



United Nations  
Office of the Special Adviser on Africa  
(OSAA)

**THE PRIVATE SECTOR'S  
INSTITUTIONAL RESPONSE TO  
NEPAD:  
Review of current experience and  
practices**





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The regional case studies in this report were undertaken with the assistance of Daniel Omoweh (Western Africa), John Maré (Southern Africa), and Felix Mosha (East Africa), respectively. The report was put together by Seok-Ran Kim, under the overall supervision of David Mehdi Hamam.



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# CHAPTER ONE

## OVERVIEW AND SUMMARY OF FINDINGS



# OVERVIEW AND SUMMARY OF FINDINGS

## I. Overview

Since its inception in 2001, the New Partnership for Africa's Development (NEPAD) has emphasized the key role of the private sector in contributing to Africa's economic growth. As a major stakeholder in Africa's development and a potential engine of growth, the private sector is expected to play a crucial role in the implementation of NEPAD programmes and projects.

Notwithstanding the paramount importance of the private sector, African private sector's participation in NEPAD programmes has been rather limited, due to its weak development as well as limited awareness of and institutional ability to benefit from the opportunities in NEPAD programmes.

There is thus an urgent need to examine the degree of preparedness of the private sector in Africa to engage in the implementation of NEPAD and thereby utilize the opportunities that NEPAD presents. The present publication is the response to this need.

The publication analyzes the degree of preparedness of the private sector in Africa to fully engage in the implementation of NEPAD. Its main objective is to explore whether the private sector is aware of and sufficiently organized for the opportunities presented by NEPAD, so as to effectively participate in the implementation of NEPAD programmes.

In particular, it provides some insights into the institutional response of the private sector to NEPAD, by reviewing related experience and practices based on 3 in-depth studies in Eastern, Southern and Western Africa. It seeks to explore orientation of the private sector associations, their capacity, motivation and institutional preparedness. Three sub-regional studies constitute the publication's core content (see chapter 2, 3 and 4).

The studies formed an important basis of the Ad Hoc Expert Group meeting on "*The Private Sector's Institutional Response to NEPAD: A Review of Current Experience and Practices*" organized at the UN Headquarters in New York on 6-7 November 2007 by the Office of the Special Adviser on Africa (OSAA). The studies were presented to, and benefited from discussions at this meeting, which validated the major findings of the studies.

This General Assembly-mandated meeting was complementary to the previous one that was held to discuss a study on "*The Contribution of the Private Sector to the Implementation of NEPAD*". The latter was organized in collaboration with the NEPAD Secretariat in Midrand, South Africa, from 28 February to 2 March 2005. The meeting found rather limited involvement of the private sector in the implementation of NEPAD

as well as some limited Public-Private Partnerships (PPPs), forged, mostly, with foreign-owned firms.

Building on these findings, 2007 meeting discussed specific issues related to institutional response of Africa's private sector and identified problems of insufficient awareness and information sharing, as well as little reference to NEPAD as a planning framework and lack of capacity both in public and private sector.

The proceedings of this meeting are available as part of the publication (See Annex 1, including list of participants). The summary of the meeting includes policy recommendations on respective roles of African governments, private sector associations as well as relevant regional and international organizations, and the UN.

## **II. Summary of Findings**

This summary is mainly organized around the following, key issues that are relevant to the private sector's institutional response to NEPAD.

### **A. Structured representation for private sector participation in NEPAD**

There is general understanding that the private sector and related activities should be the primary vehicles for economic growth and development in Africa - a major contributing force towards NEPAD implementation. However, in all three sub-regions, participation of the private sector in most NEPAD projects and programmes has been limited and remains a stumbling block for NEPAD implementation.

Organized business associations such as African Business Roundtable, Nigerian Business Group (NBG) and the chambers of commerce and manufacturers' associations can play an important role in overcoming this problem. Regional and sub-regional private sector associations are especially relevant in Africa, given the large numbers of small and medium enterprises (SMEs) and weak development of the private sector, which require effective umbrella organizations to provide support and guidance. Private sector associations can help mobilize private sector involvement in NEPAD, including particularly, involvement of numerous SMEs.

The issue of structured business representation therefore assumes a particular significance. Despite its importance as a key factor in the mobilization of the private sector for NEPAD implementation, the degree to which private sector associations are organized to take advantage of, and participate in the implementation of NEPAD is very limited.

Even in Southern Africa, organized business has not really been able to utilize the relative strengths that its sub-regional economic setting could impart for it to take optimal

advantage of NEPAD for its members. The only exception is NEPAD Business Foundation (NBF) of South Africa, which promotes NEPAD projects and has relatively big capacity to encourage its members to take advantage of emerging business opportunities in NEPAD projects.

In Eastern Africa, mechanisms and structured representation geared towards the exploitation of NEPAD opportunities do not presently exist in all Eastern African private sector associations. One exception is the Contractors Association, which is critical for NEPAD implementation, as it has some administrative and technical capacity to exploit NEPAD opportunities.

In the case of Western Africa, in order to help strengthen associations' institutional capacity, it is deemed as necessary to group several business associations into a small number of associations for institutional consolidation.

## **B. Awareness of NEPAD-related opportunities**

In the three sub-regions, the level of awareness of NEPAD-related opportunities is low. Even in the generally well-developed Southern Africa, there is lack of how to access these opportunities. The orientation of private sector activities to target NEPAD is accordingly almost nil. Again, NBF of South Africa is the only exception, which is fully informed about various NEPAD programmes and business opportunities NEPAD offers.

In Eastern Africa, notwithstanding some countries' experience with the African Peer Review Mechanism (APRM) process, most Eastern African business associations, like business associations in the other sub-regions, are not aware of the opportunities presented by NEPAD. Furthermore, the preparedness of the private sector associations to involve themselves in NEPAD projects is unclear, as seen, for example in the case of the Contractors and Engineers Associations, which have not participated in NEPAD projects.

In Western Africa, the majority of the business associations failed to link the APRM with NEPAD. Private Enterprise Foundation (PEF) in Ghana is familiar with NEPAD programmes, owing to its involvement in Ghana's APRM exercise. Yet, even PEF is financially too constrained to educate members about NEPAD-related opportunities and encourage them to actively explore these opportunities. In countries like Nigeria, associations are not aware of the nature of opportunities that NEPAD projects present, except for few individuals within the leadership of major associations. There is general knowledge gap about NEPAD projects and programmes (coupled with financial constraints and weak institutional capacities of business associations). In some other countries like Senegal, business association are too weak and politicized to educate their members on NEPAD initiative.

### **C. Association policies and programmes to promote NEPAD**

Most associations in the sub-regions do not have deliberate policies, or activities to promote NEPAD projects among their members. They lack technical and administrative competencies to engage the NEPAD initiative proactively. In addition, most of the business associations do not have neither formalized processes, nor institutional policies for the promotion of NEPAD projects among their members. While many encourage cross-border dealings among their members, they often lack capacity to facilitate the participation of private companies in NEPAD projects. In particular, private sector associations are statutorily non-profit making organizations and non-investors, which are financially fragile and unable to facilitate their members' access to multilateral finances and bilateral donor funds.

In Eastern Africa, hardly any associations have had mechanisms to promote NEPAD projects among their membership. The associations that may have participated in NEPAD projects have done so on an ad hoc basis not as a result of policies and strategies specifically directed towards participation in NEPAD. For example, the Eastern Africa Submarine Cable System Project (EASSY), which was approved prior to the establishment of NEPAD and subsequently became a NEPAD project in the course of its implementation. With respect to financing issue, only a limited number of East African associations facilitate financing of their members for projects. Slightly less than half of the associations facilitate financing of their members' projects, which, however, do not include NEPAD projects.

Given the generally abysmal lack of awareness about NEPAD in organized business in Southern Africa, and the concomitant lack of its orientation vis-à-vis NEPAD-related opportunities, it is not surprising that there are almost no activities to promote NEPAD programmes and projects by organized business in the sub-region. As before, the only real exception is NBF of South Africa.

In Western Africa, major private sector associations have not formulated any institutional policy aimed specifically at promoting NEPAD projects. So far, no policy or programmes for promoting NEPAD has been formulated, yet. For example, in spite of its relative awareness about NEPAD, PEF in Ghana is yet to formulate policy on NEPAD and promote its programmes and projects. Its considerable effort for private sector development is not linked with NEPAD. In particular, facilitating the financing of NEPAD projects for its members remains an unfulfilled task, mainly because of its inherent, financial weakness and lack of capacity. Even in countries like Nigeria, private sector associations are not able to facilitate the financing of NEPAD projects.

## **D. Business-government consultation**

Business-government consultation is of great relevance to the private sector's effective participation in NEPAD programmes and projects. The consultations have gained momentum in most African countries, and the key question is how this has related to NEPAD. It is therefore important to review the extent to which business-government consultations is coordinated towards promoting private sector participation in NEPAD, whether the associations promote PPPs as part of the consultations with the governments, and if PPPs are linked to NEPAD.

Generally speaking, the level of consultations and the format varies within the regions. However, NEPAD is seldom on the agenda of business-government consultations, and has yet to become a key ingredient of consultations. A critical shortcoming is the disconnect between business associations, NEPAD and APRM national focal points.

In general, private sector associations are financially constrained, weak and politicized, hence resulting in the limited ability of the private sector associations to promote joint venture agreements with the governments and PPPs in NEPAD projects.

More specifically, in Eastern Africa, with the exception of APRM, in which governments sought the involvement of the private sector associations, the consultations did not include NEPAD opportunities such as NEPAD Short-Term Action Plan (STAP). The only reference to NEPAD at those consultations was on APRM, and not STAP. The issue of NEPAD has not been raised in many consultations. As regards PPPs, associations participated in the promotion of PPPs, but not in direct relationship with NEPAD.

In Southern Africa, business-government consultations take place, on different levels and in various forms, but often outside the NEPAD context. In most consultations, there does not seem to be any particular, sustained focus on NEPAD projects. A limited number of business-government consultations relate to NEPAD priorities, but not specifically linked to the NEPAD process. Besides, as seen in the case of Zambia, some limited attempts to harmonize private sector activities with NEPAD did not succeed, either – partly due to lack of key business associations' appreciation of NEPAD's usefulness.

In Western Africa, NEPAD projects are hardly factored into business-government interface, as the majority of the associations have not developed proper linkage with NEPAD institutions. For example, Senegal has a full-fledged Ministry of NEPAD but only a few of the private sector institutions are informed about its location. Worse still, there is really no properly defined relationship between the private sector associations and NEPAD agency. In Nigeria, the country's key associations have not developed any institutional policy and framework for relating with the NEPAD Country Office and the

APRM national focal point – the two major NEPAD institutions in the country. In Ghana, PEF has considerably enhanced the interface between the private sector and the government. However, PEF has not managed to harness this interface to promote joint venture agreements and PPPs on NEPAD projects.

### **E. Constraints on the private sector's institutional response to NEPAD**

There are some major constraints preventing the Associations from effectively helping their members to exploit NEPAD-related opportunities, and these are at the root of the implementation problems of NEPAD.

These constraints include: (i) inadequate coordination among all relevant stakeholders such as national governments and NEPAD focal points, donors, Regional Economic Communities (RECs), the private sector and NEPAD Committees and Secretariat). Especially, the multiplicity and overlapping roles of RECs concerning NEPAD add to the coordination problem; (ii) constraint is related to lack of institutional linkages. In Western Africa, private sector groups are not well linked with NEPAD institutions. There are virtually no institutionalized linkages between private sector associations with the NEPAD Secretariat, or NEPAD national focal points and ministries in each country.

Most of all, the critical constraints on the private sector's institutional response to NEPAD still center on the inherent lack of associations' capacity for the promotion of NEPAD among their members. Lack of capacity, combined with limited funding, set a limit to a coherent and coordinated process of support for the effective participation of the association members in NEPAD.

Even in Southern Africa, private sector associations greatly lack capacity, particularly, in personnel and financial. In Western Africa, even those associations that were able to play relatively effective advocacy role for private sector development are faced with many constraints, including: institutional weakness; lack of administrative capacity; and funding problems. There is a lot to be done by organized private sector associations in a range of capacity building activities and resolving personnel and funding problems.

In case of Eastern Africa, a range of factors constrain participation of private sector participation in NEPAD and prevent the associations from exploiting NEPAD-related opportunities. These include: difficulty of integrating NEPAD into national priorities; lack of prioritization of NEPAD programmes within governments; inadequate coordination among all stakeholders (e.g., national government, RECs, donors and private sector associations); institutional and legal bottlenecks to private sector participation in NEPAD projects, including particularly restrictive or inadequate investment conditions in infrastructure; and the multiplicity and overlapping roles of RECs on NEPAD.

In Western Africa, financial constraint and institutional incapacity are major problems preventing the associations from organizing members to focus on NEPAD incentives and develop vehicles to promote opportunities provided by NEPAD. In particular, financial weakness presents a major problem for private sector associations. For example, in Ghana, no single private sector firm has the resources to invest in both the upstream and downstream sector of the important NEPAD sub-regional project, West African Gas Pipeline Project (WAGP), nor does any private sector association have the capacity to guarantee loans for the members. Besides, basic educational and advocacy problems constitute additional constraints that need to be addressed, for example, through training of both public official and private sector firms as well as associations on NEPAD policy and projects.

## **F. Conclusion and policy recommendations**

The three sub-regional studies contained in this publication highlighted a number of problems.

These include, for example, insufficient preparedness and strategic readiness, which in turn include lack of ability to mobilize resources for organizing to bid for NEPAD projects. On the preparedness and readiness issue, there is a need for institutional consolidation of the private sector associations as an intricate part of the strategy to prepare them to achieve their sectoral policy goals and objectives. This entails building adequate capacity of the associations and their members.

Other problems pertain to poor awareness of organized business regarding NEPAD-related business opportunities, which has had a great detrimental effect on their ability to facilitate access by their members to such opportunities. It warrants urgent remedy on the awareness problem among private sector associations.

There are also insufficient training and advocacy activities by the private sector associations that are partly attributable to the nature of associations as essentially non-profits, operating on a low budget. Particularly, with regards to capacity problem, it is essential to identify capacity gaps in the private sector associations. Capacity building should also aim at building skills in the associations on project preparation, packaging, marketing and financing.

The resulting policy recommendations entail clarification of respective roles of all stakeholders, including, the associations.

Several policy recommendations can be made, on the basis of role definition of all stakeholders, including particularly, those already-mentioned private sector associations:

## **1. *Private sector associations:***

Specifically concerning the associations, there is need for institutional consolidation and strengthening of the associations' capacity to broker strategic partnerships of all stakeholders and facilitate PPPs and to secure requisite funding, while also developing effective outreach programmes to address the lack of understanding of NEPAD-related opportunities. In particular, there is the urgent need to leverage financial resources, local private sector associations.

The primary role of business associations in promoting NEPAD is not financial or project funding, but promotional and facilitating role. In this context, brokering of strategic partnerships that allow their members' active participation in NEPAD projects is deemed particularly useful. They also need to sponsor and participate in an interactive dialogue with all stakeholders, including their members. In particular, it is important for the private sector associations to include NEPAD opportunities for the private sector in the agenda of the associations' regular membership meetings. They should also identify profitable areas in NEPAD for its membership participation, while also setting up a mechanism within their associations that would coordinate financing for its members to implement NEPAD projects.

In addition, the associations should sensitize their members about emerging NEPAD-related opportunities and projects that exist both locally and internationally. Furthermore, they should raise NEPAD issues in business-government consultations, while also considering the need for private sector associations' own NEPAD focal point, to liaise in a structured manner with the government NEPAD focal point.

## **2. *NEPAD office or NEPAD national focal point:***

NEPAD office or NEPAD national focal point should formulate and implement a comprehensive NEPAD sensitization programme, including NEPAD seminars, specifically designed for, and targeted to, the private sector associations, as well as private sector companies. There also has to be systematic communication and integration between the private sector institutions and the NEPAD national focal points. At present, there's little synergy between them.

NEPAD country office or focal point should have a monitoring mechanism to record the specifics of private sector participation in NEPAD projects and report on a regular basis to the private sector NEPAD focal point that could act as the repository.

### **3. *NEPAD Secretariat:***

To overcome the prevailing funding problem, the Secretariat should take new steps to mobilize targeted funding from the entire spectrum of NEPAD stakeholders, including African Governments. It should also help improve outreach capabilities of all stakeholders, including the Secretariat's own capabilities.

### **4. *RECs:***

RECs occupy a center stage in NEPAD implementation process. They need to ensure that the NEPAD agenda and priority NEPAD projects are placed on every Summit of the respective RECs and every meeting between the RECs and the private sector associations that are affiliated to the RECs. They should also lead an awareness campaign of NEPAD programmes, including sensitization seminars on NEPAD projects for regional private sector associations. Furthermore, they should assist private sector to secure funding for NEPAD related programmes and activities, while also ensuring coordination with other key stakeholders such as NEPAD Secretariat.

### **5. *Role of Government:***

African governments should ensure provision of adequate funding to NEPAD national focal point, especially, with a view to NEPAD sensitization and other NEPAD implementation programmes.

The governments should also eliminate or reduce legal and institutional constraints hampering private sector participation in NEPAD projects. In particular, African governments need to resolve bottlenecks to allow effective private sector participation in NEPAD, including: restrictive or inadequate infrastructure investment policies; lack of credible project information; bureaucracy and absence of legal framework. In addition, it is necessary for governments to bring a NEPAD agenda to the heart of all business-government consultations and conclude such consultations with arrangements for way forward on NEPAD projects and private sector participation.

### **6. *International and donor community (including the UN):***

There is a need to create tripartite arrangements involving the private sector groups, international development agencies, Non-Governmental Organizations (NGOs), etc. to fund the awareness campaign of NEPAD programmes and projects among the private sector associations. This will relieve the private sector associations from the burden of footing the bills on such programmes as outreach.

The United Nations should facilitate a meeting that would bring NEPAD to the forefront again, or at the very least ensure that private sector participation as engine of NEPAD is firmly on the agendas of the various initiatives for African development.



# CHAPTER TWO

## WESTERN AFRICA



# WESTERN AFRICA

## I. Executive Summary

The study focuses on the private sector's institutional response to NEPAD programmes and projects, its interpretative understanding and awareness of the programmes and the opportunities that they provide, and strategic readiness to implement these programmes in *Nigeria, Ghana, Senegal and Burkina Faso*.

Essentially, the major objective of the business institutions is to promote a free enterprise and an exchange economy. They are non-profit organizations, non-partisan and not investors. Characteristically, the business groups are financially weak, immersed in institutional leadership tussles, statutorily not empowered to secure and guarantee loans for members and not factored into the national bureaucracy governing international cooperation and development. As a result, they are unable to promote private sector investment, encourage members to enter into joint venture agreements with foreign capital and failed to get the multilateral development banks and donors to promote investment in the private sector of the economy.

In the case of NEPAD, the majority of the private sector institutions are grossly ignorant about its programmes and projects and the opportunities they offer. This is due to lack of technical and administrative competencies to engage the NEPAD initiative proactively. Even the Private Enterprises Foundation in Ghana among the few business groups that is aware of such opportunities, is financially constrained to encourage members to take part. There are no institutional policy, programmes and projects to promote NEPAD projects. The private sector groups are not well linked with the NEPAD institutions and this largely explains why NEPAD projects are hardly factored into business-government interface. The business interest associations federated into fewer groups and were able to play greater advocacy role and created favourable environment for private sector development in the national economy though, they are faced with preparedness and educational constraints. As a result, they need institutional consolidation, statutory power to secure and guarantee loans, development banks, access to financial facilities endowed for NEPAD programmes and projects, NEPAD School, strategic sector-specific seminars, and media outreach programmes.

## II. Introduction

1. The study focuses on the private sector's institutional response to NEPAD programmes and projects, taking note of its interpretative understanding and awareness of the programmes and the opportunities they provide; and the strategic readiness of the private sector groups to implement these programmes in *Nigeria, Ghana, Senegal and Burkina Faso*. Within this context, the study analyses particular experiences and practices of each country, orientation of the private sector associations towards the NEPAD programmes and the extent to which the business institutions are organized to cash in on the in-built opportunities. It addresses the question of whether the private sector associations have formulated deliberate institutional policies on NEPAD programmes and projects, and their capacity to implement them. It also looks into the kind of private sector development being promoted by the private sector groups and the linkages with NEPAD; and whether they have facilitated the financing of NEPAD projects for their members. It examines the nature of the business-government consultations, particularly the extent to which such interface is promoting private sector participation in NEPAD, the relationship between the private sector associations and NEPAD institutions; the roles the private sector groups are playing or not playing in getting multilateral development agencies and donor agencies to promote private sector development. Finally, it addresses the lessons learnt from the private sector's institutional responses to NEPAD and charts alternative strategies for the way forward.
2. The capacity of the NEPAD development framework to restore the crisis-ridden African economy back on the path of growth and development depends largely on the key roles the African private sector groups and the members will play. It also depends on the role the private sector associations will play in getting Africa's development partners to promote joint venture agreement and private sector development. The private sector is to drive the NEPAD process calls for a deeper understanding of the policy, response and roles of the private sector groups in implementing the NEPAD programmes and projects. For, as business institutions, their orientation, policy and programmes towards NEPAD is not only a measure of the extent to which the members have contributed to the NEPAD initiative, but also, helps shape the members' readiness to implement NEPAD programmes. The business institutions are however, not really investors, but non-profit and non-partisan organizations and that raises the question of whether they are statutorily empowered to have the capacity to, mobilize finances and get the multilateral development banks and donor agencies to promote joint venture agreements and private sector-led development. Beyond identifying the private sector's limited participation in NEPAD programmes as the previous study showed<sup>1</sup>, there is the need to analyse the efforts made, or the lack of it, by the private sector associations and their members to proactively engage the NEPAD programmes and projects. It is in the context of all this that the significance of the study lies.

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<sup>1</sup> See *The Contribution of the Private Sector to the Implementation of the New Partnership for Africa's Development (NEPAD)*, UN-OSSA, New York, 2006.

3. The study covers the period, beginning from October 2001, when NEPAD was launched, to June 2006, when the process of articulating the NEPAD initiative is gradually being completed and now moving to the implementation stage. The choice of the four case studies is informed, among others, by the fact that, Nigeria (largest economy with the biggest private sector in the sub-region) and Senegal were founding member-countries of NEPAD. Also, the two countries have established structures that hopefully, should be collaborating with the private sector groups in implementing the programmes of the regional agenda. Further, Ghana is the first country to voluntarily accede to, and conclude the country assessment of the APRM a lot of substantive input from the private sector associations; and Burkina Faso has only recently embraced the regional initiative. In addition to the relative ease to gather information in these countries, it also strikes a balance between the English and French-speaking countries in West Africa. However, in order to avoid a static analysis, the brief history of the business institutions will be examined, as it provides a background context for understanding their responses to NEPAD. NEPAD initiative has a 30-year lifespan during which African countries, individually and collectively, ought to have attained the long-term objectives of having the continent placed on the path of sustainable growth and development with a yearly gross domestic product growth rate of 7 percent and Africa's marginalization in a globalizing world halted<sup>2</sup>.

### **III. Background: Histories and Institutional Context of the Private Sector's Associations**

4. Historically, the major private sector associations operating in today's Nigeria, Ghana, Senegal and Burkina Faso, were created in the colonial period. Under colonial rule, the state dominated the public sector and the economy and played the key role of maintaining law and order that enabled foreign capital to operate profitably. Acting individually, the subsidiaries of the transnational corporations involved in trading, commerce, agriculture and mining, among others, that constituted the core of the organized private sector could hardly influence state policies in their favour. Collectively, therefore, they established chambers of commerce, mines, agriculture and industry that later federated into larger business institutions with a set rules and regulations for members, though the members retained their separate identities. The associations became vehicles for pushing their members' common position on policies and programmes of the state as they affected the growth of the private sector. Essentially, the business institutions' policy was to promote a free enterprise and an exchange economy; and to create an enabling environment with the private sector-led development as its strategy. They were advocacy policy organs and shared vital business information among members. However, the business institutions were not investors, but non-governmental organizations and membership was voluntary.
5. Generally, the policy, objectives and orientation of the private sector associations are largely continued with in the post-colonial period but; their focus and scope has been expanded to accommodate the challenges posed by political independence such as

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<sup>2</sup> See the NEPAD Document, October 2001 (in particular, Articles, pp. 174-188).

industrialization and indigenisation of the economy. As a consequence, some of the large private sector associations were split into more manageable and efficient groups, where the immediate interests of certain chambers, associations and professional business groups can be better catered for. They have been proponents of privatisation, deregulation, public-private partnerships and joint venture agreements in the economy. The histories and experiences of the business institutions examined in the four case studies vary.

6. Nigeria is an oil dependent economy, with a population of about 140 million, gross domestic product (GDP) per capita of US\$300 and growth rate of 3.5 percent, capacity utilization of less than 10 percent, 15 percent inflation rate and huge infrastructural gap<sup>3</sup>. Structurally, the country has three key federated private sector institutions; the National Association of Chamber of Commerce, Industry, Mines and Agriculture (NACCIMA); the Manufacturers' Association of Nigeria (MAN); and Nigeria's Employers Consultative Association (NECA). They constitute the organized private sector and dominate its activities in the economy. The NACCIMA was created in 1960. It is the umbrella body for all private sector groups in the country with 49 Chambers of Commerce, 5 bilateral Chambers, 5 Professional Associations and 164 Corporate Membership, bringing its total membership to 223<sup>4</sup>. The MAN was carved out of NACCIMA in 1971 to cater for the specific interests of the manufacturing industries with 11 sectoral groups and 72 sub-sectoral groups and export groups engaged in food, beverages and tobacco, chemicals and pharmaceuticals, domestic and industrial plastics, iron and steel and motor vehicle assembly among others<sup>5</sup>. The NECA was created out of NACCIMA in January 1984, as the major organization of employers of labour and a platform for promoting industrial harmony with over 20 members engaged in manufacturing, social services, oil and gas, and pharmaceuticals and chemicals among others<sup>6</sup>. So far, these institutions have encouraged their members to invest in the economy but; private sector investment remains considerably low, as the state still dominates all sectors of the economy.
7. Ghana, with a population of 18.9million, has a GDP growth rate of 3.5 percent and GDP per capita of US\$301, largely agro-based economy, currently implementing the poverty reduction and development strategy papers and heavily deficient in infrastructures<sup>7</sup>. The country's private sector associations federated into one major institution, the Private Enterprises Foundation (PEF) in January 1994. The Foundation's members are the Association of Ghana Industries (AGI), Ghana National Chamber of Commerce (GNCC), Ghana Chamber of Mines (GCM), Ghana

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<sup>3</sup> Data extracted from the *African Development Indicators*, Washington D.C. World Bank, 2004. Additional data obtained from *World Development Report*, Washington D.C. 2004, *Annual Report and Statement of Accounts*, Central Bank of Nigeria, 2004; and *African Economic Outlook*, Tunis: AfDB/OECD, 2004.

<sup>4</sup> See NACCIMA, [www.naccima@supernet300.com](http://www.naccima@supernet300.com)

<sup>5</sup> See MAN, [www.manufacturersnigeria.org](http://www.manufacturersnigeria.org)

<sup>6</sup> See NECA, [www.necang.org](http://www.necang.org)

<sup>7</sup> Data obtained from the *African Development Indicator*, op. cit. Additional data obtained from *World Development Report*, op. cit.; and *African Economic Outlook*, op. cit.

Employers Association (GEA), Ghana Association of Bankers (GAB), Federation of Association of Ghanaian Exporters (FAGE), Ghana Association of Consultants (GAC), Ghana Real Estate Developers Association (GREDA) and Ghana Association of Tourist Federation (GHATOF)<sup>8</sup>. The PEF has been able to organize the various chambers and associations to pressurize the government to reduce lending rates, custom tariffs and prompt payment of custom drawbacks among others. Private sector investments in the economy still remain low at the time of the study.

8. Senegal has a population of 10.9 million and a GDP per capita of US\$506 with a growth rate of 5 percent; a predominantly agrarian economy, flourishing tourist industry, huge infrastructural gap, 15 percent inflation, and a poor private sector investment<sup>9</sup>. The two broad private business associations that constitute the pillars of the organized private sector are: the Chamber of Commerce, Trade and Agriculture of Senegal (CCTAS); and the National Council of Employers of Senegal (NCES) with about 100 members<sup>10</sup>. These associations have helped enforce members' compliance with the convergence, stability, growth and solidarity agreement of the West African Economic Union (WAEMU), which came into effect in December 1999. However, the state's stop-go approach to privatisation has discouraged the private sector associations from encouraging their members to participate in the sale of public enterprises. Private sector investment is low in Senegal, as the state still dominates the economy.
9. Burkina Faso has a population of 14 million, a majority of whom are rural bound; a GDP per capita of US\$290 and growth rate of 3 percent; a largely agrarian economy accounting for over half of the labour force; huge infrastructural deficit; and high inflation rate<sup>11</sup>. The Chamber of Commerce, Industry and Artisans of Burkina Faso (CCIABF) is the dominant private sector institution in the country and was created in 1960. The La Maison de L 'Entreprise du Burkina Faso, (MEBF) was created out of the CCIABF in 2004 by the government of Burkina Faso with funds provided by the World Bank and European Union. The MEBF functions as a service solution centre, providing data bank on all private sector firms and groups in the country. The CCIABF has been unable to exert considerable influence on government's policies in favour of its members. Private sector investment in the economy is insignificant, as the state still dominates the economy.

#### **IV. Orientation of the Private Sector Associations**

##### 10. Understanding the Nature of the Opportunities in NEPAD Programmes and Projects

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<sup>8</sup> See PEF, [www.pefghana.org](http://www.pefghana.org); [www.agighana.org](http://www.agighana.org)

<sup>9</sup> Data extracted from the *African Development Indicator*, op. cit.; Additional data obtained from *World Development Report*, op. cit.; and *African Economic Outlook*, op. cit.

<sup>10</sup> See CCIAD.

<sup>11</sup> Data obtained from the *African Development Indicators*, op. cit. Additional data obtained from *World Development Report*, op. cit.; and *African Economic Outlook* op. cit.

- 10.1 To begin with, the majority of the private sector associations are familiar with NEPAD programmes, largely because they constitute the same issues that the business institutions have been grappling with over the years without much success. They include infrastructural decay, huge resource gap, food security, environmental degradation, conflicts, political violence, democratic and governance crises, and market access. The two key principles of NEPAD: ‘ownership and partnership’ are equally well received by the private sector groups, because they believed too, that Africa has first, to own and start its development process before soliciting for external assistance. However, the NEPAD programmes have action plans that are specially formulated to implement them. These programmes, projects and action plans also have facilities and in-built opportunities that the associations can take advantage of. It is important first, to explain the nature of these opportunities.
- 10.2 The opportunities that NEPAD programmes provide are not necessarily listed in the NEPAD Action Plans<sup>12</sup>. Rather, they are built into the programmes. Further, the NEPAD initiative does not really have funds allocated for implementing its programmes and projects, but has facilities that have been endowed by multilateral development banks and donors. The private sector groups are expected to facilitate their members’ access to the financial facilities. In particular, African development partners have created facilities for preparing business proposals, which, if approved, stand to attract funding from multilateral development banks. Twenty infrastructure projects have been fast-tracked under the NEPAD’s Short Term Action Plan (STAP), classified as facilitation, feasibility studies, capacity building and investments and have been explained in the previous study on ‘the contribution of the private sector to NEPAD’ earlier cited that it does not warrant further analysis here. Multilateral development banks and donors have endowed facilities to implement the projects. One of such facilities is the C\$10 million Infrastructure Project Preparation Facility (IPPF) endowed by the Canadian government and administered by the African Development Bank (AfDB). The Facility is recently transformed into a multi-donor facility so that other donors can contribute to it. Under the IPPF, for instance, private sector associations can encourage and facilitate members representing at least, two African countries and authenticated by their governments, to apply for a maximum of US\$ 500,000.00 grant.
- 10.3 The OECD’s African Partnership Forum (APF) commits US\$500 million yearly, to the implementation of NEPAD projects. The Economic Partnership Agreements (EPAs) under the Cotonou Accord equally provide ample financial assistance, trade opportunities and consulting services that can help strengthen integration schemes in Africa. The ABR recently created NEPAD Infrastructure Investment Facilities, (NIIF) of US\$100, 000.00 for preparing business proposals. A US\$200 million TEAM NINE facility has been endowed for funding NEPAD projects and it is domiciled at the NEPAD

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<sup>12</sup> See the African Partnership Forum Joint Action Plan-draft version dated 22 December 2005.

Secretariat, Midrand, South Africa. Considerable resources are flowing from the G8 to Africa in the hope of attaining the target of US\$25 billion aid per year in 2010, all in support of NEPAD and Africa's development efforts at various levels.

- 10.4 On their part, African countries have been directed by the African Union (AU) to increase budgetary allocation to infrastructures by 10 percent for the Infrastructure Consortium for Africa (ICA) to help create projects and to secure funds for redressing the parlous state of infrastructures in the continent. The AU also directed that 10 percent of African national budgets be allocated to agriculture by 2008 in order to achieve food security and remove hindrances to private sector participation in agriculture. That will help realize the opportunities for boosting PPP, business-business linkages in the agricultural sector that the NEPAD's Comprehensive African Agricultural Development Programme (CAADP) provides. The private sector associations are expected to mount pressure on the governments to comply with these directives and to release the funds. Hopefully, these funds will help to stimulate local production of goods and services, mobilization of domestic resources, wealth creation and increase the flow of private capital into Africa in line with the Monterrey agreements. The private sector associations are to engage these opportunities proactively. The multilateral trading system (MTS) is designed to operate at sub-regional, continental and international levels and offers African countries opportunities to create commodity exchanges and take advantage of duty-free and quota-free market access for their exports, in order to examine the level of private sector associations' awareness of these opportunities on a country basis.

## 11. Awareness of the Opportunities, Implementation and the Constraints

- 11.1 In Nigeria, the NACCIMA, MAN and NECA are not really aware of the nature of the opportunities that NEPAD projects offer. Within the infrastructures sector, NACCIMA and MAN and their member-groups are ignorant about the IPPF. In particular, the MAN has no knowledge of the NIIF and the operations of the STAP. Yet, some of its members are involved in the construction of infrastructure. Furthermore, the NACCIMA and some of its member-groups like the State Chambers of Agriculture and Farmers' Association of Nigerian (FAN) are equally unaware of the funds that the Nigerian government is expected to raise as directed by the AU. There are no indications that the government is ready to comply anyway. Huge knowledge gap among the private sector associations about the opportunities that NEPAD projects offer stems partly from the poor communication between the development partners like AfDB and the business institutions. Also, the business institutions may be aware of some of NEPAD programmes as noted, but they lack an interpretative understanding of the programmes and the gains they provide. Worse still, the NEPAD country office's deliberate plan to first, capacitate the public sector from which a significant number of trainers will

be raised to educate the private sector associations and other stakeholders has not succeeded<sup>13</sup>.

- 11.2 Financial constraint and institutional incapacity are major problems preventing the Associations from organizing members and creating vehicles take advantage of the opportunities provided by NEPAD projects. Business associations are not prepared to spend their meagre income in proactively engaging NEPAD programmes that they do not really understand. Nor will they embark on building capacities for members on incentives that they have no clear reading of<sup>14</sup>. However, NACCIMA and MAN have long been agitating for multilateral trading system and are familiar with fair and just trade regime and some of its gains like duty-free and quota-free trade. To that extent, the associations are equally reluctant to explore opportunities existing NEPAD's programmes and projects; offer.
- 11.3 In Ghana, the critical mass of the leadership of the PEF and few of its member-groups like the AGI are aware of some of the opportunities built into NEPAD programmes and projects. The relatively higher level of awareness of these opportunities by the business institutions stems largely from the participation of the PEF in the country's self-assessment exercise that Ghana concluded with the submission of a National Plan of Action (NPoA) to the APR Forum in June 2005. Unfortunately, with the exception of the key officials of the Foundation, majority of private sector associations did not really understand that the APRM is a product of NEPAD. In addition to the inadequate interpretation of the peer review by the private sector groups, the development partners of NEPAD like the AfDB have not disseminated information about the financial facilities to the private sector institution and its members at the time of the study.
- 11.4 Sadly, the PEF has been unable to neither enlighten its member-groups about NEPAD programmes and projects and the opportunities they provide nor organize them to take advantage of the gains due to lack of funds. To PEF, the problem is not really so much about awareness of the programmes, projects and facilities of NEPAD projects and the opportunities they present, as the critical mass of the leadership of the private sector associations is aware of these incentives. Rather, the problem is the Foundation's inability to mobilize resources for its members to implement these programmes and take advantage of the incentives. The macroeconomic policies of the government are not providing concessionary investment funds that PEF and its members can access. Worse still, Ghana is increasingly becoming more aid-dependent than ever, coupled with the fact that the highly indebted poor countries (HIPC) initiative has not started to yield the expected benefits in the form of funds, which the private sector associations can facilitate for members to draw and invest in NEPAD. According to the Foundation, majority of the private

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<sup>13</sup> Based on interviews with NACCIMA on 28 June 2006 in Lagos, Nigeria.

<sup>14</sup> Based on interviews with NEPAD Country Office on 19 May, 2006 in Abuja, Nigeria.

sector associations are aware of the West African Gas Pipeline Project (WAGP), because Ghana is a beneficiary of the NEPAD sub-regional energy project, but no single private sector firm in the country has the resources to invest in both the upstream and downstream sectors of the project and no private sector association has the capacity to guarantee loans for its members<sup>15</sup>. The PEF is equally mired in institutional politics, as some of its members allege that the Foundation's unwillingness to popularise the in-built gains of NEPAD projects can be traced to its recent pro-establishment position on private sector issues.

- 11.5 In Senegal, the leadership of CCTAS and its major members such as the CCIAD and NUTS have heard about some of the facilities like the IPPF and projects such as the STAP. The Chamber is familiar with the multilateral trading system and its incentives. The workshop on the NEPAD and the private sector organized by the government in 2002; and a follow-up seminar on the same theme held by the country's chapter of the African Business Roundtable (ABR) in 2004, helped deepen the private sector institutions' understanding of some of the in-built gains of NEPAD programmes and projects. However, the Chamber lacks an interpretative knowledge of these facilities and is not aware of the recently endowed TEAM NINE US\$200 million facility in which Senegal is a major beneficiary. The NCEAS is largely unaware of the gains that NEPAD programmes and projects provide, because the issue of industrial harmony and the opportunities it offers that the Council largely focuses on are yet to be well articulated in the NEPAD initiative. Generally, majority of the private sector groups expect the government to first educate them on these opportunities before they can proactively engage their members. The government's inability to undertake such a responsibility is partly due to lack of information within even the larger public sector about the opportunities that NEPAD programmes offer and financial constraints. The government is discussing with the private sector associations and firms as it develops broad awareness and outreach programmes on NEPAD projects and the incentives at the time of the study<sup>16</sup>.
- 11.6 Financial and institutional weaknesses have constrained the private sector associations from organizing members to tap into these incentives and develop mechanism to promote NEPAD projects. Statutorily, the private sector associations are not investors, nor are they empowered to guarantee loans for member-groups. Rather, they rely largely on the meagre membership contributions and donations from members and non-members for survival. Politically, the private sector associations are non-partisan, but some of their members are usually handpicked by the government instead of having them elected by the associations to serve as chairmen and members of boards and commissions of government agencies. Expectedly, the representatives of the business groups can hardly influence public policy in favour of their members,

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<sup>15</sup> Based on interviews with PEF and AGI on 30 May and 2 June, 2006 in Accra, Ghana.

<sup>16</sup> Based on interviews with CCTAS, CCIAD and Ministry of NEPAD on 3 June, 2006 in Dakar, Senegal.

but loyal to the government. In essence, technical and administrative incapacities, financial squeeze and institutional politics, among others, have prevented the business institutions from encouraging members to participate in NEPAD projects.

- 11.7 In Burkina Faso, the CCIABF has an idea of some of the opportunities that the NEPAD programmes and projects offer, especially in the agricultural sector, the backbone of the economy. The CCIABF is familiar with some of the constraints of the agricultural sector and the benefits the multilateral trading system are designed to provide. Surprisingly, the Chamber, its members and MEBF have not heard about the TEAM NINE US\$200 million facility; yet, Burkina Faso is a major beneficiary. There are really no indications of proactive efforts being taken by them to inform and educate members about the opportunities that NEPAD programmes and projects offer. The National Cell, created in 2003 as a non-governmental organization and consisted of the public and private sector actors, undertook such task before its activities were suspended in 2004, when the coordinator was appointed as the state's envoy to the Dafur crisis. And no effort has been made by the private sector association to resuscitate the NC since 2005, when the government of Burkina Faso acceded to the APRM<sup>17</sup>.
- 11.8 The Chamber has been neither to promote the opportunities that NEPAD projects offer among its members, nor organize them to participate in the projects due to liquidity crisis and institutional weakness. Financially, the Chamber relies on the meagre funds raised from membership dues and donations to operate. It lacks statutory power to secure and guarantee loans for its members. Politically, it is poorly connected in government. The MEBF has not really keyed into the NEPAD initiative. It is the combination of these problems that have prevented the private sector associations from encouraging members to participate in NEPAD projects. It is in order to examine the extent to which the private sector associations have promoted among their members, the programmes and projects of the new regional socio-economic development framework.

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<sup>17</sup> Based on interviews with the private sector institutions and officials at the NEPAD/APRM Secretariat on 14 June, 2006 in Ouagadougou, Burkina Faso.

## 12. Promotion of NEPAD Programmes and Projects

12.1 This section analyses the promotion of NEPAD programmes and projects by the private sector association among the member-groups. The key issues examined are: the policy to promote NEPAD projects; programmes to promote private sector implementation of NEPAD projects; promotion of private sector development; and facilitating financing of NEPAD projects by the private sector institutions. These issues are treated on a country basis.

### 12.2 Nigeria

12.2.1 The NACCIMA, MAN and NECA have neither collectively, or individually formulated any institutional policy to promote NEPAD projects in the country, nor developed any framework to promote the programmes and projects of the new regional agenda. These associations have been constrained from getting an institutional policy to promote NEPAD because of the huge knowledge gap about NEPAD projects and its incentives due to, institutional weakness and, financial crisis limitations. The same factors have limited the capacity of the business institutions to encourage their member-groups to invest in NEPAD projects. Interestingly, NACCIMA might soon start wide consultations among their members as preparatory steps to get the process of formulating an institutional policy on NEPAD underway<sup>18</sup>. However, the absence of an institutional policy on NEPAD does not mean the private sector groups lack an institutional policy on private sector development; such a policy exists. They even facilitate cross-border business transactions, but they are not linked to NEPAD. The NACCIMA, for instance, organized other private sector associations, firms and individual investors to establish ECOBANK International in 1986. The Bank finances largely trading transactions.

12.2.2 Strictly speaking, the private sector groups have not developed any programme for promoting private sector involvement in implementing NEPAD projects, the major reason being the absence of an institutional policy to promote NEPAD projects. A private sector policy on NEPAD is imperative, as it provides the guidelines for preparing programmes, projects per sector and funding mechanism among other issues. These considerations will equally decide the kind of capacity that the private sector associations and members require in order to implement NEPAD programmes and projects. But the business institutions are constrained from persuading their members - the real investors - to reach financial decisions on projects because they are financially incapacitated. However, some of their members are of the view that the process of formulating an institutional policy can get underway by proactively developing a framework of programmes that will promote private sector investment in

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<sup>18</sup> Based on interviews with NACCIMA in Lagos, op. cit.

the implementation of NEPAD. This is because the core issues that NACCIMA and MAN are dealing with are similar to the NEPAD programmes as noted. The leadership of NACCIMA and MAN thinks otherwise, arguing that it will be legally wrong, practically impossible and administratively difficult to get the pillars of the private sector groups and the organized private sector in Nigeria to have a framework of programmes before formulating an institutional policy that will promote private sector implementation of NEPAD projects; rather the first step is to have a private sector institutional policy for NEPAD in place, which, in turn, will decide the kind of programmes and projects<sup>19</sup>.

12.2.3 The private sector associations have been promoting private sector development in the country's economy. In doing so, they have developed broad programmes that include: Trade, Investment and Technology; Power Sector Reform; Infrastructures; Agriculture; Privatization, Public-Private Partnership and Joint Venture; Made-in-Nigeria Products; and Women Business Group. Each private sector association and its members decide on the method for executing the programmes. The efforts of these associations have also resulted in the reduction in Company Income Tax from 45% to 35% (1996 – to date); Reduction of Tariff on Industrial Raw Materials from 45 % to 5% (1999 – to date); and Zero Tariff on Completely Knocked Down (CKD) parts for Motor Assembly Plants among others. Yet, the local content of production is still low. In all, the policy and programmes that the private sector associations have formulated for promoting private sector investment have brought some positive gains though; they are not specifically linked to NEPAD projects at the time of the study.

12.2.4 One of the major expectations of the majority of the members of the business institutions is for the latter to help facilitate for the former, with funds to invest in the private sector of the economy and to implement NEPAD programmes and projects. But the business institutions have not been able to play such a role, in part, because they are financially weak and even statutorily prohibited from securing and guaranteeing loans for the members as earlier explained. Worse still, these associations are grossly ignorant about the financial facilities endowed by donors, development banks and NGOs for NEPAD projects. They lack the technical competence to engage the facilities even proactively. Under such circumstances, the business institutions are handicapped from facilitating the financing of NEPAD projects for the members.

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<sup>19</sup> Based on interviews with the private sector institutions on 28 June, 2006 in Lagos, Nigeria.

## 12.3 Ghana

12.3.1 The PEF has no institutional policy to promote NEPAD projects in spite of the relatively high level of awareness of NEPAD programmes and projects and the gains they offer by the core leadership of the Foundation. The factors constraining the Foundation from formulating an institutional policy to promote NEPAD projects are lack of funds, poverty of private sector domestic credit, institutional politics and unfavourable macroeconomic policies. Ghana is not only becoming increasingly aid-dependent, but the funds realised from the debt relief are still filtering in trickles and diverted only into the public sector. This explains the reluctance of the PEF to formulate an associational policy to promote NEPAD projects, because it believes that a policy on NEPAD projects without the funds to implement them is futile. Poor domestic credit accounted for why Ghana's private sector associations could not encourage their members to participate in the NEPAD sub-regional energy project, WAGP, of which Ghana is a major beneficiary. The absence of such a policy presents the private sector associations from facilitating cross-border deals within the framework of NEPAD. However, the Foundation has an institutional policy to facilitate cross-border business that its members like the AGI has been implementing. The Association's bilateral trade exhibition programme enables Ghana's manufacturing industries to display made-in-Ghana products and build business linkages across West African countries; but they are not linked with NEPAD<sup>20</sup>.

12.3.2 The PEF has no programmes for promoting private sector participation in NEPAD projects. According to PEF, the first step is to have an institutional policy on NEPAD projects, which, in turn, will guide the kind of programmes, projects that will be developed; the syndication of funds for executing the projects; and the nature of the capacity required. It will be premature to think about programmes for facilitating private sector participation in NEPAD projects in the absence of an institutional policy on the NEPAD initiative<sup>21</sup>. While the Foundation might be right in insisting on having an institutional policy on NEPAD projects before formulating the programmes, there is nothing to suggest that it is making efforts to proactively get underway, the process of having private sector associations' policy on NEPAD at the time of the study. To AGI, this is a fundamental problem, as the PEF is not even organizing its members towards formulating a policy on NEPAD, nor is it educating them on the opportunities that NEPAD programmes and projects offer. In essence, the absence of an institutional policy and programmes to promote NEPAD projects, the reluctance of PEF to get the process of policy making underway, ignorance about NEPAD projects by the majority of the private sector associations largely explain why the private sector associations

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<sup>20</sup> Based on interview with AGI, on 30 May, 2006 in Accra, Ghana.

<sup>21</sup> Based on interviews with PEF on 2 June, 2006 in Accra, Ghana.

have not been promoting private sector participation in NEPAD projects in any sector of the economy; nor facilitating private sector involvement in NEPAD. But the Foundation has programmes and projects aimed at the growth of commerce, industry and agriculture. The programmes include Capacity Utilization Programme and Workplace/HIV Programme, which have not fared very well because of financial constraints, coupled with the fact that they are not linked to NEPAD.

12.3.3 The PEF operates in four main areas, namely, Policy Research/Advocacy, Contract Management Services, Institutional Capacity Development and Trade, and Promotion of Technology-Based Industry around which it has developed programmes. Its programmes include Private Sector Development, Rural Financial Services, National Economic Dialogue, Capacity Utilization, Export Enhancement, Made-in-Ghana Products and Tourism Promotion. On strengthening the private sector and facilitating business-government relations, the Foundation was instrumental to the establishment of the Ministry of Private Sector Development in 2004; though it was merged with the Ministry of Industry as a result of the government's rationalization of ministries and agencies in April 2006. The AGI, largest private sector association with members mostly small and medium scale enterprises, has been promoting made-in-Ghana Products since 2000 and has mounted bilateral trade exhibitions in Burkina Faso, Sierra Leone, Niger, Guinea and Mali with huge success. The Association has requested the Economic Community of West African States (ECOWAS) to mainstream the programme/project because of its capacity to promote intra-regional trade and facilitate cross-border deals, but the regional economic community (REC) is yet to grant its application at the time it was conducted. The PEF has contributed to the establishment of key national policies targeted at growing the private sector and they include the Zero Duty on All Plants, Machinery and Equipment; Reduction of Company Income Tax from 45-35%; Tax Holidays of 3-10 years in Tourism Sector. Yet, private sector development remains weak in the country.

12.3.4 The PEF has reiterated the fact that, the problem of its inability to facilitate financing of NEPAD projects for its members is not so much about the lack of an understanding of NEPAD projects, as the financial constraint that the Foundation and the national economy are faced with. Private sector domestic credit in Ghana is low both as a source of project funding, and a percentage of the country's GDP. Local financing accounted for only about 5% of the total estimated cost of projects registered by Ghana Investment Promotion Centre (GIPC) in 2004 and this has been on the decline over the years. The low share of domestic credit financing in private sector investment partly indicates further crowding out of the private sector by the public sector in spite of the privatization

and deregulation programmes of the state and its adoption of the HIPC initiative.

## 12.4 Senegal

12.4.1 The CCTAS and NCEAS have not formulated an institutional policy aimed specifically at promoting NEPAD projects and the gains they provide. The main reasons for the lack of an institutional policy on NEPAD are the gross ignorance about NEPAD projects among the majority of the private sector groups, financial constraint and institutional politics. The thinking among the leadership of the business associations is that, they be first capacitated on NEPAD programmes by the government; as that will enable them formulate an institutional policy on the regional development initiative. But that will not redress the financial crisis the associations are facing. However, the business institutions have a policy for promoting private sector investment in the economy and facilitating cross-border deals, as evident in Senegal's export of fertilizers and clothes to Mauritania, Mali and Burkina Faso, but these transactions are not keyed into the NEPAD initiative.

12.4.2 The absence of private sector institutional policy to promote NEPAD projects largely explains why the private sector institutions have not developed programmes for facilitating private sector investment in NEPAD projects. According to CCTAS and NCEAS, it will be premature to talk about developing any programme and projects and the capacity for fostering private sector investment in NEPAD projects without an institutional policy<sup>22</sup>. The private sector institutions also lack the technical competency to facilitate most of the NEPAD projects.

12.4.3 The business institutions have been promoting private sector development, operating largely in Agriculture, Trade, Minerals, Infrastructures and Tourism. Under the Agricultural Programme, the private sector groups have been encouraging members to engage in agri-business with emphasis in canning fruits (tomatoes), but without much success, as it is dominated by French capital; to increase the absorptive capacities of the textile and sugar companies, which, again, is controlled by foreign capital of French extraction. Also, in the mining sector is dominated by the state and foreign capital. The state, for instance, leases out the acreages to foreign mining companies to explore and exploit phosphate for which they pay royalties and rents. These business institutions have been unable to influence their members to invest in the mining sub-sector of the economy because they lack the capital and technology required. The same is true of the real estate and the infrastructures sub-sector like telecommunications, electricity, and transport. In the proposed Blaise Diagne International Airport in Dakar- aimed at serving as the hub for West Africa, for instance, of the estimated

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<sup>22</sup> Based on interviews with the CCTAS and CCIAD on 9 June, 2006 in Dakar, Senegal.

cost of 200 billion CFA, the business groups and their members have no financial stakes, but to fund it by foreign private capital and the state, essentially from airport taxes and concessions. Worse still, the private sector investments in the economy, especially in mining and agri-businesses such as textile, sugar and canned tomatoes are neither linked with the NEPAD programmes and projects nor are their members implementing any NEPAD projects.

12.4.4 The private sector associations are constrained to facilitate for members, the financing of NEPAD projects due to the lack of an institutional policy and programmes to promote and implement NEPAD and the liquidity crisis that the business associations are faced with. For instance, they are statutorily prohibited from securing loans to back members to purchase public enterprises or acquire the state's shares in the privatised public companies. That explains why they have been unable to take part in the relatively booming real estate sector of the country following the influx of business concerns and people from the crisis-ridden Cote d'Ivoire. Therefore, to the extent that the private sector associations are financially, institutionally and politically weak, coupled with the fact that their policy and programmes are not keyed into the promotion and implementation of NEPAD, they are not contributing to the facilitation of financing of NEPAD projects in Senegal at the time of the study.

## 12.5 Burkina Faso

12.5.1 The CCIABF and MEBF are yet to formulate any deliberate policy to promote NEPAD projects among its members due, in part; to the huge knowledge gap about NEPAD programmes, financial weakness and lack of administrative and technical capacities to engage the regional socio-economic development strategy proactively are major constraints. There has been no concerted effort made by the private sector associations to discuss neither NEPAD projects generally; nor to formulate an institutional policy to promote the projects. And that is only after these issues have been redressed that the facilitation of cross-border transactions can be contemplated<sup>23</sup>. In other words, the business institutions have formulated an institutional policy to promote private sector investment in the economy and across-border trade. As an agrarian economy, Burkina Faso is the major exporter of foodstuffs, like millet and wheat to neighbouring countries like Senegal, Mauritania, Niger, Ghana and Cote d'Ivoire. Senegal exports fertilizer to Burkina Faso. Further, the Chamber helps to create an enabling environment for favourable export trade and access to agricultural inputs like fertilizers at concessionary prices, but they are not integrated into the projects of the regional development initiative.

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<sup>23</sup> Based on interviews with CCIABF on 14 June, 2006 in Ouagadougou, Burkina Faso.

- 12.5.2 The business institutions recognize the significance of developing programmes to facilitate private sector implementation of NEPAD projects in the country but, they have failed to formulate the framework for such programmes. In part, because the institutional policy, programmes to facilitate private sector implementation of NEPAD programmes have not been developed. The absence of such a policy explains why there are no sectoral projects and cross-border deals designed to promote NEPAD, nor the capacity to implement them. Worse still, the business associations are financially and institutionally weak. They operate on the meagre membership dues and donations and lack the capacity to influence government policy in favour of private sector. However, the private sector associations have developed programmes such as Enhancing Export Competitiveness, Infrastructural Reform, Public-Private Partnership, Joint Venture Agreement and Commodity Exchange. Under the Enhancing Export Competitiveness, the CCIABF is facilitating the access of members to extension services, subsidies for fertilizers and high-yielding cotton seeds, among others. But these programmes are not directed at promoting NEPAD projects.
- 12.5.3 The private sector groups have been promoting private sector development. In particular, the Chamber has contributed to: the subsidisation of agricultural inputs like fertilizers and implements such as plants and machineries, favourable price regime for the country's export products, especially cotton; standardization of high quality handicrafts and one-stop checkpoint for cross-border trade; and reduction of company income tax from 45 to 35% as of June 2006. Unfortunately, these projects are not linked with NEPAD. This is due to financial constraints, institutional politics, and lack of technical competency. As a result, the business associations have been unable to influence their members to help diversify the economy, which remains largely agrarian with predominantly small peasant farmers. Few French agri-capital still controls cotton production and export. The country still suffers from poor absorptive capacity, as only 2% of cotton produced is utilised locally the largest portion is exported to Europe. There has been insignificant private sector investment in the economy in spite of the state's economic reforms and the debt relief.
- 12.5.4 The private sector institutions have not been able to facilitate for its members, the financing of NEPAD projects in Burkina Faso at the time of the study. And there are no indications that the financial situation will improve. For the country is poor, and majority of the members of CCIABF peasant producers. The state is reluctant to privatize the public enterprises because the private sector associations and their members lack the financial resources to acquire equity shares or outright purchase of the public companies. There is acute scarcity of domestic private credits to finance such projects in the country. Lack of finance is a major factor

constraining the business associations from facilitating the financing of NEPAD projects for their members. Other impediments include lack of: an interpretative understanding of the programmes and projects of the new regional agenda, the incentives they offer; and competency to build the right capacity<sup>24</sup>.

## V. Business-Government Consultations

13. This section examines the question of whether the private sector associations have created a forum for promoting dialogue with the government and if such consultations are coordinated to promote public-private participation in NEPAD and private sector development. It also analyses the relationship between the private sector associations and NEPAD institutions; the role played in the business institutions, is getting multilateral development agencies and donors to promote private sector development and encourage joint venture agreements between domestic and foreign-owned enterprises. These concerns are discussed on a country basis.

### 13.1 Nigeria

13.1.1 The NACCIMA, MAN and NECA have never had a common mechanism for promoting dialogue with the government. Rather each association established its own contacts with the state and not much positive result was achieved in influencing public policy in favour of their members. When the state adjusted in the mid-1980s, for instance, the private sector associations did not have an instrument for articulating and pushing a common private sector position on the structural adjustment programme. And that limited the participation of the private sector associations and their members in the economic reform. However, since May 1999, not only has the state sought greater participation of the private sector as a partner in the development of the economy, but also, the business institutions have re-strategized their mode of intervention in the policy process so they can encourage their members to invest in the economy. Therefore, in 2000, the key private sector associations (NACCIMA, MAN and NECA) created the Organized Private Sector Memo (OPSM) as the collective and foremost instrument for business-government consultations, with the memos being the private sector's common position and issue papers on matters of concern to the associations, their members and the economy. The business institutions meet annually and rotate the organization of the meeting among themselves but; each association holds quarterly meetings for its member-groups. The OPSM became the common advocacy policy tool used by the private sector associations to present the private sector positions on the state's macroeconomic policy and mixes, and other social, economic and political issues as they affect the activities of their members and the economy.

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<sup>24</sup> Based on interviews with MEBF on 13 June, 2006 in Ouagadougou, Burkina Faso.

13.1.2 In particular, the business associations have used the OPSM to deal with PPP and risk mitigation strategies like Build-Operate-Transfer (BOT) in the infrastructures sub-sector where the government is expected to play a leading role by creating social wealth, while the private sector institutions encourage their members to create employment opportunities. This is largely due to huge capital outlay required beyond what the private sector firms and associations can afford. The private sector groups have contributed to the drastic reduction in lending rates from 25 to 10% and to 7.5% for automakers; zero duty on CKDs; promotion of transparency in the governance and management of public funds; and abolition of 'core investors clause', while upholding competitive bidding for the public enterprises being privatized. However, the OPSM have not had considerable influence on the business associations and their members in promoting PPP and joint venture in NEPAD projects. The Stabilini Visioni Nigeria Limited, a subsidiary of Italian Construction Company and a member of NACCIMA and MAN, won the bid to rehabilitate the local wing of the Murtala Mohamed Airport, Lagos, under a rehabilitate, operate and transfer (ROT) arrangement for 25 years at US\$200 million without the influence of the associations. The ANAMCO, a joint venture agreement (JVA) between then Anambra State Government and the Mercedes Benz of Germany to assemble Mercedes Benz trucks locally, was sealed without the MAN playing any significant role. These private sector investments are not linked to NEPAD programme at the time the study was conducted.

13.1.3 The private sector institutions have not developed any institutional policy framework for relating with the NEPAD Country Office and the APRM national focal point-the two NEPAD institutions in the country. The private sector associations are not sure of which NEPAD focal points to really relate with, since the functions of the two offices appear to be the same. The MAN had paid a courtesy visit to the NEPAD office but; the Association has no working relationship with the country office. It is surprising that the NEPAD national office has no relationship with NACCIMA. The NACCIMA and MAN have representations in the Presidential National Working Groups of the APRM though; they do not really understand the activities of the national focal point<sup>25</sup>. There is a tendency to regard the NBN as a NEPAD agency, but it is not. Rather, the Group is a non-profit organization whose creation was facilitated by the ABR and the federal government of Nigeria to promote NEPAD programmes among the private sector firms and associations and enhance business-government relations on NEPAD matters. The Group is not linked with NACCIMA, MAN and NECA.

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<sup>25</sup> As of September 2007, the Yar Adua-led government merged the NEPAD country office and national focal point for APRM and appointed a Presidential Special Adviser on NEPAD, who is now the chief executive officer of NEPAD Nigeria and the national focal point of APRM in Nigeria.

13.1.4 Generally speaking, the private sector groups are fledgling non-profit making organizations, and are financially, technically and institutionally constrained to really get the multilateral development agencies like the AfDB and World Bank (WB) to facilitate investment funds for their members. As advocacy groups, the private sector associations can help in promoting the policy, programmes and projects of multilateral development banks and agencies among their members if they will grow and develop the industry, commerce and other activities of the sector. But these associations have not developed any framework for relating with the multilateral development banks and donor agencies because international development cooperation falls within the purview of the government. The multilateral development banks and donors, for instance, deal directly with the state-owned National Planning Commission (NPC), but not with the private sector associations. In turn, the NPC refers the development banks and donor agencies to the relevant ministry or government parastatals for details but not to the private sector associations. On their part, the multilateral banks and donors do not have direct relationship with the private sector associations and this explains, in part, why the majority of the latter are ignorant of the former's projects and facilities, as evident in the lack of knowledge among the private sector groups about the IPPF and the NEPAD Rice Initiative promoted by the AfDB. Bureaucratic procedures, which can be long-drawn, have constrained the private sector associations from dealing effectively with the multilateral banks and agencies. This explains why the private sector associations have not been able to play any meaningful role in getting the multilateral banks and donors to promote private sector investment. However, they used to write references for members procuring foreign exchange from the Central Bank of Nigeria (CBN) before it was liberalized in the 1990s.

## 13.2 Ghana

13.2.1 Essentially, the PEF was established as a response to enhance the private sector associations' dialogue with the government. The Foundation, therefore, became the common forum and an instrument for promoting business-government interface in the country. The Forum is one of the avenues created for all private sector associations, the government and its ministries and agencies to interact and reach an agreement on issues that affect the survival of the private sector and the national economy, and it is held every two-month. Others channels include: the biannual meetings with the President, the first meeting is held in January of every year before the announcement of the national budget; a meeting is held every July for a mid-year review of the implementation of the budget. Under the Annual Forum, the private sector associations meet with revenue agencies to redress the arbitrary imposition of taxes on the private sector firms among others. The Ministerial Advisory Committee provides an avenue for the

private sector associations and members to discuss issues of concern with the relevant Minister. These fora have facilitated business-government consultations. Yet, the Foundation has not been able to promote PPP in NEPAD projects and sign joint venture agreements with foreign capitals. Chinese private investors are, however, solely acquiring the state's shares in, or outright purchase of, the country's telecom industry.

13.2.2 The PEF and its members had an existing framework of relationship with the NEPAD institution, namely, then Ministry of NEPAD and Regional Integration. But with the merger of the Ministry of NEPAD and Regional Integration with the Ministry of Foreign Affairs in April 2006, and a Director for NEPAD appointed, the Foundation and its members are yet to understand the bureaucracy and how to relate to the configured NEPAD office. According to the Director of NEPAD, his office is still discussing with the Minister of Foreign Affairs the feasibility of consulting with the private sector associations in the hope of developing a new framework of relationship<sup>26</sup>.

13.2.3 The PEF acts as the registrar of the private sector associations in Ghana; and upon request, writes references for members aimed at boosting their credibility to access funds, sign joint agreements and memorandum of understanding with multilateral development banks, donor agencies and foreign private capitals. The Foundation also undertakes private sector studies for, and co-manages with donors and development partners, some of their programmes and projects that further the interests of the private sector projects such as: Capacity Utilization Programme; Rural Financial Services Programme; and Private Sector Development programme that it co-managed with the United Nations Development Programme (UNDP). These programmes are not linked to NEPAD.

13.2.4 That said; the multilateral development banks like the AfDB and WB only relate directly with the state ministry/agency responsible for national planning, which, in turn, refers the bank/donors to the appropriate arm of government for further discussions. The private sector associations do not deal directly with the development banks and donors, but might be contacted, or could react proactively, if there is a need for a private sector position on the project being discussed, as evident in the processes that led to the adoption of the HIPC initiative of the International Monetary Fund (IMF). This explains why the PEF neither play any role in getting the Fund and the Bank to finance and promote private investment in the country, nor encourage its members to sign joint venture agreement. During the launching of the 'Ghana's Blue Book' and 'Investment Policy Review,' in May 2006, in Accra, by the United Nations Conference on Trade and Development (UNCTAD), Ghana Investment Promotion Centre

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<sup>26</sup> Based on interviews with the officials of the NEPAD's Directorate, Ministry of Foreign Affairs, Regional Integration and NEPAD on June 2, 2006 in Accra, Ghana.

(GIPC) and PEF the Japanese investors had threatened to close the last shop, having shut two shops in the last five years, if the state's macroeconomic policy environment did not improve<sup>27</sup>. Statutory limitations, financial and technical weaknesses have constrained the Foundation from getting the multilateral development banks and donors to promote private sector investment and backing their members to engage in joint venture agreements with foreign capital.

### 13.3 Senegal

13.3.1 The CCTAS and NCEAS have never had a common forum for facilitating business-government relations, as each institution had its own contact with the state. This informed the creation of the Council of Economic and Social Affairs of Senegal (CESAS) in 2002 by the private sector associations and the public sector. The CESAS became the foremost forum for fostering dialogue between the private sector associations and the government; but the leadership of the private sector associations continue to access the political authorities individually, in the hope of promoting and protecting specific interests of members and some limited gains.

13.3.2 The CESAS provides the platform for the private sector associations to discuss policy issues that affect the private sector. The Council also serves as an instrument for conveying the private sector position on social and economic matters and other related issues to the President. Unfortunately, the business associations have neither influenced the government economic reform policy and projects in favour of their members, nor promoted a PPP in NEPAD and private sector development. The private sector associations, for instance, have failed to get any of its members to participate either in the outright purchase of public companies, or facilitate PPP and JVA in the privatisation of state-owned companies like Chemical Industry of Senegal; Senegal Textile Company; and Senegal Telecommunications. Instead, French capitals and the representatives of the Moroccan state have been the major beneficiaries. What is more, in the infrastructure sub-sector private sector investment has been dominated by foreign capital with hardly major role played by the private sector associations. For instance, not only was the construction of the Senegal-Mali rail link undertaken on the basis build-operate-transfer (BOT) by a Canadian capital, it is not linked to NEPAD. And the private sector associations are not able to influence their members to participate in these projects because they are financially and institutionally weak. The low private sector investment in Senegal's economy is worsening.

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<sup>27</sup> Compare launching of the 'Blue Book of Ghana' held at Hotel Golden Tulip, 29 May, 2006 in Accra, Ghana.

- 13.3.3 The key NEPAD institution in the country is the Ministry of NEPAD. There is an ABR chapter in Dakar that is helping the state to popularise NEPAD, but it is not regarded as a NEPAD agency. Both the CCTAS and NCEAS and their member-groups are aware of the existence of the Ministry of NEPAD, but only a handful of them know its location. The associations are yet to develop any discernible framework of relationship with the NEPAD Ministry. Worse still, the government handpicks individual members of the associations, instead of allowing member-groups to elect their representatives to serve on the boards and committees of government parastatals thereby undermining the prospect of getting the process of a robust relationship. In essence, the kind of relationship between the private sector associations and the NEPAD agencies that could further strengthen private sector investment does not exist. The government is still consulting with the leadership of the private sector institutions hoping to build a framework of regular interaction with the private sector associations<sup>28</sup>.
- 13.3.4 The CCTAS and NCEAS are statutorily constrained from playing any major role in getting multilateral development banks and donors to promote private sector development in the economy. This is because the Ministry of National Planning and Economic Development handles all international cooperation and development matters involving the multilateral development banks and donors; though an agency within the office of the President can be assigned such duties. The process starts with the multilateral development banks and donors having to register their intents and projects with the planning commission, which, in turn, directs them to the line ministry or agency for further briefing and action. It is when the project has been assigned to the line ministry and industry that the private sector associations can proactively evaluate the implications for their members. But there is no specific rule that all international cooperation and development matters must follow the procedure, as evident in the President sidetracking the process when Senegal resumed relations with the IMF in 2003 under a new-three year US\$ 33 million poverty reduction and growth facility; and the World Bank's advance of US\$ 1.4 billion financial support to Senegal's priority investment programme for 2003-2005<sup>29</sup>. The government did not invite the private sector associations to present a private sector position on these financial facilities, nor were they able to proactively engage the facilities. As presently constituted, the private sector associations are handicapped from getting the multilateral development banks and donors to promote private sector development and encourage members to sign joint venture agreements. Senegal's economy remains largely agrarian and still has serious difficulty in absorbing foreign financial facilities.

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<sup>28</sup> Based on interviews with the Ministry of NEPAD on June 1, 2006 in Dakar, Senegal.

<sup>29</sup> See *African Economic Outlook*, op.cit.

## 13.4 Burkina Faso

- 13.4.1 The CCIABF and MEBF have not created any formal forum for facilitating business-government relations in the country, though the representatives of the private sector associations do meet with the President every July to discuss issues of interest to the members, the private sector and the economy. The Presidential annual meeting with the private sector groups affords them the opportunity to present the position of the private sector on government's policies. Notable issues that have featured in the business-government discussions are the specific request for the sale or lease of public enterprise to the members of the associations, reduction in company income tax, concessionary funds and reduction in import tariff in fertilizers among others. But these requests are not made to promote a PPP and JVA in NEPAD projects. The business institutions are also unable to influence the government's policy on privatisation, largely because the associations too, are financially and institutionally weak to encourage their members to invest in the economy, coupled with the lack of private sector domestic credit for financing private investment and overall poverty across the country.
- 13.4.2 In April 2006, the government created what arguably can be regarded as a NEPAD institution in Burkina Faso. It is the Secretariat for NEPAD/APRM, housed temporarily at the Ministry of Foreign Affairs and headed by a Permanent Secretary, who reports directly to the President on all NEPAD matters and charged with the preparations for the country self-assessment exercise. The core leadership of the CCIABF and MEBF know the temporary location of the Secretariat though; there is really no interaction between the Secretariat and the private sector associations at the time of the study. It is premature to talk about any structured relationship between the Secretariat and the private sector groups, as the process of getting a formal NEPAD agency is yet to get underway.
- 13.4.3 The CCIABF and MEBF are financially constrained, institutionally weak and statutorily impeded to get the multilateral development banks and donors to promote private sector development. Nor are the business institutions able to link up the members with the banks and donor agencies for the purpose of signing joint venture agreement in the various sectors of the economy. Further, the private sector associations barely feature in the established official procedure for the inflow of international cooperation and development into the country. The multilateral development banks like the AfDB and WB do not deal directly with the private sector associations. Rather, they first, register with the government's relevant ministry and agency such as the Ministry of Economic Development and National Planning that, in turn, directs the banks and donors to the appropriate line ministry and agency of government for detailed

discussions on their projects. However, this procedure is not cast in stone, as the President has the prerogative to alter it. The private sector associations can be invited by the government to present a position paper on the projects; or the multilateral development banks and donors could be requested to discuss with the private sector firm and in such a case, the private sector groups could be involved. The WB, for instance, is anxious to avoid costly investment in infrastructure and will only fund thermal plants with a maximum capacity of 14 MW (megawatts) in spite of the fact that power supply to businesses will not be boosted with such a capacity<sup>30</sup>.

13.4.4 There is also the problem of high cost of power and the resultant high tariff; and the government depends largely on foreign sources for funding its energy expansion projects. The private sector associations are neither unable to influence the World Bank to increase its funding of thermal plants; nor to encourage the Bank to promote JVAs with its members in the energy sub-sector. This is because Burkina Faso is a poor country, lacks domestic private sector credit for financing private investment and the government is unwilling to privatize and deregulate the economy. All explains, in part, why the private sector associations are unable to reverse the public sector's dominance of the economy; and get the multilateral development banks and donors to promote private sector development.

## **VI. Recommendations**

### **14. Lessons from Institutional Responses**

14.1 Several key lessons have been learnt from the private sector institutional responses to the implementation of NEPAD programmes and projects in the four case studies. The federation of the majority of the private sector associations into fewer business institutions with considerable power have enabled them to play greater advocacy and promotion functions of creating an enabling environment for private sector activities and as partners in the development of the national economy. As federated business institutions, they do not only have representatives serving in the boards and committees of government parastatals, but also, exerted greater pressure in influencing the policy initiatives of the state. They have facilitated greater business-government relations and minimized intra and inter-institutional politics.

14.2 However, the private sector associations are non-profit making organizations and non-partisan. They are not investors, generally fragile and still burdened by intra and inter institutional leadership tussles. As a result, they are not only unable to promote private sector investment, encourage members to enter into joint venture agreements with foreign capital, but also, have failed to get the

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<sup>30</sup> See *African Economic Outlook*, op. cit.

multilateral development banks and donors to promote investment in the private sector of the economy. It is particularly so, because the private sector institutions are financially weak and statutorily prohibited from securing and guaranteeing loans for members. They have no well-defined role to play in the national bureaucracy in promoting international cooperation and development. Majority of the private sector associations are grossly ignorant about NEPAD programmes and projects and the opportunities they offer. This is because the private sector institutions lack the technical and administrative competencies to engage the NEPAD initiative proactively. But even the few private institutions that are aware of such opportunities, constrained by finance from encouraging members to play an active role. The huge knowledge gap about NEPAD projects among most of the private sector groups also accounts partly for the absence of an institutional policy, programmes and projects to promote NEPAD projects. Most of the private sector groups are not well linked with the NEPAD institutions, and this explains, why NEPAD projects are hardly factored into their discussions at the few existing fora for facilitating business-government relations.

## 15. Suggestions on the way forward

- 15.1 The lessons learnt from private sector institutions' responses to NEPAD show that there are several factors constraining them from participating in the programmes and projects of the new regional agenda. These are preparedness issues, which entail the ability of the private sector institutions to mobilize resources for, and organizing members to bid for NEPAD projects; and the awareness matters that relate to educational and advocacy activities of the business associations.

### *1. Preparedness Issues*

- 15.2 On the preparedness issues, there are several hurdles that the private sector associations and the members will have to overcome. First, there is the need for institutional consolidation of the private sector associations, as an intricate part of the strategy to prepare them to achieve their set policy goals and objectives. This entails building the right capacity, loyalty and discipline of the associations and members. So far, the private sector associations are still ridden with the leadership tussles, administrative and technical incompetencies, leveraging of personal gains above institutional interests and meddling of the government in their activities.
- 15.3 Second, there is the urgent need for a legislation to statutorily empower the private sector institutions to secure and guarantee loans and funds for member-groups, instead of remaining as mere advocacy groups. That way, the private sector institutions will become financially strengthened and capable of encouraging and influencing members to invest in the private

sector and participate in NEPAD projects. Generally, members took financial investment decisions on projects independent of the business institutions.

- 15.4 Third, there is a need for the private sector associations to establish banks to specifically provide their members concessionary loans to promote private sector investment in the economy and liaise on behalf of the private sector groups, with the multilateral development banks to bid for NEPAD projects.
- 15.5 Fourth, there is the need to include the private sector associations in the official bureaucracy for dealing directly with international economic cooperation and development issues. This will enable the business groups to engage multilateral development banks and donors and their programmes and facilitate the promotion of private sector development.
- 15.6 Fifth, there is the challenge of transparency and enforcement of state's economic reforms in privatization, deregulation and public-private partnership programmes and projects. The contradictory position of the government on its economic reform is constraining the private sector associations from encouraging their members to tap into the privatization project and invest in NEPAD projects.
- 15.7 Sixth, there is a need for the private sector associations to collectively access the financial facilities endowed for NEPAD programmes such as the IPPF, NIIF and TEAM NINE. Reports from the AfDB show that the private sector institutions are grossly ignorant about these facilities and they are not even accessing them.

## 2. *Educational Issues*

- 15.8 Seventh, there is a need to resolve basic educational and advocacy issues that will enhance the awareness about NEPAD programmes among the business institutions. This is an immediate need for the private sector associations to establish a private NEPAD School in each country where members and would-be private sector investors can be trained on NEPAD issues, African Development, International Business, International Economic Relations and Risk Mitigations among others. At the end of the course, the School awards certificate of competence to its graduates.

- 15.9 Eight, there is the need for each private sector association to hire consultants, who will help to organize strategic seminars, workshops, stakeholders' meetings and conduct studies for the business institutions and members. The themes of the proposed training programmes should include: the NEPAD Initiative; Preparing Feasibility Studies on NEPAD Programmes; African Development and its International Relations; African Politics, Governance, Democracy and Security; and Africa and Multilateral Development Banks and Donors.
- 15.10 Ninth, there is the urgent importance to enlighten the media and publicity departments of the private sector associations and their members. For, the reality is that, the publicity units of the private sector groups that are expected to organize in-house awareness workshop and mount outreach programmes on NEPAD projects and the incentives they provide, are largely ignorant about the programmes of the regional initiative.
- 15.11 Tenth, there is a need to create tripartite arrangements involving the private sector groups, international development agencies and non-governmental organizations and the RECs, and the national governments to fund the awareness campaign of NEPAD programmes and projects among the private sector associations. This will relieve the private sector associations from the huge burden of footing the bills on outreach programmes. The proposed ECOWAS-Private Sector-DFID (the United Kingdom Department of International Development) is a case in point, though the details are still sketchy at the time of the study
- 15.12 Eleventh, there is the challenge for the AfDB and NEPAD Secretariat to proactively inform and educate the private sector associations and members about the facilities that are endowed to support NEPAD programmes. So far, there is the general complaint of lack of communication between the Bank and the private sector associations on the financial facilities endowed for NEPAD projects. And, NEPAD Secretariat communicate key decisions, policies, projects and facilities of NEPAD programmes to the government but not the private sector associations and members.
- 15.13 Twelfth and finally, there is the need for the private sector associations to elect their representatives to serve in government boards and committees, and relevant committees of the legislative arm of government, instead of government handpicking individual investors from the private sector. Also, there is the challenge of bringing NEPAD programmes, projects and opportunities to the heart of the business-government consultations. All these will promote institutional loyalty, enable the private sector institutions exert greater pressure on the policy initiatives in favour of the private sector groups and members, and strengthen their advocacy roles in promoting NEPAD programmes.





# CHAPTER THREE

## SOUTHERN AFRICA



# SOUTHERN AFRICA

## I. Executive Summary

The New Partnership for Africa's Development (NEPAD) has become the internationally accepted framework for Africa's development since its inception in 2001. It is an overarching process that helps to shape, prioritize and coordinate with other initiatives and has as one of its fundamental aspects the need for strengthened private sector activities to deliver sustainable development. Given the generally weak state of the private sector in Africa, organized business associations have potentially a major role in coordinating the activities of their members to access opportunities inherent in NEPAD implementation, while simultaneously strengthening themselves and the African business community generally.

Southern Africa is especially well-suited to be a catalyst for such activities but in almost all of its business associations, there is lack of knowledge about NEPAD and its business opportunities, and structuring geared towards NEPAD. Virtually nothing has been done to mobilize members in accessing NEPAD-related opportunities or in brokering relevant business-government dialogue. These conclusions are largely drawn from analyses that examine the experiences of the Republic of South Africa (RSA), Malawi, Mozambique and Zambia. These conclusions are reached in analyses of some prominent examples of organized business from these countries, as well as regional multilateral bodies, in terms of orientation, promotion of NEPAD-related programmes/projects, and their roles in relevant business-government consultations.

Observations and recommendations on possible actions to improve this situation firstly focus on general issues and thereafter highlight three important issues related to awareness, preparedness/subsequent activities, and motivation. A major general problem is the need for improved capacities throughout the NEPAD network, including organized business and the need for resources to achieve improved capabilities. Another problem is inadequate mechanism for action/delivery while an improved targeting of programmes/projects is among other recommendations that can be made. The increased usage of organized business formats that focus on specific sectors or projects is highly recommended. In all cases the need to involve grassroots support and Small- and Medium-sized Enterprises (SMEs) is of particular importance.

## II. Introduction

1. NEPAD has become the internationally accepted framework for Africa's development since its inception in 2001. It is an overarching process that helps to shape and prioritize African developmental needs, coordinating with the vast variety of other initiatives that aim to deliver an improved African situation. In recent years, NEPAD's goals are increasingly implemented by various institutions and programmes to which growth is often largely derived from NEPAD's initial programmes, and improved focus allows for better focused activities. The extremely successful Comprehensive Africa Agriculture Development Programme (CAADP) that was one of NEPAD's first programmes is a good example of such initiatives. In the NEPAD process, there is ongoing recognition that the private sector and related activities should be primary vehicles for economic growth and development in Africa. The Private Sector is thus entrenched in this context as a major stakeholder in Africa's economic well-being and development, acting in conjunction with all facets of the process as an engine of growth in delivering the implementation of NEPAD in a sustainable manner.
2. The participation of the private sector is fundamental for all NEPAD priority programmes and projects, due to the capacity that can be found in the private sector in a continent generally suffering from insufficient capacity for development. However, the involvement of the private sector in such NEPAD-related activities has been rather limited, and for the most part the (PPP) envisaged as key necessities for NEPAD to succeed have been with foreign-owned firms rather than with local or even African firms.<sup>31</sup>
3. Missed opportunities that result from a lack of African private sector involvement, and especially the involvement of the private sector from the countries and regions where the projects are taking place undermine a variety of initiatives being undertaken within the context of NEPAD to promote the African private sector.<sup>32</sup> This study attempts to examine a key aspect of the ability of the private sector in Africa to engage in the implementation of NEPAD, and thereby utilize the opportunities that NEPAD implementation present, something that should be meaningful for the African private sector in its own right - apart from the fact that this implementation should offer ongoing support to the private sector.
4. The limited participation of the private sector in NEPAD is largely due to the limited capacities of most of the private sector in Africa in many cases, especially in so far as its capabilities to allow participation in most NEPAD projects is concerned, there are

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<sup>31</sup> The role of South African companies is a key aspect of private sector involvement in African development, although these often have varying degrees of African identity, often being foreign companies only using South African bases.

<sup>32</sup> Such initiatives include the ongoing support of the African Development Bank (AfDB) for the role of a strengthened African private sector in African development and NEPAD, and the creation of the NEPAD Business Group (NBG) to play a leading role in the mobilization of the private sector.

other questions. One of the foremost of these is to what extent is the African Private Sector organized to participate in NEPAD activities and is it aware of the opportunities available – NEPAD?

5. This study, therefore; focuses on this issue, trying to give some assessment of such questions in respect of Southern Africa. It also focuses on the role of organized business associations at national, sub-regional and regional levels in doing such an assessment.<sup>33</sup> These entities are especially relevant in Africa where the large numbers of small and medium enterprises (SMEs) and the often weakly developed nature of the private sector whereby the need for umbrella organizations to provide support and guidance is far greater than in many more developed economies. Such forms of structured business representation are thus seen as a key factor in the mobilization of the private sector for NEPAD implementation.
6. This study will look at Southern Africa, largely drawing on the experiences of the Republic of South Africa (RSA), Malawi, Mozambique and Zambia, as the countries visited in the course of the study.<sup>34</sup> While these are the regional countries that are mainly dealt with, other countries are mentioned from time to time. This is especially true as regards the other members of the economically significant Southern African Customs Union (SACU), i.e. Botswana, Lesotho, Namibia and Swaziland, as well as Zimbabwe, which has been a well developed and diversified economy in Southern Africa. There is no specific focus on each and every form of the organized private sector in the region, but attempts to draw conclusions are made by using specific illustrations provided by some entities that are especially prominent and representational.<sup>35</sup>
7. The Southern African region is of particular relevance to the issue of private sector mobilization in support of NEPAD implementation as the region arguably contains the strongest private sector and economy in Africa (i.e. that of South Africa). The immediate region around South Africa is heavily under the influence of the South African economy and its private sector, something that can lead to factors that can either strengthen end/or inhibit the activities of local private sector activities outside South Africa. SACU regrouping Botswana, Lesotho, Namibia, South Africa and Swaziland, currently represents the most integrated and strongest regional economy in Africa. As such it is a key facet of the economies of Southern Africa Development Community (SADC),<sup>36</sup> Southern Africa and Africa.
8. This study forms a part of a broader project undertaken in 2006 by the UN Office of Special Adviser on Africa (OSAA) to evaluate the private sector's institutional response to NEPAD, in the context of which similar studies to that on Southern

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<sup>33</sup> Not all entities in all regional countries could be interviewed for this study but the selection taken is used to give broad conclusions.

<sup>34</sup> Visits were undertaken in June 2006 to Maputo, Mozambique, and Lusaka, Zambia, and in July 2006 to Blantyre, Malawi.

<sup>35</sup> The study also relies heavily on research undertaken in South Africa in the months of May and June 2006,

<sup>36</sup> SADC is one of the key RECs that are supposed to implement NEPAD.

Africa are undertaken on the East, West and North African sub-regions. As key issues, it has focused on: (i) Orientation of private sector associations in Southern Africa in terms of their awareness of NEPAD-related opportunities. Where there is any lack of awareness and related structures to promote NEPAD, attention is given to underlying reasons; (ii) The manner in which private sector associations in Southern Africa have promoted NEPAD priorities, if they are doing so, or where they are targeting projects that are NEPAD priorities or are not doing so because of the NEPAD connection for some reason; and (iii) Business-government consultations and where possible their relevance to NEPAD.

### **III. Orientation of Private Sector Associations**

9. In almost all organized business entities in Southern Africa, there is a great lack of awareness of NEPAD-related opportunities and how to access them. The orientation of business activities to target NEPAD is almost nil. The only exception to this summarized state of affairs is the NEPAD Business Foundation (NBF) of South Africa.
10. A major hindrance seems to be the capacity problem on the part of the NEPAD network regarding its outreach to the private sector, and also on the part of the private sector bodies to inform themselves about NEPAD, presuming that they had become motivated enough in the first place to learn more about its nature. If the private sector entities wanted to do more once they had ideas and information, there is a general lack of their organizational resources at all levels.
11. The huge challenges facing the private sector in the region on all fronts, including an ever-increasing complexity of trade negotiations directly affecting them, as well as overlapping responsibilities regional arrangements, overstretches existing capacity and does not allow time for optimal attention to such issues as how to utilize NEPAD.
12. The contiguous countries that are members of the economically strong SACU have business communities playing strong regional roles, and are of special relevance in looking at organized business in Southern Africa. Another feature of this region is the Zambezi River that has long helped creating economic synergies between the economies of Malawi, Mozambique, Zambia and Zimbabwe. As such, it is feasible to consider these countries as a geo-economic group. The same countries also have traditionally had strong economic relations with the SACU cluster, something that together with rich reserves of natural resources has generally helped relatively strong private sector growth. There are no examples of organized business that are delineated in terms of SACU or a Zambezi clustering, but there are well established sub-regional associations in Southern Africa according to other delineations. That of SADC has, not surprisingly, often been a foundation for organized business on a regional level in Southern Africa.
13. Organized business in Southern Africa often exists in the form of apex/umbrella bodies within which are represented a spectrum of sector, professional and service

associations many of which are further umbrella bodies. In some cases, the smaller more focused bodies exist alone without belonging to the larger associations, but this is usually an exception. Taking the broader profile of all these organizations into account, it is possible to conceive how each grouping could be well used for specific purposes in NEPAD implementation. Apex/umbrella bodies may be better expected to demonstrate leadership on policy issues,<sup>37</sup> while sector associations would be better suited for project/programmed profiling<sup>38</sup> and together with professional bodies would have a critically important role regarding infrastructure projects.<sup>39</sup>

## 14. National Business Associations

### 14.1 South Africa

#### 14.1.1 Business Unity South Africa (BUSA)

14.1.1.1 BUSA was created as a unified business organization representing South African business on macro-economic and “high-level” issues, affecting it on national and international levels. Its function is to ensure that business plays a constructive role in South Africa’s economic growth and to create an improved business-climate for all business in all sectors.<sup>40</sup> BUSA plays a key role in representing business interest’s vis-à-vis public sector governance, and can thus strongly help shape the business-enabling context. It also has a role on both a regional and continental level through various forms of collaboration. As such, it is an ideal body to focus on NEPAD issues and NBF of South Africa has its offices within BUSA. Awareness of NEPAD is nevertheless limited. There is also seemingly some frustration that more cannot be done to improve its capacity to gain additional insights into the opportunities that NEPAD projects present.

14.1.1.2 The pivotal role of BUSA in a broad variety of national, regional and continental private sector structures means that any shortcomings in its awareness of NEPAD and its relevance for a constructive role of the institutionalized private sector, especially in dialogue with government, are transported into having much broader impact.<sup>41</sup> Lack of resources unfortunately hampers BUSA fulfilling its critically important functions adequately, including

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<sup>37</sup> As is illustrated by the scope of the intended activities of BUSA. See paragraph 14 below.

<sup>38</sup> Such agricultural organisations as APCI have played an important role in strategising CAADP roll-out in Southern Africa. Discussions with Professor R Mkandawire, Adviser: Agriculture, NEPAD Secretariat, November 2006.

<sup>39</sup> Confirmed inter alia in discussions with the President of the South African Master Builders Association, an affiliate of BUSA.

<sup>40</sup> See “Business Unity South Africa (BUSA)” 2006 handout publication of BUSA.

<sup>41</sup> The BUSA role in the SADC Employers Group is noted in the section of this study relating to regional bodies.

those relating to NEPAD. The lack of adequate programmes being undertaken by BUSA across a spectrum of related issues bears witness to this fact despite recognition that more can be done. Nevertheless, efforts are made by BUSA to meet the enormous challenges facing it, many of which relate directly to NEPAD.<sup>42</sup> These are exemplified in such events as its participation and leadership in The Southern African Development Community Business Forum (SADCBF)/Southern Africa Business Forum (SBF). Other examples include its participation, often at a CEO level, in discussions with visiting government and business delegations that sometimes establish platforms for ongoing business facilitation, such as has been the case with BUSA counterparts in such countries as France and Russia.

#### 14.1.2 Business Leadership South Africa

14.1.2.1 Business Leadership South Africa, formerly known as the South Africa Foundation until 2005, is an independent association of the Chief Executive Officers and Chairmen of South African big business leadership as well as major international investors in South Africa. It aims to be a forum in which business leaders can discuss matters of common interest and exchange ideas, supporting key national goals and focusing on issues of collective interest to business, the economy and society. It collaborates with other parties as necessary. One of its key missions is to facilitate a business dialogue with government and in so doing, works closely with BUSA - the mandated national representative body of business, and others.

14.1.2.2 As many overarching (i.e. collective) interests to big business in South Africa are related to NEPAD, it is evident that Business Leadership South Africa does concern itself with related issues but it has no structure specifically linked to NEPAD roll-out. Its elitist composition should make it a key ally but its emphasis on big business and not the grassroots level, together with lack of NEPAD focus, undermines its potential for facilitating broad-based and targeted NEPAD implementation. Knowledge of much detail of NEPAD and its usage as a framework for activities is minimal; largely due to a perceived lack of relevance to the activities of Business Leadership South Africa.

#### 14.1.3 Chambers of Commerce and Industry South Africa (CHAMSA)

14.1.3.1 In South Africa, a key entity for organized business is CHAMSA, bringing together four important national chambers of South Africa

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<sup>42</sup> Gleaned from discussions with Mr. Jerry Vilakazi, CEO of BUSA on 19<sup>th</sup> July 2006.

as a national umbrella organization that could set a “united agenda for and on behalf of the South African business community”.<sup>43</sup> It was intended to be a strong partner of both local business and international business interests looking to use South Africa as a springboard into Africa, thereby reflecting South African economy’s importance for NEPAD.<sup>44</sup> CHAMSA activities are divided into a variety of issues, with some more relevant to NEPAD than others. Its potential to have a key role in building capacity in the private sector is underlined by its members’ abilities to bring together formal and informal business sectors.

- 14.1.3.2 Four of the largest business associations in South Africa that comprise CHAMSA are Afrikaanse Handelsinstituut (AHI), Foundation for African Business and Consumer Services (FABCOS), National African Federated Chambers of Commerce and Industry (NAFCOC) and South African Chamber of Business (SACOB).
- 14.1.3.3 There is no reference to NEPAD in the written communications of these four constituents and most of them focus on South African issues, although these are often very relevant to NEPAD priorities. Some programmes of FABCOS that are aimed at capacity building, for example, are linked in essence to the core of NEPAD’s goals, and the same applies to similar programmes operated by NAFCOC to expand entrepreneurship. The Procurement/Match-making Forums organized by NAFCOC are relevant to the need to expand African private sector capacities regarding procurement issues and PPPs. SACOB has Standing Committees that inter alia focus on small business, transport, Information and Communication Technology (ICT) and an Africa Projects Programme, all of which are extremely NEPAD-relevant. The AHI has focused inter alia on food security, extension services and infrastructure, all very NEPAD-relevant.
- 14.1.3.4 The CHAMSA vision is one that very much underlines many key facets of NEPAD, although NEPAD is not present in CHAMSA documentation, and neither its structuring nor activities relate to NEPAD. Attention given to NEPAD and knowledge thereof was minimal.<sup>45</sup> Reasons given for this lack of NEPAD focus seem to be largely due to minimal contact with NEPAD and a perceived lack of clarity about NEPAD priorities and their relevance for business opportunities. The complexity of many REC activities

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<sup>43</sup> See CHAMSA Annual Report 2005, p3.

<sup>44</sup> Ibid.

<sup>45</sup> Interview with Dr G. Dhulov, Chief Economist of CHAMSA on 15<sup>th</sup> June 2006.

that overlap with NEPAD complicated comprehension of NEPAD still further.

#### 14.1.4 The NEPAD Business Foundation (NBF)

- 14.1.4.1 The NEPAD Business Group in South Africa was established in 2002 and subsequently renamed NBF in October 2005. It is a vehicle that, according to its Chairman Mr. Reuel Khoza,<sup>46</sup> created a platform for dialogue between the private and public sectors in order to actively partner with the governments of Africa in NEPAD implementation, as well as being “an instrument which will directly influence public sector policies, bring about greater trade synergies and co-ordination and craft a more enabling business environment”.<sup>47</sup> The relevance of NEPAD for business is stressed throughout NBF documentation.<sup>48</sup>
- 14.1.4.2 The NBF is an example of the organized private sector in South Africa that is most focused on NEPAD, and its awareness of the main format of NEPAD is reflected in the structuring of the Foundation itself. Members can join whichever of sectoral groups they wish, with the meetings of such bodies offering opportunities for networking in pursuit of business that generally target NEPAD priorities.
- 14.1.4.3 Each Sector Group has a Chair from a relevant company. Cluster groups, which have recently been established, bring together more than one Sector Group’s members to look at cross-cutting issues in NEPAD implementation and associated business opportunities. The Sector Groups are: Agribusiness; Audit and Accounting; Energy; Finance; FMCG; ICT; Infrastructure; Mining and Resources; Stock Exchanges; and Transport and Water.
- 14.1.4.4. The stated objectives of the NBF that reflect its awareness of NEPAD include: greater trade synergies and strategic coordination of the continent’s free trade and economic development zones; developing an improved business-enabling climate; acting as a marketing tool for the collective benefits of NEPAD in Africa and on a world-wide basis; providing an information service for its members; facilitating exchange of technologies, Practices and experiences to NEPAD member countries in order to maintain competitive advantages of trade to Africa; and promoting policy

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<sup>46</sup> CEO of ESKOM the South African energy utility.

<sup>47</sup> NEPAD Business Foundation Stakeholders Report 2005, p.3.

<sup>48</sup>“NEPAD offers the opportunity for business on the continent to participate in creating a new economic blueprint, a competitive business environment, and reshaping the context in which it operates based on radically new principles of sustainable growth” Ibid.

innovations within NEPAD member countries for greater integration of NEPAD within their economies.<sup>49</sup>

## 14.2 Botswana, Lesotho, Namibia and Swaziland

14.2.1 The economies and business communities in Botswana, Lesotho, Namibia and Swaziland are closely related to those of South Africa, something largely due to all these countries belonging to SACU, fairly well established private sectors entities. Not surprisingly private sector is well developed in Botswana and Namibia, the two largest economies with strong mining, tourism and agricultural sectors. The Botswana Chamber of Commerce, Industry and Manpower (BCCIM), the Lesotho Chamber of Commerce and Industry (LCCI), the Namibia Chamber of Commerce and Industry (NCCI), and the Swaziland Chamber of Commerce and Industry (SWCCI) are the relevant chief umbrella organizations.

14.2.2 There is neither great knowledge of NEPAD, nor how it could open business opportunities for the members of these organizations. This has meant that there are no specific structures to target NEPAD. A key problem seems to be of shortage capacity to deal with a NEPAD programme, but there are also problems in the outreach from NEPAD to sensitize these bodie. There are compelling issues that include the need for business to monitor, if not try to influence, solutions to the plethora of overlapping international memberships of the countries concerned and the accompanying impact on such issues as trade negotiations with the EU etc.<sup>50</sup>

## 14.3 Malawi

### 14.3.1 Malawi Confederation of Chambers of Commerce and Industry (MCCI)

14.3.1.1 MCCI is the primary umbrella organization representing the private sector in Malawi, with many of its constituent members being themselves smaller umbrella organizations. Its awareness of NEPAD and its relevance to its members is very limited; hence it is not possible to structure its activities to coordinate with NEPAD issues.<sup>51</sup> This reflects both the state of affairs in MCCI, and in the private sector in Malawi generally, where there is scant knowledge about NEPAD.<sup>52</sup> Major issues competing for the attention of local business associations include ongoing negotiations regarding trade

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<sup>49</sup> See p6 of “NEPAD Business Foundation Stakeholders Report 2005” op cit.

<sup>50</sup> The overlap of these SACU countries’ SACU responsibilities with the ACP relationship with the EU that currently brings Economic Partnership Agreement negotiations (EPAs) is but one of the most pressing issues.

<sup>51</sup> Interview with Mr. Chancellor L. Kaferapanjira, Chief Executive of MCCCCI on 4th July 2006.

<sup>52</sup> Ibid. Also, interview with Mr. K. K. Desai, Chairman of Garment and Textile Manufacturers of Malawi on 3<sup>rd</sup> July 2006.

agreements affecting Malawi in the WTO and SADC contexts, and also vis-à-vis trading partners such as the European Union (EU).<sup>53</sup> The SADC stance, which its Regional Indicative Strategic Development Plan (RISDP) support to NEPAD is taken by MCCI as indicative that any of its efforts to support SADC were also relevant to NEPAD.<sup>54</sup>

#### 14.3.2 Garment and Textile Manufacturers Association of Malawi (GTMAM)

14.3.2.1 GTMAM is a leading example of the organized private sector in Malawi, but in its activities very little is known of NEPAD. This situation exists despite opportunities that could be accessed through improved alignment with NEPAD regarding such issues of key relevance as the cotton and textile sectors.<sup>55</sup>

### 14.4 Mozambique

#### 14.4.1 Confederation of Business Associations of Mozambique (CTA) (Confederacao das Associacoes Economicas de Mozambique)

14.4.1.1 CTA is the major organized private sector entity in that country, being something of an umbrella for a spectrum of sectors.<sup>56</sup> Member organizations belonging to CTA include those focused on sectors such as the Associacao dos Produtores de Banana (APED) and the Associacao Mozambicana de Bancos (AMB) as well as bodies that focus on certain geographical areas of the country such as Associacao Commercial de Gaza (ACG). The Association of Industrial Manufacturers of Mozambique (AIMO) is one of the members of CTA that is very well organized for the industrial manufacturing sector, an especially relevant sector for NEPAD. According to Mr. Sérgio Chitará, the Executive Director of the CTA until late 2006, the understanding of NEPAD in its activities is very vague, especially its relevance to private sector activities.<sup>57</sup> Any actions dealing with NEPAD priorities were accidental without any sensitivity about how these activities could be used further for the benefit of NEPAD or the CTA.<sup>58</sup> As with most of the organized private sector in Southern Africa, the CTA lacks

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<sup>53</sup> The possibilities of setting these in a NEPAD context and using related leverage and capacities were seen as a luxury.

<sup>54</sup> Interview with Mr. Kaferapanjira on 4<sup>th</sup> July 2006. op cit.

<sup>55</sup> Interview with Mr. K.K. Desai, Chairman of Knitware Industries Limited of Malawi, and Chairman of GTMAM on 3<sup>rd</sup> July 2006. The phasing out of tobacco in Malawi gives cotton development a special attractiveness that includes links to a growing textile trade but these need support in the international context that NEPAD-linkages could offer.

<sup>56</sup> See: [www.cta.org.mz](http://www.cta.org.mz).

<sup>57</sup> Interview with Mr. Chitará on 8<sup>th</sup> June 2006 in Maputo.

<sup>58</sup> Interview with Mr. Chitará on 8<sup>th</sup> June 2006 in Maputo.

resources to undertake specific actions on any issue related to NEPAD.<sup>59</sup>

#### 14.4.2 The Association of Mozambican Sugar Producers (Associação dos Produtores de Açúcar de Moçambique)

14.4.2.1 In Mozambique, agriculture and agribusiness have considerable potential with regional impact. Sugar has special relevance but its international sensitivity possibly necessitates a particular strong business lobby for its development, especially if this can take advantage of such initiatives by NEPAD partners as the European Union (EU) in its “everything but arms” (EBA) initiative that has accompanied some liberalization of the EU sugar farming sector with pros and cons for sugar producers in the developing world.<sup>60</sup> The Association of Mozambican Sugar Producers (APAMO) represents the interests of the sugar producers of Mozambique<sup>61</sup>, but in carrying out its activities the APAMO membership of CTA is often used. According to Mr. José Chilengue, Director of APAMO, the organization knows almost nothing about NEPAD or its CAADP.<sup>62</sup> APAMO is not aware of anything done to increase its sensitivities to NEPAD and knowledge of how APAMO members could use sugar production to help increase NEPAD implementation was non-existent.

#### 14.4.3 Chamber of Commerce and Industry Mozambique/South Africa (Camera de Comercio e Industria Moçambique Africa do Sul: CCIMOSA)<sup>63</sup>

14.4.3.1 Given the importance of Mozambican economic relations with South Africa, the context of NEPAD should be a very pertinent one for bi-national business. The Chamber of Commerce and Industry Mozambique/South Africa, (i.e. in Portuguese the Camera de Comercio e Industria Moçambique Africa do Sul (CCIMOSA)), has become a good example of active bilateral chambers of commerce in Mozambique, and conceivably a good vehicle for NEPAD projects. Nevertheless, the Chairman of CCIMOSA, Dr Antonio Matos, states that CCIMOSA has no real knowledge of NEPAD beyond very basic details and is in no position to advise its members of how they can utilize

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<sup>59</sup> Ibid

<sup>60</sup> Mozambique has not lost as much of a quota re exports into the EU as others such as the island states of the Caribbean but instead has new opportunities for exports of new sugar development and related beneficiated exports.

<sup>61</sup> Maragra Assucra, Xinavane, Marromau and Mafluu

<sup>62</sup> Discussions with Mr Chilengue at APAMO in Maputo on 6<sup>th</sup> and 7<sup>th</sup> June 2006

<sup>63</sup> See [www.ccimosa.org.za](http://www.ccimosa.org.za)

opportunities created by NEPAD or how they can target NEPAD priorities while strengthening their capacities.<sup>64</sup>

## 14.5. Zambia

### 14.5.1 Zambia Association of Commerce and Industry (ZACCI)

14.5.1.1 The Zambia Association of Commerce and Industry (ZACCI) is a key organized private sector entity in Zambia, acts as an umbrella organization for a great variety of members that include other smaller representational bodies; however, as with most such bodies in Southern Africa, there is a shortage of revenue and human resources skills.<sup>65</sup> It has remained something of a Public-Private Sector representational body, a format that could assist the PPPs needed for NEPAD implementation.<sup>66</sup> ZACCI has endeavored to try to end, inform itself of NEPAD priorities, and to find suitable linkages between its members and NEPAD, but these efforts have dwindled somewhat lately. In March 2005, a publication, entitled the “Zambian Action Plan for NEPAD”, was compiled by the Zambian Government and shared with ZACCI in an attempt to try and harmonize Zambian private sector activities and NEPAD, but generally, it would seem as if ZACCI still does not understand much about NEPAD nor the relevance to business activities.<sup>67</sup>

14.5.1.2 An important constraint is the lack of ZACCI capacity together with a weak interactive support from the NEPAD network. These problems undermine attempts to strengthen the local private sector in all ways, including their incorporation in NEPAD priority projects. As in other African countries, this seriously inhibits the sustainable implementation of NEPAD, undermines any improvement of a business-enabling environment, and underlines a fundamental need to improve knowledge and understand NEPAD issues. Also inhibiting the ability of ZACCI to help its members strengthen themselves vis-à-vis NEPAD is the increasing complexity of relevant issues it has to by playing a constructive role. A lack of adequate capacity, including a paucity of knowledge about NEPAD-related issues, are thus all the more telling on any attempts by institutions such as ZACCI to play a constructive role.<sup>68</sup> In its activities ZACCI tries to cooperate with

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<sup>64</sup> Interview on 5th June 2006.

<sup>65</sup> Interview with Mr. Justin M. Chisulo of the ZACCI on 23<sup>rd</sup> June 2006.

<sup>66</sup> Interview with Dr George Djulov of CHAMSA on 15<sup>th</sup> June 2006.

<sup>67</sup> Ibid.

<sup>68</sup> The understanding of the overlaps between the SADC trade negotiations and those between the EU and ACP countries were among those especially noted by Mt Chisulo of ZACCI as being especially challenging to Zambian already-stretched capacities. The ever increasing complexity of issues in such fora as NEPAD, the EPA negotiations and the WTO made matters far worse.

member organizations for results, many of which help awareness building and motivate members to target NEPAD priority programmes. It often cooperates with other institutions and business associations that are relevant to NEPAD programmes such as CAADP.<sup>69</sup>

#### 14.5.2 Zambia Chamber of Small and Medium Business Associations (ZCSMBA)

14.5.2.1 ZCSMBA is an organization representing over seventy business associations throughout Zambia. Membership is open to any business association having fifty or more members from micro, small and medium enterprises (MSMEs). As the MSME sector is of much relevance in African development and NEPAD, it is unfortunate that knowledge of NEPAD is almost nil in ZCSMBA, and this obviously inhibits any structuring or strategies to encourage its members to become involved with NEPAD projects.<sup>70</sup> Capacity constraints do not permit the ZCSMBA to embark on many projects, and this is a key factor in accounting for its lack of knowledge of NEPAD and general inability to use the NEPAD to capacity of its members.<sup>71</sup>

#### 14.5.3 Tourism Council of Zambia (ZTC)

14.5.3.1 Tourism is one of the fast growing sectors in the Zambian economy. Tourism development in Africa is also a NEPAD priority but the Tourism Council of Zambia (ZTC), the only body representing tourism in Zambia, is almost completely ignorant of NEPAD and how it could coordinate with Zambian tourism private sector development.<sup>72</sup> The ZTC had a small familiarity with NEPAD from meetings of the Regional Tourism Organization of Southern Africa (RETOSA), and more especially through a workshop at the DBSA in South Africa in August 2005 organized by NEPAD and the DBSA on investment in tourism. The fact that the ZTC Executive Director is currently the Chairperson of RETOSA has enabled her to attend these meetings, but an ongoing

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<sup>69</sup> Discussions with Mr Chisulo (Ibid) on 23<sup>rd</sup> June 2006. Three roundtables were organised in Zambia for 2006/7 by COMESA with some cooperation by ZACCI and in junction with such non-ZACCI organisations as the Africa Productive Capacity Initiative (APCI). These three workshops were complementary to CAADP goals and focussed on cotton, textile and garments; skins and hides, leather and leather products; and agro-processing sub-sectors. These meetings are meant to produce Regional Strategic Option and Action Plans as well as national/regional programs and projects in each sub-sector/industry through the value chain.

<sup>70</sup> Interview with Mr. Maxwell D Sichula, Executive Secretary of ZCSMBA, 23<sup>rd</sup> June 2006.

<sup>71</sup> Ibid.

<sup>72</sup> Interview with Mrs. Josephine Mehl, Executive Director of the Tourism Council of Zambia and current Chairperson of RETOSA, 21<sup>st</sup> June 2006.

problem is shortage of financial support to allow the Zambian tourism industry to be better organized at institutional level and enable it to be better informed and able to utilize NEPAD for strengthening the local private sector while implementing NEPAD programmes and projects.<sup>73</sup>

#### 14.5.4 The Zambia Business Forum (ZBF)

14.5.4.1 ZBF is the key entity that coordinates business dialogue with Government and it reports to the Zambia Business Council (ZBC) chaired by the President himself, and works closely with it in implementation of its activities. It has almost no knowledge of NEPAD and has not been able to take any steps to align its activities with the priorities of NEPAD.<sup>74</sup> While this is a central cause accounting for a general lack of action on NEPAD, a relatively weak institutional capacity no doubt also helps this state of affairs to persist.

#### 14.6 Zimbabwe

14.6.1 Zimbabwe has traditionally occupied an important position in the region, with a relatively well-established private sector that developed with a strong local component and a relatively broad representation of interests from other countries especially South Africa. Although it is not especially focused upon in this study its ongoing potential relevance for the regional economy and organized business in the region warrants at least some brief comment. In this context it can be noted that the position of the economy and organized business seems to have undergone some difficulties in recent years as is illustrated by the Confederation of Zimbabwean Industries (CZI), representing about 70% of Zimbabwean business in about 2000 but having shrunk in the last five to six years to about 30% in mid- 2006.<sup>75</sup> Recent economic challenges to the Zimbabwean economy have resulted in a lack of capacity to focus on the role of NEPAD in organized business along with any meaningful attempts at private sector strengthening.<sup>76</sup>

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<sup>73</sup> Ibid. Mrs. Mehl noted that even meetings on private sector issues of RETOSA where the private sector of SADC countries were supposed to be present hardly had any private sector representation.

<sup>74</sup> Interview with Mr. Glenam C. Kasumpa, Acting Coordinator of the Zambia Business Forum (ZBF), 23<sup>rd</sup> June 2006.

<sup>75</sup> Interview with Dr G. Djulov of CHAMSA on 16<sup>th</sup> June 2006.

<sup>76</sup> Interview with Mr. Mehlokazulu K. Ndiweni, Private Sector Development Officer, COMESA Secretariat.

## 15. Regional Business Groups or Associations

- 15.1 In Southern Africa, there are many regional bodies representing the organized forms of private sector activity, and some of the more prominent of these are listed below. In most cases these have a composition that are basically a collection of national entities and, as can be expected, the degree of national awareness of NEPAD is transmitted to the regional bodies in most cases.
- 15.2 The SADC Business Forum (SADCBF)/Southern Africa Business Forum (SABF): SADCBF, later known also as SABF, was inaugurated in late 2004 as an attempt to create a new vehicle for private sector dialogue and action on issues of common interest. In its functioning, it is presumed that regional issues relating to NEPAD should be of considerable interest, given the fact that regional integration supporting stronger regional economies are one of the primary goals of NEPAD, as is private sector strengthening and mobilization. Even more so in the light of the SADC position adopted in 2004 that all its actions, with particular relevance to its Regional Indicative Strategic Development Programme (RISDP), are supportive of NEPAD. The format of the Forum is useful for private sector networking and the creation of common action that can have great impact on improving regional economic integration and growth, as well as the regional business-enabling environment. It could become a useful regional body in dialogue with the region's governments and regional organizations. Unfortunately, awareness of NEPAD and opportunities for local business strengthening through utilizing such opportunities are extremely weak. The reasons are lack of national and regional capacities as well as that of NEPAD for outreach together with a general weak regional private sector. The overlapping of the Forum with other existing institutional private sector bodies has not helped it to develop a specialized format and could thus contribute to existing challenges.
- 15.3 The Southern African Development Community Employers Group (SEG) is a regional entity that has membership open to the employer/business organizations in each SADC country that are recognized by the International Labour Organization (ILO) as the most representative of employers in that country. According to BUSA, current Chair in 2006 of the SADC Employers Group and generally an important member of the organization, the latter has very little awareness of the NEPAD process and is not particularly aware how it could be relevant to promoting the interests of member organizations.<sup>77</sup> The use of SEG to improve an awareness of NEPAD and ways to utilize related opportunities for business growth would presumably be especially effective given the membership and their contexts of activities. Once again, there are various capacity shortages that help explain the lack of awareness and related activities.<sup>78</sup>

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<sup>77</sup> Interview with Ms F. Dowie of BUSA on 24<sup>th</sup> May 2006.

<sup>78</sup> Ibid.

- 15.4 Association of SADC Chambers of Commerce and Industry (ASCCI): In October 1999, ASCCI was established as regional private sector representational body, which was formally acknowledged as a response to the need for more effective participation of institutionalized business in SADC, and with the SADC Secretariat. ASCCI holds a collaborative partner status with the SADC Secretariat and is the primary private sector representative body formally accredited for socio-political dialogue with the SADC Secretariat under a mutual “Memorandum of Understanding”.<sup>79</sup> The public-private sector Action Plan of SADC Members States is based on the “ASCCI White Paper on Economic Policy Issues”<sup>80</sup>. Despite limited awareness of NEPAD opportunities in ASCCI, there remains much potential for ASCCI to be used as a vehicle to improve benefits for its members in parallel with NEPAD implementation. ASCCI’s stated objectives seem to endorse this potential. Paucity of resources at national levels is a chief cause for lack of action on the part of ASCCI while capacity shortages within the NEPAD network (both Secretariat and in the national focal point network) is assumed to be a key reason lack of NEPAD outreach.<sup>81</sup>

#### **IV. Promotion of NEPAD Programmes and Projects**

16. Given the generally abysmal lack of awareness about NEPAD in organized business in Southern Africa and the concomitant lack of its orientation vis-à-vis NEPAD-related opportunities, it is not surprising that there are almost no activities to promote NEPAD projects and programmes by organized business in the region. As mentioned above, the only real exception is NBF of South Africa.

##### 16.1 National Business Associations

###### 16.1.1 South Africa

- 16.1.1.1 BUSA has no deliberate policy to promote NEPAD projects among members or in its activities, although there is a strong awareness of NEPAD as a process and frustrated desire to do more to facilitate its implementation. It does not facilitate cross-border deals<sup>82</sup>, nor does it have the capacity to directly facilitate the implementation of NEPAD projects or the private sector’s involvement. It has no specific programmes to promote private sector development. Its programmes are chiefly focused on representing business interests, vis-à-vis Government and

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<sup>79</sup> Ibid The White Paper is accepted by SADC Members as a working document towards a more meaningful engagement with the Private Sector in promoting public-private partnerships and dialogue.

<sup>80</sup> Complementing the ASCCI White Paper is the [Regional Business Climate Survey \(RBCS\)](#), which studies competitiveness and economic integration in the Region. It is a joint initiative between ASCCI and the Advisory Service for Private Business unit of the German Technical Co-operation Agency (GTZ).

<sup>81</sup> Conversation with Dr G Djoluv of CHAMSA on 15<sup>th</sup> June 2006.

<sup>82</sup> I.e. Business ventures of an international nature involving more than one regional economy/territory.

achieving a coordinated position among its constituents and there are no linkages to NEPAD. It does not facilitate the financing of NEPAD projects.

- 16.1.1.2 Business Leadership South Africa, as with BUSA, has no deliberate policy to promote NEPAD projects among members or in its activities, and in any case it is not intended to be any kind of an implementing body.
- 16.1.1.3 Chambers of Commerce and Industry South Africa (CHAMSA): As CHAMSA is an umbrella coordinating body for four important national chambers of South Africa; any comments on CHAMSA should also take these four into account as well. None has deliberate policies to promote NEPAD projects among members or in its activities, although some programmes are supportive of NEPAD priorities. None facilitates cross-border business deals, nor does have the capacity to directly facilitate the implementation of NEPAD projects or the private sector's involvement. Some of the members have programmes that strengthen the development of the private sector development. Its programmes are mainly linked to promoting the commercial interests of its members with are no linkages to NEPAD. It does not facilitate the financing of NEPAD projects.
- 16.1.1.4 NBF differs from most business associations in the region as it has a deliberate policy to promote NEPAD projects among its members. Its activities seem to have helped facilitate cross-border business deals.<sup>83</sup> Its programmes, although often not well-developed, are generally built around the structuring of NEPAD priorities and are used to promote NEPAD implementation. It lacks capacity to do much to facilitate NEPAD projects, but uses its networking activities and other ad hoc programmes to facilitate private sector involvement in NEPAD projects. Among its activities is the creation of a Leadership Programme to build private sector leadership capacity, where the NEPAD dimension is large. It does not facilitate the financing of NEPAD projects. The NBF has not initiated nor facilitated any NEPAD-related project, or related strategies, apart from the new Leadership capacity building programme. Whatever members have done regarding NEPAD priority activities is done largely on an individual corporate basis. One of the NEPAD projects that have seen a particular meaningful involvement by NBF member companies,

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<sup>83</sup> The NBF claims to have facilitated the roll-out of the e-Schools Programme and other aspects of the NEPAD e-Africa Commission agenda, as well as cooperating with the NEPAD Secretariat in the creation of the Westcor authority to manage power supply to Southern Africa from the Inga Hydroelectric project in the DRC, and improvements in the Southern Africa Power Pool, both NEPAD STAP priorities.

and where the Foundation's activities have presumably helped such involvement, has been the E-Schools Programme of the eAfrica Commission. Others include support for the EASSy optical fiber cable system.

16.1.2 Botswana, Lesotho, Namibia and Swaziland: In all these countries there are no specific programmes being carried out by private sector entities in support of NEPAD.

### 16.1.3 Malawi

16.1.3.1 Malawi Confederation of Chambers of Commerce and Industry (MCCI) has no deliberate policies to promote NEPAD projects among its members, but in its activities it has tried to support cross-border business deals. Examples include aspects of the CAADP and the SDI infrastructure corridors with the Nacala and Beira Corridors linking Zambia, Malawi and Mozambique is the most prominent. The Malawi/Mozambique/Zambia (MMZ) Growth Triangle initiative that attempts to emulate the ASEAN success of a Growth Triangle that uses synergies from the economies of three contiguous economies, had its formal launch in Malawi, and its ongoing activities have the potential for promoting a variety of NEPAD projects including strengthened regional integration, using the private sector in the region as the main driving force.<sup>84</sup> MCCI has no programmes for promoting or facilitating the private sector involvement in NEPAD projects, nor does it have the capacity to facilitate any implementation of NEPAD projects. It does not help facilitate the financing of NEPAD projects.

16.1.3.2 The Garment and Textile Manufacturers Association of Malawi (GTMAM): GTMAM has no deliberate policies to promote NEPAD projects among its members, and does not directly facilitate cross-border business deals. It has no programmes for promoting or facilitating the private sector involvement in NEPAD projects, nor does it have the capacity to facilitate any implementation of NEPAD projects. Its activities do not include any that specifically focus on private sector development. GTMAM does not help facilitate the financing of NEPAD projects.

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<sup>84</sup> Interview with Dr. K Asiedju of the ZMM-GT Secretariat in Lusaka on 20<sup>th</sup> June 2006.

#### 16.1.4 Mozambique

- 16.1.4.1 The Confederation of Business Associations of Mozambique (CTA) (“Confederacao das Associacoes Economicas de Mozambique”): The situation regarding the activities of the CTA in Mozambique is very similar to that of the MCCI in Malawi on most fronts, including a focus on cross-border business deals where the SDI corridors and the MMZ Growth Triangle are key elements. The CTA has played a major role at facilitating cross-border business flows in the South African/Swaziland/Mozambican border area. It has programmes for promoting or facilitating the private sector involvement in NEPAD projects, nor the capacity to facilitate any implementation of such projects. Its activities include many that would support private sector strengthening. The CTA does not help facilitate the financing of NEPAD projects.
- 16.1.4.2 The Association of Mozambican Sugar Producers (APAMO) (“Associacao dos Produtores de Acucar de Mozambique”): The APAMO has no deliberate policies to promote NEPAD projects among its members and does not directly facilitate cross-border business deals. It has no programmes for promoting or facilitating the private sector involvement in NEPAD projects, nor the capacity to facilitate any implementation of NEPAD projects. There are no specific activities to develop the private sector and it does not help facilitate the financing of NEPAD projects.
- 16.1.4.3 Chamber of Commerce and Industry Mozambique/South Africa (CCIMOSA) (“Camera de Comercio e Industria Mocambique Afrique do Sul”): Virtually none of the activities of CCIMOSA are directly related to NEPAD or specifically aimed at promoting private sector development; although some would promote cross-border business deals.

#### 16.1.5 Zambia

- 16.1.5.1 Zambia Association of Commerce and Industry (ZACCI): In Zambia, the ZACCI has made some attempts among its members to promote NEPAD projects and their members’ participation in NEPAD implementation through some outreach programmes with no specific focus, but does not facilitate cross-border deals. The cross-border dimension is present inter alia in aspects of the MMZ Growth Triangle that ZACCI has noted. The ZACCI has attempted to embark on some projects to develop the Zambian private sector; and among the ZACCI activities holding a thematic workshop on how the private sector can overcome constraints to

participate in World Bank projects, indicate support to promote NEPAD priorities regarding private sector development. In addition, among various similar events that ZACCI has organized, have included business-to-business forums such as those involving visiting business delegations from other African countries or elsewhere.<sup>85</sup> Despite some excellent initiatives, capacity shortages continue to undermine the direct promotion of NEPAD. Moreover, actions to build capacity in the private sector do not facilitate financing NEPAD projects.

- 16.1.5.2 Zambia Chamber of Small and Medium Business Associations (ZCSMBA): Generally none of the activities of the ZCSMBA are directly related to NEPAD projects, apart from the fact that there is a definite focus on developing the private sector at small and medium business levels. It does neither facilitate cross-border business deals, nor finance for NEPAD projects. Lack of capacity is a major problem for any future actions by ZCSMBA in support of NEPAD.
- 16.1.5.3 Tourism Council of Zambia (ZTC): The ZTC does not relate its activities directly to NEPAD priorities and projects in any way, but such activities are nevertheless aimed at promoting tourism and thereby contribute towards a key NEPAD goal both as a sector and in related private sector activities. There is a major capacity problem that does not allow the ZTC to undertake further actions in support of NEPAD or expand its support to programmes that can specifically develop relevant private sector skills.
- 16.1.5.4 The Zambia Business Forum (ZBF): The ZBF also does not link its activities to NEPAD. Its interaction with the Zambian Government is nevertheless useful in, mobilizing support for private sector activities and in including PPP creation. There are limited actions specifically designed to develop the Zambian private sector.

## 16.1.6 Zimbabwe

- 16.1.6.1 In Zimbabwe the existing examples of organized business such as the CZI neither seem to have taken any actions of note regarding programmes to deliberately promote NEPAD projects among the members of business associations, or to seek their involvement in such projects, nor it has facilitated cross-border business deals raise financial resources for NEPAD projects. Lack of capacity is a serious problem to all such actions, as well as to other activities designed to develop private sector skills.

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<sup>85</sup> A business-to-business forum with India and another with Algeria were among the latest in mid-2006.

## V. Business-Government Consultation

17. Business-government consultations covering dialogues between the private sector associations at national or regional levels, and public sector institutions at the national regional and sub-regional levels, are of key relevance to NEPAD. In Africa, more than in many other regions, Governments provide critically important capacity that the private sector often does not have, and collaboration is a necessity especially for capital-intensive projects such as the infrastructure programmes of NEPAD. It is here that the institutionalized private sector is especially useful at mobilizing an effective voice for the private sector.
18. In Southern Africa there are many good examples of business-government consultations, often on an institutionalized basis. Both BUSA and Business Leadership South Africa are extensively involved in such a process. On the other hand, these are usually completely untargeted at any specific NEPAD programme/project, with the aforementioned weaknesses of private sector institutions no doubt contributing extensively to the lack of NEPAD targeting. There are virtually no institutionalized linkages between these examples of business-government dialogue and the NEPAD Secretariat, nor the NEPAD national focal points, although in Zambia some noteworthy contact has taken place between ZACCI and the local focal point.<sup>86</sup> Unfortunately, in nearly all cases, private sector associations play very limited role in utilizing such opportunities for any improved PPPs and/or in facilitating targeted support from their governments to promote private sector development and a stronger role for the private sector in society.
19. The track-record of business organizations regarding interaction with other public sector entities, such as development agencies and donor countries, to promote private sector development, is variable. In many cases such entities have given special attention to programmes that support the development of private sector skills and private sector activities. Support from the European Union (EU) Commission for the ECIPP Programme is good example of ESIPP is an active programme that has inter alia supported the creation of the SADC Business Forum (SADCBF)/Southern Africa Business Forum (SBF). In such cases the specific targeting of NEPAD projects is usually tangential rather than direct and as is coordination with NEPAD projects.
20. In most cases, the private sector associations do not promote PPPs as part of the dialogues/consultations with governments, although the support given to many companies, through their membership, helps them in bilateral contact with governments. For example the NBF has helped the South African energy utility ESKOM in its negotiations with para-statal energy entities in the region. The Southern African private sector associations do not play any institutional role in encouraging joint venture between domestic and foreign-owned enterprises.
21. National Business Associations

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<sup>86</sup> The location of the focal points is a major problem usually in inhibiting them paying a larger role.

## 21.1 South Africa

21.1.1 In South Africa, business-government consultations take place on various levels and in various formats, the range of which is not surprising considering the developed nature of the economy. In most cases there does not seem to be any particular ongoing focus on NEPAD projects, although they are dealt with very often in various other contexts. BUSA has considerable potential for carrying-out business-government consultations in South Africa that can have major implications for the business-enabling environment, as well as strengthening the private sector, and in utilizing the NEPAD context. Unfortunately the ongoing paucity in BUSA capacities to handle these opportunities effectively has meant that in many cases the potential is not fully realized. The complexity of issues and overlapping competencies of many regional bodies and issues do not help.<sup>87</sup> The key role of CHAMSA in various business contexts including its cooperation within BUSA, gives it a key role and voice in government-business dialogue but the possibility for a substitute constructive action in this is undermined by the underlying weaknesses in BUSA and CHAMSA. This in turn has a ripple effect to a large extent on other smaller related bodies. There are nevertheless seemingly many instances where CHAMSA and BUSA are extremely active in business-government dialogue in the South African context, and the important roles that both play in regional bodies give extended spin-off impact on a regional basis.

21.1.2 An important forum in South Africa for business-government dialogue is the National Economic Development and Labour Council (NEDLAC) where Government comes together with organized business, labor, and community groupings at the national level to discuss and they try to reach consensus on issues of social and economic policy.<sup>88</sup> The aim of the forum is to make economic decision-making more inclusive, and promote the economic growth and social equity goals. There are annual summits of NEDLAC partners that are chaired by the South African Presidency, usually represented by the Deputy President. Executive Councils meet quarterly that one of the four Government Ministers involved in NEDLAC usually take turns to chair, the Management Committee meetings This is in parallel to the ongoing process of meetings of the four chambers of NEDLAC, each with its own coordinator. In all these bodies BUSA has the principal coordinating role. As far as NEPAD is concerned there is no targeted NEPAD agenda at NEDLAC meetings.<sup>89</sup>

## 21.2 Botswana, Lesotho, Namibia and Swaziland

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<sup>87</sup> Interview with Prof Raymond Parsons of NEDLAC on 18<sup>th</sup> May 2006.

<sup>88</sup> See [www.nedlac.org.za](http://www.nedlac.org.za)

<sup>89</sup> Interview with NEDLAC business coordinator Professor Raymond Parsons on 18<sup>th</sup> May 2006.

21.2.1 In other SACU countries, there is no specific NEPAD-related format to any discussions that take place between business and government although these do occur especially in Botswana and Namibia. The attempts to establish a NEPAD Business Group in Lesotho are still ongoing.

### 21.3 Malawi

21.3.1 In Malawi there does not seem to be a well-developed programme of business-government dialogue on the same scale as Zambia, Mozambique or South Africa. Lack of a body to more specifically anchor this process (ala ZBC, CTA or BUSA/NEDLAC) is probably a contributing factor. The MCCI, nevertheless, has taken valiant strides in organizing ad hoc meetings with governmental bodies that addresses various specific issues and these very often relate to NEPAD priority projects. The ongoing public-private sector dialogue relating to the Nacala SDI and the Zambezi-Shire Waterway, both NEPAD-related projects, illustrates such MCCI initiatives. The meetings arranged in October 2006 by MCCI with Malawi revenue authorities to inter alia discuss trade-related matters illustrate the ongoing interaction. Development partners are frequently involved at such gatherings.

### 21.4 Mozambique

21.4.1 In Mozambique there has been a relatively long-standing tradition of business-government dialogue since 1996 with organized business associations playing a key role, and with the CTA having become the main anchor and organizer. There are annual National Consultative Meetings where a varying matrix of policy issues and policy reforms are discussed with attempts to reach consensus on the way forward. The same format is adopted for various more localized gatherings on an ad hoc basis, each focusing on regions composed of a few of the country's provinces and often having a specific sectoral focus.<sup>90</sup> The dialogue has never focused on the NEPAD agenda directly, although topics often relate to NEPAD projects such as tourism, health, improved trade flows, and infrastructure. As in Malawi and Zambia development partners are frequently involved at such gatherings.

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<sup>90</sup> Discussion with Mr. S. Chitara of CTA on 27 November 2006.

## 21.5 Zambia

21.5.1 In Zambia there is generally very good institutionalized interaction between private sector organizations and the government. This is well illustrated in the text above concerning the ZBF and ZBC, with monthly ZBF meetings reporting to the quarterly ZBC meetings. Business and government are represented at these meetings together with multilateral development agencies and donor countries to coordinate optimal results. The structured contact that exists would seem to facilitate PPPs. Contact between the Zambian NEPAD focal point and such entities as ZACCI apparently exists to some extent more than in many other countries in the region, although many issues attached relate to NEPAD priorities and projects. The downloading of a specific NEPAD context into all these examples of business-government dialogue would seem sporadic. No doubt a key obstacle is lack of coordination with NEPAD, in sufficient capacities available to the private sector and its organized formats. Zambian private sector organizations such as ZACCI also play a role in brokering joint ventures between domestic and foreign-owned enterprises, something illustrated by the bilateral business-to-business fora organized by ZACCI.<sup>91</sup>

## 21.5.2 Zimbabwe

21.5.2.1 In recent years, collaborative dialogue between business and government has not been very strong despite the fact that the CZI has maintained dialogue with government on behalf of its members as one of the key aspects of its operations. In any contact that took place NEPAD was not the main focus of attention. The same applies to the National Economic Consultative Forum (NECF).

## **VI. Recommendations**

22. It would seem as if organized business in Southern Africa has not really been able to utilize, to any real degree, the relative strengths that its regional economic setting could impart for it to take optimal advantage of NEPAD for its members, while assisting NEPAD implementation for the general benefit of all. Many recommendations can be made to improve the role of the organized private sector in Southern Africa as a mechanism for mobilizing their members to better access the opportunities presented by NEPAD in furtherance of their own capacity strengthening and NEPAD implementation. Such recommendations can focus on a few key issues; although there are obviously many that can be made. Observations and recommendations of some of the issues of general relevance, and urgency, are noted below. These comments are followed by highlights of the three important dimensions of awareness, preparedness and subsequent activities, as well as motivation.

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<sup>91</sup> Vide supra.

## 23. Capacity and Mechanisms: Need for Strengthening

- 23.1 Lack of capacity exists on a variety of fronts throughout the entire NEPAD network including the business community, and this creates a vicious circle that hampers the role of organized business, and indeed business itself, in supporting NEPAD delivery. The capacity shortage in Southern Africa of both organized business and the rest of the relevant NEPAD network that interact with it takes many forms, but shortage in human resources are especially severe. Organized business is affected at all levels from apex/umbrella organizations to those that are focused on specific sectors, professions, recruited and services. A further challenge is that such personnel, when obtained, must be suitable in terms of training, experience and skills. Such persons will have to be able to diplomatically interact with all other NEPAD stakeholders taking international, regional and national facets of the NEPAD process into account, and having particular skills in terms of informed outreach communications.
- 23.2 Extra capacity is also needed throughout the NEPAD network for a wide variety of support services and infrastructure. In addition to staff and material shortages, there is need to strengthen mechanisms to improve the operations of the interactive network so that it can better empower institutionalized business to implement NEPAD. Included in this is a need for the improved structuring of, and outreach programme by the NEPAD Secretariat and the RECs vis-à-vis business. Such activities should be staffed by suitable persons with knowledge, and information relating to the manner in which NEPAD priorities can be made relevant for utilization by the private sector, and how to advise the institutional private sector bodies on relevant actions to undertake. There is also need for enhancing the role of the NEPAD focal points in the Southern African countries. All such work should be undertaken in close cooperation with national and regional contact points all of which should ideally also be reinforced with additional staff and resources to undertake a vastly improved collaborative effort with the private sector.
- 23.3 In most cases a lack of funding is the major cause for inadequate capacities. In order to overcome this challenge, it is thought that the NEPAD Secretariat could take new steps to mobilize targeted funding from the entire spectrum of NEPAD stakeholders including Heads of State. It is also possible that other forms of improved support can be gained from a variety of activities on the part of stakeholders. In all these cases the relatively well-developed business environment of Southern Africa, together with its broader international linkages, offers potential that can be better utilized.
- 23.4 Improved mechanisms for desired results by institutionalized business could well include improved structures within the NEPAD Secretariat itself without unnecessarily increasing the bureaucracy in the network that links into

organized business. Such positions should ideally be staffed by persons with a background in business activities and well able to be both initiators and anchors of programmes, especially achieving improved outreach between the Secretariat and business so as to raise levels of awareness and motivation throughout the institutionalized business network.

- 23.5 The improved outreach capabilities of all stakeholders and role players in this network, including the NEPAD Secretariat and NEPAD focal points, is seen as an urgent need together with improved ability for interactive contact with the business community in manners designed to facilitate results. Such improved interactions and linkages can be on a real and/or virtual basis, thereby allowing for a spectrum of results that are all capable of ongoing knock-on effects.
- 23.6 It is imperative to improve the visibility of NEPAD, allowing its visibility in profile to help mobilize business in relevant manners of support for NEPAD implementation. In this context the need to strength capacities and mechanisms has had an especially negative effect on organized business being able to exploit the range of NEPAD-related partnerships in order to improve its participation in NEPAD implementation. A key issue is how to vastly improve outreach by NEPAD and communications throughout the related network especially to improve flows of knowledge about NEPAD opportunities. As noted previously, as in other aspects of mobilization activities, new creative ideas on how to overcome the restraints should be investigated. These could include an improved use of ICT and outreach regarding business opportunities, with news of such opportunities being posted in a user-friendly manner on key NEPAD websites and those of various business organizations.

## 24. Need for the Improved Targeting of Activities

- 24.1 Improved capacity and mechanisms in the NEPAD network, including the Secretariat, are seen as having the potential to better support activities by organized business to target, especially, strategic issues, acting in cooperation with NEPAD stakeholders to improve the enabling business context (or environment) for business generally but especially for these issues and NEPAD priorities.<sup>92</sup> It is recommended that such an approach together with an ongoing prioritization of actions be increasingly adopted by organized business. It seems essential that organized business remains flexible to adapt to challenges, form new alliances, and improve its strategizing capacities inter alia by an expanded use of advisory studies, training and cooperation.

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<sup>92</sup> Improved interactive access for organised business to the workings and support of the Investment Climate Facility (ICF) based in Tanzania, including improved access to best practices designed by the ICF, in addition to strengthened interaction with similar supportive actions from such entities as the World Bank, OECD, UNIDO etc, would seem highly recommendable.

- 24.2 It is recommended that priority targets should especially include the improved facilitation of finance from financial entities that are sympathetic to needs and circumstances of the members of the various business institutions interested in becoming involved in NEPAD projects. The improved provision of financial resources and related financial services such as insurance is of fundamental importance to the empowerment of local business organizations, especially those dealing with medium/small/micro companies, and their ability to implement NEPAD.<sup>93</sup> Southern Africa, and the location of the NEPAD Secretariat in the South African economic epi-centre is seen as offering special potential for it to help facilitate such an enhanced mobilization of business, with institutionalized business having an especially pro-active role, in NEPAD implementation.<sup>94</sup>
- 24.3 It is furthermore recommended that organized business in Southern Africa should give more attention to brokering the PPPs that are essential for many NEPAD priorities and especially infrastructure. Such activities could well coordinate with support for creating improved financing mechanisms and cooperation in developing related aspects of an improved business-enabling context that includes improved governance/regulatory/legal frameworks. These actions are especially supportive for improved roll-out of the STAP and other infrastructure programmes.
- 24.4 It seems necessary for NEPAD governments/RECs/public sector bodies to increase better profile NEPAD programmes and projects in order to facilitate involvement by organized business. Such profiling should include reference to the project cycle for specific projects, especially infrastructure, that could help business to decide the stage of development and the level at which they may wish to try to utilize perceived business opportunities. Profiling must also give clear indication of the roles, and intended roles of public or private sectors. To facilitate mobilization of organized business, profiling must relate to the business-enabling context of the programmes/projects and give guidance of the intended way ahead, giving guarantees of ongoing transparency and good governance. It is important that NEPAD programmes/projects should be integrated into national/regional priorities with necessary back-up in intraregional coordination, thereby ensuring improved guarantees to motivate business involvement, and assurances of such actions must be part of the profiling communicated to business organizations to enable them to better become partners in roll-out.
- 24.5 It seems that organized business could increasingly focus on specific sectors/sub-sectors and programmes for fast-tracked results, and that the NEPAD network should interface with organized business accordingly giving

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<sup>93</sup> Various conversations with the National President and CEO of the National African Farmers Union (NAFU) of South Africa throughout mid-2006.

<sup>94</sup> It has been suggested by some that Southern African business organisations could try harder to emulate private sector actions in West Africa that saw the creation of ECOBank.

special attention to focused organizations. This approach is in keeping with the increasingly prevalent adaptation of NEPAD roll-out. In this context the CAADP would seem to offer especially good opportunities for organized business to use in leveraging benefits for its members and concomitant NEPAD delivery. The promising results of the fertilizer programme of CAADP, with much buy-in from the private sector, helps illustrate this point. It is also possible that in some cases, such as infrastructure, organized business could target not only programmes but also NEPAD priority projects in their activities<sup>95</sup>.

- 24.6 In order to improve a targeted mobilization of the business community for the delivery of NEPAD priorities, it is recommended that the interface between the NEPAD network and organized business be expanded on a sectoral basis, including an increased focus on roll-out by specific sector-organizations. As noted previously many organized business entities in Southern Africa are apex or umbrella bodies and contain smaller bodies that are often more specific<sup>96</sup> and it is possible that these cases offer special potential to reinforced actions targeting NEPAD priorities. Outreach taking place in this context could include meetings and roundtables at sector/sub-sector levels that could be especially useful to raise awareness and motivate.<sup>97</sup>
- 24.7 There is a need for NEPAD to give special attention to include medium, small and micro-business activities in its programmes and here organized business entities that cater for such business sectors, such as the ZCSMBA, are especially relevant. It is also often possible that the structures of such organizations overlap with sector-specific activities as noted above. The need for outreach to mobilize grassroots support for NEPAD's priorities is central to NEPAD and to the involvement of the private sector in their implementation; with small farmers associations being of special relevance and vital for rural development with its cross-cutting benefits for any national/regional upliftment in Africa in terms of NEPAD.
- 24.8 It is recommended that NEPAD should improve the abilities of organized business to facilitate the increased involvement and empowerment of disempowered locals, especially in areas where larger corporations, which are capable of doing such empowering joint ventures operate. The current range of supportive measures of the South African Government for empowering

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<sup>95</sup> See paragraph 36 supra re the role of the NBF in South Africa in ICT and energy priority programmes and projects of NEPAD.

<sup>96</sup> Examples of the broader apex organisations in Southern Africa would include the CTA in Mozambique in which APAMO would be an agricultural crop-specific organisation (see Paragraphs 21 and 22 supra).

<sup>97</sup> Various farmer groups throughout Africa have had prominent roles in NEPAD meetings within the context of CAADP, often on regional and/or product-specific levels (eg a sugar farming workshop in Uganda in November 2005 involved Southern African producers to discuss rural development). Nevertheless many farmers associations stress the lack of information about NEPAD, acknowledging a lack of capacities as a probable cause: Confirmed in conversation with Mr. Songowayo Zyambo of Zambian National Farmers' Union (ZNFU) in Lusaka on 23<sup>rd</sup> June 2006.

persons previously discriminated against can be used by organized business for expanding meaningful empowerment in that country and could possibly offer lessons for some form of application elsewhere.

## 25. Awareness

- 25.1 The shortages of capacity in the entire interactive process between public and private sector that must be overcome are especially needed for an improved awareness of NEPAD realities and opportunities in organized business in Southern Africa. Also an increased awareness of opportunities is, in general, the need for improved strategic targeting of activities by organized business and a related profiling of opportunities. Also dealt with above in general cross-cutting comments and of particular importance for awareness strengthening, is improved outreach. The poor awareness of organized business regarding NEPAD-related business opportunities has had a great detrimental effect on their abilities to facilitate access by their members to such opportunities. It is not only the business interests of their members that are thus deprived but also the interests of African development and the implementation of NEPAD.
- 25.2 Innovative means for organized business and its members to keep themselves informed about NEPAD business opportunities are especially useful for building awareness and possibilities would include ICT and the improved targeted use of a variety of bridging mechanisms such as workshops and the greater focus on specific sectors of NEPAD, as was noted above.
- 25.3. What is said above about the need to improve capacities for the organized private sector to improve its awareness about NEPAD opportunities; can similarly be applied to the key aspects of preparedness/activities, and motivation. Organized business needs to obtain an improved awareness on how private sector delivery can coordinate with the implementation of NEPAD priorities and be increasingly motivated about such opportunities but it also has to be empowered to improve the awareness of its members and to motivate them into action. In such activities organized business could conceivably take a far more active role in assisting the preparedness of its members, and even anchor or co-anchor activities/projects directly.

## 26. Preparedness and Activities

- 26.1 Mechanisms to improve the capacity of raising “awareness” regarding NEPAD and its opportunities for the private sector can also be used to improve its “preparedness” to handle such opportunities. Once again, there are the same challenges regarding the necessary personnel and supportive funding as well as the need for new innovative formats to obtain all forms of capacity including the human resources component. In improving both “awareness” and “preparedness” there is a need for innovative strengthening of the interactive relationship between the formal NEPAD network and all NEPAD stakeholders, with the organized private sector having a special role. These actions are to be supported by strengthened relevant capacities and structuring/mechanisms.
- 26.2 There is a key responsibility on the organized private sector to interact more with its members in achieving not only innovative strategies and targets to access NEPAD, but also to pre-determine which projects to target. The organized private sector could thus improve leadership capacities in facilitating mechanisms for NEPAD project delivery in formats that allow facilitating access by their members. Similarly, the organized business could play a greater role in improving the structuring of the collaboration of all stakeholders to achieve the necessary conditions to advance NEPAD projects with such activities, being naturally of benefit to and inclusive of their members. As noted previously, a key goal of such facilitation by the organized private sector, possibly taking a leadership role, could be to improve the enabling business context, broker PPPs, and the mobilization of financial and other resources. Such actions could be done in collaboration with other NEPAD stakeholders including the RECs.
- 26.3 Among other results could be a strengthened capability of the organized private sector to play a meaningful role in, and thereby facilitate, government-led negotiations such as those on trade where, as with the variety of issues noted previously, the considerable potential of the organized private sector in Southern Africa is usually under-utilized. In such cases as trade negotiations, the improved involvement by the organized private sector could include that of small farmers associations where umbrella bodies have a critical role to help act as a coordinating broker for members, or to promote members’ interests. Such activities regarding trade negotiations, for example those between Southern African countries and the EU, would be especially relevant to NEPAD and for a broader context.
- 26.4 In terms of “awareness” and “preparedness”, and for a better development of the capacity of their members, there is also much to be done by organized private sector bodies in terms of specific educational and advocacy activities. Such activities can be targeted vis-à-vis sectors and/or projects relevant to the institutions and their members or in a more general sense. Again such actions

could well be undertaken in conjunction with a variety of NEPAD partners from the public and private sector.

- 26.5 Capacity building that organized private sector entities could initiate, and anchor if duly empowered to do so, could include the researching and writing of relevant analyses, strategic scenarios, blueprints, etc to move NEPAD implementation forwards. Relevant think-tank sessions and workshops with clearly defined objectives could similarly be initiated and/or anchored by the organized private sector and results used to build yet further capacity in advocacy and education programmes, apart from actual project delivery. Such activities could inter alia focus on the role of stakeholders and the possible forms of collaboration needed by them to help deliver NEPAD, with the organized private sector being a key role-player. This would go far to improve the capabilities of all stakeholders to meaningfully take action alone or in collaboration with others, with the potential of organized private sector entities already having been illustrated by their initiation of such capacity building exercises.
- 26.6 The outcome of such activities should certainly assist the organized private sector to better understand and to make more meaningful inputs into a variety of issues including those that are cross-sectoral such as trade negotiations, and the related economic diplomacy.<sup>98</sup> Good examples of all such instances involving the organized private sector from the (generally well-developed) Southern Africa economies could possibly provide good examples for other issues on national and/or (sub) region levels, and could be used as such in an appropriate manner.
- 26.7 There is a need for the organized private sector to help in improving the business-enabling climate in Africa generally and especially for projects affecting its members. Possible activities could include facilitating contact between members and such bodies as the newly created Investment Climate Facility (ICF)<sup>99</sup> and taking representational leadership with such bodies and the entire NEPAD network, together with national and regional public sector bodies, in obtaining results for members' interests. To achieve such actions on a more meaningful basis it would seem as if creative thinking has to be applied in finding new appropriate vehicles.

## 27. Motivation

- 27.1 Throughout the activities recommended above there would be opportunity for private sector bodies to motivate members into becoming involved with activities to help deliver NEPAD, with their own interests being simultaneously promoted. It seems an urgent priority that such actions should

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<sup>98</sup> Interview with Mr. Jerry Vilakazi of BUSA. Op cit.

<sup>99</sup> Interview with Hugh Scott, Senior Advisor to ICF on 8<sup>th</sup> July 2006. See also: [www.theinvestmentclimatefacility.org](http://www.theinvestmentclimatefacility.org)

be undertaken in the soonest possible time but these are dependent to a large extent on a variety of other factors including those noted above. In such motivational actions there is not only a need but also a responsibility for the organized private sector to better comprehend NEPAD-related opportunities and their significance for members, and based on this to have an improved interactive outreach to interpret and communicate such opportunities to their members.<sup>100</sup>

- 27.2 In addition the organized private sector needs to be a key sponsor of, and participant in, an interactive dialogue with all stakeholders including its members. Such activities being inter alia needed to enhance the capacities of all to try to take NEPAD projects forward and to find collaborative stakeholder environment strategies for overcoming problems in the business-enabling climate of NEPAD projects, with the brokering of partnerships that can deliver the necessary input factors that can allow their members' participation in NEPAD projects while implementing NEPAD.

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<sup>100</sup> Especially noted in such conversations as those with CTA in Maputo on 7th June 2006.



# CHAPTER FOUR

## EAST AFRICA

*(By Felix G. N. Masha)*



# EAST AFRICA

## I. Executive Summary

This study is on East Africa private sector institutional response to the NEPAD. The countries covered in this study include Kenya, Mauritius, Tanzania, and Uganda. Three countries (Kenya, Tanzania and Uganda) have integrated economies under the East African Community (EAC); while Mauritius is economically closely linked to the three countries. The study reviews the structure and Orientation of private sector associations in East Africa; its awareness regarding the opportunities presented by NEPAD; the degree to which the associations are organized to take advantage of, and participate in the implementation of NEPAD projects; the associations' capacity to implement such projects; the motivation that would make the associations to participate in NEPAD, and, the constraints that may be impeding private sector associations in participating in NEPAD projects.

The study further reviews the existing arrangements for the Promotion of NEPAD projects by the private sector associations; the areas and sectors in which the associations facilitated private sector involvement in NEAPD - in particular, the extent to which the associations contributed in facilitating financing of NEPAD projects and/or the existence of any deliberate policy to promote such activities. It further reviews the institutional infrastructure and arrangements that govern private sector i.e. Business and Government Consultations, including, existing forums for such consultations; whether the consultations have involved NEPAD projects; the relationship between private sector associations and NEPAD institutions; the role of the donor agencies in the support of private sector involvement in NEPAD projects; and, the role of the associations in encouraging domestic/foreign joint ventures.

The study established that the private sector associations in the four countries are not aware of investment opportunities presented by NEPAD. In effect, there is no awareness on NEPAD at all, apart from NEPAD's African Peer Review Mechanism (APRM) in those countries where it had taken place. Consequently, while the associations promote projects including cross border investments and facilitate financing of such projects for its membership, they are neither involved nor do they promote or facilitate financing for NEPAD projects. Continuing donor support to the associations exists – though not in relation to NEPAD projects. Motivation for the associations' involvement in NEPAD exists in that financially, the NEPAD socio-economic infrastructure projects in East Africa are estimated at US\$ 4.0 billion; but more impotently, is the associations' vested interest because business cannot grow without being competitive; and, adequate socio-economic infrastructure. The study further established that the associations have the capacity to implement NEPAD and are structured in such a manner that they could take advantage of, and participate in the implementation of NEPAD projects.

The study concluded that the principal constraint that hinders the participation of the associations in the implementation of NEPAD is lack of awareness of the NEPAD opportunities by the associations. This constraint arises from lack of capacity on the part of NEPAD focal points and the RECs in coordinating NEPAD activities with the associations. But at the core, it is the non-inclusion of the NEPAD projects in national government which results in non-budgetary allocation to the NEPAD focal points for the promotion of NEPAD projects.

The study recommends the necessity for the countries to create conditions that would facilitate a greater awareness of, and facilitation for, the associations to participate in NEPAD. In particular, the inclusion of NEPAD in national programmes and in government – private – sector consultation as well as in RECs Summits, along with adequate funding for NEPAD focal points. On the part of the Associations, the study recommends the necessity for inclusion of NEPAD agenda and projects in their annual meetings and joint venture plans and activities.

## II. Introduction

1. This study is on East Africa private sector institutional response to NEPAD. The central question in this study is whether the private sector generally, and its associations in the region in particular, are aware of, and sufficiently organized for the opportunities presented by NEPAD. The study thus seeks to explore, the orientation of the private sector associations, its capacity, motivation and preparedness to play its rightful role in implementing NEPAD. In a broader sense, the study aims at capturing the nature and extent of the strategic readiness of the regions' private sector for NEPAD.
2. The detailed part of the study will examine whether the private sector associations in the region have a mechanism within them to promote and facilitate the financing of the NEPAD projects. Whether the associations have a deliberate policy to promote NEPAD projects amongst their members, or have a programme for private sector involvement in NEPAD projects. The study will review the promotion of private sector development by the associations and the extent to which the programmes are specifically linked to NEPAD. The association's role in encouraging joint ventures between domestic and foreign enterprises will also be examined. The study will further review whether the associations promote PPPs as part of consultations with governments, and the extent to which the implementation of PPPs aims at promoting NEPAD projects.
3. Since the study is centered on institutional response, it also covers the key issues of Business – Government – Consultations. This section of the study will determine the existence of forums for periodic dialogue between the government and the private sector; review the relationship between the private sector and national and regional NEPAD institutions; and, examine the existing coordination effort by all the stake holders in the promotion of private sector participation in NEPAD. Reference to the NEPAD's APRM will also be included in the Business – Government – Consultations with a mention of the involvement of the private sector associations in APRM; specifically, the emphasis governments have given to APRM at the exclusion of NEPAD – Short Term Plan projects (NEPAD-STAP), which is the central plank of the NEPAD programme.
4. Clearly, the state and standing of the associations, either at the regional level or within individual countries, essentially determines the effectiveness of the private sector as well as the leadership and support it can provide to its own members' involvement in NEPAD projects. Thus, these are the principal institutions that have formed the framework and the methodology for this study i.e. regional, and national private sector associations including, Business Councils, Chambers of Commerce and Industry, Manufacturers Associations, Private Sector Foundations, Construction Councils; etc.

5. Depending on whether the private sector may or may not be aware of existing NEPAD opportunities, the attention of the study is directed to the key question of the constraints that prevents the private sector in the region to engage fully in the implementation of NEPAD projects.

### *2.1 Countries covered in this study*

6. The Eastern African countries that are covered in this study are Kenya, Mauritius, Tanzania and Uganda. Other Eastern African countries not covered in this study include the Indian Ocean islands of Madagascar and Seychelles (which are categorized as part of East Africa) as well as Burundi, Ethiopia, Eritrea, Rwanda, Somalia and Sudan. The three East African countries Kenya, Tanzania and Uganda have a long common history and have substantially integrated economies under the East African Community (EAC). Kenya and Uganda are members of Inter-governmental Development Authority (IGAD); while Kenya, Mauritius and Uganda are members of the Common Market for East and Southern Africa (COMESA). Tanzania and Mauritius are members of the Southern Africa Development Community (SADC). With respect to Mauritius, though geographically far from the East African Coast it is economically closely linked to the three East African countries. In effect, all the four countries covered in the study pursue a similar private sector policy, which is why, it has not been necessary to cover each of the countries separately.
7. The selection of the three East African countries (Kenya, Tanzania and Uganda) for the study is based on the consideration that they have – within the region, the most integrated socio-economic infrastructure, which fall into the category of NEPAD-STAP projects. Prior to the collapse of the original EAC in 1977, these countries were already at a Common Market status and at the time the most integrated in the world. Their economies are presently linked by Customs Union that came into effect on 1<sup>st</sup> January 2005 following the revival of EAC in 1991. They have a railway system that links the three countries and for which Kenya and Uganda have settled on one Concessionaire. Kenya and Uganda are also in the process of completing an oil pipeline between the two countries. The three countries jointly own the East African Development Bank (EADB), which serves as a regional financing instrument of NEPAD type projects, among others.
8. Mauritius' inclusion has also been more appropriate because of late it has had an increasing trade and economic ties with the other three East African countries covered in the study. These ties have included a continuing flow of foreign direct investment (FDI) from Mauritius to East Africa. In addition, the dynamics of the Mauritius economy and its more developed capital market compared to the East African countries provides considerable complementarities within the four countries – as a group, in the context of the implementation on NEPAD projects.
9. In conclusion, the study makes a set of recommendations that are principally directed towards measures necessary to create awareness of, and motivation for the private

sector participation in the NEPAD projects. The central element in the recommendations is the need to introduce programmes that may rekindle the commitment of the private sector to engage fully in the implementation of the NEPAD projects. However, the thrust of the recommendations will be on measures that governments and RECs must undertake, in order to facilitate a meaningful involvement of the private sector in the implementation of NEPAD.

### **III. Orientation of the private sector Associations for NEPAD**

10. The private sector associations in the countries covered in this study share many similarities derived from their common historical circumstances. These associations are in three categories: At national level, the four countries have almost identical national and umbrella associations. The membership of the national associations especially Chambers of Commerce, Industry and Agriculture comprise of business enterprises, which include large corporations both public and private from all sectors of the economy.
11. The National Umbrella organizations group together National Associations of different economic or business sectors. Such Umbrella organizations are: Private Sector Foundations; National Business Councils; Manufacturers Associations; and, Associations in specific sectors such as the Association of Engineers and Contractors; Association of Bankers; Pharmaceutical Associations; Association of Insurers; etc).
12. The Regional Business Associations are those that exist within the framework of the Regional Economic Communities (RECs) in which the four countries are members i.e. COMESA, EAC, IGAD and SADC. These complement the National Associations by extending to them a regional representation. Under EAC, the key institutions are: the East African Business Council; and, the Association of the East African Chambers of Commerce and Industry. COMESA for its part has the COMESA Business Council. IGAD operates the IGAD Business Forum. SADC has a number of sectors Associations<sup>101</sup>.
13. Based on reliable estimates, the individual members of National, Umbrella and Regional Associations, comprise of almost all the major corporate entities, which in terms of their financial and human resource base, are the only ones from the private sector that would be capable of making any meaningful investment in NEPAD projects. Operationally, National Associations are basically the forums for small and large corporate entities; the Umbrella organizations consist of a more organized and focused group of members in terms of issues and sectors; and, the Regional Associations under the RECs bring together – from member countries, the National Associations and Umbrella organizations to the regional level. This is the paradigm that links together all the members and institutions of the private sector from the four countries at all levels.

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<sup>101</sup> African Development Bank, Volume 1: Overview NEPAD Infrastructure Short-Term Action Plan (STAP)



### 3.1 Awareness of private sector associations on NEPAD opportunities

14. This key chapter of the study is intended to establish the extent to which the private sector in the four countries is aware or informed of the NEPAD projects in their region. Its awareness is a sine qua non to the sector's participation in the NEPAD programmes. The general assumption is that private sector associations are well informed of NEPAD projects and the sector merely needs to take advantage of such opportunities.
15. It is broadly recognized that following its establishment in July 2002 NEPAD has remained the Blue Print for Africa's development. In every major conference in or outside Africa that touches on Africa's development issues, NEPAD, has invariably been on the agenda. NEPAD has also continuously been on the development agenda of United Nations Organizations; the African Union; Non-Governmental Organizations in Africa; African institutions of higher learning; and, just about every major research project on Africa's development. It is rare to find any major resolution on the implementation of Africa's development programmes that does not include NEPAD.
16. At the continent level, NEPAD is advanced by African Heads of State in their deliberations on Africa's development. The effort of these leaders is aided by organizations such as the African Business Round Table (ABR); the NEPAD Business Group (NBG); etc. At the regional level, the RECs are the principal vehicles for the implementation of NEPAD, since the NEPAD programme is geared towards regional integration. This brought about the Abuja Communiqué of CEOs of Africa's nine RECs, at their meeting held on 30 October 2003 in Abuja, Nigeria, which confirmed that the NEPAD regional projects are part of the programmes of RECs<sup>102</sup>. As already mentioned, for the countries covered in this study, the RECs are: COMESA, EAC, IGAD and SADC.
17. At national level, practically every African government has a NEPAD Secretariat or a NEPAD national focal point that coordinates NEPAD programmes. In short, the avenues for information on NEPAD in every African country would appear to be widespread. Consequently, it would be reasonable to conclude, as most observers of NEPAD would assume that private sector Associations in East Africa, and in the rest of Africa, are sufficiently informed about NEPAD projects and opportunities<sup>103</sup>.
18. But, this prevailing assumptions, the survey in the four countries established that the private sector associations are, without exception, unaware of the opportunities presented by NEPAD. Indeed, most of the Associations and Umbrella organizations interviewed assumed NEPAD to be a government department that presented no business opportunities to the private sector. The information they had (Kenya,

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<sup>102</sup> The Abuja Communiqué of the CEOs of Africa's nine RECs and NEPAD Secretariat at their Meeting on 30 October 2003 Abuja Nigeria.

<sup>103</sup> United Republic of Tanzania, Action Programmes for the New Partnership for Africa's Development (NEPAD), May 2003

Mauritius and Uganda) on NEPAD activities was on APRM. Most Associations interviewed were able to recall the establishment of NEPAD. But they were not aware of its functions save for APRM. Some even assumed that NEPAD is merely a concept, rather than a development initiative. Others, had originally heard of NEPAD, but believed that it no longer existed as a development programme. In short, there is a total lack of clarity in the private sector Associations in these countries on what NEPAD represents.

19. As part of the survey for the study, we examined the position of the private sector associations on three major questions: (i) awareness about the existence of NEPAD; (ii) awareness on NEPAD projects opportunities; and (iii) readiness to participate in NEPAD projects implementation. The response to the first question indicated that all those that were questioned were aware of the existence of NEPAD. At the same time, not a single Association was aware of the business opportunities NEPAD presented to the private sector. But when each Association was asked of its readiness to participate in the implementation of NEPAD projects, the response was positive. This aspect provides some encouragement for the future prospects of private sector involvement in NEPAD projects. Details of these responses are given in Annex I to this study.
20. It is clear that the expected participation of the private sector Associations in NEPAD had been predicated on the assumption that the Associations and their members are aware of the opportunities presented by NEPAD. This is not the case, and it explains why the associations' involvement in NEPAD projects is almost non-existent.

### 3.2 The organization of the private sector to implement NEPAD

**Table 1: Organization/structure of involvement of the private sector in NEPAD**

NEPAD Secretariat or NEPAD National Focal Points	NEPAD Kenya (Ministry of Planning ) NEPAD Mauritius (Ministry of Foreign Affairs) NEPAD Tanzania (Ministry of Planning ) NEPAD Uganda (National Planning Authority)
RECs Regional Business Associations	EAC:- East African Business Council East African Chamber of Commerce COMESA: COMESA Business Council IGAD: IGAD Business Forum SADC: SADC Regional Sectoral Association
National Business Associations	<p><b>KENYA</b> Kenya Private Sector Alliance: Kenya National Chamber of Commerce and Industry Kenya Association of Manufactures: Kenya Business Council Kenya association of Building and civil engineering contractors</p> <p><b>MAURITIUS</b> Mauritius Chamber of Commerce and Industry; Mauritius Chamber of Agriculture Enterprise Mauritius Mauritius National Economic and Social Council Mauritius Building and Civil Engineering Contractors Association</p> <p><b>TANZANIA</b> Tanzania National Private Sector Foundation Tanzania Business Council Confederation of Tanzania Industry Tanzania Chamber of Commerce Industry and Agriculture National Construction Council</p> <p><b>UGANDA</b> Uganda National Chamber of Commerce and Industry Uganda Manufacturers Association Uganda Private Sector Foundation Uganda National Association of Building and Civil Engineering Contractors</p>
Corporate Members of National Associations	Potential domestic and foreign investors in NEPAD Programmes/Projects

Source: Compiled from profiles of the associations and the RECs.

21. Aside from the governments and the RECs, which together are NEPAD principal stakeholders, there are three layers of private sector organizations in the implementation of NEPAD. The first layer is the regional Associations that pool together all the private stakeholders at the regional level. The second are national and Umbrella Associations. The third is the corporate membership of these associations at both national and regional level. Figure I sketches out the existing institutional layout in the implementation cycle of NEPAD projects in the region.
22. As shown in figure I, the first stage of implementation of NEPAD projects is the NEPAD secretariat or the NEPAD national focal point under government ministries responsible for both RECs and NEPAD. These ministries basically encapsulate national and regional perspectives of NEPAD programmes and the overall support needed for the implementation of such projects at national and regional levels. They also determine through their participation in the RECs, the specific NEPAD projects to be implemented. Even where governments may bilaterally agree with a donor on a NEPAD designated project – and involve the private sector - without going through a REC, it is the NEPAD national focal point that would play the facilitating role at the country level. Thus, either way, the national focal point is the link with all the other stakeholders.
23. The second stage in figure II is regional private sector associations, which operates at the RECs level. RECs, as managers of NEPAD programmes have the task of underpinning the involvement of regional associations in such projects. The Associations in turn, have to provide regional coordinating leadership to their membership at the national level. The latter i.e. the last group in figure II is the crucial fulcrum whose members are the investors and the risk takers that are expected to ultimately invest in the implementation of NEPAD projects.

### *3.3 Vehicle by private sector associations to exploit NEPAD opportunities*

24. The issue of a vehicle or mechanism within the private sector associations for NEPAD assumes a particular significance. In particular, the nature and magnitude of the technical work and financial resources needed for implementing NEPAD projects, presupposes that potential NEPAD investors in the private sector would have in place some specific organisational arrangements and resources for NEPAD type projects. Such arrangements may vary from association to association. But, by and large, the mechanism would involve relevant technical or administrative units designed to track and coordinate NEPAD opportunities for the membership of the Associations.
25. True, mechanism specifically geared towards the exploitation of NEPAD opportunities do not currently exist in all the private sector Associations. This may be explained largely by the problems of the awareness factor already covered above. However, one major organization, the Contractors Association and its membership, which are critical for NEPAD implementation, have the administrative and technical capacity to exploit NEPAD opportunities. These capabilities of Engineering

Associations are complemented by the other Associations, whose membership comprise of investors (i.e. financiers, insurers) etc. Clearly, the combined technical, administrative and financial resources of the private sector Associations (listed in figure I) do presently possess the necessary resources and capacity to exploit NEPAD opportunities.

#### 2.4 *Motivation of the private sector to participate in NEPAD*

26. The question is whether conditions provided by NEPAD projects constitute sufficient motivation for the involvement of the private sector Associations in such projects. In terms of the scale of the financial opportunities, it has been estimated that NEPAD priority projects for East Africa involve a total investment of US\$4 billion<sup>104</sup>. The bankable nature of each of the projects involved would still be a subject of a rigorous analysis by private sector investors. However, this magnitude of investment opportunities is a reasonable motivation for the involvement of the private sector in NEPAD projects.
27. Coincidentally, there are also some signs of surplus investment resources in all the countries. These surpluses are emerging from huge over subscriptions to Initial Public Offers (IPO) or Public Corporate Issues generally. In Tanzania alone, latest oversubscriptions to such issues were as high as US\$200 million. Indeed, the fact that Mauritius is investing so far away from East Africa (in fisheries in Namibia and hotels in Morocco)<sup>105</sup> partly explains the phenomenon of surplus financial resources in the region in search of investments opportunities. On the assumption that NEPAD projects present a good return on investment, the private sector in the four countries has demonstrated availability of surplus financial resources in search of investment opportunities.
28. More importantly, inherent in NEPAD projects is the private sector's crucial interest to grow profitably. The NEPAD projects are at the core of the regions socio-economic infrastructure. This makes a compelling case for the motivation of the private sector to participate in the implementation of such projects because business cannot grow without being competitive; and, it cannot be competitive without adequate socio-economic infrastructure. Thus, it is in the interest of the private sector to engage fully in the implementation of NEPAD, and this in itself provides a sufficient motivation.

#### 3.5 *Constraints preventing the Associations on NEPAD opportunities*

29. The findings that have emerged from the above sections of this study, indicting a non-involvement of the private sector in NEPAD, constitute something of a paradox. On one hand, NEPAD, as a universally accepted Blue Print for Africa's socio-economic transformation, was designed to be "market driven and private sector led". Yet, on

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<sup>104</sup> United Nations, New York, 2006: The contribution of the Private Sector to the implementation of the New Partnership for Africa's Development (NEPAD)

<sup>105</sup> Enterprise Mauritius Report 2006

the other hand, there is almost total disconnection between the private sector and the NEPAD programme itself.

30. The constraints hindering the Associations from taking advantage of NEPAD opportunities are at the root of the implementation problems of NEPAD projects in these countries. A range of factors inhibit the private sectors involvement in NEPAD. These includes: the issue of integrating NEPAD into national priorities; lack of prioritization of NEPAD programmes within governments; inadequate coordination between all the stakeholders; institutional and physical bottlenecks in implementing NEPAD; the ownership factor of NEPAD; problems within the private sector; and the multiplicity of stakeholders and initiatives.

#### 3.5.1 Issue of integrating NEPAD into national priorities

31. The success of NEPAD will depend to a large extent on the decision whereby individual governments will integrate relevant NEPAD activities in their own national and regional priorities<sup>106</sup>. The inclusion of NEPAD into national priorities is particularly compelling because it is a programme that requires a shared commitment and participation by a number of government ministries as well as other public and private institutions. Such prioritization would automatically set goals, strategy, deadlines, and the mobilization of the crucial stakeholders – including the private sector, under clearly defined leadership for the implementation of the relevant activities. The absence of NEPAD prioritization at the national level has distorted the sense of direction for NEPAD in terms of those responsible for its implementation.
32. Put differently, the non-integration of NEPAD programmes into national priorities impaired national attention to NEPAD. This in turn, has made it difficult for the relevant NEPAD bodies (the NEPAD Secretariat or NEPAD national focal point) to be accorded priority within (their) national governments. This is at the core of the problem of NEPAD implementation in East Africa.

#### 3.5.2 Prioritization of NEPAD programmes within government

33. The second level of NEPAD prioritization, which is currently lacking - is within the government administration. The latter is the only source that would coordinate action with RECs as the regional stakeholders for NEPAD. Secondly, this prioritization within government is crucial because of funding requirements for NEPAD programmes at national and regional (RECs) level. Effectively, prioritization or integration of NEPAD programmes into national governments plans is the only way through which government can fund such programmes. The significance of this condition is predicated on the fact that unless a particular activity is included in government plans, it will not pass the parliamentary budget test. In consequence, no financial resources would be allocated. This applies *pari - passu* to Donor funds.

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<sup>106</sup> United Nations, New York 2004: Integrating the Priorities of the New Partnership for Africa's Development (NEPAD) into the national process: experiences from selected countries.

Reality is that government resources for NEPAD like all other government programmes must be funded by the Exchequer after passing through all the processes of parliamentary budget allocation – to the extent that it is a government priority reflected in its annual plans. NEPAD cannot be an exception.

34. Two recent examples in East Africa can demonstrate the resolve associated with the implementation of a national/regional priority. One is on APRM; and, the other is the proposed East African Federation. The implementation of APRM in Kenya and Uganda respectfully was carried out through elaborate high level seminars. Several national committees comprising of members from all sections of society including the private sector Associations in the two countries (as listed in figure I) were formed and met regularly under government leadership<sup>107</sup>. The necessary resources were made available for APRM and by all accounts the exercise was successful. Mauritius is doing much the same.
35. Following a decision by EAC governments to seek the views of their respective populations in connection with a proposal to establish an East African Federation, a committee “On Fast Tracking East African Federation”<sup>108</sup> comprising of six prominent East Africans was formed and conducted hearings throughout East Africa. More recently, National Commissions from each of the three countries were established to collect the views of the populations of the countries concerned. These commissions were launched simultaneously in Dar es Salaam, Kampala and Nairobi by the Heads of State of these countries. The work of each of these Commissions is continuing and they reported back in April 2007. The necessary budgetary resources were provided.
36. The kind of prioritization enumerated in the two examples above has not happened in the four countries with respect to NEPAD. But, aide from government prioritization, on the part of RECs, and for a variety of reasons, the extent to which RECs are giving priority to NEPAD projects is now open to question. Therefore, it is a matter of decision on the part of each of the four countries as to the level of priority they would like to accord to NEPAD, in particular, its inclusion into governments programme for budgetary allocation.

### 2.5.3 The inadequate coordination with all the stakeholders

37. Based on the framework outlined in figure I, the private sector institutional response to NEPAD is a function of the decisions and coordination of national governments, the RECs and the private sector. But it is the regional governments and RECs that can collectively allow the private sector to participate since one of them must take the lead in specific NEPAD project(s). This is unavoidable considering that implementation of NEPAD projects entails a combination of governments’ involvement at national and regional levels, at times, along with their RECs. Very

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<sup>107</sup> Uganda National Planning Commission Harmonized Strategy for Uganda National APRM, March 2006

<sup>108</sup> East African Community, Report of the Committee on Fast-Tracking East African Federation 26 November 2004

often, it also involves Donor assistance, in addition to coordination with many private sector entities.

38. It also needs to be emphasized that much of the NEPAD – STAP essentially encapsulated projects which already existed prior to the establishment of NEPAD<sup>109</sup>. The rationale was to lend Africa's collective support to such projects with an explanation to increase international involvement in the projects implementation. In this connection, it is only the governments that has the authority to transform such projects into NEPAD projects in terms of their implementation and coordination with all the stakeholders, including the private sector. This has not happened.

#### 3.5.4 Other bottlenecks to private sector participation in NEPAD Projects

39. At the national and regional levels, there are further bottlenecks to private sector involvement in NEPAD that the governments have not yet resolved to allow the sector's effective participation in the implementation of NEPAD projects. These are: restrictive or inadequate investment conditions in infrastructure; bureaucracy and red tape; lack of transparency and corruption; poor or no strategic planning for large scale projects; lack of capacity to develop, package and negotiate major infrastructural projects for financing; and, lack of credible project information.
40. A key word to sum up the above bottlenecks is facilitation. This relates to the laws and regulations including such critical aspects as lack of laws permitting and/or regulating road tolls or other relevant infrastructure in East Africa. The absence of this legal framework will continue to be a major constraint in the implementation of NEPAD even in situations where the private sector will have acquired adequate awareness of investment opportunities associated with NEPAD or, will have accumulated the necessary financial resources for the implementation of such NEPAD projects.

#### 3.5.6 The NEPAD ownership factor and lack of media coverage

41. A weak factor in the NEPAD initiative has not only been the inadequate coordination with the private sector per-se; rather, a distorted notion of the NEPAD mission and its "ownership". In the "eyes" of the private sector Associations that were interviewed for this study, NEPAD lacks visible leadership. They see no rallying point for NEPAD. Very few among the Associations interviewed had any knowledge on NEPAD opportunities (aside from APRM) could be made.
42. The ownership factor has been compounded by lack of media coverage for NEPAD, or a limited coverage. This has resulted into inadequate connection to the public and less information and knowledge regarding NEPAD within the private sector Associations in particular, and the lower levels of business leadership in general. The combined effect of the ownership/leadership factor and lack of adequate media

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<sup>109</sup> New Partnership for African Development (NEPAD), Abuja, Nigeria October 2001

coverage has removed NEPAD from the “Rader Screen” of investment possibilities and from the attention of its potential stakeholders.

### 3.5.7 Problems and weaknesses within the private sector

43. The Associations of the private sector – at least in the four countries covered in this study, have traditionally been confined to trading operations. The emergence of Umbrella organizations i.e. private sector foundations, etc to a large extent galvanized and elevated the collective interests of the sector (in their specific industry) to higher levels of the economy. But a great deal of their effort remained focused on government trade and investment policies vis-à-vis the interests of such Associations. Otherwise, the activities of the Associations, with few exceptions, have not been geared towards pooling its membership for common large-scale undertakings of the NEPAD type projects or facilitating the implementation of such products by some of its members.
44. In terms of those geared to NEPAD projects, there is a serious dichotomy in the involvement of engineering firms in contracts in East Africa. In total numbers, locally owned engineering firms are roughly 90% of the total number of registered engineering firms; with the foreign firms constituting the remaining 10%. But in terms of the total major contracts awarded in the countries, the reverse is roughly the case. It is estimated that foreign firms account for around 90% of such contacts; while 10% are awarded to local firms<sup>110</sup>. These engineering firms are precisely the very entities (at least in terms of local private sector participation), that the region has to rely on for most of the NEPAD projects. But for a variety of reasons, including funding policies towards the projects, these locally owned engineering firms are not awarded the NEPAD type contracts.
45. The private sector institutional weakness was also reported in connection with the strategy pursued by those bodies within the private sector that are supposed to promote NEPAD. Specifically, ABR and NBG were cited in the course of the interviews that they often follow an operational strategy of costly seminars and workshops, which may be in variance with more practical arrangements of government/RECs/private sector consultations and coordination. More importantly, these bodies do not seem to have the resources to coordinate with the regional associations. For example, most associations, including the EACB, which represents major national associations and large corporate entities in East Africa, reported that it does not have any direct contact with the ABR or NBG. This leaves a serious communication gap - within these NEPAD stakeholders.

### 3.5.8 The multiplicity of stake-holders and initiatives

46. The dimension of the multiple RECs, adds to the problem. First, there are the overlapping NEPAD activities of RECs with each REC sticking to its own

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<sup>110</sup> Confederation of Tanzania Industries Seminar, Good Infrastructure: Key to Manufacturing Competitiveness 6 May 2006

prioritization; then the multiple memberships of the countries in RECs with different NEPAD prioritization; and, the separate Business Associations each linked to its own REC<sup>111</sup>. With such a complicated regional configuration, even if there had been a reasonable clarity on NEPAD in these countries, a successful coordination with the associations of the private sector would, at best, be difficult.

47. Added to the multiplicity and overlapping roles of the four RECs on NEPAD are the many initiatives on Africa. These initiatives include the UK Prime Minister's "Blair Commission on Africa"; former US President "Clinton Initiative"; the Millennium Development Goals; the Millennium Challenge Programme; the Chinese Initiative on Africa; the WTO Capacity Building; and a range of many other initiatives. The scope of this study would not permit the review of these other "initiative". Suffice to mention that all these initiatives taken together cover the same areas that are included in NEPAD programme (i.e. Good Governance, Health, Education, Agriculture, infrastructure, etc) which, if anything, have the effect of complementing NEPAD. But no such clarity has been provided. The reality is that the initiatives have been assumed, at least by the private sector Associations, as having replaced NEPAD. In the absence of clarity on NEPAD, these initiatives have in-advertently pushed NEPAD in the background.

#### **IV. Promotion of NEPAD programmes /projects**

48. This section reviews whether the Associations have any deliberate policy to promote NEPAD projects among their members. Specifically, the extent to which such programmes include facilitation of cross-border business deals; the promotion of private sector involvement in NEPAD implementation; the question of a mechanism and capacity to facilitate the implementation of NEPAD projects; the areas in which the Associations have facilitated the private sector's involvement in the implementation of NEPAD; the programmes and strategy on how the Associations promote private sector development, in particular, whether the programmes are specifically linked to NEPAD; and the extent to which the Associations facilitate the financing of NEPAD type projects.

##### *4.1 Promoting private sector involvement in NEPAD*

49. In determining the level of effort the Associations have, or are making in promoting private sector development or NEPAD, a number of questions were put to the Associations. These included: the question of the existence of a mechanism in their associations for NEPAD; any application of deliberate policy to promote private sector development and NEPAD projects; and the aspect of facilitating financing for NEPAD projects, or other private sector activities.
50. As shown in Table III the interviews established that: first, none of the Associations had any mechanism for NEPAD projects; secondly, currently, none had any deliberate policy to promote NEPAD projects among members of their associations

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<sup>111</sup> NEPAD| Action Program for the UR of Tanzania 2003

/groups; and thirdly, no Associations facilitates any type of financing for NEPAD projects. On the other hand, all the Associations responded that they had a deliberate policy of promoting private sector development, and in some cases, the Associations also facilitated financing of (non-NEPAD) projects involving their members.

#### *4.2 Deliberate policy to promote NEPAD Projects*

51. A major issue raised by the Associations interviewed, was the question of what precisely are the NEPAD projects that present business opportunities to them. It may be noted that the NEPAD opportunities in the context of the private sector in the four countries are, essentially, the NEPAD-STAP under the regional RECs. The latter are in two categories: first the list of projects, which were endorsed for fast-tracking by the second NEPAD Summit of East African Heads of State and government held in Nairobi on 29 October 2003. This list is attached as Table II to this report<sup>112</sup>. Secondly, are separate NEPAD projects list representing the prioritization of each of the four RECs i.e. COMESA, EAC, IGAD and SADC.
52. The position already demonstrated from the interviews with the Associations is that they (the Associations) are not aware of the NEPAD opportunities. Consequently, the NEPAD projects could not have been a subject of deliberate promotion by the Associations. Thus, as expected, not a single Association had a deliberate policy to promote NEPAD projects. However, the Associations expressed readiness to participate in the NEPAD programme. The details on the relevant questions that were put to the Associations and the responses from each of them are shown in Table III to this study.
53. Arising from the responses (in Annex III), it can be summarized that, the Associations that may have participated in NEPAD projects in the past have done so on an ad hoc basis and not as a result of strategic policies directed towards NEPAD. It is also possible that they have done so without linking the project(s) with NEPAD. The case in point is the Eastern Africa Submarine Cable System project (EASSY), which was conceived and approved at an East African Business Council Summit prior to the establishment of NEPAD, and subsequently became a NEPAD project in the course of its implementation. In consequence, promotion efforts of some of the Associations have, in the past led to presently ongoing NEPAD activities. Besides, participation in NEPAD projects by individual private sector companies may have happened outside the Associations.
54. In addition, there was a deliberate initiative (not known to the Associations interviewed) that was geared to developing a policy aimed at identifying, promoting and where possible, coordinating the implementation of NEPAD projects in East Africa. The initiative was known as a Private Sector Infrastructure Group (PSIG), which is reviewed below.

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<sup>112</sup> Communiqué of East African Heads of State and Government Summit on NEPAD Nairobi Kenya 29 October 2003

#### 4.3 *Private Sector Infrastructure Group (PSIG)*

55. In a 2006 study on “The Contribution of the Private Sector to NEPAD” it was proposed, among other things, that one way of providing some impetus into NEPAD projects in East Africa was through the establishment of a “Private Sector Infrastructure Group (PSIG)”<sup>113</sup>. The PSIG proposal had, and still retain the merits of cutting across all the RECs and, the national and Regional Business Associations (listed above), since none of them deals specifically with infrastructure. PSIG was felt to be the kind of initiative that would deal with the major bottlenecks in the coordination of NEPAD at national and regional levels, and assist the regional governments in coordinating with the private sector to facilitate the implementation of NEPAD-STAP.
56. PSIG was thus designed as a panel of distinguished private sector leaders in East Africa who would come together with the specific aim of supporting the infrastructure development efforts of national governments and relevant regional economic communities (RECs). The plan was to have PSIG position itself as both a think tank and an advocacy group whose role would be advisory and facilitation within the framework of existing and ongoing efforts by the wide spectrum of public and private sector organizations toward infrastructure development in the region. It was further proposed that PSIG would emerge as a highly focused forum whose mandate would be limited to facilitating development in four or five specific areas of economic infrastructure: Ports, Roads, Railways, Telecommunications and Energy.
57. At a meeting in the NEPAD East Africa office in Nairobi (in the context of the above 2006 NEPAD study), in which some few Business Executives from Kenya participated, an understanding was reached to the effect that NEPAD Nairobi Office would convene a PSIG East African group to get its work started. However, for some reasons, NEPAD Nairobi Office was unable to convene the proposed meeting. Nonetheless, this initiative is an important indication of a deliberate effort that was planned by the private sector in East Africa to promote NEPAD, had the NEPAD Nairobi office succeeded in backstopping the plan. This emphasizes the lack of prioritization of NEPAD projects in a manner that would have enabled the NEPAD Regional Offices or the NEPAD National Focal Points to play an effective coordination or facilitation role which is why, NEPAD Nairobi, was unable to convene the PSIG meeting.

#### 4.4 *Areas/sectors the Associations facilitated private sector involvement*

58. Many of the Associations responded that they were involved in facilitating cross border business deals. To a very large extent, the stated effort on cross border business deals is supported by developments in cross border investments. By some estimates, Kenya is currently the third largest investor in Tanzania – after the European Union (EU) and South Africa; and, to a slightly lesser extent in Uganda as well. Both the private sectors of Tanzania and Uganda are also conducting joint

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<sup>113</sup> PSIG Paper by NEPAD Office Nairobi September 2005

ventures and other forms of investment operations in Kenya, and between their two countries. Mauritius has joint ventures in Mozambique, Madagascar, Reunion, Seychelles, Tanzania and other parts of the region.

59. Much of the intra-country investments among the four countries that the Associations indicated had facilitated are in light manufacturing, tourism facilities, service sector and agriculture. The specific areas of Kenya's cross border investment are building and construction materials; wood processing; service sector – especially banking, insurance and tourist hotels; agro-industries; fisheries; etc. Mauritius cross border investments is in tourist hotels; sugar production; cement production; etc. Tanzania has cross border investment in Kenya and Uganda in pharmaceutical and transport; and, Uganda has cross border investments in both Kenya and Tanzania in agro-processing, beverages, transportation, etc.

#### 5.5 *The Associations' capacity for the implementation of NEPAD*

60. Since this study involves associations providing services to their members, the entities do not easily lend themselves to capacity rating as would be the case with a production infrastructure. However, even with these limitations, it is still possible to consider the kind of activities these associations have undertaken in the past as a measure of their capacity to implement NEPAD type projects.
61. EASSY and a range of other projects are among the major undertakings by the private sector in the four countries. EASSY involves - among others, all the three East African countries. Mauritius is also planning to take part in it<sup>114</sup>. EASSY, with an estimated investment of some US\$200 million originated from the East African private sector i.e. members of the East African Business Council. Presently, 13 countries are taking part together with some 15 corporate entities. There have been some funding delays for the project which necessitated the extension of its completion schedule from 2007 to 2009. But this is not unusual for a project of such magnitude and one that involves such a large number of countries and private investors. It is important that implementation of EASSY is continuing, which also demonstrates that the private sector in the region can jointly undertake a major and complex investment.
62. Part from EASSY, the Associations that were interviewed in the four countries (with the exception of those in Tanzania, which has not had an APRM programme) were considered to have the capacity to represent the private sector in their countries APRM process. Two countries, Kenya and Uganda have more or less completed their APRM exercise. Mauritius is in the final preparatory stage for its APRM. In the case of Kenya and Uganda, their Associations listed in figure I served on the national APRM Committees. Thus, they contributed, supported and played an important role in implementing APRM in those countries, which demonstrates their respective capacities. Mauritius is expected to involve its Associations listed in figure I.

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<sup>114</sup> Mauritius Joint Economic Council; Aide Me-moiré on EASSY

63. Finally, special reference needs to be made to the contractors associations. These bodies are critical to the realization of NEPAD i.e. in terms of bridging Africa's "infrastructure gap" and to some extent, the continent's "digital divide". Both represent NEPAD priorities. These institutions exist in all the four countries. The *raison d'être* for the formation of these Associations is to secure more of the NEPAD-STAP type projects for local contractors. These Associations formed the Confederation of African Contractors Associations (CACA) that in 2006 decided on a common strategy for African contractors in order to have a greater share of Donor or World Bank (WB) infrastructure funded projects<sup>115</sup>. These crucial bodies for NEPAD implementation are, in fact, the ones that must be relied upon for the purpose, but more importantly, have shown every sign of having the capacity to implement NEPAD infrastructural projects.

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<sup>115</sup> East African Business Council – At Glance July 2005

#### 4.6 *Extent the Associations facilitates the financing of NEPAD projects*

64. As already shown in the introductory section (Chapter II of this study - orientation of the private sector associations for NEPAD), the membership of National Umbrella Associations include specialized entities such as Association of Bankers; Association of Insurers; etc. They are all clustered together with the Association of Contractors etc. This cross section of membership makes financing facilitation by the Associations achievable.
65. However, as would be expected, capacity to facilitate financing to their members for projects is only exercised by a limited number of the Associations. Consequently, as shown in Annex III, slightly less than half of the Associations confirmed that they facilitate financing for their member's projects i.e. specifically for non-NEPAD projects. It is significant that such financing includes NEPAD projects.

#### **V. Business - Government - Consultations**

66. This section reviews the type of dialogue that takes place in the four countries as part of Business – Government - Consultations, and the extent to which such consultations are coordinated towards promoting private sector participation in NEPAD. Specifically, the role of the Associations in getting Multilateral Agencies and Donor countries to promote private sector development; whether the Associations promote PPPs as part of the consultations; and, if the PPPs are linked to NEPAD. Finally, some emphasis is placed on relationship between the Associations and the NEPAD institutions in each country. This consultative process gained momentum in most African countries in tandem with the economic reform in these countries in which the role of the private sector has been significantly enhanced. The question is how this has related to NEPAD.

##### *5.1 Existence of forums for periodic dialogue/consultations*

67. As NEPAD projects are geared towards regional integration, and are part of RECs programmes, the private sector institutional response to NEPAD is largely a function of, and depends on successful Business-Government-Consultations. In particular, the extent to which the private sector Associations in these countries are accorded the requisite conditions to review NEPAD programmes with government and RECs. The study thus examine below, the existence of consultative forums in these countries. It further review the extent to which the forums are accessible by the private sector associations; and, the level within the government and country at which the forums are conducted.
68. On the existence of the forums, practically, all the major associations listed have been involved in the consultative processes with government. The same consultative process takes place between the regional associations and the RECs. Within the EAC the East African Business Council usually holds an annual consultative meeting at a

summit level with the three Heads of (the EAC) member States on issues of priority to private sector in the three countries<sup>116</sup>. The same practice, though not at annual summit level (like EAC) is known to also apply to COMESA, IGAD and SADC. The details of the responses from the Associations are given in Table IV to this study.

#### 4.2 *Extent of coordinated effort in the consultations to promote NEPAD*

69. The Business - Government - Consultations – at least in the four countries, have a very broad representation of leaders of government and business. In Kenya, KEPSA has structured the consultations under Ministerial Stakeholders Forum (MSFs)<sup>117</sup> and expected to create these structures for every government ministry by end of 2006. Mauritius has an even more statutory Business – Government - Consultative process under a legislation that established NESCC<sup>118</sup>. Its representation (NESCC) is very broad-based and is chaired by the country's Prime Minister. In Tanzania, the consultations are conducted under TNBC and are chaired by the country's Head of State<sup>119</sup>. They involve more than 20 ministries, key institutions; and representatives from all the sectors of business. In Uganda, there is the Presidential Round Table which brings business leaders together under the chairmanship of the Head of State<sup>120</sup>.
70. However, as shown in Annex IV, with the exception of APRM in which the governments sought the involvement of the private sector Associations, the consultations between Business and Government did not include the NEPAD opportunities for the private sector i.e. the implementation of the NEPAD projects. It turns out that the only reference to NEPAD at those consultations was on APRM (in the countries where it has taken place), and not NEPAD-STAP. The interview with the East African Business Council (EABC) also revealed that the issue of NEPAD had not been raised in any of their consultations with the EAC as a regional REC or the Summit of EAC Heads of State. Like EABC, the other Associations that are linked to the different RECS i.e. COMESA, IGAD and IGAD also pointed out that they too, had no such consultations with their respective RECs.

#### 5.3 *Assistance to private sector by Donor Agencies: Role of the Associations.*

71. There is considerable involvement of Donor Agencies in the development of the private sector directly or through the Associations that are covered in this study. Of the 20 Associations interviewed on this subject, six reported that they receive direct assistance from Donors in financing their operations. But this information is only partially correct to the extent that it refers to Donor funding of the regular budget of the Associations. Whereas, Donors were reported to provide ad hoc projects support to many of the Associations, in such crucial areas as short-term technical assistance; feasibility studies; preparations of business plans; setting up information technology

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<sup>116</sup> East African Business Council – At Glance July 2005

<sup>117</sup> Kenya Private Sector Alliance, Report and Financial Statements for 2005/2006

<sup>118</sup> Mauritius National Economic and Social Council; Annual Reports 2002 – 2004

<sup>119</sup> Tanzania National Business Council Annual Report and Accounts for Year 2005

<sup>120</sup> Uganda National Chamber of Commerce and Industry, Briefing Note 2006

(IT) infrastructure; domestic and external market surveys; etc. Many of the Associations do not categorize this form of support as funding to their organizations. Associations that receive Donor support and those that do not are listed in Table V.

72. In terms of the extent of Donor funding, there is considerable variation in the Associations. As shown in Annex V, The first category is the majority of the Associations, which rely on their membership for funding, save for occasional Donor project assistance. On the other hand is the group where the role of Donors is substantial. Such organizations include KEPSA which is supported by a group of Donors in partnership with UNDP. Likewise, the major financier of the larger part of TCCIA budget is SIDA. In the same context, UCCIA also reported that in order to fund its strategic plan it was negotiating with SIDA for a package of support similar to the assistance SIDA was giving to TCCIA in Tanzania<sup>121</sup>. EACB – the key regional Association in East Africa gets a substantial amount of direct budgetary support for its projects and operations from Donors<sup>122</sup>.
73. The significance of Donor support can be measured by the fact that many of these Associations have a substantial membership. The combined membership of the Chambers of Commerce and Industry in Kenya, Tanzania and Uganda involves some 32,000 corporate entities. Besides, the membership figures of many of the Associations conceal some significant details. In quantitative terms, almost all organized business enterprises in these countries, belong to the listed Associations. In addition, some of this membership represents large groups of people. For example, the 60 members of EABC include almost all the above associations listed under Kenya, Tanzania and Uganda together with some major corporate groups in East Africa<sup>123</sup>. Likewise, the 100 members of MCA have their own membership totalling 30,000<sup>124</sup>
74. At the multilateral level, the WB through the governments or the International Finance Corporation (IFC), and a number of UN agencies were also reported to have supported many of the Associations in a range of activities. These forms of support may not have been quantified as funding to the budgets of the Associations although have had a considerable impact on their effectiveness. Clear examples of such support are in respect of the funding of various studies on strengthening the role of the private sector in the respective countries; the private sector support facility which exist in these institutions; and in particular, the joint venture investments arrangements in which IFC has participated in the four countries in partnership with the region's private sector.

#### *5.4 Role of the Associations in encouraging domestic/foreign joint ventures*

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<sup>121</sup> East African Business Council Business Cooperation Program Germany East Africa 2003

<sup>122</sup> East African Business Council Business Cooperation Program Germany East Africa 2003

<sup>123</sup> Enterprise Mauritius Report 2006

<sup>124</sup> Mauritius Chamber of Agriculture, Annual Report 2004 – 2005

75. Three categories of organizations reported that they were particularly active in encouraging and facilitating domestic/foreign joint ventures. These are: the Chambers of Commerce, Industry and Agriculture; the Manufacturers Associations; and, the Regional Associations. The latter operates at the levels of RECs. Specifically, the role of the Associations as reported during the interviews is to bring the joint venture partners together, without direct involvement or participation in the negotiations for agreements.
76. In the case of East Africa, the Associations reported that they actually established EACCI to facilitate joint ventures not only amongst business enterprises in the three countries, but also, between corporations in the three countries and foreign owned companies. Many of the Associations reported working with donors in identifying business and investment partners. These contacts were reported to include arrangements for capital contributions to joint ventures and other forms of participation<sup>125</sup>.

#### 4.5 Relationship of PPPs to NEPAD

77. The Associations reported that they participated in the promotion of PPPs but not in direct relationship to NEPAD. This is an area where responses were clear and positive and specific to PPPs. However, such responses continued to raise the issue of the extent the private sector could identify on-going NEPAD projects such as the EASSY etc., which is basically a PPP. The Associations readily recognized the PPP dimension of the EASSY project, but not its NEPAD relationship. The significance of this omission is that the PPPs, in effect, are the major thrust of the NEPAD programme. The failure on the part of the private sector in these countries to identify NEPAD projects reverts back to the question of its awareness of NEPAD opportunities.
78. There are also some other PPPs of NEPAD category in East Africa, which the Associations did not seem to relate to NEPAD. These projects, in which the private sector has been involved in their promotion, are: the Kenya–Uganda Oil Pipeline; the Zambia-Tanzania - Kenya electricity interconnectivity; the Concession of the Kenya – Uganda Railway; the successful e-school NEPAD programme, especially in Uganda etc. In reality, the lack of awareness of NEPAD projects and opportunities in these countries by the private sector is so real that even in situations where the sector was involved in such a project; it did not know that the project was NEPAD related.

#### 5.6 Relationship between private sector associations and NEPAD institutions

79. We examine below the prevailing interface and interactive links between NEPAD Secretariats; NEPAD national focal points (i.e. the national coordinating government ministries); and, private sector Associations. The context is to explore the extent of contact between these institutions or lack of it, and why; the reasons for lack of such

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<sup>125</sup> The Kenya Association of Manufactures, Annual Report July 2004 – June 2005

contacts; and, the immediate expectations. Figure II shows the situation relating to communication between the NEPAD institutions and those private sector associations (appearing in figure I).

**Table II: Contacts between NEPAD Secretariats; NEPAD national focal points (national coordinating ministry) and Private Sector**

NEPAD Country Office	Contact with Private Sector		Reasons for lack of Contact	Expects improvement in budgeting resources
	On NEPAD STAP	On APRM		
NEPAD Kenya (Ministry of Planning)	X	v	Non – availability of budgetary resources	No assured budgetary allocations
NEPAD Mauritius (Ministry of Foreign Affairs)	X	v	Non – availability of budgetary resources	No assured budgetary allocations
NEPAD Tanzania (Ministry of Planning)	X	X	Non – availability of budgetary resources	No assured budgetary allocations
NEPAD Uganda (National Planning Authority)	X	v	Non - availability of budgetary resources	No assured budgetary allocations

Sources: Responses based on Interviews with each of the offices in figure II

80. The position from figure II above is clear. In the critical center, where implementation of NEPAD-STAP makes NEPAD consultations really vital, this process has not taken place except for APRM that the three governments (Kenya, Mauritius and Uganda) have been implementing. In every case, the offices cited the budgetary constraints as a key problem.

## **VI. Recommendations**

81. In the ultimate analysis the implementation of NEPAD is a matter of political will on the part of the governments involved. In particular, implementation of NEPAD-STAP will require the same commitment and political will which has made it possible for these governments to implement APRM.

82. All the associations and institutions that were interviewed for this study felt that the issue of awareness needed a coordinated thinking and action by all the stakeholders' i.e. the governments, the RECs and the private sector to determine where, in the scheme of things, they would like to place NEPAD in their priorities. It must be emphasized that the locus of initiative on NEPAD projects, and the nexus of action for their implementation, rests with the national governments and regional RECs. The RECs are an important factor, but they are answerable to the governments. In consequence, since we must maintain this paradigm of government - as the principal NEPAD stakeholder, it leads to an inescapable conclusion that the only way NEPAD projects can be accessed by the private sector is for the government to do the following:

Integrate NEPAD projects into national and regional plans and bring NEPAD to the fore-front of regional priorities.

NEPAD office or NEPAD national focal point should formulate and implement a comprehensive NEPAD sensitization programme including NEPAD seminars, designed specifically for, and targeted to the private sector Associations in particular, and private sector corporate entities.

Provision of adequate funding by government to NEPAD national focal point for the NEPAD sensitization and implementation NEPAD programmes.

Conclude as early as possible the necessary legal instruments relating to infrastructure development and management by the private sector.

Include NEPAD agenda in all the Business-Government-Consultations and finalize such consultations with arrangements for way forward on NEPAD projects and private sector participation.

Approve the inclusion of NEPAD agenda in all the Summits of RECs.

83. The RECs essentially “own” are the key regional stakeholder of the NEPAD projects under their Abuja Communiqué of 30<sup>th</sup> October 2003. Thus, the RECs should have a center stage in doing the following:

Ensure that the NEPAD agenda and the priority NEPAD projects are placed on the agenda of every Summit of the respective RECs and on all meetings between the RECs and the private sector Associations that are affiliated to the RECs.

Lead an awareness campaign of NEPAD programmes including sensitization sessions and seminars on NEPAD projects for regional private sector associations.

Prioritize funding NEPAD related programmes and activities and draw up programmes of assisting private sector to secure funding for NEPAD.

84. The private sector Associations should recognize that they are the principal beneficiaries of the implementation of NEPAD-STAP because it is the foundation of its growth, and a source of its long-term earnings. Accordingly, it should do the following:

Include NEPAD opportunities for the private sector in the agenda of the Associations quarterly, semi-annually and every annual meeting of its membership, and: identify profitable areas in NEPAD for its membership participation.

Set up a unit within their associations that would coordinate NEPAD opportunities for its membership; and, facilitate - where possible, financing for its members in their implementation of NEPAD projects.

Organize periodic seminars for its membership on NEPAD projects geared towards educating its members on the benefits of NEPAD to the private sector and opportunities available for its membership participation.

Raise NEPAD issues in Business-Government-Consultations and agree on joint NEPAD programme with the government.

85. Finally, the NEPAD Africa office in South Africa should set up a Monitoring UNIT for quarterly visit to every region to assess and advice on NEPAD programme implementation. Such visits will also periodically assess existing problems regarding NEPAD in the region as a whole.

**Table III: Private sector awareness and involvement in NEPAD**

Regional and National Associations	Awareness of the Existence of NEPAD	Awareness of NEPAD Projects Opportunities	Readiness to participate in NEPAD Projects implementation
East African Business Council:	v	X	v
East African Chamber of Commerce	v	X	v
<b>KENYA</b>			
Kenya Private Sector Alliance:	v	X	v
Kenya National Chamber of Commerce and Industry	v	X	v
Kenya Association of Manufactures:	v	X	v
Kenya Business Council	v	X	v
Kenya Association of Building and Civil Engineering Contractors	v	X	v
<b>MAURITIUS</b>			
Mauritius Chamber of Commerce and Industry;	v	X	v
Mauritius Chamber of Agriculture	v	X	v
Enterprise Mauritius	v	X	v
Mauritius National Economic and Social Council	v	X	v
Mauritius Building and Civil Engineering Contractors Association	v	X	v
<b>TANZANIA</b>			
Tanzania National Private Sector Foundation	v	X	v
Tanzania National Business Council	v	X	v
Confederation of Tanzania Industry	v	X	v
Tanzania Chamber of Commerce Industry and Agriculture	v	X	v
National Construction Council	v	X	v
<b>UGANDA</b>			
Uganda National Chamber of Commerce and Industry	v	X	v
Uganda Manufacturers Association	v	X	v
Uganda Private Sector Foundation	v	X	v
Uganda National Association of Building and Civil Engineering Contractors	v	X	v

*KEY: v signifies YES; X Signifies NO.*

*Source: Direct interview with officials of the Associations*

**Table IV: NEPAD-STAP – Selected Regional Projects in East Africa**

Programs/ Projects	Sector	Category	Action
Program to enhance Peace and Security	Governance	Continental	Continuing
CAADPO	Agriculture	Regional	Regional Implementation Plan
Access and connectivity:			
<ul style="list-style-type: none"> <li>Corridor 1: Mombasa – Malaba – Katuna – Kigali – Bujumbura</li> </ul>	Road	Regional	DD/FS stage*
<ul style="list-style-type: none"> <li>Corridor 2: Dar es Salaam – Masaka.</li> </ul>	Road	Regional	None
<ul style="list-style-type: none"> <li>Corridor 3: Biharamulo – Lodwar – Lokichogio.</li> </ul>	Road	Regional	None
<ul style="list-style-type: none"> <li>Corridor 4: Nyakanazi – Tunduma</li> </ul>	Road	Regional	DD/FD stage
<ul style="list-style-type: none"> <li>Corridor 5: Tunduma – Arusha – Nairobi – Moyale.</li> </ul>	Road	Regional	DD/FS stage
<ul style="list-style-type: none"> <li>The road corridors connecting Sudan, Ethiopia, Eritrea and Djibouti</li> </ul>	Road	Regional	None
<ul style="list-style-type: none"> <li>Gedarf – Gallabal – Gondar - AddisAbaba</li> </ul>	Road	Regional	None
<ul style="list-style-type: none"> <li>Gedarf – Humera – Gondai – Barentu.</li> </ul>	Road	Regional	None
<ul style="list-style-type: none"> <li>The East Africa Coast submarine fibre optic cable project with inland connection including to land-locked countries.</li> </ul>	ICT	Regional	Implementation stage
<ul style="list-style-type: none"> <li>The Oil pipeline extension projects from Mabala to Bujumbura.</li> </ul>	Energy	Regional	None
<ul style="list-style-type: none"> <li>Kenya – Uganda Oil Pipeline</li> </ul>	Energy	Regional	Implementation stage
<ul style="list-style-type: none"> <li>Zambia-Tanzania-Kenya Interconnection</li> </ul>	Energy	Regional	FS/Stage
Education and Health	Social Sector	National	Continuing program

*DD = Detailed Design*

*FS = Feasibility Study*

**Table V: Promotion of NEPAD Programme/Projects**

Regional and National Associations	Existence of Mechanism in Private sector for NEPAD	Deliberate Policy in promoting		Facilitating financing for Projects	
		Private Sector Dev.	NEPAD Projects	NEPAD	PRIVATE
East African Business Council:	X	v	X		X
East African Chamber of Commerce	X	v	X		X
<b>KENYA</b>					
Kenya Private Sector Alliance:	X	v	X	X	v
Kenya National Chamber of Commerce and Industry	X	v	X	X	v
Kenya Association of Manufactures:	X	v	X	X	v
Kenya Business Council	X	v	X	X	X
Kenya association of Building and Civil Engineering Contractors	X	v	X	X	X
<b>MAURITIUS</b>					
Mauritius Chamber of Commerce and Industry;	X	v	X	X	X
Mauritius Chamber of Agriculture Enterprise Mauritius	X	v	X	X	X
Mauritius National Economic and Social Council	X	v	X	X	X
Mauritius Building and Civil Engineering Contractors Association	X	v	X	X	X
<b>TANZANIA</b>					
Tanzania National Private Sector Foundation	X	v	X	X	v
Tanzania Business Council	X	v	X	X	X
Confederation of Tanzania Industry	X	v	X	X	v
Tanzania Chamber of Commerce Industry and Agriculture	X	v	X	X	X
National Construction Council	X	v	X	X	X
<b>UGANDA</b>					
Uganda National Chamber of Commerce and Industry	X	v	X	X	v
Uganda Manufacturers Association	X	v	X	X	v
Uganda Private Sector Foundation	X	v	X	X	v
Uganda National Association of Building and Civil Engineering Contractors	X	v	X	X	X

KEY: v signifies YES; and X signifies NO; Source: Interviews with the associations

**Table VI: Business - Government - Consultations**

<b>Regional and National Associations</b>	<b>Existence of consultative forum</b>	<b>Promotion of: PPPs APRM</b>		<b>PPPS related to NEPAD</b>	<b>Domestic foreign joint ventures</b>
East African Business Council:	v	v	X	X	X
East African Chamber of Commerce	v	v	X	X	v
<b>KENYA</b>					
Kenya Private Sector Alliance	v	v	v	X	v
Kenya National Chamber of Commerce and Industry	v	v	v	X	v
Kenya Association of Manufactures	v	v	v	X	v
Kenya Business Council	v	X	v	X	v
Kenya Association of Building and Civil Engineering Contractors	v	N/A	N/A	N/A	X
<b>MAURITIUS</b>					
Mauritius Chamber of Commerce and Industry;	v	v	v	X	v
Mauritius Chamber of Agriculture	v	X	v	X	X
Enterprise Mauritius	v	v	v	X	v
Mauritius National Economic and Social Council	v	X	v	X	X
Mauritius Building and Civil Engineering Contractors Association	v	X	X	X	X
<b>TANZANIA</b>					
Tanzania National Private Sector Foundation	v	v	X	X	X
Tanzania Business Council	v	X	X	X	v
Confederation of Tanzania Industry	v	v	X	X	X
Tanzania Chamber of Commerce Industry and Agriculture	v	v	X	X	v
National Construction Council	v	X	X	X	X
<b>UGANDA</b>					
Uganda National Chamber of Commerce and Industry	v	v	v	X	v
Uganda Manufacturers Association	v	v	v	X	v
Uganda Private Sector Foundation	v	v	v	X	v
Uganda National Association of Building and Civil Engineering Contractors	v	v	v	X	X

*KEY: v signifies YES; and X signifies NO; Source: Annual reports of the associations and interviews with the associations.*

*Table VII: Involvement of Donor Agencies in the Private Sector Associations*

<b>Regional and National Associations</b>	<b>Year Established</b>	<b>Types of Organization</b>	<b>Source of Funding</b>	<b>Total Membership</b>
East African Business Council:	1997	Regional	M&D	60
East African Chamber of Commerce	2005	Regional	Members	3
<b>KENYA</b>				
Kenya Private Sector Alliance:	2003	Alliance of Associations	M&D	200
Kenya National Chamber of Commerce and Industry	1965	Multi – Sector	Members	15,000
Kenya Association of Manufactures:				
Kenya Business Council	2002	Sector specific Alliance of Ass.	M & D Members	18
Kenya association of Building and Civil Engineering contractors	2005	Sector-Specific	N/A	N/A
<b>MAURITIUS</b>				
Mauritius Chamber of Commerce and Industry;	1850	Multi-Sector	Members	400
Mauritius Chamber of Agriculture	1853	Sector-specific	Members	100
Enterprise Mauritius	2004	Multi-Sector	N/A	N/A
Mauritius National Economic and Social Council	2002	Private Govt.	Private & Govt	23
Mauritius Building and Civil Engineering Contractors Association	1997	Sector specific	Members	15
<b>TANZANIA</b>				
Tanzania National Private Sector Foundation	1998	Multi-Sector	M&D	120
Tanzanian Business Council	2001	Multi-Sector	Private & Govt	N/A
Confederation of Tanzania Industry	1991	Sector specific	Members	270
Tanzania Chamber of Commerce Industry and Agriculture	1978	Multi-Sector	M & D	12,000
National Construction Council	1979	Sector specific	Private-Govt	N/A
<b>UGANDA</b>				
Uganda National Chamber of Commerce and Industry	1993	Multi- Sector	M&D	5,000
Uganda Manufacturers Association	1968	Sector Specific	Members	700
Uganda Private Sector Foundation	2005	Alliance of Ass.	Members	40
Uganda National Association of Building and Civil Engineering Contractors	1963	Sector – Specific	Members	240

*M&D signifies Members and Donors.*

*Source: From annual and other reports of the associations and direct interviews.*







# ANNEX

## I. Introduction

### A. Background

As a key stakeholder in Africa's development, the private sector is the main engine for generating economic growth and employment. In particular, the role of the private sector is instrumental in securing successful and effective implementation of the NEPAD and its various priority programs and projects. The critical issue, though, is how to help unleash the powerful potential of the private sector and harness its role in making a substantial contribution to the implementation of NEPAD.

With a view to help Member States effectively deliberate on this issue, the Office of the Special Adviser on Africa (OSAA) of the UN Secretariat organized an expert group meeting on the theme "The Private Sector's Institutional Response to NEPAD: Review of Current Experience and Practices" from 6-7 November 2007 at the UN Headquarters in New York. Within the context of OSAA's work on and interest in the role of the private sector and NEPAD, this meeting was complimentary to the previous expert group meeting entitled "The Contribution of the Private Sector to the Implementation of NEPAD".<sup>126</sup>

### B. Objectives

The objective of the expert group meeting was to examine the institutional response of the private sector in Africa to NEPAD, including particularly, its institutional capacities to effectively participate in the implementation of NEPAD. To this end, the meeting was to provide assessment of the extent, to which the African private sector is organized, aware of and enabled for participation in NEPAD programs and projects. The meeting initially reviewed and provided in-depth comments on three sub-regional studies, which examined the private sector's current experience and practices in the implementation of NEPAD in Eastern African, Western African and Southern African sub-regions. It also presented policy recommendations for Member States' policy deliberations on how to enhance the private sector's institutional response to NEPAD.

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<sup>126</sup> It was organized by OSAA in collaboration with the NEPAD Secretariat. It took place from 28 February – 2 March 2005 in Midrand, South Africa.

### **C. Participation and Thematic Focus**

The meeting was attended by participants drawn from various fields of expertise, such as private sector associations, regional African banks, including the African Development Bank (ADB) and regional economic communities (See Annex for the list of participants). This allowed for different perspectives on the private sector's institutional response, hence helping enrich the discussion.

The three studies examined the private sector's current experience and practices in the implementation of NEPAD in Eastern African, Western African and Southern African sub-regions.<sup>127</sup> In particular, the studies addressed the nature and extent of the strategic readiness of national, sub-regional and regional private sector associations in these sub-regions. This includes private sector's orientation in terms of awareness of NEPAD-related opportunities and effectiveness of related structures to promote NEPAD. The studies, which formed the basis of the meeting, are contained in this current publication.

Upon the presentation of the studies' major findings, participants reviewed, made detailed comments and held interactive debate on the studies. The meeting generated concluding remarks and several policy recommendations on issues such as private sector's awareness, preparedness, motivation and capacity to participate in NEPAD projects, as related to the private sector's institutional response.

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<sup>127</sup> Given time and resource constraints, the study on North Africa was not conducted at this stage.

## II. Summary of Opening Session and Plenar Sessions

### A. Opening Session

The meeting was chaired by Mr. Mehdi Hamam, Officer-in-Charge and Senior Economic Affairs Officer of the Policy Analysis and Monitoring Unit (PAMU) in OSAA. In his welcoming remarks, Mr. Hamam highlighted the importance of the meeting for OSAA's work on the private sector and NEPAD implementation. As objectives of the meeting, he stated that the meeting should:

- a. review key findings of the three sub-regional studies on the private sector's institutional response to NEPAD, including particularly, the sub-regions' current experience and practices;
- b. examine the institutional capacity of the private sector and private sector groups in Africa to fully engage in the implementation of NEPAD;
- c. examine the extent and nature of private sector-government consultations, including public-private partnerships (PPPs), possibly aimed at NEPAD programs and projects; and
- d. provide policy recommendations to address key issues of institutional response of the private sector, including its awareness, preparedness and motivation to participate in NEPAD programs and projects.

### B. First Plenary Session: Presentation and Discussion of the Southern African Case Study

#### 1. *Presentation*

The study presented by John Maré, reviewed the extent to which the Southern African private sector is organized for participation in NEPAD projects, including, inter alia, its capacity to utilize the opportunities arising from NEPAD and related structures to promote NEPAD. The study focussed on the role of organized business associations as umbrella organizations at national, sub-regional and regional levels, which play a key role in ensuring support for NEPAD implementation in a sustainable manner.

In his presentation, Mr. Maré highlighted on virtually non-existent orientation of Southern African business association activities, with the exception of NEPAD Business Forum, to target NEPAD and utilize the opportunities. He also emphasized the problem of associations' limited facilitation of their members' understanding of NEPAD, mainly due to the associations' own limited knowledge of NEPAD and capacity constraints. Furthermore, he noted that business-government consultations take place completely

outside the NEPAD context with little institutionalized contact. The problem of weak business-government consultations manifested itself, especially, in business associations' lacking linkages with the NEPAD focal point in Southern Africa. To conclude, he indicated that almost all business entities generally lack awareness and orientation of their activities towards NEPAD. Moreover, he noted that substantial capacity problems on the private sector and bureaucracy side pose a major challenge in ensuring productive relationship between the private and public sectors.

## 2. Discussion

In the ensuing discussion, experts commented on the situation in Southern Africa as surprising, particularly given the strength of the private sector and the location of the NEPAD Secretariat in South Africa. To help improve the situation, they made the following observations as well as some recommendations:

*Vital role of business associations:* In overcoming limited involvement of the private sector in NEPAD, organized business associations at national, sub-regional and regional levels play a major role, particularly as umbrella organizations in mobilizing private sector participation.

*Limited awareness of NEPAD-related opportunities:* This problem is across the board, in almost all organized Southern African business entities requires urgent remedy. It may be attributed to their nature and function, such as being non-profits, operating on a low budget and lack of financial, technical and institutional capacity to access NEPAD opportunities.

*Lack of focus:* Given unclear articulation of NEPAD opportunities and lack of specific focus of NEPAD program, NEPAD Secretariat should bring stakeholders together with a more strategic. This should entail focussing on sectors and sectoral associations to produce more deliverables.

*Monitoring and strategic outreach:* In this context, the NEPAD Secretariat needs to conduct monitoring of private sector participation in NEPAD and strategic outreach, including through development of database of PPPs. Brokering of PPPs therefore warrants particular attention, given their critical importance for NEPAD implementation.

*Need for success stories and tangible projects:* There is need to highlight more success stories and tangible projects such as NEPAD Comprehensive Africa Agriculture Development Programme (CAADP), so as to indicate a way to move NEPAD forward.

*Business-government consultations:* Notwithstanding the varying levels of business-government dialogue within the subregion and between individual states, NEPAD is seldom on the agenda of business-government consultations and has not yet become a key ingredient of the consultations. A possibility for improvement is for the private

sector associations to have their own NEPAD focal point and liaise in a structured manner with the government NEPAD focal points.

*Small and medium-sized enterprises (SMEs):* Given SMEs' vital role in Africa's development, it is essential to effectively integrate them in NEPAD processes. In particular, it remains an important issue on how to bring these enterprises together and build their capacity with access to funding, especially, government funding.

## **C. Second Plenary Session: Presentation and Discussion of the Western African Case Study**

### **1. Presentation**

The study presented by Mr. Omoweh examined the level of awareness and engagement between NEPAD and the private sector in Western Africa. It found that tremendous deficit of information and limited awareness of NEPAD-related opportunities is a major cause for concern. The majority of business associations are not aware of the opportunities and they are not able to promote them, and this is mainly attributable to lack of adequate information.

Also, most of the business associations are hampered by institutional weakness, lack of capacity and financial constraints. Mr. Omoweh suggested that for institutional consolidation, it is necessary to group several business associations into a small number of associations. As regards the private sector associations' capacity, he highlighted the need for capacity training, while also urging development banks such as ADB to help strengthen the associations' capacity.

He also raised concerns about viable funding source of NEPAD projects.

As regards to business-government consultations, Mr. Omoweh observed that there was substantial improvement, but not in the NEPAD context. Further, his study suggested exploring some facilities such as Investment Climate Facility for Africa that will be valuable to help the private sector implement NEPAD projects.

### **2. Discussion**

The ensuing discussion, above all, revolved around the following issues related to funding, NEPAD opportunities and private sector associations:

*NEPAD opportunities:* Clarification is needed on what specific opportunities NEPAD present for the private sector, by referring to concrete project examples. It also warrants further clarification on whether the private sector has taken up any of these opportunities. The study presented here could have used ongoing NEPAD projects (e.g., West African

Gas Pipeline Project and CCADP Program); which may serve as a case study to provide evidence-based and measurable examples of the private sector's response to NEPAD.

*Funding:* Despite positive developments such as increasing availability of funds, there are problems associated with banks' usually short-term lending. There is also need to review the statutory limitations on private sector associations to allow them access funding. This recognition notwithstanding, it should also be noted that challenges are not always of a financial nature but problems of leadership. For substantial but underutilized financial resources often exist in and outside Africa.

*Business associations:* A view is that the primary role of business associations is promotion and facilitation, not financial or project funding. However, the problem is that most of the associations do not have formalized or institutionalized policies to promote NEPAD projects among their members.

## **D. Third Plenary Session: Presentation and Discussion of the Eastern African Case Study**

### ***1. Presentation***

The study presented by Mr. Mosha established the extent that Eastern African business associations are informed about NEPAD opportunities. It found that at best, the associations are only aware of the African Peer Review Mechanism (APRM), hence the urgent need for sufficient information. In his presentation, in order to overcome capacity problems prevalent among Eastern African business associations, Mr. Mosha underscored the importance of having the capacity to use the resources, particularly, financial resources.

He also highlighted a total disconnection between NEPAD and the private sector. Among the issues highlighted are: insufficient incorporation of NEPAD priorities in national planning, lack of prioritization even within the governments, confusion about ownership and lack of clarity over NEPAD rallying point, to which the private sector can turn. As solution, Mr. Mosha underscored the need to incorporate NEPAD priorities into national planning, sensitize the private sector and use financial resources of regional economic communities (RECs) to promote NEPAD projects and hold national- and regional-level stakeholder meetings.

### ***2. Discussion***

In the ensuing discussion, comments were made, especially on the value-added of NEPAD, capacity of NEPAD Secretariat and regional integration dimension of NEPAD activities.

*Value-added of “Brand NEPAD”*: The main question is what value-added the brand NEPAD has, especially in regional projects. At present, there are already some large scale regional projects in areas such as infrastructure; and the reality is that the private sector is interested in projects, which are not necessarily NEPAD projects. Further question concerns how to reconcile NEPAD projects (seen as mega projects) with the current structure of Eastern African economy mostly composed of SMEs.

*NEPAD Secretariat’s role and capacity*: NEPAD Secretariat lacks time and capacity to assist the private sector to secure donor funding for NEPAD projects. At the same time, private sector associations have limited budget and capacity to prioritize projects. To help address these capacity problems, it is advisable to create a post of a private sector advisor in the NEPAD Secretariat, while also prioritizing NEPAD projects in consultative manner. In addition, NEPAD Secretariat has to address its lack of internal coordination.

*Regional integration provision*: For NEPAD projects to qualify and obtain major funding, at least, two African countries need to approve of them. In view of this provision of NEPAD, RECs’ approach and position vis-à-vis NEPAD projects warrant clarification.

### **III. Conclusion and Policy Recommendations**

In the concluding session, it was stated that ‘new partnership’ is at the core of NEPAD - hence necessitating a genuine new partnership, including new partnerships between private and public sectors. In this context, particular concern was expressed over insufficient awareness, information sharing as well as lack of capacity both on the side of public and private sector. In addition, reference to NEPAD as a planning framework was recognized as a major cause for concern.

To help Member States to effectively address these issues, experts offered the following closing remarks and policy recommendations on respective roles of African governments and private sector associations:

*Role of African governments*: African governments need to effectively integrate NEPAD program into their national economic programs. They also need to allocate more and adequate financial resources in promoting NEPAD program and sensitizing private sector about NEPAD opportunities.

*Role of private sector associations*: In view of private sector associations’ important intermediation role, it is necessary to specifically identify which effective roles private sector associations can play, and in which areas. Private sector associations can play an active and proactive role, for example, by seeking collaboration with international private sector associations to explore new opportunities. Furthermore, there is a need to ensure a system of engagement between private sector associations in Africa, so as to interact among themselves and create forum on NEPAD.

*Value-added of “Brand NEPAD”:* A number of projects in all three sub-regions, which existed before NEPAD, were launched and were already being implemented, were subsequently “branded” as NEPAD projects; and new ones were added to the list. In this context, questions were raised on the value that was added to these projects by the NEPAD “brand”. The clarification was that NEPAD is recognized as Africa’s development blue print, and its brand was vital in getting additional global financial support for such projects.

*APRM and implementation of NEPAD programs and projects:* APRM is the governance process that sets the benchmarks in the governance of African countries in order to assure potential donors and financiers that NEPAD initiative would be successfully implemented. It is a process that helps pave the way for the implementation of NEPAD programs and projects.

*Financial resources:* Given the major challenge of how to tap into financial resources, it warrants a project identifying the sources of these resources. Also, there is need for serious bankable projects that can be supported.

*Capacity building in NEPAD:* Capacity building in NEPAD is needed in public sector, private sector and private sector associations. This should be done on the basis of assessment of the capacity gaps and constraints. In particular, it is necessary to assess the challenges associated with the absorptive capacity of resources committed to NEPAD programs. Capacity is not the problem per se, but when capacity is identified as an obstacle, it needs to be clearly defined. As regards capacity building, it warrants further clarification as to where to start with focal points, for example, in government ministries or RECs.

*Regional market development:* For effective development of the private sector, it is also important to recognize the need to urgently develop strong and harmonized regional market. Development of regional market and private sector development in Africa go hand in hand.

*SME sector:* Since SME sector is a dominant part of the private sector right across Africa, greater attention should be paid to SMEs and their integration in NEPAD implementation process. In this context, important questions need to be addressed, particularly those pertaining to SMEs’ capacity building with access to funding, including government funding.

*PPPs:* Importance needs to be attached to increasing PPPs, which will help enhance private sector awareness of NEPAD. In view of their critical importance for NEPAD implementation, serious consideration should be given to brokering of PPPs as well as development of their database for monitoring purpose of private sector participation in NEPAD.

*Information dissemination:* Information dissemination remains high on agenda, and it is essential to put in place processes of effective information dissemination on NEPAD and NEPAD-related opportunities.

In conclusion, experts urged for these recommendations to be brought to the attention of governments and private sector, while calling for a feasible and measurable action plans within concrete time frames.

## IV. Expert Group Meeting

*New York*  
6-7 November 2007

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## V. Abbreviation

### - A -

AU	African Union
ABR	Africa Business Roundtable
AEPRIMO	Associacao de Empresas Privadas de Mocambique
AfDB	African Development Bank
AGI	Association of Ghana Industries
AHI	Afrikaanse Handelsinstituut
AIMO	Association of Industrial Manufacturers of Mozambique
AMB	Associacao Mozambicana de Bancos
APAMO	Associacao dos Produtores de Acucar de Mozambique i.e. The Association of Mozambican Sugar Producers
APCI	Africa Productive Capacity Initiative
APED	Associacao dos Produtores de Banana
APRM	African Peer Review Mechanism
ASCCI	Association of SADC Chambers of Commerce and Industry
ASEAN	Association of South-East Asian Nations

### - B -

BCCIM	Botswana Chamber of Commerce, Industry and Manpower
BGCF	Business – Government Consultation Forums
BUSA	Business Unity South Africa

### - C -

CAADP	Comprehensive Africa Agriculture Development Programme
CACA	Confederation of African Contractors Association
CBN	Central Bank of Nigeria
CCIA	Chamber of Commerce, Industry and Artisans
CCIABF	Chamber of Commerce, Industry and Artisans of Burkina Faso
CCIAD	Chamber of Commerce, Industry and Agriculture of Dakar
CCIMOSA	Camera de Comercio e Industria Mocambique Afrique do Sul i.e. Chamber of Commerce and Industry Mozambique/South Africa
CCTAS	Chamber of Commerce, Trade and Agriculture of Senegal
CESAS	Council of Economic and Social Affairs of Senegal
CHAMSA	Chambers of Commerce and Industry South Africa
CSO	Civil Society Organizations
CTA	Confederacao das Associacoes Economicas de Mozambique i.e. The Confederation of Business Associations of Mozambique
CTI	Confederation of Tanzania Industries
CZI	Confederation of Zimbabwean Industries

### - D -

DANIDA	Danish International Development Agency
DBSA	Development Bank of Southern Africa
DFID	Department for International Development
DRC	Democratic Republic of Congo

### - E -

EABC	East African Business Council
EACCI	East African Chamber of Commerce

EASSy	East Coast of Africa Submarine Cable System
ECCAS	Economic Community of Central African States
ECOWAS	Economic Community of West African States
EM	Enterprise Mauritius
ERP	Economic Reform Programme
ESIPP	EU SADC Investment Promotion Programme
EU	European Union
<i>- F -</i>	
FABCOS	Foundation for African Business and Consumer Services
FAGE	Federation of Associations of Ghana Exporters
<i>- G -</i>	
GAB	Ghana Association of Bankers
GAC	Ghana Association of Consultants
GCM	Ghana Chamber of Mines
GEA	Ghana Employers Association
GHATOF	Ghana Association of Tourist Federation
GNCC	Ghana National Chamber of Commerce
GREDA	Ghana Real Estate Developers Association
GT	Growth Triangle
GTMAM	Garment and Textile Manufacturers Association of Malawi
<i>- H -</i>	
HIPC	Highly Indebted Poor Countries
HSGIC	Heads of State and Government Implementation Committee
<i>- I -</i>	
ICF	Investment Climate Facility
IFC	International Finance Corporation
ILO	International Labour Organization
IMF	International Monetary Fund
IPPF	Infrastructure Project Preparation Facility
<i>- K -</i>	
KAM	Kenya Association of Manufactures:
KBC	Kenya Business Council
KEPSA	Kenya Private Sector Alliance: Kenya Nation Media Group
KMSF	Kenya Ministerial Stake-holders Forum
KNCCI	Kenya National Chamber of Commerce and Industry
KNMG	Kenya Nation Media Group
<i>- L -</i>	
LCC	Lagos Chamber of Commerce
LCCI	Lesotho Chamber of Commerce and Industry
<i>- M -</i>	
MAN	Manufacturers' Association of Nigeria
MBA	Mauritius Bankers Association
MBACECA	Mauritius Building and Civil Engineering Contractors Association
MBI	Mauritius Board of Investment
MCA	Mauritius Chamber of Agriculture

MCCCI	Malawi Confederation of Chambers of Commerce and Industry
MCCI	Mauritius Chamber of Commerce and Industry;
MEBE	La Maison de L 'Entreprise du Burkina Faso
MESC	Mauritius Economic and Social Council
MFARING	Ministry of Foreign Affairs, Regional Integration and NEPAD of Ghana
MHRA	Mauritius Hoteliers and Restaurants Association
MIASA	Mining Industry Association of Southern Africa
MJEC	Mauritius Joint Economic Council
MNEPADS	Ministry of NEPAD of Senegal
MNPCC	Mauritius Productivity and Competitive Council
MNRIG	Ministry of NEPAD and Regional Integration of Ghana
- N -	
NACCIMA	National Association of Chambers of Commerce, Industry, Mines and Agriculture
NAFCOC	National African Federated Chambers of Commerce and Industry
NAFU	National African Farmers Union (of South Africa)
NB	NEPAD Bureau
NBF	NEPAD Business Foundation
NBG	NEPAD Business Group
NC	National Cell
NCC	National Construction Council
NCCE	National Commission on Civil Education
NCCI	Namibia Chamber of Commerce and Industry
NCES	National Council of Employers of Senegal
NECA	National Employers Consultative Associations
NECF	National Economic Consultative Forum
NEDLAC	National Economic Development and Labour Council
NEPAD	New Partnership for Africa's Development
NEPAD- STAP	NEPAD-Sort Term Action Plan
NGO	Non Governmental Organization
NIIF	NEPAD Infrastructure Investment Facility
NPoA	National Programme of Action
NUTS	National Union of Traders of Senegal
- O -	
ODA	Overseas Development Assistance
OPSM	Organized Private Sector Memo
- P -	
PEF	Private Enterprises Foundation
PPP	Public-Private Partnership
PSIG	Private Sector Infrastructure Group
- R -	
REC(s)	Regional Economic Community(ies)
RETOSA	Regional Tourism Organization of Southern Africa
RISDP	Regional Indicative Strategic Development Plan (of the SADC)

- S -	
SACAU	Southern African Confederation of Agricultural Unions
SACOB	South African Chamber of Business
SACU	Southern African Customs Union
SADC	Southern African Development Community
SADCBF	Southern African Development Community (SADC) Business Forum
SAEN	Southern African Enterprise Network
SARA	Southern African Railways Association
SBA	SADC Bankers Association
SBF	Southern Africa Business Forum
SDI	Spatial Development Initiative
SEG	Southern African Development Community (SADC) Employers Group
SEPAC	Small Enterprise Promotion Agency
SIDA	Swedish International Development Agency
SME	Small Medium Enterprise
SWCCI	Swaziland Chamber of Commerce and Industry (SWCCI)
- T -	
TBC	Tanzania Business Council
TCCIA	Tanzania Chamber of Commerce Industry and Agriculture
TPSF	Tanzania Private Sector Foundation;
- U -	
UK	United Kingdom
UMA	Uganda Manufacturers Association
UN	United Nations
UNABCEC	Uganda Association of Building and Civil Engineering Contractors
UNCCI	Uganda National Chamber of Commerce and Industry
UNCTAD	United Nations Conference on Trade and Development
UNECA	United Nations Economic Commission for Africa
UNOSAA	United Nations Office of the Adviser on Africa
UNPA	Uganda National Planning Authority
UPSF	Uganda Private Sector Foundation
- W -	
WAEMU	West African Monetary Union
WAGP	West African Gas Pipeline
WB	World Bank
- Z -	
ZACCI	Zambia Association of Commerce and Industry
ZBC	Zambia Business Council
ZBF	Zambia Business Forum
ZCSMBA	Zambia Chamber of Small and Medium Business Associations
ZMM-GT	Zambia-Malawi-Mozambique Growth Triangle
ZNFU	Zambian National Farmers' Union
ZTC	Tourism Council of Zambia

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