

## Minutes of the CUTS CCIER International Advisory Board Meeting

Dakar, 07 August 2010

### **1. Participants**

#### IAB Members

R. Shyam Khemani (RSK), Philippe Brusick (PB), Eleanor Fox (EF), David Lewis (DL)

#### Absentees

Fred Jenny, Allan Asher, Allan Fels, Cezley Sampson, S Chakravarthy, S L Rao  
George K Lipimile, Gesner Oliveira, Mona Yassine, Robert Anderson, Simon J. Evenett  
Scott Jacobs, Wang Xiaoye, Taimoon Stewart

#### Special Invitees

Susan Joekees (SJ)<sup>1</sup>, Peter Njoroge (PN), Peter D'Souza (PD)

#### In Attendance

Pradeep S Mehta (PSM), Rijit Sengupta (RSG)

### **2. Report**

2.1 This meeting of the International Advisory Board (IAB) members was held on the sidelines of the 7Up4 Final Conference, organised by CUTS on 6-7 August 2010 in Dakar, Senegal. The Advisers met twice on 7<sup>th</sup> August (once during lunch and then after the conclusion of the event) in order to discuss an Action Taken Report (ATR), which formed the basis for the discussions in this meeting. The ATR summarises actions that have (or have not) been taken by CUTS in response to suggestions made by the IAB in previous meetings. It focuses on certain topical issues that CUTS have been undertaking or is likely to undertake projects on (both within and outside India).

2.2 PSM welcomed all participants to the meeting and thanked them for their continued support and guidance to CUTS CCIER.

2.3 Competition and Sector Regulation: RSK suggested that CUTS should undertake research and build a compendium of different 'successful' approaches to deal with issues at the interface of competition and regulation, from various countries across the globe. An analysis of the 'emerging lessons', would be extremely useful for countries with young agencies who are grappling with this issue. He indicated that PPIAF of the World Bank can support such research up to an amount of US\$ 50,000. PSM responded that CUTS has earlier got support from PPIAF for developing the Strategic Business Plan (SBP) of CIRC (CUTS Institute for Regulation and Competition). However, such support was not provided to CUTS directly, but to a third party (Ernst&Young, India), who developed this SBP. RSK offered to assist CUTS in getting in touch with the appropriate official at PPIAF, so that such a research proposal can succeed.

---

<sup>1</sup> Susan joined this meeting briefly, during the discussions at lunch

2.4 Competition Policy and Consumer Welfare: PN strongly recommended that CUTS should try to develop a volume with cases (of lack of competition/anti-competitive practices having a direct impact on consumer welfare) collected from Eastern and Southern Africa on this issue. RSK suggested that CUTS should try to meet Peter Ladegaard based at International Finance Corporation (of the World Bank Group) office in Nairobi, as he might be interested to support such work.

2.5 Regulatory Impact Assessment (RIA): David Lewis (DL) felt that CUTS should focus on competition policy and law issues, and not divert its energies on regulatory policy issues. PSM responded to DL by clarifying that CUTS interest on regulatory policy is driven by the organisation’s pursuit for promoting competition in key sectors and protecting the interest of poor consumers. PSM gave the example of Consumer Impact Assessment (CIA) – an approach that CUTS would be applying for studying the impact of regulatory reforms in key sectors (like telecom, electricity, etc.) on consumers in India. It was suggested that projects that CUTS undertake on RIA in the future would need to be focussed on ‘the ability of a specific regulatory policy’ in promoting competition in specific markets.

2.6 Regulatory Policy issues: PSM gave the example of the Quality of Regulation (QoR) research project being undertaken by CUTS, and the fact ‘competition’ is being used as one of the criterion for assessing the quality of a specific regulatory policy/institution under this research project.

2.7 Competition, Informality & Growth: RSK asserted that this is an area that should be a priority for CUTS research in the future. CUTS have been (and would continue to be) actively engaged with competition related work in countries that are characterised by a large informal sector. So it would be extremely useful to assess if competition can be introduced in the informal sector in these countries and/or if that would be beneficial for the players and consumers. RSK suggested that we read a paper by Ahmed Galal<sup>2</sup> on the informal sector in Egypt (*The Economics of Formalisation: Potential Winners and Losers from Formalisation in Egypt*), as that would give us the base for further thinking in this area. Agreeing to RSK’s suggestion, DL added that CUTS work in this sector should also touch upon ‘informality and the implication for competition regulation’.

2.8 Competition and Corruption: PN asserted that it is important that CUTS adopts an appropriate working definition of ‘corruption’ before starting projects in this area. DL added that it would be extremely critical for CUTS to keep the scope of such a definition (and CUTS work programme in the area of corruption) fairly narrow. He gave the example of *bid-rigging (and bid collusion)* and indicated that this would be the ideal topic for CUTS to do some further work on. PD was curious to understand what value-addition would such work undertaken by CUTS do. PSM responded that research undertaken in this area would be followed by public education and advocacy to stimulate

---

<sup>2</sup> Ahmed Galal is Executive Director & Director (Research) of Egyptian Centre for Economic Studies. He has also worked with the World Bank as a Private Sector Development (PSD) Adviser

actions by Competition Authorities. RSK felt this is actually a priority area of work for CUTS.

2.9 *Competition and CSR issues*: There was some difference of opinion among the participants about whether CUTS should work in this area in the future. DL suggested that CUTS can undertake some research to search answers to a fundamental question, ‘*How competition compliance can help firms better achieve CSR objectives?*’ RSK indicated that CUTS can do some advocacy, particularly with the CSR Unit of the World Bank, pursuing them to include ‘competition assessment’ as a part of their process to assess CSR compliance. PB brought to the fore the fact that many big firms have also used CSR practices to gain a position of dominance. PN was not convinced that this could be an area of priority for future work of CUTS. It was agreed that CUTS can do some work in this area, but definitely not consider it as a priority at the moment as against some of the other issues that have already been discussed

2.10 *Competition and Private Sector Dev*: All the participants unanimously felt that this is too broad a subject for CUTS to get involved with at the moment, and suggested that CUTS should focus on the other areas discussed in this meeting.

2.11 There was a lot of discussion in the section of the ATR that dealt with ‘critical issues for the future’. Some of the key points have been noted below:

- EF suggested that it would be extremely useful to revisit the *7Up countries* – and look at the current state of play as compared to the suggestions/processes that had emerged from the *7Up projects* undertaken in those countries. She added it would be extremely interesting to gather the ‘common lessons’ from the *7Up projects*; and to see what the competition authorities have been doing (or not doing, that they ought to have done)
- RSK indicated that it would be useful to see what has the governments (and competition authorities) done with the suggestions/recommendations that were made by the *7Up projects*. What have been the challenges for them in implementing these recommendations/suggestions? (then, arrive at certain ‘Benchmarks’ on the basis of this exercise). PD said that an appropriate ‘set of criterion’ should be developed and used for choosing the countries for such an assessment. He added that CUTS should devise some sort of a mechanism to ensure that it maintains close contact with its partners and the stakeholders, after the completion of the *7Up projects* (in order to ensure that the momentum on competition reforms is sustained even after the project concludes)
- PN suggested that it would be extremely useful if CUTS could involve itself in undertaking ‘needs assessment’ of the various competition agencies (in countries where the organisation has worked), which have been established in Africa over the last 10 years or so (a period when CUTS have also been extremely active in the continent)

- PD indicated that CUTS should make an effort to ensure how research can lead to more pointed advocacy
- RSK asserted that CUTS should not embark on any and every project, if it is not sure whether CUTS would be able to achieve the ‘anticipated outcomes’. He agreed that it is not always easy to differentiate between ‘outputs’ and ‘outcomes’, and that it really depends on the ‘objective’ of an assignment
- All the participants felt that the process of engagement with the IAB undertaken by CUTS was sufficient at the moment.

2.12 PSM thanked everyone for their active participation in the meeting.

---