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AFRICA BUSINESS GROUP

The Southern Africa Regional Integration Stakeholder Forum

Theme:

**The Private Sector and Regional Integration
in Southern Africa:
Accelerating Opportunities for Investment and Growth**

organized by

**ECA-SRO-SA, AU-Southern Africa Office and
Africa Business Group**

Sunbird Hotel, Lilongwe, Malawi

11-13 June 2018

Concept Note & Programme

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1. Background

On March 21, 2018, 44 African nations gathered in Kigali, Rwanda and signed a historic framework agreement to establish the African Continental Free Trade Area, the largest free trade agreement created since the development of the World Trade Organization in 1995.

The free trade area aims to create a single market for goods and services on the continent, a market which by 2030 is projected to have grown to a population of 1.7 billion people with a combined GDP of USD 6.7 trillion. The goal of this far reaching initiative is to establish a single continental market for goods and services, with free movement of business persons and investments.

Unquestionably this agreement represents an historic step toward the fulfillment of the aims of the African Economic Community Treaty (AEC), which is also known as the Abuja Treaty and which was adopted by the African Union (AU) in 1991 and came into force on 12 May 1994.

The Abuja Treaty established grounds for mutual economic development among African states through a gradual process of coordination, harmonization and progressive integration of the activities of existing and future regional economic communities (RECs) in Africa. Thus, the RECs were to become the building blocks of the AEC. The stated goals of the AEC within the African Union is to establish free trade areas, customs unions, a single market, a central bank, and a common currency leading to the development of an economic and monetary union by 2028.

In Southern Africa, regional integration has taken the institutional form of the Southern African Development Community (SADC), which was formed in 1992, and which superseded the 1980 founded Southern African Development Cooperation Conference (SADCC). This focus on regional integration and the development of regional markets was significantly boosted in 2015 with the formal establishment of the Tripartite Free Trade Area encompassing the member States of the Southern Africa Development Community, the East African Community and the Common Market for East and Southern Africa, in total, 26 countries stretching from South Africa to Egypt.

However, despite various initiatives and a strong political commitment to the cause, the pace of integration has been relatively slow in the region. This is unfortunate, considering the immense economic potential that can be unleashed through effective integration in the region, which is home to the continent's biggest economy. Enhancing and accelerating the integration process, should provide numerous opportunities within the region to promote intra-regional trade and investment, increased human resource mobility, encourage specialization amongst countries; develop regional value chains (RVCS) to enhance diversification and competitiveness; and consolidate production infrastructure and processes across borders to achieve economies of scale.

Since the promulgation of the Abuja Treaty, one of the factors that has emerged and become increasingly apparent to Africa's political leadership, is that to achieve successful and sustainable regional integration it will be imperative that Africa's private sector play a leading and catalytic role in the process. Indeed, the private sector has a very important role to play in this agenda, both as a key driver of the integration process and a beneficiary of the immense investment, industrial and growth opportunities. At the same time, it is clear that the African

integration agenda can benefit significantly from increased participation of the private sector in the strategic continental sector and infrastructure projects at the regional level.

However, the African private sector has often been conspicuously absent in the regional integration process in Southern Africa, and indeed across the entire Continent. The private sector is rarely part of the policy debate on the African integration process and does not participate in decision-making on the modalities and strategies of regional integration, but paradoxically, the private sector is often listed as one of the key actors to drive regional integration through investments, production expansion and industrialization.

Deepening regional integration and creating an enabling environment in which the private sector can thrive requires a well-thought-out and focused approach to cross-border trade facilitation, infrastructure development, human capital investment, and increased access to equity and debt finance.

- **Regional Value Chain Development**

Regional value chain development has been identified as a way to expand the role and presence of African enterprises in support of the continental integration agenda. However, it has also become evident that without sufficiently integrated regional markets, the free movement of people, cross-border trade facilitation, strategic infrastructure and logistics, the private sector will not be able to effectively develop cross border value chains nor fulfill the desired role in the region as a driver of investment and sustainable growth. Improving regional trade also requires the accelerated reduction of the high number of non-tariff barriers that exist and increased regulatory harmonization.

- **Improved Infrastructure**

Efficient, developed and networked infrastructure (transport, energy, water/ sanitation and ICT) is of particular importance to the effective facilitation of trade and the implementation of industrialization programs. Although the Southern African region as a whole has made significant progress in infrastructure development over the last twenty years, there are still serious bottlenecks threatening its growth prospects. Infrastructure in general, and the energy sector in particular, is an area where private sector investment should be seriously and carefully considered. While the SADC and the Common Market for Eastern and Southern Africa (COMESA) have been advocating for this in recent years, it is still unclear how effective the measures have been to date.

- **Industrialization and Value Addition Policy**

As an agricultural and mineral resource rich region, Southern Africa's leaders have also realized that key to unlocking the economic potential of their member states lies in greater value addition of these resources and increased industrialization across the region. During the 2015 Southern African Development Community (SADC) Summit of Heads of State and Government, by endorsing the SADC Industrialization Strategy and Roadmap 2015-2063, regional leaders adopted an Action Plan Framework which acknowledges the central role played by the private sector as a key engine of investment and growth. The Summit resolution outlined important

actions and policy interventions to support private sector engagement in the implementation of the goals and objectives of the Strategy.

- **Increased Access to Equity and Debt Capital**

In addition to an improved enabling policy environment for increased industrialization in the region, another critical requirement for a thriving private sector and the development of strong regional value chains, is the accessibility of investment finance.

Inadequate access to equity capital, credit and insurance, limits businesses' liquidity and undermines their ability to obtain production inputs and invest in the required capital goods and equipment needed to undertake value addition and beneficiation which are notoriously capital-intensive activities. This is a particular challenge for the regions small and medium enterprises (SMEs), who face risk-averse domestic financial sectors that are not keen to fund small local production and product diversification efforts.

- **Southern Africa Regional Integration Stakeholder Forum**

With a desire to create a platform to foster increased engagement with the private sector in the Southern Africa regional integration and economic development agenda, the United Nations Economic Commission for Africa, Southern Africa Office (UNECA-SA) and the African Union Southern Africa Regional Office (AU-SARO) are collaborating with Africa Business Group (ABG) to organize a **Southern Africa Regional Integration Stakeholder Forum** under the theme: **“The Private Sector and Regional Integration in Southern Africa: Accelerating Opportunities for Investment and Growth”**.

The Forum is intended to bring together representatives of the private sector, regionally active financial institutions and investors, member State governments, Regional Economic Communities (RECs) (namely SADC and COMESA), as well as bilateral and multilateral development partners active in Southern Africa to come together to discuss key issues and challenges pertaining to the alignment of the regional integration agenda with the central role of the private sector in the regional economic development process.

The **Southern Africa Regional Integration Stakeholder Forum** is scheduled to be held over 3 days between June 11-13, 2018 in Lilongwe, Malawi.

2. Aim and Objectives

The **Aim** of the Forum is to provide a comprehensive, integrated and inclusive platform for intense policy and program development focused dialogue among a broad range of constituencies from the private sector, RECs, member States' governments, financial institutions and development partners, to discuss the implementation of strategies for harnessing the potential of the private sector in the acceleration of regional integration, and specifically regional market development, in Southern Africa.

The **Objectives** of the Forum are to:

1. Examine the institutional and policy frameworks of the regional integration agenda and key regional integration priorities including on trade, industrialization and infrastructure development and the role and space accorded to the private sector in them;
2. Provide a platform for policy debate and dialogue and exchange of ideas between the private sector and other stakeholders in the regional integration agenda in Southern Africa including SADC, COMESA, AUC, AfDB, DBSA, and ECA, amongst others, on how the private sector can be effectively mainstreamed into the regional integration project and be its major driver;
3. Review the role of the private sector (SMEs as well as large enterprises) in regional integration processes in Southern Africa, identify the challenges faced by the private sector in developing and strengthening regional value chains, and discuss how addressing these issues and accelerating regional integration can be a growth catalyst for the private sector and a driver of regional growth and economic development;
4. Explore and showcase investment opportunities for the private sector in all fields and areas of the regional integration program in Southern Africa and identify the incentives and support needed to take full advantage of those;
5. Promote and encourage the private sector to invest in strategic regional projects - especially infrastructure projects, including through Public-Private Partnerships and other forms of public-private sector collaboration;
6. Identify the role of RECs, governments, as well as Finance Institutions including Development Finance Institutions (DFIs); and how these can drive the investment and growth agendas in the region via effective and sustained support to the private sector;
7. Make key policy recommendations on better integration and involvement of the private sector in the regional integration project in Southern Africa.

3. Forum Elements

1. Background Paper - presentation on the theme of the private sector and regional integration in Southern Africa for debate and discussion;
2. Public Private Dialogue – interactive panel discussions involving key stakeholders and providing an overview of stakeholder viewpoints on the state of regional integration in the Southern Africa region
3. Sector Integration Workshops - focusing on addressing key issues required to develop strong regional value chains and remove impediments to greater regional partnership development;
4. Exhibitions - by the private sector, RECs and other stakeholders focusing on regionally available products, services and trade and investment resources;

5. Innovation Presentations - focusing on private sector firms and their new innovations, business products, and practices that offer regional value and investment opportunities

4. Expected Outcomes and Outputs

Major Expected Outcomes of the Forum are:

1. Improved communication between private and public sectors, including RECs, with regular opportunities for stakeholders in the private sector to engage with RECs in order to measure progress and discuss new developments;
2. Strengthened commitment by member States, RECs, constituencies in the private sector and DFIs to build effective partnerships for implementing the Regional Action Plan attached to the Industrialization Strategy and Roadmap above-mentioned;
3. Identification of selected areas of intervention, and agreement on key action steps/ areas of activity, that the Public Sector and Private Sector will pursue over a time bound period to unlock the potential for regional trade, investment and integration within the combined SADC and COMESA regions.

Major Outputs of the Forum are:

1. Background research paper on the theme of the forum;
2. Outcome statement of the forum outlining clear agenda and roadmap on better private sector involvement in regional integration processes;
3. A comprehensive forum report that will be published and well circulated.

5. Participation and Support

The Forum will bring together representatives from a broad and diverse range of private sector operators in Southern Africa, including lead firms, SMEs, Logistics Companies, as well as high level government officials, RECs, development partners, DFIs, corridor management institutions, private equity firms, insurance, trade and commercial financial institutions and civil society. Financial support (travel and Daily Subsistence Allowance) will be provided by the organizers to a selected number of participants especially the non-profit based organizations.

6. Sponsorship

The Forum will also provide potential sponsors with an opportunity to promote their brands, products and services with the unique community of regional integration stakeholders that will be gathered for the Forum. For more information about sponsorship opportunities, contact: Sponsorshp@SARISForum.Org.

7. Organizers

The Forum is organized by the Southern Africa Office of the United Nations Economic Commission for Africa (UNECA-SA), in collaboration with the African Union Southern Africa Regional Office (AU-SARO) and Africa Business Group (ABG). The organizing team is being supported by two important regional organized business bodies: The COMESA Business Council and the SADC Business Forum.

8. Draft Program

Day 1: Public-Private Dialogue: Accelerating Regional Integration

8:00am-9:00am	Accreditation and Registration
9:00am-12:30pm	Joint Opening Ceremony with Malawi Investment Forum 2018 <i>(Bingu International Conference Centre)</i>
12:30pm-1:00pm	<i>Move to the Sunbird Hotel</i>
1:00pm-2:30pm	<i>Lunch</i>
2:30pm-3:45pm	Setting the Scene: The Private Sector and Regional Integration in Southern Africa: Accelerating Opportunities for Investment and Growth

Chair: **Mr. Willard L. Manungo**, Permanent Secretary, Ministry of Finance and Economic Development, Zimbabwe

- **Mr. Koffi Elitcha**, Associate Economic Affairs Officer, United Nations Economic Commission for Africa, Sub-regional Office for Southern Africa
- **Dr Amany Asfour**, Chair, COMESA Business Council
- **Mr. Kipson Gundani**, CEO, African Roundtable/Association of SADC Chambers of Commerce and Industry

The plenary session will consist of background paper presentations analysing trends in regional integration processes in Southern Africa by examining institutional and policy frameworks with special reference to trade, industrialization and infrastructure development and the role of the private sector in them. In particular, presentations will identify the challenges faced by the private sector in engaging in or strengthening RVCs, and discuss key investment and growth opportunities for the sector. Preliminary policy recommendations will be tabled for consideration by participants.

3:45pm-4:00pm	<i>Coffee/Tea break</i>
4:00pm-5:30pm	The Private Sector as a Catalyst in Implementing the Continental Free Trade Area

Chair: **Ms Busi Mabuza**, Chairperson of the Board, Industrial Development Corporation (IDC), South Africa

- **Mr Jamie Macleod**, UNECA, AfCFTA Country Business Index
- **Ms Lesley Wentworth**, Southern Africa Business Forum
- **Dr Oswald Chinyamakobvu**, African Union Commission

The plenary session will discuss the key elements of the CFTA and how the private sector stands to drive each element while deriving enormous economic gains from doing so. Presentations will elaborate on what RECs, development partners and DFIs are doing to support the private sector in its drive to make the CFTA gain traction.

5:30pm-6:30pm Networking/ Exhibition

6:30pm-8:30pm Dinner/Cocktail

Day 2: Sector Integration Workshops: Removing Barriers-Expanding Regional Value Chains and Partnership

9:00am-10:15am Increasing Public-Private Partnership Toward Expanded Investment in Regional Infrastructure

Chair: **Ambassador Timothy MacPherson**, Maroons Jamaica

- **Mr. Frank Mvula**, AfDB Country Office, Malawi
- **Mr. Snowden Mmadi**, NEPAD Infrastructure Technical Expert
- **Dr. Sofia Cassimo**, Vice-President, Femme, Mozambique
- **Ms. Iouana Pillay**, Seychelles Chamber of Commerce and Industry

The plenary session will focus on the benefits of PPPs to revive and/or develop new national and cross border infrastructure to support regional integration, trade facilitation and investment. Successful examples will be highlighted, and recommendations suggested on how legislative and institutional frameworks on PPPs among member States should/could be enhanced to boost cross border investment in particular and economic development and trade in general, within and across countries.

10:15am-11:30am Accelerating Trans Border Investment and Trade Toward Greater Regional Integration in Southern Africa

Chair: **Mr. Chancellor Kaferapanjira**, CEO, MCCCCI - Malawi Confederation of Chambers of Commerce and Industry

- **Dr. Betty Chinyamunyamu**, CEO, NASFAM (or nominee)

- **Mr. George Lipimile**, Chair of the TRALAC Board, and CEO of the COMESA Competition Commission
- **Mr. Thabo Qhesi**, CEO, Private Sector Foundation, Lesotho
- **Mr. Joseph Musariri**, Federation of Clearing and Forwarding Associations

The plenary session will focus on supporting cross border investment through appropriate policies, implementation of regional protocols, infrastructure development, business to business interaction and support, access to finance and cross border administration – all aimed at motivating the private sector to seek investment opportunities across countries. Issues of TB and NTBs will also be broached with a view to finding ways of fast-tracking their removals.

11:30am-12:00pm *Coffee/tea break and move to parallel sector roundtables*

12:00pm-1:15pm **Parallel Sector Roundtables: Good Practices, Incentives, Innovations, Obstacles, Recommendations**

Manufacturing	Agriculture/ Agribusiness	Tourism
<ul style="list-style-type: none"> • Dr. Rutaihwa, SADC Secretariat • Ms. Dephne Mazambani, Confederation of Zimbabwe Industries • Mr. Michael Lawrence, National Clothing Retail Federation • Ms. Mtetwa Bachazile, Ministry of Trade, Eswatini • Mr. T. Mugaga, Zimbabwe National Development Agency 	<ul style="list-style-type: none"> • Ms. Yunike Phiri Nhari, President, Zambia Young Emerging Farmers Association • Ms. Belinda Louw, Peritum Agri Institute • Ms. Brenda Tlhbane, Managing Member, Temo Ya Tlhabane Holdings • Mr. Mushokabanji Mwilima, Namibia National Farmers Union • Mr. Bernard B. Kaunda, Acting CEO, Mzuzu Coffee • Mr. Peter Boone, Home Office Director, USAID-Feed the Future Project, Malawi 	<ul style="list-style-type: none"> • Ms Thembi Kunene-Msimang, CEO, RETOSA • Mr. Andre Paul, Ministry of Trade, Mauritius • Mr. Papy Luzala, Sponsorship Manager, Reed Exhibitions Africa • Mr. Themba Ndayi, Customer Success Manager, Africa and Middle East, Thompsons Africa • Dr. O. Mungule, National Economic Council of Zambia
<p><u>Moderator:</u> Ms. Lucy Nampemba, Zambia National Broadcasting Corporation</p>	<p><u>Moderator:</u> Mr Kipson Gundani, CEO, Association of SADC Chambers of Commerce and Industry, and CEO, African Roundtable</p>	<p><u>Moderator:</u> Ms Angela Chishimba, Deputy News Editor, Zambia Daily Mail</p>

1:15pm-2:30pm *Lunch Break*

2:30pm-3:45pm

Roundtables (Continued)

Financial Services	Trade
<ul style="list-style-type: none">• Ms G. Mamba, Trade and Development Bank• Ms. Khetsiwe Mdluli-Dube, Business Development Manager, Swaziland Industrial Development Company• Dr. N. Sululo, National Development Agency, Mozambique• Mr. John Mulongoti, Ministry of Trade, Zambia• Mr. R. Rantsane, Ministry of Trade, Lesotho• Mr. William Lugemwa, DBSA, Principal Deal Originator for SADC	<ul style="list-style-type: none">• Ms Prisca Chikwashi, Zambia Chamber of Commerce and Industry• Ms Boitumelo Gofhamodimo, Independent Consultant• Mr. Azeem Salehmohammed, National Development Agency, Mauritius• Mr Chimombe, Ministry of Trade, Zimbabwe• Ms. Flavia Gomes, National Development Agency, Angola• Dr. Carla Guilaze Soto, Ministry of Trade, Mozambique
<u>Moderator:</u> Ms Nozipho Sibiya , Swazi Observer Reporter	<u>Moderator:</u> Mr. Baffour Ankomah , Editor-at-Large, New African

The parallel break-away sessions on Day 2 will deal with sectoral issues, elaborating on good practices; as well as discussing government incentives that have worked through expanded cross-border trade and generation of new innovations that could further lead to increased regional integration and trade. Various obstacles encountered by sectors will be discussed and solutions suggested. Overall, the sessions will focus on sector-specific development strategies to support private sector in the context of regional integration.

3:45pm-4:00pm

Coffee/Tea break

4:00pm-6:00pm

Exhibition | B 2 B | Networking

This session is intended to give private sector participants an opportunity to interact, exchange ideas that would be of mutual benefit beyond the Forum. The SMEs, in particular, will find networking with large corporations beneficial in creating backward and forward linkages across borders, as well as supporting the development of entrepreneurship especially among women and youth.

6:00pm-8:30pm

SARIS Forum GALA Dinner

Day 3: Unlocking Public - Private Partnership Models

9:00am-10:15am **Cross-Cutting Issues and Sector Integration Recommendations**

- Agriculture/ Agribusiness
- Tourism
- Manufacturing
- Financial Services
- Trade

10:15am-10:30am *Coffee and Tea Break*

The plenary session is a report-back from various Day 2 parallel break-away sessions, with a focus on key issues and recommendations. The plenary will consolidate the cross-cutting issues and proffer recommendations.

10:30am-11:45pm **Supporting SMEs and Innovation: Creating an Enabling Environment for Inclusive Regional Economic Growth**

Chair: **Dr. Ulrich Klins**, Programme Manager, Business for Development Pathfinder, Southern Africa Trust, South Africa

- **Dr. Janine Chantson**, President, Southern African Research and Innovation Management Association, Head: Technology Transfer Office, University of Western Cape
- **Mr. Rangarirai Machedze**, SADC CNGO
- **Ms. Duduzile Dlamini**, CEO, Federation of Eswatini Business Community
- **Mr. Zaid Mohidin**, Chairperson, The Southern African Business and Technology Incubation Association (SABTIA)

In recognition of the critical role of the SMEs in job creation, entrepreneurial development, and empowerment of women and youth, the session is devoted to identifying opportunities for SMEs in a regional integration context, and how public, private and regional stakeholders can support SMEs through various actions including policy, capacity development, finance, backward and forward linkages in various sectors across Southern Africa.

11:45am-12:30pm **Discussion and adoption of Outcome Statement**

12:30pm-1:00pm **Closing Ceremony**

9. Forum Coordination Contacts

- **UNECA**

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