



## **TWO NEW SOURCE BOOKS ON TRADE POLICY GOVERNANCE**

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### ***Synopsis***

This paper is a short synopsis for the two publications to be presented at the Vernissage and Thematic Workshop on the 19<sup>th</sup> July 2010 at 13.30-15.00 in Room C of the WTO Building.

“Trade Policy Governance through Inter-ministerial Coordination: a Source Book for Trade Officials and development Experts” by Raymond Saner is about organising effective Inter-ministerial coordination. This IMC sourcebook charts new territory in trade policy governance issues at the inter-ministerial levels with a view to improve trade governance and trade performance.

“Towards More Inclusive Trade Policy Making: Process and Roles of Stakeholders in Select African Countries” by CUTS International is the start of a long yet potentially very beneficial process of studying the role of various stakeholders in the trade policy making process in developing countries. As a first in trade literature, this ITPM sourcebook identifies the key stakeholders, consultative mechanisms, and their effectiveness in trade policy making process.

### **Thematic Description**

#### *Theme 1: Inter-Ministerial Trade Policy Coordination*

Good governance can be defined by a government’s economic management and its ability to place specific importance on participation and transparency in the government. Policy coordination strives to make sectoral policies more consistent with one another. This is necessary because there are numerous different ministries that are involved in the policy making and implementation process. There is a greater chance for transparency and inclusiveness with consistent policies and IMC.

There are three types of ministries: ministries that provide direction and guidance for trade policy-making, ministries that are responsible for trade policy formulation, and other ministries as well as field offices, that are primarily concerned with the implementation of the policy. The IMC Sourcebook identifies nine different levels of IMC. The lowest level of coordination is the independent decision making by ministries where no coordination exists. The highest level of coordination between ministries is establishing governmental priorities. This intense level of coordination requires complete collaborative preparation and depth of analysis. This type of high level coordination will provide common priorities which will enable the ministries to develop a coherent framework for policy implementation.

## TRADE POLICY GOVERNANCE

Coordination can be used to eliminate programs which are redundant or which duplicate actions or regulations. Coordination is necessary for dealing with cross-cutting issues, in which case, different client groups should be provided with services and programs that are comprehensive and integrated. Lastly, coordination can ensure greater internal coherence in government. The ever increasing number of and activities in international organizations make coordination and internal coherence even more relevant. Coordination between the governmental ministries can be formal or informal, but both have a positive effect on the functioning of the government. Inter-ministerial coordination (IMC) can facilitate a government to meet its goals and objectives for trade and economic development more efficiently.

CSEND research looked at the field and existing literature on this policy making mechanism coupled with country specific examples in terms different ways in organising interministerial coordination mechanism and posted the question on what mechanism works better than others in different governance structure.

### *Theme 2: Trade Policy Consultation with Key Stakeholders*

Trade and trade policy are key tools for growth and development. The ministries that are responsible for trade have to be strengthened to mainstream trade into development strategies, more particularly in developing countries. Involvement in trade policy making of the key stakeholders directly affected by trade policy can add to such strength, and can greatly enhance the national buy-in of policies.

Inclusiveness should be a priority in the reform of policy making in developing countries. A key lesson from the Inclusive Trade Policy Making sourcebook is that inclusive consultations with relevant stakeholders for drafting and creating trade policies are very important to ensure their implementation and acceptance by the market players at the national and international level. Another lesson is that the performance of the consultative mechanisms already in place needs to be greatly improved. Improvements will ensure more and better feedback from and to the relevant stakeholders on trade policy issues.

CUTS research looked at various consultative mechanisms established by governments for multi-stakeholder consultation on trade policy issues and examined the challenges that the groups of stakeholders face in their regular and active participation in these consultative mechanisms. The findings were summarized by constructing an Inclusive Trade Policy Making (ITPM) Index for FEATS project countries: Kenya, Malawi, Tanzania, Uganda and Zambia.

## **Lessons Learnt**

### *A Trade Policy Making and Implementation Governance Model for Discussion: Some Lessons from the Two Sourcebooks*

1. Consultative mechanisms need to be implemented on a regular, predictable basis. To ensure regular functioning of the consultative mechanisms ministries responsible for trade should also be provided with adequate human and financial resources.
2. It is necessary to give consultative mechanisms legal powers to advise the government on selected trade issues.

## TRADE POLICY GOVERNANCE

3. Consultative mechanisms need to include all stakeholders, including small and informal businesses, representatives of farmers, representatives of trade unions, representatives of consumers, and parliamentarians. Ministries responsible for trade should include all of these stakeholders in the membership of regular consultative mechanisms and consult them regularly through other means, such as regular briefings to the parliamentarians and public notices.
4. There is a need for a more consistent participation by those ministries not directly involved in trade in the policy making and implementation process. Relevant government ministries and agencies participate in trade policy consultations in varying degrees. The less-than satisfactory participation by other relevant government ministries in trade-related consultative mechanisms is due to lack of resources and interest as trade is not their primary function, and lack of opportunities, as not all of them are regularly invited to these consultative meetings and asked to provide feedback
5. More human and financial resources are needed for the ministries to effectively discharge their mandate and ensure inclusivity in the trade policy making and implementation.
6. There is a need to take steps to improve two way information flow and feedback between all relevant ministries to trade. This will require improving the rules of procedure, current inter-ministerial coordination mechanisms, and provision of human and financial resources.
  - a. Example - Inter-ministerial coordination (IMC) on Intellectual Property (IP) standards should be developed. All relevant ministries should participate in this policy-making process and the countries should enhance the role of their ministries of foreign affairs to guarantee a single position on the IP issues.
  - b. Example - there should be inter-ministerial consensus on a specific action plan designed to improve trade performance. Specific benchmarks or goals should be identified, such as reducing the costs of trade, creating measures for productivity, and improving access to services.
7. A need for all governmental ministries to strengthen policy coherence horizontally, vertically, and temporally:
  - a. Horizontally – strengthen coherence across ministries and division between conflicting policy goals
  - b. Vertically – ensure that services provided to citizens are consistent with the original intent of the policymakers
  - c. Temporally – ensure that “today’s policies continue to be effective in the future by limiting potential incoherence and providing guidance for change”
8. Policy integration and development of strategies between all of the ministries are optimal goals:
  - a. Policy integration – To co-ordinate the goals of the public organizations. This will require a significant amount of bargaining amongst ministries
  - b. Development of strategies – To produce a substantial agreement on general goals among public organizations. This will require strategies that cover multiple organizational lines. Agencies may have other strategies and goals, but are always committed to the common general goal. Sustainable development is an example of a kind of general goal for all ministries.

## TRADE POLICY GOVERNANCE

9. Governments should rely on informal guidelines rather than on hierarchy in the relationship between central government and local organizations.
10. A need to develop better advocacy approaches and skills by the **CSOs**, in order to strengthen their capacity to consult the governments in an informed, efficient and productive way, as well as to alleviate tensions between CSOs and the governments. CSOs should be accorded similar access to various consultative mechanisms as is given to the private sector.
11. CSOs and their constituencies need to make more efforts to ensure that there is a better two-way information and feedback flow between them. CSOs' links with grass roots should be strengthened.
12. Partnerships within different governmental ministries:
  - a. Facilitating partnership
  - b. Co-ordinating partnership
  - c. Implementing partnership

All require clarity of responsibility, jointly agreed outcomes, mutual trust, and the sharing of ideas and technical support

13. A need for an inter-ministerial consensus on a specific action plan designed to improve trade performance, as well as a convening agency overseeing the inter-ministerial mechanisms
14. A collective action by **all stakeholders** to organize activities to improve general awareness on trade issues is needed. This can increase the consistency between the ministries and the participation and capacities of other trade-related ministries by targeting these awareness activities at them. These activities should also be targeted at other stakeholders who are on the margins of the trade policy making process (i.e. farmers, consumers, SMEs, parliamentarians, youth, and trade unions).
15. Due to the knowledge gaps that exist amongst the stakeholders, there is a need to provide resources to build the capacity of the ministerial staff and all other stakeholders in the trade issues that deserve priority.
16. There is a need to strengthen the dialogue between all stakeholders in order to understand each other's motives and agendas and to be able to find possible common ground. All stakeholders must start to view each other as adversaries. Ultimate goal is to build a cultural perspective that they all share a common destiny and inclusiveness is of the utmost importance.
  - a. Example - Private sector and CSOs can try and identify issues where they share common concerns.
  - b. Example – Different ministries can benchmark their policy prerogatives on the national development plan/strategy.

## References

CUTS International. 2009. *Towards More Inclusive Trade Policy Making: Process and Role of Stakeholders in Select African Countries*. Geneva: Geneva Resource Centre.

## TRADE POLICY GOVERNANCE

Saner, Raymond. 2010. *Trade Policy Governance through Inter-Ministerial Coordination: A source Book for Trade Officials and Development Experts*. Dordrecht: Republic of Letters Publishing BV.

### Partner Organisations

**The Centre for Socio-Eco-Nomic Development (CSEND)** an independent, project-financed, non-profit research & development organization founded in 1993 and accredited by the Swiss National Science Fund as an independent research grant receiving organization since 2003. CSEND specializes in organizational reform of public administrations and public and private sector enterprises through the use of an interdisciplinary-socio-economic-ecological approach to world development. Particularly, through its Trade Policy and Governance Programme (TPGP), CSEND aims at improving governance mechanisms of key Ministries and Government Agencies that are responsible for the implementation of trade development mechanisms which have been agreed between industrialized and developing member countries of the WTO and of the International Financial Institutions such as the Enhanced Integrated Framework, Aid-for-Trade, TRTA and PRSP development instruments.

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**CUTS Geneva Resource Centre (CUTS GRC)** was launched on July 16, 2008. It will work closely with Geneva-based developing country negotiators and their policy makers and civil society representatives. It will ensure the presence of a pro-trade, pro-consumer developmental NGO closer to trade policy debates. Its research and analysis and other activities will be demand-driven, objective and will strive to provide a credible and pro-trade-for-development voice in Geneva.

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