# UNCTAD's Mandate under threat:

## Implications to a fair-rules based system for Development in LDCs.

By Africa Kiiza, Tushemerirwe Anne, Monica Malega, Elizabeth Muhiirwa, Grace Namugambe, Faith Lumonya, Mercey Kemigisa, Najib Kiggundu and Paul Martin Muhoozi.

SEATINI
Strengthening Africa in World Trade

July-December, 2016

## FOREWORD

The United Nations Conference on Trade and Development(UNCTAD) was established by the United Nations General Assembly in 1964. UNCTAD's mandate is spelled out in paragraph 3 of the resolution 1995 (XIX). Among its principal functions, UNCTAD is mandated "to promote international trade, especially with a view to accelerating economic development, to formulate principles and policies on international trade and related problems of economic development" (Paragraph 3 (b) of 1995 (XIX)). UNCTAD was also mandated "to initiate action for the negotiation and adoption of multilateral legal instruments in the field of trade. It was also mandated to act as a centre for harmonizing trade and related development policies of governments and regional economic groupings in pursuance of Article I of the U.N. Charter (Paragraph 3 (f) of 1995 (XIX)).

From its mandate, it can be argued that UNCTAD was created by developing countries for developing and least developed countries. This is because every second day, UNCTAD receives a request for technical assistance from a developing country. For example, in 2015, UNCTAD ran nearly 30 programmes consisting of 229 projects in 145 countries. It is reported that together with her partners, UNCTAD invested $39.6 million, of which nearly half was in Least Developed Countries. This help is rendered through research and policy analysis; entrepreneurship support and training; tourism development; science, technology and innovation; Gender equality in Trade and Development; and through partnerships like Enhanced Integrated Framework among others.

However, currently, UNCTAD's mandate has been threatened and whittled away by the major powers, and has subsequently seen its mandate and functions drastically pruned, and its policy direction and inspiration shifted away from its original remit and scope. In addition to the progressive erosion of its capacity for research and analysis UNCTAD has lost its negotiating role and has instead been reduced to attempting only consensus building.

It is therefore important to note that the continuous erosion of UNCTADs mandate has had implications on ensuring fair and pro-developmental outcomes in Trade and Investment Agreements, financial and financialisation processes especially in developing countries and LDCs. Indeed, the quadrennial Forums of UNCTAD have always been laden with best-endeavor agreements, prescriptions and declarations which have not resulted into the structural transformation and development of the LDCs.

It is with this regard that SEATINI-Uganda has published this newsletter to reflect on the outcomes of the UNCTAD XIV Forum held in Nairobi, Kenya and to put a spotlight on the role of UNCTAD especially for developing countries as well as low developing countries, the challenges faced on the journey to deliver its mandate and a way forward to strengthen this UN body.

## Background to UNCTAD

The establishment of UNCTAD by the UN General Assembly in terms of Resolution 1995 (XIX) of 30th December 1964 has always been regarded as a landmark in the history of the evolution of the United Nations. This is because from its inception, UNCTAD assumed the role of the UN system's focal point for the integrated treatment of all trade and related development problems. According to Third World Network-Africa (2016), UNCTAD discussed and dealt with issues related to trade, money, finance, external indebtedness, creation of export production capabilities, including industrialization, shipping, insurance, transfer of technology and the development of technological capabilities, restrictive business practices, regional integration groupings and economic co-operation among developing countries. It can be said that UNCTAD provided the means through which the South could voice its collective ambition and mobilize the international community to deliver on the economic promise of political independence for the benefit of all the world's citizens".

## UNCTAD's evolving mandate and its implication on LDC's development

The functions of the UNCTAD are spelled out in paragraph 3 of the resolution 1995 (XIX). Among its principal functions, UNCTAD is mandated "to promote international trade, especially with a view to accelerating economic development, and to formulate principles and policies on international trade and related problems of economic development" (Paragraph 3 (b) of 1995 (XIX))[1] . Therefore, herein lay the principal negotiating role of UNCTAD. UNCTAD was also mandated to initiate action for the negotiation and adoption of multilateral legal instruments in the field of trade (Paragraph 3(e) of 1995 (XIX)). The third function of UNCTAD was to be available as a center for harmonizing trade and related development policies of governments and regional economic groupings in pursuance of Article I of the U.N. Charter (Paragraph 3 (f) of 1995 (XIX))[2]. It can therefore be argued that UNCTAD was mandated to formulate laws and guide policies and actions across the entire spectrum of trade and related development issues for all UN Member States.

However, according to the South Centre[3] , concerted effort by major economic powers to deprive the United Nations of its Charter functions in the economic field and whittling down its role and authority in general, began in the early 1980's and has continued since then. As a result, the functions, agenda and the mode of discourse of the UN bodies in this field have been altered and core competencies of the secretariats of these bodies have been downsized. The inter-governmental deliberations in UNCTAD have been reduced to a charade and its research and policy analysis work has lost its earlier élan, punch and distinctiveness. The Cartagena (1992) and Midrand (1996) Conferences gave the finishing touches to the demolition job which had begun a decade earlier. This is because at these Conferences, the mandate and functions of UNCTAD were drastically pruned, and its policy direction and inspiration was shifted away from its original remit and scope reflected in the Final Act adopted at UNCTAD I in 1964. As a result of these Conferences, UNCTAD has been transformed beyond recognition in several major respects:

a) It has lost its negotiating role and has instead been reduced to attempting only consensus building. This has happened not only in the field of trade where WTO has been dominant, but also in other areas like money, finance, invisibles, transfer of technology and restrictive business practices.

b) There has been a progressive erosion of its capacity for research and analysis. In the areas it has been allowed, research has to be carried out with drastically reduced resources and within a pre-determined ideological framework and orientation. Some of the tasks it is still left with remain contested. It can be argued that its flagship project, the annual Trade and Development Report, as well as its Reports on Africa and on Least Developed Countries, all of which have been challenging the conventional wisdom, are simply tolerated for the time being.

c) UNCTAD's role has been reduced to assisting developing countries in integrating with the world economy under starkly unequal terms in order to derive maximum advantage from the globalization and its hand maiden liberalization process.

d) UNCTAD now concentrates on domestic policies of developing countries and mainly issues "do-it-yourself" prescriptions. As a result, technical assistance (TA) has acquired the most prominent salience in UNCTAD's activities. UNCTAD'sTA is donor-driven and is used by the donors to ensure that the beneficiary developing countries follow correct policies from the former's angle.

## Implications to a fair-rules based system for Development in LDCs.

The continuous undermining and shrinking of the original mandate of UNCTAD has far reaching implications on ensuring a fair-riles based system for the development of LDCs. It should be noted that Target 10 of Goal 17 of the Sustainable Development Goals (SDGs) focuses on promoting a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the World Trade Organization, including through the conclusion of negotiations under its Doha Development Agenda. The role of UNCTAD in realizing this target cannot be underestimated. However, given the whittling away of its mandate, there prevails a high degree of skepticism about UNCTAD's utility and effectiveness in achieving this target and other SDGs.

If we assess the Midrand Declaration, it can be concluded that UNCTAD was tailored to fully support the position of developed countries in favour of rulemaking in the area of competition policy and investment. This nearly makes UNCTAD the organization of the North rather than of the South. The Declaration states "Interest exists in enlarging the new trade agenda in new areas. Competition Policy is one important new area". It makes a case for considering competition policy at the international level, on the ground that the Agreement on Trade Related Investment Measures (TRIMS) recognized the need for parallel consideration

1 *UNCTAD at 50: A short history*

2 *Article I of the U.N. Charter provides, among the purposes of the UN, that the Organization will be the centre for harmonizing the activities of nations in the attainment of the common ends of the Organization. Implicit in this purpose of UNCTAD, is the obligation of all Member States to subject their trade and related development policies to discussion and possible harmonization at the UNCTAD forums.*

3 *South Centre (July 2006): Reinventing UNCTAD. Submitted to the Panel of Eminent Persons on Enhancing UNCTAD's Impact by Boutros Boutros-Ghali former Secretary-General of the United Nations Chairman of the South Centre Board*

of competition policy and investment. On investment, the Declaration lists one of the tasks of UNCTAD as "identifying and analyzing implications for development, of issues relevant to the possible multilateral framework on investment".

It can be argued that UNCTAD's core competencies have been virtually dismantled. UNCTAD has been brought to this pass as a part of the broader design of the dominant powers to prevent and neutralize challenges to the existing structures and systems, to maintain their control over them, and to discourage and disarm collective action by developing countries to bring about a change in the global economic power structure. They have largely succeeded in fulfilling their mission because of the growing vulnerability of the developing countries and changes in the political power equations in the world. The decline of UNCTAD has coincided with and is a part of the general erosion of the Charter role of the United Nations in the economic field and the transfer of the responsibility of the UN in this field, to the Bretton Woods Institutions and WTO. UNCTAD's future work mandate will be subject to another round of fierce inter-governmental contestation, as is now almost the routine at these quadrennial conferences, in particular since the foundation of the WTO.

In conclusion, Developed countries have made a concerted effort to change and dismantle UNCTAD over a period of nearly 15 years. It may take the developing countries many years to revive and reinvent the organization. UNCTAD must recover its voice and regain the support and respect of developing countries who have identified with it and its mission for decades. UNCTAD's broad mandate is singularly suited for a new age where promoting development, democracy and equity is one of the principal challenges and pre-conditions for a peaceful and cooperative world.

### References

TWN-Africa & Regions Refocus (2016), UNCTAD facing up to the 21st Century. ISSUE Vol. 19 No.3 2016

## The Role of a UN Tax Governing Body in Promoting Taxation as a Tool for Sustainable Development

Domestic Resource mobilisation has of recent become a key issue of discussion in different forums stemming from the local and national levels to a global level in both developed and developing countries. However, despite the efforts by governments allover the world to strengthen their tax systems, to curb revenue losses, tax avoidance and evasion have remained rampant and have cost governments huge sums of revenue.

> *"Tax avoidance practices are responsible for a significant leakage of development financing resources. An estimated $100 billion of annual tax revenue losses for developing countries is related to inward investment stocks directly linked to offshore hubs. On average, across developing economies, an additional 10% share of inward investment stock originating from offshore investment hubs is associated with a decrease in the reported (taxable) rate of return of more than 1 percentage point. The estimated tax losses represent around one-third of corporate income taxes that would be due in the absence of profit shifting."*
>
> *UN Conference on Trade and Development*

In order to curb the high losses resulting from tax avoidance, tax evasion and illicit financial flows at large, the Organization for Economic Development (OECD), an international organization that aims at helping governments tackle the economic, social and governance challenges of a globalizedeconomy was able to come up with different initiatives to curb tax avoidance and evasion. Among these is the Base Erosion and Profit Shifting initiative which looks to curb the habit of shifting profits which has mainly been used by Multi-National Corporations.

However, in the OECD, while the G20[4] and a few other selected developing countries have been invited to join some of the meetings in order to formulate the different strategies, more than 100 countries, which means over half of the world's countries, remain excluded from the process but are still expected to follow the decisions made.

The agenda, as well as the terms and conditions for participation, are determined by the OECD. Therefore, while developing countries can participate in the meetings of the framework on an "equal footing", they do not have equal powers when it comes to setting the agenda and agreeing the modalities for the work of the group. This makes it quite clear that the OECD may not necessarily put into consideration the priorities of the developing nations.

Furthermore, the G20 countries are the ones which benefit the most from the illicit financial flows that are drained from Africa. Therefore, much as many of these countries may have the interest in curbing loss of tax revenues, the decisions they make may not equally benefit the developing countries.

As a result, many tax justice advocates have thought of the OECD as a rather inefficient body which cannot fully

4 *Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, the United Kingdom, the United States and the European Union*

solve taxation issues of both developed and developing nations. As part of the agenda at the FFD conference in Addis Ababa 2015, a proposal to put in place an inter-governmental UN-affiliated tax body aimed at combating corporate tax dodging and curbing illicit financial flows, including money laundering and off-shore banking was shot down. The same stand was taken during the UNCTAD XIV session, 2016 in Nairobi Kenya.

This is due to the fact that the OECD has been thought of as a very efficient body that can ably solve the global tax problems. Furthermore it has been asserted that the UN global tax body would not be necessary due to the existence of an expert tax body in the UN. It was also thought that the UN tax body would not have the expertise to ably put in place an efficient global tax system and that decision making would be difficult due to the existence of a large membership.

If formed, the UN global tax body would be intergovernmental with representatives negotiating on behalf of governments and it would have a universal membership with all countries able to participate on an equal footing. As a result, the body would be able to stop international tax dodging by ensuring that governments commit to not eroding each other's tax bases, and create an international tax system that is transparent, coherent and supports equality and development.

In order to do this, the body would have to address a number of different issues, including base erosion and profit shifting, tax and investment treaties, tax incentives, progressive taxation, taxation of extractive industries, harmful tax practices, beneficial ownership transparency, to public country by country reporting, automatic exchange of information for tax purposes and alternatives to the arm's length principle. In order to ensure that the mandate of the tax body is broad enough to tackle all these issues – as well as new issues that might emerge – it's important that the mandate is not too narrow and specific.

The existence of a Global tax body is necessary because it would be a key step towards a coherent global system. Currently, the international tax system consists of a complicated web of thousands of bilateral tax treaties and different parallel international systems to regulate, for example, information exchange and corporate reporting. Negotiation of a globally agreed system is the only way to remove the complexity, confusion, inconsistency and mismatches that exist today. A truly global tax body is a crucial first step towards this goal.

There would be stronger cooperation between tax administrations. A coherent global system would make it easier for tax administrations to communicate and cooperate. This would further strengthen international coherence and improve working conditions for tax administrations.

The global tax body would greatly contribute to ending the race to the bottom. The fear of losing investments is currently driving governments to introduce tax incentives, loopholes and harmful tax practices in a tragic 'race to the bottom', which is costing countries billions of dollars in lost tax income. Through truly global cooperation, this sad development could be turned around.

Countries would have stronger implementation of the global tax initiatives. No government would feel obliged to implement tax standards and norms adopted in closed rooms where it was not welcome. The UN is the only global institution where all governments participate as equals, and therefore the place to achieve a global commitment to action.

There would be less double taxation and double non-taxation.The wide variety of mismatches between national tax systems is the core reason why some get taxed twice on the same income while others don't get taxed at all.

Finally the existence of a global tax body would increase financing for development in the poorest countries. Currently, the world's poorest countries are excluded from decision making on global tax standards, and international systems often don't take into account their realities and interests. This means lower tax income and thereby less available financing for development in these countries.

In conclusion, much as the idea of a global tax body has often been shot down it would be a step toward achieving equal global development. All countries would benefit equally and it would be a major contribution to the achievement of tax justice. Therefore, it is imperative to put in place a UN Tax Body to curb/stop tax evasion and avoidance in developing countries

*References;*

EurodadBriefing on the global tax body (2015)

## The role of UNCTAD in balancing Investment regimes for inclusive and sustainable development in the EAC

Investment regimes are developing amidst a dynamic economic environment and evolving political goals. Amidst this, what remains very important is how to make foreign direct investment (FDI) instrumental for inclusive sustainable growth, development and to find the right balance between investment liberalization and regulation for the public good. These are key areas of the work of the United Nations Conference on Trade and Development (UNCTAD) on investment for development.

The outcomes of the recently concluded UNCTAD XIV in Nairobi, Kenya were constituted into two documents - Nairobi Maafikiano and Nairobi Azimio. These outcomes highlight commitments towards ensuring fair trade between developing and developed countries as well as ensuring that action is taken on previous agreements. According to these documents, the role of UNCTAD in dealing with challenges and opportunities in multilateralism for trade and development requires moving towards an inclusive, equitable and sustainable global economic environment. This will be mainly aimed at eradicating poverty, job creation, technological upgrading, economic diversification, reduction of income inequality, advancing economic structural transformation and cooperation to build economic resilience.

FDIs come with a number of promises including job creation, increased incomes, and technology transfer and skills development. It can therefore play a critical role in facilitating UNCTADs' roles the attainment of inclusive and sustainable development, especially within developing countries. However, an appropriate investment policy matters in order to maximize these benefits.

## The dynamics of EAC's Investment regimes

Attaining the goal to "Leave no one behind" will require pursuance of appropriate investment regimes that are supportive of the realization of inclusive and sustainable development. FDI is encouraged by a stable, predictable and enabling investment climate. It is for this reason that the EAC partner states have each pursued liberal investment regimes. They have in addition offered fiscal and non-fiscal incentives to attract these investments; and have enacted investment policies and laws with provisions that provide for the protection of investor interests. However, providing such conditions is not enough. First, the EAC partner states face challenges in calibrating FDI. This will facilitate the maximization of gains from FDI. Such gains can contribute towards enhancing markets i.e. the purchasing power of the population through increased incomes; generating revenue that can be reinvested for the development of viable infrastructure; and investment in social services such as health and education which are critical for skills development.

Secondly, partner states also face challenges in promoting responsible investment. This takes two related aspects, namely how to encourage environment sustainability, and how to develop a proper regulatory framework that fosters human rights objectives. Balancing investor rights and obligations should therefore be the key mission. This will ultimately ensure that a balance is reached between the protection of investor interests and the host country's development needs and communities' rights.

Thirdly, they face challenges in securing their policy space especially amidst the proliferating number of International Investment Agreements i.e. Bilateral Investment Treaties (BITs). While continuously expanding – more than 3,000 core treaties exist today. Currently, the EAC is set to re-embark on negotiating a Trade and Investment Partnership between the U.S and the EAC. The region will also be negotiating a binding agreement on investment with the EU under the EPA Rendezvous clause. Within these arrangements, developing countries' governments' policy space to be able to direct investments in the development interests of their countries is shrunk. Another important deficiency is the fact that these treaties exclusively focus on investment protection. Similarly, investment disputes under these arrangements are becoming a problem, with arbitration tribunals progressively making judgements on key domestic policies such as core mechanisms of checks and balances e.g. appeals mechanisms are non-existent in international investment treaty practice.

## How UNCTAD can help?

Through its Investment Policy Framework for Sustainable Development, UNCTAD put in place a dynamic document to help governments formulate national investment policies, in negotiating or reviewing IIAs, and in designing concrete policy initiatives to promote and direct FDIs in priority sectors for sustainable development. Consequently, UNCTAD has put in place an online structure that facilitates an interactive, open-source platform, inviting the international community to exchange views, suggestions and experiences on the framework for the inclusive and participative development of future investment policies. In order to be more effective, UNCTAD should more specifically assist developing countries like the EAC in light of the following issues:

### 1. Addressing challenges that could arise from competition for FDI

Competition for investments is evident in many developing countries today, especially among those that are part of similar regional economic configurations. The EAC partner states are one of those RECs that are at risk of facing the race to the bottom dilemma due to competition for FDI. Because of this, countries are lowering their environment, labor and human rights standards to be able to competitively attract FDIs.

UNCTAD should therefore help the EAC partner states to put in place harmonized investment policies and strategies at the national and regional levels to ensure a coherent approach towards their engagement with FDIs at national, regional and international levels. Such legal frameworks will go a long way in supporting inclusive and sustainable development.

### 2. Securing their policy space

One of the outcomes of UNCTAD XIII that was continually re-echoed was the need to secure policy space of developing countries if these countries are to reap actual development. Policy space has an enormous influence on a country's ability to achieve economic development. This is because it gives a country leverage to direct investments in line with the development interests of the state. Policy space also gives governments the power to set specific standards for human rights, environment and labour and to regulate investment operations, especially FDI in light of these standards.

UNCTAD should therefore support developing countries like the EAC partner states to put in place investment regimes that secure their policy space. This is especially given the fact that current investment regime especially within the international realm BITs are increasingly shrinking developing countries' policy space to ensure that FDI deliver on their promises while upholding the rights of the host country communities.

3. Balancing investor rights and obligations and the host country's community rights and development interests

Investment regimes at national and international level generally seek to protect the investors' interests at the cost of the host country's communities' rights and development interests. Little or no focus has been given to ensuring that investors deliver on their obligations. International frameworks such as the UN guiding principles for Business and Human rights are yet to be implemented in countries like the EAC partner states and yet they provide clear guidance towards achieving this balance.

UNCTAD should therefore support technical and capacity building support to the EAC governments as well as other African states to implement the guiding principles on Business and Human rights and put in place policy frameworks to ensure a balance between the investor rights and obligations and the host country's community rights and development interests.

In conclusion, while the role of foreign investment cannot be overemphasized, the imperative of a pro development investment regime is also critical in ensuring that this investment delivers on its promises. UNCTAD should therefore support the EAC partner states towards harmonizing their investment regimes including implementing the EAC model investment treaty to minimize the "race to the bottom". This is because competition for investment in states within the same regional configuration causes them to lower their standards in a bid to attract and secure greater investment flows, an act that has limited them from benefiting from such investment.

## The Role of UNCTAD in Strengthing Regional Integration for Structural Transformation and Economic Resilience in East Africa

The United Nations Conference on Trade and Development (UNCTAD) is an organization mandated to promote equitable integration of developing countries into the world economy. Its role in achieving structural transformation and addressing structural challenges posed by a volatile global economic system is vital in building and strengthening trade. The institution has traditionally provided a forum to analyze, discuss, research and address economic imbalances and inequalities in the global economy.

Regional trade has potential to contribute to economic growth and development. However, in Africa the expected results have been slow to be realised. Efforts have been fronted from different institutions to ensure everyone is inclusive in this development process. Africa as a region has had positive growth in the last decade spearheaded structural adjustments including services, land and labour extension as compared to the rise of industry and manufacturing. The share of manufacturing in Africa's GDP for example, dropped from 15% to 10% between 1990 to2008 respectively. The exportation of raw materials is not conducive to sustainable development as they are not only subject to depletion over time but also vulnerable to fluctuating prices and demands.

UNCTAD needs to play a big role in fostering structural transformation in Africa. This is aimed at making regional integration work for Africa which requires a transformative regionalism. This can be realised through promoting and ensuring progress in building productive capacities for sustained development. These include enhancing implementation of existing programmes and action plans, refocusing the role of the RECs on the goal of economic integration, doing away with false contradictions that often cloud the debate on development in Africa, and recognising as well as exploiting the vital role of industrial policy and consumer behaviour in promoting regional integration and structural transformations.

The ability to gain and benefit from market access opportunities depends increasingly on compliance with non-tariff measures (NTMs), such as sanitary and phytosanitary measures technical regulations and norms. Their effect on regional trade is still understudied due to the complexity and variations of such policy instruments and their diverse effects on regional trade. These measures represent a major challenge for exporters, importers and policymakers. Although many NTMs have primarily non-trade objectives, they may affect trade and can unintentionally become discriminatory against smaller exporters and poorer countries. UNCTAD should therefore coordinate the efforts to improve access and transparency in respect to NTBs through building capacities of technical teams in the region and capacity to classify and act to improve the business environment for meaningful trade impact but also quantify the cost that they impose on international trade. This will ensure that developing countries understand the use of NTMs and their implications for the formulation and implementation of effective development strategies however comprehensive and unreliable information about NTMs is scarce and difficult to obtain.

More efforts are crucial in adopting policies of technology diffusion and transfer; helping to raise export potential and the productive capacities of domestic enterprise as well as build partnerships and linkages between small-scale farmers, entrepreneur and large firms. In addition to setting up funds to support countries that are vulnerable to commodity price fluctuations as well as lead in the development of the Generalized System of Preferences (GSP). This great achievement can be registered with positive change if development partners like UNCTAD are part of the process.

Implementation of the Trade Facilitation Agreements (TFA) is a "win-win", this will require all countries to streamline, standardize and simplify passage of goods across borders. A central element of the TFA is the obligatory establishment in each country of a national trade facilitation committee (NTFC) with both public and private sector stakeholders to facilitate both domestic coordination and implementation of the provisions of this agreement. Supporting NTFCs and partnerships in trade is important during the present trade slow down and the increasing anti-globalization trend globally. UNCTAD, together with the other development partners, need to work in close collaboration with developing and least developed countries to successfully implement the TFA and ensure close coordination of the established NTFCs, working to increase support for the integration process, thereby boosting partnerships both at national, regional and international levels. In addition, the UNCTAD should strengthen technical engagement of NTFCs, and look forward to facilitating a continued positive collaboration with international, regional and national partners. The signing of the WTOs Trade Facilitation Agreement is estimated to reduce trade costs and increase the export potential of African countries by 10%.

One of the instrumental key areas for UNCTAD has been promoting sustainable developments through structural transformation by facilitating large scale transfers of resources and labour from one sector of the economy to another. This helps to fuel development, trade and achieve greater economic productivity. This is an essential need in regional development whose effects often include increased processes of urbanization, shifts towards modernized industries and decreased dependency on the export of primary commodities. It also increases incomes and employment, facilitates value addition, diversification of exports, fuelling of technological advancements, development in infrastructure, rising of domestic capabilities and protection from external market shocks. Therefore UNCTAD should increase its support towards sustainable development to ensure that there is increased trade that benefits domestic traders within the region.

On the other hand, While UNCTAD has provided a much needed voice to counter balance the voice of the dominant actors of the global economic trade regime, there have been continuous attempts to suppress the institution of its voice, agency and scope. For example in UNCTAD 14, proposals to expand the role of UNCTAD in areas of taxation as well as provide developing countries with equal opportunity to participate in international tax forums were defeated. It also did not adequately address ways in which investment agreements and dispute settlement systems could be challenged. It also lacked critical recommendations on how to move towards achieving the WTO DOHA Development Mandate. Overall, the outcome of UNCTAD 14 did not serve to strengthen and provide new tools to empower developing countries to reach their development goals.

If we are to move towards a more equitable and just economic system, it is imperative that the functions and competencies of UNCTAD be expanded and raised. This means providing it with more voice and decision making powers so as to better represent the interests of developing countries. In order for UNCTAD to effectively act as a representative for developing countries, the dynamics of the relationship between the global institutions have to change. UNCTAD needs to go beyond acting simply as an institution that analyzes and researches policy and push for greater decision-making, legislative power so as to better position itself to re-define the rules of world trade.

There is a need for the institution to not only focus on the factors of international trade but also social, economic, environmental and political drivers of development and growth. While industrialization can lead to increased economic growth, it can also have detrimental environmental impacts. The key to sustainable development is then to create policies and strategies that take into account the negative effects on trade and efficiency like climate change. Successful strategies for development will depend on not only the promotion and innovation of clean technologies and practices but policy changes in regulating what and how things can be used.

As trade continues to play an important part of economic development, the role of UNCTAD becomes ever more important as it acts to provide a space for disadvantaged countries to put forth their demands. It is therefore the responsibility of those in the Global North to actively make space for and support the role of UNCTAD in the quest for a more sustainable, just and equitable global development.

## Gender and Trade: Realities for a transformative economy in the EAC

### Introduction

Over the last two decades, trade policy in most countries has been geared towards trade liberalization and market opening. Under the precepts of the Washington Consensus prevailing in the 1990s, the assumption was that free trade, combined with liberalization of investments, a deregulation of the private sector and financial systems along with the privatization of public owned enterprises and services would facilitate the process of sustained economic growth and the development of productive capacities. In turn, higher levels of growth and productivity would expand employment opportunities and sustain livelihoods for all, men and women, giving them the same chances of benefiting from macroeconomic policies. Trade policy, along with other macroeconomic policies, was however perceived as being "gender neutral".

The relationship between trade and gender has been hotly debated. Some say that globalization has excluded or impoverished women, causing disproportionate job losses due to the influx of foreign goods into domestic markets. Others argue that increased trade leads to greater gender equality by creating new jobs and economic growth

Neither side is totally right as a nuanced view is required. Trade integration has translated into more jobs and stronger connections to markets for many women. Indeed, as shown by the World Bank's 2012 World Development Report (WDR 2012), increases in international trade have tended to increase women's employment, not a feature that typifies many development processes. And access to these jobs has proven to empower woman with various skills.

Increased trade has been widely promoted as an important ingredient to stimulate growth and reduce poverty. Indeed, there is some evidence that increased trade results in cheaper products (mostly imports) for local consumers, creation of new markets and a rise in employment opportunities. However, these benefits are not equally distributed between women and men. Women are often less able than men to take advantage of new opportunities due to the gender-specific constraints women face such as limited access to and control over resources (land and other assets, credit, information, technology), limited access to markets, social responsibility for unpaid domestic work, legal discrimination and discriminatory cultural norms and values.

The Nairobi Maafikiano, one of the papers adopted at the 14th UNCTAD session mandated UNCTAD to continue work on mainstreaming issues in relation to trade especially issues of women equality and women empowerment. Paragraph 14b)) states that "gender equality and women's empowerment are essential to all countries to attain sustainable and equitable growth and development" Furthermore paragraph 14a)) recognizes that "economic growth has be inclusive to ensure the well being of the population. It also has to acknowledge horizontal inequalities including gender inequality.

This mandate calls on UNCTAD to reinforce its work on the links between gender equality, women's and girls' empowerment and trade and development, and support member States in the design and implementation of policies and establishment of institutions that support women's economic empowerment, economic security and rights and enhance their economic opportunities. This comes as a result of numerous reports stating that women play a critical role in development and contribution to structural transformation. This mandate on gender issues will help countries to ensure that they achieve goal 5 of gender equality on the sustainable development goals 2030.

## Gender and Trade in EAC

Women play a key role in East African trade and could contribute further towards boosting trade in the region by taking advantage of opportunities to use trade as a driver of growth, employment and poverty reduction. It is stated that over 70% of the women population in the East African region is directly involved in production mainly farming. Despite their overall contribution to production, women are not largely involved in the extension services. However, non-tariff barriers and other challenges related to women's unequal status in society impede trade activities undertaken by women, often leading to women traders and producers not having the means to enter the formal economy.

Given that women experience trade barriers differently from men, gender sensitive policies can assist female importers and exporters to reap the same benefits from regional integration as their male counterpart's. It has been noted that policy makers typically overlook women's contribution to trade and the challenges they face yet the majority are involved are involved in cross border trade which most of it is informal. The EAC partner states should put in place practical research based monitoring mechanism for the implementation of the customs protocol in all member states that should capture the performance and ongoing experiences of small scale women cross border traders. Official border crossing points should be the main monitoring locus and reports of goods passing through unofficial border points should also be captured.

With the ongoing implementation of the sustainable development goals that were adopted in 2015, countries have come to realize the key role women play in development and structural transformation. A key example is Rwanda that has put women at the centre of its 2020 vision strategy.

## *References*


World Development Report (WDR 2012)

Ruzvidzo, T. (2009), 'African Centre for Gender and Social Development: Gender and Trade Activities' Presentation at the Gender and Trade Workshop, 18 – 19 June 2009 at the Economic Commission for Africa (ECA), http://www.uneca.org/ATPC/workshop-gender-jun09.asp



**SEATINI Uganda**

**Plot 806, Block 213, Bukoto-Kisaasi Road**

**P.O BOX 3138, Kampala**

**Tel: +256 414 540 856**

**Email: seatini@infocom.co.ug**

**Website: www.seatiniuganda.org**