"The Seldon Project" for Global Trade Law Assessment and Assistance

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The Challenge

Promoting good governance, reinforcing the rule of law, and building trade capacity are all important pieces of an economic growth strategy. Definitions of these concepts, however, are elastic and elusive. Nonetheless, the quality of the institutions and policies that a nation develops to engage in the global trading system has a strong statistical correlation with long-term economic growth. Technical assistance providers, however, require accurate and quantifiable information for purposes of benchmarking and then measuring progress.

World Trade Organization membership, for example, means that a nation must comply with nearly 30 separate multilateral agreements that cover trade in goods and services. In theory, the up-front "costs" of joining the system will be offset by future economic growth realized through the increased trade that membership promises. In practice, however, this does not always occur. Although the causes are many, most emerging economies lack the ability to engage strategically in the international trading system, and thereby capture the maximum economic and social benefit achievable through trade liberalization.

The Approach

The Seldon Project provides a comprehensive assessment methodology for nine traditional areas of commercial law and 17 subcategories of trade law. This provides a data-rich framework for understanding the policy and institutional implications that flow directly from the relative competitive position of a nation's economy and society. The tool is used in the context of trade capacity building, one component of USAID's overall global trade capacity building strategy.

In September 2002, USAID launched a pioneering activity to help nations translate WTO compliance into lasting improvements in their social and economic welfare. The primary objective of Seldon is to develop and apply an inexpensive and easy-to-use assessment tool concerning trade and commercial law that can be used in the context of trade capacity building efforts.

What is the Seldon Project?

USAID/EGAT developed Seldon through a Task Order under SEGIR GBTI. The services that can be provided through the Seldon Project Task Order may be directly accessed by missions without need for further procurement procedures. These services include:

- **Assessment Tool—**enhancement of the USAID commercial law assessment methodology and tool to incorporate trade issues
- **Country Assessments—**application of the methodology and tool in in-country assessments based on interest expressed by USAID field offices.

Seldon also provides short-term technical assistance and knowledge management tools.

- **Trade and Commercial Law Consultative Services—**short-term consultative services for technical advice and assistance in trade and commercial law
- **Knowledge Management—**a workshop to demonstrate the approach to interested parties, and a Web site highlighting specific commercially related laws and successful commercial law reform projects.

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Trade Law Assessment Methodology

The methodology developed under The Seldon Project expands on USAID's commercial law assessment tool—adapting it to fit trade—with indicators for the four-dimensional paradigm pioneered by USAID/EE:

- Written (or black letter) law
- Implementing institutions
- Supporting institutions
- Sustainability

Although the methodology indicators analyze several traditional key areas of law that impact the commercial environment, it can also be adapted to address new areas:

Traditional Areas

- Bankruptcy
- Commercial Court Administration
- Commercial Dispute Resolution
- Company
- Competition
- Contract
- Financial Crimes
- Foreign Direct Investment
- Secured Transactions
- Trade
- Property

Individual indicators are created for each of the categories below that form the substance of many World Trade Organization (WTO) agreements:

- Trade in goods
- Agreement in agriculture
- Sanitary and phyto-sanitary measures
- Technical barriers to trade
- Trade-related investment measures
- Anti-dumping
- Customs valuation methods
- Rules of origin
- Import licensing procedures
- Subsidies and countervailing measures
- Safeguards
- Trade in services
- Intellectual property rights
- Dispute settlement
- Trade policy review mechanism
- Government procurement
- WTO awareness and accession

In-Country Assessment Approach

USAID/EGAT plans to roll out the trade law assessment methodology to all regions around the world. In-country assessments are planned along the following general design:

- Five-person team obtaining all data necessary in a two-week field trip
- Additional week to write a final report
- Optional additional preassessment briefing book
- Determination of whether an assistance program is warranted

Visit the project Web site www.bizlawreform.com for more information on the country diagnostic assessment reports and indicators.

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For more information, please contact:

Nick Klissas
USAID/EGAT Project Manager
PH: +1.202.712.0115
nklissas@usaid.gov

Mark Belcher
Booz Allen Hamilton
PH: +1.703.917.2385
belcher_mark@bah.com