

CUTS Centre for Competition, Investment and Economic Regulation (CUTS CCIER)

Mini Retreat | 24 May 2010

- Present:** PSM, SM2, BC, RSG, USM, RK2, CD, VB, RB2, AS5 and SB5
- Purpose:** To stocktake the progress of CCIER's activities over the previous strategic plan period (2006-10), particularly the last one year or so and develop a roadmap to carry forward the activities of the Centre in the subsequent strategic plan period (2010-15) – deriving elements from the CUTS Vision 2034. The output from this exercise would be a draft Strategic Business Plan of CCIER for the period 2010-2015, and identification of key enabling factors to achieve the milestones indicated in the strategic plan.

1. Welcome and Overview – RSG

1.1 RSG welcomed all to the meeting and explained the importance and significance of this pre-retreat meeting. He stated that all centres of CUTS have such pre-retreat meetings and the outputs from these meetings provide inputs for the main retreat of CUTS (scheduled on **5-7 June 2010 in Jaipur**). The centre-wise pre-retreats help reflect on what we have been able to achieve and what we could not – and brainstorm on the reasons thereof, so that the organisation can shape its future better. It also provides an opportunity to all colleagues to contribute towards taking the agenda forward.

2. History & Philosophy of CUTS and History & Rationale of CCIER – PSM

2.1 PSM began with explaining the significance of the pre-retreat meetings (as stated above) and went on to narrate how CUTS began its journey as a consumer organisation, dealing with local consumer issues. He highlighted the fact that this year's Retreat was important as it is the first being held after the organisation celebrated 25 years of establishment in 2008. He added that in order to trace a 'possible' future path for the organisation's next 25 years, a CUTS VISION 2034 document has been prepared. The current retreat would provide an opportunity to discuss the elements of this document and incorporate the same into the future work programme of the organisation.

2.2 PSM narrated the famous 'matchbox scam' as one of the triggers that led to the establishment of CUTS as a consumer organisation in 1983/84. Matchbox was chosen for this campaign because it is a commodity which is as widely used by all as salt is, though there are several other packaged commodities where shortages existed. CUTS filed a case at the MRTP Commission against a multinational matchbox manufacturer in the year 1985 for perennial shortage of matchsticks in their matchboxes, which changed the whole industry picture. The case got wide publicity and thus began the journey of CUTS with the goal of consumer protection not knowing that in times to come its agenda will evolve to its current level. CUTS has been assiduously pursuing its vision of ***Consumer sovereignty in the framework of social justice and equality within and across borders***. CUTS secured its first core support in the year 1988 from Ford Foundation and HIVOS, and a small grant from Oxfam. To accept foreign donations was hotly debated within the executive committee, as it was not something which everyone liked. Initially CUTS worked on consumer protection and legal

literacy projects, mainly awareness generation, with some policy work. For example, CUTS was instrumental for the enactment and strengthening of the Consumer Protection Act (COPRA), 1986.

2.3 July 1991 was the turning point in the organisation's history when PSM participated in the 13th World Congress of International Organisation of Consumers Union (IOCU) now known as Consumers International. In this meeting, CUTS for the first time got exposed to issues pertaining to the Uruguay Round of the General Agreement on Tariffs and Trade (GATT). One of the other important discussions herein was the UN Code of Conduct for Transnational Corporations, which was aborted under US pressure. The trip was supported by the Economic Times and PSM had to file four stories, which enabled him to develop a good understanding of trade and economic issues.

2.4 The discussions at this conference were not fully comprehensible to CUTS. So, the organisation started thinking of ways to address this limitation (of the inability of a southern consumer organisation to understand international policy issues that would potentially have a huge impact on southern consumers). The best possible way was to get acquainted with the agenda and operational plan of the GATT. This was one of the triggers that pushed CUTS to start work in the area of international trade (the GATT culminated into the WTO).

2.5 The other trigger that ratcheted CUTS work agenda was the United Nations (UN) Guidelines on Consumer Protection promulgated in 1985. This provided the impetus to CUTS to lobby for the enactment of the Consumer Protection Act of India – and finally it was adopted in 1986. CUTS had also been working on Unfair Trade Practice (UTPs) issues from its initiation, and a fillip to further continue working on this issue was provided by an amendment in the MRTP Act in 1984, which lead to the inclusion of UTPs into the purview of the MRTP Act. CUTS work on competition policy and law intensified when in 1997 a working group on Trade and Competition Policy was set up under the WTO, with Prof Frederic Jenny as its Chair.

2.6 On investment, CUTS pioneered in the civil society's campaign against the Multilateral Agreement on Investment (MAI) that was being pushed by the OECD countries. At a meeting in October, 1996 in Geneva organised by CUTS and Consumers International, it was able to raise noise with regards the adverse impact such an agreement would have on the south. The campaign snowballed when many CSOs in the North campaigned against the MAI, and subsequently it was aborted by the OECD. Officially, the first death blow was delivered by France, which did not want to liberalise its audio-visual sector.

2.7 CUTS was invited to become a member of the Global Policy and Campaigns Committee on Trade Issues of Consumers International, which helped CUTS take part in various debates on international trade and related issues. In 1994, CUTS launched a civil society coalition called South Asia Watch on Trade, Economics & Environment (SAWTEE) at Nagarkot, Nepal with several CSOs from the region. In 1996, after an UNCTAD meeting in South Africa, the CUTS Centre for International Trade, Economics & Environment came into being, while SAWTEE's secretariat was shifted to Kathmandu where it is now registered and functioning independently.

2.8 Earlier CITEE had two teams – one working on trade issues and the other working on competition and investment issues. Having gained experience as a consumer organisation lobbying for a functional competition and regulatory regime in India, CUTS decided to replicate the model in

various other countries in Africa and Asia. CUTS worked on its first international project with the support of the Department for International Development (DFID, UK) in the year 2000. With the launch of the popular *7Up project* in Africa, came the need for having a separate and dedicated centre to work on competition issues, which led to the birth of CCIER in the year 2003. The 7Up model – research-based policy advocacy through participatory process has been replicated in other countries/regions in Africa/Asia. The 7Up1 project led to the establishment of the CUTS Lusaka office. The outcome of CCIER’s work also led to the establishment of CUTS Institute for Regulation & Competition in 2008, to cater to the capacity building needs in the areas of competition policy and law, economic regulation and commercial diplomacy.

2.9 CUTS has adopted a centrist approach and it has ‘an open to all’/inclusive philosophy. It does not support just one idea or school of thought but is flexible and pragmatic in its approach. The work philosophy of CUTS has evolved with time. CUTS follows a Research, Advocacy and Networking (RAN) methodology in implementation, with the clear understanding that outcomes are more important than the outputs.

2.10 CUTS took great pride in celebrating its glorious 25 years - beginning its operations out of a small garage and gradually spreading into five offices internationally and six offices within India. To mark its silver jubilee year, CUTS organised an International conference on Millennium Development Goal 8 (MDG8), “Global Partnership for Development” in New Delhi in August 2008. The agenda of the MDG8 conference directly relates to the vision of CUTS in the next 25 years.

2.11 The organisation would need to set steps into the future, taking cue from the above-mentioned historical account of its organic growth that has happened over the last 25 years. It is envisaged that the **CUTS Vision 2034** would guide the evolution of the organisation in the subsequent period. PSM asserted that as we go forward, we would need to take cognisance of a number of emerging issues/trends (below) that would determine its future course:

- Overall shift in the power balance where the rich nations will no longer be the only rich countries
- Financial disarray as happened with the fall of Lehman Brothers in 2008 and the recent public debt crisis in Greece and other European countries.
- Reduction in ‘traditional aid’ in the near future – and the need to explore alternative sources of funding support.

2.8 Floor Interventions

RK2: The outcomes/discussions at the Main Retreat should be discussed in each centre, after the retreat. This was agreed to.

BC: About the history of CUTS, BC recommended that all of the CUTS staff should go through the files related to that period to have a feel of how CUTS came into being and what has been its track of progress.

VB: Stated that competition has been an integral part of CUTS agenda since it began work. CUTS was the first consumer group to file a complaint related to Unfair Trade Practice (UTP) to the MRTP Commission.

RSG: Stressed that securing funds from the international donors will be a challenge since the agenda of the donors is dynamic. So, CUTS as a whole should prepare itself to overcome this challenge and this needs to be reflected in the vision document.

PSM: CUTS should now strategise itself by lobbying with the government of India for supporting our international work which would help us access grants.

USM: Suggested that the challenges should be recognised in the Vision Document of CUTS to which PSM responded that if we include challenges in the document that it would give a pessimistic feel about it. So, it was decided to that we could include the challenges in the implementation document (Strategic Plan to operationalise Vision 2034) so that we know what challenges we need to overcome. About the history of CUTS, USM recommended that we could have the history of CUTS in a documentary form on our website, which will be an interesting way to learn about CUTS.

3. CUTS Vision 2034 – SM2

3.1 SM2 began his presentation by explaining that the vision document articulates the vision of CUTS for the next 25 years, and shared the outline of the same.

3.2 CUTS vision of ‘Consumer sovereignty in the framework of social justice and equality, within and across borders’ can be realised only when there are endowments for all accompanied with increasing consumer capability or the buying power. Consumer capability will increase when there is economic equality, which will mean increasing the level of equality in income, availability of equal prospects for all to achieve inclusive growth - growth from which all benefit.

3.3 SM2 explained how issues of regulation and investment would contribute in attaining inclusive growth, how investment rules can be modified to have investments in the basic infrastructure. The burning issue of corporate social responsibility has been identified as a new sphere for CUTS CCIER to initiate projects. This is an aspect that would contribute to one of the key pointers of the time – i.e., achieving environmental sustainability. Environmental sustainability becomes an essential part of the work programme since we need to create a balance between the environmental protection and inclusive economic growth. The context of environmental sustainability can be best looked at from the perspective of responsible investment.

3.4 In the pursuit of growth, the need to maintain self-regenerating property of the environmental resources has been neglected. This is a realisation of the recent times, and CCIER should also contribute into this process. Programmatic areas of CCIER, viz. economic regulation, competition policy, investment and corporate social responsibility can lead to inclusive growth which in turn creates an environment of economic equality and thus the larger aim of having consumer sovereignty is met.

3.5 Explaining the Values of CUTS he spoke about its centrist approach, which creates a balance between the state and the market. It is a research based advocacy organisation, and these elements of the organisation's functions should be properly articulated in project proposals. CUTS has been undertaking outcome-oriented research on policy issues that is 'need based' and almost always with an inbuilt-element of advocacy; consistent with the organisation's approach to producing and using research or evidence. There is a constant effort to link research outcomes with policy processes, thereby contributing to the approach of 'evidence-based policy advocacy'. Both outcomes and outputs form a part of the research-based advocacy process. Research reports, event documents, briefing papers etc, all constitute outputs; while outcomes can also be described from the perspective of policy and practice changes.

3.6 Strategic Planning is essential once the vision document is finalised. This includes planning of projects as per the programme areas that have been devised to achieve the vision and mission of the organisation. Financial planning and personnel will be two essential components of this planning process. Financial planning will require financial targeting and donor mining/mapping. Another key issue would be marketing of our projects/ideas – and the need to package them in the manner that is 'palatable' to donor taste.

3.7 This involves a thorough understanding of current issues and the donor's receptiveness to work on some of them. A considerable amount of time and effort would therefore need to be invested in the 'donor mapping' exercise, which as far as CCIER is concerned has been done in an *ad-hoc* manner. The strategic business plan of CCIER (or any other centre) should be flexible to accommodate changes (in donor sentiment/taste) with time.

3.8 Floor Interventions

BC: Suggested including the assessment of current scenario while planning for projects and also stated that it is difficult to have only 'policy changes' (as outcomes) but definitely 'practice changes' can be brought as an outcome from a project.

RK2: Agreed that outcomes and outputs play a critical role in realising the goal of any initiative – and hence can contribute to achieving the vision of an organisation, better. He suggested that the CCIER SBP 2010-15 be developed keeping in view the interface between donor interest and CUTS CCIER's agenda. He also stated that the project objectives should be packaged and streamlined with the objectives of the donors. Drawing an example from RESA, he reported that energy efficiency/green energy issues are being kept as the focus of the RESA extension project given donors' willingness to support work on these issues.

CD: Suggested that we should assess realistically if we would be able to achieve a certain outcome within the period of a project before citing that in the proposal. It might be better to target an 'outcome' that can be more easily achieved than something that is more difficult. He also stated that there could be some more issues (Core Issues) which might crop up in the future (over the course of implementation of the Vision 2034) and need to be incorporated into CUTS Vision 2034. There should be a periodic review of the SBP (once every 5 years, or so).

VB: Stated that outputs too have a huge significance, and sometimes as experience shows, such their significance is realised outside the project period.

PSM: Stated that Output, Outreach and Outcome, all three Os are very important in bringing about change – and colleagues should understand what they imply in the context of a project.

USM: Said that the project design should have an inbuilt mechanism to measure outcomes, such as Logical Framework Analysis (LFA).

Sometimes, however, it becomes very difficult to attribute a certain (policy or practice) ‘change’ to any particular initiative – which we should all bear in mind. It is not always easy to establish a linear cause and effect relationship!

4. CUTS CCIER Strategic Business Plan 2010-2015 – RSG

4.1 The presentation was based on points derived from CUTS Vision Document 2034 to present way forward for CCIER and develop the CCIER SBP 2010-15. The presentation was segregated into the following parts:

- Drawing the future direction of CUTS CCIER from the Vision 2034
- Salient features of the CUTS CCIER SBP 2010-15
- Outline of the CUTS CCIER SBP 2010-15

4.2 Discussions:

4.2.1 When RSG claimed CUTS as the leading NGO/Consumer organisation at national and international level, the suggestion came that there is a vacuum created by Consumer International as they are not up to the mark of their expected job and BC suggested we should try to emulate them and see if we can play the role of Consumers International (CI) in future. RSG said it is better to do what CUTS is doing at present and make its own identity instead of following some organisation’s work style. PSM supported it saying CUTS has already made its presence felt in both national and international level and that we need not replicate some other organisation like CI. He added that CUTS work has already gone beyond CI and CI should rather take lessons from us.

4.2.2 RK2 commented that CUTS has a strong voice and visibility and thus, it has an advantage over others to do better, than any other organisation. CUTS does not function with the objective of building name or fame but it works on the objective of creating an enabling environment for attaining consumer welfare goals.

4.2.3 BC commented that promotion of consumer rights through sustainable development outcomes is the goal of CUTS and hence of CUTS CCIER.

4.2.4 It was indicated that CUTS CCIER deals with two main types of regulation:

- a) **independent regulation** – which talks about the need for a regulatory institution (like competition authority or the sector regulator) to evolve as an autonomous entity and function independently (but remain accountable to relevant authorities – and the stakeholders);

b) **self-regulation** – wherein we talk about the need for firms to invest in social responsible businesses (responsible business conduct) and steer clear from indulging in market malpractices.

4.2.5 While developing the SBP, there are certain things which need to be taken into consideration. Analysing and learning from the past through the experience gained by completed project is as important as understanding future direction and existing opportunities.

4.2.6 On the section ‘suggested outline of the SBP’, ‘background’ was discussed. It was suggested that SLOT analysis should come just after the background. BC commented that monitoring and evaluation are not same and should be discussed separately. After the suggested outline for SBP 2010-2015, the debate over the size of the SBP cropped up once again. The suggestion made by AK in the previous mini-retreat was to have a concise SBP which should run in about 6-8 pages for readers to maintain their interest in the document. PSM suggested that the SBP should be around 20 pages long, which was agreed.

4.2.7 It was reiterated that the SBP should have yearly targets (opportunities) of projects and revenues – which should form the guiding light for a Centre to pursue within a particular year. There should be a periodic review of this process (of pursuing the yearly targets) – which should form the crux of the discussions at the CCIER Quarterly Mini-Retreats.

5. Opportunities and Challenges (2010-2015) for CCIER in India - USM

5.1 Presentation on ‘Opportunities and Challenges of CCIER in India’ was made in this session by USM. Important points of this presentation were - approaches and tools used; projects undertaken in India over 2004-09; reason for success; opportunities and challenges.

5.2 Three kinds of tools that are frequently used by CUTS are

- Seminars, training workshops, etc
- Media (**relationship building** and dissemination)
- Advocacy (materials: monographs, briefing papers, policy briefs, issue notes, newspaper articles, interviews, quotes/comments etc. and contacts through face to face meetings etc.)

5.3 USM enlisted all the projects implemented in India for the last five years in the programme area of Competition Policy and Law, Economic Regulation, and Investment issues. He suggested some prime reasons why the projects were successful. Based on the opportunities and our strengths he came out with a table where projects that CCIER is planning to undertake over the next five years were presented. Challenges were divided in three major parts: personnel, financial and systemic.

5.4 Discussions:

5.4.1 USM said in the last five years we have not done much work on consumer protection and this is probably an area we should invest more attention in future. PSM refuted this saying in principle, all the consumer protection issues at the national and state level are handled by CART and will continue to be handled by them and CCIER will provide the necessary technical support whenever

required. At international level, CCIER will lead work on consumer protection issues and seek CART's guidance.

5.4.2 RSG suggested that we can take examples from the Haryana Electricity Regulatory Commission assignment and can work on areas like consumer satisfaction survey (as a means to assess regulatory performance). Gathering evidence on Unfair Trade Practices (UTPs) etc. and building consumer voice for addressing such practices can be another issue that CCIER can do further work on. SM2 recommended referring GRANITE framework of CITEE for this kind of initiative. Everybody present supported this idea of cross-centre learnings.

5.4.3 In the context of why were projects successful, SM2 suggested to add one more slide, "What are the things we could have done but we did not do". He also suggested that we could have included one slide explaining why some projects were more successful than the others.

5.4.4 Measurable outcome was presented as one of the prime reasons of success for projects implemented in India. RESA is going to have more visible outcomes compared to 7Up4. RSG reminded that the design and orientation of these two projects is different. While RESA has lot of field work involved in it, 7Up4 has much more desk work, covering research. It came out that CITEE is doing much more field-based work in comparison to CCIER.

5.4.5 In opportunities, investment issues was picked up as one of the emerging sector. BC said there is lot of prospect for CUTS to work on investment policy issues.. RSG added that responsible business conduct or CSR is included in the ambit of investment and that is an interesting area for future work.

5.4.6 Challenges mentioned included personnel (particularly subject-specific experts). SM2 opined that outsourcing is better for CCIER as we work in various domains. CCIER cannot afford to have experts on such a diverse set of issues. PSM remarked that it's CUTS model and that is work methodology in practice from the beginning. We want the best job, so we get it done by the best person in the market and check it internally. USM suggested that CCIER needs a full time Director. In response, PSM responded that both he and SM2 spend much time on CCIER thus it is not such a problem.

5.4.7 About core funding PSM commented that getting core funding is very difficult these days and we have to rather try some other non-traditional donors. Getting funding through implementing contracts can be a way also. It was noted that BC would be the point person for future discussions (and way forward) on all 'funding' matters.

6. Opportunities and Challenges for CCIER (2010-2015) Internationally - RSG

6.1 RSG made this presentation. He started by defining possible future projects/initiatives as 'future opportunities' and attached cost figures to each of them. The future opportunities were segregated as per the programmatic areas and projected over a period of the next five years. The aggregate revenue figures helped making yearly revenue projections, which would be used as the yearly budgetary targets to be pursued by CUTS CCIER. Slides on challenges were segregated into – identification of challenges, relevance of challenges, and possible ways for addressing them

6.2 Discussions:

6.2.1 About the challenge of coordination of intensive projects and giving special attention to Africa, BC suggested to be less ambitious and opined that future might indicate a need to change CCIER's base from Jaipur to Nairobi or Lusaka as per the donor's demand. Donors are getting very choosy about projects and they might raise a question on why operate from India? Therefore, the importance and significance of Lusaka and Nairobi centres becomes crucial.

6.2.2 BC suggested that we should start working on 'competition and growth' as this is an important subject and very few people are working on that subject. PSM suggested CD, SM2 and BC to prepare a proposal to be sent to World Bank on the same lines. SM2 said he will take the lead though it is not very simple as the links between competition and growth are quite tenuous.

6.2.3 As another new area where CUTS can start working is competition assessment in select sectors as this would help make people understand the problems better.

6.2.4 SM2 suggested that when we write any proposal, we should start the narration with the outcomes of the project and then the objective etc.

6.2.5 About selection of partners in projects RSG suggested that we should be more careful in choosing the partners and make efficient use of the existing institutional memory. PSM said this is an inevitable part of the project while recapping the experience of 7Up2. He explained that we can try to be more cautious but many a times we do not have a choice in case of partners.

6.2.6 As of maintaining CUTS USP, it was unanimously decided that CUTS, having an unparalleled track record, is already leading the market. The challenge for the team would be to maintain the standard in the future (as competition becomes intense)

6.2.7 As of funding sources, as the traditional funds are drying, donor mapping has to be conducted in order to explore the possibility of identifying new donors. SM2 suggested that some groundwork should be carried out before approaching the donors. Some tangible objects should be a part of the approach to the donors. BC informed that it is difficult to get funds in the present scenario but efforts need to be made to tap the potential sources. PSM advised RSG and USM to take BC's assistance for donor mapping.

6.2.8 About the lack of staff, PSM commented that the responsibilities need to be shared. Since every project has got its project specific requirements, it was suggested to segregate staff as project staff and programme staff. PSM supported the idea of having project-specific staff recruited and requested this information to be passed on to the HR. He also suggested advertising in internet job portals.

6.2.9 PSM suggested fluctuations in exchange rate to be highlighted as a major challenge and we should start thinking internally on how best to address this issue.

7. Action Plan to Address Opportunities and Challenges – Findings of Group A (National) and Group B (International)

7.1 This was the most interactive session where participants were divided in two groups where one group with USM, RK2, VB and RB2 presented opportunities and challenges at the national level; and the group with RSG, CD, AS5 and SB5 did the same at the international level. While in the national level group RK2 took the lead to make the presentation, SB5 did the same in the group on international level.

7.2 Discussions:

7.2.1 USM opined that we do not have a strong media network and this is one area where we have to work. Everybody supported the idea; RSG suggested that we can have meetings with media persons over tea once/twice a month (in Jaipur and/or Delhi). This exercise is going to be fruitful as we need more attention of media to highlight our work and push our advocacy agenda.

7.2.2 Addressing the challenge of inadequate human capital, PSM remarked that the current staff strength is the ideal size for the team and if we have any more additions it might be difficult to manage. Besides, we have sufficient quality experts. PSM and SM2 devote considerable amount of their time on CCIER issues; and with BC back to the head office, CCIER team will become stronger. PSM stated that there is a need for proper time management by staff. BC added that sharing the responsibility properly and effective delegation is the key to address this problem.

7.2.3 The issue of core funding has already been discussed above and it was once again reiterated to improvise ways of securing funds and seek BC's help in this.

7.2.3 One additional challenge was proper personnel planning. According to the group, we need to have more frequent discussion with both finance and HR in order to develop an appropriate and effective personnel plan – that would enable us to effectively implement the CCIER SBP 2010-15. Another issue related to personnel was employee motivation. Various motivational techniques were discussed. It was felt that monetary motivation is not the only way to do this and there are several other ways. Appreciation for a good job is also motivation for an employee and PSM asked everybody to learn that skill. SM2 added that if an employee is unable to live up to the organisation's expectation from him/her, it should be criticised as well. Other ways like capacity building, training, exposure, etc. were also discussed.

7.2.4 It was felt that we have a limited number of field based projects and we should explore ways of enhancing field-research in projects.

7.2.5 The need of proper *Communication and Advocacy Strategies* was felt and constructing messages depending on target groups came out as a way forward.

7.2.6 It was also discussed that CICER should have a weekly planning meeting on every Monday for half an hour (at the start of the day) to discuss individual workplan for the rest of the week.

8. Concluding session:

8.1 Finally the meeting came to an end when PSM thanked everybody for attending the meeting. He reiterated the importance of the meeting and hoped that it would guide the future activities of CCIER. In addition to that, it is also an extremely important capacity building exercise for all, especially those who are new.

This marked the end of CCIER pre-retreat meeting, 2010.