

Fostering Equity and Accountability in the Trading System (FEATS) International Conference

Improving Ownership through Inclusive Trade Policy Making Processes: Lessons from Africa

1 October 2009, Geneva, Switzerland

Background

CUTS International pursues research based advocacy and networking to achieve its mission to promote consumer sovereignty with social justice and equality within and across borders. Its work encompasses a number of substantive areas including trade and development, competition, investment and regulation, consumer safety and consumer protection, and human development. It believes that trade and should be a means for growth and development of developing countries. Within this overall context, the CUTS Geneva Resource Centre (CUTS GRC) was established to promote a pro-trade, pro-equity credible Southern voice in Geneva trade and development community.

CUTS GRC is undertaking a 3-year project titled (Fostering Equity and Accountability in the Trading System (FEATS)” with the funding support of William and Flora Hewlett Foundation of the United States. This project aims to develop a better understanding of the trade policy and policy making processes employed by select African countries (i.e. Kenya, Malawi, Tanzania, Uganda, and Zambia) and provide recommendations on improving trade policy ownership and inclusiveness in order to derive the maximum benefit from the international trading system. The project is divided into two phases. Research in the first phase (April 2008 till September 2009) focused on policy formation and implementation processes at the national level. Particular emphasis was placed on understanding the roles of various stakeholders and the influence of the domestic political structure on the trade policy-making process. The second phase (October 2009 till March 2011) of the project seeks to build on the previous findings through research on country-specific issues related to trade in agriculture in the overall context of development constraints and objectives in each country.

FEATS project envisages organization of an international conference towards the end of phase one and to launch phase two of the project. Accordingly, CUTS Geneva Resource Centre (CUTS GRC) organized a high level international conference on 1 October 2009 in Geneva, Switzerland with the following objectives:

- To launch the publication capturing research studies of FEATS phase one and discuss the main findings and lessons emerging from these
- To finalise the ToRs for FEATS phase two research through discussion
- To strengthen the connection between capitals of project countries and Geneva established through the FEATS Inception Meeting held in Geneva in July 2008, and
- To facilitate networking among various stakeholder groups and generate key advocacy messages

Capital-based representatives of governments, civil society, and research institutions of FEATS countries – Kenya, Malawi, Tanzania, Uganda, and Zambia – as well as representatives of country missions, NGOs, IGOs, academics, and media in Geneva attended the conference.¹

Conference agenda included an inaugural and two substantive sessions. (For the agenda of the conference, please visit http://www.cuts-grc.org/pdf/Agenda-FEATS-Geneva_International_Conference_01Oct2009.pdf.)

Session I – Introduction and Launch

Director of CUTS GRC, Atul Kaushik, opened the conference by giving a short overview of the CUTS mission and a history of the FEATS project. By creating linkages between developing countries and Geneva based institutions, CUTS GRC hopes to foster a credible, pro-trade Southern voice. The FEATS project first phase research aims at improving the inclusiveness of trade policy formulation and implementation in the project countries. He hoped that the conference will have in-depth and frank discussion on the findings of the first phase research as well as on the ToRs and research plans for the country-specific research during the second phase.

Philippe Brusick, President of CUTS GRC General Assembly, detailed the objectives of the conference and established a proper context for the conference substantive sessions. Inviting comments, suggestions, and recommendation, particularly concerning the second phase of the FEATS study, Mr. Brusick helped to facilitate the fruitful discussion that was to follow.

In the Keynote Address, Shishir Priyadarshi, Director of the WTO Development Division, presented ten key words he felt best describes CUTS and its work. These are: Accountability, Advocacy, Equity, Governmental, Inclusiveness, Justice, Non-Governmental, Ownership, Partnership, Research, and which all lead to the goal of “Making a Difference”. He views CUTS GRC as an organization of limited resources, but unlimited ideas and potential. In the future, he hopes that CUTS will be able to facilitate a “multi-axis opening of trade” and looks forward to close working relationship between the WTO and CUTS.

¹ Representatives of FAO headquarter in Rome, William and Flora Hewlett Foundation of the US, and GTZ of Germany also participated in the conference.

Representing UNCTAD and speaking on behalf of Mr. Petko Draganov, the Deputy Secretary General², Mina Mashayekhi, Officer-in-Charge UNCTAD Division on International Trade and Commodities, commented on the alignment of the goals of UNCTAD and the CUTS mission. UNCTAD believes the two organizations can further expand their cooperation and partnership, particularly on the issues of inclusiveness and national ownership of trade policies. In the future, they feel CUTS can make a positive contribution in the areas of developing a more useful matrix to evaluate trade policy in developing countries and improving the process and content of policies.

Following the keynote address, Mr. Priyadarshi officially launched the FEATS advocacy document titled “Improving Ownership through Inclusive Trade policy Making Processes: Lessons from Africa”. This advocacy document presents main findings and recommendations of the first phase FEATS research study and can be viewed at http://www.cuts-grc.org/pdf/FEATS-Advocacy_Monograph.pdf.

Session II – FEATS Research Study One: Trade Policy Making in FEATS Countries

This substantive session was chaired by H.E. Maurice Peter Kagimu Kiwanuka, Ambassador and Permanent Representative of Uganda to the UN, WTO and Other International Organizations in Geneva. In his short introduction, the Chair outlined the issues of development and trade policy inclusiveness facing African countries in general and FEATS countries in particular. He then invited Rashid S. Kaukab, Deputy Director and Research Coordinator of CUTS GRC, to present the main conclusions and recommendations of the first phase research study which included the following:³

The fundamental goal of the project was to assess the ways in which a pro-growth and development trade policy can include relevant stakeholders. The study identifies four broad stakeholder groups: government ministries responsible for trade policy, other relevant government ministries and agencies, the private sector, and civil society organizations. Each group has both strengths and challenges concerning its ability to participate effectively in the policy making process. These are in the table below:

Stakeholder Group	Strengths	Challenges
Government Ministry Responsible for Trade Policy	Formal consultative power Responsible for policy making and trade negotiations	Lack of capacity and resources Coordination problems Government changes

² Mr. Draganov had confirmed his participation to deliver the inaugural address but could not due to a last-minute travel.

³ Full research study is available at http://www.cuts-grc.org/pdf/FEATS-Research_Report-Trade_Policy.pdf.

Stakeholder Group	Strengths	Challenges
Other Relevant Government Ministries/Agencies	Regularly consulted Issue-specific expertise	Lack of capacity, resources, and knowledge Lack of regular information flows
Private Sector	Organized under umbrella groups or by sectors Multiple opportunities to consult with the government	Limited technical knowledge Informal sector not included
Civil Society Organizations	Specific, substantive issue coverage Potentially broad based	Limited technical knowledge Coordination problems Irregular representation

To measure the inclusiveness of the trade policy making processes in FEATS countries, CUTS developed the Inclusive Trade Policy Making (ITPM) Index, which assesses the level of participation of the stakeholders. Through the scores of the four groups of stakeholders against the fourteen action variables of the ITPM, a comparable index for the five countries allows for identifying weaknesses and areas for improvement in trade policy-making inclusiveness.

From the study and the ITPM Index, the presenter concluded that recent improvements provide an optimistic outlook on the remaining challenges – capacity building, structural improvement in formal consultative mechanisms, and internal challenges faced by each group of stakeholders. Most countries recognized the importance of international trade for economic development and are empowering trade ministries within their country to establish clear and consistent policy making frameworks. Additionally, the range of stakeholders involved in the policy process continues to grow. However, many of these consultative mechanisms remain ad hoc or underdeveloped. While stakeholder participation may be improving, challenges remain to assuring effective and fair participation by all relevant stakeholders.

The presentation concluded with the following recommendations: undertake capacity building of all stakeholders on trade issues; identify and include remaining stakeholders (e.g. parliamentarians, consumers, trade unions, informal sector) in the formal consultative mechanisms; raise awareness of the importance of trade; improve information flow on trade issues to all stakeholders; and establish better coordination among various government ministries/agencies. To increase the effectiveness of civil society participation in the policy making process, he advocated strengthening input loops and feedback mechanisms between the CSO groups and their constituencies. Finally, fostering a culture of dialogue within the country is an important step to achieving inclusiveness. Ideally, inclusiveness in the trade policy making process will lead to national ownership of the policy and its effective incorporation into national development goals.

A representative of each of the FEATS countries responded to the conclusions and recommendations of the study.

Simon Chacha Nyangi, Secretary External Trade, Ministry of Trade, Kenya suggested the need to focus on opening up the policy making process and various strategies for identifying and including relevant stakeholders. He mentioned the importance of linking trade policy with the overall development plan in order to achieving the objectives of economic growth and national development. He also felt that the inclusiveness of trade policy making process in Kenya has improved in recent years.

Andrew Kumbatira, Director of the Malawi Economic Justice Network (MEJN), began his comments by outlining some of the constraints stakeholders face in his country: under-development, lack of education, and the influence of politics. Expanding on the role of political considerations in the ability of elected parliaments and the media to be included as stakeholders in formal trade policy consultative mechanisms, Mr. Kumbatira advocated for reforms so that the interests of the citizens of Malawi are represented more effectively. An important point touched upon was the extent to which agriculture drives the economy of developing African countries – eighty percent of the total workforce is engaged in agriculture in the case of Malawi.

Jane Nalunga, Country Director for Uganda of the Southern and Eastern African Trade Information and Negotiations Institute (SEATINI), provided some suggestions concerning the future possible research on the subject of trade policy inclusiveness. She called for investigation of the link between economic indicators (those used in the FEATS study) and development indicators to examine the impact trade is bringing to the average citizen. Further, she questioned the impact of trade, particularly in commodities, on the depletion of natural resources, on sustainable production, and on the environment. These questions point to the need for a careful evaluation of the costs and benefits of future privatization and trade liberalization in developing countries.

The First Secretary for Trade in the Permanent Mission of Zambia in Geneva, Lilian Bwalya noted the importance of future possible studies on trade policy making and implementation. She emphasized the need for parliamentary participation in some form, and maintaining a proper balance between effective policy making processes and citizen representation. One problem facing trade policy making and implementation is the frequency of administration changes and the loss of institutional memory this causes.

Masswe Nestory, a representative of the Tanzanian Association of NGOs (TANGO), spoke of the need for parliaments to be true representatives of the citizens who elected them, only then their inclusion in the trade policy making processes will add real value. He also addressed the need for CSOs and governments to be motivated by accountability.

In response to the metrics of the Inclusive Trade Policy Making Index, some speakers, both on the panel and from the floor, called for the development of an “effectiveness index” that would

examine the link between trade and development more closely. Some felt that further expansion of trade might not lead to overall development for the FEATS countries. While some speakers hoped the second phase of the project would further examine the link between increased openness and development indicators (reductions in rural poverty or a measure of the standard of living, for example), many others thought that CUTS should focus the research in the area of agriculture and develop concrete policy recommendations and projects to improve the contribution of this sector for national development and poverty alleviation in FEATS countries.

The majority of the debate focused on the proper implementation of an inclusive strategy and how to assure that effective policy making includes the greatest spectrum of relevant stakeholders without becoming overwhelmed by too many voices. Participation in the process should focus on matching specific skills with the relevant areas of policy. For example, the inclusion of academic institutions to provide expert analysis on the impact of a particular policy can help to guide future action concerning that policy. Making the appropriate determinations of whom to consult, how to consult, and what equation of input is best remains a challenge in each of the countries. The importance of finding the proper balance and structure of inclusiveness is an essential factor in determining the effectiveness of trade policy development and implementation for developing countries including in FEATS countries. It was hoped that the regular use of ITPM Index will facilitate the efforts in this respect.

The Chair concluded the session by emphasizing the need for continued efforts by all stakeholders in African countries to maximize the benefits from trade, including through increasing trade among them.

Session III – FEATS Research Study Two: In-Depth, Issue Specific Research and Analysis

The second phase of the FEATS research is designed to evaluate issue specific linkages between agriculture trade, rural poverty, regionalism, trade facilitation (in the context of landlockedness of the three landlocked FEATS countries), and food security. This was the subject of the third session at the conference. This session was chaired by H.E. Brave R. Ndisale Ambassador of Malawi in Brussels and its Permanent Representative to the WTO. The Chair introduced the session and elaborated on the importance of agriculture. Agriculture's role in the FEATS countries, as the largest contributor to the GDP and provider of employment to the majority of the workforce, leads to the need for analysis of the role of trade policy in agriculture. Ambassador Ndisale then invited Rashid S. Kaukab, Deputy Director and Research Coordinator CUTS GRC to provide background information and overall objectives of the FEATS second phase research studies. His presentation included the following main points:

Observations based on the economic and development indicators for FEATS countries point to a strong reliance on agriculture coupled with rural poverty and high unemployment. Based on feedback from National Reference Groups in each of the country, the topics and framework for

second phase research was developed. Overall, the study focuses on the role of agriculture in the larger context of development with an emphasis on rural livelihoods. Additionally, the study will take landlockedness, regional trade, informal trade, and productivity concerns into account. Researchers covering Kenya and Tanzania will focus on regional trade in agriculture and its implications for rural livelihoods and food security. The studies in Malawi, Tanzania, and Uganda will evaluate the linkages between agricultural productivity and rural livelihoods as well as agriculture trade and trade facilitation. Due to the geographic location of these three countries, the study will also assess relevant issues of landlockedness.⁴

The presenter also outlined the general timeline and direction of the research. First, the country specific researchers will establish preliminary knowledge based on a study of the current literature on all relevant subjects. Next, researchers will collect data based on their specific plans and topics of research. Finally, the compiled data will be analyzed and full drafts prepared for presentation to the National Dialogues to be held in each country. These drafts will also be reviewed by CUTS research team, members of FEATS Project Advisory Committee and country National Reference Groups, and panels of external reviewers. The final studies will be presented at an international conference to be held in Geneva in the first quarter of 2011.

Each of the FEATS country researchers presented an outline of the future study, including their objectives, methodology, and planned outputs.⁵

- Kenya - Gloria Otieno, PhD Fellow, Development Economics, Institute of Social Studies, The Hague, Netherlands, and Trade Consultant, Nairobi: The main focus of Kenyan study will be on food security challenges and the impact of regional agricultural trade on rural livelihoods. In Kenya, there appears to be a link between rural areas, poverty, and insufficient access to food which will be explored. Concerning regional trade, the study will address the role of Kenya's participation in two regional integration agreements: COMESA and ECA. A further important point of research will be the role of informal trade, as it makes up for the largest portion of regional agricultural trade.
- Malawi - Lawrence Daniel Mapemba, Lecturer of Econometrics, Mathematics for Economists, and Statistics for Economists, Department of Agricultural and Applied Economics, Bunda College, University of Malawi: In Malawi, the majority of agricultural production occurs at the micro level. The study will analyze the impact on small, rural

⁴ The working title for Kenya and Tanzania research studies is "Trade in Agriculture in the EAC: Implications on Food Security and Rural Livelihood in Kenya/Tanzania" and for Malawi, Uganda, and Zambia, "Linkages between Agricultural Productivity and Rural Livelihoods on the One Hand and Trade in Agriculture and Trade facilitation on the Other: Recommendations for Poverty Reduction and Development for a Landlocked Country like Malawi/Uganda/Zambia"

⁵ The presentations by researchers have several common elements due to the commonality of research topics as well as research methodologies. Their presentations are uplinked on CUTS GRC web site and this section gives a brief summary of specific points made by each of them.

farmers of the internationalization of agricultural trade and seek recommendations on how to improve Malawi's position in the international marketplace. The impact of landlockedness on agricultural productivity and trade facilitation will also be investigated. Conclusions from the study should inform national policy makers as well as international development partners.

- Tanzania - Monica Hangi, Research Assistant, Tanzania Economic and Social Research Foundation (ESRF), Dar-Es-Salaam: Understanding the linkages between high levels of poverty, food scarcity, and agricultural trade are the focus of the study in Tanzania. Although a member of the EAC, Tanzania does not seem to be actively trading within the union. Ms. Hangi aims to investigate the role of domestic, regional, and international policies and their impact on regional agricultural trade – both formal and informal – with a view to making recommendations for better food security and rural livelihoods in Tanzania.
- Uganda - Mwambutsya Ndebesa, Lecturer, History & Development Studies and Coordinator, Development Studies Programme, Makerere University, Kampala: The study will attempt to evaluate the trends in agricultural productivity, exports, poverty, and nutrition indicators to establish linkages and provide conclusions concerning the role of agricultural trade in Uganda's development. Furthermore, the role of Uganda as a landlocked country and the potential limitations this has on trade facilitation will be examined.
- Zambia - Maximilian M.C. Mainza, Lecturer/Researcher, Department of Economics, University of Zambia: Mr. Mainza noted the importance of the informal sector to his specific research. Additionally, the study in Zambia will take into account the role of international donors and their impact on agricultural policy. By identifying specific constraints – both on small scale farmers and on the national policy-making mechanisms – the outcomes of this study will provide conclusive recommendations for the improvement of agricultural policy in Zambia.

During the discussion phase, a wide variety of inputs concerning both the objectives and methodology were provided. A fruitful discussion from all angles informed the researchers of various potential questions and methods for the upcoming study. In summary, most of the speakers called for the need to balance between the limited resources to complete the study and the imperative to address the fundamental questions concerning the role of agriculture in the FEATS countries. One common suggestion was to precisely define the terms that will be used in the research (i.e. food security and rural livelihood). Further suggestions mentioned the roles of intra-regional trade, dependency analysis, gender dynamics, landlockedness, and Aid-for-Trade. Potentially, as one audience member suggested, the researchers may wish to coordinate efforts and exchange information and analysis for cross-fertilization and better output.

Rashid S. Kaukab concluded the discussion by noting the arguments and addressing the need to establish an overall timeline, process and methodology that leads to the production of a coherent study, while taking into the account country specificities. This will lead to relevant and feasible recommendations to the governments and other stakeholders both national and international. The chair of the panel, Ambassador Brave Ndisale of Malawi, suggested CUTS GRC consult with a few reviewers part way through the research process in order to solicit feedback on the direction of the project. In this way, the various stakeholders would be able to assess the progress of the research and better shape the final product to best achieve the study objectives.

Conclusion

Atul Kaushik, Director CUTS GRC thanked all the participants for their active participation and enriching contributions. He affirmed that the comments and suggestions made by them would be carefully considered and appropriately taken into account. He thanked them for their appreciation of CUTS for its important work on trade policy inclusiveness and wishing CUTS and researchers well as they launch the second phase of the FEATS research focusing on important issues related to agriculture trade. He then invited them all to attend the reception which was to be addressed by Dr. Lichia Yiu-Saner, Secretary CUTS GRC General Assembly and Dorothy Tembo, ED, EIF. This will be another opportunity for networking among capital- and Geneva-based participants.