

External Review of Project # 104010
Competition, Regulation and Development Research Forum (CDRF):
Competition and Regulatory Implementation Issues in Developing Countries

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Executive Summary

Main findings:

- CDRF produced useful research outputs. While lessons are many, CDRF has been able to focus on the major elements necessary for a working competition policy.
- Dissemination thru symposium, policy notes and the web has been effective, but still limited. Hopefully more could be done in the future.
- It is difficult to judge how much capability building and devolution of research to local researchers has been done. Nonetheless, the participants who responded appreciated their involvement, and with available funding, are willing to do further work on competition policy.
- There has been little or no influence on public policy.
- On paper, the CUTS process seems to be systematic and effective, with deliverables produced as planned. However, there is a question about the formation of, and the interaction with, the Advisory Board. A number of those named in the Advisory Board were not clear about the capacity of their involvement in the project. Interface with the members were done mainly thru email. While this may have worked in producing good and useful outputs in the first research cycle, especially with the active involvement of Dr. Evenett, whether this could be replicated is not assured, and may prove more difficult in a succeeding research cycle.
- One cannot overemphasize the crucial role of competition policy and the need to continue research and information and education campaign.

In general, in terms of its research objectives, while the quality of research papers varies, the CDRF project was able to produce useful research, and has adequately fulfilled expected outcomes. The success of the symposium is a good indicator of how well the project has contributed to the discussions and research on competition policy issues. This is also my own assessment upon going over the CDRF research outputs. Although many research questions would remain, especially about specific implementation issues, I think the project has produced studies that could guide policy makers in formulating and establishing a workable

competition policy. For example, it was able to cover three major areas that are crucial to understand if a government were to undertake competition policy reforms.

While lessons are many, CDRF has been able to focus on the major elements necessary for a working competition policy. First is with regards to the conditions necessary for effective competition policy. This relates to political will, need for public advocacy and good regulatory framework. On the latter, although there is no “one size fits all” policy, a recurring finding in the studies is the need for an independent authority. Different countries would have different initial conditions and institutional endowments, and establishing a truly independent authority could be extremely difficult and intractable. This leads to the need to identify constraints impeding the adoption and proper implementation of competition policy, especially in developing countries. In this regard, the project has been very helpful in identifying, clarifying, and summarizing seventeen areas of constraints. Worth highlighting are the following: capacity constraints and lack of basic institutional infrastructure, constraints to establishing real independence of the regulatory authority, “unsynchronized regulation” resulting from multiplicity of regulation and jurisdiction, and regulatory accountability. Finally, it provides helpful insights about the prioritization problem—the factors to be considered, and possible framework that could guide policymakers.

In addition to these major findings, the project presents very useful methodologies for measuring quality of regulation and independence, case studies and best practices, as earlier mentioned. The project also has a study on the impact of technical assistance, *e. g.* what factors make it more efficient.

The emailed interviews conducted, in general, showed a favourable assessment as well. Five out of 11 research contributors responded and all provided detailed and mainly very good feedbacks about the results of the CDRF project, in terms of learning from the project, networking, review mechanism, and the quality of research and discussions. There were also very favourable assessments from peer reviewers and contacts from the academe. Still, there are a few non-committal responses, with three respondents saying they have no awareness of the CDRF. (See Tables 1 and 2)

However, what is a little more worrisome is the response (and/or lack thereof) from members of the advisory board of the CDRF. Only three of the eleven email recipients from this group responded to the email. In addition, the responses were a little puzzling. One did not feel close enough to the project (although she found some papers useful & thought the process of constructive review is good). Another was aware of CUTS but not CDRF. The third thought he is supposed to be a member of a steering committee in a CUTS project but was unable to go to launch meeting. (He was not on the CDRF list.) He had little awareness of the CDRF output.

Further communication from CDRF management team about the process involved provided some insight. Project meetings, about inception and selection of projects, review of outputs, were done mainly thru the internet. This significantly cuts costs, and with efficient and knowledgeable in-house research management and sufficient guidance from a main adviser, this need not necessarily compromise quality. The outcome though is that very little or no involvement was actually provided by some (if not most) of the listed members of the committee. Though I am unable to generalize, since repeated emails solicited only 3 responses, there appears to have been no formal arrangement made with, nor launching of members.

I think the participation of Dr. Simon Evenett has made up for the lack of inputs from the advisory committee. CUTS respected his views, gave him free rein in “*any academic judgements*” and concentrated only in tasks it is good at (which is in organizational aspects and networking). In addition, a review process is undertaken, thru CDRF networking and technical workshops held to ensure quality of outputs. Dr. Evenett’s participation together with the review process put in place has been key in assuring the quality of research in the project. Nonetheless, one could not help but wonder if such a process and procedure for a subsequent cycle could replicate the outcomes of the first cycle.

The CDRF project has not seemed to have done much in terms of influencing public policy. Interview with the CDRF management itself reveals that not much inroad has been made in this even in the case of India where the CDRF is located. This is not unexpected. For many countries, the idea of competition policy is still new, and if ever, the implementation is still in the nascent stage. The main objective of research is not so much to influence policy but to contribute to the debate, inform and educate the public and hopefully help the political process attain optimal outcomes. Indeed, India is fortunate to have a vocal and visible civil society group like CUTS which is promoting competition policy objectives, which is lacking in many other countries.

The success of the CDRF would be more complete and farther reaching if this led to sustained effort and some devolution of research activities, especially by participating researchers in their own countries and institution. Further email interview with contributors reveals this to happen in some cases. It is encouraging to actually receive some feedback to this effect, even if there were more non-responses to the inquiry about further work.

Finally, what could be the next steps for the CDRF project?

The first cycle focused on political and governance constraints. What has come out very clear from first cycle is the need to address how policy and administrative reforms are to be undertaken—e. g. why was it difficult, how to encourage 'buy in' from policy makers and stakeholders. There are still so many questions that need to be answered in the terms of understanding competition policy and regulation, and the appropriate policies and regulations

that would work for particular circumstances. While implementation issues are crucial, good implementation starts with good policy. In many cases, it is still not clear what the right policies and regulations are, especially those suited to a developing economy. More case studies are needed. Support should continue for research activities and capability building. The momentum and interest should be maintained and the interest should not be lost. The project highlighted the importance of policy advocacy. Indeed, there should be sustained efforts towards this end

Hence, for the next steps; the activities could include:

- Studies to cover more countries.
- In terms of issues and research areas, the next research cycle could focus on:
 - Study of countries with new competition policy and law to highlight the needs assessment further, the stumbling blocks, the success stories in search for best practice
 - Another area, which can be related to the first, would be research on the quality of regulation. Competition policy, specifically with respect to anti-trust law enforcement, requires so much more capability and institutional building. On the other hand regulatory reforms would have more immediate, visible and possibly larger impact.
 - Assessing the costs and serious adverse effects of lack of rational competition and good regulation

The CDRF Team, for its part, has outlined its proposal for the next cycle. Basically, the team proposes to establish a working group (composed of governance/political economy experts) on the political economy of competition and regulation in developing countries to move forward the outputs of the first research cycle. However, it should come up with a more detailed project proposal that would provide more specific focus, and identification of tasks.

Lack of capability and institutions is, in the end, the weakest point in the political economy of reforms. The building of capabilities and institutions, along with information and advocacy, are essential prerequisites. The next cycle should address this if not directly, at least, indirectly, by providing inputs like the proposed indicators and measurements.

In any case, a lot of good quality research has been produced in the first cycle. At the least, there should be wider and more intensive dissemination of the 1st research cycle outputs. In most of the studies, further simplification and highlighting of findings could come a long way.

Finally, a logical question that must be looked at is the possibility of hosting the second cycle in another country. One of the logical next step is to increase country coverage. There are advantages to engaging another institution with similar strength as CUTS, and possibly other niches.

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Final Report

1. Objectives of the Review

The overall goal of this review is to provide an assessment of the project with a view to identifying the lessons learned. The specific objectives of the review are to:

- Assess the achievements of the project in terms of the expected outputs as well as, to the extent possible, the expected outcomes or intermediate outcomes.
- Review the development of the project and the strategy of CUTS in assuring quality, building capacity, raising awareness, and influencing policy.
- Comment on the operational structure of the project in terms of effectiveness, governance, and management.

2. Some Introduction

For some time now, with rapid developments in technology and growth in production networks amidst the reduction in trade barriers and greater factor mobility, competition policy has been taking center stage in various international fora and research activities. Early on in the international discussions, the main concern has been the link between competition and trade, how domestic competition policy measures restrict market access. But since the state of competition is at the heart of any market economy, research activities and discussions naturally shifted to embrace a broader view of how competition policy impacts ultimately on the country's economic development.

Efforts in various activities have been initiated at all levels – from multilateral, to bilateral, down to local endeavours. Multilateral agencies, notably the World Bank, UNCTAD, OECD and ADB, and donor agencies, *e. g.* IDRC, USAID, AusAID, Japan and EU have allotted resources to sort out the issues, supporting research, dissemination and information exchange and capability building and training in competition policy. Local institutions across the globe have put in their share as well, in recognition of the crucial and pervasive role of competition.

These efforts resulted in many significant outputs – from framework studies, methodologies to sector and case studies to training, etc.

And while attribution is difficult to make, there is no doubt that all these efforts have contributed to the better understanding of the need, the nature, problem, and issues surrounding competition policy. Indeed, it is not mere coincidence that during the past decade, more countries have passed competition laws (or enacted new ones) than the previous century has seen altogether.

Nonetheless, so much more needs to be done. There is a long way from instituting competition policy (and law), to its eventual effective enforcement and administration. For many, competition policy enforcement is in its nascent (if not pre-nascent) stage. Due to its very comprehensive and pervasive nature, there remains a need to understand particular complex competition/regulation issues and what needs to be done in terms of more specific policies and/or regulations and administration. New developments provide new challenges, *e. g.*, the growing importance of production networks, economies of scale, world agricultural markets, energy and sustainability issues. Education and information, and capacity building requirements remain a huge stumbling block.

CDRF is a part of such endeavour, under the direction of CUTS Centre for Competition, Investment and Economic Regulation, India. With its evolving nature and comparative advantage it has acquired over the years, CUTS has chosen to develop a niche in the discussions on competition policy focusing on political and governance constraints.

Why the focus on political constraints and governance? To be sure, these are very important issues. Indeed, it is important to understand the dynamics in the political economy, the setting and administrative constraints, so that the 'right' policies will be implemented in the 'desired' manner. There is consensus that 'competition policy' at least in principle (with due recognition of the primacy of public interest, welfare, and concerns for equity and access) is the 'right' policy. But CUTS, along with many others, believe that 'one size does not fit all.' This is arguably the case, especially in terms of types of administration. This point has come out many times in various fora. Nonetheless, it is important to bear in mind that the principles behind competition policy are universal and in recognition of these concerns, the key elements to promote are:

- transparency (especially in terms of objectives and procedures)
- predictability
- stability of policies

And yet, while there is such general agreement, the reality is that implementing and enforcing an effective competition policy (and regulation) remains very elusive to most countries. In this regard, arguments lead to political and governance constraints, aside from capability issues. Hence, CDRF's focus on addressing political and governance concerns and constraints is very much justified.

3. Assessment of the project in terms of expected outputs

This report aims to assess CDRF in terms of its four objectives-- research output, capability building, research dissemination (raising awareness), and influencing policy. However, the main focus of the assessment and evaluation would be research, which is its major objective. It is also the most immediate and tangible output, where the other three activities would emanate from.

On the CDRF Research Output

The assessment of how CDRF has done in terms of its research output comes from three sources: (1) my own reading of the studies as a researcher in the field of competition policy, (2) the result of the culminating CDRF symposium, and (3) feedback from the CDRF contributors and contacts.

In general, while the quality of research papers varies, the CDRF project was able to produce useful research, and has adequately fulfilled expected outcomes. The emailed feedback, in general, showed favourable assessment. The success of the symposium is also a good indicator of how well the project has contributed to the discussions and research on competition policy issues.

This is also my own general assessment the CDRF papers produced by the project. Although many research questions would remain, especially about specific implementation issues, the project has produced studies that could guide policy makers in formulating and establishing a workable competition policy. For example, it was able to cover three major areas that are crucial to understand if government were to undertake competition policy reforms.

1. The political economy factors: what political constraints, why and how these impede the adoption of competition principles, are important to understand.
2. Prioritization framework: considering the enormous task and the severe constraints faced by developing countries, this is perhaps the first thing it needs to know what to do—how to prioritize. The project offers useful insights on possible prioritization guidelines -- e. g. on the need for legal institutions, importance of advocacy, choosing case priorities (simpler cases, or high impact cases, cartel violations or merger), and examples of best practices.
3. Regulation and institutional design: understanding why it matters, what it constitutes and providing methodologies for measuring regulatory and independence indices. The project has case studies on the hybrid approach – regulation by contract and regulation by agency, which I find very instructive.

The project also has a study on the impact of technical assistance. What factors make it more efficient? While lessons are many, the project's major findings are key and CDRF has been able to focus on the major elements necessary for a working competition policy. First is with regards to the conditions necessary for effective competition policy. This relates to political

will, need for public advocacy and good regulatory framework. On the latter, although there is no “one size fits all” policy, a recurring finding in the studies is the need for an independent authority. Different countries would have different initial conditions and institutional endowments, and establishing a truly independent authority could be extremely difficult and intractable. This leads to the need to identify constraints impeding the adoption and proper implementation of competition policy, especially in developing countries. In this regard, the project has been very helpful in identifying, clarifying, and summarizing seventeen areas of constraints. Worth highlighting are the following: capacity constraints and lack of basic institutional infrastructure, constraints to establishing real independence of the regulatory authority, “unsynchronized regulation” resulting from multiplicity of regulation and jurisdiction, and regulatory accountability. Finally, it provides helpful insights about the prioritization problem—the factors to be considered, and possible framework that could guide policymakers.

In addition to these major findings, the project presents very useful methodologies for measuring quality of regulation and independence, case studies and best practices, as earlier mentioned. Finally, something I find a little different from most competition policy studies I have looked at is the aspect of *competition policy as political governance*. I think this is a very important message to get across.

In sum, most of the CDRF research outputs have been informative and useful, even if most may not be the rigorous, academic type research. It contributes to the limited literature on the political economy of reforms in the area of competition policy, especially within the developing country setting.

To provide wider perspective for the assessment, feedback was gathered thru email interviews with CDRF research contributors and other contact persons engaged (advisers, regulator/policymaker, NGO) by CDRF. Emails were sent to the 60 respondents including 11 research contributors, 11 members of the advisory committee, and other CDRF contacts from competition policy authorities (13), academe (22) and the media. (See the list of contact persons in Annex 2).

Five out of 11 research contributors responded and all provided detailed and mainly very good feedbacks about the results of the CDRF project, in terms of learning from the project, networking, review mechanism, and the quality of research and discussions. There were also very favourable assessments from peer reviewers and contacts from the academe. Still, there are a few non-committal responses, with three respondents saying they have no awareness of the CDRF.

From the other outstation participants and CDRF contacts, the response rate is expectedly lower. The enthusiasm varied among the respondents. For example, nine out of nineteen who responded, including the Indonesian consumer organization, among others, had glowing

remarks. Professor Fox thinks her involvement was small but thought her positive criticisms were well received. The most important respondent was Dr. Simon Evenett who thinks the CDRF produced quality research. Aside from email conversation, a phone interview was also conducted with Dr, Evenett to obtain his views and insights. To quote some of his views:

1. *“CUTS did an excellent job with the organisational aspects of the project. This has always been an area of their strength and they did not let us down.*
2. *CUTS did not interfere with any of my academic judgements concerning the project. They know this is not their strong point and behaved appropriately. In the past they have been known to interfere in such matters but Pradeep was persuaded by me and others that CUTS should only do what it is good at.*
3. *The range of paper submissions was good in terms of sectoral coverage and issue coverage. There were some concerns about the country coverage and whether adequate provision was made for French speaking and Spanish speaking participants. Eg. Where the latter two groups discouraged from submitting entries because everything (including the conference proceedings) were doing in English.”*

To summarise, from those who responded, the assessment was generally very favorable. As my experience had been with mailed surveys, the response rate (around 30 %) is not bad. Of some concern, though, are the responses from the –members of the Advisory Steering Committee.” The review will relate to this again in the next section with regards to the operational aspects of the project. (See Tables 1 and 2 for a summary of email feedback.)

Table 1. Summary of Results of Email Feedback Interviews							
		GENERAL FEEDBACK ABOUT CDRF					
	Total	NR*	NOT AWARE	VERY FAVORABLE	GENERALLY FAVORABLE	NO IMPACT	NON-COMMIT
Advisory Committee	11	8	0	0	1	1	1
CDRF Contributors	11	6	0	4	0	0	1
Other Resource Persons							
Research/Academe	22	17	0	3	1	0	1
Policymaker/Regulator	13	8	3	1	0	0	1
Media and other NGO	3	2	0	1	0	0	0
All	60	41	3	9	2	1	4

*no response

Table 2. Summary of Remarks	
Advisory Committee	<ul style="list-style-type: none"> • One did not feel close enough to the project but found some papers useful & thought the process of constructive review is good • Another was aware of CUTS but not CDRF • One thought he is supposed to be a member of a steering committee in a CUTS project but was unable to go to launch meeting. (He was not on the CDRF list.) He had little awareness of the CDRF output
CDRF Contributors	Those who responded have very favorable feedback on the project- citing good platform for exchange, capability building
Other Resource Persons	
Research/Academe	Low response rate, but mostly very favorable assessment.
Policymaker/Regulator	Three actually responded and said they were not aware of CDRF, although the one who was aware had very favorable assessment.
Media and other NGO	Had limited sample. Respondent from Indonesian Consumer organization had very glowing remarks.

In sum, there is no doubt that CDRF first research cycle accomplished a lot in terms of research. This is clearly manifested in the concrete outputs of the project, including notably the 2 volumes producing useful research papers. It has also contributed to the awareness building and information dissemination (although responses of little or no awareness were received from 3 respondents). This was mainly done thru the following activities: the CDRF symposium (plus a 20 min film on the symposium), the Policy Briefs, web page and online discussion forum, press releases, among others. The website and online forum have been very useful. (For example, the support for African proponent for competition policy, George Lipemile, from CUTS-CDRF is noteworthy.)

The researchers and contributors involved in the project had mainly good things to say about their experience with the project. All cited (in different words) the platform for exchange that CDRF provided to have been very helpful. They appreciated the “*combination of develop and developing countries’ experiences, and the variety of perspectives coming from groups of academicians, authorities and practitioners as well as from experts from large or from small economies.*” Some also mentioned benefitting from guidance provided in terms of identification of problems and issues.

On capability building and research sustainability

The success of the CDRF would be more complete and farther reaching if this led to sustained effort and some devolution of research activities, especially by participating researchers in their own countries and institution. Further email interview with contributors reveals this to happen in some cases. It is encouraging to actually receive some feedback to this effect, even if there were more non-responses to the inquiry about further work.

On policy influence

The CDRF project does not seem to have done much in terms of influencing public policy. This is difficult to gauge, as attribution is extremely difficult, the what and the how unclear. Nonetheless, very little outcomes can really be discerned from developments in competition policy reforms as yet. However, responses from other CDRF outstation participants and contacts mainly indicated little or no impact on policy. Indeed, even in terms of awareness, three out of the nineteen who responded said they were not even aware of the CDRF. Chairperson Mona Yassine responded that she was not aware of what CDRF meant. I provided her with further email to explain but received no response in return. While tacit, this has some bearing on how the project has done in terms of influencing public policy. Also, this is indicated by interview with the CDRF management itself who thinks that not much inroad has been made to influence public policy even in the case of India where the CDRF is located.

Nonetheless, this is not unexpected. For many countries, even the idea of competition policy is still new, and if ever, the implementation is still in the nascent stage. Moreover, the main objective of research is not so much influence policy at this stage but to contribute to the debate, to inform and educate the public and hopefully help the political process attain optimal outcomes. Indeed, India is fortunate to have a vocal and visible civil society group like CUTS which is promoting competition policy objectives, which is lacking in other countries.

In the end, the propensity to influence public policy will depend on how well the interest in pursuing further research and the capability building started in the countries covered, would be sustained. Still, this is always the hard part, especially considering the scarce resources for such activities.

Notwithstanding this limitation, there is also no question that CUTS-CDRF has done a commendable job in raising awareness and disseminating its findings. The policy briefs are very useful. The online discussion, email/online outreach activities reach recipients the world over. CUTS appear good in advertising its outputs, and its networking base is far reaching. Of course, there are limits to how much outreach and advocacy CUTS can do and sometimes, the hard sell approach may not be the effective approach. Nonetheless, one has to give CUTS-CDRF credit for awareness building.

4. On the CUTS process and the organizational structure of project

The CDRF project was managed by CUTS following a feedback process under the guidance of an advisory board. First, the advisory board defined the focus and components of the project within the Project's TOR (Terms of Reference). Then, a call for papers was extended to CUTS international research network. The submissions were then reviewed, first by the project management team and then back to the advisory board. Selection and the conduct of research followed. Research outputs were then given to technical reviewers, (with further feedback mechanism when needed, finalized, and finally presented in the Symposium. The last phase of the project is publication, for which further review was made. Dr. Evenett, with Pradeep Mehta, took charge of editing and integration of the two volumes.

On the whole, the project appears to follow a systematic approach, which seemed to have worked in terms of generation of research. Its call for papers was well received, garnering a good range of submissions in terms of issues and sector coverage (although some raised a concern about not enough country coverage especially from Latin American and other non-English speaking countries).

In particular, I think the participation of Dr. Simon Evenett has been vital. CUTS respected his views, gave him free rein in "*any academic judgements*" and concentrated only in tasks it is good at (which is in organizational aspects and networking). Dr. Evenett's participation together with the review process put in place has been the key in assuring the quality of research in the project.

The CDRF project is nested in the CUTS organization, supported by both C-CIER (CUTS Center for Competition, Investment & Economic Regulation) and CUTS International. A CDRF Advisory Group was formed to guide the project, providing the feedback mechanism between the Project Management Team and the Board of Trustees. The Project Team is composed of a Project Director, 2 Research Associates, a General Editor and a full-time Research Assistant, providing both the secretariat and management over research activities and outputs and outreach, sustaining networking links with Academicians and Practitioners, the Policy Community, and Intergovernmental Organization.

Further inquiry into the process, however, indicates that the review and feedback process is not as solid as it appears on paper. The response (and/or lack thereof) from members of the advisory board of the CDRF is a little disturbing. Only three of the eleven email recipients from this group responded to the email. In addition, the responses were a little puzzling. One did not feel close enough to the project (although she found some papers useful & thought the process of constructive review is good). Another was aware of CUTS but not CDRF. The third thought he is supposed to be a member of a steering committee in a CUTS project but was unable to go to launch meeting. (He was not on the CDRF list.) He had little awareness of the CDRF output. I have some sympathy for this response, as it seems I am similarly situated. I was asked informally to be a member of some CUTS project advisory board, but there was no subsequent follow up and formal arrangement, launching to such effect.

Further communication from CDRF management team about the process involved provided some insight. Project meetings, about inception and selection of projects, review of outputs, were done mainly thru the internet. This significantly cuts costs, and with efficient and knowledgeable in-house research management and sufficient guidance from a main adviser, this need not necessarily compromise quality. The outcome though is that very little or no involvement was actually provided by some (if not most) of the listed members of the committee. Though I am unable to generalize such, since repeated emails solicited only 3 responses, there appears to have been no formal arrangement made with, nor launching of members.

Again, I think the participation of Dr. Simon Evenett has been crucial. His involvement made up for the lack of inputs from a full-blown (formal) advisory committee.

The CDRF project team reported relatively smooth research management, experiencing fewer problems than what their counterparts elsewhere usually encounter. This the project team attributed to the strong research networking they have established over the years, with upstanding research and other institutions.

That its set-up is embedded in CUTS enabled CDRF to do a good job in the organizational aspects, in both its research management and outreach functions covering participants and stakeholders from different countries. The staffing pattern appeared sufficient to carry out its work load. In addition, the staff, aside from being able to perform organizational functions, has undertaken its own research capability building. Small as the management team is, there is inhouse research capability within the CUTS other than CDRF staff who are working in competition policy area.

Another advantage in such a set-up is synergy and economies of scope in CUTS management. In addition CUTS could readily supplement/complement support for the project, having a wider (though related) agenda than CDRF. (On the other hand, this could be a little tricky and pose a little concern on the part of the donor, due to accounting and attribution problem. However, in the end, it is the results that matter and there are ways to sort out these problems.)

In short, in terms of lessons learned which could serve in future IDRC engagement, there were three main factors which contributed to the success of the project:

- The use of a key organization with strong networking with stakeholders and research to champion the objectives and good organizational skills to implement the review process, dissemination and advocacy.
- Key to any research project success is in carrying out a well-thought out research agenda, is a peer review process. Bringing experts together using the internet can

be greatly facilitative. The use of dedicated and expert manpower to ensure timely and clear flow of information is crucial.

- The close involvement of key expert like Dr. Evenett. I think Dr. Evenett has assured the quality of research in the project. Organizational advantage could only go so far.

5. Thoughts on the Next Steps

Finally, what could be the next steps for the CDRF project?

A dimension that could be added to the research agenda is promoting regional cooperation in competition policy. However, this should not be linked to market access but rather to real cooperation for better enforcement of competition policy all around. Hence, such cooperation initiatives, especially at this stage, would have to be voluntary. In the regional context, what is important is to promote/encourage commitment to competitive markets– which is most likely to produce greater economic welfare, rather than strive for a regional regulatory approach. Thus, while more could be done in the longer run toward regional cooperation, the more immediate priority is the further development of the country's domestic competitive markets and building institutions toward this end.

In terms of institutions, as clearly pointed out in the findings from the first research cycle, capability building is a huge challenge for developing countries. Ironically, this is also what gives political vested interests ammunition to block competition reforms. The building of capabilities and capacities, along with information and advocacy, are essential prerequisites not just in establishing a good working competition policy, but to overcoming vested interests as well. Establishing a credible, competent authority would start a virtuous cycle of policy, reform and debunking vested interests, while the inability to do so would lead to vicious cycle of prolonging vested interests and inability to implement necessary reforms.

The first cycle focused on political and governance constraints. Basically these covered implementation issues, which are crucial. However, there are still so many questions that need to be answered in the terms of understanding competition policy and regulation, and the appropriate policies and regulations that would work for particular circumstances. While implementation issues are crucial, good implementation starts with good policy. In many cases, it is still not clear what the right policies and regulations are, especially those suited to a developing economy. More case studies are needed. This means deeper and wider coverage of the research activities started in the first research cycle, in terms of both issues and countries

The project highlighted the importance of policy advocacy. Indeed, there should be sustained efforts towards this end. However, policy advocacy is better left to local institutions. Foreign donors however could have a role in promoting information and education, and of course, in

supporting research activities and capability building. The momentum, just to keep the interest in finding out more about what it is, what are the impacts, and what are involved, should not be lost.

Hence, for the next steps; the activities could include:

- more studies to cover more countries.
- In terms of issues and research areas, the next research cycle could focus on:
 - Study of countries with new competition policy and law to highlight the needs assessment further, the stumbling blocks, the success stories in search for best practice
 - Another area, which can be related to the first, would be research on the quality of regulation. Competition policy, specifically with respect to anti-trust law enforcement, requires so much more capability and institutional building. On the other hand regulatory reforms would have more immediate, visible and possibly larger impact.
 - Assessing the costs and serious adverse effects of lack of rational competition and good regulation

It goes without saying that more education and information dissemination would need to continue. In particular, more policy briefs could be generated from the research outputs of the first cycle. This would further the efforts greatly in raising awareness and educating the public in general and the policy makers in particular.

The CDRF Team, for its part, has outlined its proposal for the next cycle. Basically, the team proposes to establish a working group (composed of comprise of governance/political economy experts) on the political economy of competition and regulation in developing countries to move forward the outputs of the first research cycle. The imperative comes from lack of political will which was highlighted as a major bottleneck in the adoption and effective implementation of competition and regulatory regimes. The team sees a need for studies that would help politicians see how competition policy outcomes could help their public image/support-base by identifying potential gains for promoting and implementing competition policy measures. More specifically along these lines, to wit, the major tasks would be to:

- *Identify the various political economy and governance constraints faced by developing countries in implementing competition and regulatory regimes and develop a methodology to measure these,*
- *Analyse what a regulatory body can realistically hope to achieve in such contexts,*
- *Suggest a suitable strategy/action points for developing world to address constraints which the research cycle identified and also approaches that could be useful in tackling these.*
- *Develop appropriate indicators to assess effectiveness of a regulatory body when faced with political economy and governance constraints.”*

The first part of the first bullet has been the theme of the first cycle. No doubt, a lot more needs to be done, not only in terms of issues, but possibly more importantly in terms of

country coverage. The second cycle would develop a methodology to measure these constraints, develop indicators, and suggest action plans.

There is no doubt that such endeavor would be useful. However, it is difficult to get a full grasp of how the whole effort would look like, considering how different situations can be across sectors, across time, across countries, across issues. The Working Group must be able to provide clear and good directions. In the first cycle, a large part of the success, as noted above, is the involvement of Dr. Evenett. A similar arrangement for an expert participation would be even more necessary in this case. The suggested list of names, headed by Dr. Stiglitz, is certainly impressive. And if these people can get on board, the outcomes could be promising. But can they realistically get him (or someone like him) to be on board? There are certainly more candidates for the task who had been working more extensively in the area of competition policy.

However, there is the question of resources and expertise would not come cheap. The model started in the first cycle, would help lower the costs and build capabilities. Nonetheless, there is a need to focus a little bit more on what can and should be done, given available resources. In this regard, case study approach would provide such focus and the needed in-depth look at issues.

From IDRC perspective, the question is how much deeper it is willing to proceed with the “political economy” thrust in pursuing competition policy objectives. There should be no problem if the project activities are along the lines of producing quality research and bringing about effective dissemination. The CDRF study team has proven in the first cycle that it could produce. However, it should come up with a more detailed project proposal that would provide more specific focus, and identification of tasks.

The lack of capability and institutions is, in the end, the weakest point in the political economy of reforms. The building of capabilities and institutions, along with information and advocacy, are essential prerequisites. The next cycle should address this if not directly, at least, indirectly, by providing inputs like the proposed indicators and measurements.

In any case, a lot of good quality research has been produced in the first cycle. At the least, there should be wider and more intensive dissemination of the 1st research cycle outputs. In most of the studies, further simplification and highlighting of findings could come a long way.

Finally, a logical question that must be looked at is the possibility of hosting the second cycle in another country. One of the logical next step is to increase country coverage. There are advantages to engaging another institution with similar strength as CUTS, and possible other niches.

Annex 1. Brief Narrative on Travel

A. Visit to CDRF-CUTS office, Jaipur (March 26-28, 2008)

The visit started with a brief discussion with Pradeep Mehta and introduction to the CDRF study team. This was followed by a presentation on CDRF by CUTS Research Director Siddhartha Mitra and then some Q & A. Successive meetings for more indepth discussions with the team members followed during the next two days; materials and documents were gathered. The last session on the third afternoon of the visit focused on the team's plans for the next cycle.

In sum, the following were accomplished during the visit:

- Interviews and discussion with the Project Team (Pradeep Mehta and his staff, particularly Vikash Batham- Assistant Program Officer, Siddhartha Mitra – CUTS Research Director, Vijay Vir Singh, Senior Research Associate)
- Materials/Documents gathered, reviewed and discussed.
 - 2 CDRF volumes
 - 8 Policy briefs
 - Proposal for 2nd cycle, research proposal on quality of regulation
 - Other materials: contact information of CDRF network point persons, mailing list, organizational structure, etc

B. Brief meeting with Evan Due in IDRC in Singapore (March 31, 2008), to get the donor's views and some guidelines on what the review would cover.

Annex 2. List of email correspondents

A. List of CDRF contributors

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