
CAPAS Program Evaluation

Final Report

By

Dr. Stephen L. Harris

and

Professor Olu Ajakaiye

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Rohinton Medhora

International Development Research Center

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I. Introduction

In December, 1999, the International Development Research Center (IDRC) of Canada and Carnegie Corporation of New York contracted Prof. D. Olu Ajakaiye and Dr. Stephen L. Harris to conduct an evaluation of the Coordinated African Program of Assistance on Services (CAPAS) project jointly funded by them. Towards this end the evaluators attended three sub-regional meetings of the held in the West, East and Southern African regions. Following each regional meeting the Consultants submitted an *Interim Report* based on:

- ◆ □ A review of most of the country papers prepared for all phases of the CAPAS program;
- ◆ □ a review of the country papers presented at each of these meetings;
- ◆ □ interviews with many of the individual country participants attending the meetings;
- ◆ □ discussions and interviews with representatives of the multilateral institutions, the UNCTAD, and Dr. Thierry Noyelle, the coordinator of the analytical program;
- ◆ □ interviews with representatives of the regional institutions and “think-tanks”;
- ◆ □ observations on the efficacy CAPAS process in individual countries; and
- ◆ □ evaluation of the quality of the policy discussions at the regional meetings.

The individuals interviewed in the course of carrying out this evaluation are displayed in Appendix I.

One element of the terms of reference (see Appendix II) of the evaluation was an assessment of both the feasibility and implications of transferring the management of any future phases of a CAPAS-type program to an indigenous African institution. The *Interim Reports* commented on the progress of the

evaluators' thinking on this issue. In addition, the *Third Interim Report* contained an assessment of the proposals by both the African Economic Research Consortium (AERC) and the Southern African Trade Research Network (SATRN) which became available to the consultants on the occasion of the Maseru regional meeting in June 2000.

This *Final Report* on the CAPAS program is essentially a synthesis of the three *Interim Reports*. Inasmuch as the evaluators' assessment of the program occurred over both time and space it was decided that this document could be more effectively prepared on a chronological basis. This allows us to portray the cumulative progress or lack thereof in policy capacity and understanding of the issues by the participating countries while at the same time weaving in our assessment of the inputs to the evaluation enumerated above.

Thus, the report is organized as follows: As background, the next section summarizes the history of the project as well as its objectives. In section III, the implementation process of the project is described. The progress in policy-making capacity that was realized by the participating countries is presented in Section IV. This section evolves in a chronological fashion – coincident with the three regional meetings. Section V reviews the management of the program. Section VI analyzes the prospects of relocating the responsibility for managing the program from the UN agencies to an indigenous organization. The views of the Consultants regarding the prospective success of relocating the project from UNCTAD to an African institution and the implications of this for its objectives and implementation strategy are presented. Section VII concludes the *Report* with a summary of findings and recommendations.

II Background

A. Objectives of the Project

The basic objectives of the CAPAS program were:

- ◆ □to assist a number of sub-Saharan countries to develop a relevant body of knowledge of the service producing industries to inform policy-makers about the importance of these industries to economic development – particularly to identify the linkages between services and goods producing industries;
- ◆ □to assist with the understanding of how enhanced activity in international services trade (essentially services trade liberalization) could serve strengthen the welfare of African societies

- ◆ to assist officials in the participating governments to develop tools for assessing and reforming national policies in services and services trade; and
- ◆ to assist these countries to develop tactical and strategic positions for the next round of GATS negotiations.

These objectives were laudable. In a world where markets, production and information have been “globalized” there was an obvious need to ensure that the sub-Saharan governments should have an opportunity to participate fruitfully in the rapidly changing global economic system. As will be seen, there were many obstacles to the successful transition of these less developed countries into the modern trading system. Not the least of the obstacles was the political will to enhance the quality of life of African citizens. Other obstacles reflect the political and business culture of sub-Saharan Africa that cannot easily adopt the model of Anglo-Saxon capitalism. In Africa interests seem to be focussed on the particularistic rather than the general. As we will see, this focus on the particularistic, more than anything else contributed to the slow progress in building the services infrastructures in most countries and has inhibited dynamic public policy directed to enhancing the welfare of sub-Saharan Africans.

B. Implementation of CAPAS - An Ideal-type Model

a. The Stylized Origins of the Project

The CAPAS program was launched in April 1992 as the outcome of a seminar on Services in Africa in the Context of Uruguay Round Negotiations. The seminar, held in Dar-es-Salaam, Tanzania, was organized jointly by the Eisenhower Center, Columbia University and the UNCTAD. A total of 10 countries participated in the first two phases of the program between 1992 and 1997.¹ In the third phase, beginning in 1997 another 8 countries participated.² The plan was to compress phases I and II for each of the new participants. In addition, special regional studies were to be prepared for the sub-regional seminars on the next round of service trade negotiations.

1 The countries in Phases I and II were Benin, Burundi, Ghana, Guinea, Kenya, Nigeria, Senegal, Tanzania, Uganda and Zimbabwe.

2 The countries in Phase were III Burkina Faso, Cameroon, Cote D'Ivoire, Djibouti, Lesotho, Namibia, Swaziland and Zambia.

b. The “Ideal-type” Implementation Modalities

The implementation modalities of CAPAS required specific roles for countries and institutions. Each country was required to establish an Inter-institutional Working Group (IWG) -- an advisory group whose members would be drawn from the public and private sectors. The public sector members were to be from the relevant government ministries and NGOs while the private sector members were to be drawn from industry, consulting firms and other stakeholders. Typically the IWG was to be headed by a senior official from the government ministry that coordinated the country’s participation in the WTO. This ministry would also have been responsible for steering policy proposals from the CAPAS research studies through the government machinery implementation processes.

To carry out the studies it was required that a National Research Team (NRT) drawn from the universities, research institutes and consulting firms, be established. The NRTs were to prepare analytical studies under the guidance and with the support of the IWGs.

In summary, then, the IWGs were to determine the research priorities of the NRTs and ideally the findings were to be used by the IWGs to influence the preparation of negotiating positions for the GATS.

The IWGs were also to be responsible for organizing national seminars that would review the studies and discuss the issues arising therefrom. These seminars would also facilitate the dissemination of the research to broader domestic audiences. This would serve to establish sensitive policy communities and set the stage for policy feedback from the private sectors of the participating countries.

c. Coordination of the CAPAS

The CAPAS program would be managed by UNCTAD in Geneva and UN-DDSMS in New York. Their roles included overseeing the research program of each of the participating countries, planning and organizing the various regional meetings, providing methodological support to the NRTs when and where necessary. The coordinating institutions disbursed the funds provided by the donors for the national studies directly to the leader of the NRTs.

d. Expected Project Outputs from the “Ideal-type Model”

Given the objectives of the CAPAS program it was reasonable to expect the following outputs at the end of the cycle of each country’s participation. Indeed,

it is against these outputs that the “value-added” of the CAPAS program can be determined. The expected outputs were:

- ◆ establishment of active IWGs and NRTs in each of the 18 participating countries and with the constitution of national seminars in each, the beginnings of national policy communities to enhance the policy-decision process would evolve;
- ◆ preparation of national and/or sectoral studies in each country;
- ◆ research outputs that would contribute to the articulation of domestic and trade policy reforms aimed at improving the efficiency of services producing industries;
- ◆ holding of sub-regional policy seminars among the IWGs and NRTs in each of West, East, and Southern Africa where national policy deliberations and proposed solutions could be compared;
- ◆ contribute to the articulation of regional trade positions for certain key services industries in the next round of GATS negotiations;
- ◆ improve the quality of participation of the countries in the GATS negotiations; and,
- ◆ nurturing a network of African researchers in the area of trade in services.

III. Evaluation of the Constituent Components of CAPAS

A. Establishment and Functioning of the IWGs and NRTs

The role of the IWGs has been rather problematic – some were very enthusiastic, some going along for the ride, and some waiting to be “encouraged” with honorariums to participate in the CAPAS process. So while IWGs were established in about half of the participating countries, most, with Senegal and Kenya being the clear exceptions, were ineffective. The NRTs were more responsive to the needs of the project, but here as well, it was the individual researchers or one or two key public sector individuals who spearheaded the analytical output.³

³ There were IWGs in Benin, Burundi, Ghana, Guinea, Kenya, Nigeria, Senegal, Tanzania, Uganda and Zimbabwe and NRTs in most of the participating states.

There was a clear need for a more active and robust infrastructure for the CAPAS program. It did come to light that some researchers were of the view that the compensation for preparation of the papers inadequate. This factor may have both limited participation of the analytical community and the endurance of the IWGs (when they were in place). Moreover, the lack of enthusiasm of researchers probably played a role in hobbling the maturation of the research networks – although the lack of communication facilities, and when they were available their high costs, also played an important limiting role in achieving the network development objectives of the program.

There is a clear impression from all of the sub-regional meetings that more direct intervention by the managers of the program (UNCTAD and UN-DDSMS) was required if CAPAS was to have an impact on “real policy.” It is judged that there were too many “gaps” in the CAPAS process that if filled would have resulted in a better outcome. One thinks here of the need for closer supervision of the research, direct assistance in both facilitating the establishment and persistence of the IWGs, and the dissemination of the CAPAS work among national and sub-regional regional policy communities. Indeed, the lack of systematic dissemination of the research work was an important limitation in the capacity building that underpinned the original rationale for the program. The objectives of the participants in the sub-regional meetings were not always consistent with the objectives of the sponsors.

The evaluators have stressed the need for policy community development from the outset. However, it is acknowledge that the idea of a policy-community may be inconsistent with the political values of African societies. Nonetheless, there must be some mechanism for the private sector to gravitate to common well-enunciated positions if governments are to act purposively in the area of domestic and international services policy. It seemed clear from all of the sub-regional meetings that there were no incentives for government bureaucrats to change their governance stances, which all too often reflect elite rent-seeking rather than the welfare of society.

It seems that national workshops at which the reports of the national studies on services were discussed were held only in Benin, Kenya and Senegal. Indeed, there were no indications that similar workshops were held in the remaining 7 participating countries of the CAPAS Phases I and II nor in the 8 participating countries of Phase III.

Thus the nurturing of an effective linkage between the studies and policy-making, which was an important objective if the CAPAS program was not achieved.

B. *The Research Output*

a. **Research Studies in the Countries of West Africa**

Phase 1

For the most part the Phase I papers were unremarkable for their content. Most followed a fixed structure comprising:

- ◆ the contribution of services to the respective economies;
- ◆ the regulatory environment for service producing industries;
- ◆ selected case studies of certain service producing industries; and
- ◆ recommendations for future work and policy formation.

In all of the projects there had to be a mapping of the “services” territory before serious analysis of the policy actions that should be prescribed for the future could begin. The papers in Phase I of the project in the West African countries filled such a need. What was remarkable about the papers was the fine job of industry mapping that was completed. This was the first attempt for many countries to understand their service producing industries – and for those involved in the process a good deal was learned. More than that, the authors of the individual reports were able to glean sufficient information to end each report with a series of recommendations to enhance the service producing industries in their countries.

Most of the papers (the Ghana and Senegal probably the best of the Phase I documents) contained recommendations:

- ◆ that public policy be directed to promoting service infrastructure development through the use of tax incentives;
- ◆ that public spending in state monopolies should be enhanced – especially telephone service;
- ◆ that the tourism industry be brought up to international standards with implications for virtually all forms of transportation;
- ◆ that regional trade agreements to facilitate commerce between countries in sub-Saharan Africa (east, west and south) be negotiated;

- ◆ that regulations surrounding road transport be streamlined;
- ◆ that services regulations be generally friendlier to users of the services.

In addition to specific recommendations of the sort noted above, a number of the papers outlined some of the constraints confronting certain industries in their attempts to expand the customer base. Some of the examples cited were the state monopolies in telecommunications, poor transportation links in the case of tourism, and, inefficient regulation in the case of transportation and financial services.

Unfortunately, there was little recognition in this first phase of demand and price elasticities, so high port and telecommunication tariffs remained in place. Generally, public supply of services was seen as inefficient. The need for privatization and the introduction of competition in a number of industries (e.g., telecommunications, and air transport were frequently cited) were common themes in the papers.

In some instances the constraints in the services producing industries were related to the weaknesses in the country's economy. For example, spare parts for the transportation infrastructure (trucks, buses, and aircraft) were frequently hard to come by -- which had the effect of undermining services delivery. Outdated computer technology was often handed down from the developed countries putting the countries at a competitive disadvantage when it came to enhancing service delivery in tourism and transportation.

The linkages between services generally and economic development were noted in most documents, but it is not obvious that the data available to countries was sufficiently robust to make anything but "motherhood" statements about these connections. Nonetheless, stated intentions were in the right direction. Some concrete examples of poor transportation infrastructure inhibiting the export of agriculture products were noted.

On balance, without exception the Phase I papers were good "first cracks" at a formidable task. However one does come away from them with the impression that the problems in the services producing industries (and perhaps more generally) are not so much problems of international trade as they are ones of governance. While this impression was apparent at the outset of the project, it is not obvious that the governance deficit has yet been addressed. While there will be more to say on this below it is obvious that there is no development strategy in most of the African countries. We speak of a development strategy of say what has transpired in North and South East Asia. While there were and still are governance problems in these latter countries, it is the case that governments

were interested in building wealth and opportunity in their societies – despite their mercantilist tendencies. One does not get the impression that political and bureaucratic elites in these Phase I African countries were of the same mind. Indeed, the opposite seems to be true.⁴

Phase II – The Communications Industry Paper

Phase II of the CAPAS project had as its objective the preparation of national sectoral studies in a number of industries – financial services, trade-infrastructure services, telecommunications, trade in skilled labor, and optimal regulation. We have only looked at the telecommunications paper prepared under the auspices of the ITU.

The telecommunications paper certainly made the point (the “ideal case”) about the importance of telecommunications facilitating national economic development. The paper identified the constraints to broadening the infrastructure – finance, human resources, technology and entrepreneurship.

The paper points to the need for the CAPAS countries to enter into commitments under the GATS to ensure that some competition in this industry occurs. This is clearly appropriate although the benefit that would accrue to civil societies is still problematic -- given the costs of building the infrastructure and the associated high tariffs that will confront users. Thus, while the countries can liberalize entry and ownership in this industry, there is the constraint of user affordability that showed no signs of amelioration -- judging from the contents of the ITU paper. Discussions with the Ghanaian representatives in Abidjan, for example, suggested that very little progress has been made in expanding the telecommunications network in that country; and, moreover, consumer costs were still very high despite the presence of foreign suppliers.

Phase III

The Phase III documentation that was available to the evaluators represented a compression of Phases I and II for a new set of countries. There is little to add in a qualitative sense about these documents that has not already been suggested in the preceding review. For all of the participating countries in this new Phase there was a requirement to map out the territory and this was done. Little new was forthcoming – although it was surprising how limited was the progress in this new set of countries, some six years after the start of the CAPAS program. Generally, one gets the impression that the participating countries have been unable to come to grips with the internationalization of world commerce

⁴ The Benin paper put it succinctly. There is a need for “Une reconversion totale des mentalite s’impose tant au niveau des agents de l’etat.” Everyone else, the paper states, understands this.

generally, and certainly have not thought deeply about policy surrounding trade in services.

As was the case for the Phase I and II participants, the basic service infrastructures were very undeveloped. While this was recognized, there was little in the documents about how to deal with this problem. While key service sectors were examined and the obvious conclusions reached with respect to the weaknesses and obstacles to progress, it was not obvious that a coherent understanding of the linkages and a rational plan to take account of the linkages in fostering economic development could be forthcoming. The individual sector studies seemed to be disembodied from the one another. However, this is not to detract from the usefulness of mapping out the territory – which was the prime objective.

In this Phase there was specific comment in a number of papers about the GATS with the generic acknowledgement of the social benefits of lower barriers to trade. Unfortunately, however, the policy advice does not go much further than this.

b. Research Studies in the Countries of East Africa

Generally the research papers prepared by the East African countries provided an overview of the services. However, policy-analysis, policy prescription and evaluation were minimal.

In the case of the Kenyan papers, which were the most robust of this group of countries, a more sophisticated level of analytics had been anticipated by the evaluators. For example, in the introduction of a professional services overview paper, the Kenyans observe that “A key input into the efficient supply of [services] is a free movement of professionals across borders, which enable areas with a deficiency in the pool of professional resources to benefit from those with surpluses.”⁵ While in the normal course of development this would be true, the Kenyans seem to have a perpetual surplus of professionals, but little progress had been made on absorbing them into the domestic economy where some observers say there are shortages of these skills. Without a more detailed assessment of the situation in Kenya it is obviously difficult to make an unequivocal evaluation of this situation, but exporting domestic problems is probably not the way to deal with them. There are weaknesses in post-secondary education policy and/or in resource allocation -- which the government has either caused and is unwilling to deal with or there is some market failure which the government does not want to address. For example,

⁵ G. Ikiara, M. Murira, W. Nyangena, “Professional Services; Kenya,” Paper prepared for the Sub-Regional CAPAS Meeting in Nairobi, March 2-3, 2000, 3.

A number of factors constrain the development of medical services in Kenya. The first, and perhaps most serious of the supply side constraints, is lack of adequate facilities (hospitals and equipment) and poor maintenance of facilities that exist. The effects of poor working conditions have been aggravated by poor remuneration, another supply constraint. Poor pay has forced doctors to resort either to private clinics or seek employment in other countries. The doctors that remain in public service suffer from low morale and lack of incentives for professional development. Medical professionals suggest that improved and easier availability of loans could go a long way in assisting them to establish hospitals and other facilities.⁶

The same holds for engineering and architectural services⁷ while there is a shortage of lawyers.⁸ It seems necessary to deal with the domestic imbalances domestically rather than trying to export these valuable resources during a period when this country needs all the human capital it can muster to facilitate domestic economic and political advancement.

In the case of services liberalization the situation is not any better. In Kenya, despite liberalization of ports, air transport, tourism and telecommunications, little advancement has been evident.⁹ Lawlessness around the port of Mombassa and unproductive port workers, expensive air transport which diminishes demand, low telecommunication density (1% percent of the population have access) all work to reduce the prospects for economic advancement. The Kenyans did attempt to shift blame for some of their problems to the multi-lateral organizations and to donor countries:

Not only have Kenya and other African countries failed to take advantage of the technical assistance and special and differential (S & D) rights, but the developed countries have been only too eager to attack these S & D provisions. In addition, the assistance program and the special and differential provisions have been sometimes incorrectly conceived. There have been complaints that the WTOs agenda for least developed countries suggests an incorrect diagnosis of the technical problems facing LDCs by the organization.

6 Ibid., 13

7 Ibid., 17

8 Ibid., 21

9 See G. Ikiara, M. Murira, W. Nyangena, "State of Play of Service Liberalization: Kenya," Paper prepared for the Sub-Regional CAPAS Meeting in Nairobi, March 2-3, 2000.

For instance, WTO has identified the absence of technical capacity as the main problem, in complete disregard of the role of the unsuitability of some of its rules. Rather than helping [the] least developed countries to enhance their capacity to exploit the special and differential provisions and rights, the technical assistance program only helps those countries to meet their obligations under WTO agreements and to meet the standards for investment, production and commerce required in the international trade regime. The integrated initiative, furthermore, introduces political divisions between African LDCs and non-LDCs as the technical assistance program is meant for the former group of countries only.

There are a couple of observations that can be made about this Kenyan assertion:

- ◆ □ First, a point made several times, the Kenyan's domestic and trade policy capacity is inadequate for the complicated world that they face. CAPAS should have focussed on policy-making capacity and policy evaluation. Indeed, it could still be argued that the sub-Saharan countries do not understand the nature and character of WTO commitments – which is what CAPAS was all about.
- ◆ □ On the other hand, there is probably some truth to what the Kenyans assert. Trade negotiations are clearly a rent-seeking exercise. Neo-liberalism – as a form of economic democracy – is inconsistent with the authoritarian political regimes that are now present in most African countries (even those who profess to have democratically elected governments).

The Ugandan and Tanzanian papers on air transport, and tourism and road transport were purely descriptive. In the case of Tanzania there is an apparent lack of both political will and a stable economic structure to facilitate the growth of a viable tourism industry. An unfriendly bureaucracy compounds this. Similar bureaucratic inefficiencies have humbled the road transportation industry – a situation compounded by poor infrastructure. It can be argued that until the domestic authorities are prepared to deal with their indigenous problems there is little that services trade will do to improve the situation. These problems draw into question the policy priorities of the government. It seems clear that there is not an obvious generosity towards society.

c. Research Studies in the Countries of Southern Africa

As was the case for the countries of West and East Africa the nine CAPAS papers presented by the Southern African countries were of varying quality and analytical substance. Most of the papers had been prepared at least two years ago and had not been updated from 1998. So it was difficult to know what if any progress had been made in the intervening period. The papers essentially mapped out the policy fields to which they were directed: Health Services (Zambia), Financial Services and Telecommunications (Namibia), Movement of Labor (South Africa), and, Water and Electricity (Lesotho). Both Namibia and South Africa also presented more general papers on services liberalization in their respective countries.

The designated researchers prepared all of the papers. In the case of the Namibia papers, they were very comprehensive and there was some real understanding by the authors of the policy field and of the need for nurturing robust services producing industries. Nonetheless, the impact of the CAPAS research on public policy decision-making had been minimal. The main reason for this unfortunate situation was that the CAPAS “model” could just not get up any momentum in the country. There were a number of factors contributing to this: *first*, the former head of the Policy Research Unit was at odds with the government and he continually tried to upstage the government on many substantive policy fronts. In addition the research budget was inadequate and the IWG “never really got off the ground.” As a consequence there was little connection between the government, the private sector and the NGOs in developing GATS negotiating positions – i.e., the latent policy community remained dormant.

The Zambia papers were rather confusing. The health sector is in a shambles and until the government gets its health policy sorted out there seemed little place for a paper on trade in health services. As was the case in many East and West African countries there is a “brain drain” of medical services practitioners from Zambia and the government should develop policies to keep these professionals at home. There was a plea, in the more general Zambian paper on services liberalization, for “Zambia to relate its efforts [to] the regional framework and cooperate within the SADC and the COMESA.” This plea is sensible at the theoretical level. However, it is clear that many countries attending the Maseru meetings, Zambia included, do not yet have the national policy capacity to govern their own domestic affairs in services in a proper fashion – to say nothing of their capacity in the regional or global sphere. In addition, there is a lack of capacity for and understanding of the requirements and consequences of the integration implied in the SADC. The CAPAS model in Zambia gave rise to much the same problems experienced in Namibia.

South Africa is obviously the most advanced country in southern Africa, but the tone of their papers and the character of the interventions in the meeting brought into question the commitment of that country to more open trade with its neighbors. The papers presented at this meeting were rather legalistic (on the movement of persons) and very weak on the analytical front. The CAPAS research was ancillary to the actual policy making process and was thus not very influential. Indeed, bilateral discussions did not provide a clear picture of what role CAPAS did play in official circles.

C. *The Regional Workshops*

Regional meetings were organized in West Africa (Abidjan), East Africa (Nairobi) and Southern Africa (Maseru) by UNCTAD. Observations from each of these meetings are as follows.

a. *West African Meeting in Abidjan, December, 1999*

Beginning with the understanding of the objectives of the project, it appears that most participants at the Abidjan meeting were fully aware of the basic objectives of CAPAS (outlined above). They agreed that the objectives were very pertinent to the economic development of their countries and necessary in order to assure their effective participation in the GATS negotiations.

Specifically, there was general agreement among the participants at Abidjan that:

- ◆ □ CAPAS Phase I was designed to help countries map out the services producing industries in their respective countries. Participants were of the view that the objectives of Phase I, namely stock-taking, assessment of resources, bottlenecks, needs, current achievements and potential of the services sector of each country had been reasonably achieved.

Specifically, each country has been able to prepare a respectable *National Study Report on Services*. These *Reports* were largely descriptive. As a result members of the NRTs and the IWGs, where they existed, now “fully” appreciate the importance of services for the economic development of their respective countries.

- ◆ □ It was also generally agreed that CAPAS Phase II was aimed at enhancing the policy-making capacity of participating countries with a view to promoting effective participation in the GATS.

Specifically, participants believe that the detailed industry studies carried out in Phase II of CAPAS have undoubtedly deepened the understanding of each industry for the individual participants. In the case of countries participating in Phase III, the same degree of knowledge and understanding has probably been achieved.

Thus, the objective of capacity building has been achieved, although it is obvious that policy capacity beyond the level of individual participants (with very few exceptions) has not been achieved.

- ◆ □ It was also generally agreed that the strategy of developing a policy network from the CAPAS program, especially at the national level, was a laudable objective.

In particular, the idea of setting up an IWG to guide each NRT was very innovative. However, as noted above, the role of the IWGs has been rather problematic in most countries.

Indeed, it was not obvious to us that African policy-makers are focusing on implementing policies that are in the best interests of their countries generally. There seems to be a paucity of interest in pursuing good policy – policies that will have the effect of improving the welfare of civil societies. Discussions with country representative suggest that this kind of policy culture is a major obstacle. In this regard it was useful to think of complementing the “bottom-up” approach adopted by CAPAS Coordinators with a ‘top-down” strategy for policy development in the area of services. Moreover, it is clear that at the pinnacle of policy development there was little understanding of the importance of services per se, nor of the importance of the “linkage-effect” of services in enhancing goods production.

b. East African Meeting in Nairobi, March 2000

There were various degrees of understanding of the objectives of CAPAS among the people interviewed. The position of the Kenyans was clearly more advanced than that of Uganda and Tanzania, for example.

All countries indicated clearly that prior to their involvement in CAPAS the understanding of service producing industries and their contribution to economic activity and growth was minimal. From that perspective, the contribution of the program has been very useful. Having said that, however, the knowledge has been accumulated well down in the policy-making hierarchy, and generally policy outputs in the area of services do not mirror the professed accumulation of knowledge about the services industry.

The Kenyan representative tried to underscore the enhanced capacity of policy-making in services by pointing to the opening speech of the Minister of Tourism and Trade at the conference. The speech was good indeed; it recognized the trade policy issues and the hope that the conference would enhance countries' understanding of what had to be done. However, one delegate suggested that the speech had been "cribbed" from an article in the *Financial Times*. That latter observation would be consistent with the lack of progress in building services infrastructure services on the ground.

In the case of Uganda there was a clear case of the lack of understanding of what had to be done to build capacity in the service producing industries. Indeed, the Ugandans suggested that they were not sure they were part of the CAPAS program and moreover did not know what they were supposed to do to carry out credible participation. Because the CAPAS structure was not robust in the country there was a plea for assistance on how to move ahead.

The situation in Tanzania was only slightly better than that in Uganda. The mapping of the services industries has moved ahead. However, there have been many problems in hiring the appropriate researchers and the research papers had not yet reached the final draft stage. So while some knowledge has been accumulated there was also a clear call for help in determining which services areas to develop and how to formulate appropriate trade policies in the areas chosen for study.

In both Uganda and Tanzania there has been little involvement of the private sector and there was no presence of an IWG. Thus one can presume that while some knowledge of the services producing industries has been accumulated at the junior levels, the senior policy-making cadre remains very disadvantaged.

The situation in Kenya is very different at the CAPAS process stage – although perhaps not at the policy output stage – compared to Uganda and Tanzania. The Kenyans established the IWGs right at the beginning and so there was a close following of the project from the beginning. The IWG comprised practitioners, researchers and policy-makers. The IWG carefully reviewed the research papers before they were finalized and a number of seminars were held with the private sector and the information was widely disseminated after the seminars. There was a distinct attempt to build a policy community in Kenya.

The Kenyans used the material produced for CAPAS to help inform trade diplomats about developments in their country as well as in others. Moreover, the CAPAS program has stimulated student research in the universities. Looking ahead, the Kenyans planned to work towards enhancing contact between the private sector, government and the researchers.

In the case of all of the country representatives interviewed there was an unmistakable wish for a continuation of the CAPAS program. The sub-regional meetings were seen as a very useful forum for the exchange of ideas.

It is not yet obvious that the participating countries have graduated from the CAPAS program. The knowledge base about the services producing industries clearly has been enhanced. However, it is difficult to observe any credible services trade policy-making capacity. As noted earlier, the Kenyans seem to have confused domestic and trade policy. So there is a clear requirement to enhance policy analysis and policy-making capacity. The participating countries still require varying degree of hand holding to achieve the ultimate objectives of CAPAS.

The situation regarding policy-making capacity can be summarized as follows:

- ◆ □ There is a services industries knowledge base to build upon in most East African countries, but there is an obvious need to continue the process. Understanding of the linkages between services and the rest of the economic production chain must be enhanced. For example, if e-commerce is to take hold, countries must understand the need to build a robust communications infrastructure in their countries and educate the population about the technology. Perhaps starting in the schools is the way to go.
- ◆ □ There is a need to enhance the policy-making capacity in the participating countries. The fact that the services producing industries have been mapped-out does not by itself serve to enhance policy-making capacity.
- ◆ □ There is a need to help countries understand the linkages between policies (e.g., road infrastructure and port enhancement).
- ◆ □ The lack of political will or lack of policy-making understanding probably requires some work at the top of the policy-making hierarchy rather than just focussing on the bottom of the hierarchy.

Discussions with the WTO representative about the Organization's appreciation of the impact of the CAPAS program suggests that:

- ◆ □ On balance there has been some disappointment with the impact of CAPAS as measured by the participation of the African countries at the WTO. They (the African Countries) are rarely "in the room" during negotiations and discussions and when they are their participation is minimal. When they do participate, the interventions are brief and

generally are to agree with a position that has already been enunciated.

- ◆ On the other hand, the documentation that has resulted from the CAPAS program, for some countries, has been very helpful to the WTO Secretariat.

c. Southern African Meeting, Maseru, June 2000

In addition to the CAPAS papers presented at this meeting, and commented upon above, a number of SADC commissioned papers were also discussed at the meeting. The best was probably presented by the Mauritius representative on the need for a common tourism policy in the Southern Africa Community. This was probably the most sensible proposal of the three days, but it fell on deaf ears. Had the SADC countries agreed to work on one sector – tourism for example -- where there could be a “big bang” for the effort in terms of long term fixed investment in infrastructure and employment creation, it would have proved to the community that there was something that they could agree upon and perhaps develop successfully.

The contribution by UNCTAD at this meeting was generally characteristic of its overall offering to the project – not very helpful. The size of its delegation was overwhelming and inversely related to the quality of the presentations. One delegate characterized the UNCTAD as preaching like an “old professor while the students slept.” It was the case that the UNCTAD representatives were either inexperienced – in which case the presentation was incomprehensible -- or so experienced such that the actual needs of meeting participants were only incidental to the desire of the presenter show how smart he/she was. In reality, the UNCTAD did not understand its audience. The organization was an advocate for the WTO and its processes, with little though directed at the real needs of the participating countries. Also, the UNCTAD officials seemed to have some problems separating their own bureau interests from those of the Africans.

If UNCTAD has a comparative advantage it is probably in the more technical area of helping the developing countries to understand the GATS and WTO processes and they should restrict their efforts to that area. I have seen no net contribution in the area of trade analytics or in trade policy development. Generally, they were a distraction to the focus and objective of the CAPAS program.

UNCTAD proposed that it and SADC should jointly seek funding for the SADC component of CAPAS IV “so as to provide support to SADC countries in the sub-regional and GATS negotiations.” There was a suggestion by the UNCTAD representatives that the Commonwealth Secretariat would be providing some

financial support to a future program. However, the representative from the Secretariat, upon hearing of the existence of the AERC and SATRN proposals (revealed by the World Bank), appeared to withdraw the offer of support pending an evaluation of the proposals.

The character of support that was suggested should emanate from a CAPAS IV type program was contained in the “official” draft record of the meeting. The key points are noted below:

i. Overarching Support

- ◆ to enhance negotiating capacity;
- ◆ to develop analytical information and enhance data collection to facilitate better, more dynamic, and more effective participation of SADC negotiators at international negotiations on trade in services;
- ◆ to prepare assessments of services sectors for each country as a prerequisite to liberalization; and
- ◆ to improve the understanding of the role that services can play in the developmental process of SADC countries both at the national and regional levels.

While these objectives are quite agreeable, it is not clear that UNCTAD has, from past performance, displayed the analytical capacity to manage such an overarching policy analysis program. Indeed, some of these objectives are the same as those of the program being evaluated here.

ii. Technical and Negotiating Support

- ◆ analytical work to support the formulation of negotiating positions at SADC and WTO/GATS levels;
- ◆ training and support for services trade negotiators;
- ◆ preparation of an inventory of measures affecting services in the SADC countries at the regional level;
- ◆ preparation of strategic guidelines to ensure coherence and convergence for SADC countries during negotiations in the framework of GATS as well as in the context of other regional or international arrangement; and,

- ◆ to preparing SADC members for negotiations both in framework and sector issues.

Evidence suggests that it is in the technical and negotiating areas that UNCTAD could help the African countries (not only the SADC countries). However, in addition to the list of technical support requirements, the issue of governance, which was obviously missing in the UNCTAD inspired agenda, should not be left out. The CAPAS model of public, private and NGO consultations is absolutely necessary. Indeed, the absence of a policy community to bring pressure on states for change is conspicuous by its absence, in sub-regional discussions as well as in the research papers. It is obvious that governments will not listen to academics and private researchers. Other components of civil society must be empowered if these less developed countries are to achieve their economic and social development goals. It seems clear that without a clear mission for the governance regimes of each state no amount of academic or bureaucratic rhetoric will enhance the economic and social well-being of African society.

IV. Capacity Building and CAPAS

The evaluators were told that capacity building was indirect and at lower levels of the official bureaucracy. Nonetheless, it is clear that the researchers wanted some form of CAPAS to continue. However, the objectives would have to be narrower – directing research at “winning industries” with more direct assistance to the various research institutes and networks involved in the program.

Generally, it is always difficult to know if the researchers truly believe “some” policy progress can be made in the country through direct influence on official decision-makers or whether they just need funding to keep their institutes viable. There is probably a need for some conditionality in any future funding of trade in services research to ensure that the public, private and NGO sector triangle does mature in a fashion that will serve the public interest.

The assessment of capacity building is somewhat easier to deal with than is the assessment of the research papers.

The first observation to make is that the groups that met at the three sub-regional meetings generally were rather impressive. These people were clearly experts in their fields having accumulated a good deal of knowledge under the auspices of the CAPAS program. Most agreed that CAPAS had been positive for them personally. The success of the IWGs was spotty at best with most participants

making criticism of either or both of private and public sector participants in the IWGs. This in part explains why the stock of policy-making expertise has not accumulated further up the decision-making ladder.

From discussions it was clear that not all countries understood what was required of them. The managers of the program suggested that CAPAS was designed to plant a seed for these developing countries, but that the countries themselves would have to make the seed grow. In retrospect it is obvious that more “hand-holding” was necessary. Hand-holding not only in directing and producing the reports, but also in helping to penetrate the real decision-making cadre in each state.

In this regard, the participation of fewer countries, but with greater resources directed at each participant perhaps would have been preferable. Perhaps a multi-country meeting – at either the Ministerial or Permanent Secretary level – would have been one way to harvest the capacity that had been nurtured at the working level. Also, funding directed at facilitating exchange programs between researchers and the public sector could have been another way to facilitate the building of policy/analytic capacity. As it stands now there is a wide gap between the research output and the policy-making elites.

Capacity building was also to be facilitated by the public dissemination of the results of the research that had been undertaken. Thus, exporters, policy-makers, industry participants were to come together to consider the reports. For the most part this did not happen, or if it did occur the ability to impact public policy was meager at best. So governments are still not sufficiently aware of the importance of advancing the service-producing infrastructure to facilitate the economic development of their countries. One delegation suggested that their authorities were not interested in improving social welfare if it risked weakening their own power over civil society.

It was also envisaged that the participants in the CAPAS program would themselves form a research network to exchange papers and share experiences. Plainly, it did not happen in any of the sub-regions. It is not clear why this was the case, but it is apparent that some sort of support secretariat is necessary if a sub-regional or pan- African network is to build on what already has been sponsored by CAPAS and flourish. This is perhaps something that UNCTAD should have undertaken but did not. It was clearly beyond the capacity and mandate of Noyelle. However, since it was evident early on that this important feature of the program was not working some remedial steps should have been taken.

The inability of the network to support itself does call into question whether the countries can themselves manage the program in the future. There seems to be an element of inertia amongst most of those interviewed. The occasion when the network inertia was overcome was when a CAPAS sponsored conference took place. It seemed clear that the participants found considerable benefit from exchanging information.

So it is judged that the objective of capacity building of the program has not been met completely. Unfortunately, this bottom-up approach of capacity building imbedded in the CAPAS program has not penetrated the senior levels of the bureaucracy nor the political elites and thus with few exceptions the CAPAS program has not directly influenced public policy-making. Most of those interviewed suggested that capacity-building must occur at the more senior levels.

A representative of the SADC Secretariat was critical of the UNCTADs presentations and interventions which were designed to coerce the participating SADC countries onto the WTO timetable without taking adequate account of the lack of indigenous domestic and trade policy capacity in virtually all countries. Thus the SADC representative was critical of the sentiment expressed in the meeting's draft press release which "underscored the need to ensure coherence and convergence in the trade policy dimension of the various sectors of services in context of the regional framework in order to facilitate the process of integration." This sentiment was echoed by country representatives stationed in Geneva.

V. Management of CAPAS

Given the allocation of financial resources available to the project perhaps one could not have expected a more robust management of it. That being said, it is our view that the lack of a transparent management structure has taken its toll on the researchers and on the impact of the program in realizing its ultimate objective of influencing public policy decision-making.

First, we judge that the resources for the project were spread too thinly over the many countries participating in the program. It would have been preferable to work more intensively with those countries where it was presumed measurable progress could be made in building a service infrastructure and thus could benefit from robust participation in the GATS. As the project evolved it is clear to us that a bottleneck developed after the research papers had been prepared. At that moment there was an obvious need to help these researchers create domestic networks to influence policy. While the IWG mechanism was designed to facilitate this, for one reason or another it did not work.

Second, it is not clear what role UNCTAD played in this process. The officials contacted seemed aware of the problems but did little to try and rectify the policy dissemination process. UNCTAD was of the view that “this process should have been more structured in each of the participating countries.” Moreover, officials at UNCTAD could only talk about CAPAS at a very high level. They were unable to provide an assessment of the degree of capacity building that had taken place over the eight years of the program nor could they portray the character of expectations for the countries participating in the “current” round of WTO negotiations. Indeed, UNCTAD officials wondered out loud how to define capacity!

UNCTAD officials suggested that they should have been involved in setting out the terms of reference for this evaluation and on balance were rather defensive when it came to reviewing the issues of where to go with CAPAS in the future. They stressed the importance of networks, the need to enhance the dependence of governments on the networks – but felt that decentralization of CAPAS funding would be rather “sad” because the researchers could not manage the networks and the research program themselves. UNCTAD, it was suggested had many in-house experts who were helping the CAPAS countries although specific examples were missing. There was also the suggestion that the African countries would not alone meet among themselves to exchange information. In retrospect UNCTAD did little to shore up the weaknesses that have already been identified.

We found little in the way of accolades from participating countries about the performance of UNCTAD. One researcher suggested “UNCTAD was a mess” – and compared unfavorably to CIDA with whom he had worked some years earlier. The evaluators tend to agree with the assessment that UNCTADs role has not been as fruitful as one could have expected.

Third, the role of Thierry Noyelle has been significant in maintaining CAPAS momentum. However, his expectations of what the participating countries could do on their own was unfortunately over-estimated. As noted earlier, it was his expectation that all these countries needed was a little push-start and they would carry-the-ball themselves. Had the process been nurtured more vigorously perhaps the out-turn would have been more positive from the perspective of influencing public policy.

One could also reasonably question whether focussing on trade in services rather than simply on building services infrastructure where it was weak would have been more fruitful. Bilateral arrangements between African and developed countries may have been more beneficial than concentrating on pure trade issues. Given the weakness in governance structures in these countries, generalized

liberalization seems to connote political problems to political elites. As things stand now there seems to have been little progress, for example, in building a good telecoms infrastructure in most countries, the tourism industry is generally moribund, transportation is hindered by regulatory obstacles and self-serving monopolies.

In reality the missing element in this whole process has been a desire by governors to really want to help the governed. Democratic values associated with transparency, ethics, social welfare, self-sufficiency or independence and especially the rule of law have not sufficiently penetrated these societies. Self-interest seeking or rent-seeking behavior seems to prevail among governors while civil societies struggles to exist on a day-today basis. There is little that these governors can give up at WTO negotiations – it is a one way street – which will not impinge on the power and perks of holding public office. So there is a need first to change the political environment and political culture, establish development plans that will benefit civil society and then proceed to the world stage. As it stands now the sequencing seems to be wrong so it is not surprising that the CAPAS has had only limited success.

VI. Relocating CAPAS in an African Institution(s)

With regard to the prospects of relocating CAPAS in an African Institution, discussions were held with officials of the World Bank, African Economic Research Consortium, and the Southern African Trade Research Network present at the regional meetings. Discussions were also held with staff of UNCTAD and UN-DDSMS on this issue. However, it was at the Maseru meeting that concrete proposals were presented by AERC and SATRN. The evaluators' observations on these proposals are as follows.

a. The AERC Proposal

The AERC proposal seems to go well beyond the rather narrow focus of services trade that was the focus of CAPAS. While this is certainly a desirable feature of the “ideal-type” scenario, some of the participants in the CAPAS program suggested the need for a more narrow focus. More importantly, however, the AERC does not recognize head-on what the CAPAS model had intended to accomplish but did not: in the areas of the policy community development, in the research results, and in CAPASs impact on policy elites. Without a clear understanding of what went wrong, embarking on a program with a similar “modus operandi” but of wider scope make the achievement of valuable outcomes rather problematic.

The absence of purposeful governance regimes in most of the sub-Saharan African countries has been a major contributor to what is characterized by AERC as “African marginalization.” The AERC proposal asserts that “policies that foster a harmonious and orderly integration of African countries into the world economy can be viewed as vehicles for promoting their rapid and sustainable development.” It goes on to suggest “if African countries wish to derive full benefits from their integration into the global economy, they must seek more effective representation and more actively participate in the processes involved in the evolution and management of the governance arrangements for the global economy.”

It is unclear how the African nations can participate more legitimately in the management of international governance arrangements in the absence of robust internal domestic governance regimes. It is important to deal directly with issues surrounding democratic deficits in most of these countries. The CAPAS model was designed to include the public, private and para-public sectors in the policy-making and decision processes -- but this important goal was not realized. This was an important deficiency of the CAPAS program outcome and unless rectified will continue leave the private sector out of the policy process generally and trade policy processes in particular. What this means is that trade policy is left to senior bureaucrats who have next to no “on the ground” experience in how international (and domestic) markets work and how they can help economic and social development. The AERC proposal will entrench this disappointing situation.

The evaluators are also puzzled by the notion that the African countries will be able to effectively integrate themselves into a regional trading bloc, however widely or narrowly defined. It is our assessment that such a regime, advocated by academics and bureaucrats, is based on hope rather than on rational or purposeful design. This rather “fuzzy” thinking and the resulting weakness of the proposal rests on the absence of sound internal governance regimes. If national institutions are weak how will strong regional institutions emerge? There appears to be a systemic problem in African governance and discussion of this issue is absent in the AERC proposal.

The AERC does recognize the capacity problems in individual African countries, but the issue dribbles off the table as the authors look ahead. One is really left wondering for whom policies are being designed. Also, there is no discussion of private sector capacity nor of para-public sector capacity.

Thus the AERC proposal ought to be embellished so that it deals with the capacity problem where the capacity problem exists. There is a need to focus on:

- ◆ □ Capacity Building for democratic governance including notions of:
 - ◆ □ The public interest;
 - ◆ □ Development and nurturing of the private and para-public sectors;
- ◆ □ Nurturing the development of policy communities so that there is a clear understanding for whom trade policies are supplied and the benefits that will accrue;
- ◆ □ Joint action by African states should be directed at seeking across-the-board access to the markets of advanced nations in key primary product-markets (agriculture). Regional joint action should be limited to industries that can become “regional” champions. Policies of convergence in the area of tourism, for example, would provide a “big bang for the effort.” African states are ill-equipped to manage detailed trade liberalization *and* domestic reform across a broad front. Broad reform should be focussed in national markets;
- ◆ □ If governments are serious about enhancing the public welfare they should be inviting foreign investors to enhance their network infrastructures. There seems little to negotiate with the industrial countries other than broad access for their products noted above. There seems to be little merit in the arguments that African countries negotiate at the level to which they are being pushed by the UNCTAD; and
- ◆ □ Efficacious links between Geneva and national capitals must be based on principles of Weberian bureaucracy and not rent-seeking.

The above sequencing is important. In the absence of good governance foreign investors will not come even if countries undertake to pursue the rule of law provisions of the WTO. The commitment to good governance principles must be complete and unequivocal. Thus the focus on governance is deliberate. Indeed, in recent years development research has suggested that the direction of causality is from good governance (democracy) to economic and social development and not the other way around.

Finally, on the AERC proposal, it is interesting that the supervision of the project’s activities would be in the hands of public sector, international organizations and academics. The absence of private and NGO participants is inconsistent with the results of the CAPAS evaluation. Furthermore, a formal accountability and responsibility structure is necessary. The appropriate

framework could be an executive committee comprising the donors but augmented by the appropriate research directors and African experts on governance. The executive committee would be accountable for results to the donors. It is not clear what the proposed G-11 would do for the AERC project – but it could perform the role of a board of directors. In addition, consideration should be given to bringing together a group of people who can give support to the project in the areas where CAPAS failed to achieve its goals.

b. The SATRN Proposal

The SATRN proposal to the IDRC is a clear improvement on the regime proposed by the AERC. Indeed, the SATRN paper picks up on the deficiencies identified in the CAPAS program. Having said that, the SATRN program is very ambitious and still advocates negotiations on a broad front.

This broad and comprehensive approach is the agenda of the UNCTAD and WTO, not of the African and other developing countries. It appears quite clear that the SADC countries (as well as the east and west African countries) cannot cope effectively with the developed world's trade agenda and schedule – so the question is why should they try.

Perhaps another track would prove more fruitful – starting with a calendar that is appropriate to the African agenda – if one can be developed and agreed upon. The SATRN proposal touches on this issue but does not firmly come down on the side of proposing an alternative schedule appropriate to the capacities of the SADC countries. Thus, we think there is a valid need for the proposal to address the question of an agenda that would be suitable to the states of the African continent generally.

There is also a need to clearly link the domestic economic and social development requirements of each country with the trade agenda. The identification of this important linkage was supposed to come from the CAPAS program – but the results were spotty and much of the linkage that was identified was simply paying “lip-service” to the objectives of the program. There is little evidence that the research and subsequent policy supply took serious account of the linkages.

The SATRN proposal properly highlights the need for more robust policy analysis. But once again it seems that the “tail is wagging the dog.” The policy analysis must link the domestic conjuncture to trade policy. What is proposed is a focus dealing with the WTO issues – which undoubtedly will be the issues of the developed countries. The appropriate focus for the African states will come from the answer to the following question: What are the development priorities

for African countries and how can trade help achieve those priorities? Nothing less should be acceptable.

Similarly, the training of officials in trade policy and trade negotiations will still leave the domestic and trade policy linkage in a limbo. While trade analysis is important, what is probably more important is policy analysis more generally. A vacuum in domestic policy capacity does not help much with striking the correct balance in trade policy. This has been clear in the Asian countries – particularly in Korea and Japan -- where domestic policy capacity has been much weaker than trade policy capacity.

VII. Conclusions and Recommendations

From the perspective of the evaluator, the weaknesses uncovered in the CAPAS program are not adequately addressed by the AERC or the SATRN proposals, although the SATRN paper is more sympathetic to the problems that have appeared in CAPAS. It is useful, therefore, to complete this discussion of where to go now by referring to the recommendations in the first interim *Report*.

The **first recommendation** suggested that a narrower focus of the research program was necessary. Having reviewed virtually all of the CAPAS papers, having spent some 9 days listening to discussions among country participants, and having talked privately to many country representatives, it is very clear that the sub-Saharan countries do not have the capacity to deal with WTO agenda, with regional integration initiatives, and with domestic reform and governance issues. Clearly, a much narrower focus is needed.

Indeed, the new trade research agenda must be compressed so that visible social and economic progress can be achieved. This means that countries should pick winners and focus the research effort on these. The rest should be left for another day. (It is useful to keep in mind that many Asian countries delayed wholesale opening until they were ready. Those who danced to another country's priorities got themselves into trouble.) Common negotiating positions may jump out of a narrower focus. In this respect it is useful to recall that the seed for what is now the EU started out as an agreement on coal and steel.

The **second recommendation** implied that the capacity building that was in train during the CAPAS program might have been inappropriately targeted because the senior bureaucratic and political decision-makers were generally not listening to the researchers. That was the case through all of the phases of CAPAS. So if it is difficult for policy-thinkers to penetrate policy-makers, there is a need to

discover why and to change the situation. So before an elaborate apparatus is established from the SATRN and AERC proposals it will be useful to discover how the distrust between policy-thinkers and -makers can be ameliorated.

The **third recommendation** suggested narrowing the number of countries in the capacity building program to those where there is some reasonable likelihood that progress will be achieved. The proposals currently on the table, which divide up the sub-Saharan countries into two groups achieve this objective in part – as French West Africa may be left out of the picture.

The **third recommendation** also noted that the lack of participation of the private and para-public sectors short-circuited the establishment of policy communities. It is clear that this situation will persist with the AERC proposal, and it is unclear how the SATRN proposal will deal with nurturing a policy community. The establishment of national policy communities is necessary if trade and domestic policy are to be coherent.

The **fourth recommendation** addressed the need for an appropriate accountability framework for the capacity-building program. The AERC proposal is far away from the ideal and the proposed framework for the SATRN proposal seems rather unwieldy – particularly given the numerous ways in which capacity building is addressed.

It seems that the donors should be directly involved in reviewing progress of the programs. This was an important lesson from the CAPAS program. Weaknesses in meeting the objectives of the program – whether analytical or process – should be identified quickly and corrected. Had this been the case under CAPAS perhaps the IWGs would have been more effective and outcomes more valuable.

To these four recommendations we would add the following:

First, before embarking on another formal program the donors ought to review the results of CAPAS with some of participating countries directly. This should take place at a formal meeting – perhaps on neutral ground in Geneva. The requirements for nurturing a policy community, for developing robust policy analysis for domestic and trade policy, and the need to focus on winners should be explored with countries. UNCTAD should not participate in this meeting. (The evaluators would be available to assist with such a meeting.)

If a CAPAS type program is funded through the AERC, and the evaluators think that it should be, the aforementioned meeting should be held. And, attention should be directed at how the West African countries, because of the linguistic differences, will be a full participants in a pan-African project.

Despite the need for indigenous management, it is stressed again that a proper accountability framework should not be allowed dribble off the table by the donors.

Second, appropriate benchmarks ought to be established by the new managers of the program, AERC, if that is the decision. These benchmarks should articulate a classification of countries according to: the robustness of the services sector; the indigenous capability of establishing and nurturing effective policy community with access to the policy-making cadre; the presence and capacity of credible national institutions that can conduct policy-oriented research and prescriptions in the services sector and in trade in services.

On the basis of these indicators, the managers should develop an entry and exit strategy for each country into or from the program. In other words, there should be a point at which the individual countries should be able and ready to continue with the task of assessing and reforming its national policies on services so as to be able to participate effectively in GATS.

Third, countries ought to think about how the trade agenda should be altered to suit their requirements and their capacity. Marching to the WTO and UNCTAD beat is clearly inappropriate and unrealistic if the African countries are to enhance social and economic development.

Fourth, some thought ought to be given to how more general issues of good governance could be migrated to the capacity building program. Such an initiative could have important policy externalities for public policy generally in these countries. Perhaps a parallel program on governance could be established and opportunities for cross-fertilization among the two initiatives could be provided at meetings.

Fifth, future funding of meetings should eliminate the incentive for more meetings. Thus, participants should be given sufficient funds to cover cost of meals and incidentals while the cost of accommodation should be provided by the donors and paid directly to the establishment providing the accommodation. Such measures will ensure that appropriate people attend the meetings and that there is participation from the private sector. The private sector has been conspicuously absent from the three regional meetings in which we have participated. There is a need to deal with the rent-seeking tendencies quickly.

Sixth, the donors should be present at all meetings in order to provide “real time” feedback to participating countries. We do not think that the presence and participation of donors is inconsistent with the objective of having the Africans manage the program.

Seventh, we see no need presently to “beef up” the national representation at the WTO until bureaucracies in the national capitals can effectively develop negotiating positions and provide reasonable instructions to their representatives. Indeed, if there could be a narrowing of the scope the Africans’ policy stance in services, better use could be made of the existing complement of Geneva representatives.

Moreover, African countries have no comparative advantage in governance of international organizations at the present time. Thus, they should use their voice and scarce resources to secure an international trade agenda of a magnitude that is manageable for them and that is their interests for social and economic development.

APPENDIX I

List of People Interviewed

UNCTAD (Geneva) December, 1999:

Marcel Namfua – Senior Trade Policy Advisor
Stefano Inama – Project Manager International Trade Division
Bonapas Ongugla – Economic Affairs Officer
Norbert Lebale – Economic Affairs Officer

IN ABIDJAN – December 1999:

From AERC

Olawale Ogunkola -- Researcher

From Benin

Antoine Agbdome – Ministry of Commerce
Basile Awassi – Ministry of Commerce

From Burkina

Souleymane Soulama – Professor Economics and Management

From Cote D'Ivoire

Kanvally Diomande – Professor University of Bouake (Development Res. Center)
Kouassy Oussou --
Augustin Karanga

From Ghana

K. Agyepong – Ministry of Trade and Industry
Kofi Larbi – Ministry of Trade and Industry

From Senegal

Abdoulaye Ndiaye – Director AGIR Promotion

IN NAIROBI - February 2000:

From UNCTAD

Stefano Inama Program Manager
Jolita Butkeviciene Economic Affairs Manager

From AERC

Augustin Fosu -- Director of Research
Dominique Njinkeu -- Deputy Director of Research
William Lakurwa -- Director of Training and Deputy Executive Director

From WTO

Pierre Latrille -- Councillor

World Bank

Phil English -- Economist

From Kenya

Gerrishon Ikiara -- University of Nairobi

From Tanzania

Bede Kyimo -- Economist Ministry of Industry and Commerce

From Uganda

T.K. Elimu Elyetu -- Senior Commercial Officer -Tourism, Trade and Industry
T.L. Sabakai -- Commissioner - Ministry of Tourism, Trade and Industry

From Senegal

Abdoulaye Ndiaye -- Director AGIR Promotion

IN MASERU - June 2000:

From Botswana

Mr. Kennedy K. Mbekeani - Sr. Res. Fellow Botswana Institute of Development

From Namibia

Mr. Dirk Hahnson -- Director Namibia Economic Policy Research Unit

From South Africa

Mr. Kobus du Plooy -- Deputy Director Trade (Department of Trade & Industry)
Mr. James W. Hodge -- School of Economics University of Capetown

From Zambia

Mr. Edward Chisang -- Second Secretary Mission of Zambia to the UN (Geneva)

Mr. Ndulo -- Professor of Economics University of Zambia

From the Commonwealth Secretariat

Mr. Don Wallace -- Consultant

From OAU

Mr. David Luke - Counsellor (Geneva)

From the World Bank:

Mr. Philip English -- World Bank Institute

From SADC

Mr. Michael Stahl -- Advisor

From WTO

Mr. Carlo Gamberale -- Trade in Services Division

APPENDIX II
CAPAS Evaluation Methodology

Objective of the Program

To assist individual countries in both developing a body of relevant knowledge in the areas of services, trade, and economic development and building policy-research and policy-making capacity in these areas both institutionally and individually.

Phase One Objectives – Were they Achieved?

- ◆ □ Formation of an Institutional Working Group (IWG) in each country
- ◆ □ Creation of a national research team to *prepare a national study* on services by the national research group - with support from IWG
- ◆ □ Sharing of experiences and lessons learned by each of the national research teams and inter-institutional research teams
- ◆ □ Provision of technical support through missions by the staff of the project's executing agencies and the international experts associated with the program
- ◆ □ A first look at regional issues as they relate to services (?)

- □ Objectives of the *National Studies* (Phase I)

- To develop a profile of the aggregate contribution of services and stock-taking of resources
- Needs requirements
- To develop a profile of the regulatory environment
- To develop mini case-studies of four or five service sectors to identify bottlenecks on both the supply and the demand sides
- Successes
- Potential contributions to development

□ □ Assess quality of the national studies – did they meet objectives?

□ □ To review the lessons learned from Phase One

- □ Definition of services? Must be contextually driven?
- □ Market structure for services – robust/weak
- □ Regulatory capacity (e.g. financial and insurance services)
- □ Deregulation/reregulation – appropriate?

- Objectives of the *Sectoral Studies* (Phase II)
 - Move from descriptive to prescriptive
 - Concrete proposals for domestic policy reform, regional integration, negotiating positions
 - Be well placed for future GATS negotiations
 - Develop broad-based analytical capacity in the area of services not only within the state but also among academics, consultants, businesses and parastatal entities.
 - Encourage a policy process that includes participation of and consultation with actors outside the state.
 - Strengthen the development of national analytical and decision-making capacities around the national research teams and the institutional working groups.
- Will cover trade-infrastructure services, financial services, new services, telecommunications, trade in skilled labor and new services.
- Minimum goal of this phase was to ensure that each country in the CAPAS program would be in a position to make liberalization offers by the end of 1995 to the GATS.
- Studies will focus on:
 - Identifying policy needs in the aforementioned sectors at the domestic, regional and international levels.
 - National sectoral studies will focus on financial services, trade infrastructure services (e.g., shipping/transportation, wholesaling/marketing, customs) and optimal regulation of new services.
 - Regional sectoral studies will focus on telecommunications and trade in skilled labor services
 - Industries selected because they were seen as critical strategic areas for strengthening of service capacity.
- The research methodology should stress the development of policy recommendations pertinent to the needs for domestic reform, for speeding up and identifying regional integration objectives and for formulating market access offers and requests at the individual country level in the context of the multilateral negotiations. At the very minimum. Each case study should provide each government with recommendations that can be used to formulate market offers and

requests in GATS that are consistent with domestic reforms and regional integration objectives.

- □ Did the international experts provide an appropriate methodology for the sectoral studies? Is it necessary to talk to international institutions (WTO/GATS, World Bank, IMF, European Commission, African Development Bank, and ITU)? Are there differential outcomes for the late country arrivals and the original group?

Retrospective View

◆ □ Policy Relevance of the CAPAS Program

- □ Where does development of services producing industries fit in to the comprehensive development plan of participating nations?
 - □ The answer to this question, positive or negative, will set the stage for dealing with Questions 1a to 1b of the terms of reference. However, how this question is answered may hinge on the capacity questions. That is to say, services may be a priority because the capacity of the public and private sectors can deal with the policy and management issues (human and social capital). Services may not be a priority because of the lack of capacity.
 - □ Are the sectoral linkages – services output supporting goods output – clear? Are there problems in services that inhibit goods trade development?

◆ □ Capacity Building

- □ It may be necessary to focus on two types of capacity – institutional capacity (from the perspective of adequacy of the infrastructure) and human capacity (the intellectual capital of the individuals populating the institutions).
- □ Deal with questions raised in the Terms of Reference Document.

◆ □ Technical Merit

- □ Comparative analysis

- □ I think question 3c – dealing with multi-disciplinarity -- is very important. One of the criticisms I have of current development and structural adjustment practice is that it is one-dimensional. The economists paradigm seems to predominate whereas practitioners in the other social sciences (sociology, psychology geography and political science, for example) probably have a lot to offer, in terms of ideas, in this area.

Prospective Phase

- ◆ □ Retrospective on Process Capacity of CAPAS
- ◆ □ Judgements about locating the process under African management.
- ◆ □ How will “Africanization” impinge on policy relevance, policy capacity and technical merit down the road?

Phase Three

[This is probably more appropriately dealt with in the Phase One section – except for the section on outputs which seems to be a stand-alone project – or indeed, the bottom line of CAPAS]

Objectives

- □ To examine the implications for African countries of trade issues that go beyond the GATS, such as the creation and functioning of the WTO – particularly its adjudication wing – and the transition away from “imperial” trade preferences towards a more WTO-based and European-based set of trade rules.
- □ To examine the political economy of decision-making in a set of African countries to determine the forces at play when these countries set their trade policies.

Methodology

- □ Eight new countries – compress Phases One and Two
 - □ Overview study of the size, importance, regulation of services in each industry examined
 - □ Three or four sectoral studies

Outputs

- □ In addition to above?
 - □ Level of unilateral liberalization in individual sectors by African countries
 - □ Degree of multilateral bindings of service reforms by African countries under the GATS
 - □ Trade-off between greater or lesser multilateral bindings
 - □ Ways in which countries can bind a wider spectrum of their unilateral reforms using “scheduled limitations” to protect themselves.

Some Personal Observations and Questions

- ◆ □ Weakness in services seems to be related to the benchmark of more advanced/developed societies. Is there sufficient recognition of the need for institution building – including those of the market and of governance? Also, the perceived demands being made on the African countries participating in the CAPAS program are more consistent with structures of democratic capitalist societies? In the evaluation does attention have to be directed at these issues? Socialization, and the values of democracy take a long time to congeal – to say nothing of the institutions of a democracy (see *CAPAS: A Prospectus*, 1995).
- ◆ □ Are there important lessons from Asia and Russia that should be heeded in the evaluation and recommendations for the future regarding economic openness?
- ◆ □ Is it premature for these countries to make offers in the GATS negotiations?

Some Methodological Issues for the Evaluation

- (i) **Value focus** – Should we evaluate the goals and objectives of the CAPAS program itself?
- (ii) **Fact Value Interdependence** – What should we use as benchmarks to determine the high or low level of CAPAS performance.
 - □ Quality of the documents – rated on a scale of 1 – 10 with the best of the group as a 10? Rated on a scale of 1 – 10 compared to other analysis for developing country policies?
 - □ Benchmarks based on the usefulness of the outputs to individual policy-makers, to groups in society (industry and/or

- the firm), to society generally? Would require interviews with key actors in public/private/academic/institutional sectors.
- □ Benchmarks by the evaluators – a good or bad outcome over time and space hinges on the qualities of the offers made at the GATS?

A Matrix for Evaluation

Criterion	Question	Criteria
Effectiveness	Has a useful outcome been achieved – capacity building for policy research and decision-making?	Number of Papers? View of respondents? Institutions? Individuals?
Efficiency	Time required to achieve valued outcome?	Cost-Benefit? Qualitative and/or quantitative?
Adequacy	Has the perceived problem been resolved?	Quality of analysis? Degree of networking? Quality of GATS offers?
Responsiveness	Have the outcomes satisfied policy-makers, industry, and civil society?	Consistent with views of actors?
Appropriateness	Are the desired outcomes of the CAPAS worthy or valuable?	?

More Formal Outline of the Evaluation

- (i) Objectives of the CAPAS program
 - □ Rank objectives
- (ii) Review of the outputs
- (iii) Consistency between objectives and outputs
- (iv) Review of the outcomes
 - □ Rank outcomes
 - □ Outcomes Measurement (?)
- (v) Consistency between outcomes and objectives
- (vi) Quality of GATS offers
- (vii) Conclusion

Work Outline

- (i) Project Outline (5 days each evaluator)?
- (ii) Review all documents and make notes (5 - 10 days for each evaluator)
- (iii) Meetings in New York and documentation (4 days - SH)
- (iv) Written evaluation of documents (5 days each evaluator)
- (v) Attend regional meetings and document (10 days - each evaluator)?
- (vi) Interview actors in supranational organizations and document (10 days each evaluator)?
- (vii) Interview key actors - at regional meetings - after regional meetings 10 days and document (?)
- (viii) Draft final report (5 days each evaluator)?