

*UGANDA*

**MBALE TDP DIALOGUE REPORT**

On  
**LINKAGES BETWEEN TRADE, DEVELOPMENT  
AND POVERTY REDUCTION**

**Under**  
TDP PROJECT

**Held at**  
The Mbale Municipal Council Chambers on 9<sup>th</sup> May 2007

**Organised by**  
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## Introduction

Consumer Education Trust (CONSENT)<sup>1</sup>, Uganda, in collaboration with CUTS Centre for International Trade (CITEE), Jaipur, India and with support from Ministry of Foreign Affairs, The Netherlands and Department for International Development (DFID), UK organised the 2<sup>nd</sup> in the series of dialogues on trade, development and poverty reduction under the project, titled: *Linkages between Trade, Development and Poverty Reduction* at Mbale Municipal Council Chambers, Uganda on May 09, 2007.

Among the participants were 29 stakeholders, including local authorities, policy makers, consumers and representatives from civil society organisations (CSOs), private sector and business support-promotion organisations, academia and the media.

## The Dialogue

While delivering the welcome speech, Kimera Henry Richard, Chief Executive of CONSENT highlighted the genesis of the TDP project, which included its background, objectives, component activities and desired outputs at the end of the project in December 2008.

He noted the importance of the dialogue series that enable stakeholders highlight and input what they understand from linkages of trade, development and poverty reduction in addition to what they understand of poverty, its causes, how these causes can be address and how to realise sustainable development.

He called on the stakeholders to share their opinions on societal challenges and how to address them, challenging them to build their capacities on issues at hand and champion those issues locally through advocating for better and relevant pro-poor policies, infrastructure, information and quality amenities to enhance living standards and productivity in order to address productivity challenges and trade for sustainable development. Besides, he opined that to realise benefits of trade and development especially in a resource poor Uganda, it is the responsibility of all stakeholders to advocate and speak out for enabling policy environment. Lastly, he emphasised that it is very hard to realise poverty reduction when benefits of trade do not reach to the resource poor and no equitable sharing of accrued resources is actualised.

Then Kimera Henry Richard presented a brief note on *the Trade Awareness Campaign Kit* that highlights issues at hand in relation to societal challenges, including how to champion the issues through advocacy. The campaign kit focuses on poverty,

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<sup>1</sup> CONSENT – a civil society organisation strives and works for a socially informed, equitable and just society through empowerment of consumers, advisory services, promotion of ethical practices among businesses and engagement of policymakers to enact pro-people policies for present and future generations. It designs and implements programmes on awareness, capacity enhancement, constructive stakeholder dialogues, policy research and advocacy and advisory services on socio-economic issues through partnerships for effective policies to enhance consumers' safety and welfare, business practice, sustainable consumption and development. CONSENT has a distinguished record in research, policy advocacy and public awareness. It has carried out studies on consumer policy-related issues over the last five years and through collaboration with other organisations, has worked on several social, trade and economics related projects.

sustainable development and trade in relation to agriculture, socio-economic trends, environment, human resource, health, infrastructure, good governance and markets, among others. He explained that in essence the kit is all about creating awareness, socio-economic literacy, promoting dialogue, calling for citizens' audit in political and service delivery, policy advocacy as well as empowerment for active citizenship.

He concluded that the TDP initiative strives for a critical mass sensitisation in advocating for trade to work for the poor and to develop equitability to enhance standards of living for the populace.

### **Dialogue Presentation**

Addressing the dialogue, Kato Hussein, Director of Programmes, Institute of Management Science and Technology (IMSAT) pointed out the benefits of trade to any given country and its citizens and defined its different forms and means in ideal situations as a medium of exchange of goods and services. He stressed the linkage for trade to work for the resource poor; to ensure sustainable development to meet needs of the present without compromising the ability of future generations; and to reduce the number of people below the poverty line (see *Annex 1*).

He highlighted the positive and negative effects of trade on socio-economic trends, linking them to the poverty status, economic growth and development. He opined that tangible benefits will be derived through policy harmonisation, complemented with effective and efficient institutions facilitating policy formulation, implementation and monitoring, including adequate and efficient trade facilitating infrastructure and appropriate human skills in both the public and private sectors.

He concluded his presentation with stimulating questions to stir discussions from a community perspective linking it to national, regional and international levels to mainstream trade for development and poverty reduction in line with the national policies and development strategies like Poverty Eradication Action Plan (PEAP), Nation Vision 2025 among others. Some of his questions include: how to address poverty through trade? If we are out of poverty, then why are we poor? How can we increase productivity without affecting development trends? How does trade work for all to generate income for all? And what are we trading in and what are the bottlenecks at domestic and international trade?

In the dialogue, discussions and opinions that are raised ranged from policy framework, economic productivity, implementation mechanisms and infrastructure, service delivery, advocacy to governance. Following are some of the important discussions/opinions:

- Concept of development is a multifunctional approach allowing structural functions with system analysis. The government cannot address poverty reduction, trade and development without structural functions and system analysis to facilitate decision-making and linkages to address societal challenges. It stressed that when the government fails to hold this, everything falls apart.
- Uganda is carrying out all reforms for development but has it been able to identify the real problem? What kind of development is being talked about? Up ward? Sideways? And/or downward? There cannot be any development without deep roots of development based on functional institutions in place to implement, monitor and evaluate the process.

- There is a need to define or illustrate the type of poverty being discussed and addressed in the TDP initiative. Poverty is not the absence of money but failure of the resource poor to meet their basic needs, rather using the baseline of one US dollar a day norm. Dollar is a medium of exchange not an indicator of living standards.
- Reforms have heavily impacted policy formulation and implementation. One of the effects is the economic value focus that politics has led to economic value return of policymaking and implementation particularly in social service delivery.
- Improving systems and infrastructure for information flow, which can positively impact on poverty and development challenges and market information, in particular.
- Repatriation of resources by foreign, multinational business greatly affects and increases poverty levels of a given country.
- Consumers lack disposable income, while the production sector is stagnant. Thus there is need for mechanism to promote consumption to trigger productivity on a broad spectrum.
- Poverty is fuelled by corruption, greed and ignorance. Failure of citizens to understand corruption has entrenched poverty in societies.
- Trade is necessary for development but it is not enough as there is need to empower stakeholders and build human capacity and skills to increase productivity in the face of rampant unethical and poor quality labour, development of demand driven policies and decision-making, relevant technologies for appropriate industrialisation, access to affordable finances and land etc. To realise trade benefits and make it to work for the poor, government needs guidance with clear concept on linkages to human development.
- Rapid liberalisation and privatisation without checks and balances affects community lives, as benefits do not trickle down to the intended beneficiaries.
- Policies on investment should not benefit foreign business; rather they have to support local private sector, as it provides a sustainable investment profile and is the biggest employer today. Quality of attracted foreign investment needs to be scrutinised for their benefits and impact in short and long term periods.
- Focus and revival of regional development investment approach needs to be taken on a priority basis, as they used to steer community development i.e. Soroti had beef processing and Lira was driven by cotton spinning, among others.
- Non-participatory policy and decision-making has been impeding effective service delivery, monitoring and evaluation at local level government given the limited resources currently committed to the majority productive sector in the rural areas.
- Production increase can be achieved but cannot be sustained with poor product quality management – right from quality of inputs to product handling and delivery. Measures are needed to further improve productivity through mechanisms like contract farming, clear taxation and support subsidies.
- Unfavourable policies, unfair and unclear tariffs by local authorities and high interest rates by financial institutions stifle small scale production are the other bottlenecks.

### **Conclusion**

- Trade and markets can be important instruments for achieving socio-economic development and poverty eradication. However, they must be regulated and managed effectively to improve opportunities for the poor and protect the vulnerable. This is because trade alone cannot boost growth and reduce poverty in Uganda.

- Policy coherence should be upheld to facilitate poverty reduction and development and wastage needs to be minimised.
- CSOs should build capacity to develop and propose policy alternatives to address societal challenges that could lead to the failure in realising the Millennium Development Goals (MDGs) and national development frameworks like PEAP, among others. The *status quo* indicates that the blind is leading the blind as communities are worse off.

**ANNEX I: THE ROLE OF TRADE IN SUSTAINABLE DEVELOPMENT AND POVERTY REDUCTION**

Kato Hussein, Director of Programmes, Institute of Management Science and Technology (IMSAT)

Presentation made in a Dialogue meet on Trade, Development and Poverty Reduction, organised by CONSENT, on May 09, 2007 at Mbale Municipal Chambers Hall, Uganda.

**KEY DEFINITIONS**

- Trade is an exchange of goods and services.
- There are many different ways of trading, but there must be a commercial element for a transaction to qualify as trade.
- Trade can be domestic or international.
- Domestic trade takes place within a given Customs Territory Frontiers.
- International trade usually refers to the sale and distribution of goods and services across international borders.

**SUSTAINABLE DEVELOPMENT**

Is it development that meets the needs of present generation without compromising the ability of future generation to earn their needs?

**POVERTY REDUCTION**

It is reducing the number of people below the poverty line.

**EFFECTS OF TRADE**

- Trade allows people to exploit their productive potential, assists economical growth, curtails arbitrary policy interventions and helps insulate against shocks.
- Trade can lead to increased incomes – both private and public. Private incomes increase through increased prices received from goods and services traded in lower prices paid for services and goods consumed. Public revenue increases through increased tariff revenue that comes with growth in trade.
- Effect of trade on poverty is mainly through its on prices. These are mainly prices, which the poor pay for the goods, and services they consume, and the prices they receive for the services and products they produce. Therefore, any trade policy that targets, *inter alia*, poverty reduction must have in-built mechanisms for addressing prices.
- Policy harmonisation is very essential, e.g. Trade Policy, Tax Policy, Monetary Policy, and Fiscal Policy etc.
- Trade policies will be most effective when complemented with effective and efficient institutions. These include; institutions for policy formulation, implementation and monitoring; customs and standard bodies, and export promotion agencies etc.
- Adequate and efficient trade facilitating infrastructure and appropriate human skills in both the public and private sector are crucial

**GUIDING QUESTIONS**

- There is no doubt that trade is the engine of growth, but does growth necessarily mean development? Can there be development without trade?
- Do trade liberalisation and/or enhanced market access necessarily lead to poverty reduction?

- Do you have any reasons to think that trade may not deliver on sustainable development and poverty reduction in economically weak countries? If so, what would be your recommendations/suggestions?
- Apart from trade liberalisation, what else must Africa do to ensure sustainable development and poverty reduction?
- Since 1987, Uganda has implemented significant economic reforms, including liberalisation of trade.
- The government views foreign trade as an important stimulus for economic growth and its trade policies aim to contribute to poverty reduction, promotion of employment and diversification of exports.
- These policy objects have been pursued through continuing liberalisation, deregulation, privatisation and participation in regional agreements, particularly the Common Markets for Eastern and Southern Africa (COMESA) and the East African Cooperation (EAC). The question is to what extent have these measures contributed to the development of our country and the reduction of poverty?

### **Poverty Eradication Action Plan (PEAP)**

Both the PEAP and Vision 2025 outline the commitment of the government to reduce the incidence of absolute poverty from 44 percent to 10 percent and relative poverty to 30 percent of the total population by 2017.

This is 2007, and how far have we moved down the road? Is the remaining distance manageable given the time left? Are we on the right track?

Since 1997, the PEAP has endeavored to address poverty and improve the quality of life. However, it can be noted that there has been an over focusing on agriculture which is traditionally a vulnerable and volatile sector. There is need, therefore, to focus on other sectors such as the service sector, tourism, information and communication technology (ICT), small-scale enterprises, energy and non-traditional exports, etc.

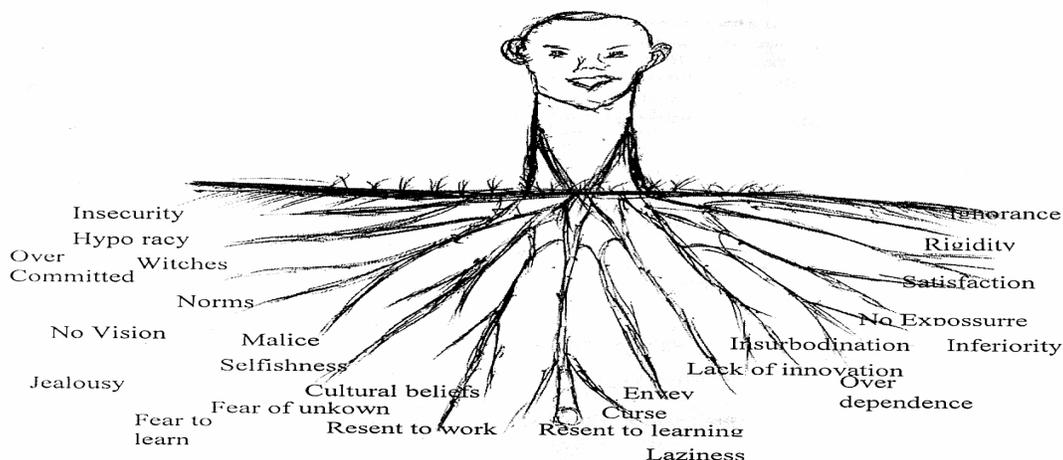
**Annex II: TDP Dialogue List of Participants**

| <b>Name &amp; Designation</b> |  | <b>Name of Organisation &amp; Contacts</b>  |
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| 18.                           | Patrick Sserubula Ntambi                                       | Uganda Cooperative Alliance – Mbale<br>Region, 0772570721   |
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| 22.                           | Nathan Etengu, Journalist                                      | New Vision Eastern Region, 0772593722,  |

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| 26. | Bernard Osenda Wosenda,<br>Managing Director | Mbale Comprehensive High School, PO Box<br>874, Mbale, 0782485677   |
| 27. | Sibolo Geoffrey                              | Nkoma Orphanage Care  |
| 28. | Kato Hussein, Director                       | Institute of Management, Science &<br>Technology (IMSAT), 0772470615,<br><a href="mailto:katogaliwango@yahoo.co.uk">katogaliwango@yahoo.co.uk</a>   |
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**Annex III: Supplementary paper share by a participant – Patrick Sserubula Ntambi**

**BEAWARE OF ROOTS OF POVERTY**



A lot is required to uproot poverty from the African communities, particularly from the rural areas. To uproot all, or some of the above-mentioned roots it is not a simple nut to crack. The taproots are usually resentment to work and learn, both of which deeply and firmly hold other roots.

It is important for individuals to learn more about their inner self, in order to establish their poverty roots. Likewise development workers need to study the whole situation in their operation areas, find out the real barriers to development before any funds are committed to community development.

Much as it is possible to fight poverty, it is important to appreciate that such mentioned roots usually take long to uproot since a human being is a difficult creature to handle. Gradual sensitisation and education plays the biggest roll. Robert Owen believed that the environment determines human character.

Experience has shown that parting with money in form of grants to the poor does not uproot abject poverty; it may instead deepen the roots because it is not sustainable. Our challenge now is for every body to read, and seek probable solution if we need to be better off in the future.

I hope to highlight more on each mentioned root in the next newsletter, try to keep in touch.

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