

**CUTS Africa Resource Centre
Lusaka, Zambia**

**ANNUAL REPORT
2004**



CUTS Africa Resource Centre
Lusaka, Zambia

ANNUAL REPORT 2004

Published by
**Consumer Unity & Trust Society
Africa Resource Centre (ARC)**
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#0515

CUTS 
International



Established in 1983, Consumer Unity & Trust Society (CUTS) is now at the cutting edge of the of the consumer movement in India as well as across the globe. Today, we operate out of five programme centres and an advocacy centre in India, two resource centres in Africa, and one resource centre in the UK, with a staff strength of over 100. Three programme centres are located in Jaipur and one each in Chittorgarh and Calcutta, India. The advocacy centre is located at New Delhi in India, and resource centres are at Lusaka, Zambia; Nairobi, Kenya; and London, UK.

The organisation elects its Board/Executive Committee every fourth year, while the Secretariat is headed by the Secretary General. Over 1200 individuals and 300 organisations are its members. The organisation is accredited to the United Nations Conference on Trade and Development (UNCTAD) and the United Nations Commissions for Sustainable Development (UNCSD).

CUTS also works with several regional, national and international organisations, such as Consumer International (CI); the International Centre for Trade and Sustainable Development (ICTSD); South Asia Watch on Trade, Economics & Environment (SAWTEE); and the Consumer Coordination Council of India etc. It also serves on several policy-making bodies of the Government of India.

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From the Secretary General, CUTS International

It is four years since CUTS Africa Resource Centre (CUTS ARC), Lusaka was established in 2000. With the primary responsibility of functioning as a resource centre for Africa-based civil society organisations (CSOs), as well as for studies, research and advocacy programmes conducted by CUTS and to create and build long-term capacity of civil society, the Centre implemented programmes to develop a close and beneficial relationship between two regions viz. Africa and South Asia.

In a short span of four years, CUTS ARC has done a commendable job, though it is still far away from what CUTS expects or what I expect from it. In fact, the journey has just begun on a promising note. During the period under review, the Centre focused on a work programme on trade and development, advocacy and networking, and capacity building and networking with stakeholders and NGOs.

The Centre finalised policy research projects on Investment for Development (IFD), and Investment Policy Research, officially launching its Investment for Development study report, 'Investment Policy in Zambia: Performance and Perceptions', and its advocacy document entitled, 'Investment Policy in Zambia: An Agenda for Action'.

Under the project, 'Poverty Impact of Doha Development' the Centre, in collaboration with the Overseas Development Institute (ODI), UK, prepared a collection of papers summarising the progress of world trade negotiations and their impact on different countries. The Centre's programme on advocacy and capacity building aimed to generate debate on the New Partnership for Africa's Development (NEPAD), especially on linkages between trade, development and poverty reduction reflected fair progress.

The Centre came out with policy briefs, research reports, newsletters, posters, brochures and workshops, including: 'EU-ACP Economic Partnership Agreement Negotiations: Condonou Undermined and PRSP and HIPC Completion Point: Unraveling Zambian Experience' apart from the four issues

of 'Tradeequity' with themes, including: Are EPAs Kicking Away the Poor's Ladder? North's Mandate for UNCTAD 'Under No Circumstances Take Any Decisions'; The CFA: Picking Africa as an Agenda Item; and Pushing the Doha Round to the Brink' the Centre brought out CUTS ARC Sounds. The article, 'Zambia at forty', which was indeed a tribute to the country for attaining forty years of independence, was acclaimed by various stakeholders.

The Centre facilitated the CUTS Afro-Asian seminar, 'From Cancun to Sao Paulo: The Role of Civil Society in the International Trading System', held in New Delhi and a seminar with the theme 'Can Africa Trade Her Way Out of Poverty?' in Kenya.

The Centre worked closely with Institute of Economic Affairs (IEA), Kenya; Economic and Social Research Foundation (ESRF), Tanzania; and Institute for Global Dialogue, South Africa. Besides, the Centre became a member of Civil Society Trade Network of Zambia (CSTNZ), a trade network that was launched to discuss and debate trade issues. The Centre intends to become a reputed regional resource centre for policy research, advocacy and training on international trade, consumer protection, economic and regulatory policies having outreach to all Anglophone countries in Africa by the year 2007.

Jaipur
June 2005

Pradeep S Mehta
Secretary General

Our Organisation

Consumer Unity and Trust Society-Africa Resource Centre (CUTS ARC), Lusaka, began its operations as a registered non-governmental organisation (NGO) in Zambia, in December 2000. This is the fifth year of ARC activities in Zambia.

MISSION AND OBJECTIVES

The mission and objectives of the organisation are to function as a resource, coordination as well as networking centre to promote South-South cooperation on analysing trade and development policies by involving state and non-state actors (NSAs).

The Centre has been engaged in establishing civil society cooperation in the areas of trade, economic policies and environment in Africa ever since its inception. This is in line with the Centres' effort to form national, regional and international coordination system and alliance building among organisations working on similar social and economic issues. The primary responsibility of CUTS ARC, Lusaka is to function as a resource centre to Africa-based NGOs, consumer organisations, government and regulatory agencies.

The Centre presently focuses on capacity-building activities in the areas of international trade, consumer protection, foreign investment and competition policy issues at the national, regional and international levels. In this regard, the Centre has established links with NGOs, donor agencies, inter-governmental and governmental bodies, especially in the eastern and southern Africa. The Centre has also established working relations with regional bodies such as Common Market for Eastern and Southern Africa (COMESA), and Southern African Development Community (SADC).

STRUCTURE OF CUTS ARC

The governing structure of the Centre comprise the Executive Committee and the Advisory Committee. The functions of these committees are as follows:

1) Executive Committee

- to give policy direction and guidelines to the organisation; and
- to ensure that the aims and objectives of the organisation are achieved.

2) Advisory Committee

- to advise on project work being undertaken by the Centre; and
- to attend meetings of the Centre as resource persons, when requested for by the Centre.

HUMAN AND MONETARY RESOURCES

The staff comprises a Coordinator, Programme Officer and an Administrative Assistant. Of the three staff members, one is female. A conscious policy of CUTS is that at least one-third of the staff should comprise females. This will be complied with in future recruitment of staff.

TRADE AND DEVELOPMENT

- Since its inception, the Centre has been engaged in establishing itself through involvement in projects independently and also with partner organisations. The present work programme contains research, advocacy, training/capacity building and networking in the areas of international trade, consumer protection, competition policy and foreign direct investment (FDI).
- The four existing projects of the Centre are based on the above work programme. Currently, it is implementing two capacity-building projects on international trade and also on consumer protection in eastern and southern Africa and two national projects on competition policy and FDI.
- As part of the work, the Centre has established links with consumer organisations/other civil society groups in COMESA and SADC countries. In Zambia, the Centre is a member of the Zambia Trade Network (ZTN) and works closely with the Competition Commission, Consumer Association, Zambia Investment Centre (ZIC) and other intergovernmental agencies.

STRATEGIC PLAN

Planning of activities of the Centre has been done by the staff in consultation with the Head Office and the Programme Adviser for the purpose of avoiding duplication and coinciding of programmes. The current and proposed future activities of the Centre were discussed in detail during the annual retreat of CUTS held at Jaipur, India, in July 2004. As part of the planning process, the

Centre has identified a number of research, advocacy, networking organisations and donor agencies for the collaborative work.

The target is to become a reputed regional resource centre for policy research, advocacy and training on international trade, consumer protection, economic and regulatory policies having outreach to all anglophone countries in Africa by the year 2007. By that time, the Centre should be able to move into its own premises, which is important for the growth of the Centre. In order to achieve its short-term objectives, the Centre decided to draw up workable plans, which would be suitable to the national and regional context.

Trade and Development *Projects and Research*

POLICY RESEARCH

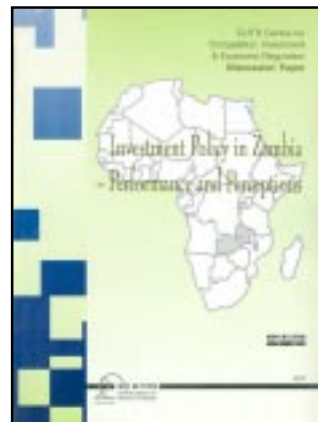
The objectives of the policy research are to promote dialogues, capacity-building and advocacy on key development issues at the regional, national and international levels. The details of the policy activities carried out by the Centre during 2004 are given below:

Fostering Equity and Accountability in the Trading System (FEATS)

This programme is being implemented in eastern and southern Africa. It is a long-term programme focusing on policy advocacy, training and capacity building and networking on regional and international trade agreements. As part of the project, the Centre publishes quarterly policy briefs and newsletters, organises training workshops for its core activities and offers internships and exchange visits.

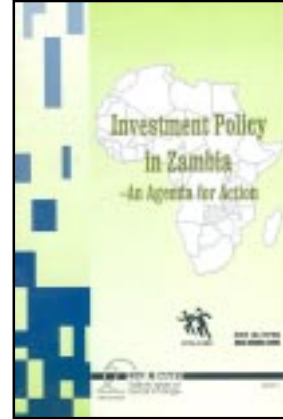
Investment for Development (IFD)

This was a two-year research and advocacy programme on investment regimes being implemented by CUTS International, Jaipur, in seven select developing and transition economies, including South Africa, Tanzania and Zambia. The Centre coordinated the African component of the two-year project and implemented the Zambian component as a national partner. In January 2004, the final meeting under the project was held at Geneva and the representatives of the Centre attended the same.



Investment Policy Research

The Centre officially launched its Investment for Development study report entitled, 'Investment Policy in Zambia: Performance and Perceptions', and its advocacy document entitled, 'Investment Policy in Zambia: An Agenda for Action', at Lusaka, Zambia, on September 14, 2004. These are concise research and advocacy documents, creating awareness and building capacity on investment regimes, while setting action points for various stakeholders on investment policy in Zambia.



TRAINING AND CAPACITY BUILDING

The Centre continued its capacity-building activities for members of CSOs in the region and also staff members of the Centre during the year. The capacity building activities of the Centre have been carried out through:

- organising training workshops;
- enabling civil society representatives to participate in meetings and workshops; and
- providing resource support to consumer organisations in preparing research reports through various reader friendly publications.

Training Workshops

Under the FEATS project, the Centre organised focused training workshops in such a way that they were able to enhance the capabilities of the consumer organisations.

Doha Development Agenda

The Centre, in collaboration with Overseas Development Institute (ODI) implemented the Zambian component of a four-country (Zambia, Vietnam, Brazil and India) study on the progress and negotiations being made on the Doha Development Agenda (DDA) by developing countries and their impact on poverty reduction. A review meeting was organised at London, UK from February 18-19, 2004, where the Centre's researcher presented the country paper.

Capacity Building

The Centre, in conjunction with Participatory Ecological Land-Use Management (PELUM) initiated a programme to undertake advocacy, networking and capacity building in Zambia in order to understand and generate a debate on the NEPAD, especially on its link with trade and poverty. The project will endeavour to bridge the gap between the sector stakeholders, civil society, academia, business and policy makers with the objective of increasing awareness on the issues raised in NEPAD and how these connect between trade policy, trade partnerships and poverty reduction through improving the living conditions of the poor.

Advocacy and Networking

Advocacy work on international trade barriers faced by poor countries was carried out through policy briefs, news bulletins, press releases, lobbying and workshops. The Centre was involved in advocacy on competition policy, fair trade, poverty reduction, and stakeholder involvement in decision-making. The target group comprised civil society/consumer organisations, government/regulatory agencies, chambers of commerce, labour unions, etc. Advocacy work on development oriented FDI policies was earlier conducted through national reference group (NRG) meetings, brochures, newsletters and media interactions.

CONSULTATIONS AND SEMINARS

Afro-Asian Seminar

CUTS mobilised CSOs from Africa and Asia for a consensus on civil society perspective of United Nations Conference on Trade and Development (UNCTAD) XI at the Afro-Asian seminar entitled, 'From Cancun to Sao Paulo: The Role of Civil Society in the International Trading System', held at New



John Ochola speaking at the Afro-Asia seminar held at New Delhi

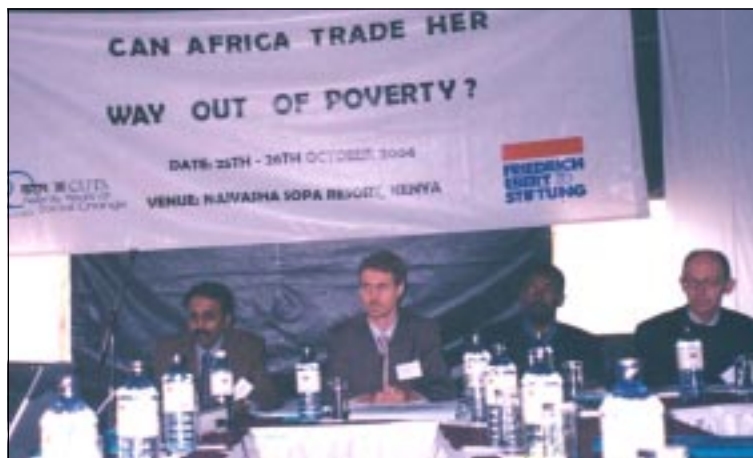
Delhi, India, from April 13-15, 2004. The Afro-Asian civil society statement on Trade was fed into the Civil Society Forum Declaration to UNCTAD XI, outlining the civil society position on issues discussed at Sao Paulo, Brazil. The Centre facilitated the participation of about 25 delegates from Africa at this seminar.

UNCTAD XI

ARC, Lusaka, through its representatives, participated in the 11th Session of the UNCTAD XI, which took place in Sao Paulo, Brazil from June 10-18, 2004. The Centre issued various press briefs covering the main activities on a day-to-day basis, and took part in various discussions. This work was an extension of the centre stage that CUTS has taken in the civil society arena to take forward the poor people's trade agenda before the highest policy making bodies of the world. The Conference, held every four years, reoriented the debate on linkages between trade, development and poverty and repositioned UNCTAD in the present context.

Can Africa Trade Her Way Out of Poverty?"

CUTS ARC, Nairobi, in partnership with the Fredrich Ebert Stiftung (FES) organised a seminar on the theme 'Can Africa Trade Her Way Out of Poverty?' in Naivasha, Kenya, on October 27-28, 2004. The meeting was designed to provide a platform for debates and discussions between and among a wide range of stakeholders, trade and economic policy makers, representatives of inter-governmental and regional organisations, donor agencies, parliamentar-



Participants at the seminar on 'Can Africa Trade Her Way Out of Poverty?' held at Naivasha, Kenya on October 25-26, 2004

ians, etc. It also aimed at sharing experience between countries such as Nigeria and Vietnam. The Centre facilitated the participation of resource persons from southern Africa.

PARTICIPATION/REPRESENTATION IN ACTIVITIES

In accordance with the mission of the Centre, viz, coordination as well as networking, with like-minded organisations to promote civil society cooperation, the Centre took part in activities organised by its partners. The Centre received support from many of its partner organisations in various ways in implementing its programmes. During the reporting period, the representatives of the Centre took part in the following events:

- A half day roundtable on the theme 'Economic Development Priorities', organised by the Centre, in partnership with Southern Africa Regional Poverty Network (SAPRN), held at Lusaka, Zambia, on December 15, 2004.
- A formal submission on 'Improving the International Trading System: A Zambian Perspective', during the UK Commission for Africa (CFA)-Zambia meeting, on November 29 and December 01, 2004, respectively.
- A submission on the topic 'Creating Enabling environment in the Regional and International Trading system: A Southern African Perspective' organised by SAPRN and Economic Association of Zambia (EAZ), on December 13-14, 2004.
- A panel discussion on 'South-South Cooperation' organised by CUTS Centre for International Trade, Economics and Environment (CUTS CITEE), held at Geneva, on May 26, 2004.
- A meeting to discuss food security, sustainable crop management and how to approach farming as a business, organised by the Centre and PELUM, on October 17, 2004.
- A policy dialogue entitled, 'Strategy Planning Workshop for Zambia and Tanzania on Investment Africa', held on September 02, 2004.
- A Trade Law Centre for Southern Africa (TRALAC) Annual Conference on the topic 'Economic Partnership Agreements (EPA`s): Maximising Benefits for the ACP' held on November 11-12, 2004.

- A World Social Forum (WSF) Conference held in Mumbai, India, from January 16-20, 2004.
- CUTS Annual Retreat held at Jaipur, India on July 24-25, 2004. Apart from the review of activities, a long and short-term work programme was prepared for the coming three to five years.

Outreach

Advocacy work on international trade and development issues for the poor countries has been carried out through publication of policy briefs, news bulletins, press releases and workshops. The Centre was involved in advocacy on competition policy, consumer protection, development-oriented FDI policy, fair trade, poverty reduction, and stakeholder involvement in the decision-making process.

RESEARCH REPORTS AND MONOGRAPHS

Investment Policy in Zambia – Performance and Perceptions

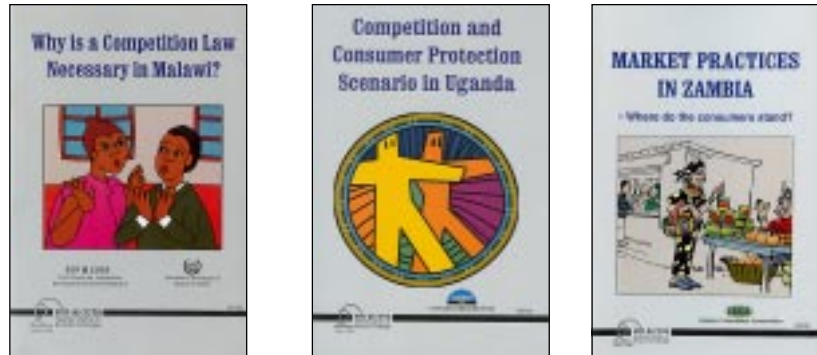
ARC, Lusaka in cooperation with CUTS, Jaipur and supported by DFID and UNCTAD published two reports namely, 'Investment Policy in Zambia – Performance and Perceptions' and one monograph entitled, 'Investment Policy in Zambia – An Agenda for Action'. The reports aimed at creating awareness and building capacity on investment regimes and international investment issues in seven developing and transition economies: Bangladesh, Brazil, Hungary, India, South Africa, Tanzania and Zambia. These reports were a part of the IFD Project.

Poverty Impact of Doha Development Project

CUTS ARC in collaboration with the Overseas Development Institute (ODI), London, UK, prepared a collection of papers summarising their assessments of the principal issues of the world trade round, how the outcome might affect poverty, the progress of the negotiations and their impact on different countries.

Monographs on Competition and Consumer Protection

CUTS ARC, in collaboration with one consumer organisation in Malawi, Uganda and Zambia, produced reader-friendly monographs on competition and



consumer protection. The reports were sent to partners for lobbying, advocacy and networking.

POLICY BRIEFS

Under the FEATS programme, policy briefs were prepared by the Centre in the year 2004.

EU-ACP Economic Partnership Agreement Negotiations: Cotonou Undermined

The policy brief analyses the neglect of fundamental values and objectives originally set out in the Cotonou Agreement by the negotiations of the trade arm of the Cotonou Agreement and the Economic Partnership Agreements (EPAs). The WTO law with regard to the Regional Trade Agreements (RTAs), offers only limited provisions for Special & Differential Treatment (S&DT) and demands that substantially all trade be liberalised in an agreement to qualify as a RTA. The EU, has therefore, demanded that the EPAs require liberalisation of 90 percent of European Union (EU)-African, Caribbean and Pacific (ACP) trade, a demand which threatens the ability of ACP countries to protect a wide range of vulnerable sectors in their economies, whose further growth is vital to development efforts and poverty reduction.



PRSP and HIPC Completion Point: Unraveling Zambian Experience

The Heavily Indebted Poor Countries (HIPC) Initiative was launched to create a framework for debt relief to the world's poorest and highly indebted countries, with the objective of enhancing economic growth and reducing poverty. The policy brief discusses the attempts of HIPC to bring the debt burden of the poor countries within manageable limits and how the International Monetary Fund (IMF) and the World Bank (WB) has decided to commit to reducing debt to sustainable levels.



NEWSLETTER

The Centre produced four issues of the newsletter entitled, 'Tradequity' in colour, on trade and development issues. These were distributed among the partner organisations, development agencies, Government and other stakeholders.

The key themes of the newsletter published in 2004 comprise:

- Are EPAs Kicking Away the Poor's Ladder?
- North's Mandate for UNCTAD "Under No Circumstances Take Any Decisions"
- The CFA: Picking Africa as an Agenda Item
- Pushing the Doha Round to the Brink

ZAMBIA AT FORTY (40)

The Centre, in October, wrote an article for a magazine entitled, 'Zambia at forty'. The article addressed the need to amend the investment Act to facilitate and encourage both domestic and foreign investment by creating a level playing field. The magazine was assigned by the Zambian government. It was a tribute to the country for attaining forty years of independence. It addressed key issues such as investment, tourism and economic growth and also the economic status of the country after forty years. The publication was distributed to other organisations as well.

ELECTRONIC BULLETIN

CUTS ARC Sounds is the electronic newsletter circulated among partner and networking organisations. The content of the news bulletin comprises the activities of the Centre and other relevant news items on trade, consumer protection and development.

INTERACTION WITH MEDIA

The Centre interacted actively with the print media in its advocacy programmes. There were several press statements and articles from ARC, Lusaka that appeared in the media.

Networking with Stakeholders and Other NGO's

The Centre has established links with most of the CSOs working on trade and development issues in eastern and southern Africa. The Centre gives priority to collaborative work with like-minded organisations, with the objective of sharing skills and to achieve its objective of South-South civil society cooperation on trade and development.

The Centre is working closely with research and advocacy organisations in eastern and southern African countries. The partner institutions for the research projects include: IEA, Kenya; ESRF, Tanzania; and Institute for Global Dialogue, South Africa. The projects on consumer protection are being carried out in collaboration with consumer organisations in Zambia, Malawi, Kenya, Uganda, Mozambique, Zimbabwe and South Africa.

In Zambia, the Centre works with Zambia Trade Network (ZTN) and its partners such as Zambia Consumer Association (ZACA), One World Africa (OWA), Organisation Development and Community Management Trust (ODCMT), PELUM, etc. Advocacy work on themes such as consumer protection, competition policy, development-friendly investment rules and international trade issues faced by poor countries have been carried out through policy briefs, newsletters, research reports, press releases and workshops.

The Road Ahead

CUTS ARC has established links with key CSOs working on trade and development issues in eastern and southern Africa. The Centre gives utmost importance to collaborative work with like-minded organisations in order to achieve its objective of South-South civil society cooperation on trade and development. The Centre is committed to strengthening its collaborative work with various stakeholders in the coming years.

**CONSUMER UNITY AND TRUST SOCIETY (CUTS)
REPORT OF THE AUDITORS TO MEMBERS OF THE SOCIETY**

We have audited the financial statements set out on pages 3 to 9

Respective responsibilities of the Board of Directors and Auditors;

As stated on page 2, these financial statements are the responsibility of the Board of Directors of the Consumer Unity And Trust Society (CUTS). Our responsibility is to report on these financial statements based on our audit.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing. These standards require that we plan and perform the audit to obtain reasonable assurance that, in all material respects, fair representation is achieved in the financial statements. An audit includes an evaluation of the appropriateness of the accounting policies, an examination, on a test basis, of evidence supporting the amounts and disclosures included in the financial statements, an assessment of the reasonableness of significant estimates and a consideration of the appropriateness of the overall financial statements presentation. We consider that our audit procedures were appropriate in the circumstances to express our opinion presented below.

OPINION

In our opinion, the financial statements give a true and fair view of the state of the Society's affairs as at 31 December 2004 and of its deficit and cashflows for the year then ended.

4TH FLOOR
MAIN POST OFFICE BUILDING
LUSAKA

AUDICO ASSOCIATES
CHARTERED ACCOUNTANTS

**CONSUMER UNITY AND TRUST SOCIETY (CUTS)
FINANCIAL STATEMENTS
DETAILED INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2004**

INCOME	2004		2003	
	K	K	K	K
Balance brought forward		-		341,995,977
Transfers from Hivos		225,818,800		5,888,000
Refund from Harare (MWENGO -NGO)		-		855,001
Overseas Development Institute (ODI)		422,342		8,603,100
Refund from Tanzania (Mr. Nair)		-		355,500
		<u>226,041,142</u>		<u>357,497,578</u>
EXPENDITURE				
1. ADMINISTRATIVE COSTS				
Audit fees	5,000,000		5,420,000	
Insurance	1,156,251		1,156,161	
NAPSA (Statutory contribution)	1,172,500		2,012,218	
Salaries and wages	114,068,106		99,236,694	
Bank charges and commissions	6,525,038		5,082,375	
Office expenses	13,618,580		10,606,213	
Printing and stationery	20,802,364		15,142,300	
Office rent	22,560,000		12,968,640	
Postages and telephones	22,802,517		24,975,701	
Photocopying	1,487,050		1,889,660	
	<u>296,235,386</u>		<u>182,362,302</u>	
2. TRAVELLING EXPENSES				
Board and lodging	9,409,587		16,501,731	
Air fares and transport	189,660,657		89,839,590	
	<u>199,100,444</u>		<u>106,341,321</u>	
3. OTHER COSTS				
Depreciation	16,104,281			
Repairs and maintenance	-		1,896,000	
House rent	10,800,000		-	
Regional seminar (Lusaka)	-		10,200,000	
Zambia Consumer Association	-		4,677,000	
Trip to Mexico	-		4,750,000	
Transfer to Kenya	21,654,827		52,614,000	
Trip to Brazil	4,770,500		-	
Trip to Geneva	6,345,940		-	
Trip to South Africa	1,236,100		-	
Trip to Kenya	10,748,960		-	
Transfer to Uganda	-		5,683,200	
Transfer to Zimbabwe	-		299,140	
Transfer to Malawi	-		4,161,720	
Trip to India	5,959,600		1,422,000	
Consumer International	-		1,924,440	
Consumer publications (CPG)	-		4,977,000	
Trip to Portugal	-		1,746,827	
Transfer to Field (London)	-		9,954,000	
Transfer to Botswana	-		12,067,000	
	<u>77,620,148</u>		<u>116,485,487</u>	
TOTAL EXPENDITURE		<u>485,955,978</u>		<u>405,129,110</u>
EXCESS OF INCOME OVER EXPENDITURE		<u>(259,914,836)</u>		<u>(47,631,532)</u>

The notes on pages 7 to 8 form an integral part of these accounts.
Auditors' Report, page 1



CUTS Africa Resource Centre

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