



**CUTS**  
International  
Geneva Resource Centre

**Fostering Equity and Accountability in the Trading System (FEATS) Project**

**Summary Report on the Kenya National Inception Meeting**

**A. Introduction**

1.1 Inception Meetings are an important component of the FEATS project. The Inception Meeting for the project was held in Geneva on 16 July 2008. The meeting was attended by representatives of the governments, civil society and research institutions of the project countries. The main objectives of the Geneva Inception Meeting, to kick-start a discussion on the Terms of Reference for the trade policy making study and to establish an Initial Reference Group for the FEATS project, were both achieved. National Inception Meetings (NIMs) were held in October 2008 in the five project countries.

Main Objectives of National Inception Meetings

1.2 Main objectives of the National Inception Meetings were:

- a. To broaden and deepen the understanding of all stakeholders about CUTS International, FEATS Project and the Trade Policy study
- b. To better understand the ground realities of trade and development in the project countries
- c. To establish networks by launching National Reference Groups consisting of all the invited stakeholders (governmental, civil society, research institutions and media representatives)
- d. To discuss and finalize the Terms of Reference (ToRs) for the Trade Policy study, and
- e. To identify key potential collaborators for trade policy research and the FEATS Project

Outputs and Outcomes of National Inception Meetings

1.3 Main outputs of the National Inception Meetings include:

- Summary reports of the meetings
- Lists of stakeholders with contact details
- Final Terms of Reference for the Trade Policy research
- List of potential collaborators for the Trade Policy research and the FEATS project

1.4 As envisaged, there are several important outcomes of the meetings which include:

- Improved understanding of CUTS, FEATS and the trade policy research among the stakeholders
- Establishment of National Reference Groups in the project countries
- Better understanding of the ground realities of trade and development and the needs and perceptions of stakeholders
- Development of a longer term relationship with some of the stakeholders

Key Lessons

1.5 Important insights gained through the NIMs that will be very helpful to complete the trade policy study and to effectively implement the FEATS project are:

- Trade policy making process in the five countries has some common elements. Ministry of Trade is mandated in each country to develop and implement the trade policy in consultation with the relevant stakeholders; formal mechanisms exist to consult the stakeholders; growing recognition of domestic trade and national measures to improve trade-growth-development linkages; and varied capacity of various stakeholders on trade policy issues. Each country also has its own specificities. Uganda and Tanzania have developed comprehensive trade policies whereas Kenya, Zambia and Malawi aim to do that; and capacity of non-state actors to participate and influence the trade policy making and implementation appears to exist in Kenya, is rather limited in Tanzania, and in the other three countries lies somewhere in between.
- There is a lot of interest and substantial understanding of trade issues among many stakeholders. However, the institutional and human resources capacity of particularly non-state stakeholders to continuously and effectively engage in trade policy making and implementation is often limited. Moreover, there seems to be more knowledge and understanding of the international dimension (i.e., related to the WTO and EPAs) than of the national and regional dimensions. Knowledge of these latter dimensions appears to be increasing in recent times (probably due to lack of adequate progress in the WTO negotiations that may have freed up limited resources to focus more on national and regional dimensions). Finally, despite the criticism of some government trade policies by sections of the civil society, there is reasonable communication between the two and the relationship seems to have matured.
- Establishing local ownership will be the key to the successful implementation of the project. This will require close working relationship with selected local partners. However, this is a challenging task for a number of reasons. One, the local partners have limited institutional, human and financial capacities. These need to be supplemented to ensure their committed partnership. Two, there are competitive undercurrents among stakeholders. These should be kept in mind but should not be allowed to come in the way of the effective implementation of the project in collaboration with carefully selected local partners. Three, while the National Reference Groups (NRGs) can play a very important role in energizing the activities under the project and build a robust local base, commitment of some project resources will be required to transform NRGs into dynamic networks with acknowledged value-addition. Use of SMART Charts prepared for the five project countries in consultation with Spitfire Strategies has been very useful in ensuring effective communication with these stakeholders. CUTS is now in the process, through the National Reference Groups, to narrow down the advocacy team for FEATS to fewer but effective members.

1.6 The following pages provide main discussion/deliberation points from the Kenya NIM.

## **B. Kenya National Inception Meeting – Nairobi, 14 October**

2.1 Kenya NIM at Nairobi was quite well attended by 10 representatives from various government ministries, 14 from the civil society and the private sector, 3 from research institutions, and 2 from the media. After the presentations and initial discussion on CUTS FEATS project and the ToRs for trade policy study in the first session, four substantive presentations were made by Elijah Manyara, Deputy Director of External Trade at the Ministry of Trade, Mr. Eliazar Muga, Economist, Ministry of Agriculture, Mr. Christopher Onyango, Assistant Policy Analyst, Kenya Institute for Public Policy Research and Analysis (KIPPRA), and Mr. Peter Aoga, Coordinator, Kenya Civil Society Alliance (KCSA).

2.2 Trade policy in Kenya has gone through 4 historical stages: 1) Import substitution (1960s-1980s); 2) Trade liberalisation through SAPs (1980s-early 1990s); 3) Export oriented policies (from sixth development plan of 1989-93); and 4) Vision 2030 and National Trade Policy (from 2004 to date). Vision 2030 is intended to make Kenya a globally competitive economy, and develop a trade strategy that is coherent. It aims to: i) promote decent, protected and recognised informal trade; ii) establishment of vibrant business supported by well established and functioning infrastructure and social amenities; iii) expansion of Kenyan exports thereby creating jobs and prosperity; iv) transformation of Kenya into a regional services hub; v) enhancement of opportunities and increase in the digital opportunity index from low access of 0.17 to medium access (0.5).

2.3 Currently, there is no comprehensive trade policy in Kenya. This has sometimes resulted in the adoption of ad hoc approaches to face the trade issues, for example, in the WTO and EPA negotiations. The Vision 2030 recognises that trade is vital to the development prospects of Kenya and there are now attempts to develop a coherent national trade policy, which will hopefully emerge during 2009. Ministry of Trade is responsible for the development and implementation of trade policy, in consultation with other relevant government ministries as well as other stakeholders. However, these consultations have not been completely inclusive at all times as mentioned by the CSOs particularly in relation to the EPA negotiations where differences between the government approach and CSO position were quite obvious. Main consultative mechanisms include the National Committee on the WTO (NCWTO) and various issue-specific clusters on EPA negotiations under a separate forum, the National Development and Trade Policy Forum (NDTPF). Unfortunately, these two arrangements are spearheaded by two different departments within the Ministry of Trade and hence are not always well coordinated. The problem of less than optimal coordination among various government ministries is also a result of the lack of a comprehensive trade policy document which should be overcome with the development of the comprehensive trade policy in the next year or so.

2.4 Agriculture contributed 24% to GDP directly in 2006, but another 27% in linkages with manufacturing, distribution and services. Agriculture also contributes 45% of government revenues, 75% of industrial raw materials, 60% of exports and 60% of employment. Therefore, agriculture is one the 6 pillars of the first medium term plan (2008-12) of Vision 2030. The aim is to increase agriculture growth to 10% p.a. by 2012. In terms of development of WTO-related policy, Ministry of Agriculture chairs the National WTO sub-committee on agriculture, and through this consults stakeholders on policy. The agriculture sub-committee is also a member of the wider National Committee on the WTO (NCWTO). The Ministry of Agriculture also chairs the agriculture cluster in relation to EPAs under the NDTPF.

2.5 Different groups of stakeholders have adopted varied methods to influence the trade policy decisions by the government. For example, the private sector has influenced trade policy through participation in standing committees, task-forces and key decision-making organs, lobbying either as individual firms or as associations, and petitions and threats; the donors through macro-economic reforms; grants and loan making; and projects and programmes; the civil society organisations (CSOs) through advocacy, workshops, seminars, media- press conferences, and demonstrations; and the academic and research institutions through research and analysis, Advisory and Standing Committees and decision-making organs. Civil society engagement with the NCWTO has been very effective and civil society has used a wide range of tools to engage with the NCWTO (workshops, papers, formal engagement with the consultations). On the other hand, civil society engagement with the NDTPF across the clusters could not be maintained, and continued only in market access and agriculture areas. One of the main controversies about civil society engagement with EPAs was how civil society could engage with the regional negotiating process, where governments negotiate regional positions. The guidelines only allowed one regional NGO to engage with the regional process, and then they were thrown out for being too oppositional.

2.6 A number of suggestions emerged to improve the trade policy making and implementation in Kenya to ensure its closer linkage with development and poverty reduction. There is room for increasing consultation among stakeholders as there is still unbalanced influence owing to the persistent dominance of the public sector and external participants over the private sector, CSOs and other groups; and consumers do not currently feature anywhere in trade policy-making. The main challenge for NCWTO is that it lacks a legal mandate to play a more influential role. There are also numerous negotiating groups within the Ministry of Trade; these need to be harmonized. Better coherence between the various negotiating frontiers is required. The role of the Parliamentary Committee on Trade, Finance, Planning and Tourism needs to be enhanced. This will assist parliament to play a stronger oversight role, which is of critical importance. Finally, civil society needs training and capacity building to better understand the complexities of trade issues and their implications.

2.7 The points related to the draft ToR for the trade policy study were acknowledged and the ToRs were finalized. All the participants also welcomed the establishment of the Kenya National Reference Group (KNRG) on FEATS and expressed their commitment to participate in the KNRG. This informal, e-mail group will be kept informed of the progress on the study as well as regarding other FEATS activities. Members of the group will be welcome to utilize the group for raising/answering questions and initiating discussions on topical trade issues.

## **C Terms of Reference for the First Policy Study under the FEATS Project**

### **3. Introduction**

- 3.1 Brief economic and trade profile: time series for GDP per capita, growth rates of GDP per capita for different time periods, relative present shares of agriculture, industry and service sectors in both GDP and workforce as well as changes in these over time, incidence of poverty and unemployment over time, exports and imports as a proportion of GDP over time, major exports and export destinations, major imports and their sources, membership of international and regional trading arrangements
- 3.2 Brief description of the main features of national trade policy since 1995 or the time of joining the WTO in order to a) trace out its evolution over that period; b) identify major objectives, sectors receiving attention and instruments used (such as tariffs, subsidies, prohibitions) as well as determine the relative effectiveness of identified instruments; and c) examine the motivation behind trade policy (i.e. whether it is multilateral commitment, regional commitment or unilateral decision)

### **4. National Trade Policy Making Processes**

#### **4.1 Description of the formal national trade policy making process:**

- Who has the main responsibility for trade policy making? Which other government agencies/departments/ministries are involved? What are their respective roles?
- What are the means of eliciting inputs from stakeholders, particularly those not part of the government machinery, e.g., CSOs?
- What are the various stages of the trade policy making process? What is the periodicity and timeline?
- How inclusive is the trade policy making process? How can the inclusiveness be defined?
- Can participation in the process be defined in terms of value-addition which may be a function of capacity?

#### **4.2 Identification of the main domestic stakeholders and description of their roles and influences**

- Who are the main domestic stakeholders (e.g., private sector, NGOs, research bodies and academia, members of parliament, consumers, etc.)? Who represent the main stakeholders in the formal process of trade policy making?
- How influential are the main stakeholders? What means do they use to influence trade policy making in favour of their respective interests?

#### **4.3 Other influences on trade policy making**

- What is the role of international commitments, donors, etc. in national trade policy making?
- What are the formal and informal mechanisms through which the mentioned role is played?

#### **4.4 Identification of both the most influential as well as the least influential stakeholders and the reasons thereof (economic power, social recognition or lack of formal representation in the policy making process)**

- How much is awareness and capacity an issue in the respective influence of stakeholders?
- Why have consumers in particular not been influential?

## 5. National Trade Policy Making: Way Forward for Poverty Reduction and Development

### 5.1 Tailoring trade policy making to respond better to the objectives of poverty reduction and development

- Are there concrete and visible links between trade policy making on the one hand and poverty reduction and development strategies on the other?
- How can these links be established or strengthened?
- What role can interest groups play to improve trade competitiveness, e.g. through addressing customs and transport bottlenecks?

### 5.2 Improving the formal national trade policy making process:

- Is there a need to involve more stakeholders? Do some stakeholders need to be further empowered?
- Would refining the periodicity and timelines of trade policy help in this regard? What should be the changes?
- Are there implementation and action plans? Are these plans adequate?
- How can technology, e.g. internet be used to solicit inputs?

## 6. Trade Policy Making – The Regional Dimension

### 6.1 Brief description of relevant regional intergovernmental organization (East African Community, COMESA and SADC) including facts about date of coming into force, membership, key institutions

### 6.2 Trade policy regimes of relevant regional IGOs

### 6.3 Coverage

- What trade policy issues have been covered under the regional integration agreements?
- What further trade policy issues are to be covered by the regional integration agreements in the next five years?

### 6.4 Process

- What is the formal machinery and process to deal with trade policy issues under the regional agreements?
- What other stakeholders, in addition to member governments, are involved in the regional trade policy formulation mechanisms?

## 7. Examination and strengthening of the linkages between national and regional trade policy making

### 7.1 Relationship:

- What is the relationship between regional and national trade policy making in terms of substance, processes and actors?
- Are the corresponding policy mechanisms mutually supportive and appropriately linked?

- What are the channels used for coordination between national and regional trade policy and are these functioning? How can they be removed?
- What have been the actual (potential) conflicts? What have been the examples of successful coordination?
- Is multiplicity of regional policies due to overlapping regional arrangements a concern and / or constraint for national trade policies?

#### 7.2 Strengthening the linkages between national and regional trade policy making on the one hand and poverty reduction and development on the other

- How can the gaps in coordination between national and regional policy making be removed? How can the successful examples of coordination be replicated?
- How can the synergy between the national and regional trade policy be utilised to bring about poverty reduction and development?
- How to address the issues of trade policy coherence resulting from the overlapping regional arrangements?