

# **Tradequity**

A Newsletter of CUTS Africa

Year 14, No. 3/2015

## UN-SDG Agenda: Shift in Global Development

The United Nations (UN) Summit for the adoption of the 'post-2015 development agenda' is scheduled to be held in New York (US) from September 25-27, 2015. Negotiations on the draft outcome document – entitled 'Transforming our World: the 2030 Agenda for Sustainable Development' – were successfully concluded and agreed by the consensus at an informal plenary meeting of the UN General Assembly on August 02, 2015.

The draft outcome document includes 17 Sustainable Development Goals (SDGs), which all countries and stakeholders undertake to implement so as to attain 169 targets – for developed and developing countries alike – by the year 2030.

It is recognised that this new scale and ambition of the SDGs requires a revitalised global partnership of all relevant stakeholders, as well as concrete policies and actions as outlined in the Addis Ababa Action Agenda adopted at the conclusion of the Third International Conference on Financing for Development in Addis Ababa in July 2015.

One immediate success of the agenda could be seen in the political shift that it has brought forward. For the first time, African governments found themselves negotiating over so many issues with such far-reaching ramifications that they formed a common front for their entire negotiations. And so after an agreement on the Common African Position on the post-2015 (CAP), on January 30, 2015, Africa member states made the rare decision of forming one joint negotiating team led by a chief negotiator to ensure CAP and SDG agreements favour the continent.

Africa has even asserted that it will implement CAP even if the SDGs fail.

This has in effect shifted power relations between Africa and developed states, including China. By asserting its right to chart a path irrespective of whether donors or other regions agree.

However, there are still major concerns over the success of the SDG agenda. The entire agenda is

voluntary and is non-binding to any member state. Also, it is not clear how member states are going to monitor their performance on areas that are considered as domain of other platforms. Trade, for example, is considered as a World Trade Organisation (WTO) issue, while climate discussions are yet to be concluded under the United Nations Framework Convention on Climate Change (UNFCC) conference in December 2015. Many targets have raised concerns over implementation, contextualisation and resourcing to meet each of them. It is also not clear if indeed there will be any agreements on indicators and a monitoring framework on some of the more soft issues.

Member states remain sharply divided on whether Goal 16 should have been included in the SDG agenda. For instance, Africa failed to add Global Security to the agenda. Even the Africa High Level Panel that developed CAP was forced to retreat and include Peace and Security as a pillar under instructions from the heads of States. Therefore, the biggest threat to the SDG agenda lies in the ownership of the member states on goals like Goal 16.

One big change that this process of discussion for the agenda has seen is the involvement of Civil Society and citizens. Over 5,000 civil society organisations (CSOs) have engaged in some way in both the SDG and the post-2015 agenda, and





currently about 2,000 are still involved in the Finance and Climate discussions. With over 7mn votes, MY World Survey of global citizens has seen the highest number of ordinary citizen engagement with the UN.

The achievement of these goals implicitly emphasise the importance of regional integration. African Regional Economic Communities (RECs) have been engaged in the process of formulating the SDGs and are expected to be a part of the follow-up and review framework of the SDG process. Prior to engaging in this function, it would be prudent for African RECs to review the current designs of their regional integration agreements. This would help in determining the extent to which they can play their facilitatory role in delivering on the SDGs effectively, and to make necessary adjustments.

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CUTS Africa

Email: lusaka@cuts.org (Lusaka) Email: nairobi@cuts.org (Nairobi) Email: accra@cuts.org (Accra) Website: www.cuts-international.org/ARC

#### **Economics and Development**

#### **Striving Global Goals**

The Summit on Sustainable Development held at the UN General Assembly in New York on September 25-27, 2015 will see 193 countries ratify ambitious global goals to end extreme poverty and hunger, address the impact of climate change and reduce inequality by 2030. Africa will be at the heart of the discussions.

The member states will formally adopt the 17 SDGs and 169 accompanying targets resulting from the largest consultation process the UN has conducted in its 70-year history.

The Summit sets some very ambitious targets, such as a goal of zero poverty, zero hunger, better healthcare, higher education, gender equality throughout the world, all this to be achieved before 2030. (RFI English, 26.09.15)

#### **Impact of Low Oil Prices**

Growth picked up in Sub-Sahara Africa in 2014 but remained weaker than the pre-crisis years. It softened around the turn of the year owing to the headwinds from the plunge in the oil price. The Sub-Sahara Africa's oil exporters, who account for nearly half of the region's aggregate output, have been hit hard by the sharp decline in the price of crude.

In response, several of the region's oil exporters have revised their 2015 budgets by adjusting the crude price assumption and cutting spending, especially the capital expenditure.

Currency depreciation and falling foreign reserves prompted monetary and exchange rate policy adjustments. Public spending cuts, currency weakness, rising inflation and falling investment point to a weaker outlook for the region's oilexporting economies. (BD, 31.08.15)

#### Ghana's 40-Year Plan

Ghana has strongly pushed towards realisation of a long-term development strategy that will be binding on successive governments when it launched preparatory work for a 40-year (2018-2057) development plan.

The National Development Planning Commission (NDPC), the body seeing to the implementation of the plan, has indicated that the framework of the plan would hinge, among other things, on the views of Ghanaians, the various existing laws, policies and reports as well as international frameworks.

President Mahama, at the launch in Accra, expressed delight at the general acceptance that the country needed a long-term plan that would provide the antidote to its development challenges. He said it showed what the nation could achieve, if the people worked together devoid of partisanship and other differences. (DG, 05.08.15)

#### **Zambia Bears the Brunt**

Zambia was one of the Africa's main beneficiaries when China's economy was expanding at full tilt. With copper its key export, China's thirst for minerals helped the southern African nation enjoy a decade of economic boom.

But as the concern over 'Chinas the slowdown triggers a wave of emerging market turbulence, Zambia finds itself at the centre of a storm. Its currency, the kwacha, has plummeted to all-times lows against the dollar in recent days, and has depreciated at more than 30 percent since January — making it the world's worst performer after the Belarus rouble, according to Bloomberg (source of global business).

Zambia's woes deepened when Glencore, the mining and commodity group announced it was suspending production at its Mopani mine for 18 months. (FT, 09.09.15)

#### **Low Literacy Bane**

The Nigerian Ambassador to the Republic of Angola, Layi Laseinde decried the low-level of literacy in African countries, describing this as the bane of development in the continent. The envoy said this in a paper delivered at the three-day conference organised by University of Ilorin Centre for Peace and Strategic Studies.

Laseinde spoke on the theme 'Rethinking Strategies for National and Regional Security, Peace and Development in Africa'. He advised Nigeria and other African countries to improve on the literacy development of their citizens as such had been proven to be a major factor in achieving political stability in the developed world.

Laseinde pointed out that Barak Obama, a blackman who became American President for the second time, was largely assisted by the highly literacy level of the Americans.

(Naija247news, 28.09.15)



## SADC in Food Deficit

All SADC member states except Zambia, Tanzania and South Africa will experience food deficit due to poor rainfall pattern caused by climate change in the current agricultural season.

Director, Food Agriculture and Natural Resources at SADC, Margaret Nyirenda, said that the weather has not been favourable in the region, resulting in very poor rainfall and in some cases, floods and prolonged dry spells. This, she said, affected crop production, especially maize, which is a staple food.

Nyirenda said although the three countries (Zambia, Tanzania and South Africa) will not have a food deficit,

they will all still fall below 1mn metric tonnes of maize at the end of the season as compared to past seasons. (ZDM, 13.08.15)

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#### **News on Trade**

#### **Ghana-China Trade of US\$6bn**

The value of trade between Ghana and China reached US\$5.6bn at the end of 2014, making the Asian country Ghana's single biggest trading partner. "Our economic and trade cooperation has achieved gratifying results, trade volume has surged from less than US\$100mn in 2000 to US\$5.6bn in 2014", Chinese Ambassador Sun Baohong said.

Ghana's exports to China have also increased significantly, at a very high rate of 86.7 percent vis-a-vis declining total international trade. Ghana's exports to China hit US\$1.4bn, a historical high, Sun stated at the 55 anniversary of establishing China-Ghana diplomatic relations.

The Minister of Education, Professor Jane Opoku-Agyemang said Ghana recognises the immense support including loans from China towards the nation's social, political and economic development agenda. (B&FT, 07.07.15)

#### **Tracking Cross-border Trade**

Effective tracking of informal crossborder trade through accurate trade data collection and its management will enhance greater food security, and also lead effective formulation implementation of domestic and regional trade policies among the Eastern and Southern Africa countries, observes Juliet Wanjiku of Regional Strategic Analysis and Knowledge Support System for East and Central Africa (ReSAKSS-ECA).

Informal cross-border trade constitutes approximately 60 percent of the regional trade and it is improving the livelihoods of many populations through job creation as well as combating food insecurity in the region.

Despite its enormous benefits, this trade is a threat in the region. It might offer unfair competitive advantage to informal sector traders over formal businesses. It also leads to loss of revenue through evasion of taxes by traders and affects the health of the populations in (ReSAKSS-ECA, 24.08.15) the region.

#### **Good Investment Climate**

Industrialisation Cabinet Secretary Adan Mohamed (Kenya) has said the State will be betting on IT-based solutions

## WATH to Boost Export Trade

The West Africa Trade Hub (WATH), as part of an aggressive drive to boost export I trade in the sub-region, has targeted to invest over US\$62.5mn in value chain projects within the

coming three years.

US\$25mn would be given out as loans to about 102 businesses. Jean François Guay, Finance and **Investment Specialist** of the Trade Hub and African Partners Network, said there was also a technical



assistance and training support package for another 120 selected micro, small and medium enterprises.

The Trade Hub, a United States Agency for International Development (USAID) project, focusses on building the capacity of West African farmers and businesses in targeted regional and global value chain in areas of cereal production, small ruminants' production and trade.

to beat competition for foreign direct investment (FDI).

Mohamed noted that at present, one does not need to walk physically to the office of company registrar, get a personal identification number from the tax authority offices or take days to have building approvals from the Nairobi County Government as the these services can be obtained through online platforms from the comfort of one's office or even from a mobile phone.

Kenya has been ranked 136 on a list of 189 in the latest survey conducted by World Bank. This shows a marginal improvement from the previous year where the country was one position worse.

(SN, 17.07.15)

#### **BRICS to Get Visa-free Entry**

South African (SA) businesses have welcomed the decision by Russia to consider offering visa-free entry for tourists from China, India, Brazil and South Africa as fellow members of Brazil, Russia, India, China and South Africa (BRICS) countries.

"This is a step in the right direction! If the business doors are open or 10 multiyear visas entry are issued, that will no doubt boost our economic growth", Brian Molefe, Chairman of BRICS Business Council (SA) said.

With an open visa, coupled with a free trade policy, an estimated 3mn jobs could be created every month within the grouping. A number of South African business organisations have been pushing for the scrapping of visas among the BRICS members to make doing business and travelling easier. (Xinhua, 20.08.15)

#### **Uganda Stocking Sugar?**

When Kenya complained, a Common Market for Eastern and Southern Africa (COMESA) delegation that included officers from the Kenya Sugar Board and comprising technocrats from the standards bureaus of both Kenya and Uganda was sent to Uganda to investigate whether Ugandan millers were stocking sugar from Brazil. One of the big millers was found to be holding 26,000 tonnes in its go downs.

Even though the issue was resolved, large sections of the sugar-growing fraternity in Kenya still refuse to accept that Uganda has surplus sugar. It is an open secret that unaccustomed sugar from non-COMESA countries is regularly dumped into Kenya. Currently, industry insiders believe Egypt, a member of COMESA, is routinely used by barons as a conduit for sugar from Brazil, India, Thailand and Pakistan. (DNN, 31.08.15)

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#### **News on Trade**

#### **Trade Deals with US Firms**

Kenya, has secured commitments amounting to billions of shillings from American companies to increase power production and finance infrastructure projects. President Uhuru Kenyatta said the commitments were secured during a meeting with the American companies under the umbrella Business Council for International Understanding (BCIU).

He said Africa was the continent in focus for the investors and Kenya must use its potential in clean energy and infrastructure to grow its economy. One of the US companies has committed to invest an estimated Sh400bn (US\$4bn) in Kenya for power generation. "One company, in particular, doubled its commitment to invest in solar power in Kenya over a period of time, developing up to about 2,000 megawatts of power at a cost of approximately US\$4bn.

(DN, 29.09.15)

#### **SA to Expand Trade with Ghana**

South Africa is looking at expanding and growing its trade and investment opportunities with Ghana over the following few years, in a move that will see both countries prosper tremendously. With a trade delegation of 30 companies led by Deputy Trade and Industry

Minister Mzwandile Masina, South Africa is hoping to venture into manufacturing, tourism, agro-processing, and wood processing.

Masina said Ghana and South Africa have been partners and unlike other nations, South Africa is also seeking to attract foreign direct investment from Ghana.

Currently, the volume of trade from Ghana to South Africa is R7bn while South Africa to Ghana stands at R3.7bn, but Masina noted that South Africa is not interested in bridging the gap and is rather, seeking to promote growth in both the economies.

(B&FT, 24.08.15)

#### **Kenya Trade Net System**

International trade has grown rapidly in recent years, thanks to the progressive reduction of tariffs and quotas through successive rounds of multilateral trade liberalisation. The overall objective of the Kenya National Electronic Single Window System Project also known as Kenya Trade Net System is to facilitate international trade in Kenya by reducing delays and lowering costs associated with clearance of goods at the borders.

The World Bank rates economies that have adopted the system as more

transparent, efficient and faster cargo clearance than those without it. The Single Window system is relevant to implementation of eight of the 13 articles of the Trade Facilitation Agreement commonly known as the Bali Agreement.

(BD, 25 .08. 15)

#### Alabama Mission to Africa

An Alabama trade and business development mission to Africa wrapped after introducing business executives and international trade specialists to opportunities in a region that is growing rapidly though unevenly. The Alabama delegation, headed by Commerce Secretary Greg Canfield, kicked off the mission in Johannesburg, South Africa, where it participated in the Trade Winds Africa Conference organised by the US Commerce Department.

Trade Winds 2015, the largest-ever US Government trade mission to Africa, featured a business forum in South Africa and offered representatives from companies and organisations stops in seven other African nations. Alabama firms on the trade mission that had scheduled meetings in Tanzania, Ghana and Mozambique. Among others, the delegates met senior members of the Tanzania Private Sector Foundation in the country.

## Farmers-Grain Buyers Links in East Africa

A web-based platform has been launched to connect farmers to grain buyers in East Africa as partner states of the bloc opened up cross-border trade. The platform, dubbed G-Soko, was developed by a Kenyan-based IT firm Virtual City in partnership with the Eastern Africa Grain Council (EAGC) and the Food Trade Eastern and Southern Africa Organisation.



G-Soko, the online trading platform, will enable small-holder farmers in the East Africa to sell their produce at favourable prices. EAC Secretary General Richard Sezibera said that the initiative would help small-holder farmers realise better returns due to lower transaction costs. EAC will continue supporting the automation of agricultural crops trading systems and processes to reduce commercialisation cost and all related challenges.

(BD, 04.08.15)

#### Ghana and Denmark Deal

The Danish government is hopeful ratification of the convention for avoidance of Double Taxation agreements (DTA) with Ghana – and the Prevention of Fiscal Evasion with respect to taxes on income and capital gains between the two countries – will help to double Denmark's investment in the country.

According to Deputy Finance Minister Mona Quartey, the agreement was desirable and helpful, and she believes that Ghana stands to benefit. It is expected that the ratification will also prevent a situation where revenue is transferred from one treaty partner to another. For example, by the issuance of tax incentives; and help in removing impediments that hinder the movement of capital goods for the promotion of international trade and foreign direct investment.

(B&FT, 11.08.15)

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#### Regional Round Up

## Kenya Tops EA Bloc

Lenya has become the top regional destination for the investors putting money in impact investments that target both social and financial gains, a new study shows. The report, which looked at regional impact investments made between 1998 and 2004, stated that Kenya accounted for nearly half of the US\$9.3bn (Sh930bn) invested.

The report, produced by the UK Department for International Development (DfID), the Global Impact Investing Network (GIIN) and Nairobi-based Open Capital Advisors found Kenya had impact investments worth US\$4.2bn (Sh420bn), which is 46 percent of the amount that went to the region. Most of the reported Kenyan direct foreign investment deals went into energy and financial services.

(BD, 11.08.15)



#### **Zambia for Single Customs Bond**

COMESA Producers Association has invited Zambian freight forwarding companies to participate in piloting the implementation of the single customs bond in the country in order to understand its implication on regional transit trade.

The call was made by the Secretary General of COMESA, Sindiso Ngwenya during a consultative meeting with freight forwarding companies and transport operators in Zambia. The meeting was also attended by representative of the Ministry of Trade and Commerce and the Commissioner General of the Zambia Revenue Authority.

Clearing and forwarding companies in Zambia have lobbied the government against implementing the Regional Customs Transit Guarantee (RCTG) otherwise known as the CARNET (International Uniform Customs document) on the ground that it will lead to loss of business. (Tralac, 11.09.15)

#### **Member States to Sign TFTA**

Member states of the tripartite free trade area (TFTA) have until December to ratify the TFTA Agreement before it comes into force in January. The trade agreement, establishing a single market for 26 African countries, will only come into force once the ratification is attained by two-thirds of the membership.

A total of 16 countries, including all the East African partner states, have signed the TFTA agreement, since its launch in Egypt previous month. Peter Kiguta, EAC Director-General in charge of Customs and Trade said, "Swaziland was the latest country to sign the agreement and the only Southern African Customs Union (SACU) member to sign, adding that TFTA partner states have to present the signed agreement to their respective parliaments or Cabinets for ratification to meet the deadline. (Tralac, 27.07.15)

#### **IFATSEA Calls for Air Safety**

The 5<sup>th</sup> International Federation of Air Traffic Safety Electronics Association (IFATSEA) Africa Regional Conference has been held in Accra with a call on captains of aviation in Africa to endeavour to maintain the highest safety standards in the industry.

The Minister of Transport, Dzifa Aku Attivor, made the call and stated that it had become necessary to maintain and improve on air transport safety in Africa.

The conference is to provide a platform to discuss and brainstorm current practices and challenges in the aviation industry in the continent and provide advice on policy options for various governments in Africa. She said safety should be achieved at a reasonable cost with commensurate benefits and it required teamwork and demanded a highlevel of inter-operability and harmonisation. (DG, 17.09.15)

#### **ECOWAS Meet on ECOWAS-CDP**

Côte d'Ivoire would host a high-level conference on financing Community Development Programmes (CDP) in the West African sub-region. The conference would be a prelude to the roundtable of the donors to finance the Economic Community for West African States (ECOWAS)-CDP, after the successful conclusion of a participatory and inclusive process of formulating the CDP.

statement from the Communication Directorate of ECOWAS said the ECOWAS Commission has concluded a consultative process with its partners on the necessary coordination of action to be taken for the conference. Ibrahim Bocar Ba, the Commissioner for Macro-economic Policy and Economic Research of the ECOWAS Commission, said the idea of organising the conference was to develop and operate a new strategy for mobilising internal resources in the region. (GNA, 02. 07.15)

#### **Raising Voice against Subsidies**

Agriculture experts have urged the government to use the World Trade Organisation (WTO) forum to be held in Nairobi to rally developing countries against price support and export subsidies that rich nations offer their farmers.

The support has distorted competition; leading to low and volatile global farm produce prices, which act as a disincentive to agro investments in the East African Community (EAC).

According to Jamie Morrison, a senior economist with Food and Agriculture Organisation Kenya, subsidy distorts the market and there is need to relook at this policy to address the matter. Masila noted that the EAC states, particularly Kenya, have been hit hard by market distortion measures because of the poor agriculture policies. (BD, 09.07.15)

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#### **Environment/Consumer Issues**

#### **Zambai Dealing Power Deficit**

A climate change expert stated that there is no immediate solution to the electricity deficit in Zambia and the entire southern African region is facing apart from more investment in the energy sector. Mclay Kanyangarara, a climate change advisor at the COMESA said that the quickest way to solve the power deficit is to promote trade in the energy sector across the Southern African region.

Kanyangarara said that the solution for Zambia is in connecting to the Eastern Africa Power Pool (EAPP). He said the Zambia, Tanzania and Kenya power interconnector project is important because once it is fully operational, the country will be able to import power from East African countries. (ZDM, 24.08.15)

#### **BRT to Ease Traffic in Ghana**

Transportation and vehicular traffic is expected to be greatly enhanced on the Accra-Amasaman corridor road when the Bus Rapid Transit system (BRT) commences operations by the end of 2015, President of Ghana John Mahama has assured. "The BRT between Amasaman and Accra is almost complete. These two critical flyovers, which have been completed are going to carry part of the traffic of the BRT", he said.

The first buses for the programme are already in the country while other bus infrastructure including terminals is almost complete. The project, introduced by the government with support from the World Bank and French Development Agency

(AFD), intends to enhance mobility of people by ensuring an efficient public transit system in the Greater Accra Metropolitan Area (GAMA).

(B&FT, 11.08.15)

#### **Shrinking Lakes and Fish**

Climate change is reducing the size of several species of fish on lakes in Uganda and its neighbouring East African countries, with a negative impact on the livelihoods of millions people who depend on fishing for food and income.

The study on 'Application of policies to address the influence of climate change on inland aquatic and riparian ecosystems, fisheries and livelihoods' examined the influence of climate variability and change on fisheries resources and livelihoods using lakes Wamala and Kawi in the Victoria and Kyoga lake basins. The case studies showed that temperatures around the two lakes had always varied and indigenous fish species have shrunk in size due to an increase in temperatures in the water bodies. (18, 22.08.15)

#### **SADC to Avert Energy Deficit**

A comprehensive and consolidated agenda on how Southern Africa could fully harness its renewable energy potential was expected to be finalised in July when the Energy Ministers convened for their annual meeting.

The Southern African Development Community (SADC) is endowed with renewable energy sources including hydro, wind and solar. According to the African Development Bank, the total hydro-power potential in SADC countries is estimated at about 1080 terawatt hours per year (TWh/year) but capacity being utilised at present is just under 31 TWh/year. A terawatt is equal to 1mn megawatts (MW).

The region also has an abundance of watercourses, such as the Congo and Zambezi, with the Inga Dam situated on the Congo River having the potential to produce about 40 000 MW of electricity.

(TH, 09.07.15)

#### **Trade Ministry Works on CPP**

The Deputy Minister of Trade of Ghana Murtala Mohammed, has announced that the Ministry is working on a Consumer Protection Policy (CPP) document aimed at protecting the interests of the consumers. He said the move was a follow-up to the inauguration of a committee to promote made in Ghana products, indicating a consciousness of the need to promote goods produced locally.

Speaking at a forum in Accra on Standardisation and Technical Regulation, he said while the government urged Ghanaians to produce more, it was equally concerned about the safety, quality and standards of the goods that were produced. He said standards were demanded to protect the lives of the people, avoid loss of capital and protect the image of the country. (DG, 31.08.15)

#### **Effective Global Consent**

The December 2015 Paris Climate Change conference is likely to achieve an effective global consensus on future low carbon delivery. Unlike its predecessor, Kyoto Protocol, the 2015 process appears more participatory, flexible, and less confrontational and builds on climate change gains made to date.

The proposed 2015 agreement expects each country to contribute its carbon reduction according to its local opportunities and capacities. Each country, including Kenya, is supposed to have submitted its proposed plans on carbon reduction target contributions by March 2015, ahead of the December 2015 forum.

Kenya already embraces the economic (and green) benefits of low-carbon renewable energy and promotes policies that support investments in lower cost indigenous low-carbon renewable energy.

(BD, 14.07.15)

## Climate Change Posing Threat

Climate change took on a whole new meaning when, Pope Francis, citing the scientific consensus that global warming is disturbingly real, left little doubt about who to blame. He slammed a slew of modern trends, the heedless worship of technology, people's addiction to fossil fuels and compulsive consumerism.



For Namibians, the Pope's stern lecture carried even more weight as the country had been identified as one of the most vulnerable to climate change and global warning due to its extreme aridity and dependence on primary industry, combined with a limited adaptive capacity.

The study revealed, "The economic impact of climate change on commercial agriculture

in Namibia" by Louise Helen Brown of the University of New York, conducted in collaboration with Namibia Nature Foundation. (NE, 23.06.15)

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## Cross Border Traders Charter: *Improved Trade Facilitation Governance*

Simon Ng'ona\*

Zambia's Diagnostic Trade Integrated Study clearly shows that excessively tight controls and high taxes are self-defeating as they are relatively easily avoided by traders, often with the complicity of border officials. Trade facilitation measures tailored to the needs and constraints of small traders are therefore required

mall-scale trade, whether informal or Onot, is often viewed as a nuisance than as a legitimate entrepreneurial activity contributing to regional integration, livelihoods and food security. If offered a favourable environment to grow, crossborder trade has the potential to create stable jobs and make trade more inclusive than it has so far been in Southern Africa. particularly Zambia. Traders face numerous challenges that include social and human rights issues – such as sexual harassments and unnecessary non-tariff barriers. Governments, on the other hand, have been victims of limited tax revenue collection due to informal trade and underdeclaration. Policing or redressing some of these challenges requires a collective and inclusive approach and the launch of the Charter for Cross-Border Traders initiative presents this opportunity.

Zambia's Diagnostic Trade Integrated Study (DTIS)¹ clearly shows that excessively tight controls and high taxes are self-defeating as they are relatively easily avoided by traders, often with the complicity of border officials. Trade facilitation measures tailored to the needs and constraints of small traders are therefore required. The launch of this Charter, to be piloted at Mwami Border between Zambia-Malawi, is a step in the right direction.

The Charter initiative aims at facilitating trade across borders, promoting behavioural changes the among traders and border officials, ultimately encouraging gradual formalisation of informal cross-border trade. The Charter presents a dual prescriptive approach of rights and obligations for both traders and border officials. It gives traders, rights not to be abused or harassed, at the border. A toll free line for reporting cases of abuses has been arranged.



Moreover, the Charter for Cross-Border Traders tries to fill that gap. Similar to the idea of the lists of passengers' rights and responsibilities displayed at many airports worldwide, obligations are spelled out very clearly for both the categories. For instance, the Charter requires that whenever a physical check is requested, the female traders have the right to be inspected by female officials in a private but regulated and accountable environment.

The purpose is to promote transparency of rules and increase awareness of all actors at the border, so to reduce misunderstandings and complaints. This should in turn encourage behavioural change, enhance processing times, facilitate trade and ultimately make the border a friendly environment – a place where traders can cross safely, and officials can work efficiently.

Furthermore, officials should be treated with respect and work in a bribe-free environment. To ensure that the Charter is effectively implemented, an implementation committee has been set, which is composed of border officials, Ministry of Trade, Traders' Association and Civil Society (represented by CUTS

Lusaka, Zambia). The inclusion of CUTS stems from its work around Aid for Trade (AfT) and the Enhanced Integrated Framework (EIF) that resulted in the lobbying for the review of 2005 vintage DTIS. In 2009, CUTS Lusaka undertook an assessment of the 2005 DTIS, which revealed that the trade potential areas covered were time-worn and the need to align it to Zambia's contemporary trade potential areas and challenges was recommended. The proposed Charter is a product of the new DTIS (2013) and thus it was felt that proponents of having a new DTIS, such as CUTS should be part of the steering committee.

Given that trade facilitation governance issues are of key importance for markets, (domestic and cross-border) they have a significant relationship with public interest. Therefore, a greater level of involvement of the private sector and the Civil Society Organisations (CSOs) beyond the formal system is required. Ownership and visibility of the Charter to the ordinary citizens (those who have a huge bearing in enhancing intra-regional trade) is also needed. Such involvement would strengthen the initiative by providing advocacy role and facilitating responsibility sharing among the governments, private sector and the CSOs.

The Charter for Cross-Border Traders is currently being piloted at the Mwami/ Mchinji border post. Plans are to extend it other border posts in Southern and East Africa, and to tailor its contents to the specificity of each local context. As a senior official at the Mchinji border post once said: "Small traders pay our (i.e. civil servants') salaries through taxes". The Charter tries to do so using an innovative, and holistic approach.

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<sup>\*</sup> Centre Coordinator, of CUTS International Lusaka, Zambia.

<sup>(</sup>DTIS-2013-Initiative to formalise Informal Cross Border Trade in Zambia and Implementation Challenges & http://blogs.worldbank.org/trade/step-toward-formalization-charter-cross-border-traders)

#### **Announcements and Publications**

#### Privatisation in Ghana:

## Success During Economic Collapse and Authoritarianism

Privatisation of state-owned firms has long been one of the principle recommendations of economists for developing nations. Both the World Bank (WB) and International Monetary Fund (IMF) recommend privatisation of state-owned firms and in many cases have made privatisation policy a condition for receiving IMF and WB funds. Public ownership is associated with inefficiency due to non-financial motivations. The goal of this paper is to empirically analyse the case of privatisation in Ghana to determine what factors led to successes and what policies led to failures. It outlines the establishment of state-owned firms in Ghana, motivation and process of privatisation with a particular emphasis on initiation of the policy in late 1980's.

http://www.cuts-ccier.org/pdf/Privatisation\_in\_Ghana-Alan\_Potter.pdf

### ReguLetter

This July-September, 2015 issue of the newsletter carries cover story entitled 'Bring Cack Trade and Competition Policy at the Multilateral Level' stating that the issue of a framework multilateral agreement on competition policy within the multilateral trading system has been at the heart of heated debates for at least 20 years, until it was dropped from World Trade Organisation (WTO) negotiations as demanded by the developing countries. It also encompasses a feature on Competition Law in Africa indicating that Competition Law regimes are in place in most sub-Saharan African countries. The newsletter carries news on Macro Issues, Micro issues, Restructuring, Investment and Disinvestment, Corporate issues, Sectoral Regulation, Financial Sector Regulation etc. Besides, it also encapsulates a Special Article by Meghanad Desai which talks about Cambridge economist Ajit Singh. He was the one who demolished the idea that markets punish the inefficient and discipline firms. Moreover, Ajit Singh's most innovative finding was that the UK economy has begun to de-industrialise early as the mid-1970. Ghettos



This newsletter can be accessed at: www.cuts-ccier.org/reguletter.htm

#### **E**VENT

## **IVORI-III Project Inception Meetings**

Integrating the Voice of Civil Society Organisations (CSOs) in Regional Integration Process – Eastern and Southern Africa (IVORI III) Project inception meetings were held in Nairobi, Kenya; Lusaka (Zambia) and Addis Ababa, Ethopia on July 28, July 30 and August 04, 2015 respectively.

#### Our Twitter Handle (@cutsafrica)



@Oxfam September 21, 2015: Wealth does not automatically trickle down to those who need it most. - @Winnie\_Byanyima http://oxf.am/ZmZM #inequality #EvenItUp

@WBPubs September 29, 2015: A collab of @gatesfoundation, @WorldBank & @WHO will focus on medical care in poor & mid-income countries http://wrld.bg/SOpYs

@cutsafrica September 08, 2015: Interesting discussions on 'Competition & Job Creation' at this year's #OECD Global Forum on Competition, http://goo.gl/8A11wg

@cutsafrica August 20, 2015: Ugandan stakeholders voice need for fast-tracking the EAC regional competition regime http://goo.gl/4hNCv3 @SEATINIUGANDA @TradeMarkEastA

@cutsafrica August 20, 2015: Consumers & Small Business suffer most in absence of a EAC Competition Regime (http://goo.gl/umHWzT) @CUTSCCIER @Psm\_cuts @TradeMarkEastA

#### Sources

BD: Business Daily, B & FT: Business & Financial Times, CNN: Daily Nation Newspaper, EATI: East African Trade Investment, GT: The Ghana Times, GNA: Ghana News Agency, IS: Interpress Service, NE: New Era, RFI: Radio France International, ReSAKSS-ECA: The Regional Strategic Analysis and Knowledge Support System for Southern Africa, SN: Standard Newspaper, TH: The Herald, ZDM: Zambia Daily Mail

**Tradequity** newsletter: Composed by **CUTS International Lusaka**, Plot 3653, Mapepe Road, Olympia, P.O. Box 37113, Lusaka, Zambia, Ph: +260.211.294892, Fax: +260.211.294892, E-mail: lusaka@cuts.org, **CUTS Nairobi**, Yaya Court 2nd Floor, No.5, Ring Road Kilimani off Argwings Kodhek Road, PO Box 8188, 00200, Nairobi, Kenya, Ph: +254.20.3862149, 3862150, 20.2329112, Fax: +254.20.3862149, Email: nairobi@cuts.org, and **CUTS Accra**, 30, Ground Floor, Oroko Avenue, Near Central View Hotel & ATTC, Kokomlemle, Accra, Ghana, Ph: +233.30.224.5652, accra@cuts.org. Published by **CUTS International, Head Office:** D-217, Bhaskar Marg, Bani Park, Jaipur 302016, India, Ph: 91.141.2282821, Fax: 91.141.2282485, E-mail: cuts@cuts.org, Web Site: www.cuts-international.org

