I am happy for this opportunity to host the programme for my fellow friends, panellists and the audience to celebrate one of the great success stories in the operation of non-government organisations in public policy making today. I will speak about capacity building: what we learn from other experiences, its application to India, and in particular, focus on contributions of CUTS to this endeavour.

Capacity Building

I am going to sketch six types of knowledge components that mark the difference between an effective institution and a less effective institution: technical knowledge of competition policy and law; knowledge of local industry and economic circumstances; skills training; skill and agency administration; agency leadership and learning from other competition jurisdictions.
**Concepts of Competition Law and Economics**

First, and most basically the human knowledge that comes from knowing something about competition law itself, i.e. its goals and objectives is important. It is necessary to know about trade-offs and choices made across the world and to know some of the industrial organisation economics which is needed for informing judgements about how the law should be applied. Basic concepts are indispensable at the start but are hardly enough to make the system more effective.

**Local Economy and Circumstances of the Economy**

Second indispensably is knowledge of local economic conditions, i.e. how has the economy in the jurisdiction functioned; how specific sectors operate; which sectors perform well; what are the obstacles to effective performance and superior economic results over time and what do firms do and why do they do it.

In many institutions, we see the absence of people with some experience in the private sector. If you have recruitments of exclusive individuals who have worked all the way in civil services, they would not have the intuition that comes from spending a few years counselling businesses from the inside and without some deeper understanding within the organisation what businesses do and how they are organised. Emphasis should be placed on creating the right team and getting the right people to head a competition agency, who have some work experience in the private sector in order to understand how they function. Without this important understanding, the agency would be in some sort of a deficit. Thus, recruitment of the right people and the right level is one of the key ingredients to ensure success of the institution.
Skills Training

Next is skills training and the development of relatively new systems over time and understanding the gap between knowing the theory of competition law concepts, principles and applying them in practice. How do you go back to conducting an investigation? I remember my first incarnation at the Federal Trade Commission in the late 1970s doing my first investigation interview. There was a very successful and capable advocate on other side. In the first half an hour, all I could elicit was the name and address in an otherwise barren exercise. By the time I did my 30th interview, I had a much better grasp on how to design an investigation, e.g., interviews, drafting documents, orders, analysing, testing and presenting of evidence – all indispensable to an effective programme as well as writing of reports and advocacy programmes to make the viewpoint effective.

Agency Administration

Agency administration basically deals with the infrastructure of how the organisation works; how it is designed; and how does the human resources department operate? These are very important for a competition agency, especially a new agency. If it is doing a good job of recruiting, it will face the wonderful dilemma of having people coming. It is a very bad sign in a new organisation if nobody wants to hire its people from the outside. You need a system in place that is able to manage information and provide training and counselling for those who are coming and joining the agency and to keep institutional knowledge inside to have a system that nullify conflicts.
Agency Leadership

There are not many good courses you can take to run a competition agency that tends to be on the job training. What are some of the key things about leadership to form a strategy to identify priorities, and how do you make your messages known to the outside audience. The question is whether there is politics in competition; how to deflect destructive pressure; how to use the pressure on your audience; and how to build good relationships with other government agencies.

Learning from Other Competition Jurisdictions

There are many examples in the world related to competition law. Today, there are 120 competition agencies, 100 out of them were created since 1990, and there is now increasing body of information that convey predictably about the problems likely to be faced at various stages.

In the first five years of an agency, the opponents will challenge your ability to collect evidence, scope of remedies and interpretation of the statute. You need a First-aid Legal Services Office inside to anticipate the mentioned challenges. It is worth spending more resources getting the procedure and process right because the opponents will hammer the agency in the courts on these challenges. The success of the agency is entirely dependent on the identity of a person who is in-charge.

Realistic Expectations

Also the agency has to deal with the difficult problem of setting expectations realistically. The enactment of competition law is accompanied by expectations that things will be done quickly. Building on a good system tends to be a slow growth and a tricky process that leadership has to go through while respecting the aspirations of the law. Things
will not dramatically change; nobody gets it right on the first day. The factor, the path of improvement is slow and gradual and that is the key to improvement that leads to better results.

**Measurement Benchmarks**

To respond to questions on how one knows that the system works, there is a need to develop measurement benchmarks. How to do this? Circumstances will change, i.e. effort to provide a system, is closely linked to individual needs of a jurisdiction which is harder to determine than one thinks. The problem is to provide good guidance about what needs to be done. The role of the jurisdiction concerned is also important. If you are a physician dealing with the patient your have to know something about how to approach the patient and the patient has to be truthful about his condition. If a patient is not careful, honest and truthful and does not reveal where it hurts and how much the problem is, it is not going to assist in the preparation of a good diagnosis.

**Long-term Engagement**

Trust and understanding are required in the development of good programme besides the right team and the relevant expertise. If you have never worked on a merger, you are the wrong person to tell the agency how to conduct merger investigations. If you have never worked on a cartel programme you are the wrong person to design cartel prosecutions. You might be a wonderful competition specialist but you are not the right person. Someone who is tied to the project with local knowledge, local circumstances, someone working on more similar conditions elsewhere, i.e. the development of enterprises, i.e. what I call suitable personality. Someone who has patience, knowledge, empathy and is willing to listen to the long-term perspective is terribly important in this process.
A famous recent example, in the country in which the person was sent to work disliked to be there; did not like the country, did not like the agency, had contempt for the people. You can imagine that was not the fruitful contributor to a good result in that jurisdiction.

Trends
Trends showing what’s getting better include the project design characterised by longer-term views and more follow-ups. Benchmarking and teaching materials have improved dramatically with much more practical orientation with respect to the transmission of know-how. There is also much more focus on sensitive issues. Yet there is limited co-operation on projects; and limited sharing about outcomes of individual projects rather than taking a collective approach to a competition over time. There is hardly any time to do research. Institutional memory tends to be weak.

CUTS’ Contribution

Microeconomic Research Projects
One of the biggest contributions of CUTS is undertaking in-country microeconomic research projects, relying on the relevant local research. This is different from an outside academic, who comes and studies, collects some souvenirs and is gone, never to return. Having someone who is located inside the country to research has the ability to conduct the next study inside. Moving away from research done by the development tourists and emphasising much more the work done by indigenous specialists who are going to stay in the country is remarkable.
Attention to Local Conditions

Second CUTS has deep roots inside emerging market environments which has brought much more attention to the local conditions. The necessary starting point – what the right structure is, what the right process of adaptation is, and what the right path of implementing the programme is has been the key to the success. The seminal contribution of CUTS through its 7Up initiative, i.e. Bottom Up Approach in over 27 countries in Africa and Asia is greatly acknowledged.

CUTS does this not as part of its formal participation inside the government; but from outside. But if I give my own personal testimonial for one of the most important contributions CUTS has made in its 30 years, certainly in the 15 or so much I have seen it; it is a highly valuable contribution – a rich contribution to understanding local circumstances, local environment and adapting competition policies. And if you look back at the system over time, why do we celebrate anniversaries? We do not celebrate for its own sake, it is celebrated to appreciate contribution over time.