

Highlights of [GAO-05-150](#), a report to congressional requesters

FOREIGN ASSISTANCE

U.S. Trade Capacity Building Extensive, but Its Effectiveness Has Yet to Be Evaluated

Why GAO Did This Study

Many developing countries have expressed concern about their inability to take advantage of global trading opportunities. The United States considers this ability a key factor in reducing poverty, achieving economic growth, raising income levels, and promoting stability. U.S. trade capacity building assistance is designed to address these concerns. GAO (1) identified the nature and extent of U.S. trade capacity building; (2) described how agencies implement such assistance, including coordination; and (3) assessed whether agencies evaluate its effectiveness.

What GAO Recommends

GAO recommends that the Administrator of USAID and the U.S. Trade Representative (USTR), as co-chairs of the trade capacity building working group, in consultation with other agencies that fund and implement trade capacity building assistance, should develop a strategy to systematically monitor and measure results and evaluate the effectiveness of this assistance. The Administrator of USAID should direct the agency to set milestones for completing its efforts to develop indicators for results measurement and periodic evaluations. USAID agreed with both recommendations. USTR reiterated trade capacity building and interagency coordination's role in linking trade and development. Treasury highlighted cooperation with USAID on such assistance.

www.gao.gov/cgi-bin/getrpt?GAO-05-150.

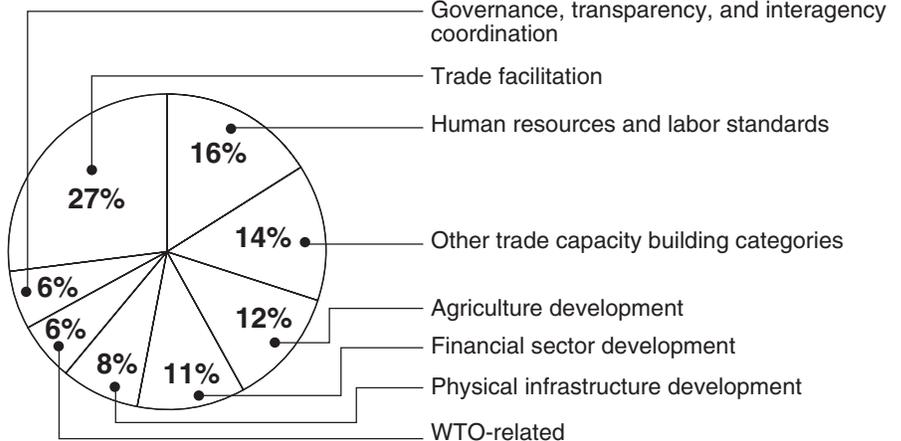
To view the full product, including the scope and methodology, click on the link above. For more information, contact Yvonne D. Jones at (202) 512-2717 or jonesy@gao.gov.

What GAO Found

U.S. trade capacity building is primarily a collection of existing trade and development activities placed under the umbrella of trade capacity building. The U.S. government initiated an annual governmentwide survey in 2001 to identify U.S. trade capacity building efforts, which it defined as assistance meant to help countries become aware of and accede to the World Trade Organization (WTO); implement WTO agreements; and build the physical, human, and institutional capacity to benefit from trade. U.S. agencies self-reported that they had provided almost \$2.9 billion in trade capacity building assistance to over 100 countries from fiscal years 2001 through 2004. The Agency for International Development (USAID) reported providing about 71 percent of the trade capacity building funding. Agencies are coordinating their assistance through the trade capacity building interagency group formed in 2002 to help countries negotiate and implement U.S. free trade agreements.

Most of the U.S. agencies we reviewed are not systematically measuring the results of their trade capacity building assistance or evaluating its effectiveness. Although some agencies have set program goals for building trade capacity, they have not generally developed performance indicators, compiled data, or analyzed the results in terms of building trade capacity. USAID's March 2003 strategy for building trade capacity includes a limited number of performance indicators. USAID officials have stated that developing such indicators is difficult but have begun work independently and with other international donors toward that end. Without a strategy for evaluating the effectiveness of its trade capacity building assistance, the United States cannot identify what works and what does not work to ensure the reasonable use of resources for these efforts.

Funding for U.S. Trade Capacity Building Assistance, by Category, Fiscal Years 2001–2004



Source: GAO analysis of U.S. Government Trade Capacity Building database, fiscal years 2001-2004.