

SOUTHERN AFRICA GLOBAL COMPETITIVENESS HUB



Summary Report:

Regional Forum on “Enhancing Competitiveness in Southern Africa: A Roadmap for Success”

February 9 – 10, 2009
Balalaika Hotel, Johannesburg, South Africa

Submitted by:
AECOM

Gaborone, Botswana
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FROM THE AMERICAN PEOPLE

SUMMARY:

On February 9 and 10, 2009, the USAID Southern Africa Global Competitiveness Hub (SAGCH) hosted the regional forum “Enhancing Competitiveness in Southern Africa: A Roadmap for Success.” The event took place at the Balalaika Hotel in Johannesburg, South Africa and was attended by over 200 participants representing international organizations and the public and private sectors in Southern Africa.

The primary objective of the forum was to present current challenges facing the region with regards to competitiveness and to showcase some of the methods being used to successfully meet these challenges. The forum also provided an ideal platform to accomplish several ancillary goals, including to:

- Encourage dialogue among stakeholders from the public and private sectors on issues that are important to competitiveness within Southern Africa.
- Identify linkages between different initiatives, projects, and stakeholders whose mandate is to foster regional competitiveness.
- Highlight case studies on competitiveness in the region.
- Examine specific challenges impacting competitiveness in the region, including inefficient customs and border post procedures; poor transportation infrastructure; undeveloped trade in services; deficiencies in the energy and electricity supply industry; and the need to improve financial services regulation and regional cooperation.
- Present studies undertaken by the USAID SAGCH on behalf of the Southern Africa Development Community (SADC), including (1) the Railway Concessions Review Study, (2) Port and Ports Terminal Concessions Review Study and (3) Study on the Impact of the Yamoussoukro Decision (YD) on Open Skies.

The forum was officially opened by Ambassador Stephen J. Nolan, U.S. Ambassador to Botswana and the Secretary of State’s Special Representative to the SADC and by Eng. João Samuel Caholo, Deputy Executive Secretary, SADC Secretariat.

Ambassador Stephen J. Nolan applauded the forum for being an important and significant event for learning more about the challenges to promoting regional harmonization, integration and enhancing competitiveness in Africa. He outlined the various activities undertaken by the USAID SAGCH in cooperation with SADC to enhance competitiveness in the region, as an example of converting challenges into opportunities for competitiveness.

Eng. João Samuel Caholo, Deputy Executive Secretary to the SADC Secretariat, commented that the regional forum was significant in more ways than one. “First, it accords us an opportunity to review the progress made with the implementation of the joint SADC-SAGCH Program, and second, it affords us an opportunity to revise our strategy to bring about more efficient and coordinated implementation of the infrastructure development agenda, with emphasis on the enabling environment, development of requisite policy instruments which facilitate complementarities between the public sector and the private sector.” He also heralded the launch of the SADC Free Trade Area as a move towards promoting regional harmonization, integration and competitiveness in Africa and he congratulated the work done by various donor projects,

like the USAID SAGCH, that cooperate with and assist SADC in fulfilling its capacity building and competitiveness mandate.

Thereafter, fifteen panel discussions and concurrent workshops were carried out by more than fifty distinguished speakers over the two day period (See Annex 1 - Agenda). The sessions covered a wide range of topics related to competitiveness, such as “Making the SADC Free Trade Area Work for You”; “Setting the Right Price for Energy in the Region”; “Making Customs in Southern Africa More Efficient”; “Attracting Investment to the Region”; and “Addressing Trade Facilitation Needs through Aid for Trade.” Various topical case studies were highlighted, providing a basis for lessons learnt and best practices. Each session provided an opportunity for both presenters and audience members to exchange ideas about what can be done to improve competitiveness in Southern Africa given the current challenges.

Mapolao Mokoena, Senior Programme Manager - Transport, SADC Secretariat and Leslie Reed, Regional Deputy Mission Director, USAID Southern Africa made the closing remarks.

Mapolao Mokoena emphasized the various projects that SADC is undertaking in trade liberalization, financial services regulation, energy, and infrastructure development with the support of the USAID SAGCH. Furthermore, she highlighted the need for “a collective approach to implementation of regional infrastructure projects” as important for accelerating regional integration.

Leslie Reed pointed out that competitiveness is influenced by many factors, including “political stability, investment in infrastructure and technology, streamlined customs procedures, efficient energy policies, and a sound legal and regulatory environment that promote trade facilitation both within the region and globally.” She stated that “continued improvement in these areas are at the heart of African regional integration efforts as they support the movement of people and goods across borders and foster trade and competitiveness and the ability of countries and regions to participate in the world economy.” In conclusion, she emphasized that despite progress having made, there is greater need for renewed cooperation between all stakeholders if the region is to grow and establish itself as a competitive force in the world economy especially in the current economic climate.

After the Forum, many participants contacted the USAID SAGCH to express thanks for hosting the event and providing an opportunity for all stakeholders to come together to discuss critical issues impacting the entire region. The event has been highlighted in press releases from some of the organizations who were represented at the workshop, such as the Maputo Corridor Logistics Initiative (MCLI) and the Namibian Manufacturers Association.

CONCLUSIONS / RECOMMENDATIONS:

The following are some of the conclusions and recommendations made at the forum:

- The present crisis has a severe impact on the global economy – the International Monetary Fund (IMF) downscaled their forecast of global economic growth for 2009 from 3.9%, made in July 2008, to 0.5%, made in December 2009. Some organizations such as J P Morgan even forecast negative growth for 2009.

- The SADC countries, although not significantly affected by problems relating to their financial institutions, will experience the effect of the global downturn due to the dramatic decline in demand and prices for their commodities, as well as decreasing tourist numbers.
- Given the economic crisis, governments must be prepared to practice exchange rate flexibility and use monetary policy to support growth when inflation is low. There should also be renewed focus on financial sector supervision and regulation.
- In dealing with issues of competitiveness it is imperative that SADC countries diversify export products, increase productivity, and ensure quality production as a key to surviving in the global market.
- Ensuring efficient and reliable power and access to good transport infrastructure is crucial for industries to effectively compete in the global economy.
- Countries should create conducive environments for investment in the energy regulation sector, including development of regulatory tools which are transparent, fair, clear, stable, consistent and promote private investment in conjunction with government policy.
- Infrastructure plays a key role in economic growth and poverty reduction. The lack of infrastructure (quantitatively, qualitatively, physically and in terms of services rendered) leads to increased production and transaction costs, which lessens the competitiveness of businesses, and therefore the possibility of implementing economic and social development policies. National, regional and international investment in infrastructure is therefore extremely important. Regional corridor mechanisms can be used as a facilitation tool in this regard.
- The development and integration of air transport infrastructure and services in SADC in line with the Yamoussoukro Decision (YD) on Open Skies is necessary to reduce air transport costs and facilitate trade in services, tourism and other goods such as perishable agriculture and fisheries products.
- Reducing border-related trade transaction costs through simplifying and streamlining trade and customs procedures has the potential to substantially increase competitiveness throughout the whole of Southern Africa.
- There should be continued effort to harmonize rules of origin for different African countries and trade blocks.
- Removing non-tariff barriers and lowering domestic trade costs are also necessary for ensuring economic growth.
- In order to facilitate trade and economic liberalization there is need for the development and integration of policies and infrastructure both at national and regional level in all sectors including transport, energy, regional telecommunications and ICT infrastructure.
- There is need for renewed cooperation between all stakeholders if the region is to grow and establish itself as a competitive force in the world economy. In order to achieve enhanced competitiveness, the public and private sectors complemented by the international community will have to work together to address obstacles and challenges to competitiveness.

Annex 1: Agenda

Regional Forum on “Enhancing Competitiveness in Southern Africa: A Roadmap for Success” February 9-10, 2009

Balalaika Hotel, Johannesburg, South Africa Agenda

Monday February 9, 2009

- 08:00 – 09:00 **Registration and Welcoming Refreshments**
- 09:00 – 09:30 **Welcoming Remarks**
- Facilitator: Maxine Kennett, Director, USAID Southern African Global Competitiveness Hub (SAGCH)
 - Ambassador Stephen J. Nolan, U.S. Ambassador to Botswana and the Secretary of State’s Special Representative to the Southern Africa Development Community (SADC)
 - Eng. João Samuel Caholo, Deputy Executive Secretary, SADC Secretariat
- 09:30 - 11:00 **Plenary Session I**
Challenges to Competitiveness in Southern Africa
The presenters will highlight the importance of private sector development; some of the broad challenges facing countries in the region; and some of the ways in which these challenges can be met.
- Moderator: Craig Allen, Minister Counselor to Commercial Affairs, U.S. Embassy, South Africa
 - Presenter: Zeinab Partow, Senior Country Economist, World Bank
 - Presenter: Jason Nagy, Africa Business Development Manager, U.S. Trade and Development Agency (USTDA)
 - Presenter: Siphon Mseleku, CEO, Association of SADC Chambers of Commerce and Industry (ASCCI)
 - Presenter: Annet Blank, Counsellor, Head LDC Unit Development Division, World Trade Organisation (WTO)
 - Presenter: Thabo Chauke, Director, Multilateral Unit, International Trade Division, Department of Trade and Industry (DTI), South Africa
- 11:00 – 11:30 **Refreshment Break**
- 11:30 – 13:00 **Plenary Session II**
Addressing Challenges to Competitiveness in Southern Africa
The presenters will highlight how challenges to competitiveness can be effectively addressed and showcase some success stories from the region.
- Moderator: Arthur Harvey, Country Representative, General Electric (GE)
 - Presenter: Deidra Fair, Malawi Country Director, Millennium Challenge Corporation (MCC)
 - Presenter: Brenda Horne, CEO, Maputo Corridor Logistics Initiative (MCLI)
 - Presenter: Mxolisi Notshulwana, Researcher - Regional Integration Development Bank of Southern Africa (DBSA)
 - Presenter: Ambassador Robert Perry, Vice President Programs, Corporate Council on Africa (CCA)
- 13:00 – 14:00 **Networking Lunch**

Monday February 9, 2009 (continued)

14:00 – 15:30

Concurrent Workshops (First Session)

Workshop I – Room A

Are Port Concessions in the SADC Region Effective?

The presenter will report on a recent study undertaken for the SADC Secretariat on experiences in the SADC region of concessioning of ports.

- Moderator: Godwin Punungwe, Transport Advisor, SAGCH
- Presenter: Alan Harding, Consultant

Workshop II – Room B

Pulling Out the Stops: Removing Barriers at Borders

The presenters will report on recent developments within the SADC region to implement One Stop Border Posts (OSBP).

- Moderator: Ranga Munyaradzi, Senior Customs Advisor, SAGCH
- Presenter: Lynn Harmon, OSBP Specialist, Corridor Development Consultants (Pty.) Ltd
- Presenter: Kingsley Chanda, Project Manager, Chirundu OSBP

Workshop III – Room C

Supporting the Electricity Supply Industry

The presenters will address methods for creating conducive policies and institutional frameworks for the Electricity Supply Industry (ESI).

- Moderator: Leslie Kügel, Energy Consultant, SAGCH
- Presenter: Elijah Sichone, Executive Secretary, Regional Electricity Regulators Association of Southern Africa (RERA)
- Presenter: Odala Matupa, Programme Officer - Energy, SADC Secretariat

Workshop IV – Room D

Making the SADC Free Trade Area Work for You

The presenters will discuss the effectiveness of the SADC Free Trade Area as well as measures for monitoring compliance.

- Moderator: Bridget Chilala, Trade Capacity Building Director, SAGCH
- Presenter: Mupelwa Sichilima, SADC Secretariat
- Presenter: Mmatlou Kalaba, Senior Economist, Trade and Industrial Policy Strategies (TIPS), Coordinator Southern African Development Research Network (SADRN)
- Presenter: Siphon Mseleku, CEO, Association of SADC Chambers of Commerce and Industry (ASCCI)

15:30 – 16:00

Tea and Coffee Break

Monday February 9, 2009 (continued)

16:00 – 17:30

Concurrent Workshops (Second Session)

Workshop I – Room A

Are Railway Concessions in the SADC Region Effective?

The presenter will report on a recent study undertaken for the SADC Secretariat on experiences in the SADC region of concessioning of railways.

- Moderator: Godwin Punungwe, Transport Advisor, SAGCH
- Presenter: Larry Phipps, Consultant

Workshop II – Room B

Making Customs in Southern Africa More Efficient

The presenters will discuss recent developments in Customs modernization in the SADC region; including automation and standardization; harmonization of Customs documentation and processes; Authorized Economic Operators; and WCO Time Release Studies.

- Moderator: Charles Chaitezvi, SADC Customs Modernization and Trade Facilitation Project Team Leader
- Presenter: Bevan Simataa, Programme Coordinator, Trans Kalahari Corridor Management Committee (TKCMC)
- Presenter: Alexander Ratnikov, Technical Attaché - Enforcement and Facilitation Directorate, World Customs Organization (WCO)
- Presenter: Lucky Molefe, Senior Manager - International Trade and Customs Policy, South Africa Revenue Service (SARS)
- Presenter: Bob Holler, Primary Customs Expert, USAID Trade Capacity Building Project (TCBoost)

Workshop III – Room C

Setting the Right Price for Energy in the Region

The presenters will address methods for creating conducive economic regulation and appropriate tariffs within the Electricity Supply Industry (ESI).

- Moderator: Gloria Magombo, Energy Advisor, SAGCH
- Presenter: Helene Vosloo, Chair Person, Economic Regulation Subcommittee, RERA & Economic Regulation Manager, Electricity Control Board (ECB)
- Presenter: Lawrence Musaba, Coordination Centre Manager, Southern African Power Pool (SAPP)
- Presenter: Them bani Bukula, Regulatory Member, National Energy Regulator of South Africa (NERSA)

Workshop IV – Room D

Deepening Regional Integration

The presenters will address opportunities and challenges to regional integration initiatives in the Southern African region.

- Moderator: Paulina Elago, TFCB Deputy Director, SAGCH
- Presenter: Trudi Hartszenberg, Executive Director, tralac
- Presenter: Paul Kalenga, Senior Trade Advisor, SADC Secretariat
- Presenter: Mzukisi Qobo, DTI

18:00 – 20:00

Networking Cocktail Reception (Sponsored by AECOM)

Tuesday February 10, 2009

08:00 – 09:00

Registration and Welcoming Refreshments

09:00 – 10:30

Concurrent Workshops (Third Session)

Workshop I – Room A

Opening the Skies in Southern Africa

The presenters will report on a recent study undertaken for the SADC Secretariat on the potential impact of the Yamoussoukro Decision on Open Skies in the region.

- Moderator: Jonathan Majakwara, Senior Project Manager - Air Transport programmes, SADC Secretariat
- Presenter: Rexter Ndhlovu, Consultant
- Presenter: Andy Ricover, Consultant

Workshop II – Room B

Attracting Investment to the Region: Lessons Learnt

The presenters will discuss challenges to attracting foreign direct investment to the region (and keeping it).

- Moderator: Maria Machailo-Ellis, Director, Botswana Confederation of Commerce, Industry and Manpower (BOCCIM)
- Presenter: Peete Molapo, Chief Executive, Lesotho National Development Cooperation (LNDC)
- Presenter: Frank Flatters, Professor Emeritus of Economics, Queens University, Canada
- Presenter: Ambassador Robert Perry, Vice President Programs, CCA

Workshop III – Room C

Energizing the Region: Investment Opportunities

The presenters will highlight new electricity projects in the region and opportunities for investment.

- Moderator: Hans Terje Ylvisåker, Senior Regional Energy Coordinator, Norwegian Embassy, Maputo
- Presenter: Lawrence Musaba, SAPP Coordination Center Manager, SAPP
- Presenter: Muradzikwa Samson, Chief Economist, Development Bank of Southern Africa (DBSA)
- Presenter: Silvester Hibajene, Executive Director, Energy Regulatory Board, Zambia

Workshop IV – Room D

Addressing Trade Facilitation needs through Aid for Trade

The presenters will outline how Aid for Trade (A4T) initiatives can be used to assist implementation of trade facilitation initiatives in the region.

- Moderator: Robert Kirk, Senior Vice President, AECOM
- Presenter: Annet Blank, Counsellor, Head LDC Unit Development Division, WTO
- Presenter: Lisa Yarmoshuk, Chief of Party, TCBoost
- Presenter: Deidra Fair, Malawi Country Director, Millennium Challenge Corporation (MCC)
- Presenter: Lolette Kritzingler-van Niekerk, Regional Trade and Integration Advisor, DFID Southern Africa

10:30 – 11:00

Refreshment Break

Tuesday February 10, 2009 (continued)

11:00 - 12:30

Plenary Session III

Global Financial and Economic Distress – What is the Likely Impact on Southern Africa?

Over the past 12 months the turbulence in global financial markets has become more severe, culminating in a fully-fledged financial crisis in September and October 2008. This had a dramatic impact on financial markets and required extraordinary policy interventions. The financial crisis has now spread to the broader economy, with the U.S. and other major developed economies facing a recession of uncertain depth and duration. Unlike some previous economic and financial crises, on this occasion emerging markets are the victims rather than the culprits. SADC countries may not be caught up in the heart of the crisis, and their financial sectors are likely to escape relatively unscathed, but SADC economies will undoubtedly be affected by the global financial and economic crisis. Possible impacts include reduced demand for exports as economic growth slows; volatile commodity prices and more uncertain export earnings; and reduced investment flows due to increased risk aversion. This session will consider the potential impacts on Southern Africa, as well as potential policy responses.

- Moderator: Keith Jefferis, Economic Advisor, SAGCH
- Presenter: Konrad Reuss, Managing Director – South & Sub-Saharan Africa, Standard & Poor's
- Presenter: Ipumbu Shiimi, Assistant Governor and Head of Financial Stability, Bank of Namibia

12:30 – 13:00

Closing Remarks

- Mapolao Mokoena, Senior Programme Manager - Transport, SADC Secretariat
- Leslie Reed, Regional Deputy Mission Director, USAID Southern Africa