



# **Training Workshop on Trade in Services Negotiations for AU-CFTA Negotiators**

**24-28 August 2015**

**Hilton Hotel**

**Nairobi, Kenya**

**UNCTAD Services Policy Reviews**



**UNCTAD**

# Outline

A

- What is the UNCTAD Services Policy Review (SPR)?

B

- Methodology

C

- Examples of Findings from SPRs on Best-Fit Practices

D

- Concluding Remarks



## A. What is the UNCTAD SPR?

1

- Systematic reviews of the policy, regulatory and institutional frameworks that characterise the services sectors

2

- SPRs aim to identify policy options, recommendations, and an action plan for reform

3

- SPRs can serve to reinforce national strategies by recommending a series of practical steps, through which strategic objectives can be pursued



# A. What is the UNCTAD SPR?

1

- SPRs were developed as a **toolkit for formulating a best-fit policy mix** for services

2

- Reviews were conducted for Bangladesh, Kyrgyzstan, Lesotho, Nepal, Nicaragua, Paraguay, Peru, Rwanda and Uganda (I and II)

3

- **20 years of experience in supporting national assessment of services** (e.g. India, Jordan, Mexico, African countries and SADC), and trade policy frameworks with a services component

4

- SPRs have provided a **methodology** to review and assess services economy and trade and **to devise best-fit policies and regulations**, and **build sound institutional frameworks** to harness the development potential of services

5

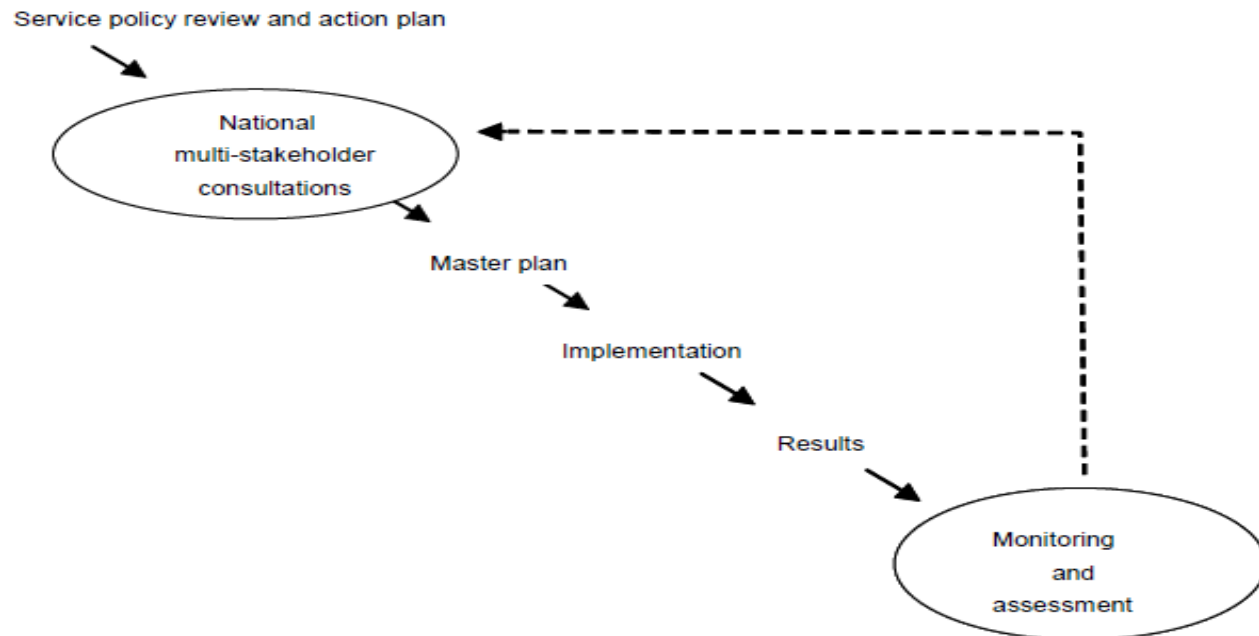
- SPRs are an opportunity to review and **improve services data**

Country	Services
1) Kyrgyz	Energy, Tourism
2) Nepal	Tourism, IT and Computer Service
3) Uganda	Insurance, Accounting, Legal Service, Construction and Engineering
4) Lesotho	Financial, Medical Professional, Tourism
5) Rwanda	Tourism, IT and Computer Service
6) Peru	Engineering consulting, Logistic services, IT and Computer Service, Bookkeeping and Accounting
7) Uganda II	IT and Computer Service, Distribution, Logistic services
8) Nicaragua	Tourism, Financial, Telecommunication, Road Transport
9) Paraguay	Professional services (architecture-engineering-construction cluster), Financial, Telecommunication, Education
10) Bangladesh	IT and Computer Service, Tourism, Accounting, Architectural and Engineering, Professional health services

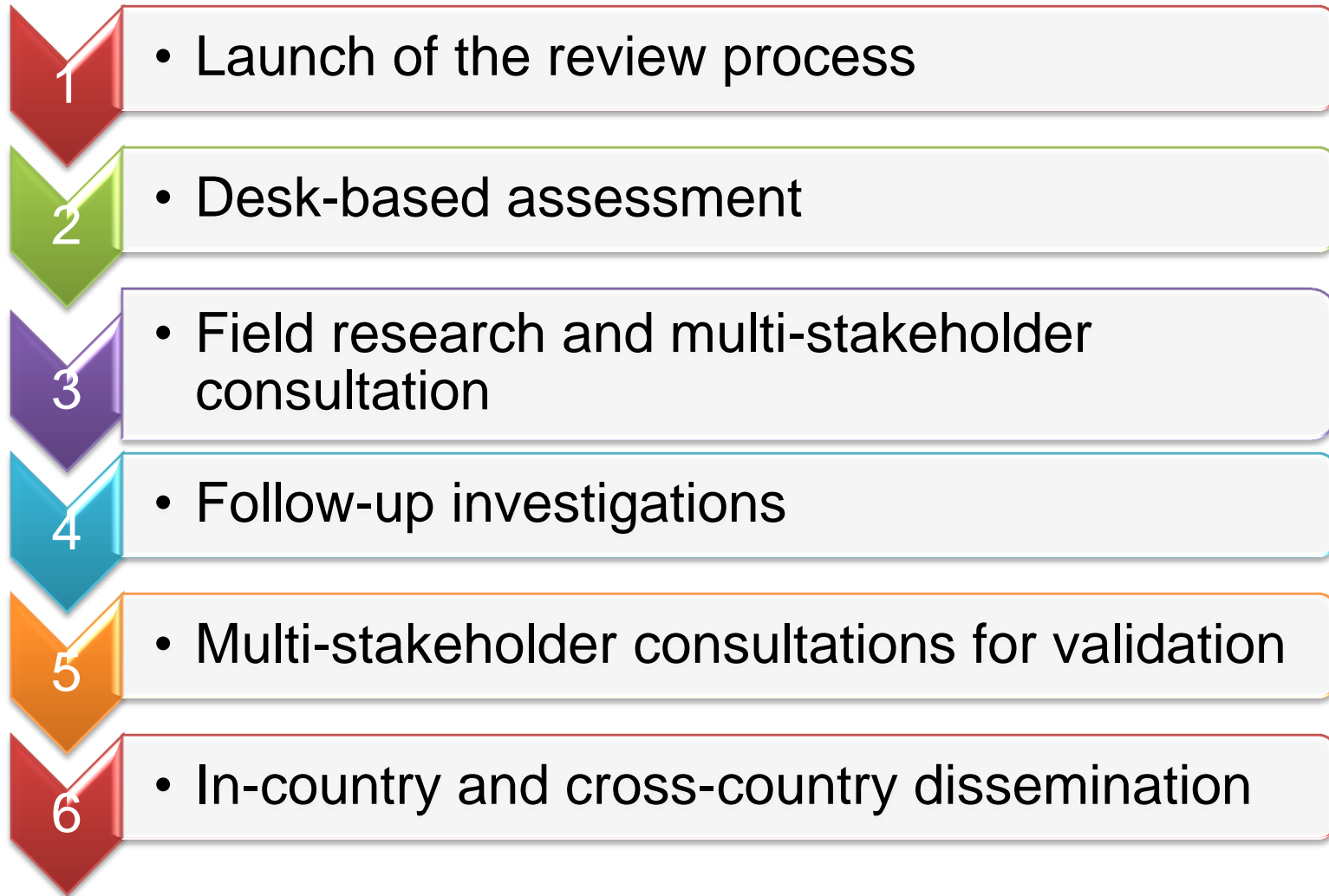
# A. What is UNCTAD SPR?

## Towards dynamic services master plan/strategy

- SPRs are expected to **catalyse and institutionalise** an endogenous process of services policy formulation, implementation and review:
  - An action plan provides for clear steps and timelines for a reform process that is expected to lead to a services master plan;
  - The sponsoring ministry can ensure regular monitoring of the implementation and impact assessment of implemented measures. The related conclusions can be presented to stakeholders providing the basis for the master plan revision.



## B. Methodology



## B.1. Launch of the review process

- ✓ Official request, identification of the main focal point, terms of reference and identification of sectoral coverage
- ✓ Designation of a **national expert team**, who will conduct field-based research. This team is **multi-disciplinary, combining economic, legal and policy skills**, for instance from researchers, academics, and government representatives





## B.2. Desk-based assessment

- ✓ UNCTAD develops a desk-based research to report a comprehensive overview of the services economy and an in-depth analysis of the existing policy, regulatory and institutional frameworks
- ✓ Provides the basis for the field research



### B.3. Field research and multi-stakeholder consultation

- ✓ A first round of **national workshops** is organised as a basis for a **national multi-stakeholder consultation** to seek inputs and guidance from key stakeholders, based on findings from the desk study and surveys, to feed field research
- ✓ SPRs should provide a **detailed picture of policy, regulatory and institutional frameworks** applicable, identifying possible **gaps** and areas of where **reform** is necessary
- ✓ Undertake on horizontal and sector-specific legislation, including on investment, commercial enterprises, international transfer of funds, asset ownership, mobility of natural persons, competition, government procurement, access to justice
- ✓ Institutional framework analysis should focus on main government bodies involved in regulating the sector, and assess their **mandate, institutional settings, effectiveness and capacity to formulate, monitor and implement regulations**
- ✓ It is important to assess how government, regulators and other relevant authorities (e.g. competition authority) **interact and coordinate** to establish **policy coherence** and identifying their national services interest in trade negotiations. Assessment of regional and international interactions may also be relevant
- ✓ **Surveys and interviews** will also inform on how laws are applied and on institutional effectiveness

## B.4. Follow-up investigations

- ✓ Building on the desk study and field research, UNCTAD works together with the national expert team to conduct follow-up investigations and draft the report
- ✓ Analysis is deepened with updated quantitative and qualitative information
- ✓ Quality control by inputs from continuous interactions for review and comments with national stakeholders and **peer review team** (internal and external experts)



## B.5. Multi-stakeholder consultations for validation

- ✓ The report is reviewed by national stakeholders in another round of **multi-stakeholder consultative workshops**, aiming policy relevance and adoption of the report
- ✓ Findings, recommendations and proposed action plan are **critically examined** towards a validated outcome to submit to the government for consideration



## B.6. In-country and cross-country dissemination

- ✓ SPRs are published for wider dissemination, to enrich the knowledge base, promote exchange of experiences and lessons learned, and to stimulate further participatory policymaking processes regarding services
- ✓ Promotion through dedicated interregional consultative processes, as well as ministerial and technical intergovernmental deliberative processes, such as the UNCTAD Global Services Forum, the Trade and Development Commission and the Multi-year Expert Meetings



## C. Examples of Findings from SPRs on Best-Fit Practices

1

- Policy coherence and coordination

2

- Evidence-based policy making

3

- Effective institutions and governance

4

- Enabling productive, technology and business environment

### **Policy coherence and coordination**

- ✓ Refers to horizontal and vertical coordination, not only between sectoral policies but also with trade, investment, competition, industrial, social and other policies
- ✓ Coordination between regulators and the competition authority: In Uganda, the latter issues non-binding preliminary opinions for consideration and action by sectoral regulators



## C. Examples of Findings from SPRs on Best-Fit Practices

### Evidence-based policy making

- ✓ Builds on improved collection, treatment and analysis of services data
  - ✓ Example of Brazil's Integrated System of Foreign Trade in Services and Intangibles (SISCOSERV):
    - ✓ Ensures adequate classification of services activities according to the UN Central Product Classification and data collection on the 4 modes of trade in services;
    - ✓ Fed by mandatory reporting from economic agents for all services transactions between residents and non-residents;
    - ✓ Facilitated by a strong institutional setting derived from a Presidential decree and the country's experience in e-government and e-platforms.





## C. Examples of Findings from SPRs on Best-Fit Practices

### Effective institutions and governance

- ✓ Includes national, regional and international levels of multi-stakeholder coordination, strategy definition, and resource allocation
- ✓ An inter-institutional coordination mechanism benefits from endorsement at a high political level, a formalised legal mandate, resources and capabilities
- ✓ Independent regulators are essential in ensuring neutral, effective and procompetitive regulation. Cooperation between regulatory bodies is important
- ✓ Cooperation at regional and international level is also important given the importance of standard recognition and harmonization



## C. Examples of Findings from SPRs on Best-Fit Practices

### **Enabling productive, technology and business environment**

- ✓ Formalizing the economy can create an enabling environment, as informality affects many SMEs and their capacity to establish linkages with the economy
- ✓ In Nicaragua, the simplification of administrative procedures to grant licences and authorizations facilitates the entry of new operators. This simplification may include the creation of a single licence for telecommunication services providers



## 4. Concluding Remarks

- Devising adequate policy, regulatory and institutional frameworks that are best fit to national circumstances and priorities in an increasingly open trading environment remains as a critical challenge
- There is need for targeted & tailored-made best-fit policies & regulations
- UNCTAD's SPR can be an useful toolkit for policymakers and regulators to assess the potential of services productive capacities and trade, as well as the robustness of regulations and institutions, in order to identify constraints impeding services sector development and ascertain practical solutions and policy mix for strengthening services sectors & trade





# ***Thank You***

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