

CUTS' Submission to Civil Society Technical Working Group on Sustainable Development Goals Zambia

May 2014

- 1. In the next coming weeks, the government of the republic of Zambia, through the Ministry of Finance is expected to share with the United Nations System its position on Post 2015 Millennium Development Goal (MDG) Agenda. This position will have to reflect national priorities while taking into cognisance the menace affecting the global development agenda.*
- 2. We are aware that this process is a product of the 2010 MDG Summit which requested the Secretary-General to initiate a thinking process on the global development agenda beyond 2015. Subsequently, in 2012, the outcome document of the Rio+20 Conference on Sustainable Development initiated a process to develop a set of sustainable development goals. This process is said to have been inclusive. Core among the questions which have flocked the global development process includes the lack of coherence in these processes resulting in asymmetric outcomes. In recognising this, there seem to be a broad agreement that the two processes should be closely linked and should ultimately converge in one global development agenda beyond 2015 with sustainable development at its core.*
- 3. It has been highly recommended that the process of arriving at this new framework should be Bottom Up- a philosophy CUTS believes in and religiously follows. This entails that the process should be Member State-led with broad participation from key stakeholders both state and non-state actors including civil society organizations, the private sector, and academia among others. This consultative process is currently underway in Zambia and the focus is to develop national specific Sustainable Development Goals priorities within the 19 global focus areas.*

4. These stakeholders are currently locked-up in discussions to come up with their positions based on the work and constituencies they represent. A Civil Society Position is also expected and the first meeting, in developing one, was held at Action Aid Offices with Zambia Council for Social Development (ZCSD) being the conveners.

5. We have faith that the Civil Society Position will be balanced and reflects the collective views of the civil society on the issues covered in the Civil Society Position to Government through the Technical Working Group seating at the Ministry of Finance. We are, however, not clear on how the harmonisation of the different stakeholder positions by the Government will be done and whether realism, fair and balanced vetting process will precede all other interests.

6 Our submission is expressly tied to issues which fall under our programmatic areas of work including Trade and Development, Competition Policy and Economic Regulation, Investment Regulation and Consumer Protection and Governance. We therefore look within the purview of the 19 global focus areas and reflect upon issues which relate to these programmatic areas of work. We are also aware that the 19 global focus areas have been categorised within the Context of three (3) main pillars of SDGs i.e. Environment, Social and Economic - while drawing lessons from performance of the country on MDGs. The 19 focus areas include 1. Poverty Eradication, 2. Sustainable Agriculture, Food Security and Nutrition, 3. Health and Population Dynamics 4. Education, 5. Gender Equality and Women's Empowerment, 6. Water and Sanitation, 6. Energy, 8. Economic Growth, 9. Industrialization, 10. Infrastructure, 11. Employment and Decent Work for All, 12. Promote Equality, 13. Sustainable Cities and Human Settlement, 14. Promote Sustainable Consumption and Production, 15. Climate, 16. Conservation and Sustainable Use of Marine Resource, 17. Ecosystems and Biodiversity, 18. Means of Implementation/Global Partnership for Sustainable Development and, 19. Peaceful and Non-Violent Societies, Rule of Law and Capable Institution.

Our recommendations;

18 Global Partnerships for Sustainable Development

- a) **Trade;** The trade component despite its relevance looks weak. It needs to be upgraded to reflect the contemporary trade issues of today. The issue of today is not about shallow integration (tariff only) but deep integration (tariff and non-tariff measures). Deep integration is needed if one wants to get into value chains. Therefore, two important points must be noted. Firstly, *Linkages between trade and sustainable development should not be based on a sanctions-based approach. Secondly, trade agreements should be based on the principles of reciprocity and gradual liberalisation. Their impact on sustainable development should take into account trade adjustment costs and there should be obligatory provisions directed to rich countries to address trade adjustment costs of the poor. And specific care needs to be taken so that obligatory provisions on the part of rich countries do not become non-tariff barriers and/or other protectionist measures.*

Further, besides other trade related issues identified, we also recommend that great attention need to be paid to the following trade issues;

- **Trade Facilitation;** Mechanisms to facilitate the flows of goods within the country (between regions) and across borders, despite their long historical standing, are today being given prominence in the trade agenda. More recently, a multilateral agreement on specific aspects of trade facilitation was agreed upon during the last 9th World Trade Organisation (WTO) Ministerial Meeting at Bali, Indonesia. Correspondingly, the recently validated Diagnostic Trade Integrated Study (DTIS) for Zambia gives prominence to trade facilitation. Zambia has realise that strengthening and reforming cross border procedures and improving customs and trade-related services cooperation are necessary pre-conditions to improving efficiency and efficacy in trade

operations and to reduce transaction costs. *One sustainable goal on this issue is the need to consolidation of trade facilitation reform that improves SMEs' competitiveness, consumer and producer welfare as well as trade governance.* The other goal *is the need to clearly define a national logistics strategy*¹. Based on the 2010 Logistics Performance Index published by the World Bank, Zambia was ranked 138 out of the 155 countries assessed. Trade logistics performance is much lower than other countries at similar levels of income. Zambia has several agencies that contribute to the national logistics system. These include the three main transport sector agencies (RDA, RTSA, NRFA) as well as those looking after railways, air transport, customs among others as well as the private sector which provides most of the services. Presently, each sub-sector is pursuing narrow sectoral interests with minimal attempts to optimize overall system performance. It is recommended that the authorities should mandate the existing trade facilitation committee to guide the development of such a national logistics strategy as a matter of priority. Given the numerous choices available for international trade routes, it becomes imperative to have a strategy to assist with prioritizing national and regional investments. Otherwise there is a risk of spreading resources too thinly or overinvesting in capacity through numerous interventions. Having a clear strategy will help also clarify the role that Zambia should play in regional supply chains and logistics operations in general

- **Services Trade;** will require to be given prominence in the national development agenda. The services sector is the fastest growing segment of the global economy and accounts for two thirds of the global output, 30 percent of the global employment and 20 percent of global trade. This global scenario is also justified in our national context. For example, the services sector combined contribute slightly above 50 percent to our GDP. Studies suggest that this sector can contribute more in real terms if attention was paid to the sector. This will include transforming certain services considered as

¹ This has also been identified in the Diagnostic Trade Integrated Study (DTIS) which was recently validated.

social to economic – and these include education etc. At Global Level (i.e World Trade Organisation - WTO) during last ministerial conference held at Bali, Indonesia, the General Agreement on Trade in Services (GATS) was brought under the ambit of the current trade negotiations. A decision to operationalise the Least Developing Country DC services waiver was made. Adoption of the waiver will/might allow developed members to grant preferential market access to LDC services and Suppliers and vice versa. Therefore LDC members are required to table a collective request, identifying their sectors and modes of supply of export interest to them. Therefore, there is need for domestic preparedness for services trade liberalisation. This process should be conscious and realistic and not hurried. The need to utilise the in-built safety guards under the GATTs which gives government freedom to decline which sectors it wishes to liberalise should be utilised at all costs.

b) Finance (debt and Aid)

- Since the coming of the recession in 2008, the global financial community is still struggling with what the future of finance should look like. Much of the answers to this situation, point on the need to overhaul the global banking system with new regulatory rules on banking and liquidity issues, if the system was restore its dignity. Some observers fear that the there is a risk that the world may enter into a period of synchronised recession. Zambia, just like other developing countries is affected by this standing of the financial economy. Developing countries are trapped in a situation where the lending capacity of the Bretton Woods institutions is constrained due to reluctance of the advanced countries to allow the growing role of emerging markets in the world economy to be reflected in their voting power. At the same time, the advanced countries are unwilling to extend more aid due to their ongoing financial crisis and their large debt overhang. It is therefore important for the Zambia to make a strong position on this situation – as the developments at global level affect the country nationally. As this position is being composed, special attention should be paid on the growing disconnect

between the financial economy and the real economy. CUTS International recommends that government should join the global actors in calling for a comprehensive strategy which spells out how the financial economy and the real economy can better co-exist as well as how effective regulation of the financial economy and the real economy can help the poor not just to insulate them from future financial crisis but to put in place a rapid response mechanism to deal with new challenges that could emanate from future financial crisis.

- National efforts to regulate financial markets should be coordinated and strengthened. The provisions of the GATTs and WTO are quite clear regarding the right of governments to regulate and liberalise their financial markets based on a request-offer method and positive list approach. Taking into account the principles of reciprocity, these provisions should guide the negotiations on financial services liberalisation in all fora.
- The national monetary system should be reformed to reduce exchange rate volatility, allow for effective exchange rate stability arrangements, and discourage manipulation of exchange rates.
- Further, keeping in view the dependence of Zambia, like other developing countries, on primary commodities, and to shield against large fluctuations in commodity prices, commodity derivatives markets should be strictly regulated.

14 Promote Sustainable Consumption and Production

One of the major concepts being advanced on this matter include “Green Economy” related issues.

- The “green economy” concept should not be used as a means to undermine the right to opportunity to development. The green economy framework should not create conditionalities for determining aid and trade flows. Zambia should encourage rich

countries to commit themselves by keeping away from unfair trade restrictions in their national policies to promote greening of other economies.

- There should be a multilaterally agreed consensus on the “green economy” concept and this concept should be based on balancing social, economic and environmental principles of sustainable development.
- There should be active civil society participation at the national and international level in regard to the development of the concept of “green economy” so as to make the process more inclusive and balanced.

12. Promote Equality,

This is looked at in the context of governance- specifically economic governance.

- There is need for a new national social contract, taking into account the paradigm shift in economic governance. Representing various interests from among different stakeholders, government should consider setting up a working Group on National Economic Governance.

8. Economic Growth,

The desire to promote growth, beyond the current levels is laudable. It’s also ripe for national systems to appreciate the need for inclusive growth – as the present growth trajectory is only concentrated to people at the upper strata.

- In other ways, it is imperative to ensure that such growth results in increase in availability and quality of essential goods and services to all sections of the population – rich or poor and at affordable prices. This should be associated with the increase in capabilities and endowments of the poor and marginalised sections of the population (bottom of the pyramid).
- It is also important to stress that, inclusive growth, particularly social, economic and environmental dimension of sustainable development and good governance through

consumer empowerment is the most important pillar on which sustainable development of the nation rests. As the country strives to reach new highs in prosperity, there are certain challenges to sustainable development which it will face and tenacity will be required.

One such area which will require giving – a totally new look is the extractive sector.

- **Need to redesign the policy and practice on extractive sector** - If properly managed, the extractive sector can have substantial multiplier effects on the rest of the economy and drive the much desired economic growth. Zambia need to move out of the dream land and realise that it is also stuck in the vicious cycle of unfair global extractive regimes which have conceived weak economic governance systems and lack of transparency. This situation ought to be redressed and a drive towards promoting effective and transparent management of natural resources must ensue. ***This should be complimented with strengthening backward and forward linkages were upstream and downstream markets are well integrated.***

The success of long term extractive sector driven economic transformation will depend on action on three pillars i.e.

- ***At the policy level, a coordinated and integrated global value chain approach to mineral resource development is necessary.***
- ***At the political level, development-committed leadership and good governance are necessary for decoupling the interest of a few from the pursuit of the broader collective interest in economic transformation.***
- ***Building constructive partnerships-** Beyond the two, making extractive resources work for development will also require building constructive partnerships based on trust, mutual interests, and common understanding of challenges and opportunities.*

This will also require a correction of the current asymmetries between international and national regulatory frameworks for natural resource governance.

2. Sustainable Agriculture, Food Security and Nutrition,

There are several issues on this subject of which key among them related to high and volatile agriculture commodity related prices.

- While the causes of volatile prices have been identified and must be addressed, one major factor (which is always omitted) which behind the price volatility in agricultural commodity markets is anti-competitive practices. There is therefore need to identify a nationally agreed framework of bursting such practices which should be a long term remedy to ameliorate the adverse impacts of price volatility on consumer welfare.