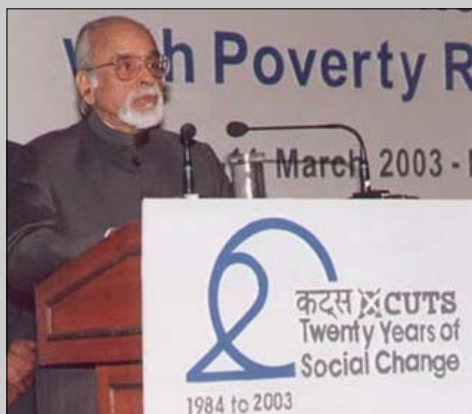


Partnership Conclave Governance and Its Relationship with Poverty Reduction

New Delhi, India, 12-14 March 2003

INTRODUCTION

Populism, immediate returns and the *prima facie* attraction of a particular point of view has started dominating the headlines and the mind set of a very large number of policy-makers. It is time to replace that mental process with substantive measures that will have a long-term impact on poverty reduction. **Arun Jaitley**, Minister for Commerce & Industry and Law & Justice, threw down this challenge in his opening speech at the Consumer Unity & Trust Society's (CUTS) Partnership Conclave with the theme 'Governance and its Relationship with Poverty Reduction' at New Delhi from 12-14 March. The Conclave was organised to commemorate two decades of the organisation's work.



I. K. Gujral speaking at the Inaugural Session

The purpose of the conference was to examine the right-based approach to governance issues, which affect development, in particular, poverty showcasing instances of successes and non-successes from around the world. The Conclave involved friends and partners, including Confederation of Indian Industries (CII); National Council of Applied Economics Research (NCAER); Tata Energy Research Institute (TERI), Oxfam GB, India; International Centre for Trade and Sustainable Development (ICTSD); and South Asia Watch on Trade, Economics & Environment (SAWTEE).

From Trade liberalisation and the WTO to the Millennium Development Goals (MDGs) and sustainable development, eminent speakers at the Conclave shared their expertise on a wide range of issues with an audience of over 300 civil society representatives from more than 30 countries.

Pascal Lamy, Commissioner for Trade, European Commission, shared his views about his association with CUTS and said, "CUTS which started out as a tiny operation out of a garage in 1984, has become one of the major international NGOs from developing countries and a driving force in creating EU-India civil society dialogue." His presence at the Partnership Conclave, he said, reflected the respect he had for CUTS and the respect the organisation deserved.

A clear message of the Conclave was that governance has an important impact from the local to the international level. **I. K. Gujral**, Former Prime Minister of India, in his inaugural address spoke on the inter-relationships between the two and said, "In India, though we have not failed entirely in achieving the aims of poverty elimination and good governance, we still have a long way to travel".

The whole event was divided into six Plenaries and twelve workshops.

PLENARIES AT A GLANCE

PLENARY I COUNTDOWN TO 2015

How far has the world progressed in achieving the Millennium Development Goals?

Global Forces without Global Sharing

Muchkund Dubey, Former Foreign Secretary of India and architect of the UN Development Decade, spoke on the subject of globalisation: "We are aware of the immense opportunities that globalisation offers, but increasingly discontent is coming to the surface, which is felt most profoundly by the poor, demoralised and deprived".

CUTS philosophy is firmly grounded in the understanding that

policy efforts towards globalisation can be re-oriented towards development objectives.

Dubey recognised the importance of taking a proactive and positive approach to the process of globalisation. He duly recognised CUTS' work in empowering people to comprehend the dynamics of globalisation dispassionately and constructively and the need for targeted interventions to make sure that liberalisation's benefits reach the poor.

"The appalling levels of poverty that exist in the world are voluntary, not on the part of those who suffer, but on the part of those who hold power and could lower levels if they wished to do so", according to **David Kalete**, Programmes Director, CIVICUS.

Millennium Development Goals

"In mere numbers the world is making steady progress towards achieving the Millennium Development Goals (MDGs) by 2015 as stipulated, basically due to the current positive trends to be found in both India and China", said **Eveline Herfkens**, UN Secretary General's Executive Coordinator for the MDGs Campaign. She spoke of the importance of MDGs as an excellent framework for a 'new global consensus' on development issues. She recognised the fact that CUTS has been at the forefront of the debate on the trade-poverty nexus. In her opinion:

- MDGs are outcomes not inputs. Domestic policy has to play a

significant role in creating a vibrant private sector and stimulating export growth in order to generate higher economic growth, which would contribute to meet the target of halving the poverty!!!!

- The challenge is whether MDGs are implemented at the regional level. Also civil society needs to own those goals so as to effectively campaign for them.
- These goals have the potential to bring together alliances of civil society and governments.
- They are useful benchmarks to enable monitoring of progress on key development indicators!

Charlotte Seymour-Smith, Head of the India Office of the Department for International Development, UK spoke of the relationship between globalisation and the MDGs and highlighted the need to integrate the concept of policy coherence in order to establish the link between globalisation and poverty-reduction goals.

The 'take home' emerging from the interesting discussion on the MDGs was the keyword 'sustained political will'. After pledging to meet MDGs, policymakers cannot afford to get back to business as usual. Governments have to ensure that policies and budgetary priorities are reoriented towards meeting the targets set!!!!!!

PLENARY II BEYOND JOHANNESBURG

How can both the rich and the poor work towards sustainable development?

Light in the Darkness

"It's difficult not to be pessimistic when looking at the progress of sustainable development at the international level", said **Erna Witoelar**, Commissioner of the UN Earth Chapter, "but there are successful local initiatives that can give us hope as they demonstrate what can be done". There is good news on the sustainable development agenda, she explained, which was shown at the Johannesburg Summit, by the importance of civil society throughout the participatory process. It is not just environmental organisations that are involved in the process now, but NGOs and local authorities too. The consumers are also increasingly becoming conscious of sustainability.

Cloudy Outcomes from the Summit

"Johannesburg demonstrated that there are a variety of regional characteristics, and that the world is not divided into two opposing blocs of the rich and the poor", said **Leena Srivastava** of the Tata Energy Research Institute, India. However, the Summit left us with watered-down commitments and many unresolved issues. She pointed out that both the rich and the poor should be contributing to sustainable development. Philanthropy at the local level is often forgotten, but rich people in developing countries could contribute much more for the welfare of their fellow citizens.

Malcolm Damon, Director of the Economic Justice Network of FOCCISA, spoke of the impact of water regulation on the poor. Water is controlled by public and private institutions, while access for the marginalised has still not improved.

PLENARY IV FROM DOHA TO CANCUN

What should be the strategies for achieving an equitable and sustainable world trading system with global welfare as its goal?

Doha Development Agenda

Pascal Lamy, Commissioner for Trade, European Commission emphasised that the core issue for the future of the Doha Development Agenda is "How should we integrate development into trade policy?"

The three components of the Agenda were market access, WTO rules and trade-related technical assistance. Trade can be important for growth, employment and poverty. However, trade is a necessary but not a sufficient condition for development.

Lamy's Views in a Nutshell: Market Access

He acknowledged that market access was the number one priority for all countries and promised to push for liberalisation of services under Mode 4 of GATS. According to him, "Movement of qualified persons across borders is to be seen in the light of trade and services".

WTO Rules

WTO rules secure market access and increase trade and hence, are a tool for development.

Rules, he said are something good for developing countries so that they can have tailor-made solutions to their problems.

Trade-related Technical Assistance

The good news is that developed members of the WTO and international donor organisations are gearing up to provide support and assistance. The EU was keen to embark on negotiating agreements on maritime transport, textiles and customs co-operation.

Lamy's overall view was that the Doha Development Agenda had the potential to contribute to a more equitable and sustainable world trading system.



L-R: Pascal Lamy and T.N. Srinivasan at the 'Doha to Cancun' Plenary

PLENARY III CRITICAL ISSUES FACED BY THE POOR

What progress has the world made in fulfilling the basic needs of the poor?

Impact of TRIPs on Health of the Poor

James Love, Director of Consumer Project on Technology, USA presented the impact of the TRIPs Agreement on public health, especially the poor. He highlighted the fact that most patents are held by a small number of countries, mostly developed.

Health care – A Major Issue for the Poor

Dr. Zafrullah Chowdhury, a Magsaysay Award winner and health activist from Bangladesh, expressed the need for guaranteed health care for the poor. He identified costly, unavailable or wrong healthcare as the major causes of ill-health amongst them. Chronic, non-communicable diseases are also on the rise. But for a poor country, nutrition is an even more important issue. He argued for actions at the family or community level to reduce infant mortality.

T.N. Srinivasan, Professor of Economics, Yale University, USA, brought to light that between the completion of the Uruguay Round and establishment of the WTO, the number of preferential trade arrangements (PTA) on a regional basis had proliferated.

The EU, he said, was the mother of all Unions and PTAs. It never established compatibility with Article 24 of the GATT! However, he emphasised that he was not in favour of regional trade arrangements (RTAs). He reiterated several times that the multilateral process has to have priority over the RTAs.

PLENARY V WHAT TYPE OF ECONOMIC LIBERALISATION

Are regulatory policies meeting their objectives and targets?

Markets Crucial for Economic Liberalisation

Suman Bery, Director, NCAER, India emphasised that while designing the economic liberalisation policies, following three goals need to be kept in mind:

- Policies for robust investment growth: How can private investments be made to deliver in state-led markets?
- Measures to increase productivity: It is seen that standards of living have a positive correlation with productivity. Rising labour

productivity has seen improved quality of jobs.

- Policies have to be pro-consumers: It is crucial to examine the impact of policies on consumers.

Abul Hasan, Former Foreign Secretary of Bangladesh and Former Secretary General of SAARC identified three factors that hamper growth of South Asian economy:

- South Asian economies suffered from the East India Company syndrome for a long time.
- Institutional framework in South Asian countries is very poor.
- Poverty situation in South Asia is much worse than Sub-Saharan Africa.

R. S. Khemani, Advisor, Competition Policy, The World Bank, Washington DC said:

- For developing countries “catch-up with the developed world is possible at a faster rate than ever before”. This can be achieved by doubling of income in developing countries.
- The long-term prospects for countries in the East Asia and Pacific Region are much better than for countries in other regions.

PLENARY VI CONSUMER RIGHTS AND RESPONSIBILITIES

What should be the consumer policy approach on Genetically Modified Organisms (GMOs)?

Allan Asher, Director of Campaign and Corporate Communications, Consumers Association, UK, said “It is time to put the correct question in place to determine consumer rights and responsibilities”. Discussions on the topic of GMOs must also keep future generations in mind.

Wajahat Habibullah, Secretary, Ministry of Consumer Affairs, Government of India recognised the virtues of GMOs as well as the potential threat to the food chain and spread of diseases that break across species that could result from the use of GM crops. He also alerted people to another threat of GMOs being used as a weapon of terrorism, especially in the post-September 11 scenario.

Rhoda Karparkin, President Emeritus of US Consumer Union questioned the rationale of GMOs and the objective behind their development. She cautioned that GMOs can threaten global food security as farmers might not be able to save seeds and will be forced to buy these every year, making them dependent on multinationals and threatening their security.

Suman Sahai, Convenor of Gene Campaign, India, questioned “Is GMO technology targeting only food crops?” She highlighted the fact that the needs of developed and developing countries are different.

WORKSHOP GLIMPSES

WORKSHOP I Integrating Sustainability into Development Planning

The central message of the workshop for all policymakers was that in order to ensure that sustainability concerns are incorporated into development planning, there is an absolute need for policy makers to involve the civil society. Governments have to reach out to civil society to make their participation real.

The key component of this workshop was that it was represented by speakers from a range of countries – Solomon Islands, South Africa and South America.

WORKSHOP II Privatisation of Public Goods

The contentious issues surrounding the privatisation of public services were addressed in this session. There has been great public resistance to privatisation of these services in many

developing countries, but governments continue to adopt these policies. Two main causes for this were: crisis in government finances which force them to look for money elsewhere, and secondly, pressure from outside. The session also addressed education, another very important public service where the government seems to be failing.

WORKSHOP III Promoting Health for the Poor

Health is an intrinsic part of development, as improved health contributes to economic growth. It also hits the poor hardest, as they have little access to insurance or credit. Great expenditure and reduced expenditure can push families below the poverty line. There is some confusion about the way in which traditional medicine can be brought into policies to deal with the health concerns of marginalised groups.

WORKSHOP IV Reaching the Masses

The presentations looked at how to reach poor people, how to listen to them and how to transform the masses into a force for change. Rizwana Hassan from Bangladesh Environmental Lawyers Association explained how to build up pressure among the people in Bangladesh for mechanisms to prevent flooding and to compensate those who lose their belongings in floods.

Madan Mohan Rao, Secretary, Rural Telecom Foundation, Andhra Pradesh while discussing his ‘Gram Phone Project’ explained how programmes work best when the concerns and priorities of the beneficiaries are heard. M.L. Mehta, Former Chief Secretary of Rajasthan emphasised the need for people’s participation while designing schemes for poverty alleviation.

WORKSHOP V

Livelihood Security: What are the Issues?

Thomas Kocherry of World Forum of Fisheries People, India linked globalisation to livelihood security problems. Arguing the negative impact of globalisation, he said, "Globalisation has nothing to do with the eradication of poverty, it is an attempt to appropriate the natural wealth of all countries".

WORKSHOP VI

Oxfam's Make Trade Fair Campaign

Oxfam believes that world trade can be a powerful force for poverty reduction, the hurdle being the shocking injustice in the world trading system.

Some thought provoking ideas of the workshop were:

- For some developing countries certain sector-quotas are a blessing in disguise for the survival of their internationally un-competitive industries! For e.g. even if the textile industry quotas under the WTO Agreement on Textiles and Clothing are phased out by 2005, is the Indian industry competitive enough to avail of a larger share of the international market?
- It is the responsibility of the national governments to pursue a domestic agenda to build capacity, and improve industry productivity and competitiveness to ensure that basic needs of the poor are met.

WORKSHOP VII

Promoting Effective Governance

Interesting discussions were made by Raju Sharma from National Authority for Chemical Weapon Convention, India on the dynamics of corruption in the Indian Administrative Services on the basis of a study in the state of Uttar Pradesh. Various other case presentations were also made during the workshop.

WORKSHOP VIII

Rethinking Investment for Development

Laveesh Bhandari, IFD Core-Researcher from Indicus Analytics, India, explained that many people in developing countries are apprehensive about Foreign Direct Investment (FDI) as they feel that foreign companies exploited these countries in the past. The solution of this is not to stop FDI from entering a country, but to ensure that a proper regulatory structure is in place.

It was noted that there has been a substantial change in the attitude towards FDI over the last decade, among civil society, bureaucracy and international organisations. These have brought changes in FDI policies. Thus, it is important to take stock of the present civil society attitude towards FDI. The IFD project, being implemented by CUTS, aims to study such investment policies, performance and perceptions in developing countries.



Speakers and Participants at the Workshop:
Rethinking Investment for Development

WORKSHOP IX

Trade and Labour Linkages

Emphasising the importance of labour linkages in trade, P Haridasan, representative of ICFTU-APRO, India said developing countries have nothing to fear from labour standards, as they would have implications only for competition among developing countries rather than between developing and rich countries.

Gautam Mody of Centre for Workers Management, India contradicted his view point and said that international trade, in its existent form, is not fair and the emphasis on labour standards is driven purely by the threat to rich countries of cheap labour intensive imports from developing countries.

WORKSHOP X

Farmer's Rights: Options before Mountain Communities

Farmers have two types of rights, rights by tradition or convention and rights by law. Although it was felt that traditional rights might be more important in certain ways, India and some other countries have made efforts to enshrine certain rights to traditional knowledge in the law. Speakers felt that the poor are completely unaware of India's legislation on plant breeder's rights.

The challenge of conservation of the ecological wealth of remote regions and how those who live in these regions can benefit from them was also discussed. The session was left with certain queries –

- How the mountain regions are so rich in resources, yet the people living there are so poor?
- Who do the property rights belong to?
- How can the farmers in mountain regions benefit from these rights?

WORKSHOP XI

Making Markets Work for the Poor

Case studies, on a conflict between the Government of Bhutan and Hindustan Lever Limited (HLL) were presented in this session. The Ministry of Trade and Industry of Bhutan asked HLL to increase the number of its wholesalers in Bhutan, which HLL repeatedly resisted. It was not until the Government threatened to cancel HLL's

license, did the latter relent to have another distributor.

The moral of the case study was that ushering in competition involves harmonising competing interests, and the resultant friction in the process can be really hard to overcome.

WORKSHOP XII

Trade and Environment Linkages

The workshop provided a platform for discussions among the protagonists as well as antagonists of the debate on linkages between trade and environment. The workshop aimed at improving the level of understanding of both the groups.