



ECA-SA



AU-SARO



AFRICA BUSINESS GROUP

**Southern African Regional Stakeholder Forum on “The Private Sector and Regional Integration in Southern Africa: Accelerating Opportunities for Investment and Growth”, Lilongwe, Malawi, 11-13 June 2018**

**OUTCOME STATEMENT**

**Preamble**

1. The Southern Africa Regional Integration Stakeholder Forum was co-organised by the United Nations Economic Commission for Africa, Southern Africa Office (UNECA-SA), the African Union Southern Africa Regional Office (AU-SARO) and the Africa Business Group (ABG) under the theme “*The Private Sector and Regional Integration in Southern Africa: Accelerating Opportunities for Investments and Growth*” in Sunbird Capital Hotel, Lilongwe, Malawi, on 11-13 June 2018. The objective of the Forum was 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 essence is on how the private sector can be the driver and major beneficiary of the regional integration process in Southern Africa through increased opportunities for investments, profits, and growth in the region.

2. It was a high-level forum which attracted CEOs and captains of industry and the financial sector in the region and beyond, Chambers of Commerce and Industry, senior government officials, RECs, the African Union, UNECA, multilateral institutions and development agencies, civil society organisations and other key stakeholders including the Diaspora. Participants at the stakeholders’ forum were from the following countries- Angola, Egypt, Jamaica, Lesotho, Malawi, Mauritius, Namibia, Seychelles, Mozambique, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe. Governments represented were: Angola, Lesotho, Mauritius, Mozambique, Kingdom of Eswatini, Zambia and Zimbabwe. Organizations represented at the Forum included: African Business Group (ABG), Zambia Development Agency, Zimbabwe National Chamber of Commerce, Industrial Development Corporation of South Africa (IDC), Southern African Development Community, Development Bank of Southern Africa (DBSA), African Union Commission, Southern Africa Trust, COMESA Competition Commission, TRALAC, National Economic Advisory Council of Zambia, COMESA Business Council, NEPAD-

Infrastructure and Trade Programme, Temo Ya Tlhabane Holdings, Reed Exhibitions Africa, Thompsons Africa, Confederation of Zimbabwe Industries, Trade and Development Bank, National Federation of Women in Business (Femme) Mozambique, Southern African Research and Innovation Management Association/Technology Transfer Office, University of Western Cape, Federation of Swazi Business Community, Southern African Business and Technology Incubation Association (SABTIA), Federation of Clearing and Forwarding Associations, Peritum Agri Institute, Private Sector Foundation of Lesotho, National Clothing Retail Federation, Zambia Chamber of Commerce and Industry, Zambia Young Emerging Farmers, Seychelles Chamber of Commerce and Industry, Namibia National Farmers Union, Lesotho Chamber of Commerce, Tanzania Private Sector Foundation, Swaziland Industrial Development Corporation, Africa Roundtable; Association of SADC Chambers of Commerce and Industry (ASCCI), RETOSA, Federation of Swaziland Employers, TPN Training and Recruitment, GIZ-CESARE, Grow Africa, FINACCO Pty Limited, Tutwa Consulting and NEPAD Business Forum Partner Organization, Business Botswana, Nino's SA, SADC Banking Association, Accompong Ministry of Finance, & Maroons Jamaica, African Advisory Board, Mzuzu Coffee, Alliance for African Partnership, MCCI - Malawi Confederation of Chambers of Commerce and Industry, AfDB Country Office, USAID Malawi, Zambia National Broadcasting Corporation, Zambia Daily Mail, New African/African Interest Magazine, Swazi Observer, Malawi News Agency, Times Group, and UN Economic Commission for Africa (ECA).

3. The Opening Ceremony was jointly organized with the Malawi Investment Forum 2018. During the Ceremony, presentations were made by the Chief Executive Officer of Malawi Investment and Trade Centre (MITC), Mr Clement Kumbemba, and the Chief Executive Officer of the Public Private Privatization Commission (PPPC), Mr Jimmy Lipunga. Remarks were delivered by Dr Sindiso Ngwenya, Secretary General of COMESA; Professor Said Adejumobi for Dr Vera Songwe, Executive Secretary of UNECA; Ambassador Dr Auguste Ngomo for the Chairman of the African Union, His Excellency Moussa Faki Mahamat; Hon. Minister of Finance, Economic Planning and Development, Dr Goodall Gondwe; Hon. Henry Mussa, M.P. Minister of Industry, Trade and Tourism. Keynote and Opening Address was delivered by the President of the Republic of Malawi, His Excellency, Professor Arthur Peter Mutharika.

4. The Stakeholder Forum was organized according to the Agenda below:

- Opening Ceremony
- Setting the Scene: The Private Sector and Regional Integration in Southern Africa: Accelerating Opportunities for Investment and Growth
- The Private Sector as a Catalyst in Implementing the Continental Free Trade Area
- Increasing Public-Private Partnership Toward Expanded Investment in Regional Infrastructure
- Accelerating Trans Border Investment and Trade Toward Greater Regional Integration in Southern Africa

- Parallel Sector Roundtables: Good Practices, Incentives, Innovations, Obstacles, Recommendations
- Side event organized with Southern Africa Trust
- Cross-Cutting Issues and Sector Integration Recommendations
- Supporting MSMEs and Innovation: Creating an Enabling Environment for Inclusive Regional Economic Growth
- Closing Ceremony

## **Key observations**

5. After presentations of the main reports, the Stakeholder Forum, participants:
  - i. acknowledged the progress made at the regional and continental levels in creating frameworks, policies and strategies to promote regional integration, industrialization, regional value chains and economic development in Southern Africa and the Continent, however, the issues of domestication, implementation and monitoring progress remain key;
  - ii. noted that the private sector needs to be more engaging and drive the regional integration process with its attendant benefits for the private sector in creating better opportunities for investments, profits, and the growth of the private sector;
  - iii. observed that the private sector should be better involved in the design and policy making processes on regional integration, industrialization, and economic development including on trade negotiations in the region and the Continent;
  - iv. argued that small and medium scale enterprises are still largely in the fringes in taking opportunity provided by expanded markets through the regional integration process. The main beneficiaries remain the big firms mostly concentrated in the trade, communication and service industries; and therefore, the need remains to devise appropriate strategies to mainstream MSMEs into the regional integration process and reaping its benefits;
  - v. noted that information flow remains key for the private sector in tapping into opportunities provided by expanded markets and investment potentials in the region. These include adequate and available information on private sector organisations in the region in encouraging joint investments, and regional value chains, the details of the various protocols, and strategies as they affect and benefit the private sector, and how business flows can be eased in the region;
  - vi. highlighted the inefficiencies at border posts, including the slow pace of clearance of goods, the absence of prerequisite technology, lack of uniformity of rules between and among countries, lack of unified regional insurance arrangements, and inadequately skilled human resources;

- vii. noted that informal cross border traders, particularly women traders, were poorly capacitated in terms of understanding of policies, protocols and procedures guiding cross border trade, have no access to information about their rights, and face a critical shortage of facilities such as for storage and other general services;
- viii. noted that indigenisation policies could serve the purpose of promoting local economic empowerment of citizens; however, such policies require consideration for quality, standard, merit, efficiency and productivity;
- ix. welcomed the AfCFTA Country Business Index currently under development by ECA, as it will help member States to monitor progress on the implementation of the AfCFTA; in this regard, they argued that establishing a baseline would facilitate the monitoring process;
- x. noted the lack of data on MSMEs particularly in a disaggregated form that would make it easy to monitor progress on gender representation, youth involvement and informal economic activities;
- xi. expressed their concerns that the fragmented nature of private sector associations is weakening their ability to speak with one voice on matters concerning private businesses they represent;
- xii. agreed that it is the responsibility of both the Governments and the private sector to devise a marketing strategy on tradeable goods and services;
- xiii. noted that greater interaction between large businesses and MSMEs is necessary to promote forward and backward linkages, enhance local entrepreneurship, and create jobs and skills;
- xiv. admitted that public-private sector partnerships (PPPs) are gaining in popularity; however, PPPs cannot be a substitute for a functional and capable state. The state has a primary responsibility for the provision of public goods including good healthcare, sanitation, water supply etc. and this must not be offloaded onto PPPs. A functional state is also necessary to regulate the PPP regime;
- xv. further noted that PPPs face political risks particularly when there is a change of Government;
- xvi. underscored the fact that due to lack of finance local entrepreneurs are unable to partake in PPP arrangements, leading to foreign companies taking a large share of PPPs; furthermore, participants noted that local communities around PPP projects tend to miss out on these projects' benefits;
- xvii. underscored the support and opportunities that the Diaspora could bring and tap into on investments in the region and the Continent and acknowledged the current efforts of the diaspora in investing in the energy sector in Africa; and

- xviii. acknowledged that non-convertible/tradeable nature of most national currencies impedes regional or cross-border trade in goods and services as market players, especially MSMEs, have to use cash or transact through or using the US Dollar, which in turn also puts pressure on exchange rates.

## **Recommendations**

6. On the basis of the above observations, participants proffered the following recommendations:

- i. There is need for greater information sharing and policy exchange dialogues between the private sector and other key stakeholders including governments, RECs, AU, ECA and development partners in ensuring better coordination and support for the private sector in driving and benefiting from the regional integration process. Consequently, events such as the stakeholders' forum organised by ECA, AU and ABG are highly encouraged;
- ii. The private sector should be involved in the design, formulation, implementation, and monitoring of regional protocols, strategies and programmes on industrialization, regional value chains, cross-border trade, private sector development and issues of trade negotiation;
- iii. Governments should have a long-term term view regarding costs and benefits of regional and continental agreements and protocols, rather than focusing on short term revenue gains;
- iv. Governments and the RECs should ensure greater efficiency and smoothness at border posts for easy and timely passage of trucks and other economic related movements. This should include speedy clearance of goods through the use of technology, ensuring uniformity of rules between countries, providing adequately skilled human resources, as well as facilitating cross-border movement of persons;
- v. There is need for greater support for the informal cross border traders, particularly women traders in building their capacities in terms of understanding of policies, protocols and procedures regarding cross border trade, access to information on their rights, and access to facilities such storage, finance and general services;
- vi. Being largely agrarian societies with most of the region's citizens still engaged in the agriculture sector, the development of the agro-allied industry, enhancement of agricultural productivity, and regional value chains in agriculture must be promoted in Southern Africa;
- vii. Governments should implement indigenisation policies with due consideration to effective strategic planning, issues of quality, standard and productivity, while

- encouraging citizens' economic empowerment. Indigenisation policies should not be haphazard, impulsive, and promote inefficiency, cronyism and mediocrity;
- viii. Governments should speedily domesticate regional agreements, protocols and strategies related to regional trade and investment in order for the private sector to take advantage of economic benefits of regional economic integration;
  - ix. Governments should put in place mechanisms that encourage FDIs to create linkages with local MSMEs, including in the agricultural sector, with a view of creating backward and forward linkages, capacity building, and job creation;
  - x. Stakeholders, both public and private, should help build the capacities of business associations, assist them to get better organized, and entrench institutional mechanisms to having their voice heard on national and regional issues (e.g. NEDLAC in South Africa);
  - xi. PPPs are good and should be encouraged, however, it cannot be a substitute for state capacity in the provision of public goods and the regulation of the economy. The state must assume its full responsibility for the provision of essential public goods and services, while concentrating PPPs more on economic and resource generating activities;
  - xii. For PPPs to be sustainable, consultations with private sector, communities affected by PPPs, and other stakeholders need to be conducted; furthermore, such consultations will enhance accountability of, and improve, PPP arrangements;
  - xiii. The Diaspora as the sixth region of the Continent should be encouraged to invest, partner with local businesses and promote business tours and linkages with the private sector in the region and the Continent; and
  - xiv. There is need to develop a regional cashless/electronic payment system that would enable market players, including MSMES, to transact without using cash or trade through the US Dollar, as a way of facilitating regional trade in goods and services, ameliorate the exchange rate pressure on national currencies, as well as eliminate the risks associated with carrying and transacting using cash across borders.

## **Way Forward**

7. In thanking the organizers for facilitating the Stakeholder Forum, participants encouraged the organizers to sustain the facilitation of private sector events such as this one. Participants requested organizers to circulate the Outcome Statement to key stakeholders at national and regional levels.

**Done in Lilongwe, Malawi  
June 13<sup>th</sup>, 2018**