

A Mid-Term Review of the Southern African Trade Research Network

Reviewer: Peter Draper
Research Fellow: Development Through Trade
South African Institute of International Affairs

Date: March 25th, 2004

1. Background

This report is compiled in accordance with the contract entered into between the IDRC and SAIIA, per Lee Kirkham's letter dated 10th December, 2003. The objectives of the review are restated below, following which the rest of the report discusses key findings.

Core objectives were to:

- a. Examine the performance of the project to date, with reference to its activities, outcomes and institutional structure;
- b. Give an assessment of all aspects of the SATRN project as presently constituted, including the relative weight to be put on different project objectives, internal governance of the project, level and composition of the staffing of the project and the institutional arrangements that support it;
- c. Suggest to the Senior Reviewer, taking all the above factors into account, practical ways in which the project may be improved in its subsequent phases.

A more detailed set of issues for review was appended to the contract, and were used to guide interviews conducted.

2. SATRN's Objectives

Based on my review of the project documents, reports of IDRC officials and the SATRN coordinator, it is clear that the project was conceived to support SADC countries' participation in the global trading system, with particular (but not exclusive) reference to the World Trade Organisation (WTO).

Flowing from this three specific objectives were identified:

- a. Improved policy analysis based on needs articulated by the region's policy community;
- b. Capacity-building in the region's research and policy communities;
- c. Training for officials involved in the WTO process.

Based on this, the first task of the review, as I saw it, was to assess whether these objectives have been met or will be met. This is assessed first. Next structural constraints within which SATRN operates are discussed. Then I assess SATRN's governance and institutional structure, together with staffing issues. Following this I revisit SATRN's focus given the changing regional context. I conclude by re-stating the core recommendations developed in the analysis.

3. Have SATRN's Original Objectives Been Met?

It is clear from interviews conducted that there is widespread dissatisfaction on this score. Frequently voiced criticisms include the following:

- a. The research output has been low, and of dubious quality;
- b. The network is poorly administered, particularly in its research generation dimension;
- c. The network is dominated by outsiders from international institutions, resulting in regional researchers being marginalized;
- d. Whilst the network has succeeded in attracting the patronage of WTO Ambassadors, capital-based officials are not sufficiently involved.

Clearly there is a general perception amongst network participants that the network has failed to achieve its objectives. Let us take each issue in turn.

My analysis of all research generated to date supports the generally held view cited above. Specifically:

- Published output has been scarce and the quality is generally weak;

- it has been generated by a thin base of researchers (largely from BIDPA);
- topics covered are not sufficiently diverse to address all of the needs identified in the coordinator's (admittedly ambitious) technical report.

In mitigation, there are a number of unpublished research outputs, particularly relating to regional services industries, which point to a critical mass possibly being developed. Even so, the coverage is narrowly focused and the quality variable. Yet it is true that there are major constraints in generating research regionally. In this light the coordinator's decision not to draw on research expertise available in South Africa was brave, given the degree of effort required to build capacity in the rest of the region. In my view this decision should be revisited.

Concerning the interaction between researchers and policy-makers it is clear that there are problems. However, a proper assessment of this issue needs to address the question of who actually determines SADC countries' WTO policy. This is discussed in greater detail in section 4.

So a closer analysis suggests that a more nuanced conclusion is necessary.

4. Structural Constraints

SATRN was conceived as a network. Yet a network is only as reliable as its partner institutions. One problem here is that several participating institutions are state-linked, and as such respond to domestically-driven concerns. So it is difficult to capture their attention for active participation in a regionally-focused operation. Another problem is that the region itself is not cohesive. If the SADC secretariat was strong and in a position to drive regional trade issues, then this constraint could be overcome. However, for reasons which I return to in section 6, these conditions do not obtain, on top of which questions are increasingly being asked about SADC's longevity.

The question of capacity in the regional policy community is a vexed one. Generally, government departments of trade in the region do not function efficiently, and are overstretched. Furthermore, there does not seem to be a culture of knowledge-appreciation such as is to be found in the OECD. This may be as much a symptom of stage of development as it is of capacity. Consequently, it is difficult for even relatively well-resourced research organizations to build partnerships with capital-based officials.

So when it comes to the WTO, it is clear that Geneva-based diplomats are in positions of great influence considering the limitations of capital-based departments. Consequently the coordinators' decision to target WTO

Ambassadors is, on balance, appropriate given these constraints. And it points to the need to take a long-term approach to building interactions with capital-based officials.

Similar problems obtain in the regional research community. Knowledge of and interest in trade negotiations outside the confines of weak trade departments is scarce. University and NGO infrastructures are weak outside of a few relatively well-funded state-sponsored institutions such as BIDPA and NEPRU.

Consequently a genuine capacity-building approach should have a 10 to 20 year time horizon. However donors generally operate on project cycles of 1 to 2 years, which does not lend itself to such an approach.

In light of this the coordinator's decision to draw on outside expertise is entirely understandable. My own experience, as a relatively privileged trade researcher (being South African) with policy-making experience (having worked in the dti) is that the contributions made by these experts at the SATRN symposium in Maputo were very useful. So clearly their involvement is generating deeper understanding of trade policy issues; but it will take time for this to filter through to a wider regional audience.

Furthermore, whilst it is undoubtedly true that the symposiums have not yielded regional researchers conversant with the issues, it may not make sense to combine shallow regional inputs with deep and intensive external inputs in one forum if the intention is to influence policy makers (primarily WTO Ambassadors).

Rather, the capacity-building stream should run separately, but benefit from occasional intensive external inputs. And it should be focused on building capital-based capacities, under a long-term approach.

5. Governance Issues

SATRN was originally conceived as a TIPS project. This arose from two considerations:

- a. TIPS had been very successful in mobilizing a South African network of researchers and constituted a stable institutional base from which to operate;
- b. TIPS's then Executive Director was actively involved in trade policy issues and would mentor the SATRN coordinator.

Furthermore, for reasons pertaining to political sensitivities over South Africa's role in the region it was decided to base the project at BIDPA in

Botswana, with the SATRN coordinator being accountable to TIPS's Executive Director. Given this structural relationship, and the good working relationship established between TIPS's Executive Director and the SATRN coordinator, governance issues were not a problem in the initial project phase.

Matters clearly changed once leadership changes occurred both at BIDPA and TIPS, in the process generating governance issues that came to bedevil SATRN's functionality.

Arguably of most importance is the question of accountability. Currently, it is not clear to whom SATRN's coordinator is accountable. Technically, SATRN is funded through TIPS, as a TIPS project. But TIPS itself is changing, moving towards a more sectoral rather than trade-policy focus in line with the new Executive Director's background and interests. Meanwhile SATRN has matured, albeit imperfectly, and is currently in a position to operate more independently.

These changes were thrown into sharp focus recently during the cash flow problems generated in the transition process arising from the recent change in TIPS's leadership. It seems that BIDPA was obliged to "carry" SATRN financially as contracts were reviewed and finalized. This generated hard questioning about accountability on the part of BIDPA's Executive Director, who had to account to his board for these expenditures but could not clearly indicate how SATRN related to BIDPA, nor the value TIPS is now adding. Furthermore, questions are being asked about the way in which the coordinator decides on which projects to pursue and which researchers he employs. It may be that the coordinator is marginalizing both BIDPA and TIPS, in particular. Yet within such unclear governance structures, to the extent that this is true it would not necessarily be surprising. Again, it points to the need to establish clear governance structures.

So whilst the SATRN coordinator is employed as a BIDPA researcher, under the SATRN project he is not accountable to BIDPA's Executive Director. Yet the coordinator is of the opinion that the network has organically outgrown the need for the relationship with TIPS, a view held by some other interviewees and certainly shared by BIDPA, whilst TIPS itself seems to be undergoing a change in focus.

This clearly points to an urgent need to address the issue of accountability. For as long as these conditions obtain and wrangling over contracts continues, it will be extremely difficult for the coordinator to conduct his work effectively.

Staffing

I agree with the senior reviewer's (Heba Handoussa) recommendation that SATRN be given the autonomy and level of resources required to develop a strong institutional base for the programme. In the area of staffing the most glaring problem is that SATRN's coordinator is employed as a BIDPA researcher, and is contractually obliged to spend only 30 percent of his time on SATRN. Assuming that this relationship has been in existence since SATRN's inception, it would go a long way towards explaining SATRN's poor research record.

SATRN's assistant is also a BIDPA employee, who works part-time on SATRN and otherwise on other BIDPA work. However, this is not necessarily a problem given that SATRN's work is "seasonal" and driven by various events that are being organized from time to time.

Assuming the governance questions are effectively addressed, attention should be paid to employing a research coordinator to focus on the core research programme with a view to building it up. This would free the coordinator up to concentrate on building the network and integrate regional policy-makers more systematically into it. However, for as long as the governance questions are not resolved it would not be wise to take on extra people, as this could lead to demotivation and underperformance.

6. The Question of Focus

The WTO focus is entirely appropriate and, given that the original objectives have not been fully met further work is required to build the network to support policy formulation in this arena.

However, if SATRN's capacity can be enhanced, subject to resolution of the governance issues, then more attention could be paid to regional issues. Specifically, two inter-linked sets of issues are occupying policy-makers' attention:

- a. Bilateral FTAs are becoming more important, driven in particular by the South African government;
- b. The European Union's Economic Partnership Agreements process will increasingly dominate the regional agenda given the importance of EU export markets to the region;
- c. External actors, in some cases through FTAs with the Southern African Customs Union (SACU), will increasingly incorporate the region (notably the US through its FTA with SACU and extension of AGOA);
- d. The future shape of regional trading arrangements will be determined to a significant extent by these developments, but also by the potential expansion of SACU.

So there is much on regional trade policy-makers' minds beyond the WTO. SATRN is ideally placed to assist the region in thinking these matters through, and in conducting technical analysis to support emerging discussions.

7. Recommendations

The following recommendations, developed in the text, are restated here for convenience:

- a. Revisit the coordinator's decision not to draw on South African resources and expertise. South Africa is a key part of the region, and has much to offer through its established university and "think-tank" infrastructure. Thought should be given to methods of harnessing this potential to the regional cause, in a manner designed to minimize political sensitivities over South Africa's perceived dominance in the region.
- b. Take a long-term view to developing regional research capacity. As noted in (a) this should involve South Africa institutions too. In this regard I agree with the senior reviewer's recommendation that young economists be targeted and nurtured. This could be done through provision of scholarships and establishment of internship programmes. However, given the considerable array of scholarships available in the region from various sources, my view is that SATRN should focus on establishing internship programmes with government departments of trade. That approach would build policy-awareness in the research community, and would also help to promote "buy-in" to the research agenda from the policy community. It would also assist in establishing a regular flow of well-trained young researchers into government.
- c. Take a more strategic approach to developing policy-relevant research. Generally speaking government officials have scarce time, so when they participate in workshops they want to gain maximum knowledge in as short a space of time as possible. Therefore, whilst researchers would find it useful to obtain critical feedback on their work, if their work is not at the cutting edge and therefore useful to policy-makers the latter are unlikely to be willing to give much of their time. Based on this standpoint, it would be sensible, in my view, to take time in preparing proper research inputs for presentation to policy-makers. The two do need to be brought together periodically, but in a more strategic fashion.
- d. This highlights the urgent need to develop the research agenda. That, in my view, and in light of SATRN's difficulties in developing a research programme, necessitates appointing a full-time research manager responsible for nurturing the research and advocacy agenda.

- e. However, this should not be done until SATRN's governance problems are sorted out. The resolution to this question lies in making SATRN institutionally independent in the medium term. The precise mechanisms for achieving this lie outside the remit of this report. For example, one key question is whether BIDPA is the right place to house SATRN (why not another regional organization?). Another is whether SATRN should not be set up as a fully independent NGO.
- f. Finally, SATRN's mandate should be explicitly broadened to include the regional integration agenda as an equally important focus area on a par with the WTO.