity building and international standards of technical merit, with reference to other work in the field of inquiry and previous undertakings of project researchers. To evaluate the policy relevance and impact of research, interviews and workshops with researchers, policy-makers and other project stakeholders would be of primary importance. On each of the *fields of impact*, methodologies of gender analysis will be drawn upon as appropriate to evaluate the integration of gender issues in TEC research.

#### **4. IMPLEMENTATION PROGRAM**

Evaluation of the TEC Program Initiative will be implemented as an incremental, on-going process, starting in June 2000 and lasting until December 2001. A list of projects to be evaluated on each of the three issues is provided in the table in Table 2.<sup>2</sup> Eight projects have been identified as high priorities for evaluation by the PI Team Leader. A final selection of projects to be evaluated on each issue will be made, and itinerary struck for project visits in which evaluation sessions will be held with project researchers and stakeholders, taking opportunities to “tag-onto” regional and project activities wherever possible.

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<sup>1</sup> It is expected that representatives of the full range of researchers and project and program stakeholders (donors, policy-makers, NGOs, ultimate beneficiaries, etc.) will be engaged in some part of the evaluation process.

<sup>2</sup> While most TEC projects address all three of the issues evaluation will focus on, many place more emphasis on one or two of the issues. With this in mind, evaluation on each issue will strategically target key projects which speak most effectively to that issue.

Jeff Fine has been selected to coordinate the evaluation team. He will bring to the task considerable experience relevant to TEC research programming generally, and related evaluation experience in particular. Additional members of the evaluation team will be selected following discussion the TEC PI meeting in May 2000, with a view to representing the various regions and the broadest possible range of substantive topics on the TEC agenda. The evaluation team will be engaged for approximately of 300 person days over a 12-month period, starting in June 2000. Project visits and evaluation activities will take place on a periodic basis throughout the period, with reports submitted following each. Each team member will be assigned specific responsibilities in undertaking and documenting the evaluation.

At the PI level, Rohinton Medhora (Team Leader) and Gerett Rusnak (Research Officer) will be the principal officers associated with this activity. They will oversee selection of the evaluators and coordinate among the PI team, evaluators, researchers, and the IDRC Evaluation Unit (from which guidance on the process will be sought) to ensure the process is effectively implemented. Where individual projects are involved the relevant POs will be implicated.

After the evaluation team is in place and have become generally versed with the work of the PI, they will undertake an initial set of meetings and consultations with PI team members and project researchers. The evaluation plan, and implementation time line will be revised and elaborated in collaboration with the PI team, as indicators, performance targets, and evaluation questions are validated in an initial evaluation workshop. Based on these results and in reference to the appropriate literature on a range of topics (including evaluation, capacity-building and political decision making in TEC-related fields), a more substantial conceptual and methodological approach to the evaluation will be elaborated (as discussed above in section 3).

To ensure the integration of program-level evaluation with ongoing project monitoring and project evaluation activities, the PI will provide the evaluators with information from project monitoring and evaluation reports and PI outputs which speak to the evaluation issues of capacity-building, policy-relevance and technical merit, initially and throughout the period of evaluation. Where appropriate, additional project-level evaluations or self-assessments will be integrated into the design of projects currently active or in the pipeline, with a view to complementing the external program-level evaluation. Such project-level evaluation sessions will provide opportunity to validate and revise program-level evaluation issues and questions in light of new information on researcher priorities, as well as to define indicators and information needs and sources, for use in subsequent evaluation activities at the project and program levels.

Feedback will be provided to the PI team throughout the process. An overall synthesis report will be completed by May 2001, in order to provide lessons to the PI team and Centre management during CSPF. The synthesis report will be presented to the PI team and disseminated widely among TEC researchers and stakeholders. Recommendations for the continued monitoring and evaluation of the TEC PI will be integrated into the synthesis report. Where appropriate, evaluation outputs will be discussed at PI meetings and project activities, with a view to identifying key lessons for improved TEC research and PI management.

**Table 1:      *TEC* Evaluation Plan Matrix**

<b>Name of Evaluation</b>	Evaluation of Key Issues in the Trade, Employment and Competitiveness Program Initiative
<b>Dates</b>	May 2000 - December 2001
<b>Cost</b>	\$ 298,000*
<b>Who will use evaluation, how, and when?</b>	<ul style="list-style-type: none"> <li>-PI team will learn about achievements at balancing the goals of capacity-building, policy-relevance and technical merit, and derive lessons for practice (dur.</li> <li>-PI will learn and apply lessons about the operation of networks so as to improve their effectiveness.</li> <li>-PI will learn and apply lessons for the integration of gender and multi-disciplinary analysis.</li> <li>-Management will learn about the effectiveness of the TEC PI and use the evaluation to prioritize among corporate objectives.</li> <li>-Both researchers and policy officials in trade and macroeconomic circles will learn how to bridge the research-policy gap more effectively</li> <li>-Researchers will learn about their effectiveness at operating in networks, capacity-building and publishing scientifically-credible results and extract lessons for improvement in these areas.</li> </ul> <p>(All the above will take place during the evaluation and in the months following it.)</p>
<b>Who will do evaluation?</b>	<ul style="list-style-type: none"> <li>-An external evaluation team will be contracted by the PI, containing a professional evaluator to coordinate (Jeff Fine), and additional experts on TEC issues in the relevant regions.</li> <li>-Researchers and key project stakeholders will participate in meetings and workshops facilitated by the evaluation team (wherever possible evaluation sessions will be integrated with regional and global network activities and project workshops).</li> <li>-PI team will manage the evaluation (Rohinton Medhora and Gerett Rusnak will coordinate this), and contribute to it by: addressing the three evaluation issues in project monitoring and reporting on these issues in trip reports and project completion reports; by providing information and engaging in on-going dialogue with the evaluation team; and by assessing and discussing periodic reports as well as drafts and the final version of the evaluation document.</li> </ul>
<b>Issues to Study</b>	<b>Questions to Address</b>
1. Capacity-building	<ul style="list-style-type: none"> <li>a. Has TEC research enhanced capacity for analysis and teaching/learning of trade issues and emerging trade-relevant issues? What has been realized in terms of capacity for multi-disciplinary and gender analysis of trade? Has the availability of information and level of debate been enriched?</li> <li>b. What are the tensions and between focussing on building capacity of weaker countries/institutions/social sectors and engaging in top-level research with policy-relevance and impact? What are the best practices for managing these trade-offs and how can the tensions be converted into win-win synergies?</li> <li>c. What has been the impact of the provision of trade issue analyses from a developing country perspective to leading negotiators on their ability to negotiate? Is it a key factor in making them better-informed and -prepared? What results were obtained? What constraints remain?</li> <li>d. How effective are networks as mechanisms for capacity-building via the transfer of expertise and sharing of experience?</li> </ul>

<p>2. Policy-relevance and influence of research (partners/ stakeholders and use of results)</p>	<p>a. To what extent is TEC research relevant to policy (do outputs reach decision-makers in a usable form?) ?</p> <p>b. To what extent and how does research influence the policy process, in TEC-related sectors? (ie. how does the political economy of policy-making work and how does new information become inserted and used in the process?)</p> <p>c. Is TEC research contributing to the design of instruments, processes, and procedures which assist developing countries to better profit from global opportunities?</p> <p>d. How has the positioning/niche of partners (recipients; research teams) and involvement of policy-makers and stakeholders in various stages of the research process (agenda setting, data analysis, discussing results and implications/applications) affected the policy-relevance and -impact of research?</p> <p>e. Are key policy-makers advisors/negotiators engaged in the project? From which sectors? In what capacity did they contribute and how well? How is their participation and substantive input brought into workshops, networks and research teams? What conditions/approaches have been most conducive/effective?</p> <p>f. Have the “new trade issues” been put on the radar screen of policy-makers and research institutions in developing countries as well as on the WTO agenda? What are the tensions and synergies between staying on top of the “new trade issues” and responding to the emerging priorities of developing countries?</p> <p>g. What is the relation between the multi-disciplinarity of research, the inclusion of gender analysis, and policy-relevance?</p> <p>h. Have TEC research processes and results stimulated improved networking among stakeholders across civil society (researchers, policy analysts, NGOs) on trade issues?</p>
<p>3. Production of credible and multi-disciplinary research with a Southern perspective</p>	<p>a. Has TEC facilitated the production of credible, world-class research results at a level which reaches top academics and decision makers?</p> <p>b. To what extent has TEC facilitated the formation of distinct Southern voices on trade issues? How do Southern technical analyses differ from Northern ones, in terms of both quality and orientation? What is the balance between objectivity and agency in both economic and multi-disciplinary analyses of trade issues?</p> <p>c. Do the research approaches and methodologies being used across TEC research projects facilitate comparison and/or synergies? To what extent is a common approach required and how much room should there be for variation? Have network processes enabled arriving at consensus on the research agenda and development/use of a common approach or complementary approaches?</p> <p>d. How multi-disciplinary is TEC research and how effectively has gender-analysis been integrated? What are the main achievements, challenges and opportunities?</p>

\* Note: The TEC PI has also allocated approximately \$ 100,000 for project-level evaluation in the budgets of specific projects including support to the Trade and Industrial Policy Secretariat and the African Economic Research Consortium, the Latin American Trade Network, and Africa and the GATS. Additional allocations to project-level evaluation are planned.

**Table 2: Focus Areas of Key *TEC* Projects Using Evaluation Plan Taxonomy**

Project	Evaluation Issue		
	Capacity-Building	Policy-Relevance	Technical Merit
*Trade and Industrial Policy Secretariat		X	
G-24		X	X
Africa and the World Trading-System	X		X
African Perspectives on Structural Adjustment	X	X	X
*Economic Policy-Making in Africa	X		X
SISERA	X		
*Latin American Trade Network	X	X	X
Finance and Competitiveness		X	X
*Africa and the GATS	X	X	
The Environment and International Economic Negotiation		X	X
Investor Sentiment		X	X
Agricultural Policy	X	X	
Cuba	X		X
Regional Integration in Southern Africa		X	
MERCOSUR		X	X
*Trade and Sustainable Development Knowledge Network	X	X	
ECOWAS		X	X
*COMESA II		X	X
Product Standards and Trade		X	X
*Global Financial Governance		X	X
*South Asian Trade Network	X	X	

\* These projects have been identified as high priority in the evaluation process.

**Table 3: Time line<sup>3</sup>**

Activity	Q1-00/01	Q2-00/01	Q3-00/01	Q4-00/01	Q1-01/02	Q2-01/02	Q3-01/02
Selection of Evaluation Team	X						
Evaluation team is briefed and reviews TEC documents		X					
Initial Consultations and Evaluation Workshop		X					
Evaluation Plan and Time line Revised		X					
Conceptual and Methodological Framework Developed		X					
*Africa and the GATS (evaluation on-going)	X	X					
*Trade and Sustainable Development Knowledge Network		X					
Economic Policy-Making in Africa			X				
*Latin American Trade Network				X			
*Trade and Industrial Policy Secretariat			X				
*COMESA II			X				
South Asian Trade Network				X			
*Global Financial Governance				X			
Completion of Program Evaluation Synthesis Report					X		
TEC PI Internalizes Evaluation Findings & Recommendations					X	X	X

\* Denotes a Multi-donor activity.

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<sup>3</sup> Note: Only priority activities for evaluation are listed in this time line. Additional activities will be selected. In this chart the quarter denotes the final quarter in which the project is active, to provide an indication for the timing of evaluation activities.

**Annex III: TEC PI Medium Term Pipeline (Fiscal Years 2000/01 & 2001/02)**

<b>Title</b>	<b>FY, Quarter</b>	<b>Type</b>	<b>TEC funding</b>	<b>External funding</b>	<b>Total Amount</b>	<b>Geog. Area</b>	<b>PO</b>
Cuba	2000/01, Q1	Project	198 597		198 597	LAC	Rius, Medhora
Planning Meeting: Trade, Labour Markets and SMEs	2000/01, Q1	RSP	40 310		40 310	Multiregional (Asia, SSA, LAC)	Herbert-Copley, Medhora
Trade & Gender (E. Africa)	2000/01, Q1	Project	500 000		500 000	SSA	Ogbu, Tandian
Global Financial Governance Initiative	2000/01, Q1	Project	500 000	500 000	1 000 000	Multiregional (GLOBAL)	Medhora, Spence, Schmidt, Rius
South Asian Trade Network	2000/01, Q1	Project	480 000		480 000	Asia	Medhora, Rius, Schmidt
TIPS - Uganda*	2000/01, Q2	Project	400 000		400 000	SSA	Ogbu, Cassim, Van Ameringen
IDS Value Chains (Garments)*	2000/01, Q2	Project	400 000		500 000**	Multiregional (Asia, SSA, MENA)	Joeke, Savard, Schmidt
IISD Network II*	2000/01, Q3	Project	400 000		400 000	Multiregional (Asia, SSA, LAC)	Medhora, Herbert-Copley, Seck, Ogbu
Central America*	2000/01, Q3/4	Project	400 000		400 000	LAC	Rius, Rusnak, Savard, Ogbu



Competitiveness in Magreb	2001/02, Q1	Project	300 000	300 000	600 000	SSA	Savard, Joeques
VEEM Follow-up	2001/02, Q1	Project	300 000		300 000	Asia	Schmidt, Spence, Cassim
Trade-IPRs-Biodiversity	2001/02, Q1	Project	400 000		400 000	Asia	Spence, Rusnak, Schmidt
Africa and the GATS	2001/02, Q1	Project	400 000	600 000 (WBI/ UNCTAD)	1 000 000	SSA	Medhora, Ogbu, Cassim, Savard
Southern Africa Trade Network	2001/02, Q1	Project	600 000		600 000	SSA	Cassim, Van Ameringen, Ogbu
<b>Totals***</b>			5 318 907	1 400 000	6 818 907		

\* Indicates the project will likely be ready for approval before the end of FY 2000/01, but that this is not certain.

\*\* GSD Unit to contribute \$100 000.

\*\*\* Renewals of on-going projects will be worked into the pipeline, as they become necessary.

Other Project ideas (candidates for FY 2002/03 or 2003/04): Global Trade Network, Trade and Technology (ACTS), Nigeria, Caribbean/Small Economies, Mexico and the FTAA, Ethical Trade Initiative, China in the WTO, West Africa Trade Network, Southeast Asia Trade Network.

