

Regional Gaps Analysis and Development of Regional Programme to Improve Industrial Competitiveness of SADC Member States

Capacity Gap Analysis: Key Findings and Recommendations

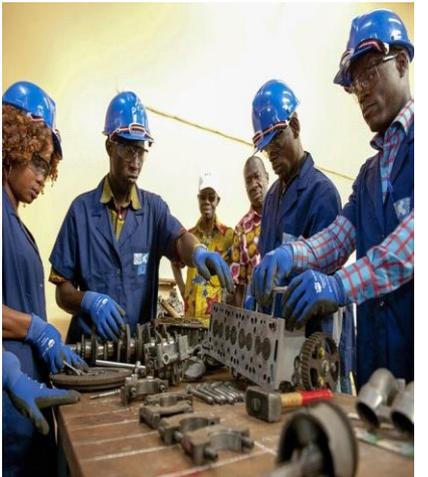
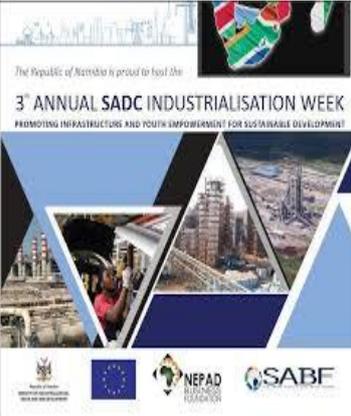


Table of Contents

List of Tables	iv
List of Figures.....	iv
List of annexes	v
List of abbreviations and acronyms	vi
1 Introduction and background.....	1
1.1 Project purpose and objectives	1
1.2 Rationale	1
1.3 Study methodology	1
1.3.1 Research tools	1
1.3.2 Sampling techniques	2
1.3.3 Selection of institutions for inclusion in the mapping exercise	3
1.3.4 Analysis techniques	4
2 Situational analysis	4
2.1 SADC Industrialisation Strategy, Road Map and Action Plan.....	5
2.1.1 General overview	5
2.1.2 Key pillars.....	5
2.1.3 Key drivers	5
2.1.4 Areas of emphasis.....	5
2.2 Member States Industrial Policies/Strategies	6
2.2.1 Policy design process	6
2.2.2 Key features of industrial policies in SADC Member States	7
2.3 Institutional framework	16
2.3.1 Review from “Best Practice”.....	17
2.3.2 Assessment of the situation on the ground	19
2.3.3 Institutional Mapping	20
2.4 Towards Industrial Competitiveness	37
2.4.1 Context of industrial competitiveness in SADC region.....	37
2.4.2 The drivers towards industrial competitiveness	40
2.4.3 Key member states challenges towards industrial competitiveness	41
2.3.4 Success stories from international benchmarking	49
2.4 National competitiveness support programmes.....	54
2.5 Results from the field survey – public Sector capability.....	75
2.5.1 Participation in the SADC Industrialization Strategy and Roadmap (2015 – 2063).....	76
2.5.2 Awareness of other Member States’ Industrial Policies and Strategies	77
2.5.3 Experience in writing or contributing to the production of reports, studies or publications	77

2.5.4	Data collection, processing and presentation	78
2.5.5	Graphical presentation	79
2.5.6	Use of international methodologies and databases to measure economic performance 80	
2.5.7	General skills and competences in databases use	80
2.5.8	Training preferences	80
2.5.9	QUIZ analysis results public sector	82
2.6	Results from the field survey – Private sector capability	83
2.6.1	Support required for advocacy activities	84
2.6.2	Involvement on the SADC Industrialization Strategy and Roadmap (2015 -2063).....	85
2.6.3	Collaborations with the public sector.....	86
2.6.5	Capacity building programme: interested topics	89
2.6.6	Extra views and concerns from the Apex bodies:	90
3	Key policy recommendations	92
4	Strategic implications for the capacity building programme.....	96
4.1	Thematic areas and respective areas of competency	96
4.2	Establishment of Industry Observatory Initiative for SADC Member States	98
4.2.1	Context and rationale	98
	Annex 1: List of people contacted during stakeholder consultations	101
	Annex 2: Profile of participants of staff capabilities assessment	106

List of Tables

Table 1: Summary for country score against the criteria - degree of overlap	2
Table 2: Target institutions for the fieldwork and mapping exercise	3
Table 3: Key issues to consider in designing M&E system for industrialization process	18
Table 4: Country score against best practice for institutional framework	19
Table 5: Summary of M&E activities carried out by SADC member states	20
Table 6: The Composition of the CIP Index	38
Table 7: 2018 CIP Index Results for SADC Member States	39
Table 8 Competitiveness matrix of member states following identified indicators	40
Table 9: Average yields for Malawi and benchmark countries	57
Table 10: Easy of doing business - countries comparison	60
Table 11: Summary of UNIDO supported programs in Tanzania (2011 – 2016)	64
Table 12: Training content preferred by the respondents	81
Table 13: Percentage Quiz Score per country based on sampled staff member's responses	82
Table 14: Members perception on the constraints they face with regard to data	88
Table 15: Type of data needed by specific apex bodies / Associations	89
Table 16: Sources of data and the utilization rate	89
Table 17: General profile of the key business association in the sample Member States	91
Table 18: Competency areas for capacity building program	96

List of Figures

Figure 1: The industrial policy formulation process in SADC Member States	6
Figure 2: The Kingdom of Eswatini: GDP at current market price in USD Million (2011 - 2016)	8
Figure 3: Framework for the Mauritius industrial and SME strategic plan	16
Figure 4: Schematic Presentation of Institutional Framework - South Africa	22
Figure 5: Schematic Presentation of Institutional Framework - Kingdom of Eswatini	24
Figure 6: Schematic Presentation of Institutional Framework - Tanzania	26
Figure 7: Schematic Presentation of Institutional Framework - Mauritius	29
Figure 8: Schematic Presentation of Institutional Framework - Zambia	32
Figure 9: Schematic Presentation of Institutional Framework - Malawi	35
Figure 10: Average score: SADC member states' level of participation within SISR (2015 – 2063) cycle	77
Figure 11: Awareness level for other member states' national policies and strategies	77
Figure 12: Staff competence in carrying out quantitative work	78
Figure 13: Participants Experience with Using Microsoft Excel	79
Figure 14: Participants experience in making graphical presentations	79

Figure 15: Database use by the participating members	80
Figure 16: Participants perception of different trainings.....	81
Figure 17: Average results for staff “Quiz” by tested category.....	83
Figure 18: Composition of the percentage work focus for the SADC apex bodies	83
Figure 19: The apex bodies’ demand for basic information required for the advocacy activity	84
Figure 20: The apex bodies demand for additional knowledge & for advocacy activities.....	85
Figure 21: Involvement of Apex Bodies in the design of the SADC Industrialization Strategy	85
Figure 22: Constraints faced by the Apex bodies in developing technical publications	88
Figure 23: Topics of major interest by the Apex Bodies	90

List of annexes

Annex 1: List of people contacted during stakeholder consultations	101
Annex 2: Profile of participants of staff capabilities assessment	106

List of abbreviations and acronyms

AFIDEP	African Institute for Development Policy (Malawi)
AMM	Association of Mauritian Manufacturers (Mauritius)
BE	Business Eswatini (Kingdom of Swaziland)
BUSA	Business Unit South Africa (South Africa)
CCPC	Competition and Consumer Protection Commission (Zambia)
CEEC	Citizens Economic Empowerment Commission (Zambia)
CIPC	Companies and Intellectual Property Commission (South Africa)
COITT	Council of Trade and Industry Institutions (South Africa)
CSO	Centre of Statistics Office (Kingdom of Eswatini)
CSO	Centre of Statistics Office (Zambia)
CT	Company Tribunals (South Africa)
CTI	Confederation of Tanzania Industries (Tanzania)
CZI	Confederation of Zimbabwe Industries (Zimbabwe)
DID	Department of Industrial Development (South Africa)
DIT	Department of Industry and Trade (South Africa)
DoIED	Department of Industry and Entrepreneurship Development (Seychelles)
DPME	Department of Planning, Monitoring and Evaluation (South Africa)
ECIC	Export Credit Insurance Corporation of South Africa SOC Limited (South Africa)
EDB	Economic Development Board (EDB)
EDD	Economic Development Department (South Africa)
ESEPARC	Eswatini Economic Policy and Research Centre (Kingdom of Eswatini)
EPZ	Export Processing Zone
ESRF	Economic and Social Research Foundation (Tanzania)
FCFASA	Federation of Clearing and Forwarding Associations of Southern Africa (Mauritius)
FDI	Foreign Direct Investment
GIZ	The Deutsche Gesellschaft für Internationale Zusammenarbeit
HS	Harmonized System
IDC	Industrial Development Corporation (South Africa)
INDSTAT	UNIDO's Industrial Statistics Database
IP	Industrial Policy
IPAP	Industrial Policy Action Plan (South Africa)
ISIC	International Standard Industrial Classification
ITAC	International Trade Administration Commission (South Africa)
KIZ	KAIZEN Institute of Zambia (Zambia)
LABORSTA	International Labor Organization Statistics
MAURITAS	Mauritius Accreditation Service (Mauritius)
MBEC	Ministry of Business, Enterprise and Cooperatives (Mauritius)

MCCCI	Malawi Confederation Chambers of Commerce and Industry (Malawi)
MCCI	Mauritius Chambers of Commerce and Industry (Mauritius)
MCTI	Ministry of Commerce, Trade and Industry (Zambia)
MEPD	Ministry of Economic Planning and Development (Kingdom of Eswatini)
MFED	Ministry of Finance and Economic Development (Mauritius)
MGDS	Malawi Growth and Development Strategy (Malawi)
MICCP	Ministry of Industry, Commerce and Consumer Protection (Mauritius)
MIT	Ministry of Industry and Trade (Tanzania)
MITC	Malawi Investment and Trade Centre (Malawi)
MITI	Ministry of Investment, Trade and Industry (Botswana)
MITT	Ministry of Industry, Trade and Tourism (Malawi)
MITSMED	Ministry of Industrialization, Trade and Small Medium Enterprises Development (Namibia)
MNREM	Ministry of Natural Resource, Energy and Mining (Malawi)
MoF	Ministry of Finance (Malawi)
MoA	Ministry of Agriculture (Kingdom of Swaziland)
MRA	Mauritius Revenue Authority (Mauritius)
MFA	Mauritius Freeport Authority (Mauritius)
MRC	Mauritius Research Council (Mauritius)
MSB	Mauritius Standards Bureau (Mauritius)
MBS	Malawi Bureau of Standards (Malawi)
NBS	National Bureau of Statistics (Tanzania)
NCC	Namibia Competition Commission (Namibia)
NCC	National Consumer Commission (South Africa)
NCCI	Namibia Chamber of Commerce and Industry (Namibia)
NCR	National Credit Regulator (South Africa)
NDC	National Development Corporation (Tanzania)
NDS	National Development Strategy (Kingdom of Eswatini)
NCT	National Consumer Tribunal (South Africa)
NDP	National Development Plan
NDC	Namibia Development Corporation (Namibia)
NEAB	Namibia Estate Agents Board (Namibia)
NEDLAC	National Economic Development and Labour Council
NEF	National Empowerment Fund (South Africa)
NISIR	National Institute for Scientific and Industrial Research (Zambia)
NGB	National Gambling Board (South Africa)
NLC	National Lotteries Commission (South Africa)
NMISA	National Metrology Institute of South Africa (South Africa)
NPCC	National Productivity and Competitiveness Council (Mauritius)
NRCS	National Regulator for Compulsory Specifications (South Africa)

NTF	Namibia Trade Forum (Namibia)
NSI	Namibia Standards Institution (Namibia)
NSA	Namibia Statistics Agency (Namibia)
NSO	National Statistics Office (Malawi)
NUST	Namibia University of Science and Technology (Namibia)
ODC	Offshore Development Company
OUM	Open University of Mauritius (Mauritius)
PACRA	Patents and Companies Registration Agency (Zambia)
PIPA	Provincial Investment Promotion Agency (South Africa)
POPC	President's Office, Planning Commission (Tanzania)
PSFL	Private Sector Foundation of Lesotho (Lesotho)
REC	Regional Economic Community
RSTP	Royal Science and Technology Park (Kingdom of Eswatini)
SABS	South African Bureau of Standards (South Africa)
SAIPR	Southern African Institute for Policy and Research (Zambia)
SEDCO	Small Enterprises Development Company Limited (Kingdom of Eswatini)
SMEDI	Small and Medium Enterprises Development Institute (Malawi)
SMME	Small, Micro, and Medium Enterprises
SANAS	South African National Accreditation System (South Africa)
SARC	South African Revenue Service (South Africa)
SDGs	Sustainable Development Goals
SIDO	Small Industries Development Organization (Tanzania)
SISR	SADC Industrialization Strategy and Roadmap (2015 – 2063)
SITC	Standard International Trade Classification
STATS SA	Statistics South Africa
STC	State Trading Corporation (Mauritius)
STIPRO	Science, Technology and Innovation Policy Research Organization (Tanzania)
TCCIA	Tanzania Chamber of Commerce, Industry and Agriculture (Tanzania)
TEMDO	Tanzania Engineering and Manufacturing Design Organization (Tanzania)
TIC	Tanzania Investment Centre (Tanzania)
TIPS	Trade and Industrial Policy Strategies (TIPS)
TIRDO	Tanzania Industrial Research and Development Organization (Tanzania)
TKU	Tanzania Kaizen Unit (Tanzania)
TPSF	Tanzania Private Sector Foundation (Tanzania)
TRAINS	Trade Analysis and Information System
UNCTAD	United Nations Conference on Trade and Development
UNISWA	University of Eswatini (Kingdom of Eswatini)
UN-COMTRADE	United Nations Common Trade Statistics
UNIDO	United Nations Industrial Development Organization

UoM	University of Mauritius (Mauritius)
UTM	University of Technology Mauritius
WB	World Bank
WBEMC	Walvis Bay EPZ Management Company (Namibia)
WITS	World Integrated Trade Solution
WBCG	Walvis Bay Corridor Group (Namibia)
ZACCI	Zambia Chamber of Commerce and Industry (Zambia)
ZAM	Zambia Association of Manufacturers (ZAM)
ZBS	Zambia Bureau of Standards (Zambia)
ZCSA	Zambia Compulsory Standards Agency (Zambia)
ZCSMBA	Zambia Chamber of Small and Medium Businesses Association (Zambia)
ZIPAR	Zambia Institute for Policy Analysis and Research (Zambia)
ZDA	Zambia Development Agency (Zambia)
ZWM	Zambia Weights and Measures (Zambia)

1 Introduction and background

This document presents the results of the Diagnostic Phase for the assignment on “Regional Gaps Analysis and Development of Regional Programme to Improve Industrial Competitiveness of SADC Member States”. The findings and recommendations presented in this report will provide an overarching view of the framework in which the proposed Regional Capacity Building Program and Competitiveness Support Programs will operate.¹ These will finally feed into action plan for the operationalization of the SADC Industrialization Strategy and Roadmap 2015-2063 (SISR).

1.1 Project purpose and objectives

The specific objective of the study is to develop a capacity building programme for various institutions responsible for industrial policy formulation, implementation, monitoring and evaluation.² The capacity building program will focus in among other things, identifying specific strategic interventions in specialized themes such as policy research, data collection, analysis and presentation of industrial information.

1.2 Rationale

SISR seeks to modernize and transform the regional economy and raise the standards of living of the region’s population in a sustained way. Its implementation is expected to accelerate structural change and enable SADC countries to catch up with industrializing and developed countries. Industrialization is being pursued because of its potential catalytic role in transforming the regional economies based on the vast natural resources, its capacity to engender and *enhance competitiveness of the regional economy* and potential to deepen regional integration. Industrialization aims at enhancing economic activity based on agro-processing, mineral beneficiation and downstream processing as well as industry and service driven value chains.

The study is premised on the fact that, on average, the competitiveness of most Sub-Saharan countries has not changed significantly over the last decade. This situation has implications on the SADC industrial Competitiveness. Industrial Competitiveness in SADC describes SADC’s position within the current industrial global setting. Studies on SADC industrial competitiveness show with some exceptions for the two outliers (South Africa and Mauritius), SADC scores in all the indicators of Ease of Doing Business³ are far behind the international dynamics. The observation of these drivers suggests that the basic problem of SADC industry lies not in the investment climate (which can certainly be improved) or in gaining market access to rich countries but in the low level of its industrial capabilities.

Among the many actions that must be undertaken is the development of regional programme to improve competitiveness of Member States. This is designed to ensure that all SADC Member States strive to achieve the same goals of industrialization and eliminate chances of contradictory policy instruments that might work against the SADC industrialization objectives.⁴

1.3 Study methodology

The study employed a mixed research approach comprising of quantitative and qualitative assessments. A number of research tools were exploited in order to maximize the validity and reliability of the presented information.

1.3.1 Research tools

For the qualitative assessment, two main tools were used as presented below:

¹ The Regional Program for Enhancing Member States Competitiveness will be submitted in a separate document

² Both at regional and the individual member states level.

³ The ‘Ease of Doing Business’ survey are carried out periodically by the World Bank.

⁴ A costed Action Plan to guide the implementation of the SISR was approved by the Summit of Heads of state and Government in Swaziland in March 2017.

- Desk research / secondary literature review: The following parameters were examined:
 - Member states industrial policy processes.
 - National and regional level competitiveness reports.
 - Best practices for industrialisation anchored capacity building programmes.
 - The national competitiveness support programmes.
 - Existing public and private institutions responsible for the monitoring and evaluation of industrial policies or those carrying out research related to the industrial performance.
- Interviews: One-on-one interviews were held with national focal points from the sampled member states. Member states were asked to propose candidates who have better knowledge on the subject matter for the purposes of holding interviews with the assessment team. The interviews were then conducted within the respondent's office premises so as to give them more convenience and also allow active participation.

For quantitative data, two sets of tools were deployed

- Semi-structured questionnaires: A sample survey was carried using the questionnaires prepared by the assessment team. These were distributed to the selected national focal points for onward distribution to other technical in respective departments.
- Staff Quiz: A quiz was administered to the staff working within the institutions responsible for promoting industrial development. The objective of the quiz was to gauge their general level of skills and competencies on different thematic areas related to their work environment

1.3.2 Sampling techniques

A representative sample was drawn from the population of SADC Member States which comprises of 16 countries. A list of representative countries (Member States) was selected using a Systematic Sampling Technique. The criteria used to guide the selection process is presented below:

- Regional Integration Index.
- Double Troika countries.
- Member States implementing the competitiveness capacity building programme and Industrial Upgrading Modernization Programme (IUMP).
- Competitiveness of the Member States.

On the basis of the above criteria, countries which met most of the required parameters were finally selected as the sample size. In this regard, the assessment team used the "degree of overlap" overall as the key deciding factor.⁵

Table 1: Summary for country score against the criteria - degree of overlap

Degree of overlap	Number of countries
Countries appeared in all of the four criteria	Namibia, Swaziland and Tanzania
Countries appeared in three of the criteria	Angola, Mauritius, South Africa
Countries appeared in two of the criteria	Botswana, DRC, Madagascar, Mozambique, Seychelles, Zambia and Zimbabwe
Country appeared in only one criteria	Lesotho and Malawi
Comoro is a new member	

⁵ Under this criteria, countries with highest degree of overall was given more weight.

On the basis of the established criteria, seven (7) countries were selected as a sample size. This represents approximately 44% of the total population (i.e. the 16 Member States). Out of the seven (7) countries selected, six (6) had the highest degree of overlap and one (i) country was selected from amongst the ones with least frequency (appearance). Countries included in the sample are: Namibia; Swaziland; Tanzania; South Africa; Mauritius; Malawi and Zambia.

The selection of countries in the sample size also considered a need to:

- Discern 'lesson' learned and 'best practices' from countries which have done relatively well in developing their industrial competitiveness.
- Take advantage from the countries which have had experience in providing leadership and higher level representation so as to influence policy decisions.
- Tap on the experiences of countries which have implemented similar programmes before to understand what worked, what did not work and challenges going forward.
- Provide an opportunity to countries which are still at developing stages and which have relatively low regional integration index to participate in the evaluation/survey. The objective is two-fold, first to understand what capacity they are missing and secondly, garner their views on how their capacity could be enhanced.

1.3.3 Selection of institutions for inclusion in the mapping exercise

At the institutional level, the assessment covered those institutions who play significant role in the industrial policy cycle both at national and regional level. These comprise both the public and private institutions. The table below provide an overview of the targeted institutions for field assessment.

The mapping exercise also involved all institutions who play significant role in the industrial policy cycle in general and more specifically those who are largely involved in the formulation or monitoring and evaluation of industrial policies both at national and regional level. As well as these, institutions which carry out research and diagnosis of industrial performance in respective countries were included in the sample size. These comprise both the public and private institutions. Against this background the following institutions were targeted for the assessment.

Table 2: Target institutions for the fieldwork and mapping exercise

Assessment level	Target institutions
Regional	SADC secretariat
	Association of SADC Chambers of Commerce and Industry (ASCCI) or NEPAD Business Foundation.
	Any other relevant regional institutions referred to the assessment team.
Country/National	Ministries in charge of Industrialization.
	Associations of Manufacturers/Industrialists.
	National Bureaus of Statistics.
	Other Public Sector institutions engaging in Industrial policy cycle (Agencies of Ministries in charge).
	Investment Promotion Agencies.
	Research Institutes which provide outputs in the Economic and Industrial development.

	Private sector federations/foundations.
	Chambers of Industry and Commerce.
	Any other relevant national institutions referred to the assessment team.

In view of the fact that institutional set up differ from a country to a country, the choice of institutions for inclusion in the study was customized in the context of local dynamics of respective countries in order to discern relevant information specific to them. This was made possible through a ‘purposive selection’ process which was built up in desk review. The national ‘focal points’ provided a “backup” for determining and creating connection between the assessment team and the selected institutions. The approach is commonly referred to as ‘snow ball’ technique.

Factors which were considered in making a “final” selection of institutions include:

- Potential for making a significant contribution to the country if included in the competitiveness programme.
- Potential for producing ‘quality’ analytical outputs on industrial performance assessments.
- Degree of involvement in the industrial policy development processes.⁶

1.3.4 Analysis techniques

The study used Microsoft excel to process collected data and prepare matrices, tables and graphs for presentation purposes. For the case of quantitative data, the assessment team adopted a “descriptive” analysis to filter out information from the survey and the data scored from the quiz. The interviews were analysed using “thematic analysis: techniques in which case the interpretation of data was carried out in line with the pre-determined industrial policy thematic areas. This was also a case for the information from desk research / secondary literature review. In-depth analysis was carried out in both cases following the below guiding steps:

- Develop a synthesis of results by combining major findings from the literature review and stakeholder’s consultations.
- Carry out benchmarking / country comparisons: The objective was to document experiences from successful models and best practices to develop a credible capacity-building programme.
- Perform “sensitivity analysis” to ensure that appropriate ‘safety nets’ are deployed to increase future chances of success and/or cover the risk of failure and/ or underperformance of the capacity building programme.
- Identify the most limiting factors from the list of the identified success factors.

2 Situational analysis

This section presents analysis of the industrial competitive environment in each member states covered in the study, including: an overview of the SISR; Member States industrial policies/strategies; institutional framework and capacities for industrial policy; success factors from international benchmarking; national competitiveness support programs; and results from field survey. The contents draw from a combination of findings from literature review and field visits. All the analyses are presented in the overall context of SADC Industrialisation Agenda.

⁶ The higher the degree of involvement, the more the institutions were qualified for inclusion.

2.1 SADC Industrialisation Strategy, Road Map and Action Plan

2.1.1 General overview

The SADC Industrialization Strategy and Roadmap, 2015-2063, was approved by the Extra-Ordinary Summit in Harare, Zimbabwe, in April 2015. It is an agreement by Member States to act collectively, as a Region, to implement effective strategies that boost the productive capacity of industries, develop infrastructure that leverages industrialization and promotes technological advancement.

The Strategy's long term vision is aligned to the African Union Agenda 2063, covering the period 2015-2063. During this period, SADC economies seek to overcome their development constraints, and progressively move from factor-driven; to investment-driven, then to efficiency-driven; and ultimately to the high growth trajectory driven by knowledge, innovation and business sophistication.

It is envisioned that by 2063, the SADC region will be fully transformed and will be an important player in the continental and global landscape, premised on the three growth phases:

- Phase I: covers 2015 to 2020. This period constitutes a period of active frontloading of the Industrial Development and Market Integration and related infrastructure and services support to industrialization, with interventions to strengthen integration and competitiveness. During this phase, SADC countries should target per capita income growth of about 6 percent annually to achieve the lower income band of the factor-driven stage of US\$ 2000.
- Phase II: covers the period 2021 to 2050, will focus on diversification and enhancement of productivity and competitiveness. During this period, SADC aims to achieve the targeted GDP per capita of US\$ 9000 by 2050 and a per capita growth rate of 8 per cent annually from 2020 onwards.
- Phase III: covers 2051 – 2063, during which SADC economies would move into the innovation-driven stage, characterized by advanced technologies and increased business sophistication. To achieve that status, GDP per capita would need to rise from US\$ 9000 in 2050 to US\$ 17000 by 2063, with an annual income growth of about 5 per cent.

2.1.2 Key pillars

The Strategy is anchored on three pillars namely; (i) industrialization as champion of economic and technological transformation; (ii) competitiveness as an active process to move from comparative advantage to competitive advantage; and (iii) regional integration and geography as the context for industrial development and economic prosperity.

2.1.3 Key drivers

The Regional Strategy is driven by national development strategies, visions and plans and primarily by the SADC Treaty, the RISDP, SADC protocols and specifically by the Industrial Development Policy Framework (IDPF). It is also informed by African Union's Accelerated Industrial Development of Africa and Agenda 2063.

2.1.4 Areas of emphasis

The primary orientation of the Strategy is the necessity for the structural transformation of the SADC region by way of industrialization, modernization, upgrading and closer regional integration. Industrialization should be seen as a long-term process of structural transformation and enhanced competitiveness of the entire SADC region. The SADC region is in catch-up mode and needs to run faster than other emerging economies to converge with upper middle-income and high-income countries.

The SADC Industrialization Strategy and Roadmap seeks to engender a major economic and technological transformation at the national and regional levels within the context of deeper regional integration. It also aims at accelerating the growth momentum and enhancing the comparative and competitive advantage of the economies of the region. This entails the pursuit of a focused programme for the accumulation and deployment of knowledge, modern physical assets and human capital, particularly the youth as well as other capabilities. A transformed economy has greater promise for substantially raising living standards, generating employment, alleviating poverty and mitigating external shocks.

The Strategy is premised on the conviction that regional integration will promote industrialization. It recognizes that industrial policy and implementation will be largely undertaken at the national level and that its success depends on forging a compact for industry consisting of the government, the private sector, civil society, labour and the development partners.⁷

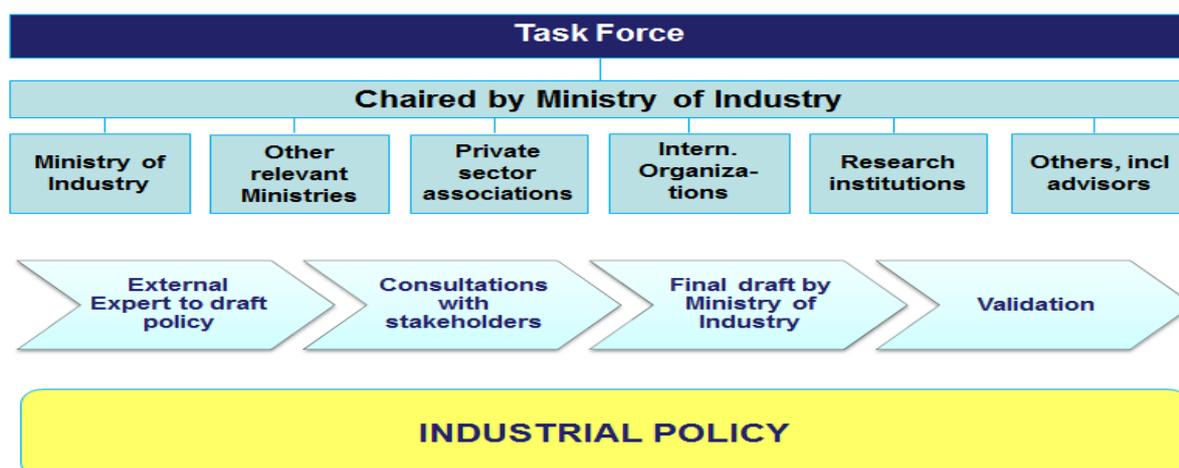
2.2 Member States Industrial Policies/Strategies

Most SADC Member States visited during the field mission, have an Industrial policy in place. In some cases, the policies are alignment to the overarching SADC Industrialisation Strategy, Road Map and Action Plan. In all cases, Member States have industrialization as one of the main priorities in their development plans.

2.2.1 Policy design process

The diagnosis and design of the national industrial policies are carried out in a very similar manner across Member States. In particular, Ministry responsible for Industry maintain the overall coordination process for policy formulation. These institutions oversee the entire process right through the final draft stage. However, all countries were found to ensure a strong participatory approach to the exercise, through a platform equivalent to a “task force”, and through meetings with a range of stakeholders. Furthermore, all countries received the support of external consultants, in particular for the first drafts of the policy. In all cases, private sector representation was key for all Member States having already undergone this process.

Figure 1: The industrial policy formulation process in SADC Member States



Source: Diagnostic survey, March 2019

In the paragraphs below. We outline key features of industrial policy in respective countries, the objectives as well as the strategies to implementing the policies

⁷ SADC Industrialization Strategy and Roadmap, 2015-2063

2.2.2 Key features of industrial policies in SADC Member States

The Kingdom of Eswatini

The Kingdom of Eswatini developed the Industrial Development Policy (IDP) for the period of 2015 to 2022 with the aim of setting out the country's path in the area of industrial and trade development and in particular to achieve the Vision 2022 targets. Before this policy, Swaziland did not have any industrial policy or strategy.

Policy Objectives

Being a small open economy with few natural resources, Lesotho has adopted a policy based on encouraging export oriented manufacturing and creating an environment conducive to private sector development.

Lesotho's industrial policy has also concentrated on labour intensive industries to meet the desperate need for job creation. Recently, there has been a significant shift to develop some capital intensive industries some of which are resource based such as brick and tile production.

Foreign trade policies in the country have been geared towards export promotion in general and specifically for buttressing the growth of the manufacturing sector.

Strategies

Realizing that its domestic market is small, Lesotho's industrial strategies are thus designed to promote industrial investment which would capitalize on its access to consumer markets. Much emphasis has been placed on the development of industries such as assembly operations using imported materials such as textiles and TV sets.

Privatization of state enterprises is one of the strategies being pursued by the government. Also attractive incentives are offered to investors and exporters.

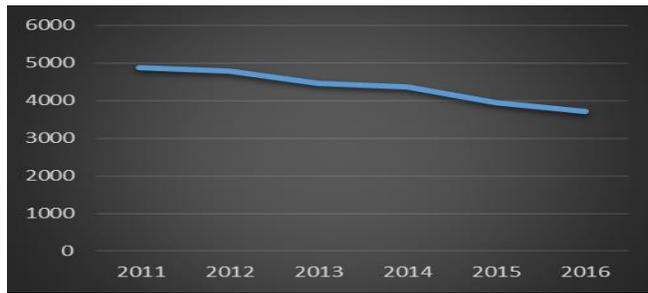
Priority Areas

Investment opportunities exist in agro-industries, furniture, garments/textiles, and footwear. In addition; weaving, knitting and dyeing facilities to service the garments/textile industry and increase overall integration. There are also opportunities for the production of consumer products which include electronics and pharmaceuticals.

The slugging down of the country economic development is among the push factors for developing the IDP (2015 – 2022). The main objective of the policy was to revitalize the industrial sector by setting the principles to be followed in promoting economic growth in general and fostering structural transformation in particular. Prior to the development of the policy, the country experienced a significant decline on economic growth, investment and exports. This made the country more vulnerable to external shocks and threaten the overall pace of development. The economy slowdown was evident from the downward trend of the GDP (See **Figure 2** below). The fast drop of the real GDP annual growth rate from 4.7% to -0.6% in 2013 and 2016, respectively, was the main trigger point for the country to come up with a new policy and strategy.⁸

⁸ The Kingdom of Eswatini, Industrial Development Policy, (2015-2022)

Figure 2: The Kingdom of Eswatini: GDP at current market price in USD Million (2011 - 2016)



South Africa

South African National Industrial Policy Framework (NIPF) was approved in 2007 with a vision of facilitating sector diversification by: moving towards non-traditional tradable products; a movement towards knowledge economy; and promotion of labour absorbing and broader based industrialization path in order to accommodate disadvantaged and marginalized society.

Supportive and stable macro-economic and regulatory environment, appropriate skills, reliable infrastructure and technology have been mentioned as important supporting pillars for the vision to be realized. Thirteen strategic programmes were developed to come with a policy, some being cross-cutting and others sector specific. This was explained as the existing impossibility for one-size-fit all policy. To grow and diversify manufacturing and tradable services was mentioned as the key challenge for South Africa industrialization.⁹

NIPF is not a new policy direction but a logical evolution of government economic policy, all of which is inspired by the principles of the Reconstruction and Development Programme (RDP). More specifically, the industrial policy is based on the consensus that the economic fundamentals are largely in place at a macroeconomic level and that the strengthening of the economy at the microeconomic level is the next frontier of economic policy and implementation.

Objectives of the NIPF

- The National Industrial Policy Framework (NIPF) has a fundamental role to play in achieving the Accelerated and Shared Growth Initiative of South Africa's (ASGI-SA) goals of accelerating GDP growth to over 6 percent by 2010 and to halving unemployment and poverty by 2014 and the further intensification of industrialisation towards a knowledge economy beyond 2014.
- The primary objective of the National Industrial Policy Framework (NIPF) is to set out government's approach to the industrial development of the South African economy. Consequently, the NIPF sets out a vision for the industrial economy for both the short-medium and medium-long term.

It is important to emphasize that the NIPF is a Framework rather than a blueprint for South Africa's industrialisation process. Much of the detail of intervention will flow from existing or future processes that are informed by the document. Therefore, it does not attempt to address every question related to the industrial development trajectory. Rather it focuses on principles, processes and a set of strategic processes through which structural change will be achieved.

Aims

⁹ DTI (2007a). The National Industrial Policy Framework

The NIPF aims to provide strategic direction to the economy with respect to the issue of industrial development. First, it is aimed at providing greater clarity and certainty to the private sector and social partners with respect to investment decisions. Second, it is intended to provide a reference point for substantial improvements in intra-governmental coordination of the numerous and complex set of policies and projects that will form part of the NIPF.

This vision is to be achieved through the implementation of thirteen strategic programmes

- Sector Strategies
- Industrial Financing
- Trade Policy
- Skills and Education for Industrialisation
- Competition Policy and Regulation
- Leveraging Public Expenditure
- Industrial Upgrading
- Innovation and Technology
- Spatial and Industrial Infrastructure
- Finance and Services to Small Enterprises
- Leveraging Empowerment for Growth and Employment
- Regional and African Industrial and Trade Framework.¹⁰

Malawi

Policy Objectives

Malawi has accorded high priority to industrialisation as a means of accelerating the pace of economic growth and the desire for structural transformation of the economy. In this regard, she has worked on a comprehensive National Integrated Trade and Industry policy. The formula of the policy was based on an initial situation analysis. The policy advocates export market orientation and the participation of the private sector (including foreign direct investment). Agro-processing and manufacturing is a central theme as well as the concept of encouraging Spatial Development Initiatives.

Strategies

The policy framework includes trade, industry and human resource development strategies to support and promote a sustainable, competitive and export-led growth of the economy. Specifically, the objective of the industrial strategy is to assist the sector increase its production and contribution to employment, upgrade its manufacturing processes and products, improve productivity and international competitiveness, encourage import substitution where efficient, and promote export of manufactured goods.

Strengthening links between SME and large Industries is one of the country's strategies. Incentives for investors and exporters have been improved as have the foreign exchange control regime and tax system. The Export Processing Zone (EPZ) as a strategy to augment exports was introduced in 1995 and to date there are 14 companies exporting under this scheme.

Priority Areas

Malawi has a very small domestic market and a limited natural resource endowment. As such, she has adopted an export-oriented growth strategy based on large-scale agriculture and agro-based manufacturing. These sectors offer investment opportunities in the development of related industries. They include:

- Agro-processing and horticulture industries.
- Fertiliser and pesticide manufacture.
- Textile, and clothing.
- Leather and leather products industries.
- Wood and wood products, pulp and paper.

¹⁰ South Africa: National Industrial Policy Framework

- Cement production.
- Machinery, transport equipment and electrical engineering;
- Agricultural machinery and equipment.
- Minerals mining.

Namibia

The Namibia's Industrial Policy (NIP), which came into effect in 2012 aims at facilitating the achievement of the country's vision 2030, and is meant to be a guiding tool for the charting the path towards industrialization. The country's National Development Plans (NDPs) released every five years by the National Planning Commission, reflects the progress of NIP implementation and also reshapes the policy agenda to accommodate emerging realities on the ground.

Although the NIP came out before the SADC Industrialization Strategy and Roadmap (2015 – 2063), according to stakeholders interviewed, it provided some basic principles for guiding the formulation of SADC wide strategy, particularly on the implementation. The Growth at Home Strategy, which was adopted by the national cabinet in the year 2014, mimics most of the SADC industrialization strategy action plans since they both focus on implementation of the industrial policies.

Before the formulation of the Namibia's Industrial Policy (2012 – 2030), the country's economy was weak as far as the industrial competitiveness is concerned. The economy was shallow in terms of production and export structure, which left the country very vulnerable to external shocks. High unemployment rate and poverty for large percentage of the population due to huge income inequality were among the mentioned existed challenges before the year 2010, in the post-independence era (MITSMED, 2012).

Policy Objectives

The industrial development policies for Namibia aim to¹¹:

- Increase manufacturing value-added by stimulating productivity, increased exports, and where efficient, import substitution;
- Diversify and integrate the economy through accelerated growth of the industrial sector and the creation of better links between sub-sectors;
- Generate productive employment and income opportunities for Namibians, especially disadvantaged groups such as women;
- Improve geographical distribution of industry in relation to location of raw materials, markets, population and employment demands; and
- Develop SME participation in industry performance.

Strategies

The private sector is expected to be a lead player, while foreign investment is expected to be the main catalyst for development. Education and training are key priorities.

The country offers a generous range of incentives and low taxation. The most important measures put in place to promote investment are: the Foreign Investment Act (1990), special incentives for manufacturing enterprises (1993), the export incentives (1994), and Namibia's Export Processing Zone (1995).

Priority areas

Investment opportunities in the manufacturing sector in Namibia include:

- Agro-processing industries such as cotton ginning, weaving, milling of cotton seeds for oil, animal feeds, leather tanning and processing, fruit canning and processing of fish products and canning.

¹¹ Analysed from the macro-economic framework.

- Small scale industries such as cement, fertilisers, and plastic injection molding; and
- Light engineering industries such as maintenance and repair workshops and cans and other packaging production.

Growth at Home Strategy

The strategy provides a roadmap for the implementation of the NIP (2012 – 2030). It also ensures that the vision 2030 for making Namibia an industrialized economy with high income is realised. Reflecting the vision 2030, the strategy is meant to achieve changes in the production and export structure, enhance MSMEs contribution to wealth, facilitate sustainable job creation and promote labour-intensive growth. For this reason, the strategy has three intervention areas, namely: supporting value addition; upgrading and diversification; securing market access at home and abroad; and improving the investment climate. The main principles of the Growth at Home strategy are: local value addition; targeted and phased approach towards industrialization; increased value added exports targeting 70% of total exports value by 2030; promoting regional value chains; infant industry protection; and continuous reform to enhance competitiveness.

The implementation of the strategy is project-based. At the planning stage, 11 general reforms which are cross-sectoral were defined together with respective intervention areas. These include: The Industrial Upgrading and Modernization Programme (IUMP); Supportive Incentive Schemes (e.g. the Equipment Aid Scheme focusing MSMEs Certification Scheme, Special Incentives for Manufacturers and Exporters¹²; MSME Certification, Business Support Services Programme, Rental Support Programme, Sites and Premises Programme, and Ozone Programme.

Others are industrial development infrastructure programme (which focuses on improving investment climate; re-engineering of business registration and intellectual property (which seeks to promote entrepreneurship and innovation); and regular structured PPD platform, which is coordinated and supervised by the NTF to ensure continuous engagement of the private sector in driving the economic growth.

Tanzania

The crucial role of inclusive and sustainable industrial development for Tanzania is well appreciated and targeted in main international and national development plans. At national level, policies and implementation plans have put the industrial development agenda at the forefront, with the Long Term Perspective Plan (LTPP) 2011/12-2025/6 providing the overarching strategy linking the envisaged three Five Year Development Plans, oriented towards achieving the National Development Vision of making Tanzania a semi-industrialized country by 2025. The second Five Year Development plan is set to articulate the importance of reorganizing national efforts to nurture an industrial economy, based particularly on adding value to the abundant natural resources, and with the goal to obtain significant job creation.¹³

The Integrated Industrial Development Strategy (IIDS) 2025 provides the overall guidance for implementation of the industrial development agenda in Tanzania. The vision of the IIDS is to:

- Build-up an internationally competitive business environment through development of industrial clusters formation, institutional support and concentrated infrastructure development, and promote internationally competitive industries and enterprises to make the industrial sector the real engine of economic growth.
- Make Tanzania the industrial and logistics hub of East and Central Africa, through extension and improvement of the existing development corridors and provision of an export and import platform at the waterfront

¹² The scheme focuses on local procurement support initiatives for public and private sector entities

¹³ Tanzania Industrial Competitiveness Report, 2015

- Promote rural industrialization through an “Agricultural Development Led Industrialization” strategy, to support the successful implementation of *Kilimo Kwanza* and enhance equitable regional growth.
- Provide growth opportunities to all growth-oriented micro, small and medium scale enterprises and entrepreneurs through provision of attentive supporting measures appropriate to each of the specific developmental stages that local enterprises and industries pass through as they up-grade and graduate from the bottom upwards.¹⁴

Targets

Through the implementation of the strategy, IIDS targets the manufacturing sector¹ to grow by 15 % per annum on average, to attain a gross manufacturing value of 16 billion US Dollars and 23% share in GDP composition by 2025.¹⁵

Policy objectives

Economic policy in Tanzania is geared towards the creation of an enabling environment for private sector participation. Great emphasis is placed on the market as the main mechanism for resource allocation and the private sector as the central player in economic decision making. Foreign direct investment is very much encouraged. The focus of the policies is thus the creation of an enabling investment climate by promoting macro-economic stability and growth. The main goals of the policies include: human development and creation of employment opportunities, economic transformation for achieving sustainable economic growth, achieving external balance, environmental sustainability, and equitable development.¹⁶

Strategies

To stimulate interest in both local and foreign investment, the government passed the necessary legislation that outlines the provisions for investment in areas of national priority and provides attractive incentives and guarantees.

Private investment (both local and foreign) is considered as the main engine of growth. The government has introduced wide ranging market-based reforms to rehabilitate the economy and sustain growth. The reforms have included: price deregulation, trade liberalization, re-examination of the role of co-operatives and marketing boards, promulgation of an investment policy, and financial system reforms.

Restructuring and privatization of state owned enterprises is one of the strategies. Other strategies include: education and training, support and promotion of institutions that facilitate industrial development, promotion of SMEs, improving the regulatory environment including a stable tax structure, and improvement of industrial related policies such as labour and land policies etc. The aim is to promote industries that are competitive with an export orientation. There is a need to improve the infrastructure in order to support competitive industrialisation.

Priority areas

Key priority areas include:

- Agro-processing industries;
- Forestry and fishing;
- Mineral beneficiation such as cobalt, nickel, and gem stones.
- Textiles, clothing and footwear;
- Metal working engineering industries;

¹⁴ Integrated Industrial Development Strategy, 2025

¹⁵ The estimation is made on the assumption of average GDP growth at 8.0% and population

¹⁶ -ibid-

- Industries producing agricultural inputs e.g. fertilisers and pesticides, farm machinery and equipment etc.; and
- Transport and communications equipment.

Zambia

The Government of the Republic of Zambia has placed industrial development at the core of its development agenda. Therefore, this National Industrial Policy is motivated by the aspirations of the Country's Vision 2030 which aims at transforming Zambia into a prosperous middle income economy. The Policy sets out Government's approach to the industrial development of the country. It spells out guidelines that will inform the implementation of Government's industrial development agenda, with particular reference to the growth, diversification, upgrading and competitiveness of Zambia's manufacturing sector. The National Industrial Policy is expected to drive the transformation process which will assist the country deliver sustainable jobs, equitable growth and wide spread poverty reduction.¹⁷

The Industrial Policy is directly linked and aligned with other National and Sector Policies to ensure smooth and coordinated implementation of the agenda to transform the economy in line with the Vision 2030. In addition, this policy is in line and conformity with regional policies such as the COMESA and SADC Industrial policies.

Previously, industrial policy matters were covered under the Commercial, Trade and Industrial (CTI) Policy which was adopted in 2009 and launched in 2010. The CTI Policy covered both issues of Trade and Industrial development. The policy was aimed at developing an enabling economic environment in Zambia which supported private investments, enabled the development of domestic productive capacities, and contributed to the expansion of Zambia's international trade. The Industrial component of the CTI policy anticipated an expanding manufacturing sector base and diversification of the economy.

A review of the CTI Policy revealed that the industrial sector had underperformed and there were gaps in the policy. These were mainly related to the failure to adequately address specific policy objectives/strategies such as: capacity building for local firms to produce competitively both for the local and international markets; provision of Business Development Services to MSMEs and the enforcement of compulsory standards.

Other gaps included inability to facilitate the use of the local content; unclear terms of incentive packages for local and foreign investors; clarity on measures to foster rural industrialization, Youth and Women empowerment; and promotion of infant industries and their products. Additionally, it was observed that there were unclear incentive packages and inadequate information and guidance regarding value addition and value chains to facilitate the processing of goods from production to consumption.

Further, the CTI Policy did not allow for concerted emphasis to be placed on industrial development hence, public knowledge on the country's industrial policy was limited. The implementation of the policy was not properly coordinated with other national policies. Buy-in and ownership of the policy by other line ministries was weak thereby negatively impacting cross sector implementation.

Overall objective

The overall objective of the policy is to transform Zambia from a producer and exporter of primary products into a net exporter of value added goods utilising local primary resources with increased citizens' participation.¹⁸

¹⁷ National Industrial Policy

¹⁸ Republic of Zambia, National Industrial Policy, March 2018

The Vision

To be an industrialized and competitive nation with a diversified, innovative and globally competitive industrial base, which contributes to sustainable growth and employment creation by 2027.

Rationale

The rationale of the National Industrial Policy is to facilitate sustainable economic growth through industrialisation. The Industrial Policy was designed to guide the accelerated the growth of the manufacturing sector and increase efficiency in utilization of natural resources. The Policy also provides guidance to development of an Industrial sector that is driven by strong partnerships that promote domestic innovation through Research and Development.

Guiding principles

The implementation of the policy is guided by the following principles:

- *Inclusiveness* - It is necessary that deliberate efforts are made to ensure that both local and foreign entrepreneurs equitably participate in the industrialisation process. In addition, other disadvantaged groups such as women, youths and people with disabilities should be given equal opportunities to actively participate in the economy.
- *Realism and Implement ability* - Interventions and measures in this policy should be based on a realistic implementation plan informed by results based management principles.
- *Responsiveness* - Interventions and measures should be responsive to the needs of industry and be aligned to the broader national objective of reducing inequality, poverty, employment creation and uplifting the living standards of the majority in line with the Vision 2030.
- *Policy predictability* - This policy underscores the need for policy consistency, transparency and commitment to a conducive and predictable economic environment.

Policy focus

The implementation of the National Industrial Policy is expected to stimulate and encourage value addition activities on primary commodities as a means of increasing national export earnings and creating employment opportunities and ultimately transform the Zambian economy into a diversified and competitive industrialized economy which is well integrated into the international trading system. This Policy focuses on eight (8) Manufacturing sub-sectors as priority drivers of Industrialisation. The priority sub-sectors are as follows:

- Processed Foods;
- Textiles and Garments;
- Engineering Products;
- Wood and Wood products;
- Leather and Leather Products;
- Mineral (metallic and non-metallic) processing and products (beneficiation);
- Pharmaceuticals; and
- Blue Economy

In addition to the eight priority sub-sectors, Construction, Agriculture, Tourism, Education, Energy, ICT and Health, will be the key supportive sectors in the Industrialisation process due to their potential to facilitate growth and strong linkages to the manufacturing sector.

Mauritius

The industrialisation agenda in Mauritius is still guided by the old Industrial and SME Strategic Plan 2010-13). The life time of the strategic plan has ended and to-date there is no update strategic plan or policy in place to guide agenda.

Objectives

The objectives of the strategy were geared to propel development of innovative, high-tech and skill-intensive industries capable of operating in a trading environment where they are not sheltered under the umbrella of trade preferences and which are able to cope with the multifaceted challenges emanating from the global trading arena. It is considered that reform measures taken since 2005 to promote investment are vital to facilitate the transition to a knowledge and technology-based industrial sector.

Strategic thrust

The principal thrust of the strategy was the development of a globally competitive innovative and technologically strong SME base. It also aimed at strengthening the existing ongoing entrepreneurship and support measures to stimulate growth of new enterprises and equip existing SMEs with technical and innovative capabilities to raise productivity, efficiency and profitability. The Strategic Plan advocated an Entrepreneurial and an Innovation-led model of industrial development, taking into consideration relevant measures in Government's programme 2005-2010 and the challenges facing the industrial sector.

The strategic plan revolves around four strategic thrusts that were further broken down into fourteen strategies and 83 projects and programmes.

These strategic thrusts relate to

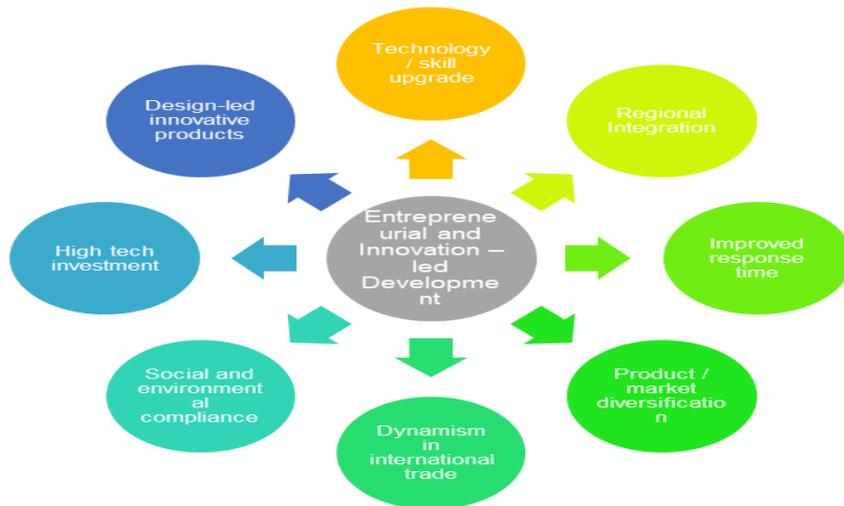
- Competitive Policies
- Competitive Institutions
- Competitive SMEs
- Competitive HR base

A strategy framework

A strategy framework for the industry and SME sector emphasized an entrepreneurial and innovative approach at enterprises and institutional support level for the consolidation, modernization, expansion and diversification of the industry and SME sector. Key underpinnings of the strategy were:

- entrepreneurship development,
- technology upgrade,
- knowledge and skills development for more design-led/ creative products,
- improved response time,
- promotion of market and product diversification,
- environmentally and socially sustainable production and
- an aggressive investment campaign targeting more high-tech companies.

Figure 3: Framework for the Mauritius industrial and SME strategic plan



Source: *Industrial and SME Strategic Plan 2010-2013*

2.3 Institutional framework

This section presents results of the institutional mapping exercise for SADC Member States. The analysis is performed against the backdrop that the main emphasis for the SADC Industrialisation Policy is to build the capacity of the existing institutions – ownership and sustainability. As a result, the assessment team studied and documented the framework under which these institutions operate, their strengths, challenges and opportunities.

In view of the above, the most relevant institutions are considered to be those which are either in charge of – or have a large role in – the formulation or monitoring and evaluation of the industrial policy, and/or those which carry out research and diagnosis of industrial performance. These institutions are envisaged to become the principal beneficiaries of the proposed capacity building program.

At a generic level, the main targeted institutions in each Member State include:

- Ministries in charge of Industrialization
- Association of Manufacturers/Industrialist
- National Bureau of Statistics
- Other public sector institutions engaging in industrial policy cycle¹⁹ (Agencies of Ministries in charge)
- Research Institutes with output in Economic and Industrial Development
- Private Sector Foundations
- Chambers of Industry and Commerce
- Any other relevant National Institutions

In undertaking the institutional framework analysis, we have considered the following parameters:

- Key institutions responsible for policy formulation and implementation at national level.
- The coordination mechanisms between the institutions.
- Main institutional coordinators and their respective roles.
- The role of other institutions in the policy cycle.
- Perceived constraints by regional and national institutions within the policy cycle.

¹⁹ Africa Economic Outlook (2019). African Economic Outlook: Macroeconomic Performance and Prospects; Jobs, Growth and Firm Dynamisms; Integration for Africa's Economic Prosperity. Published by African Development Bank

2.3.1 Review from “Best Practice”

According to international best practice, the institutional framework for industrialisation should fulfill the following conditions:

- **Lead ministry / champion:** These are also referred to as “Key Actors”: The institutional framework in respective countries should clearly set out the lead ministries and other key actors who will take the overall responsibility for promoting the industrialisation agenda and the policies guiding them. The framework should also clearly spell out the position of public and private sectors and laws guiding them.
- **Significant involvement of the private sector:** A formal consultative mechanism between the public and private sector is key for achieving the objective of the industrialisation agenda. Such a mechanism is sometimes referred to as a “coordination platform”. Respective governments should design a mechanism which will facilitate more engagement of the private sector in the country’s development plans and strategies, particularly in the industrial policy cycle. For instance, all Private Public Dialogues (PPDs) should be undertaken from the earlier stages of the policy design or policy review, and should be followed with regular meetings which accommodate the private sector inputs in the process.
- **Clearly defined roles for key actors:** For all multi-sector economies, as is the case for all SADC member states, the roles of public and private sector should be well articulated. It is very important to communicate who takes the lead in the industrialization process, how, and to what extent. For a sustainable strong developed private sector, there should be better business environment and confidence to the public sector. Things like regulations, incentives, etc should be strategically extended towards achieving multi-sector economy. Nonetheless, there should be a clear guideline of how each of the respective sectors will be held accountable for the areas assigned within the industrial policy action plan. That can be well achieved when there is a clear, active and involving monitoring & evaluation tool
- **A dedicated unit for coordinating activities related to Industrial Policy Cycle:** This would necessitate establishment of an “Industrial Intelligence Unit” within the lead Ministry to coordinate and link other actors on all issues related to industrialization. The unit should include members from both public and private institutions, statistics and planning departments. Together, they should be trained on the Industrial Policy Cycle, and the activities there in, and be provided with expert support in conducting activities around the cycle. This includes producing evidence based policy recommendations, M&E of the industrial policy, diagnostic, research, and other related
- **Priority sectors:** There should be a set of priority sectors within the institutional framework, which if accorded the right support, will result into enhanced industrial competitiveness. These should be oriented to particular periods as well as other supporting sectors. Together, they should form the integral part of the overall industrial development trajectory.²⁰ In each and every SADC country, the key industrial sectors, which create forward and backward linkages within the industrialization process, should be well defined. Together with the country’s priority sectors at any particular period, other sectors like infrastructure, national defense, legal institutions, environmental, financial institutions, research institutions and others should be well involved in the industrial policy cycle and the expectations which link with their activities be well communicated in advance. Supporting regulations should be formulated to guide policy coherence in the respective sectors.
- **Strategies for achieving maximum output:** The institutional framework should entail different “targeted” strategies to maximize industrial policy output. These may include but not limited to; promotion of incubation centers; encourage domestic investment, creation of industry clusters, and investment corridors, Export Processing Zones (EPZs); Special Investment Zones, (SEZs)

²⁰ For the case of SADC, three mutually compatible growth paths are prioritized – agro-processing, minerals beneficiation and downstream processing and enhanced participation in value chains at the national, regional and global level.

- **An appropriate legal system** for enforcing the implementation of the policy and the attendant strategies and action plans. The system is also key for promoting accountability on the part of the key implementing actors. Among other things, the legal system should be responsible for approving appropriate laws for guiding the industrialisation process e.g. foreign investment laws, property laws, private sector and enterprise laws etc.
- **A comprehensive system for managing and controlling investment projects:** The objective of the proposed system is to ensure various industrial development projects in respective counties achieve maximum impact. In some countries this function is performed by a dedicated body (e.g. Zambia Development Agency, Tanzania Investment Centre etc.). The mandate for such bodies may include for example: (defining the structure and orientation of the investment projects, including ODA and direct investments from home and abroad; (ii) maintain the balance of domestic and foreign investment in order to encourage FDIs but at the same time to protect domestic investment as required by Law and Evaluate investment projects and issuing of licenses.
- **Monitoring²¹ and evaluation²² systems and tools:** Quantifiable indicators need to be used in order to be able to set industrialization targets and be able to monitor performance of the industrial sector. This will not only inform on whether the economy is on track to achieving its goals, but it will also allow key actors to take any necessary actions in order to gear the economy back on the industrialization track.²³

In conducting monitoring and evaluation efforts, the specific areas to consider will depend on the actual intervention, and its stated outcomes. Areas and examples of relevant questions may include:

Table 3: Key issues to consider in designing M&E system for industrialization process

Areas of focus	Relevant questions
<i>Relevance</i>	Do the objectives and goals of the industrialisation program/ project match the problems or needs that are being addressed?
<i>Efficiency</i>	Is the industrialisation program/ project delivered in a timely and cost-effective manner?
<i>Effectiveness</i>	To what extent does the intervention achieve its objectives? What are the supportive factors and obstacles encountered during the implementation?
<i>Impact:</i>	What happened as a result of the project? This may include intended and unintended positive and negative effects.
<i>Sustainability</i>	Are there lasting benefits after the intervention is completed?

²¹ Monitoring can be defined as a continuing function that aims primarily to provide the management and main stakeholders of an ongoing intervention with early indications of progress, or lack thereof, in the achievement of results. Monitoring helps organizations track achievements by a regular collection of information to assist timely decision making, ensure accountability, and provide the basis for evaluation and learning.

²² Evaluation is the systematic and objective assessment of an on-going or completed project, program, or policy, and its design, implementation and results. The aim is to determine the relevance and fulfillment of objectives, development efficiency, effectiveness, impact, and sustainability. An evaluation should provide information that is credible and useful, enabling the incorporation of lessons learned into the decision making process.

²³ Carrying out M&E begins with the definition of a set of baseline and target indicators in order to perform M&E.

2.3.2 Assessment of the situation on the ground

The results from field mission on the institutional framework and capacities for industrial policy show a “mixed” situation. There are a number of “convergences” and “divergences” when compared to the ideal situation presented above.

In most cases the industrial policies are largely coordinated and implemented by the respective Ministries of industry themselves, and in part by department agencies of the ministries (MDAs). Across the SADC region, the Institutional Framework for Industrialization is highly linked to the National Industrial Policy Cycles. Each stage in the cycle requires key actors to perform a specific role which in the end serves a particular purpose. Although the roles of key actors differ from country to country, their output are always expected to provide strong synergies for reaching a common goal. Therefore, the institutional framework in place is largely determined by the type of actors, the roles they perform, the system employed within the cycle, and the set of the action plan developed.

In general, most countries in the SADC region have different institutional frameworks, although they have more less similar actors. The majority of countries in the region have multi-sector economy where the private sector is expected to play a significant role in promoting the achievement of the overall economic goals in general and promotion of the industrialisation agenda in particular. However, the extent of their involvement, the stage of involvement, and the extent to which their views are accommodated, differs from one country to the other. Specifically, their voice in the overall policy advocacy equation is dictated by: their investment level; opportunities and the extent of job created; contribution to international trade; the level and magnitudes of the existing public-private partnerships; and level of industrial development in a particular country. In some counties where the private sector is still at nascent stage, their roles are relatively limited.

In sum: the above factors are largely determined by the strength of the private sector in respective countries. In an ideal environment, the role of private sector is paramount in promoting a conducive business environment.

A summary of respective country score against the best practice criteria is presented in **Table 4** below.

Table 4: Country score against best practice for institutional framework

Measuring criteria	TZ	NB	KE	SA	ML	ZA	MAU
Lead ministry / champion	√	√	√	√	√	√	
Significant involvement of the private sector		√		√			√
Clearly defined roles for key actors:				√		√	√
A dedicated unit for coordinating activities related to Industrial Policy Cycle	√			√			
Priority sectors	√	√	√	√	√	√	√
Strategies for achieving maximum output		√		√			
An appropriate legal system		√		√		√	
A comprehensive system for managing and controlling investment projects				√			
Monitoring and evaluation systems and tool				√			

Source: Diagnostic Survey, March 2019

Key: TZ=Tanzania; NB=Namibia; KE=Kingdom of Eswatini; SA=South Africa; ZA= Zambia; Mau= Mauritius

Monitoring and evaluation of the industrial policy is relatively weak in the SADC region. While all countries see the importance of this, they find it difficult to have a solid M&E system at this point. Quantifiable indicators need to be used in order to be able to set industrialization targets and be able to monitor performance of the industrial sector. This will not only inform on whether the economy is on track to achieving its goals, but it will also allow key actors to take any necessary actions in order to gear the economy back on the industrialization track. Carrying out M&E begins with the definition of a set of baseline and target indicators in order to perform M&E. This did not appear to be the case with most Member States. Below is a summary of the monitoring and evaluation activities currently carried out in each member state.

Table 5: Summary of M&E activities carried out by SADC member states

Country	Monitoring of implementation activities (output level)	Monitoring of industrial performance (impact level)	Evaluation
Tanzania	√	√	
Namibia	√		√
The Kingdom of Eswatini			
South Africa	√	√	√
Malawi			
Zambia			
Mauritius			

Source: Diagnostic Survey, March 2019

The remainder of this section presents the key public and private sector institutions involved in the industrial policy cycle in the countries covered in the sample size. This also includes the relevant research institutions for each Member States.

2.3.3 Institutional Mapping

Among key objectives of the needs' assessment was to map the key institutions involved in the industrial policy cycle. The most relevant institutions are considered to be those that are either in charge of – or have a large role in – the formulation or monitoring and evaluation of the industrial policy, or that carry out research and diagnosis of industrial performance. These would become the principal beneficiaries of the proposed capacity-building project, although not necessarily all. This section presents the key public and private sector institutions in turn, and includes the relevant research institutes for each member state³. The institutions which are currently key to producing analytical work for industrial performance assessments, or that are expected to do so in the near future, are marked with a thicker black rim.

South Africa

The Department of Trade and Industry in South Africa is the home for the country's industrialization initiatives, which plays the coordination, regulation, and policymaking roles. Specifically, the mission of the Department of Trade and Industry (DTI) is to promote structural transformation, facilitate ease of doing business in the country by providing the conducive environment, broaden economy

participation, and regularly build capacity of the DTI to enhance effectiveness in delivering its mandates. The department has clustered its work into five themes which include Industrial Development, Trade, Export and Investment, Broadening Participation, Regulation and Administration and Co-ordination. However, the first three (3) themes play a more direct role. Every division with respect to the theme has important role to play in order realise country's' development goal in general and the department missions in particular.

Within the department, the Industrial Development division is the one which focus on the development and implementation of the Industrial Policy Action Plan (IPAP), which is the radar for the core activities of the DTI. The action plan has number of objectives including: achieving industrial diversification; expanding production in value added sectors; and achieving long-term industrialization. While the Trade, Export and Investment division focuses on enhancing international trade, FDIs and economic co-operations, the Broadening Participation division aims at increasing participation of the previously marginalized groups in the country's economic development, and hence reduce existing inequality.

The Institutional Framework of the DTI includes a number of expert agencies who are also referred to as Council of Trade and Industry Institutions (COTII). They include the following:

The agencies which are under the umbrella of Council of Trade and Industry Institutions (COTII) are divided into three groups:

- The Development Finance and Small Business Development Institutions: National Empowerment Fund (NEF); Export Credit Insurance Corporation of South Africa SOC Limited (ECIC);
- The Regulatory Institutions: Companies and Intellectual Property Commission (CIPC); Companies Tribunal (CT); National Credit Regulator (NCR); National Lotteries Commission (NLC); National Gambling Board (NGB); National Consumer Tribunal (NCT); National Consumer Commission (NCC);
- Standardization, Quality, Assurance, Accreditation and Metrology Institutions: South African Bureau of Standards (SABS); South African National Accreditation System (SANAS); National Metrology Institute of South Africa (NMISA); and National Regulator for Compulsory Specifications (NRCS)

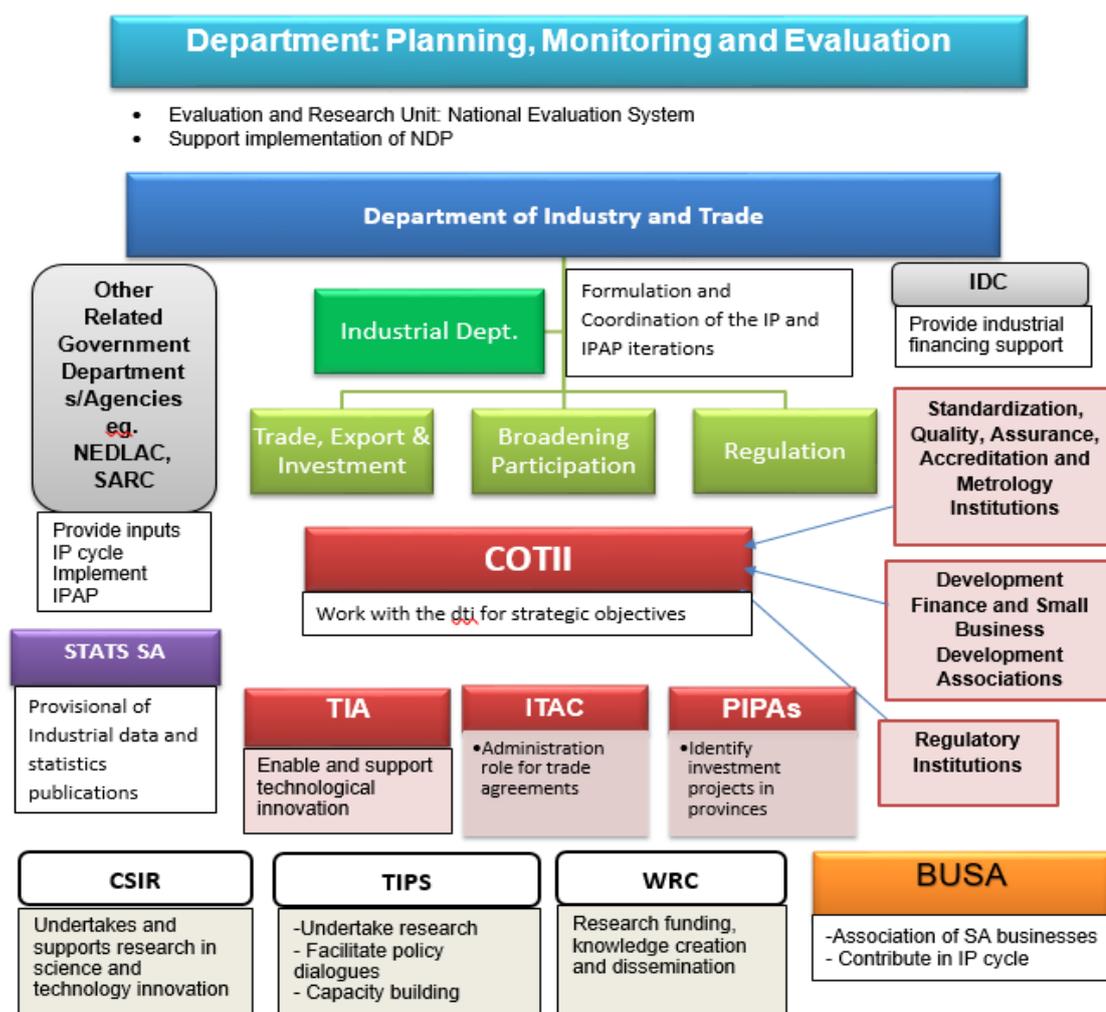
Other Key partner institutions of the DTI in the implementation of the IPAP include:

- Industrial Development Corporation (IDC): The IDC is a national development finance institution. Its core function is to provide industrial financing support, much of which flows to key Industrial Policy Action Plan (IPAP) and/or New Growth Path (NGP) sectors.
- Competition Commission South Africa: Investigates, controls and evaluates restrictive business practices, abuse of dominant positions and mergers.
- Technology Localisation Implementation Unit (TLIU): The TLIU is an initiative of the Department of Science and Technology, which is hosted and incubated at the CSIR. It was established by the department to implement the deliverables of its Technology Localisation Plan.
- Technology Innovation Agency (TIA): The TIA was formed through merging seven DST entities previously tasked with supporting and promoting innovation in the country. The TIA's mandate is to enable and support technological innovation across all sectors of the economy to achieve socio-economic benefits for South Africa and enhance its global competitiveness.
- International Trade Administration Commission (ITAC): The aim of ITAC, as stated in the Act, is to foster economic growth and development in order to raise incomes and promote investment and employment in South Africa and within the Common Customs Union Area. The core functions are: customs tariff investigations; trade remedies; and import and export control.

Research institutes and statistics agency

- Council for Scientific and Industrial Research (CSIR): Undertakes and supports research across diverse areas of science and technological innovation to enhance industrial and scientific development.
- Water Research Commission Supporting sustainable development through research funding, knowledge creation and dissemination.
- Trade & Industrial Policy Strategies (TIPS): An independent, non-profit, economic research institution established to support economic policy development, with an emphasis on industrial policy, in South Africa and the region. The main objectives are to undertake in-depth economic analyses, especially at the industrial level; to provide quality research as the basis for improving industrial policy as well as broad economic development strategies; and to support an increasingly dynamic and evidence-based discourse on industrial policy and inclusive growth with academics, other researchers and stakeholders.
- STATS SA: Statistics South Africa (Stats SA) is the national statistics agency of South Africa established under the Statistics Act (Act No.6 of 1999) with the aim to produce timely, accurate and accessible official statistics.

Figure 4: Schematic Presentation of Institutional Framework - South Africa



Kingdom of Eswatini

The Ministry of Commerce, Trade and Industry in the Kingdom is the custodian of the country's industrialisation policies and strategies. The Ministry has 12 departments namely: Industry Department, Metrology Section, Department of Regulatory and Quality Infrastructure Development, Handicraft Promotion Department, Small and Medium Enterprises unit, Registration of Patents and Trade Marks, International Trade Department, Co-operatives Development, Liquor Licensing, Registrar of Companies, Commerce Department and Department of Cooperative Development.²⁴

The mission of the Industrial Department is to promote industrial development in the country. It does this through formulating and implementing appropriate industrial development policies, strategies and programs. They all seek to provide an environment that promotes industrial vibrancy based on enterprise expansion and increased job opportunities.

The ministry is working closely with other ministries to facilitate the implementation of the industrial policy. It also works in collaboration with the private sector, research institutes and statistical agency to accomplish the activities around the industrial policy cycle.

Line of Ministries working closely with the MCIT to facilitate industrialization agenda:

- Ministry of Economic Planning and Development: monitor and evaluates the impact of development programmes and projects
- Ministry of Agriculture: Implement the industrial policy and provide inputs for M&E
- Ministry of Education and Training: Responsible for skills development towards industrialization
- Ministry of Public works and transport: Promote infrastructure development to support industrial climate
- Ministry of Finance: budget allocations for the ministry and specifically for industrial policy strategic programmes

Key Partner Institutions of the MCIT:

- The Small Enterprises Development Company Limited (SEDCO): SEDCO is a category "A" public enterprise under the Ministry of Commerce, Industry and Trade established in 1970 to awaken, promote and support entrepreneurial talent with a vision and prime focus to create jobs and sustainable employment within the Small, Micro and Medium Sized Enterprises (SMME's)
- Business Eswatini (BE): Business Eswatini is a voluntary, non-profit making member-based organisation representing employers and businesses in all sectors of the Eswatini economy to promote trade and harmonious labour relations. Business Eswatini is the main voice of the private sector in Swaziland. Business Eswatini represents more than 80% of big businesses in Swaziland. It protects the economic interests of the business community through continuous advocacy, engagement and dialogue on legislative and policy issues. Throughout its existence, Business Eswatini has forged working relations with the Government of Swaziland and other key stakeholders within and beyond the Kingdom of Swaziland.

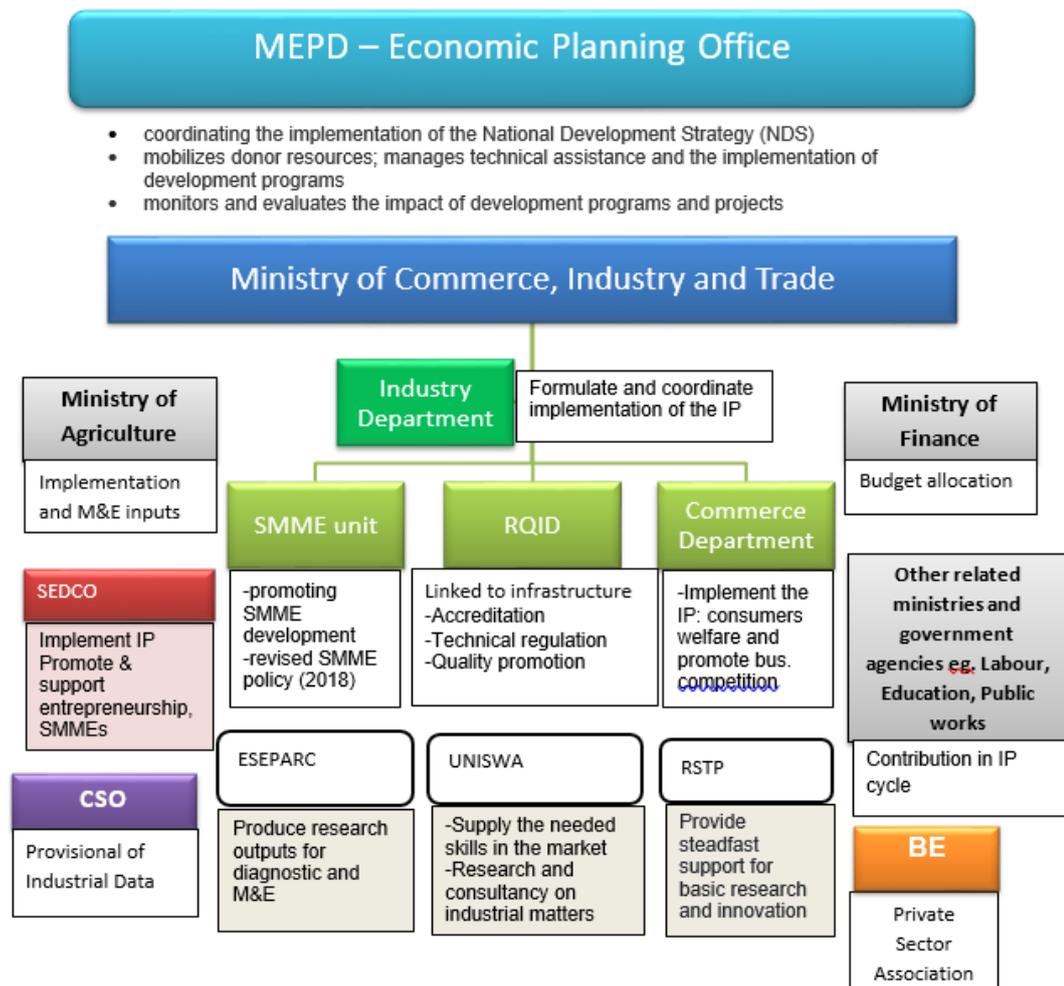
Research Institutes and Statistics Agency:

- University of Swaziland (UNISWA): To be responsive to national and international needs through excellence in teaching and learning, research and innovation, entrepreneurship, and community engagement for sustainable development.

²⁴ During the field study, the consultant had contact with Mr. D. Mabuza (Acting Director), Ms. B. Mtetwa (Director), Ms. S. Sikhondze (Industrial Officer) and Mr. M. Dlamini (Industrial Officer), all from the Industry Department.

- Royal Science and Technology Park (RSTP): The Royal Science and Technology Park (RSTP) was created through the vision of His Majesty King Mswati III. The Vision is the first comprehensive effort to promote science, technology and innovation in the Kingdom of Eswatini. The aim of the RSTP is to provide steadfast support for basic research and innovation
- Centre of Statistical Office (CSO): The mission is “to effectively coordinate the National Statistical System, provide high quality statistical data and information required for evidence-based policy, planning and decision-making for national socio-economic development, administration, accountability, and to promote a culture of using statistics”.

Figure 5: Schematic Presentation of Institutional Framework - Kingdom of Eswatini



Tanzania

The Ministry of Industry and Trade has five departments, which include Industry, Policy and Planning, Trade Promotion and Marketing, Small and Medium Enterprises, and Trade Integration. The Policy and Planning department is responsible for formulation of the Industrial Policy and the Tanzania Integrated Industrialization Strategy (IIDS, 2010 – 2025). The industry department work closely with other government ministries/departments, agents and SOEs during the implementation of the strategy. Within the ministry there are units which have been formulated to support the country's industrial policy cycle. The ministry also work closely with the private sector in the implementation of

the policy/strategy, while obtain support in the monitoring and evaluation stage from the research institutes and statistics agency.

Key Partners of the MIT include:

- Tanzania Investment Centre (TIC): The Centre's Mission is to contribute to the sustainable economic development of Tanzania through attraction of new investment and maximizing its impact to the economy
- National Development Corporation (NDC): The NDC was given a broad mandate as a development and promotion institution to stimulate industrialization in partnership with private sector
- Tanzania Industrial Research and Development Organization (TIRDO): TIRDO is Organization under the Ministry of Industry Trade and Marketing charged with responsibility of carrying out applied research and provision of technical services to industries.
- Tanzania Engineering and Manufacturing Design Organization (TEMDO): TEMDO's mission is to promote engineering design, technology development and enhancement of the competitiveness of local manufacturing enterprises through provision of quality technical support services.
- Small Industries Development Organization (SIDO): SIDO was established with a mission to promote the development of small-scale industries in Tanzania. Recently however, in direct response to growing demand from clients, donors and Government, SIDO progressively engaged itself in supporting micro businesses particularly in the informal sector
- Confederation of Tanzania Industries (CTI): Confederation of Tanzania Industries is an independent organization that strives to serve its members and presenting their interests. It is a major objective of the CTI to promote competitive, minimally regulated business environment in Tanzania in which sustained development is possible. The Confederation is a prime source and conduit of information about manufacturing and associated industries, for its members, the Government, potential investors and the media.
- Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA): To facilitate Private Sector Development in Tanzania by providing exceptional value to members and business community through the provision of demand driven advocacy, business Informediary, linkages , business development services and other relevant services in a more professional, resourceful and sustainable manner.
- Tanzania Private Sector Foundation (TPSF): As an apex and focal private sector organization (PSO), The Tanzania Private Sector Foundation (TPSF) is the voice of the private sector and the umbrella body for private sector associations and corporate bodies in all sectors of the economy, including trade associations.

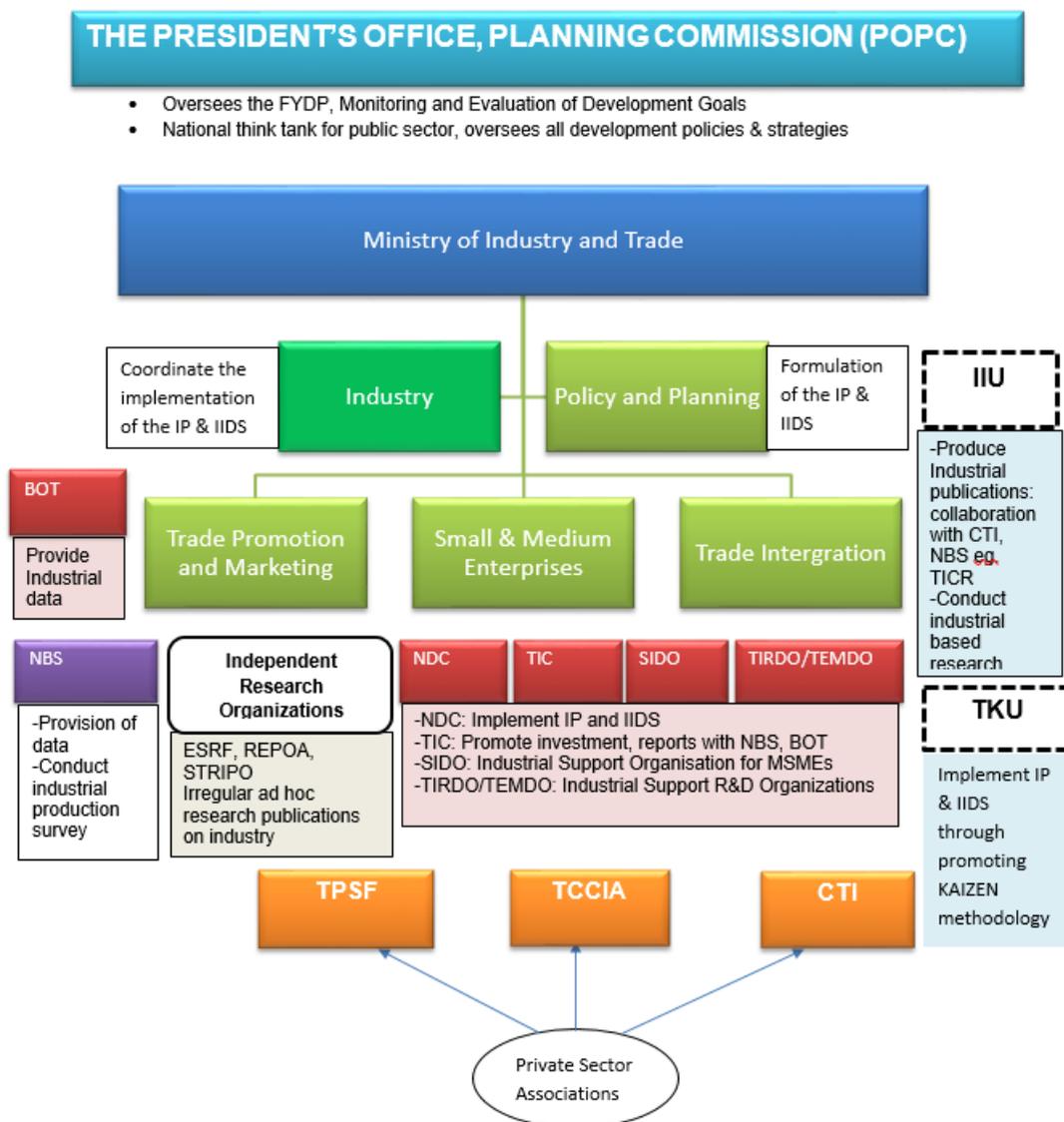
Research Institutes and Statistics Agencies:

- REPOA: Its mission is to facilitate and undertake research, training and outreach.
- Economic and Social Research Foundation (ESRF): is a policy research think tank. Science, Technology and Innovation Policy Research Organization (STIPRO): Its mission is to carryout policy, research that inform ST&I policies and decisions, undertake capacity building for conducting ST&I policy research, and raise public awareness on the role of ST&I for socio-economic development, and of ST&I policy research for evidence-based decisions
- National Bureau of Statistics (NBS): The National Bureau of Statistics (NBS) is an autonomous, public institution mandated to coordinate the production and dissemination of official statistics in Tanzania. The NBS also undertakes censuses and surveys in order to, among other uses, facilitate evidence-based planning and decision making, and monitoring and evaluation of National and International Development Programmes such as National Vision, 2025, National Five-Year Development Plans, and the UN Sustainable Development Goals

Units under the MIT:

- Industrial Intelligence Unit (IIU): Operating under the industry department, the unit is responsible to produce evidence based policy outputs. Although the unit is under the mandate of the ministry, it works closely with the private sector and NBS in delivering its duties
- Tanzania KAIZEN Unit: The unit is under the MIT and it is responsible to manage the implementation of KAIZEN methodology. The Government of Tanzania opted to introduce Kaizen model which is a management philosophy to the manufacturing sector enterprises in order to enable them to improve continuously their working environment, productivity, product quality and subsequently overcome the problem of competitiveness.

Figure 6: Schematic Presentation of Institutional Framework - Tanzania



Mauritius

Currently, Mauritius does not have the industrial policy or strategy to guide the industrialization activities within the country. However, the MICCP as the concerned ministry on the industrialization matter implement the government approved policies and strategies that have links with industry, commerce and consumer protection. The mission of the ministry is to act as a facilitator and catalyst for the development of a resilient, vibrant and competitive manufacturing sector with a view to

fostering employment creation and creating wealth for higher economic growth. The specific objectives include:

- To promote globally competitive industries
- To foster product and market diversification
- To stimulate exports in existing and emerging markets
- To support green, socially responsible and quality initiatives in enterprises
- To enhance market access through internationally recognized standards
- To facilitate trade of goods and services
- To ensure regular supply of essential commodities and to monitor prices of controlled commodities
- To provide information to consumers on price evolution of commodities through the Price Observatory
- To provide an interactive communication platform for the information, protection and education of consumers

The ministry has three divisions, Industry; Commerce; and Consumer Protection. It has four departments which include: Assay Office, MAURITAS, Mauritius Standards Bureau (MSB) and Fashion and Design Institute.

- Assay Office: The Assay Office is the body responsible to implement the Jewellery Act 2007. The Act regulates and controls the manufacture, sale and importation of jewellery made of gold, silver and platinum or their alloys, and the identification and grading of gemstones.
- The Mauritius Accreditation Service (MAURITAS): is the sole national accreditation body and has been established under the Mauritius Accreditation Service Act 1998 as a department within the Ministry responsible for the subject of Industry to provide a national, unified service for the accreditation of calibration and testing laboratories, inspection bodies and certification bodies.
- Mauritius Standards Bureau (MSB): is a corporate body which has been set up under the Mauritius Standards Bureau Act 1993. The Bureau is responsible for standardization, quality assurance, testing and metrology.
- Fashion and Design Institute (FDI): The Fashion and Design Institute operates under the aegis of the Ministry of Industry, Commerce and Consumer Protection and its aim to promote excellence in the field of design education. It was set up by Government to bring together the activities of 2 departments namely the School of Design of the Industrial and Vocational Training Board and the Textile and Apparel Development Centre of Enterprise Mauritius, with a view to rationalizing resources in this sector and fostering a uniform and a focused development of the fashion industry.

When implementing its mandates and working towards accomplishing its objectives relating to industrial development, the ministry through the Industry division work with other ministries/agencies/SOEs, private sector, and research institutes.

Key Partners of the MICCP include:

- The National Productivity and Competitiveness Council (NPCC): The aim of the NPCC as defined by the NPCC Act is to stimulate and generate productivity and quality consciousness and drive the productivity and quality movement in all sectors of the economy with a view to raise national output and achieve sustained growth and international competitiveness.
- The Economic Development Board (EDB); The board of directors is made up with public and private sector representatives, and also international expert. The overarching objective of the EDB is to ensure greater coherence and effectiveness in implementing policies and draw the vision for the economic development path to be adopted to reach a high-income economy status, through sustainable and inclusive growth, whilst ensuring economic independence. As

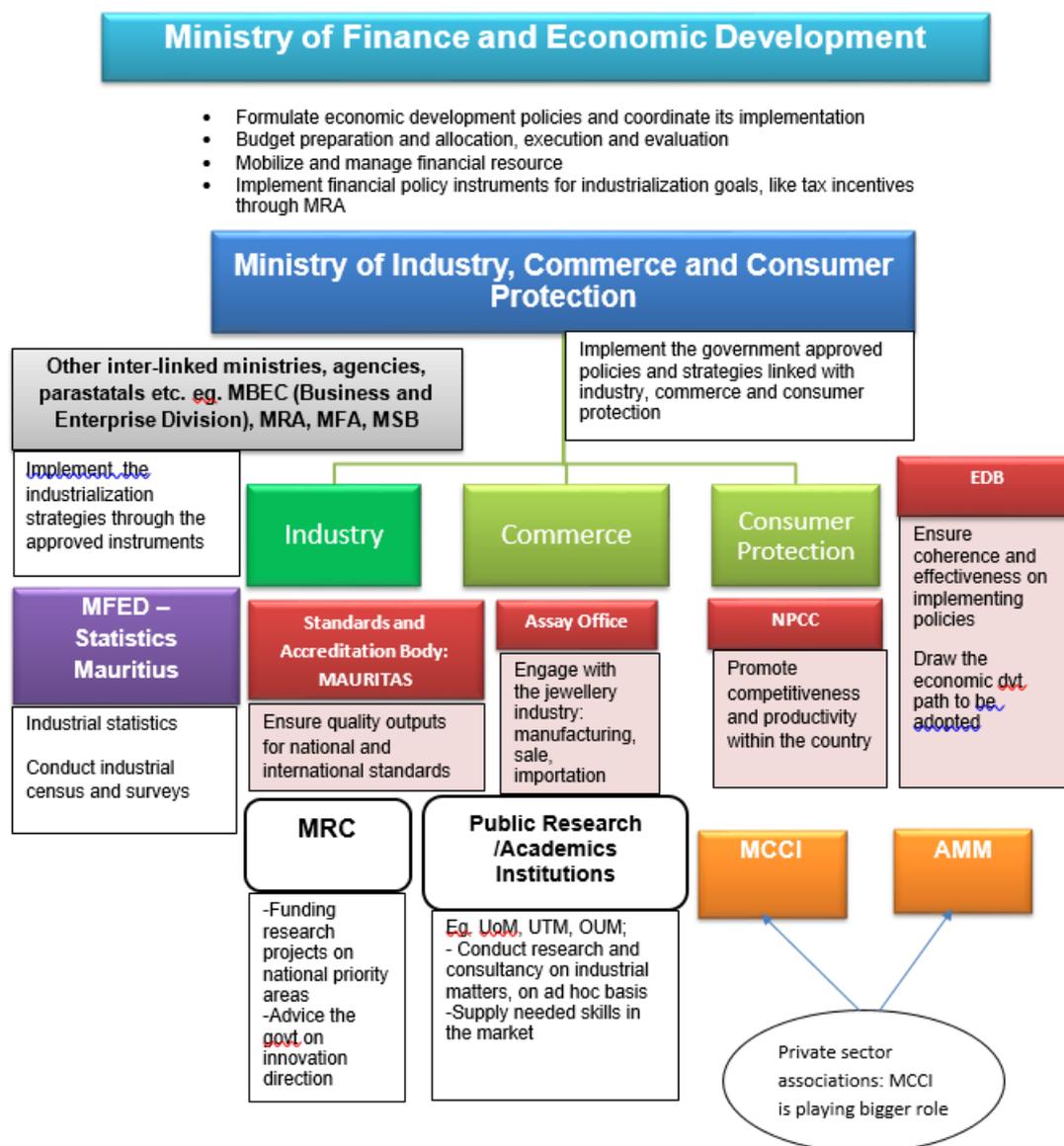
an apex body operating under the aegis of the Prime Minister's Office, the EDB synergizes efforts across all ministries and with private stakeholders to meet the set goals.

- The Mauritius Chamber of Commerce and Industry (MCCI): The fundamental role of the institution is to defend and promote the interests of its Members. Its membership is divided into eight main groups representing the major sectors in Mauritius: Commerce, Industry, Financial Services, Tourism, Logistics, ICT, Property Development and other Business Services. Furthermore, as the main voice of the Mauritian business community, it has always maintained close links with Government and increasingly contributed to the development process of the country. And just as importantly, it has set up links and affiliations at international level with inter-governmental and private organizations aimed at widening its scope of activities and better promoting Mauritius on the world scene.
- Association of Mauritius Manufacturers (AMM): This is an association of manufacturers working together on one voice to create conducive environment for their businesses and contribute in the national development plans. Recently, the AMM has launched the "Made in Moris" initiative to promote locally manufactured products and to encourage Mauritians to consume more products manufactured by local companies.

Research Institutes and Statistics Agency

- The Mauritius Research Council (MRC): The Mauritius Research Council (MRC) was set up in May 1992 (Act no. 10 of 1992) as an apex body to promote and co-ordinate national investment in research. The MRC acts as a central body to advise Government on Science and Technology issues and to influence the direction of technological innovation by funding research projects in areas of national priority and encouraging strategic partnerships.
- MFED – Statistics Mauritius: Statistics Mauritius previously known as the Central Statistics Office (CSO), which was set up in 1945, is the central statistical authority and depository of all official statistics produced in Mauritius. It is responsible for the collection, compilation, analysis and dissemination of official statistics relating to all aspects of the economic, demographic and social activities with a few exceptions like fisheries and health statistics which fall under the responsibility of the respective Ministry, and banking and Balance of Payment statistics for which the Bank of Mauritius is responsible.

Figure 7: Schematic Presentation of Institutional Framework - Mauritius



Zambia

The lead institution for developing industrial policies and strategies in Zambia is the Ministry of Commerce Trade and Industry (MCTI). It is Zambia's principal Government body responsible for administering national policy for private sector development. It coordinates industrial, commercial and trade matters and liaises with various public and private sector organisations to facilitate the implementation of government sector policies related to trade and industry. This is in line with the Ministry's mission statement.

The mission of the MCTI is to facilitate and promote the growth, development and competitiveness of commercial, trade and industrial sectors in order to enhance socio-economic development. In support of this mission statement, and to give MCTI a specific focus and direction, the set-out goal of the Ministry is to develop sustainable and globally competitive commercial, trade and industrial base in order to contribute to social economic development. Through this goal, the MCTI will articulate

policies, develop legislation and create an environment that will focus on making the Zambian commercial, trade, and industrial base sustainable and globally competitive.²⁵

in addition, a number of other institutions are also involved. These include the academia, research institutions, technology promotion agencies, trade development agency e.t.c. The key institutions are listed below.

Zambia Development agency

The Zambia Development Agency (ZDA) was established in 2006 by an Act of Parliament and became operational in January 2007 after the amalgamation of five statutory bodies that hitherto operated independently to foster economic growth and development by promoting trade and investment through an efficient, effective and coordinated private sector led economic development strategy. These institutions were the Zambia Investment Centre (ZIC), Zambia Privatisation Agency (ZPA), Export Board of Zambia (EBZ), Small Enterprise Development Board (SEDB) and Zambia Export Processing Zones Authority (ZEPZA).

The Act gives powers to the ZDA in key areas of trade development, investment promotion, enterprise restructuring, development of green fields' projects, small and enterprise development, trade and industry fund management, and contributing to skills training development.²⁶

Central Statistical Office

Central Statistical Office (CSO) is a department under the **Ministry of National Development Planning**. The department is charged with the responsibility of coordinating all statistical activities in the country and is a major producer of official statistical information to various users. CSO operates under the Census and Statistical Act Chapter 127 of the laws of Zambia. Under this law, institutions and the public are obliged to provide CSO with data and also in carrying out this mandate, Confidentiality of information, rights of respondents and statistical ethics are observed.

CSO is divided into four divisions namely; Economic and Financial Statistics Division, Social Statistics Division, Agriculture and Environment Statistics Division, and Information Research and Dissemination Division

Zambia Chamber of Commerce and Industry (ZACCI)

The Zambia Chamber of Commerce and Industry is the leading private sector organisation in Zambia. Through its membership it represents several thousands of businesses in the country and represents a huge network of companies of all sizes and sectors. ZACCI offers a range of services to its members and represents private sector interests towards the government for the benefit of Zambia's private sector in a whole. Visit website...

Zambia Chamber of Small and Medium Business Associations (ZCSMBA)

ZCSMBA was established in January 2000 as a national body representing the interests of small and medium enterprises in Zambia. ZCSMBA was formally registered as an Association under the Societies Act Chapter 119 on 28th March 2000. It is the only private sector organization which represents the interests of MSMEs across the whole country through its network of Business Associations in 69 of the 72 districts of Zambia. Visit website...

Zambia Association of Manufacturers (ZAM)

Zambia Association of Manufacturers (ZAM), a registered organization in the Republic of Zambia, is a business association which represents the interests of the entire manufacturing sector and other

²⁵ <http://www.mcti.gov.zm>

²⁶ <http://www.zda.org.zm>

related economic and/or production sectors in Zambia. ZAM's major objective is to promote the manufacturing sector through policy advocacy, dialogue, lobbying and technology upgrading of the production process as a way of improving productivity and competitiveness in the industry. Visit website...

The success of the Zambia industrial will be a result of joint implementation efforts of other public institutions including Ministries, regulators and statutory bodies. The specific roles are as follows:

Line Ministries:

- Facilitate the identification and review of legislation which impacts on industrial development to ensure they facilitate the growth of the industrial sector in the country for wealth and job creation;
- Support efforts in improving research and development (R&D), technology transfer and skills development in Zambia;
- Ensure provision of land and the mainstreaming of environmental safety and protection issues in 21 National Industrial Policy industrial development;
- Mobilize resources for the implementation of the Policy measures and strategies;
- Facilitate the development of industrial and transport infrastructure and the provision of energy and water requirements to support industrial activity across the nation;
- Support the participation of women, youth and vulnerable groups in the development of industry in Zambia;
- Support the strengthening of linkages between the manufacturing sector and other key growth sectors in the country as well as the projection of the Country as an investment destination of choice; and
- Support the monitoring of the performance of the programmes and sectors prioritised in the Policy in order to facilitate decision making on relevant remedial policy measures.

Regulatory Authorities:

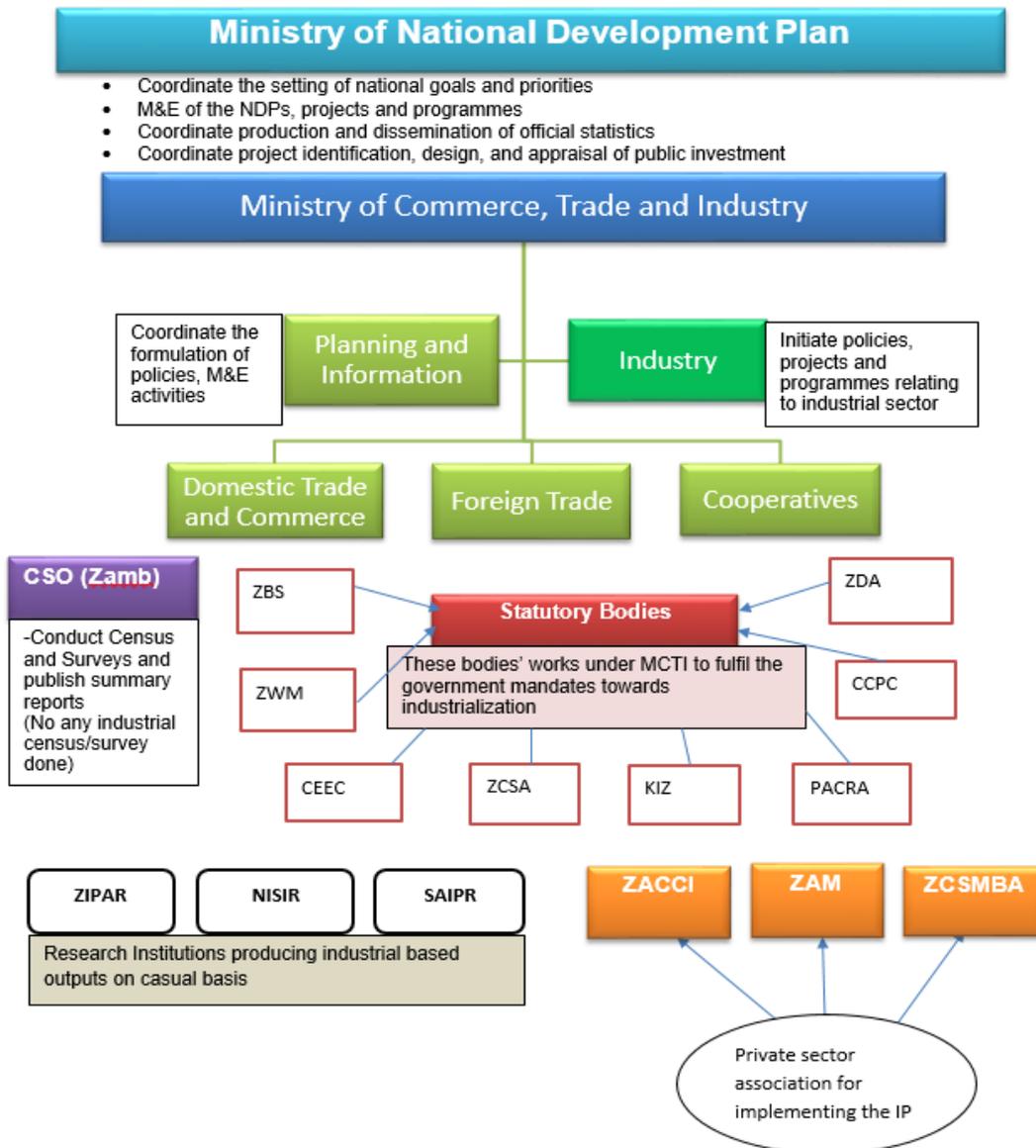
- Support a conducive macroeconomic environment by containing inflation levels and ensuring a favourable exchange rate to support local manufacturing and exporting; and
- Implement efficient licensing regimes and procedures that will facilitate the growth of the manufacturing sector.

Industrial Development Corporation

The Industrial Development Corporation will play the critical role of supporting the establishment of new industries, investing in rural development and other areas that may not be attractive for private sector investment. IDC will be mandated to profitably and efficiently spearhead investment and promote value addition in all priority sectors listed in this policy. IDC will also lead in promoting rural industrialisation by investing in value adding ventures utilising available local resources. Further, IDC will catalyse investment in support sectors such infrastructure, health, education, energy and finance.²⁷

²⁷ <http://www.zda.org.zm>

Figure 8: Schematic Presentation of Institutional Framework - Zambia



Malawi

The Ministry of Trade Industry and Tourism (MITT) is the lead institution for coordinating the design, implementation and monitoring the National Industrial policy in Malawi.

However, the implementation of various activities involves a wide range of stakeholders from government institutions, private sector, academia and civil society. They are all critical from policy development and provides a good platform for feedback in policy implementation. The Ministry of Industry and Trade which is the lead institution for implementation provides leadership for this policy. However, it engages with all key stakeholders in the policy process and cycle. The Ministry has continued to engage with stakeholders through the National Working Group and the Private Sector Development Sector-Wide Approach (TIP-SWAp) implementation framework.

Key stakeholders are as follows:

- Office of President and Cabinet Affairs (OPC)
- Ministry of Finance

- Ministry of home Affairs
- Ministry of Education, Science and Technology
- Ministry of Labour
- Registrar General department
- Competition and fair Trading Commission
- Ministry of Transport and Public Works
- Ministry of Environment
- SMEs development Institute
- Malawi Confederation of Chambers of Commerce and Industry
- University of Malawi and Constituent Colleges
- Office of the Director for Public Procurement
- Malawi Chamber of Commerce industry and Agriculture (MCCCIA)

In addition to the above, Industry Forums are needed to facilitate strategic partnerships as well as serving as champions for fostering the emergence of productive economy. The champions also work with decision makers and resource holders to identify and address binding constraints. Such forums should:

- Allow for champions and leaders (mentors) to emerge;
- Allow for genuine partners to government to emerge (strategic team);
- Ensure competition policy is applied;
- Not be one-size-fits all: the scope and size of forums will vary by sector and cluster;
- Prioritize the identified clusters and sectors and key enabling sectors;
- Form strategic teams and growth coalitions to drive implementation, monitor progress and evaluate impact.
- Link to OPC (with the project implementation and monitoring and evaluation department or a body that plays the M&E function at OPC) for joint monitoring of the implementation of policy statements (activities). They also decide jointly how those activities should change over time so that: the binding constraints to industrialisation are addressed; a process of learning is secured; a robust process of policy making is established; and the priority clusters for structural transformation are developed.

The TIP-SWAp provides the best structure for such forums. It currently runs six forums and supports others, including the Cotton Council. The six forums are also referred to as Technical Working Groups (TWGs). The latter focuses on binding constraints and have formal links to political and business elites (decision makers).

TWGs and their dedicated task forces can help identify and address binding constraints through structured private sector dialogue. For example, they were involved in conducting in-depth cluster analysis of the plastics and packaging manufacturing sector, for which one of the binding constraints was the lack of a platform for cluster issues to be discussed and then lobbied with Government. Subsequently, the TIP SWAp established a plastics and packaging task force to serve as such a platform, and to provide an institutionalized channel for cluster issues to be raised with central government and relevant policy makers.

The major advantage of the TIP SWAp is that it is the most representative of forum and the most focused, as it is based on the NES, which is a technically sound and robust strategy for developing Malawi's productive economy.

However, the TIP SWAp arrangement has had a major weakness in terms of; its ability to act as a robust link between private sector and Government and poor collaboration and limited advocacy or lobbying capacity with the Presidency, State House, OPC, Ministry of Finance and Economic Development.

An essential first step to address the above weakness is to establish strong link with key national institutions. The TIP SWAp need to be recognized at the highest levels of Government as a key tool for public-private collaboration. This will ensure that the TWGs have a direct link with key decision-

makers that can implement the policy needed for industrialization.²⁸ Furthermore, tools the TIP SWAp are important for communicating to donors about the implications of their behaviour on the productive economy.

Other key players and their respective functions are outlined below:

Malawi Chamber of Commerce, Industry and Agriculture (MCCI)

MCCCI carries out research, analyze policies and regulations and to identify obstacles for doing business in the country in order to ensure a conducive environment for private sector operations. The research and analysis component provides MCCCI with a basis for lobbying on issues that need to be addressed by the government. MCCCI uses a number of platforms in its lobbying and advocacy process. These include but are not limited to:

- *Public- Private Sector Dialogue Forums:* This is a high level forum of public and private sector representatives. It is co-chaired by Ministry of Industry and Trade and private sector members. The Forum discusses challenges faced by the business community and adopts resolutions that would ultimately improve the socio-economic, legal and regulatory environment for business operations.
- *Business meetings:* These are held with the relevant government officials and the Parliamentary committees to discuss and resolve issues affecting the operations of businesses.
- *Press Briefings:* MCCCI holds conferences to brief the media on private sector development issues and also comments through the media on issues of national socio-economic importance.
- *National Annual Budget Consultations:* MCCCI provides input into the National Annual Budget through Pre- and Post-Budget consultation

The National Statistical Office

The National Statistical Office of Malawi is the main government department responsible for the collection and dissemination of official statistics. It is headquartered in Zomba and have around 300 employees. The office operates under the 2013 Statistics Act.

The Economics Division produces statistics on foreign trade, national accounts, balance of payments, business activity, employment, consumer prices (including inflation), industrial production, poverty and tourism. Major surveys include the Annual Economic Survey, the 5-yearly Integrated Household Survey, and Small and Medium Scale business surveys.

African Institute for Development Policy (AFIDEP)

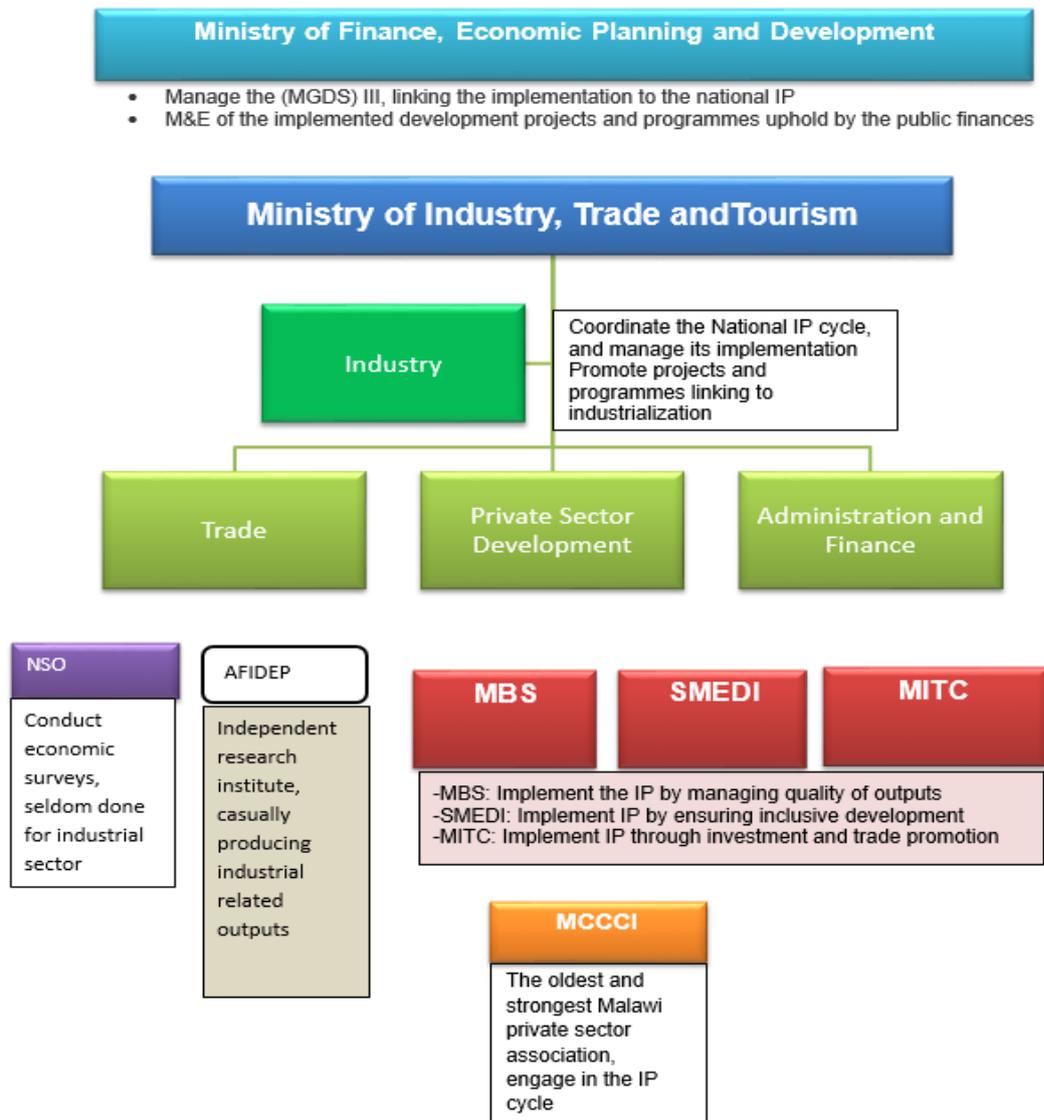
The African Institute for Development Policy (AFIDEP) is an African-led, regional non-profit policy think tank established in 2010 to help bridge the gaps between research, policy and practice in development efforts in Africa. The institute analyse, synthesize, and translate evidence (i.e. data and research) and use it to generate or strengthen political commitment, inform resource allocation, programme design and implementation. The aim is to contribute to the realization of sustainable development by enabling the formulation of sound policies and programme interventions.

The key objectives of AFIDEP are to:

- Synthesize and translate research evidence
- Enable the utilization of research evidence in decision making
- Strengthening capacity in research evidence synthesis, translation and utilization

²⁸ Malawi Industrial Policy, 2014

Figure 9: Schematic Presentation of Institutional Framework - Malawi



Namibia

- Industrial policy is not the sole domain of the Ministry of Trade and Industry, but cuts across different Government Offices, Ministries and Agencies (O/M/As). However, it is proposed the Ministry of Trade and Industry takes full responsibility for formulating policy on and directing Namibia's industrialization. The National Planning Commission (NPC) is the main body responsible for policy coordination, monitoring and evaluation of Government Programs under the National Development Plans (NDP4). Other O/M/As, State-owned enterprises (SOEs) and relevant industry in the private sector bodies play a key role in driving the implementation of industrial policy initiatives. In respect of the public sector, Permanent Secretaries of the respective O/M/As coordinate policy implementation at the operational level. These officers have better insight into the sectors involved. They are also required to coordinate implementation with the assistance of Chief Executive Officers in their areas of jurisdiction. In respect of the private sector, champions in the selected economic arenas will coordinate implementation. In addition to evaluation of projects done by Government, independent evaluation, of implementation, by research institutions or think tanks would also be encouraged.

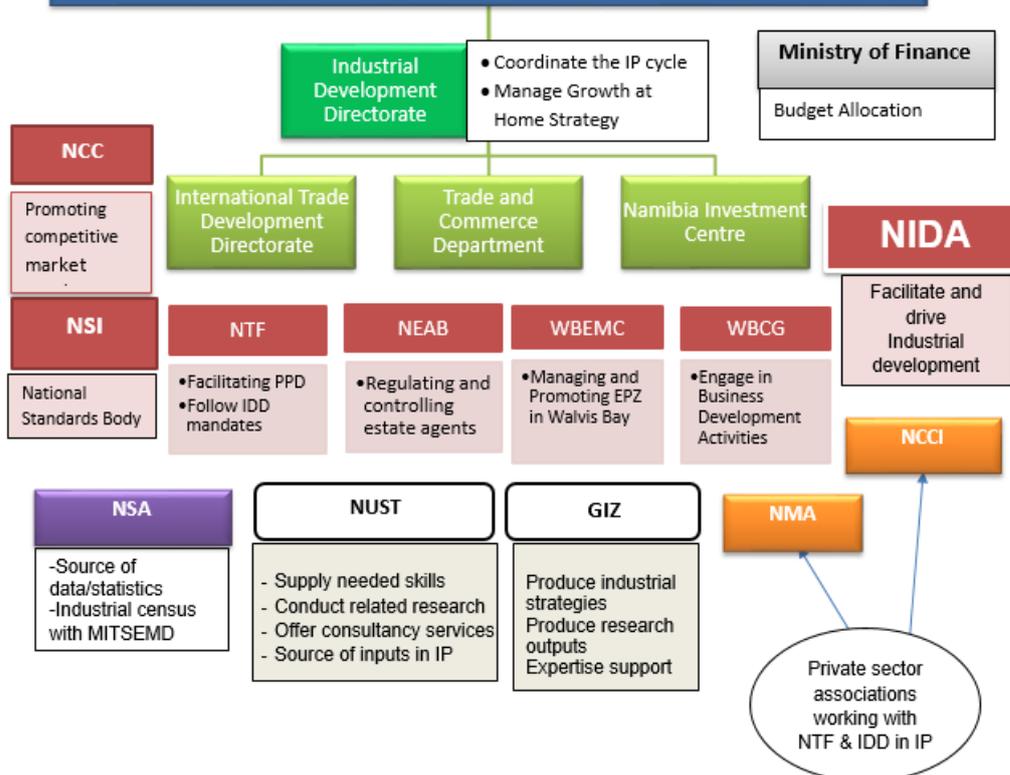
Key Partner Institutions of the MITSMED include:

- Namibia Industrial Development Agency (NIDA): The primary function of NIDA is to actively facilitate and drive industrial development in the country in line with the industrial policy and its “Growth at Home” implementation Strategy towards the achievement of Vision 2030 goal.
- Namibia Competition Commission (NCC): The Commission is entrusted as the principal institution to promote and safeguard fair competition in Namibia by promoting the efficiency, adaptability and development of the Namibian economy.
- Namibia Standards Institution (NSI): The Namibian Standards Institution (NSI) is one of the key performance indicators (KPI) of the country's national quality infrastructure.
- Namibia Trade Forum (NTF): The Namibia Trade Forum (NTF) is an agency of the Ministry of Industrialisation, Trade and SME Development (MITSMED) whose main mandate is to institutionalize public-private dialogue and cooperation with emphasis on international and domestic trade and investment policies as stipulated by the National Development Plan.
- Namibia Estate Agents Board (NEAB): The Board is tasked with protecting consumers in estate agency transactions while having regard to the interests of the industry; maintaining and promoting the standard of conduct of the industry; and regulating the activities of the estate agents in general.
- Walvis Bay Export Processing Zone Management Company (WBEMC): The Company has been established in terms of the EPZ Act (Act No. 9 of 1995) with the responsibility of managing and promoting the EPZ regime in Namibia’s premier harbor town, Walvis Bay
- Walvis Bay Corridor Group (WBCG): The Walvis Bay Corridor Group (WBCG), a Public Private Partnership (PPP), was established in the year 2000 as a service and facilitation centre to promote the benefits of using the Walvis Bay corridors through the Port of Walvis Bay to and from Southern Africa.
- Namibia Chamber of Commerce and Industry (NCCI): This is a group of businesses from diverse industry sector advocate for an atmosphere in which business can be done, gain business and share business.
- Namibia Manufacturers Association (NMA): The Namibian Manufacturers Association (NMA) is an association not for gain which represents Namibian manufacturers by facilitating a sustainable, competitive and prosperous manufacturing industry for all stakeholders
- Research Institutes and Statistics Agency
- Namibia University of Science and Technology (NUST): promote national competitiveness by providing multiple opportunities for excellent education, applied research, innovation and service
- The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ): The organization supports the government of Namibia efforts towards industrialization by providing technical and expert support in developing sectoral strategies and other evidence based policy outputs
- Namibia Statistics Agency (NSA): The NSA leverage on partnerships and innovative technologies, to produce and disseminate relevant, quality, timely statistics and spatial data that are fit-for-purpose in accordance with international standards and best practice

National Planning Commission

- To plan and spearhead the course of national development
- Develop the NDPs
- Develop monitoring and evaluation mechanisms for NDPs implementation

Ministry of Industrialization, Trade and Small and Medium Enterprise Development



2.4 Towards Industrial Competitiveness

2.4.1 Context of industrial competitiveness in the SADC region

What is competitiveness?

The definition of competitiveness has never been straight since different parties define it differently with respect to their goal. The context differs when the definition is for industrial policy plans purposes, academic discussions, or economic debates. When the term is defined under firm level, the understanding is easier since it simply refers to the capacity of producing and selling their products or services at local and international markets. However, when the term is used at country level, it is not a zero sum game as discussed under UNIDO (2013).²⁹ In the respective Industrial Competitiveness Report, UNIDO highlighted different approaches where competitiveness is defined:

- The real exchange rate approach: Under this case the competitiveness of the economy is considered from the movements of relative real exchange rate (RER) point of view. The logic is that, when the country's RER appreciates relative to its competitors, then it becomes less

²⁹ UNIDO (2013) Industrial Competitiveness Report

competitive. The International Monetary Fund (IMF) introduced the approach. In this case, the competitiveness of the economy is viewed from the monetary factors, but silently on the drivers.

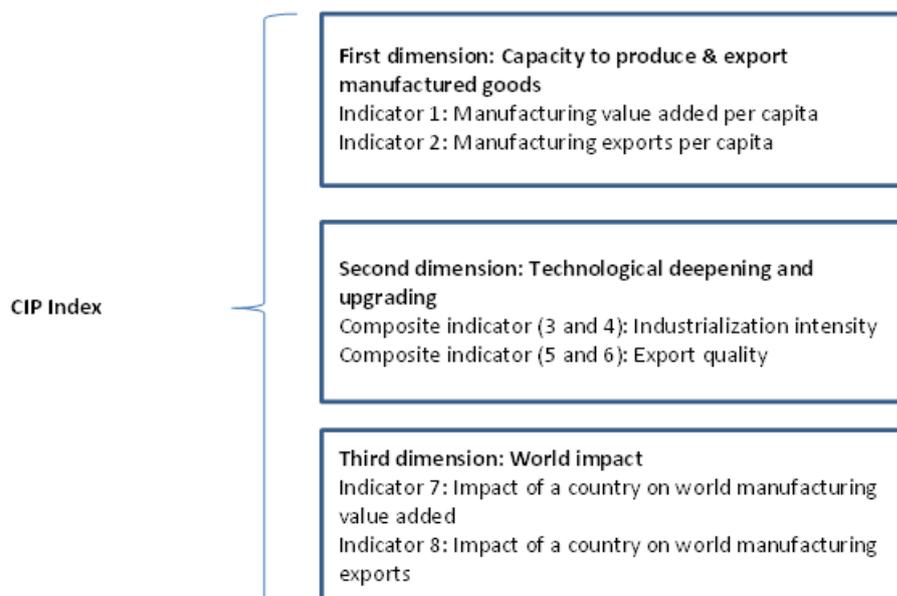
- **The national competitiveness approach:** The World Economic Forum (WEF) introduced this approach and define competitiveness as “the set of institutions, policies and factors that determine the level of productivity of one country” for achieving sustainable level of prosperity. Here, competitiveness is viewed as a multi-dimensional concept including a large number of static and dynamic macroeconomic attributes. This approach focuses on the ‘process assessment of competitiveness’ that is, on understanding how the above-mentioned interacting economic and non-economic attributes determine the ability ‘or’ readiness of countries to compete
- **The Engineering Approach:** In this case, competitiveness is regarded as a result of creating and adopting technical and organizational “best practices”. In that regard, competitiveness is ultimately reflected in the capacity “to maximise productivity and factor incomes (wages and profits) on a sustained basis
- **The structural competitiveness approach:** This is also referred as the manufacturing approach. This differs to the other approaches since it is based on narrower and more tractable meso-concept of competitiveness, that is, industrial competitiveness, which is our focus for this study.

Under UNIDO (2002), industrial competitiveness has been defined as “the capacity of countries to increase their presence in international and domestic markets whilst developing industrial sectors and activities with higher value added and technological content”. This implies that increasing industrial competitiveness requires a shift away from static sources of cost advantage to a focus on the diversification of industrial activities (moving up the technological ladder). This concept of industrial competitiveness has a multidimensional character and may be applied both in ‘ex-ante’ and ‘ex-post’ analyses, depending on whether we are interested in the ‘process assessment’ or ‘outcome assessment’ of the industrial competitiveness of nations. Specifically, this approach may focus both on the particular set of ‘structural drivers’ of industrial competitiveness (i.e. process) and on the resulting competitive industrial performance of countries (i.e. outcome).

The Competitiveness Industrial Performance (CIP) index has been developed for outcome assessment purposes and has been firstly presented under the UNIDO (2013) industrial competitiveness report. As the CIP index is an indicator of industrial performance, it can only be used for cross-country ‘outcome assessments’ of manufacturing competitiveness at regular intervals. In other words, it informs us about competitive industrial performance in select years, and by comparing countries’ effective annual industrial performance, the index allows the assessment of countries’ industrial progress over time. However, the CIP index is not designed to capture industrial potential.

Eight sub-indicators in total make up the CIP index in its current form. The two composite indicators, which build the index, are categorised as industrialization intensity and export quality:

Table 6: The Composition of the CIP Index



Source: UNIDO (2013)

Basing on the above CIP index, UNIDO (2018)³⁰ has presented the the scores and ranks of the top performing 150 countries in the 2018 globally. The table below present how SADC member states fair among other global countries, but also their industrial competitiveness levels comparison in regional wise. It can be observed, while other countries industrial competitiveness grows like Angola, Malawi, Botswana and Swaziland, others are dropping like Mauritius and the others. Still as mentioned before, the CIP only assess the outcome but not the process, and so it cannot be concluded that the individual countries are not doing enough efforts towards industrial competitiveness.

Table 7: 2018 CIP Index Results for SADC Member States

SADC rank	Global Rank 2016	Member State	Score 2016	Global Rank 2015
1	45	South Africa	0.0694	44
2	84	Swaziland	0.0243	85
3	85	Botswana	0.0238	88
4	86	Mauritius	0.0222	84
5	95	Namibia	0.0147	93
6	113	Congo	0.0093	113
7	119	Zambia	0.008	118
8	124	Zimbabwe	0.0061	122
9	127	Tanzania	0.0053	126
10	130	Angola	0.0039	134
11	134	Malawi	0.0034	135

Source: UNIDO (2018)

Note: Other member states: Seychelles, Lesotho, Mozambique, Comoro did not appear among the 150 countries presented under the UNIDO (2018) list

Socio-economic characteristics of the region, 2016

With reference to the SADC (2016)³¹ report, different selected indicators were used to determine the economic competitiveness of the regional member states. From the matrix below it can be observed that some of the member states like Malawi, Zambia and Comoro are not falling under any indicator

³⁰ UNIDO (2018) Industrial Competitiveness Report

³¹ SADC Selected Economic and Social Indicators, 2016 (SADC Secretariat, 2017)

specified. This does not imply that the countries are not competitive, but their competitiveness level is on average level when its compared with other member states. The member states like Democratic Republic of Congo and South Africa was observed to play significant role in the regional trade when observing their share in intra-SADC exports for all and imports for the later member state. The respective countries have also displayed the degree of competitiveness from manufacturing point of view.

Table 8 Competitiveness matrix of member states following identified indicators

Indicators	AO	BW	DRC	LS	MW	MU	MZ	NA	ZA	SC	SZ	TZ	KM	ZM	ZW
Mfg. growth	√		√									√			
Exp % of GDP		√								√	√				
Imp % of GDP							√			√					
Mfg. GDP to total GDP			√			√					√				
Intra-SADC imports		√						√	√						
Intra-SADC exports			√						√						√
Intra-SADC imp to total imp		√						√			√				
Intra-SADC Exp to total Exp			√								√				√

2.4.2 The drivers towards industrial competitiveness

Base on the field obtained information and the review of the existing literatures³² on the industrial drivers towards competitiveness; the following have been pointed out cross-cutting a number of challenges identified from the member states:

- Production capabilities: Both the individual capabilities of the human resource to be engaged in industrialization activities and the institution capabilities who coordinate the process is taken into consideration:
 - Individual capabilities: Skills and productive knowledge to choose, install and maintain capital goods, but also to operate technical functions
 - Institution capabilities: Skills and productive knowledge to operate technical and organization function, perform and monitor the execution of policies and strategies in place

³² Mahmood, M., Andreoni, A. and Chang, H.-J. (2016) Developing with Jobs: Manufacturing growth, productive employment and policies in developing countries, Basingstoke: Palgrave Mcmillan.

- Infrastructure capabilities: the focus here is for investing on both physical and soft (institutional) infrastructure which in turn will reduce learning and transaction costs for the overall economy
- Innovation capabilities: the capabilities to innovate across different sectors and technological functions. This is highly fed by the R&D component in the respective member state
- Technological capabilities: the capabilities to generate absorb and manage technological and economy change. As it is for innovation driver, this is also obtaining its inputs from the R&D component
- Production capacity: the member states have to scale-appropriate assortment of equipment, machinery and other capital goods. In order to facilitate this, the member state have to plan ahead the ways to obtain the finances needed, and identify the priorities accordingly

2.4.3 Key member states challenges towards industrial competitiveness

The respective institutions in Member States operate under an environment faced with a number of challenges, which to a large extent dictates their ability for implementing major resolutions stipulated in the SADC Industrialisation Policy and Action Plan in general, and in their national industrial policies and strategies in particular. There are also a number of opportunities within the operating environment which increase the scope of their operations. These are presented and discussed in turn below.

South Africa

During the field mission, a number of constraints were mentioned as limiting the pace of the country's industrialization process. The constraints include unstable macroeconomic environment, funding allocations, trade supporting infrastructure, human capacity, market structure for production inputs, and global competition.³³

While the NIPF sets out broader approach to industrialization, the Industrial Policy Action Plan (IPAP) sets out the key action plans. The IPAP 2018/19 – 2020/2021 is the tenth iteration since the first one came out in the year 2007. The IPAP has been developed to: capture the status of South Africa in the context of the prevailing global and domestic economic conditions in relation to industrialization; present time bound action plans and strategies across different sectors; and highlight the existing constraints towards achieving the NIPF goals. The IPAP 2018 also acts as an evaluation report for a decade long implementation of the NIPF and IPAP.

During the design and implementation of IPAP ten iterations, a number of interventions that are sector specific and crosscutting were promoted following a learning-by-doing approach. Those include:

- Industrial financing
- Deployment of conditional incentives
- Local procurement and the offset programme; the National Industrial Participation Programme (NIPP)
- Demand and supply side industrial policy levers
- Development Trade Policies
- Controlling illegal importations
- Technology support measures
- Competition policy; addressing anti-competitive behaviour and lowers barriers to entry

³³ DTI (2007b). *The National Industrial Policy Framework and the Industrial Policy Action Plan. [PowerPoint Slides]*. Retrieved from <https://pmg.org.za/committee-meeting/8290/>

During the implementation period, the country faced a number of challenges that affected the effectiveness of the IPAP implementation.

Some of the key challenges are highlighted below

- Global Financial Crisis: The effects extended to:
 - The country's commodity exports.
 - Job lost: almost 320,000 from manufacturing.
- Lack of policy consistency and programme alignment created a delay on the effectiveness of the industrial policy particularly on localization issues, move towards fourth industrial revolution and linking the comparative resource based sectors in SA, (i.e. mining and agriculture) with the manufacturing sector.
- The existing market structure is benefiting few people since few big companies control the largest share of SA economy. This situation presents a challenge to the country's economy and give less power to the government. The companies who holds power control commodity prices and do little investment compared to the needs in place.
- The intermediate inputs which are required in the manufacturing process are very costly in the country, which affects the private sector performance and in the process limit their contribution in the country's industrial competitiveness.
- The costs and reliability of power, in particular electricity. One of the interviewee shared that, the unreliable power has affected the private sector operations in large extent, not only in production size, but also the increase in operation costs due to the use of generators, of which the customer is the one who carry the burden in the price.
- Unfriendly manufacturing trade infrastructure, which discourage exports. The DTI mentioned high port charges and inefficiency as major barriers to export value added products. On the contrary, the situation is better in the case of primary products exports or the importation of tradable goods which enhances trade deficit while at the same time providing less opportunities for building the national industrial competitiveness.
- High costs in transport and logistic services which affect suppliers of the required inputs, manufactures when they need to move their products from one point to the other, but even the consumers, which is reflected on their less confidence interval when it comes to SA businesses.
- The weaknesses at the customs create loopholes for illegal imports, which challenge the legal products in the market, particularly in terms of prices.
- Skills deficit and mismatches has been mentioned also as one of the SA key challenges for achieving competitive manufacturing sector. Currently, the produced skills do not match with the demanded skills taking into account fast moving global economy in terms of technology, now fast heading towards Digital Industrial Revolution.

Together with the existed bottlenecks, the implementation of the IPAP within the respective referred period has had a number of success as presented below:

- While the imports have doubled, the manufacturing exports have grown four-fold. This is explained by the growth witnessed in different sectors. For instance, marine manufacturing exports has increase by 174% between 2007 and 2018.³⁴

³⁴ DTI (2018a). Industrial Policy Action Plans: Economic Sectors, Employment and Infrastructure Development Cluster (2018/19 – 2020/21)

- Regardless of the competitive environment, with significant support from the state and other stakeholders, the country managed to maintain increasing performance in the automotive sector, with approximately 6% share in the total GDP in recent years. The plastic sector has been growing with the average of 3-5% during the 10 years of IPAP implementation.
- Establishment of eight (8) Special Economic Zones located around the country. The SEZs benefit with tax incentives which include: VAT and customs relief, employment tax incentives, building allowance and reduced corporate income tax rate.
- As part of “targeted” measures to protect and encourage the SMEs development, South Africa through DTI, developed in 2018 an “Intellectual Property for Business Series”, a special program which seeks to promote “Creative Expression”. The program offers special copyrights for SMEs in the creative industry. The program is a success to the release of Copyrights and Performers Protection Act in January 2018.
- Business Regulatory debates have been conducted, the latest one 2018. The forums bring together public and private sector stakeholders to discuss different issues related to promoting “sound” and “responsive” consumer and corporate laws. Among the agendas discussed in the last debate was the Fourth Industrial Revolution and Artificial Intelligence. The key theme was” *specifically who owns the rights?*
- Following a series of “decisive” intervention programmes in the manufacturing sector, the country has experienced strong growth in the automotive and other transport equipment’s, clothing & textile, and leather and footwear sub-sectors. Other sectors have also registered the growth trends, particularly the business process services (BPS) sector.
- South Africa exports to the regional markets have continued to increase. In 2017, it exported about 26.3% of its products in the region, the bulk of which are from the manufacturing sector. The African regional market is the largest market for South African products. For this reason, the country has continued to capitalize on the business opportunities presented by the SADC regional economic block. In 2017, South Africa experienced a trade surplus which was highly influenced increasing exports in mining products and a bumper maize product. In sum: the export basket for South Africa is well diversified
- Although the country has recorded low export volumes in mining sector, there has been an increase in exports in nominal values. This has made a huge contribution on the real growth of the overall exports. Together with gold, iron ore and coal have been added to export basket over time.
- The country has diversified its markets geographically by adding emerging economies like China and India among the target markets

Post NIPF (2007)

Despite the successes presented above, the country is still facing a number of challenges as highlighted below:

- The country is still on “recovery” stage after experiencing a long slow real GDP growth rate between the years 2010 and 2017. The average GDP growth rate observed during the period was 2% annually, which is under the 5% desired rate. This situation is explained by both global and domestic factors. While the slowdown of global economic growth led to an effect on export markets and FDIs, the drought which faced the country for a long period of time really affected agriculture sector and all other linkages sectors.
- The global financial crisis negatively affected the growth of the country’s economy which among other factors, can be manifested by the decrease in the growth of fixed capital formation (GFCF) which has recently experienced significant decline. In 2009-2014, GFCF registered a CAGR of 2% compared to above 10% before the financial crisis.

- The effects of the global financial crisis were also revealed in the manufacturing sector were approximately 200,000 people lost their jobs in a period of 5 years (2009 – 2014). To date, the situation has not stabilized. The country has been witnessing a declining employment intensity in recent years particularly in manufacturing sector. In particular, the economy is not able to accommodate the increasing labour-force by creating more jobs. Overall, the situation has resulted into an increasing unemployment rate to its “worst” position in the past 14 years.
- The productive sector is growing slower compared to service sector due to unconducive operating environment. In the year 2017, the manufacturing sector only contributed 13.2% to the country’s GDP, and 70% of the manufacturing firms reported that their output level were below capacity.
- The manufacturing sector is less diversified which places the country in a more vulnerable position and significant exposures to both the internal and external shocks. Over 50% of the MVA in the year 2015 were from six (6) sub-sectors only: food-processing, coke and petroleum products, other chemicals, basic iron & steel, metal products and automotive.
- Private sector propensity to invest has been affected by a number of factors including weak demand due to slow growing consumer confidence, and political uncertainties. This trend is reflected on the fixed investment spending which has been highly fluctuating since 2010, hitting negatives in the year 2013, 2015, 2016 and slightly catching up in 2017, which is reported to be around 1.2%.
- Although it picked up after 2009 massive drop due to global financial crisis, the business confidence in the manufacturing has been fluctuating below 50-point mark. This implies that there is still some “pessimism” in the overall business environment and in particular the business operations. Overall, the manufacturers are largely unhappy with the existing business conditions.
- Imports (mostly illegal) of clothing products have continued to be a threat to the local textile and clothing sub-sector regardless of the special DTI supported programme to improve and protect the processes and productivity factors in the sector.
- The South African manufacturing sector has been experiencing trade deficit over all the years between 2010 and 2017 due to a difficult operating domestic environment. This has led to an overall decline in its production capacity and the demand moderation in some targeted markets.³⁵

Going Forward

In view of the above challenges, going forward, the South African government, through its various agents need to institute the following measures:

- Create a more favourable and conducive environment for businesses to operate. This is a key pre-requisite for the success of the industrialisation agenda. This will require among other things, a policy premised on programmatic certainty, principled and dedicated stakeholder collaboration, state and SOC institutional renewal and a sustained war on rent-seeking, corruption and collusion (whether public or private).
- Since the education/skill profile of the unemployed group is low, the country needs to strategically invest on basic and advanced technical skills in order to increase employability of its people in the competitive global environment.

³⁵ DTI (2018a). Industrial Policy Action Plans: Economic Sectors, Employment and Infrastructure Development Cluster (2018/19 – 2020/21)

- The country should start giving priority to job-creating sectors like agro processing, through leveraging on the “strategic” components of the value chain. This should happen locally, regionally and even globally.
- Decisively and strategically, researching for scope for new avenues of “productive” employment within the context of the Fourth Industrial Revolution.
- Carry out studies which can among other things, clearly identify high job-creating sectors within the economy together with strategies to utilise them.
- Promote Platinum Group Minerals (PGM), non-traditional ones, with fuel cells and energy storage technology development taking a “leading” position. This major objective and strategy for mineral beneficiation should be upheld.
- A programme to upgrade both the capacity and capability of the Customs Division to increase its overall efficiency. This should also double as a measure for minimizing and / or eliminating entirely all illegal imports, sub-standard products and other ailments.
- The economy needs to open up to allow more participants in the market place and limit potential cartel-like, monopolistic, oligopolistic or pseudo-monopolistic tendencies. These factors tend to extend the market power and control to few people. This will measure will create a more competitive environment in the market and subsequently lead to increased investment.
- The human capital development stakeholders, from both public and private sectors, should strategically come up with the approach and invest to realize the needed skills from the society through training initiatives, giving special emphasis to the economy priority sectors due to limited financial resources.³⁶

The Kingdom of Eswatini

The major challenges facing the industrial department and the country in general to implement the strategies in the policy, are:

- Human capabilities: currently most of the technical operations are conducted by outsourced consultancies
- The number of staff: there is not specifications of roles currently within the department; most of the activities are done collectively due to limited number of staff. That is one of the constraints for developing M&E team
- Financial constraints: the department does not have any on-going or finished competitiveness programme due to limited resources

Post IDP (2015 – 2022) formulation (Status and Challenges):

The recent report from the African Economic Outlook (2019) shows that the Real GDP of Swaziland has contracted to approximately 0.5% in 2018 after registering a 1.9% growth in 2017. The trend can be explained by a slow recovery in the raw materials extraction sector, particularly agriculture and mining sectors, the backbone of the country’s economy. The weak production sector and contraction in the services sector also trigger factors for the negative growth.³⁷ Stakeholders interviewed during

³⁶ -ibid-

³⁷ Africa Economic Outlook (2019). African Economic Outlook: Macroeconomic Performance and Prospects; Jobs, Growth and Firm Dynamisms; Integration for Africa’s Economic Prosperity. Published by African Development Bank

the field mission envisages a gradual improvement of the country's economy given that most of the activities in the new strategy and action plan are still at their early stages of implementation. It should be noted however, that to-date, there are a number of activities which are still pending even give the imminent policy progress evaluation in 2020, as indicated in the IDP monitoring and evaluation sub-section:

- Value chain diagnostics of key economic sectors to be accorded more emphasis. These may include for example: agro-processing, mining and mineral beneficiation and pharmaceuticals etc. The objective is to ascertain which sectors have more potential to bring a rapid economic growth, accelerate the pace of structural reforms and transformation.
- Conduct a study to assess skills requirements and potential training institutions to provide artisanal, light manufacturing and specialised skills in order to address the prevailing skill gaps.
- Develop a R&D strategy targeting the industrial sector”
- Carry out an assessment of the technology available in the country and develop centres of excellence in conjunction with tertiary institutions.
- Map out the trade in services sector to identify performance, constraints, and gaps together with strategies to address them.
- Establish Special Economic Zones (SEZ) and identify strategic sectors for developing industrial clusters.³⁸

In addition to the above, the implementation plan and strategy for the IDP is not yet developed and so the country expect minimum improvement in the industrial sector even after five years of the policy. The industrial department, which is responsible for the monitoring and evaluation of the policy, have not managed to develop the required M&E tool yet despite being directed by the policy.

Despite of the challenges that the country is facing, its real GDP growth is projected to recover modestly to 1.7% in 2019 and 2.3% in 2020, driven by supply-side developments (AEO, 2019). Since the major cause of the slowdown in the country's agriculture sector was the drought, which happened in the recent years, the current climate change is expected to boost the recovery and the sector and so provide inputs for the industrial sector.

After obtaining appropriate support, particularly in capacity building programmes, the country will develop its own capabilities and be able to implement the country's development strategies, including the IDP (2015 – 2022). Furthermore, the trade and manufacturing sector is expected to benefit from the US African Growth and Opportunity (AGOA) business window and other markets which the country has trade agreement with, particularly after the introduction of single-transformation reform rules of origin in 2015.³⁹ Already there are some signals of success on the trade front, particularly in the AGOA market. The Kingdom of Eswatini is currently being mentioned among the countries whose textile and apparel sectors have already started to benefit.⁴⁰ Furthermore, leveraging on the country's natural resource base, particularly agricultural and mining sectors, will provide further impetus within the SADC region once the competitive advantage is acquired. Necessary measures in to further accelerate the envisaged growth include: identifying the country's niche in the overall the regional value chain spectrum and also improving the “doing business environment” to enhance private sector to promote private sector– led development. In this way, the country's economy potentials will be unlocked.

³⁸ Industrial Development Policy 2015 – 2022.

³⁹ Bruckner M. (2016, July 15). *Do relaxed Rules of Origin boost LDCs export?* Retrieved from <https://www.un.org/ldcportal/do-relaxed-rules-of-origin-boost-ldc-exports/>

⁴⁰ -ibid-

Namibia

During the field mission, stakeholders admitted their involvement in the industrial policy cycle. Most of them were involved during the “diagnostic” which involved both the public and private sectors. The Namibia Trade Forum (NTF), the main agency charged with the coordination of the public private dialogue, collected the views of key actors as part of stakeholder consultations in preparing the NIP. This is also the current mechanism for collecting the views of the private sector as input to policy and strategies formulation. However, the representative from NTF indicated that there is still a lot of bureaucracy before private sector proposals are taken on board although they also admitted that the situation is getting better and there is more convergence towards multi-sector economy.

Monitoring and evaluation was mentioned as a major area of concern related to the Growth at Home strategy. Until recently there was no specific unit at the ministry, which is dedicated to assessing the impact of the strategy. M&E roles are currently carried out on a generic manner.

Post NIP (2012 – 2030) formulation (Success stories and Challenges):

Despite implementing a number of successful programmes, the country is still facing a number of challenges:

- Significant contraction of real GDP in recent years: Namibia’s GDP growth significantly contracted between 2017 and 2018, when compared to growth in 2010 to 2016. This is largely attributed to a decrease in the public expenditure occasioned by a fall of country’s revenues and weak growth of the trading partners. The weak domestic demand is also another contributing factor to a slow growth in GDP.⁴¹
- Trade deficit: Namibia imports large quantities of food related items and machinery. There is limited export processed products due to small industrial base. Namibia has continued to import more than it exports to its major trading partners. Namibia’s trade balance over the ten-year period, 2008 to 2017 averaged to a deficit of N\$16,609 million, reaching an all-time high with a surplus of N\$1,786 million in 2008 and a record low with a deficit of N\$41,029 million in 2015.⁴²
- The high unemployment rate and poverty levels of 28 percent and 29 respectively. This calls for supportive measures to improve growth rates of industries with the potential to absorb the unemployed labour force. Namibia ranks third in Africa after South Africa and Lesotho.⁴³
- Lack of sufficient local capability to embrace industrialization and in particular, to acquire competitive advantage on the key sectors (e.g. energy and power).
- High income inequality: Almost 80% of the country’s economy is controlled by 10% of the population. On the other hand, Namibia is classified as an upper middle income country with an estimated annual Gross National Income (GNI) per capita of 9, 185 US\$.⁴⁴ However, with an estimated 29 percent of the population classified as ‘poor’ and a Gini coefficient of 0.63, Namibia remains one of the most unequal societies in the world in terms of income distribution.⁴⁵ This relatively high income status masks extreme poverty, as well as

⁴¹ Africa Economic Outlook (2019). African Economic Outlook: Macroeconomic Performance and Prospects; Jobs, Growth and Firm Dynamisms; Integration for Africa’s Economic Prosperity. Published by African Development Bank.

⁴² NSA, Annual Trade Statistics Bulletin 2017

⁴³ MITSMED, 2018

⁴⁴ United Nations Development Programme (UNDP). (2014). Human Development Report 2014: Sustaining Human Progress: Reducing Vulnerabilities and Building Resilience. New York, NY: UNDP.

⁴⁵ Gini coefficient is a measure of income inequality. It is the most popular measure of inequality. It ranges from 0, which represents perfect equality, to 1, which represents perfect inequality. Perfect equality would be achieved if every person in a

inequalities in income distribution, general standard of living and quality of life. Although the country has registered impressive growth rates, averaging 5.3 percent over the 2005 to 2014 period, unemployment remains stubbornly high and is currently estimated at 28 percent of the total potential work force.

In addition to the above, the MITSEMD is also facing number of challenges to implement the strategies in place. These are highlighted below:

- Financial constraints to implement the planned programmes (e.g. the IUMP).
- Human capital stock: low number of technical staff due to budget constraints and/or limitations.
- Inadequate expertise in key areas like monitoring and evaluation, value chain analysis and policy analysis.
- Weaknesses in trade facilitation services limits ability to promote in regional trade.
- There is no value chain statistics data in the statistics unit database. This makes it hard to conduct “targeted” value chain analyses where need be.
- Most of the private sector firms do not have enough information on SADC Industrialization Strategy. In particular, they do not have sufficient understanding on how SADC industrialisation strategies and policies can influence the country’s economy. This limits their participation in developing and or revising SADC action plans which often require their input.
- The country is still building capabilities domestically; that’s one of the reason for Growth at Home strategy. The manufacturing sector is still growing and not yet competitive
- Less understanding on value chain concepts and practical application. This limits decision making on key interventions, how they should be made, who to involve and when.
- Lack of institutional infrastructure to support the industrialization agenda such as trade facilitation, custom harmonization policies etc.
- There is still a lot of bureaucracy at the borders. This stifles efforts to promote export trade within goods and services to other SADC Member States. This constraints “ease of doing business” as far as trade is concerned.
- National data to track progress towards the set targets is still a challenging: the Industrial statistics data is collected once in every 10 years due to funds limitations. As well as this, there is no sectoral value chain information captured in the industrial census.

Despite the challenges in implementation various the reforms/programmes, the country managed to register a number of success stories including:

- A bilateral agreement with Zimbabwe taking advantage of regional integration.
- Creation of Board of Trade which accommodate both public and private sector stakeholders
- Namibia is at an advanced stage in registering its own “barcode” centre to increase access to external markets, especially for SMEs.
- The National Single Window has been developed as one of trade facilitation tools
- The ministry has developed a number of sectoral growth strategies in the priority sectors through a technical support from GIZ
- Namibia has a formal “Formal Retail Charter”, voluntarily working.
- Namibia has NTV portal in place to launch NTB queries.
- Namibia is taking advantage of the regional integration opportunities. At the moment, SADC is the 2nd trading market for the country after SACU.

Namibia intends to review its Industrial Policy and develop Industrial and Productive Development Policy. Before that, the country needs to undertake M&E for the existing policy, which will also act as a diagnosis stage for the new policy.

population had the same income or expenditure. Perfect inequality describes the case where one person has all the income in society, and everyone else has nothing. In a recent compilation, Sweden had the lowest Gini coefficient of all countries for which data was available (at 0.23), while Namibia was ranked right at the top of the table. These rankings may give a broad indication of how countries compare, for example that Scandinavian countries have little inequality and sub-Saharan Africa has a lot. However, most of the data particularly in poor countries are not available to give the most accurate estimations. Most household data available are based on old surveys. As such, the methodologies on data collection and calculating the Gini coefficient vary from country to country.

The most urgent issues to be addressed include the following:

- More studies relating to regional value chain have to be conducted to enhance understanding on the value chain strategies; one study is already done on textile sector
- The private sector need to be more encouraged to engage in manufacturing activities and less of finished good retail services. The sector needs to be motivated to be more innovative in order to increase their competitiveness
- The statistics department require more capacity building programmes relating to statistical methods, Microsoft excel, research methodologies and other related statistics topics
- In-order for the country to create competitive advantage in the regional value chain, it should start extending its focus to non-traditional products by creating incentives for investors to engage in the respective lane
- Mainstream Rural Industrialization is among conceptualised paths to be taken in the recent coming years as a socio-economic development strategy. In the process the ministry is planning to initiate capacity building programmes for the regions' offices to equip them with skills and knowledge to undertake the task
- Rules of origin issues are still a challenge and discussion for agreement purposes are on-going in order to open more markets for country's manufactured products, particularly for SMEs products
- The country needs to increase its economies of scale in terms of manufacturing by exploring more value chain in more strategic manner, example development of clusters, SEZ, etc.
- For successful implementation of the industrial strategies action plans, funding mechanisms have to be well determined in advance
- Studies to understand the job-creating industrial sectors should be done in order to achieve economic growth while they address the unemployment problem. This should go hand in hand with analysing the performance of the recent priority sectors in relation to job-creation. One of the related study is done by Humavindu in
- The academic institutions should work more closely with the private sector in order to match the supplied skills with what is demanded in the market in order to address unemployment problem.
- More support is required for successful implementation of the Local Content Requirement Policy

2.3.4 Success stories from international benchmarking

Case Study 2: Transformation institutional framework for industrial development: A case study from Vietnam

Vietnam is one of the transition economies, which in the 1980's was almost in similar economic level with most of the less developed countries in Africa. The country, which has resource base almost similar to most countries in the Sub-Saharan Africa, has managed to develop its industrial economy at a faster pace compared to other countries which started at the same level.

Analysis of Vietnam Institutional Framework

In the year 1986, Vietnam opened doors for multi-sector economy. Later in 1994, the country adopted the "industrialization and modernization" resolution to guide their industrial development process. The

resolution strategy was two-fold: export-oriented economy and import-substitution for allowing growth at home.

In order to develop the institutional infrastructure, as an emerging industrial economy, the country was determined to develop a strong economic system as well as an appropriate legal system for socio-economic development. A decision was made that the government will take the lead on the process and passed the Law of State Enterprise in 1995. They also passed several laws related to private sector development e.g. Law of Private Enterprises and Law of Companies, -1990. The three laws were meant to provide a legal framework for guiding the industrialization process. Other complementing laws were also developed e.g. in foreign investments Law etc.

Key issues defining the Vietnam Institutional Framework

In developing the economic system, the country set out clearly the key actors in spearheading the economic development together with policies guiding them. These include: (i) *industrial sectors*: an identification of key priority sectors at a particular period, including other supporting sectors and (ii) *economic sectors*: elaborating the position of public and private sectors and laws guiding them.

Furthermore, Vietnam understood the importance of concretizing the development strategy for achieving maximum output. In so doing, the country came up with different measures, including:

- *A switch from Export Processing Zone (EPZ) to Industrial Zone (IZ)*: By the time the country was adopting the export- led and import-substitution strategies, there were already five EPZs in place. Although the EPZs aligned with one of the two strategies, they did not accommodate well the issue of domestic investment which was crucial at that particular time.

Therefore, to maximize the industrial policy output from the limited resources, the weight of importance was shifted to IZ. This was because benefits envisaged from IZs, were bigger than EPZ in terms of functions/activities. In fact, the activities of EPZ were sub-set of IZ. For example, IZ enterprises could sell their products in both the domestic and export markets, different from the EPZ which only focused on exports. To encourage exports, the enterprises in IZ were given tax benefits once they exceed a given threshold.

- *Encouragement of domestic investment*: after defining the priority sectors, the focus of the government development funds was shifted towards supporting them. As a result, Vietnam passed the Law on “*Encouragement of Domestic Investment*” in 1994. The law aimed at promoting domestic investment on the key priority areas which the government has identified. The law defined some incentive measures to be instituted by the government e.g. through: mobilizing capital from local and international donors; preferential loans; tax incentives; and measures to protect the domestic investors against the foreign enterprises.

Furthermore, Vietnam developed a special organ, Ministry of Planning and Investment (MPI), to form a comprehensive system of managing and controlling investment projects in order to make sure the funds are allocated in accordance to the industrial development plans. In this regard, the ministry was given a mandate to:

- Define the structure and orientation of the investment projects, including ODA and direct investments from home and abroad
- Maintain the balance of domestic and foreign investment in order to encourage FDIs but at the same time to protect domestic investment as required by Law.
- Evaluate investment projects and issuing of license.⁴⁶

Conclusion: Taking Vietnam as a benchmark, there are key institutional reforms which SADC Member States need to emulate as they transform their economies towards industrialisation. However, since the SADC member states are in different stages of industrialization, individual countries will take home different lessons from this case study.

⁴⁶ Luoc D. & Ishida (1996). Industrialization and Modernization in Vietnam towards 2000

Case Study 2: Institutional Changes to Promote Public Dialogue (PPD): A Case study from Mauritius Chamber of Commerce and Industry (MCCI)

The Mauritius Chamber of Commerce and Industry (MCCI) was established in 1850. Its mission is to “*Serve and Promote the Interests of the Business Community and Playing a Leading Role in the Economic Development of Mauritius.*” Since its inception, the organization has strived to maintain its relevance to the business community by focusing on issues which promotes their welfare while at the same time, upholding the mission. This includes conducting a number of institutional changes all driven by the unfolding socioeconomic dynamics on the ground.⁴⁷

As the Chamber prepares to celebrate its 170 anniversary in 2019, there are a number of important lessons which can be documented to serve as a general guidance in restructuring the institutional mechanism for delivering advocacy and related services to the private sector in Zanzibar. The lessons can also serve as the international best practices for running the Chambers. Key lessons are presented in turn below.

Uphold principles of good governance

MCCI has perpetuated the tradition of good governance by reviewing the activities and the finance of the Chamber for the past year, approving the course of action and the budget for next year and holding elections. At the Chamber, the date of elections is known well in advance and are held every year.

Conduct important updates to members

MCCI conducts annual review of the ‘State of the Economy’ and present its strategic implications to the business community once every year. This is one of the traditions that Chamber has established since quite some time and has constantly upheld over the years.

Over the years, the institution has demonstrated a constancy of its institution in the fulfilment of its mission, its adherence to the principles of its internal governance and its strict respect of the law of the land. The holding regular AGMs is also a vivid example of this constancy. In fact, the AGM has been regularly held in accordance with the provisions of the constitution of the Chamber and the prevailing law on associations for the past 170 years.

The Speech on the ‘State of Economy’ usually delivered by the President of the Chamber normally attracts a lot of attention from the Authorities and other stakeholders. For example, in March 2009, it was the first opportunity for the Chamber to pronounce itself on the impact of the ‘*Global Economic Crisis*’ on Mauritius. In that speech, the President expressed two fundamental points: first, the support mechanisms had to be made more responsive to the needs of businesses in difficulty; second, that more emphasis of building the resilience of enterprises to save and create jobs in the longer term. The position of the Chamber was eventually taken into consideration by both the Ministry of Finance and the Ministry of Labour.

Strengthen the representative role

The Chamber draws its legitimacy to speak on behalf of the whole business community from its multi-sectoral membership. Over the years, as the economy evolves, the Chamber has continued to broaden the base of this representation by taking on board new members from a variety of new sectors. It has also improved the indirect representation through its association with sectoral organizations. In 2008 for example, the Chamber conducted an exercise to review its constitution to make it more representative of the business community.⁴⁸

Continuous membership recruitment drive: The Chamber continually welcome new members each year with more and more members coming from the sectors such as ICT, architecture, the legal profession and consultancy. The Chamber has also consolidated its multisectoral character. In view of

⁴⁷ MCCI Annual Report 2009.

⁴⁸ -ibid-.

its proactive approach towards the new sectors, the Chamber is increasingly being viewed as being equipped to support businesses not belonging to the traditional sectors of industry and trade. This is particularly true of the growing sector of services.

Promote greater interactions with members

The Chamber has initiated a consultative process in the form of 'breakfast meetings' to provide greater interaction between the Chamber and its members on issues that can have a direct impact on the business community.⁴⁹

Promote representation through Associations

In addition to the three associations (the 'Chinese Chamber of Commerce', the 'Indian Traders Association' and the 'Chamber of Merchants') which have historically been with the Chamber, there has been a continuous effort to enlarge the representation of the Chamber through sectoral associations. A number of associations are members of the Chamber (the Mauritius Bankers' Association, the Insurers' Association, AHRIM, 'Association des Femmes Chefs d'Entreprises'). Over the years, the Chamber has developed a more structured collaboration with some of them.

Most recently, the Chamber signed a new agreement with the Association of Manufacturers (AMM) with a view to consolidate its partnership and to provide stronger support to the Association. Under this new agreement, the Chamber's role in promoting the local industrial sector has been enhanced. The Chamber collaborates with AMM to organize regular workshops, to carry out studies and to defend the interests of manufacturers.⁵⁰

Periodic review of the Constitution

The Constitution of the Chamber has to evolve with time to accommodate the changing economic and business landscape. MCC undertakes regular reviews of its constitution. Through the Sub-Committee of the Council, chaired by the President of the Chamber and comprising other past Presidents as members, the Chamber holds several periodic meetings (where necessary) and presents its recommendations for amendments to the Council. The proposed amendments not only ensure that the composition of the Council is up to date reflection of the structure of the economy, with due representation of new sectors (such as the SME component); they also enhance the open, democratic and discrimination-free character of the institution. The new constitution, together with all the measures taken in recent years to improve the governance of the Chamber, have made it the beacon of governance among private sector institutions.

Conduct regular benchmarking

In order to motivate and retain the staff, the Chamber conducts a regular benchmarking exercise with the objective of comparing the working conditions at the Chamber with those prevailing in other private sector associations.

Maintain strong internal audit system

In its quest to improve the financial management of the Chamber, the Internal Audit Committee initiates regular audits of the organization. The two key areas covered by the Internal Auditors are (i) Procurement and payment processes, Payroll processes and Stock Management Processes (ii) Receipts, cash reconciliation and banking. The recommendations made have been implemented in most cases. In addition, the Audit Committee also reviews other projects managed by the Chamber so as to assess their viability and profitability. The Audit Committee has also recommended the preparation of a Manual of Finance and Accounting Procedures.

⁴⁹ The first meeting was organized in October 2009.

⁵⁰ For example, in 2009, a paper on the crucial issue of 'Residual Duty' was prepared and submitted to Government.

Provide contributions and independent views policy orientations

Both the President and the Secretary-General give their views, through interviews, debates and other statements with the media, on several key policy orientations such as the exchange rate, monetary policy, inflation and growth prospects.

Promote the interests of the trading community

One of the key missions of the Chamber is the promotion of the interests of the trading community. To fulfil its mission, the Chamber has made key contributions to various debates on trade policies including. Most recently, the Chamber was instrumental in shaping the new legislation on advertising and sale of alcoholic beverages and the new regulations on advertising, sponsorship and labelling requirements of alcoholic drinks were introduced.

Several representations were made to the Chamber from its Members regarding a number of practical difficulties that would be encountered with the new regulations, more specifically with regard to the provisions relating to the ban on advertising of alcoholic beverages and labelling requirements. Several meetings were held at the Chamber with the operators and a Memorandum was sent to the Ministry of Health and Quality of Life highlighting the problems raised by our Members as well as requesting some flexibility in the application of the new law.

One of the new measures included the affixing of health warnings on all alcoholic beverages. As a result of the application of the law, several consignments of alcoholic beverages were held at importation causing considerable disturbances to trade. The Chamber made several appeals to the Ministry of Health to allow some flexibility in the application of the law, which were finally granted. The Chamber has since been closely monitoring the situation.

Other examples where the Chamber has been instrumental in promoting the interest of trading community is on the '*Elimination of Trade Barriers*'. Removing administrative hurdles has always been high on the agenda of the Chamber. The Chamber has been working both at national and regional level to achieve this objective. At national level, a Non-Tariff Barriers (NTB) Review Committee has been set up in view of further fast-tracking the reduction and elimination of NTBs in Mauritius. The Chamber has also been appointed as the Private Sector National Focal Point for the reporting of trade barriers experienced by Members in the region namely in SADC and COMESA. As part of this responsibility, the Chamber organized in April 2009 a National Workshop in collaboration with the SADC Secretariat to apprise businessmen on the on-line reporting system for non-tariff barriers experienced in the region.

Also, the Chamber has been very active on advocating for issues related to '*Anti-Dumping and Countervailing Measure*'s. Over many years, the Chamber has been constantly advocating the need to have a trade remedy legislation and has been actively working with the Government to achieve this objective. The Trade (Anti-Dumping and Countervailing Measures) Bill was finally introduced at the National Assembly in December 2009. The bill aimed at protecting the domestic industry against the unfair trade practices linked to dumped and subsidized imports provided the necessary recourse to operators to respond to trade-distorting practices. With the inevitable trade liberalization process, the adoption and operationalization of the trade remedy legislation has remained a priority for the business community⁵¹.

Conclusion: The actions by the Chamber exemplifies how the institution can remain relevant by addressing issues which affects the operations of the business community in a particular country circumstances.

⁵¹ -ibid-

2.4 National competitiveness support programmes

This section presents an overview of the ongoing competitiveness programs in the Member States. The main objective of the assessment is to ascertain whether existing support programmes addresses the needs of the targeted groups, the degree of complementarity to the SADC wide Industrialisation policy, as well as key challenges and successes.

Malawi

There are three main competitiveness projects/programmes in Malawi which are of significance to the study. These are discussed in turn below.

Malawi Nacala Rail & Port Value Addition Project

Malawi is currently implementing a flagship infrastructure project namely: “Malawi Nacala Rail & Port Value Addition Project”. The main goal of the technical assistance project is to improve on the efficiency and competitiveness of local businesses situated in the Nacala Corridor in order to enable them to better exploit the newly available transport infrastructure, and to achieve accelerated economic and social development in Malawi. The project seeks to help local SMEs and farmers take advantage of the road and rail infrastructures by improving on the efficiency and competitiveness of their businesses.

The project is designed to complement the Private Sector Department (OPSD3) component of the Nacala Rail and Port Project in order to support inclusive and sustainable economic growth along the Nacala Corridor in Malawi.⁵² This approach is innovative as it moves from the “*infrastructure corridor construction*” concept to the “*development corridor*” concept by enabling other sectors to maximize their productivity through, for example, in the, the development of value chains and sustainable job creation thereby creating the enabling environment for industrialization and private sector development.⁵³

The project involves three main interventions:

- Building the capacity and facilitating access to markets and financial resources directed to growth oriented agribusiness entrepreneurs in selected rural and semi-rural areas in the Nacala Corridor region. This intervention enables them to create or strengthen innovative and competitive rural agro-processing small and medium businesses that can develop a strong linkage with smallholder farmers and integrate them in their supply chain.⁵⁴
- Supporting farmer institutions to improve capacity for advocacy and provision of relevant services to enhance sustainability.
- Building the capacity of smallholder farmers to catalyze change of “mindsets” and gain better understanding of farming as a business.

The main project components are: capacity building of key stakeholders; access to market and access to finance. The target beneficiaries are SMEs involved in agro-processing and operating along the Nacala corridor region of which at least half are expected to be owned by women and/or youth. Other beneficiaries include smallholder farmers and farmer groups in the Nacala corridor; extension service workers through improved skills and financial institutions through training of loan officers.⁵⁵

⁵² The project is being implemented by the African Development Bank under the Fund for African Private Sector Assistance (FAPA) initiative.

⁵³ African Development Bank - “Malawi Nacala Rail & Port Value Addition Project”, 2016

⁵⁴ The choice of the agribusiness sector in Malawi was driven by the shallow SME sector (non-agriculture oriented) and the dominance of the agriculture sector that presents growth opportunities.

⁵⁵ -ibid-

Project rationale

Malawi remains one of the least developed countries in the world with a GNI per capita of USD 250⁵⁶. The Country has to date not been able to diversify the structure of its economy and exports and thus compromised the opportunity to sustain high rates of economic growth. The manufacturing sector is very small at 11% of GDP and declining. Manufacturing comprises mainly agro-processing activities in tobacco, tea and sugar processing. Distribution and services represent about 22% each of GDP. Malawi's economy remains driven primarily by the agriculture sector representing about 33% of GDP with a large smallholder sub-sector that is mainly engaged in subsistence farming. Maize, the staple food, accounts for 80% of cultivated land in the smallholder sub-sector. The main agricultural export crop is tobacco (accounting for 60% of foreign earnings), followed by tea, sugar, coffee and cotton. Besides Maize, the small holder farmers in the Nacala Corridor mainly grow food crops such as rice, sweet potatoes, Irish potatoes, sorghum, millet, cassava, groundnuts, vegetables, soybeans, cowpeas, pigeon peas, sesame seeds, and other oil seeds.

Gender implications

Women comprise about 52 percent of the Malawian population hence they are instrumental if the country is to achieve its Development Agenda. Malawi in 2014 had a Gender Inequality Index value of 0.611.⁵⁷ In view of this, the project has made deliberate efforts to ensure adequate participation of women (at least 50% of beneficiaries). Women are given a quota for representation on the steering committee and the executing agency have established a “*gender focal point*” as part of the Project Implementation Unit. Through the project design, women, have had the opportunity to participate in farm related income generating activities and contribute meaningfully to the socio-economic development of their communities. The gender perspectives have been integrated into project formulation in line with the Malawian Gender Equality Act, 2012 and the National Youth Policy, 2013, and also takes due cognizance of the AfDB Gender Policy.

Moreover, deliberate efforts have been made in each component to reach women for skill development, agro-business, facilitating access to market, developing and equipping women-owned SMEs, and simplified information flow. This is against the background that it was important right from the outset, for the technical assistance to have the prerequisite to deal and manage issues pertaining to gender in the entire operation. Capacity development of women involved in the project would help in increasing women's access to agriculture inputs which will increase production, productivity, and agro-process opportunities.

Expected outcome

The Project is expected to contribute to increased inclusive growth in Malawi and is thus aligned with the overarching objective of the Bank's TYS 2013 – 2022 of achieving growth that is more inclusive. The project is also expected to contribute to increased agriculture production, productivity and value addition and is therefore well aligned with the High Five priority areas to advance the transformation agenda of Regional Member Countries, in particular, Feed Africa, Industrialize Africa and Improve Quality of Life of Africans. The project is also aligned with the pillar II of the regional integration strategy, enhancing industrialization and trade. The project will build capacity of SMEs, farmer groups and small holder farmers of which 50% are targeted to be women. The project is in this regard aligned with the third pillar of the Private Sector Development Strategy 2013 – 2017 of enterprise development, the second pillar of the Bank's gender strategy 2014 – 2018 of women's economic empowerment and the Agriculture and Agribusiness Strategy 2015-19 under the second focus area of promoting agribusiness and innovation.⁵⁸

⁵⁶ 2015 World Bank rating

⁵⁷ UNDP human development reports, 2014

⁵⁸ -ibid-

Lessons learned

The Malawi Nacala Rail & Port Value Addition Project” draws from lessons learned from other similar programs developed by the African Development Bank.⁵⁹ These have created a knowledge base and of experience in the direct support to MSMEs. The lessons learned from these projects have been incorporated into the design of the ongoing project including the:

- Need to implement programs for a longer duration.
- Need for a baseline and measurable performance indicators.
- Importance of effective supervision and regular meetings with stakeholders.
- Need for an integrated approach to the value chain involving key stakeholders.
- Importance of a good communication program to avoid unrealistic expectations.
- Need for a good selection of eligible beneficiaries of the project.
- Need to strengthen the technical and managerial capacities of entrepreneurs beyond access to finance.

Malawi - SADC/EU: Trade Related Facility

The project has two main components, namely: Upgrading & Modernisation of the Oilseeds Product Cluster and Effective implementation of the Rules of Origin.

The oil seeds component

The Malawi Oilseed Sector Transformation (MOST) Programme seeks to upgrade and modernise the oil seeds product “cluster”. In particular, the project aims at increasing the incomes of 60,000 poor women and men working in Malawi’s cotton, groundnut, soya bean and sunflower markets. MOST seeks to have a transformational impact by supporting changes in the market system that fundamentally alter the way business is done to ensure greater benefits for the poor. MOST works with a range of market actors – from small-scale rural entrepreneurs to multinational companies – to pilot and scale up new business models and to stimulate a more competitive market system.

Malawi, under the National Export Strategy has identified the oil seeds products sector as one of its priority sectors to diversify and increase its exports in the medium and long term. Key elements to the strategy are increasing production, value-addition through processing into final products and targeting regional markets through opportunities offered by the SADC Protocol on Trade. The following highlights the specific challenges faced in the production, processing and trade segments of the oilseed value chain.⁶⁰

The ‘Oil Seeds Products Cluster’ targets sunflower, soya bean, groundnut and cotton seed and focuses upon: i) increased value-addition (through processing into oil, meals, butters, milks, lubricants, varnishes, soaps, cosmetics and paints); ii) targeting regional markets (Mozambique, South Africa, Tanzania, Zambia, Zimbabwe); and import substitution.

Key successes

Due to the increased interest in oilseeds, the hectareage of sunflower and soya bean has increased by approximately 40% and groundnut by 10% since 2012.

Key challenges

The following highlights the specific challenges faced in the production, processing and trade segments of the oilseed value chain.

⁵⁹ These include: (i) Economic Entrepreneurship Program and Rural Income in Egypt; (ii) Support to micro-finance institutions in the Congo, Liberia, Nigeria and Tanzania; and (iii) Support to SME competitiveness in Zambia; MSME development project in Seychelles; and SME Business Linkage in Ghana.

⁶⁰ SADC-EU-Upgrading & Modernisation of the Oilseeds Product Cluster in Malawi and Effective Implementation of the Rules of Origin

Production: Despite the increase in hectareage, output (MT) has not increased at the same rate and cotton production has decreased by hectareage and output. Average yields for Malawi and benchmark countries are provided in the Table below.

Table 9: Average yields for Malawi and benchmark countries

Oilseed	Malawi (kg/ha)	Mozambique (kg/ha)	South Africa (kg/ha)	Zimbabwe (kg/ha)	Zambia (kg/ha)
Sunflower	730	400	1,100	400	500
Groundnut	790	350	890	440	500
Soya bean	870	1,100	2,500	1,500	2,000
Cotton	780	900	3,200	700	800

Source: Fact Fish

Although yields for sunflower and groundnut compare well against all countries apart from South Africa; soya bean yields are the lowest in the region. Poor soya bean yields are attributable to low use of yield improving technologies and inputs such as improved seeds, inoculant and foliar fertilisers.

The Seed Services Unit under the Department of Agricultural Research Services regulates and approves seed varieties for use in Malawi and field trials of new varieties can take several years to be approved. Although higher yielding seed varieties are available in countries such as South Africa and Zambia, they have not been approved for use in Malawi, which puts Malawian farmers at a significant disadvantage.

Even though the SADC Seed Harmonisation Protocol advocates if a seed variety is being used in two other SADC Member States it can be used across all members States, this has not yet been adopted in Malawi.

The use of inoculant to increase nitrogen fixation in legumes is a very effective and low cost means to increase yields. Although inoculant is now being produced in Malawi, it has yet to be widely adopted by farmers.

Post-harvest handling greatly affects seed quality. However, there is no grading of oilseeds and hence no price premiums paid for quality grains. Typical quality parameters used by processors in other countries when buying oilseed grains include trash content, moisture content, amount of damaged grains and protein and oil content. Improved quality not only improves processing efficiency but offers additional income opportunities for farmers.

The above constraints highlight not only the need for the introduction of new technologies and techniques but also the dissemination and adoption of potential benefits amongst oilseed farmers.

Processing: The major problem faced by processors is sourcing enough raw materials as many of the processors are operating at only 25% of capacity. This also forces refiners to import crude oil from as far away as Argentina. Although the shortage is largely due to the low production of oilseeds, some of the harvest is exported directly to processors in neighbouring countries.

Processors source most of their raw materials from traders; however, there is growing interest in sourcing direct from farmers to secure supplies.

Oilseed crushing is critical to the industrialisation of the oilseeds sector in Malawi not only for processing into cooking oil. The National Export Strategy (NES) identified several other high potential by-products such as paints/dyes, bio-fuel and cosmetics. However, these are by-products of the crushing process and diversification opportunities cannot be exploited without increased crushing, which itself is dependent on the increased production of oilseeds.

Trade: Malawi largely exports oilseeds as unprocessed grain or as cake, an ingredient in livestock feeds. Very little crude or refined oil is exported. The export of grains is encouraged by importing countries, which do not impose import duties on grains but can impose as much as 20% import duties on oil.

Oilseed cake from Malawi is perceived as poor quality, mainly due to low protein content.⁶¹ Industry standards for oilseed cakes include minimum or maximum levels for protein, fat, fibre and moisture content. However, Malawi has no standards for oilseed cakes to overcome the 'perception' of poor quality.

Compliance with international Sanitary and Phyto-Sanitary requirements and standards is essential for developing export trade. The Malawi Bureau of Standards (MBS) has developed standards for oilseed grains and edible oils (MS51). However, it is unclear whether these standards comply with CODEX Alimentarius and furthermore MBS is not accredited to provide certification that is internationally recognized. This results in exporters having to undertake testing and product certification in other countries such as South Africa, or rely on quarantine services of importing countries, adding to cost and risk.

In the absence of a robust 'standards infrastructure' in Malawi, some companies are undertaking private voluntary food safety certification, such as Hazard Analysis and Critical Control Point (HACCP) to create consumer confidence in their products. HACCP certification is provided by internationally accredited certifying agencies and achieving HACCP certification can be time consuming and expensive.

In short, if Malawi is to participate in increasingly dynamic international oilseed markets, it needs to become cost competitive and comply with international standards for market access and create an enabling regulatory environment for increased trade.

Effective Implementation of the Rules of Origin and enhanced trade facilitation component

This project component is on the effective implementation of the Rules of Origin in Malawi, with particular reference to textiles and garments and wheat and wheat flour. The rationale behind this component is to ensure the effective implementation of rules of origin lies in the need to more effectively implement the SADC Trade Protocol and other preferential trading arrangements.

Malawi identified areas of intervention related to rules of origin for TRF support which included:

- improving Malawi's capacity to administer and implement the 2008 revised SADC rules of origin and those of other preferential trading arrangements of which the country belongs to;
- capacity building activities such as training for relevant officials and stakeholders;
- designing an effective system for administering rules of origin, more in the form of systems development, also taking into account IT issues;
- undertaking of a study on the impact of SADC rules of origin on Malawi's economy, including on textile and clothing and wheat/wheat flour in order to inform a negotiating position for Malawi in the process of reforming the SADC rules of origin and in other trade negotiations in the Tripartite FTA and Continental FTA contexts; and
- supporting Malawi's effective participation in the process of negotiations to revise SADC rules of origin as well as in other related negotiations such as the Tripartite and Continental FTA negotiations on rules of origin.

The following are key result areas for the project

Result area 1: Malawi's capacity to administer and implement the 2008 revised SADC rules of origin and those of other preferential trading arrangements of which the country belongs to is improved:

Currently Malawian companies that export to partners in preferential trading regimes have a number of different rules of origin to conform to and a number of procedures and agencies to go through to obtain a certificate of origin. A certificate of origin is necessary in a free trade arrangement, so as to avoid trade deflection and trade diversion from taking place, but if the costs of obtaining a certificate of origin are high this negates the advantage of being a part of the preferential trading arrangement. If

⁶¹ Whitehouse (2014) *Opportunities in Regional Oilcake Markets*, MOST

an exporter has to travel to a central place and wait days before a certificate of origin is issued, then the cost of getting the certificate of origin may be higher than the duties the trader will need to pay if he trades into a market without using the preferences. This is especially the case if the duty requirement is low, which is usually the case for agricultural produce, which is Malawi's most traded commodities in the region and in other preferential trading areas such as AGOA.

Some of the key activities under this component are

- Prepare a training manual on Rules of Origin
- Increase the number of agencies to issue Rules of Origin certificate across the country to reduce travel costs of importers and exporters from traveling long distances to obtain a RoO certificate
- Carry out capacity building for relevant officials and stakeholders. Ministry and MRA staff should be trained in how to administer the existing rules of origin of COMESA, SADC, GSP (including AGOA) and bilateral trade agreements;
- Design an on-line system for managing rules of origin under the various preferential trading arrangements Malawi participates under. The system will build a database of traders and the products which they produce which qualify under the various schemes, the applicable rules and production processes and other administrative information required under the preferential schemes. Interfaces will also be built to allow exchange of this information amongst regulatory agencies in Malawi and customs authorities in other countries under Customs Cooperation arrangements on exchange of information. This activity will be supported by a review of legislation on electronic submission of regulatory information and exchange of regulatory information and procedures to ensure confidentiality of information on traders.

Result area 2: Malawi's effective participation in the process of negotiating preferential trade arrangements and administration of the agreements improved with regards to RoO.

One of the challenges faced by Malawi is the lack of effective participation in fora where trade rules are negotiated. In the case of the Tripartite FTA negotiations, even when Malawi was chairing the Tripartite Trade Negotiating Forum (TTNF) it was not adequately represented. The challenge was in both the lack of resources available to participate in these negotiations as well as the technical capacity of the Malawi trade negotiators to negotiate a trade deal beneficial to Malawi. There is a need to go beyond capacity building in administering rules of origin and to put rules of origin in the context of free trade agreement (and so understand the structure of an agreement). This will be necessary if the Malawi trade negotiators are to be equipped to negotiate a beneficial trade deal at any trade negotiating forum, be this at the bilateral level, the SADC level, the COMESA-EAC-SADC Tripartite level or the Continental free Trade Agreement level.

The overall goal is to create a more conducive environment for exports and, in so doing, improve Malawi as an investment destination especially in the sectors prioritized in the National Export Strategy.

Specific Objectives under the result areas are

- (i) to improve Malawi's capacity to administer and implement SADC rules of origin; to assist Malawi's negotiators to negotiate more favorable rules of origin; and to support the design and implementation of selected trade facilitation instruments that will assist Malawi to implement the WTO Trade Facilitation Agreement that will, in turn, lead to Malawi's improved export performance; and
- (ii) to increase Malawi's regional trade and export earnings compliant with the SADC Protocol on Trade. In line with NES targets, it is expected the value of oilseed exports will increase to USD 376 million by the end of 2019, from an estimated baseline of USD 50 million in 2016.

Key success

There have been a number of notable developments in terms of exports in Malawi over the last few years. Exports averaged MK14,753.31m from 2000 until 2015, peaking at MK81,412.70m in October of 2014 and bottoming out at MK617.70m in April of 2008.

Examples of other success stories include the Arkay Plastics Ltd. The company was exporting plastic household products with a value of less than US\$1m in 2004 but by 2011 had grown this market to over US\$25m, with sales to the major South African retail chain stores exporting under SADC preferential trade arrangements. The current value of Arkay Plastics exports is about the same as the combined annual exports of garments and apparel (HS Chapters 61 and 62) in early 2000's, when Malawi was benefitting from both MMTZ and AGOA.

The agricultural sector has seen a significant expansion in sugar production and the growth of non-traditional agricultural products such as oil seeds. Oil seeds have grown from close to zero to reach almost 3% of total exports in the past 7 years.⁶²

Key challenges

Prior to its expiry, Malawi was benefitting under the 'Malawi, Mozambique, Tanzania and Zambia - Southern African Customs Union' (MMTZ-SACU) arrangement which allowed it to benefit from preferential trade in textile and clothing on the basis of the single-stage transformation rule of origin into the SACU market. However, as a result of a number of factors, including the cessation of the MMTZ arrangement, exports of textiles and garments from Malawi have plummeted. Up until 2011 Malawi traded with South Africa duty free with a simple rule of origin (which allowed all the cloth to be imported) under the SADC Trade Protocol. Since 2011 several apparel plants, employing approximately 4,000 workers have closed down. With the continued import of duty-free and second hand clothing it is unlikely that the sector will recover without targeted interventions.

Significant investments are needed in new machinery and, although simplification of the rules of origin, including a change from a double to a single transformation rule Rules of Origin will assist to attract the required new investment, it is unlikely that, on its own, a change in rules of origin will be enough to ensure the revival of the industry. This opinion is re-enforced by the fact that Malawi has not been able to take advantage of the preferential market access in textiles and garments offered by AGOA. In 2012 and 2013 Malawi exported Textiles and Apparel to the US under AGOA valued at US\$8.4m and US\$6.1m respectively. In 2014 the value of US exports to Malawi (US\$34,670) was almost the same as Malawi exports under AGOA (US\$34,429) with 92% of AGOA exports (US\$31,597) being agricultural and 8% (US\$2,832) being textiles and apparel.

The main logic used to have restrictive Rules of Origin on wheat flour is to protect SADC wheat growers. Without such a rule, it is argued, millers in SADC would be able to import 'cheap' wheat on world markets, undermine SADC millers in their domestic market and ultimately deprive wheat growers of their only source of demand. There have been a number of studies done that analyse in detail the effects of restrictive SADC Rules of Origin for wheat and wheat products and most conclude that such restrictive rules would not benefit the consumers or the producers. However, it may be worth redoing this analysis in light of the new economic landscape in SADC.

Malawi performs better at trading across borders than all other selected countries except Zimbabwe; however, has an enabling trade environment worse than all selected countries except Zimbabwe.

Table 10: Easy of doing business - countries comparison

Country	Trading Across Borders (Rank within 189 countries)	Enabling Trade (Rank within 138 countries)
Malawi	123	112
Mozambique	129	110
South Africa	130	59
Zambia	152	91
Zimbabwe	100	134

Source: World Bank Ease of Doing Business Survey

Industrial Upgrading and Modernisation Programme (IUMP).

Malawi also has adopted the **SADC Industrial Upgrading and Modernisation Programme (IUMP)**. Previously, the target sectors included agro-processing; pharmaceuticals; leather and leather products; cotton and textiles; and food and beverages. However, a lack of technical and financial

⁶² Ibid-

resources posed several challenges and the current focus of IUMP has been revised to include oil seeds products, as prioritized in the NES. Within this context, Malawi now seeks to focus its industrial upgrading and modernization programme on increased access to technology and latest international research and development; quality assurance; product quality; and, accreditation and standards.

Zambia

Cassava commercialisation project

This is one of the most successful initiatives in Zambia where small scale farmers have been linked with large manufacturing companies. The scheme was initiated by Zambia breweries in 2016, through which farmers can sell their cassava crop for brewing purposes through an out grower scheme. Zambia Breweries Plc is part of Anheuser-Busch InBev (AB InBev), the largest brewer in the world, with more than 400 beer brands and some 200,000 employees in over 50 countries. It is also one of the world's largest bottlers of soft drinks.⁶³

Zambian Breweries has a variety of widely and accessible products that are supported by the input of small-scale farmers. One such product is Eagle Lager, of which cassava is an essential ingredient. The company is committed to bring different small-scale farmers together to create better communities and for a stronger economy driven by agriculture.

Since the start of the company's initiative, the brewing giant, along with its partners, has ventured into an out grower scheme that started with just 1,000 small scale farmers in Luapula Province. The project now provides a market and livelihoods for more than 5,000 small-scale farmers, stretching into Kasama district. The company is pushing for crop diversification by encouraging farmers to plant more cassava for the production of Eagle Lager, a beer steadily dominating the market.⁶⁴

Zambian Breweries has been a strong positive force in fostering value addition of quality, accessible and affordable products through crop diversification implemented by small scale farmers. In recent years, Zambia has experienced irregular rainfall patterns. As a result, farmers have considered cassava farming which is also drought resistant. Through the contract farming scheme, the company has assured small scale farmers of a sustained market for their cassava and are looking to roll out this project to more areas.

Zambian Breweries has made it easier for the farmers to sell their cassava locally through partnership with GroAfrica's depots. Prior to the commencement of the project, farmers had to go through a tedious and time consuming processes for peeling and soaking cassava to make it ready for export. With the help from Zambian Breweries, the business has been made more convenient because farmers simply peel, cut into sizeable pieces and take the dried cassava to the depots. Most farmers in the area now prefers growing cassava over maize because it requires little to no fertiliser and is a drought-resistant crop. Cassava cuttings are usually treated and fertiliser is applied once. The only requirement after this is weeding. In the case of maize, farmers need to apply both basal and top dressing fertilisers and the lack of applying either of them has the ability to destroy maize yield.

Following the introduction of the out grower scheme the attitude of growing cassava for mere consumption had changed due to the company's initiative of buying cassava for the brewing purposes. Today, the agriculture industry in Zambia has undergone transformation. Cassava was only farmed for consumption but has now been commercialized.

The scheme has also embedded in its self-significant technological solutions. Zambian Breweries with its partners Musika (Zambia) and BanQu of the United States of America on August 29, 2018 launched a system called the Chembe Project that will enable small-scale farmers to use global position satellite (GPS) to be identified by agents via their mobile phones and will verify quantity and amount of bags sold in the cassava transaction.

The system will help the assessment of the yield quality, increase demand and align with the United Nations Sustainability Development Goals by promoting financial inclusion as Zambian Breweries are

⁶³ Zambian Breweries was established in Zambia in 1968 and its product range has grown to include clear beers such as Mosi Lager, Castle, Carling Black Label and Eagle beer as well as the Coca-Cola, Sprite, Fanta and Schweppes brands.

⁶⁴ ABInBEV - Zambian Breweries Plc, Press Release,

in talks with micro finance institutions and banks to enable the system's ability to redirect cash sales into farmers' individual accounts.

Microenterprise development initiatives in the Cooper Belt

In Zambia, there are a number of SMEs initiatives which have been spearheaded by the Zambia Development Agency (ZDA), through its Enterprise Development wing.

ZDA recognises the fact that the current economic situation in Zambia presents opportunities which if taken advantage of can lead to the establishment of vibrant enterprises. Vast opportunities are available in what have been identified as growth sectors with economic activities such as, agricultural and mining.

In response to these opportunities, ZDA offers the following general services to SMEs:

- Training, technical services and business management skills.
- Business linkage services – in collaboration with export division.
- Access to finance - through MoUs with financial institutions.
- Access to ZDA industrial and commercial estates – industrial yards and /or, clusters.
- Business Development Services e.g. facilitate technology transfer (in conjunction with National Technology Business Council, Bureau of Standards, and the National Institute for Scientific and Industrial Research.

So far, ZDA has assisted 1,529 SMEs with business linkages which included market access support through backward and forward linkages to large enterprises such as supermarket chains and access to finance with various financial institutions across the country. The Agency supported 1,073 potential entrepreneurs including youth and women, with training in mindset transformation, in partnership with Barclays Africa Foundation and Voluntary Service Organization.

In the North Western Province, ZDA in conjunction with Zambian Chamber of Commerce, has developed a business linkage program which links small businesses with large multinationals operating in the copper belt. This followed a realisation of potential demand for locally based agro products by the mining houses. Most of the mining companies in the copper belt have been willing to source variety of agro products from small scale farmers, but the capacity was lacking. For example, mining companies consumed a total of 40,000 tons of fish all imported from South Africa whereas in the North western Zambia fish is one of the most abundant food resource. Furthermore, the whole concept of value chain was not well understood at the time, in particular the ability to identify 'win-win' opportunities between the small scale farmers, large mining operators and other industry actors. The absence of proper business infrastructure e.g. roads, cold storage facilities and bulking infrastructure exacerbated the situation.

A number of successful "pilot" market linkages initiatives were pioneered by the program including technical assistance for the establishment of aquaculture. For example, through the initiative, local entrepreneurs were assisted to establish fish ponds, fingerlings and breeding facilities (hatcheries). Some of the local SMEs were able to grow fish and supply to the mining houses. To facilitate more learning, an agribusiness incubator scheme was established in the area and experiences from other countered were shared. For example, a team was set up to study the fish incubation scheme in South Africa including the Mpumalanga and Bluefoitein Agriculture Mining and Tooling Incubator. This learning visit enabled development of a business model which was later used to attract sponsorship for similar schemes in Zambia. Ultimately, these efforts provided scope for scaling up and replication of the business model in Zambia.

Other similar pilot initiatives were also rolled out for other value chains. For example, the program supported one entrepreneur to produce large quantities of starch from cassava which is used in facilitating chemical processes in the copper processing. The entrepreneur was provided a technical assistance through the Citizens Empowerment Commissions to develop a business plan and also linked to the pharmaceutical companies including "Pharmanova" which uses starch for drug manufacturing. There is now an out grower scheme covering over 5,000 farmers in the copper belt.

There are a number of other potential opportunities for market linkages within the copper belt.

- The Copper Belt Energy Corporation has offered to do capacity building for SMEs to supply welding rods for the power station under the Mining Supplier Development Program. This is

viewed as an ideal opportunity for SMES given that mining activities consumes a lot of welding rods. The initiative is also pioneered with the National Business Council.

- The Corporation is also helping small holders to supply over 2, 500 metric tons of soya beans to the power plant for diesel production. The increase in raw material demand will ultimately lead to an increase in soya production.⁸¹

Following a successful “pilot” model, ZDA organised an Agribusiness Forum in August 2018 to facilitate round table discussion between different actors.⁶⁵ The Business Forum which was attended by over 300 delegates assembled Government, Government agencies, large enterprises, financial institutions and Micro, Small and Medium Enterprises (MSMEs) drawn from the Copperbelt province.⁶⁶

The main objective of the Forum was to facilitate the creation and deepening of business linkages between large enterprises and small and medium enterprises, in order to stimulate the development of both sustainable and competitiveness of local enterprises and optimizing efficiency of large enterprises.

As a result of the Business Forum, one Memorandum of Understanding (MoU) has already been signed while two more are yet to be signed and contracts have been sealed. Firstly, Konkola Copper Mines and the Copperbelt Leather Cluster signed a Memorandum of Understanding to facilitate the establishment of a cottage industry in the leather sector on the Copperbelt. More than 200 MSMEs are expected to benefit as a result of this Memorandum of Understanding. The beneficiaries of this initiative will be the existing shoe cobblers, shoe makers, youth and women with interest to acquire skills of tanning leather and manufacturing leather products including shoes.

Further, Wilundo Enterprises, based in Chingola signed a contract to supply mill balls valued at K200 million with Konkola Copper Mines. Wilundo Enterprises managed to get a strategic partner and has so far secured an initial K250, 000 working capital and has since started production.

In addition, the Zambia Development Agency is set to sign a Memorandum of Understanding to develop a comprehensive strategic intervention to contribute to enhancing the capacity of smallholder dairy farming on the Copperbelt. In the partnership ZDA is expected to conduct a capacity needs assessment and develop a plan to train the farmers, facilitate linkages to finance and raw material inputs for the smallholder dairy farmers on the Copperbelt. Parmalat Zambia currently procures milk from over 3000 smallholder dairy farmers clustered in six cooperatives across the Copperbelt Province. It has facilitated the establishment of bulking centres where it collects the milk using its own transport. The company supports farmers with linkages to equipment and feed suppliers as well as facilitating various training programmes for farmers at the bulking centres.

Parmalat also facilitates loan facilities in form of equipment (stainless steel containers and bicycles) and feed and has put an arrangement in place where it recovers the loans at source when paying the farmers. However, the quality of milk is poor with weak storage infrastructure and the smallholder dairy farmers have limited farm and business management skills. Hence the MoU with ZDA for training is aimed at capacity building for the smallholder farmers.

The other MoU involves Zelo Foods, a food processing company focused on the milling and packaging of groundnuts and fruit juices, and Shoprite. During the Business Linkages Forum, the company engaged Shoprite to explore supplying the Chain store. A series of meetings have been held between Shoprite and Zelo Foods which have culminated into a supply contract. Zelo Foods is a Copperbelt (Kitwe) based enterprise registered with the ZDA and has been supplying Pick'n Pay and exporting products to the Democratic of Congo with the help of the ZDA.

Additionally, Pine Innovation based in Luanshya manufacturing a shoe cleaning detergent bearing the brand name YAMAKA engaged Shoprite for the possibility to commence supplying the Chain Store with its shoe product. However, in order for the linkage to succeed the enterprise was guided by Shoprite to secure a recommendation letter from the ZDA which was facilitated by the Enterprise Development Division of the Agency.

⁶⁵ These included ILO, financial institutions, mining houses, chain stores, and agribusiness value chain players (small scale farmers, input suppliers and processors).

⁶⁶ <http://www.zda.org.zm>

Finally, During the Business Linkages Forum over 100 members of the Ndola District Business Association, an affiliate of the Zambia Chamber of Small and Medium Business Associations (ZCSMBA) Ndola, expressed interest to register with the ZDA. As a result of the high demand and numerous successes scored during the Business Forum, the Agency is set to get back to the Copperbelt to follow up on some of the pending business prospects and conduct business clinics for the micro, small and medium enterprises on the Copperbelt.

Furthermore, the same strategy will be replicated in all the other remaining provinces of the country so that many other micro, small and medium enterprises can benefit. The Forum will be replicated in the remaining provinces in partnership with the Ministry of Commerce Trade and Industry (MCTI).⁶⁷

Conclusion

Despite the challenges which countries are facing in implementing their industrial competitive programs, there are a number of successful projects and / or initiatives which could be used as a “springboard” to further strengthen efforts to promote the competitiveness of the industrial sector in the SADC region in general and of the Member States in particular.

As presented in the above paragraphs, the results of the ongoing initiative are mixed. Some have performed well and some have not. Much as this is expected, the most critical thing is ability to take stock of lessons learnt as well as documenting key success factors / key drivers where projects have performed well. This will provide significant input to any subsequent modifications which the SADC Secretariat may consider appropriate including for example, development action plan for the operationalization of the SADC Industrialization Strategy and Roadmap 2015-2063 (SISR).

Tanzania

Most of the projects related to industrialization and trade competitiveness for the past eight (8) years have been initiated and implemented through support from the UNIDO. The government, often through the Ministry of Industry and Trade (MIT) has been the main host of the projects, working closely with UNIDO, to ensure smooth implementation in terms of efficiency, impact and sustainability. The various projects under the auspices UNIDO/MIT Country Programme (CP) are summarised below:

UNIDO Country Programme - Technical Cooperation (CP)

The Country Programme was approved by the government of Tanzania in 2011, for a period of 2011-2015, and extended by one year to 2015/2016. The programme had three components; i) Industrial Policy and Statistics Support ii) Enterprises, Competitiveness, Investment and Trade, and iii) Energy and Environment.

Overall, 27 projects were implemented to achieve the respective objectives as detailed in **Table 8**. The overall goal of the UNIDO programme was to promote capacities for industrial productivity, enhance private sector contribution to the economic growth through creating conducive environment particularly on the policy front, support the growth of agro-processing and the respective value chains and SMEs as well as maximizing the use of renewable energy.

Table 11: Summary of UNIDO supported programs in Tanzania (2011 – 2016)

Intervention (thematic cluster)	Support Given	Objective
-Three (3) Industrial Policy and Statistics projects	-Capacity building for both public and private sector actors who perform theme related activities	-To enhance the capabilities of generating evidence-based industrial policy, competitiveness reports, growth strategies and others related for supporting industrial growth
Five (5) Trade promotion projects	-Trade capacity building programmes, investment	-To improve country's trade

⁶⁷ -ibid-

– industry wide	promotion, BID	competitiveness
-Six (6) Specific sector projects, including; Cashew, Red Meat and Leather; Edible oil, Dairy, Fruit and vegetables; Crop processing; Seaweed.	-Knowledge and skills on value chain through capacity building programmes, IUMP pilot phase, supply of equipment, expertise technical assistance.	-Reducing inequality across the value chains and sectors -To improve country's competitiveness
-Two (2) Youth Employability and Entrepreneurship projects	-Providing opportunities for internships, conducting entrepreneurship trainings, capacity building for business development services (BDS)	-Addressing youth employment agenda by improving their employability status -Opening up opportunities for self-employment through MSMEs
Ten (10) Energy and Environment projects following under: -Stockholm Convention NIP; Waste management, waste-to-energy applications and alternative fuels; Small hydropower mini grids	-Expertise technical assistance, policy advice, supply of equipment with respect to the need, pilots, capacity building programmes	-Protecting the environment and facilitating the access to modern energy

Source: Compiled from stakeholder interviews literature review, February-March 2019

In the paragraphs below, we present a detailed description of each thematic cluster:

Industrial policy, statistics, trade promotions

Respective project design, funding and M&E

All the projects under this cluster were financed by “UN One Funds” envelope for an average of Euro 374,642 each. The total budget for the Industrial Policy & Statistics cluster and the Trade Promotion Cluster was Euro 936,629 and Euro 2,060,505 respectively. However, these projects had the lowest fund, about 14% of the total budget. Unfortunately, during the design of the projects, the specifications were quite general and were not updated during the implementation when the project concepts became more specific.

The monitoring and evaluation of the projects was carried out by UNIDO themselves on ad-hoc basis under the Country Framework Support to UNDP (2011 – 2015) platform. However, there were no formal reports available to show the progress of the projects during the evaluation stage. The information obtained from the field visit highlighted the progress and sustainability of the few projects as presented below.

Industrial Policy and Statistics Cluster

The beneficiaries under these projects included the MIT, National Bureau of Statistics (NBS), Ministry of Finance and Planning Commission, Confederation of Tanzania Industries, Academic Institutions, Research Institutions and relevant authorities in Zanzibar. During the life of the project, the institutions accessed a number of capacity building workshops, which aimed at improving the capacity to develop evidence-based industrial policies and strategies. In this regard, participants were provided knowledge on specific themes e.g. industrial policy diagnosis, monitoring and evaluation. The country also received technical support necessary for creating a dedicated “Industrial Intelligence Unit” at the MIT. The unit would later be charged with the overall responsibility of performing the activities whose skills were provided during the respective workshops. Another area of emphasis for the projects was a need to develop a policy coherence system between the administration and the institution responsible for developing industrial policies.

Achievements

A number of outputs have been reported to reflect the success of the projects during their lifetime as summarised below:

- Tanzania Industrial Competitiveness Reports 2012 and 2015.

- Policy briefs in the areas of Food, Beverage & Tobacco (FBT), structural transformation, EAC manufacturing performance and others.
- Field research works in the areas of agro-processing, particularly, edible oils.
- Statistical surveys and analysis of the data. Examples include; Annual Survey of Industrial Production and the Industrial Production Census.
- Industry visitations to understand their trade competitiveness and ease of accessing regional markets.
- Facilitating stakeholder's debates, particularly with academic institutions

Sustainability of the project: current status

The Industrial Intelligence Unit was developed under the MIT in the year 2012 to produce evidence-based policy briefs, industrial competitiveness reports, conducting field research for specific sub-sectors, and facilitating a conducive working environment between the government and private sector. However, the unit ceased its operations two years ago due to number of reasons:

- **Human capital:** Although the unit members were well trained by UNIDO to perform their roles, the knowledge was never transferred to other staff member within the institution. As a result, when the unit members moved to other working places, the unit became dormant.
- **Finances:** the unit was operating under the Industrial Development department in the ministry, however, it was never included in the organogram of the MIT or any other public institution, which made it harder to be allocated funds to support their activities.
- **Insufficient human resource base:** The MIT currently has few members of staff due to financial constraints faced by the government. The existing employees are already overstretched, hence cannot effectively perform other responsibilities over and above their current mandate. Nonetheless, apart from the few who were trained, most employees do not have requisite skills and knowledge to deliver specific aspects of key industrial policies and strategies.

Trade Promotion Cluster

The five projects implemented under this intervention benefited a number of counterparts including the MIT, Tanzania Investment Centre (TIC), Tanzania Chamber of Commerce (TCC), Zanzibar National Chamber of Commerce (ZNCC), Fair Competition Commission (FCC), and the Confederation of Tanzania Industries (CTI). The support was given through the capacity building programmes, technology transfer and advisory services. Some of the projects were specific for assisting SMEs growth capacity, e.g. technical assistance to facilitate the process for obtaining products certificates from the Tanzania Bureau of Standards (TBS). Other support included: Subcontracting and Partnership Exchange (SPX); Investment Monitoring Platform (IMP); Business Information Centers; market awareness programs; and facilitating access to markets for agro-processors.

Value Chain Development, Industrial Upgrading and Youth Employability & Entrepreneurship project

Project funding, design and M&E

All projects under this cluster, to a great extent were financed by the "One UN Funds". A small contribution was also obtained from bilateral donors. The projects took 30% of the total program budget, while an individual project budget averaged around Euro 790,677.

With the exception to the "Youth Employability & Entrepreneurship" component and horticultural sub-sector component, the projects under this cluster were generally designed without specification of specific interventions and deliverables. Throughout the implementation period, no changes were made to the initial Project Agreement Document to accommodate measures to address the oversight. Although the projects were supposed to be submitting progress reports as part of the requirement for the Result Monitoring System (RMS) of UNDP (2011 – 2015), with exception of few, there was no any report which could be accessed during the evaluation stage. The youth project was directly reporting to JPYE and UNIDO internally.

Value Chain Development and Industrial Upgrading project

A number of sub-sectors have benefited from value chain development and industrial upgrading projects. These include edible oils, dairy, fruits & vegetables, cashew, read meat, leather, and horticultural. They received support through capacity building workshops, technology transfer, and advisory services. Within the portfolio, there was one regional component, referred as “Accelerated Agribusiness and Agro-Industries Development” (3ADI) which focused on sea weed sub-sector. The project promoted local and international value chain processors, particularly small entrepreneurs and processors.



Industrial Upgrading and Modernization Programme (IUMP)

The programme, launched in 2012 is a collaboration of the Tanzania Ministry of Industry and Trade (MIT) and UNIDO. The project was also a component of the UN Country Development Framework (2011 – 2015) and was implemented as a “pilot”.

The main objectives were to:

- Advance the production capacity of the local small and medium manufacturers for strengthening their output, both in terms of quality and quantity.
- Facilitate access and improve the manufacturers competitiveness in the local, regional and international markets.
- Promote the institutional and technical capacities of the Industrial Support Organizations (ISOs) for facilitating the effectiveness of their activities, particularly, extending upgrading services to a larger manufacturers community.
- Build up the capacities of the business community in order to monitor and manage the changes occurring in the industrial economy, while they keep up with the demands of regional integration and international competition.

The project target group was the solvent manufacturing enterprise under the agro-processing sector, particularly those operating in diary, edible oils and fruits & vegetables sub-sectors and willing to upgrade and expand their businesses with a view to attain competitiveness. Based on the project design; the firms would benefit on:

- Rationalized production cycles, improved resource efficiency and reduced waste
- Optimized financial management and accounting practices
- Strengthened human resource management
- Increased compliance with international standards and technical requirements
- Improved marketing techniques to achieve the expanded and consolidated market share

Overall, the expected project results included:

- Assisting SMEs in the manufacturing sector to boost their production and management skills in order to compete in the local and international markets.
- The targeted SMEs receiving the required technical inputs for building up ISOs and the local experts receiving knowledge and skills for technology upgrade.
- A well-established Upgrading Unit of Tanzania (UUT) to facilitate management and monitoring of the IUMP activities. The unit was also set to prepare and launch the project's roll-out phase once the pilot stage finished in order to accommodate more local SMEs who have upgrading needs.

From the design respective, the IUMP project implementation had four phases:

- **Overall strategic diagnosis:** This phase had five steps including; analyzing the opportunities and threats towards SMEs competitiveness, analyse the markets for positioning purposes,

examine the managerial skills and social aspects, measure the SMEs technical competence and quality, and the financial situation

- **Upgrading strategies:** After obtaining information from diagnosis phase, in collaboration with the respective SMEs, the upgrading plan is set to determine the priority interventions, strategies to be used aligning to the national development vision and the targeted goals of the respective firm
- **Formulation and Financing:** At this phase, the discussed upgrading plan is concluded with all the strategic actions in it with respect to the need in place and the project initial focus. The business plans/feasibility studies are employed to develop accountable upgrading plans to support the SMEs process of obtaining funds
- **Implementation and Monitoring:** Using national and international experts, the SMEs get on-site technical assistance to put the upgrading plan into action following time frames, while allowing learning through the process.

Key Achievements

At the project design stage, at least 15 enterprises were supposed to be the beneficiaries. However, by end of the pilot phase, 19 enterprises benefited from the project. The beneficiary companies covered a range of value chains including: sunflower, dairy, food processing value chain, and horticulture sectors. Specific results include⁶⁸:

- Change in turnover of 38% through enhanced production, maintenance and marketing.
- A 23% increase in operating margin.
- 4% increase in employment;
- 84% increase in regional exports, 5% increase in sales, 30% increase in share of local market
- Reduction of waste losses in the milk industry.

Project Sustainability - Current Status

Despite of the achievements obtained in the pilot phase, the IUMP did not proceed to the next phases. The sunflower cluster which was to be developed for upgrading and modernization also could not proceed with its plans. Through its committee which included the manufacturers, the cluster managed to be allocated funds to create a park. However, for some unexplained reasons, this objective was not achieved. During the field mission, one respondent mentioned that, " *the sunflower manufacturers attempted to develop their machines, which did not pass through the national standards, hence becoming a key challenge for implementing our strategic plan*". The upgrading unit which was established to monitor the project in the country also seized its operations since the end of the pilot phase.

A number of reasons were mentioned as challenges which have led to the current situation:

- **Funding:** The IUMP in Tanzania could not proceed due to lack of funds. As has been the case with other donor funded programs, the prevailing trend is once the donor funds ends, the project ends as well. This was linked to the reasons for the prevailing UUT dormant operation where even the staff salaries could not be paid.
- The next phase of the IUMP depended much on the report from the previous phase, which was never produced. This made it harder to understand the cut-off point and how to proceed.
- There is less understanding on the impact of the IUMP by the government policy decision makers due to unavailability of evaluation report, which made it harder for government funds to be allocated on the specific aspects of the pilot project.

⁶⁸ The results presents here are on average basis for the targeted beneficiaries

Youth and Entrepreneurship

The Joint Programme on Youth Employment (JPYE) was formulated by the United Nations System in Tanzania to respond to the government call for donors to come up with a specific project which targets youth employment under the National Youth Employment Creation Programme (NYECP). The project was funded by SIDA within the UNDP framework. The support provided was through internship programme, the capacity building programmes for BDS, in order to create the will and ability to engage in local MSMEs and thereby create self-employment.

Summary of key findings from UNIDOs, Country Programme

In terms of *relevance*: The programme was relevant and timely since:

- It was aligned to the national priorities: Industrial development has always been among country's mission to achieve the Development Vision.
- It matches with the roles of UNIDO country office: as implementers, the organization role is to assist with: technical expertise where needed; capacity building programmes; advocating eco-friendly industrialization and promoting upgraded and modern industries in the country.

In terms of effectiveness: a number of results achieved as highlighted below

Progress of the projects: By the time the evaluation of the programme was conducted in 2016 by UNIDO independent team, 74% of the projects were on track, 19% were partially on track while there was no information for 7% of the projects. No any other evaluation has been conducted after that.

Some of the noted results were:

- For subcontracting and partnership exchange programme (SPX), 290 companies were profiled and 23 companies benchmarked. This was under the targets for benefiting 500 and 250 companies respectively. There is no clear reason as for why the targets couldn't be met.
- Investor Survey Report: The report was published in 2014, however, with significant delay which caused the data to be outdated by the time the report came out. There was no clear reason as to why the report was delayed.
- Establishment of Business Information Centre in ZNCCIA, of which by the time the evaluation was done by UNIDO, the center was not functioning as expected to internal matters and systems in place.
- Review of SME policy implementation in both mainland and Zanzibar.
- A significant number of trainings have been facilitated by the Dar es Salaam Institute of Technology (DIT) Leather Centre in Mwanza.
- Promising performance by SIDO-Cluster Cashew nut factory in terms of equipment's which is reflected on their increasing productivity.
- Development of national internship framework concept to support youth. Outperforming the target, 200 students benefited by the internships apart from 100 spots expected.

South Africa

Through IPAP and DTI, the government of South Africa have managed to develop and implement a number of successful competitiveness programmes. Some of these are sector specific while others are cross-cutting. The most notable ones are summarised below:

- Manufacturing Competitiveness Enhancement Programme (MCEP): The program supported a number of companies from different sectors to expand their operations by providing grants. For instance, through a grant from MCEP, the Bespoke Amenities Company (TBAC) managed to increase its production capacity and subsequently managed increase its market shares in Africa.
- South African Mining Extraction Research Development and Innovation Programme (SAMERDI): The program successfully managed the “Mandela Mining Precinct” project, a partnership between mining ministry (Chamber of Mines), DST, DTI, and DPME, the coordinator of the programme. The Precinct started operations in 2016 and have received three (3) years’ budget allocation from the government (approximately R222mil) as well as other support from the industry. The support is envisaged to continue until the project consortium creates a capacity to sustain itself. The main goal of its establishment is to make SA mining sector as a centre of excellence through promotion of Research and Development (R&D). The Mining Equipment Manufacturers Cluster (MEMSA) which was also established in 2016 by the government to support the initiative, is now managed by the Mandela Mining Precinct.
- The National Tooling Initiative (NTI) and National Foundry Technology Network (NFTN) which supports the metal and metal products sub-sector. The programmes aim on boosting the respective sector competitiveness through supporting the development of the required human capital, increasing job opportunities, technology and enterprise development, and promoting their exports. A number of success stories have been documented from the implementation of the programme. For instance, over 1,800 students have benefited from human capital development programmes, three centres of excellence have been established including trade test centres, and over 100 companies have received technical support from the enterprise development programme.
- DTI has leveraged on its ongoing programmes to create opportunities for “youth inclusiveness” in the industrialization process. To this end, the Business Process Services (BPS) Incentive Programme has been developed to cater for the special needs of the youth. Most recently, the programme introduced a condition where all grant recipient organisations should have at least 80% youth in their staff list. This requirement is in alignment with the National Youth Accord. Moreover, the DTI is working together with the National Skills Fund and the Jobs Fund to promote unemployed youth to become employable through readiness programmes. The latter seeks to offer demand driven skills to young people.
- The Clothing and Textile Competitiveness Programme (CTCP), has successfully managed to reverse the once poor performance of the subsector. Prior to the intervention, the overall sector performance was highly negative, a situation largely attributed to the restructuring and liberalization policies which took place in the 1990s.
- In the pursuit to support the local metal fabrication industry; capital and rail transport equipment sector’s competitiveness and growth, the government has offered a number of procurement tenders to local suppliers. Key among them were two (2) long term contract agreement awarded in 2014 to supply 3,600 new coaches for train seats. More than 60 companies are benefiting from this contracts, either directly or indirectly.
- A steel development fund amounting to 1.5 bn Rands was invested to support downstream players in the steel industry. The government also emphasized the use of local steel manufactured products. The objective is to promote markets for the industry’s primary products.
- A number of fuel cell initiatives have been launched to promote the Platinum Group Minerals (PGM). These are parts of efforts to create demand for the products in the mineral beneficiation subsector.
- The DTI has managed to support film sector through complementary programmes. Which include the South African Film and Television Co-Production Incentive and the Foreign Film and Television Post-Production Incentive. In the year 2014, the DTI managed to launch the

South Africa Emerging Black Film-Makers Incentive Programme to support emerging black filmmakers as a way of creating more sustainable jobs.

- The marine sector development programme has been recently launched.
- Green economy: In 2012, the government came up with the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) to develop the sector through a competitive bidding process.
- Special recognition from G20 and OECD steel committees who commended the approach that SA has used during the steel crisis. The involvement of the industry players and labour unions during the policy dialogue process is a worthy lesson for other SADC countries.
- In 2016, South Africa received an “*Offshoring Destination of the Year*” award at the Global Sourcing Association (GSA). The same award was received in 2012 and 2013 by National Outsourcing Association (NOA) and European Outsourcing Association (EOA), respectively. In the year 2014, the country also received Skills Development Project award of the Year from NOA.

Lessons to learned from South Africa: Factors for success

- The industrial policy should be properly targeted, well designed with strong oversight for continuous upgrading.
- Economic diversification: A proper multi-sector economy should be encouraged in all SADC countries where every sector is fully given an opportunity to contribute to the industrialisation process.
- Sufficient financial resources should be well planned and provided. For example, during the implementation of the 10 iterations IPAP, the agro-processing sector benefited with more than 8bn rand from the DTI, multinationals and local stakeholder’s investment who supported a number of incentive schemes. In the year 2017, the Agro-Processing Support Scheme valued at 1bn rand was launched to create more push to the sector.
- There is a need to policy coherence and programmes alignment in the industrialization process.
- A conducive business environment, stimulated by joint stakeholder efforts, is key to the transition towards higher levels of industrialization
- The key economic support structures should be positioned toward a common cause; particularly the developmental of favorable and supportive regulatory frameworks.⁶⁹

In addition to the above, DTI has implemented a number of projects related to industrialization. They comprise a number of initiatives and strategies to foster competitiveness of different value chains and/or industrial subsectors. While some of these are purely the view of the author as identified during the field mission, others were fully initiated and implemented by DTI. Either way, they all have a similar goal of making South Africa a competitive economy through creating strong industrial base.

The key initiatives include the following:

⁶⁹ DTI (2018a). Industrial Policy Action Plans: Economic Sectors, Employment and Infrastructure Development Cluster (2018/19 – 2020/21)

- South African Automotive Masterplan (2035) and its post-2020 Automotive Production and Development Programme (APDP). This was part of the on-going effort to maintain competitiveness of automotive sector.
- The Marine Manufacturing Development Plans.
- SA/EU Creative Industries Trade Dialogue Project.
- The Economic Contribution of Copyright-Based Industries in South Africa .
- Technology Trends.
- Consumer Energy Saving Device.
- Study to identify electronic assemblies, sub-assemblies and components that may be manufactured in South Africa.
- The Fund for Research into Industrial Development, Growth and Equity (FRIDGE)
- Study into the establishment of an aroma and fragrance fine chemicals value chain in South Africa
- Administered Prices Study on Economic Inputs: Ports Sector
- A Sectoral Review of Efficiencies in Administered Pricing in South Africa
- Study to Explore the Retention and Creation of Employment in The South African Automobile Sector
- EFTA Chemical Industry Trade Negotiations.
- SACU-Mercosur Chemical Industry Trade Negotiations.
- Effect of the Trade Agreement Between SACU and USA on The Southern African Customs Union Chemical Industry.
- Chemicals Sector Summit Preparation Project.
- Promotion of Small and Medium Enterprises in the South African Chemicals Sector.
- Study to Prepare Various South African Manufacturing Sectors for Effective Negotiations for the Proposed SACU/China and SACU/India Trade Negotiations.
- A study on the impact of Upstream Pricing Practices in the chemical sector on the development of the South African Chemical Sector as a whole.
- Study to provide an overview of the use of Economic Instruments and develop Sectoral Plans to mitigate the effects of Climate Change.
- Comprehensive research to assess and identify various areas of customs fraud and illegal imports. The objective of the research was to identify mechanisms and structures which could be utilized to combat the current unacceptably high levels of fraud or illegal importation in various identified sectors.
- A study of alternative approaches to minimize the impact of electricity price increases on the poor.
- Skills Needs Review in Manufacturing (2019).
- Inventing the Future (2018).
- Investment Insights by Invest SA (2017).

The Kingdom of Eswatini

SEDCO Programmes

The industrial department, which is “champion” of the industrial policy and strategy formulation works together with other government agencies and civil society including private sector to make sure the goals are achieved. For example, the department works closely with the Small Enterprise Development Company (SEDCO), a public enterprise under the Ministry of Commerce, Industry and Trade established in 1970 to awaken, promote and support entrepreneurial talent within the country. Its vision and prime focus is to create jobs and sustainable employment within the Small, Micro and Medium Sized Enterprises (SMME's)sector.

In order to ease access of its services to the interested parties, SEDCO has established estates in four (4) regions around the country. Furthermore, it has a number of “flagship” programmes including: Graduates Enterprise Program, Fruit Tree Programme, One Household, One Product (OHOP), Entrepreneur of the Year Awards (EYA), Enterprise Youth Scholar Programme, Estate Development Programme, and Buy Swazi Campaign. Among their services, the company facilitates business

training, business mentoring, business planning, market access through trade shows/exhibition, business and market linkages (e.g. Swazi trades' link, e-marketing and others).

In August 2018, SADC signed a grant agreement with FEMCOM and COMESA Secretariat to facilitate the Business Incubator for African Women Entrepreneurs (BIAWE) which focus on building capacity for African women in agro-processing, particularly chicken meat production, processing and marketing. FEMCOM secured a financial support from NEPAD/Spanish Fund which is currently implementing the second phase of the BIAWE project. The project, currently in the initiation stages of implementation, is expected to support at least 145 women within the four countries that signed an agreement.⁷⁰

Other success stories include: the surplus current account balance compared to majority of countries in Africa, which can largely be attributed diversification of exports (AEO, 2019). Swaziland is also mentioned among the lower cost SACU partners. This provides an advantage for attracting Foreign Direct Investment (FDI).⁷¹

Namibia

Namibia has made significant progress in some of the reforms as highlighted below:

The Industrial Upgrading and Modernisation Programme (IUMP)

The pilot phase of the programme, which was state funded, was implemented between 2015 and 2018. The government injected approximately 50 Million N\$ to facilitate its implementation. Over 53 businesses were supported and majority of them are well progressing. The programme however, ceased to exist by the of 2018 due to financial constraints. The closure of the program was also occasioned by government budget deficits experience in recent years which has led to budget cuts in most of the projects.

Currently, the ministry under the industrial development directorate is working on restructuring and redesigning the IUMP programme. The future program will be oriented around a development Financial Institutions (DFI) approach involves various development partners make contributions in a pool of funds. The consultants are currently working on the strategies to revamp the programme and by mid-2019 it is expected that the formal document to guide the way forward will be released.

Supportive Incentive Schemes (SISs)

There are a number of schemes falling under the Supportive Incentives Schemes in Namibia. A key among them is the Equipment Aid Scheme, which aims at boosting the MSME sector production capacity through provision of needed equipment and technology to effectively run business and thereby create sustainable employment. The scheme was implemented for four years after the launch of Growth at Home Strategy, and successfully supported 743 SMEs in 14 regions in the country. The state injected 65,576,685 N\$ various businesses. Most of them are related to construction and brick making, air-conditioning and refrigerators repairs, agro-processing, garments, auto-motive repairs, and joinery. Unfortunately, the scheme collapsed due to a multiple reasons including;

- The business supported included “start-ups” which were not necessarily strong enough to maintain sustainability
- The applications for the aid did not require viable business plans. This limited the viability of the ideas presented and approved.

⁷⁰ FEMCOM (2018, August 02). Business Incubators for African Women Entrepreneurs (BIAWE) under implementation. Retrieved from <https://www.femcomcomesa.org/?p=1086>

⁷¹ Africa Economic Outlook (2019). African Economic Outlook: Macroeconomic Performance and Prospects; Jobs, Growth and Firm Dynamisms; Integration for Africa's Economic Prosperity. Published by African Development Bank.

- The Government provided 100% funding for the equipment's. This led to lack of ownership on the part of targeted MSMEs
- Government budget cuts which subsequently led to financial constraints on the part of the recipient businesses.

Review of the SME policy

In November 2016, Namibia in conjunction with a technical team from the MITSMED, successfully managed to review the SME policy and launch a new National Policy on Micro, Small and Medium Enterprises (MSMEs) for the period, 2016 – 2021.

The goal of the new policy is: *to create an enabling business environment for Namibian MSMEs, thus fostering sustainable employment creation and income generation through training; improved access to finance, technology and markets; enhanced capacity to innovate; and improved entrepreneurial skills.*⁷²

A major emphasis of the new SME policy was to strengthen the SME Bank in order to facilitate access to finance for the small businesses. The new SME Bank was placed under Small Business Credit Guarantee Trust (SBCGT), a special arm of the Development Bank of Namibia (DBN). However, the bank did not last long and was liquidated in 2017.⁷³ The closure of the bank was a major disadvantage to the benefiting SMEs given its primary objective of providing well, designed financial products and services.

Training for Trainers (ToT) o Youth Entrepreneurship

In 2018, the government through the MITSEMD financed a training for trainers (ToT) for youth on entrepreneurship topics. The training brought together 10 representatives from each region. The objective was to training a team of youth who would later become trainers for other youths in their locations. This was one of key initiatives to address unemployment problem for youths in the 18 -35-year age bracket. Currently, the government in collaboration with GIZ is constructing a “One – Stop – Shop” for youth groups. The shop will facilitate access to multiple services and information including access to finance opportunities, knowledge on developing business plans, business development support (BDS) services, youth incubator schemes and others. The construction work is now at an advanced stage.

Bridging the Gap between Business and Education

The programme was initiated in the year 2017 under the Namibia Chamber of Commerce and Industry (NCCI). Its main goal is to facilitate young people leaving school to acquire “business” and “personal” skills as a strategy to address a massive youth unemployment problem in the country. Several activities are undertaken including internship coordination, soft skills workshops, career advises and creating environment for students to meaningfully engage in work places.

ACCESS Namibia

ACCESS! Namibia is a women programme under the Namibia Trade Forum which aims at facilitating export development services for business women. The objective of the programme is to help women gain increased access to regional and international markets. The program is provided under the agreement signed in 2014 between the International Trade Centre (ITC) and the government of Namibia through MITSMED. In phase One, ITC contributed US\$ 143, 962 to facilitate the programme. Through the programme, Namibian women were ensured easy access to a large pool of methodologies, tools and network of experts. The program also entails a number of follow-up support activities to the targeted.

⁷² MITSMED, 2016.

⁷³ As reported by Rensburg (2018) in the City Press article, the bank was liquidated in the year 2017 due to the missing cash.

In the first phase, about 21 participants attended ACCESS! Training for Trainers including staff from MITSMED and NTF. At the end of the training programme, participants usually became certified ACCESS! National Trainers. In addition, 60 enterprises, selected by the NTF, benefited from a 5 day exports training workshop. During the project lifetime, NTF which is the program focal point received positive feedback from the women who attended the workshops. However, the program stopped in the recent two years due to a number of reasons. The main reason is on the timing. A large number of women have been failing to attend the trainings due to other responsibilities. As a way to address the challenge, the program changed the approach by visiting women to their homesteads and/or business premises. However, this also failed due to huge costs involved. Therefore, insufficient funds became the second reason for the program failure.

Promotion of Competitiveness of Namibian Economy

The Euro 6,000,000 project implemented between 2014 and 2017 was commissioned by the Germany Federal Ministry for Economic Cooperation and Development (BMZ) under the lead executing agency, the MITSMED. It was meant to assist the government to implement policies related to industrialization, including: the industrial policy; fourth National Development Plan (NDP4); and the Financial Sector Strategy.

The project was designed to work within the action plans developed by MITSMED which focused on: promoting growth of selected economic sectors; developing capacities of selected institutions; and developing the financial systems. The project conducted several business management trainings, and provide assistance on products development and introduction of new technologies. Key target group included owners and operators of the growth-oriented SMEs as well as large companies. Results from the evaluation program indicated that over half of intended project beneficiaries were reached for support. Over 100 new jobs were created, 40% of which was taken by women. Other tangible targets included reduction in the number of procedures (steps) and days required to start a business and also an improvement in "getting credit" services.⁷⁴

A number of other "targeted" growth strategies were successfully developed by GIZ in close collaboration with the MITSMED for a selected economic sectors. For example, the 2015 program targeted the: cosmetics; handicraft; and leather industries. The seafood, taxidermy, Game meat, jewellery and coloured gemstone, metal fabrication, Swakara Wool, and wood charcoal industries growth strategies were developed in 2016.

2.5 Results from the field survey – public Sector capability

As part of the needs assessment, staff members in the ministries directly in charge of industrialization in the Member States, as well as those from the related ministries and public agencies were asked to fill in a staff questionnaire. The aim of the assessment was to acquire a general understanding of the level of capacities in the region as a whole as well as from each member state. The exercise was also intended to determine what additional trainings are needed prior to the roll out of the capacity building program.

The exercise was divided into two parts. The first part focused on general questions where participants were required to provide responses with regards to the following topics: current work and position; experience and professional background; experience producing analytical outputs; skills in data collection, processing and presentation; knowledge and experience in analytical methodologies; knowledge of data sources; previous trainings and preference for future trainings.

⁷⁴ Bagwitz D. *Promotion of Competitiveness of the Namibian Economy*. Retrieved from <https://www.giz.de/en/worldwide/32048.html>

The second part was a short quiz, testing staff knowledge in databases, economic concepts and computation of key trade and industrial indicators.

In general, findings from this part of the survey are not comparable at country level. Participants profiles differ by country as well as the institutions they work, activities they perform, years of experience in their current position, education background, etc. For this reason, it was not possible to derive a general description at country level. Instead, more meaningful results were possible when the analysis was conducted at regional level. **Annex XX** presents a detailed breakdown of the responses of general questions by Member States.

Caveats:

The assessment team would like to point out a number of caveats related to the survey:

- **Response rate:** Although all the 16 SADC Member States were engaged in the survey, the response rate was slightly on the lower side at 43.75%. Only seven (7) countries submitted the filled questionnaires⁷⁵. In the absence good response rate, countries which responded to the survey have been treated as representative sample for the targeted population. The respective results presented in this document serves as a “proxy” of the situation in the region.⁷⁶
- **Harmonisation of responses:** While the assessment team original intention was to harmonize the number of participants across countries to the extent possible, this was not eventually the case given the low response rate
- **Potential candidates for the upcoming capacity building program:** It is important to note that the observations from this exercise are indicative only and the assessment does not serve to identify potential candidates for the capacity building activities or other proposed programmes.

The rest of the section presents key findings in major thematic areas together with results of the staff capabilities assessment.

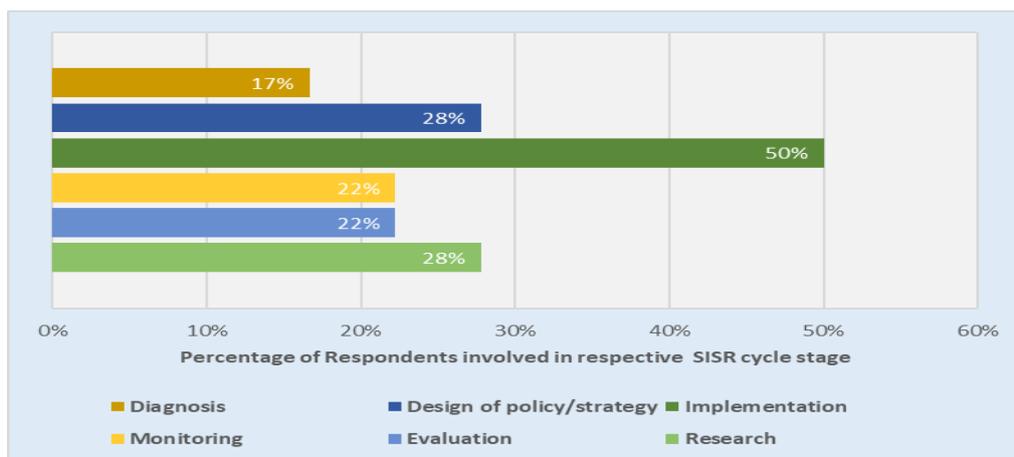
2.5.1 Participation in the SADC Industrialization Strategy and Roadmap (2015 – 2063)

The participants were asked to describe their activities and level of involvement in regards to the SADC Industrialization Strategy and Roadmap (SISR) cycle; (i.e. the diagnostic, design of policy/strategy, implementation, monitoring, evaluation and research stages). Out of the 18 participants, seven (7) indicated that they are not doing any work around SISR (2015 – 2063) cycle. Majority of staff are involved in the implementation stage. The diagnosis stage has the lowest participation, whereas the research and policy design has a moderate score. Given the fact that policy diagnosis depends much on the data and the results of research activities, one can safely conclude that Member States are also participating in policy diagnosis, albeit indirectly.

⁷⁵ Countries which responded to the survey with the number of questionnaires indicates in brackets are as follows: Botswana (1); Kingdom of Eswatini (1); Malawi (5); Mauritius (3); Namibia (6); Seychelles (1); and Tanzania (1)

⁷⁶ The assessment team would like to bring this issue during the stakeholder’s validation workshop. Representatives from Member States will be asked to validate the findings and conclusions presented in this report.

Figure 10: Average score: SADC member states' level of participation within SISR (2015 – 2063) cycle

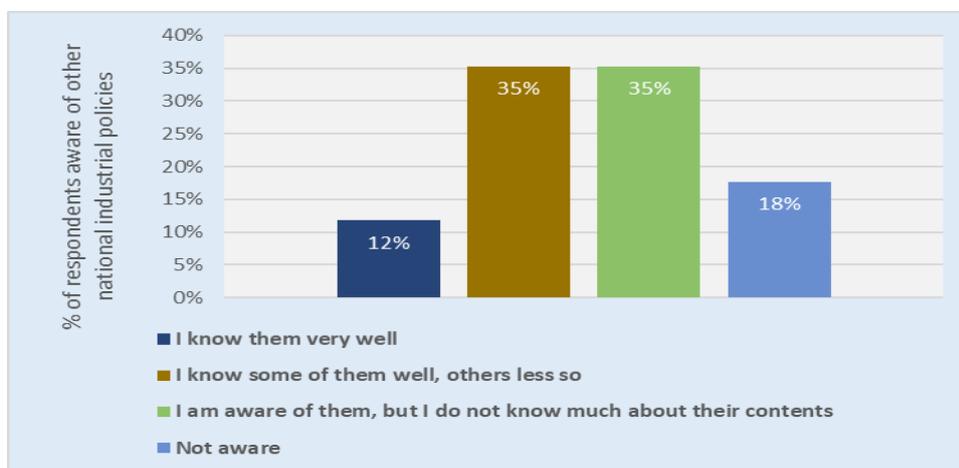


Source: Diagnostic Survey, March 2019

2.5.2 Awareness of other Member States' Industrial Policies and Strategies

Awareness of other member states' industrial policies and strategies is among key parameters for gauging the capability of countries to promote regional integration in general and to pursue specific trade activities with their neighbors in particular. Participants were asked to indicate their level of awareness on this parameter. Twelve (12) out of 17 who responded to the question indicated a moderate awareness on other countries industrial policies and strategies. A small proportion of respondents agree that they know some of the policies and strategies very well, others not so well. For those who know them well, they have less knowledge on the contents.

Figure 11: Awareness level for other member states' national policies and strategies



Source: Diagnostic survey, March 2019

2.5.3 Experience in writing or contributing to the production of reports, studies or publications

One of the main objectives of the industrial policy project is to produce a variety of analytical outputs for measuring industrial performance. It is therefore important to understand whether staff working in key institutions have previous experience in doing similar work.

Respondents were asked if they have produced or contributed to any publication that requires analytical work. Sixteen (16) out of eighteen (18) participants responded to this question. Out of the 16, nine (9) participants agreed to have done such work before while the remaining said 'no'.

Although those who have knowledge in producing analytical reports comprise the majority, it is worth noting that those who have not been involved, still represents a significant number (43.75% of the total). However, this conclusion should be taken with a caution since the profile of the respondents in terms of knowledge, skills, experience and type of daily activities they perform also differs.

Five participants who answered 'no' to publication of analytical report, later, declared to have been somehow involved, although only at a descriptive level. The remaining two participants did not answer the question on the technicalities of the information they normally develop in their daily activities. Therefore, out of 14 participants who responded to the question, only two (2) indicated involvement in both descriptive and analytical (quantitative) technical information.

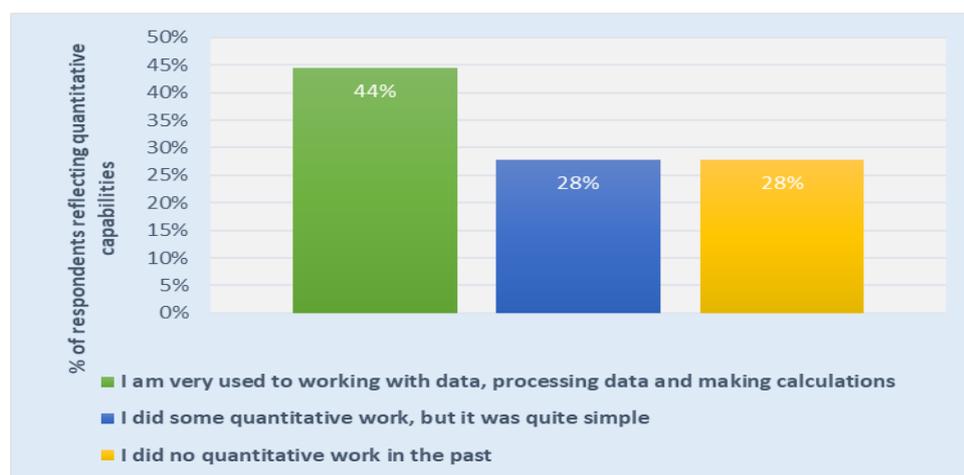
The participants whose output involve descriptive data were only 50% of the 14 participants, while those involved in developing the analytical information were 35.71%. The fact that less participants develop analytical information has some important implications to the study. Either the work they perform do not require analytical information or they have less knowledge in developing analytical quantitative information. Either way, the participants will benefit significantly from analytical based trainings. The capacity building program in this area will either add on their current knowledge level or open other possibilities for manipulating data and derive important inferences useful in formulating industrial policies and strategies.

2.5.4 Data collection, processing and presentation

The type of technical reports, studies and other documents related to industrial development and/or promoting the competitiveness of Member States are heavily based on secondary data. This section therefore intends to gauge participants experience in handling different database and datasets.

As seen in **Figure 12**, 44.4% of the sample stated they are very used to data processing and making arithmetic computations. Five (5) out of 18 participants admitted to have carried out some quantitative work, but at a quite simple. Additionally, 27.8% of the respondents indicated to not have been involved in undertaking quantitative work in the past, which is more than quarter of the sample size. These kind of results implies that more than half of the respondents need trainings relating to data and quantitative analysis. The same can be said on the production of analytical outputs.

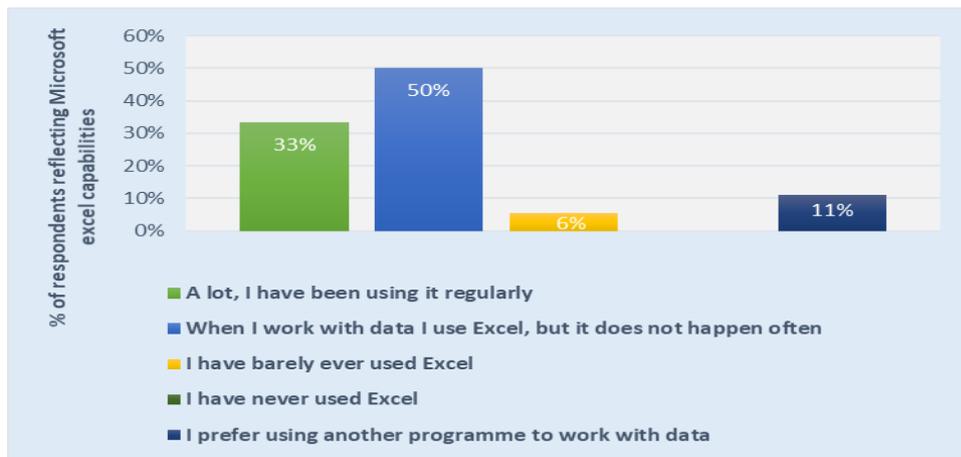
Figure 12: Staff competence in carrying out quantitative work



Source: Diagnostic survey, March 2019

Participants were asked about whether, and to what extent they use Microsoft Excel since its one of the easily accessible, affordable, simple and use friendly analytical tool. Fifteen (15) participants indicated that they have excel knowledge. Some of them use it regularly while others use it on ad-hoc basis. One participant 'barely' use excel and two (2) out of 18 prefer to use other packages (e.g. SPSS and STATA). Microsoft Excel therefore remains the most commonly used program.

Figure 13: Participants Experience with Using Microsoft Excel

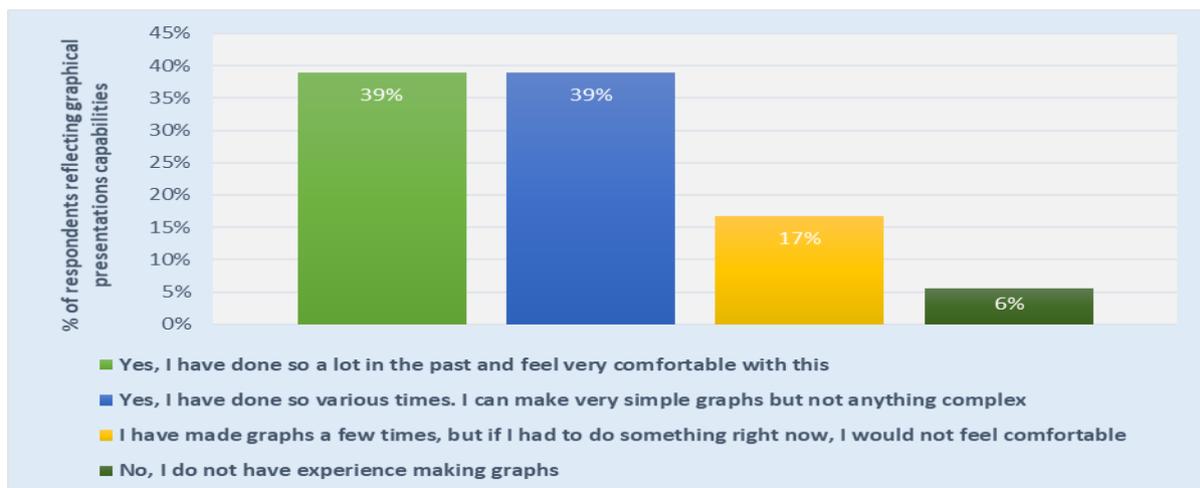


Source: Diagnostic survey, March 2019

2.5.5 Graphical presentation

Once the data has been analyzed, the next crucial thing is to present the information visually in technical reports. For this reason, respondents were asked to indicate their level of experience in graphical and other illustrative skills. Seven (7) out of the 18 respondents feel very comfortable making graphs. The also indicated to be regularly involved in this type of activity. Around seven (7) participants have made graphs several times, but admitted that they would only be in the position to create simple graphs at the moment. Only 22.2% of the respondents feels comfortable making graphs since they have less experience while others do not have experience at all. Nonetheless, skills around graphical presentation need to be strengthened, given their importance in the production of technical reports on industry policies and strategies. Most of these reports even require somewhat complex graphs.

Figure 14: Participants experience in making graphical presentations



Source: Diagnostic survey, March 2019

2.5.6 Use of international methodologies and databases to measure economic performance

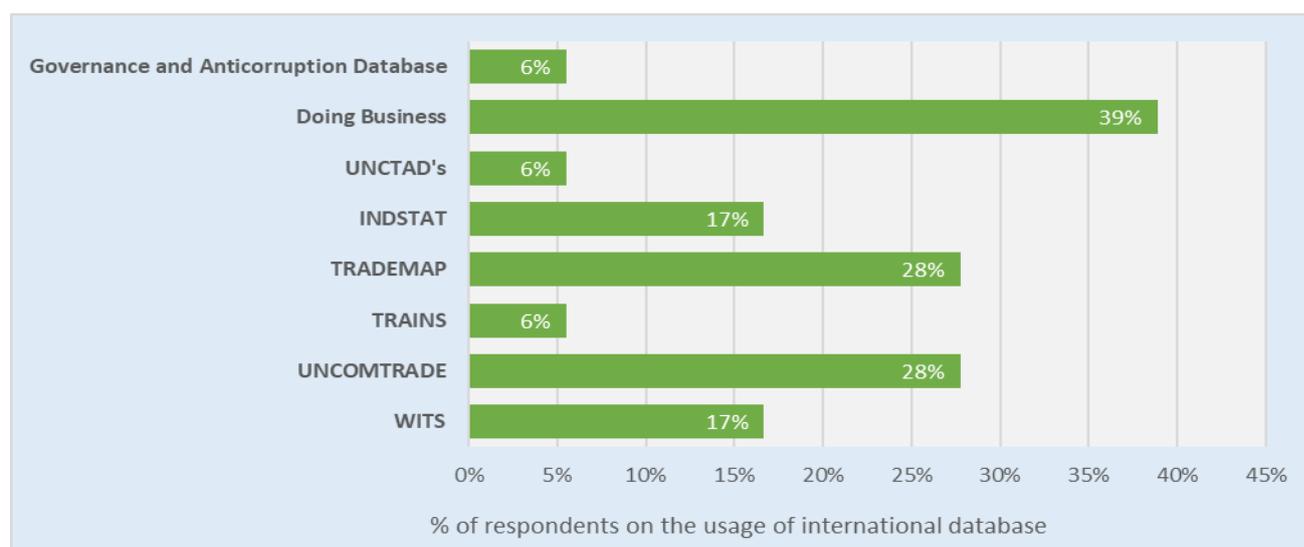
Very few respondents, (4 out of 18) indicated to have used international methodologies to measure economic performance. The most frequently used methodologies and databases are: The International Merchandise Trade Statistics Methodology Manual; export diversification index; and Labour Force Framework -2013.

Some respondent mentioned TRADEMAP to imply a description of methodology used. This suggests that there might be some level of confusion between a “database” and “methodology”. The low usage of international methodologies, particularly for industrial and trade analysis, implies a demand for a capacity building programme in this area. Based on the responses, methodologies for performing industrial competitiveness analyses, would definitely be a new area for most participants.

2.5.7 General skills and competences in databases use

In general, the most commonly known and used databases by the respondents is the “Doing Business Database from the World Bank, followed by the UN-COMTRADE and the TRADEMAP. **Figure 15** below counts the respondents who have either used the databases regularly or at some point in the past. Given that there are quite a number of respondents who have never used such international databases/interfaces, the proposed capacity building programme should seek to make an attempt to cover this area as well. Based on the responses, it is very evident that there are a number of participants who do not, or have not, used such databases at all.

Figure 15: Database use by the participating members



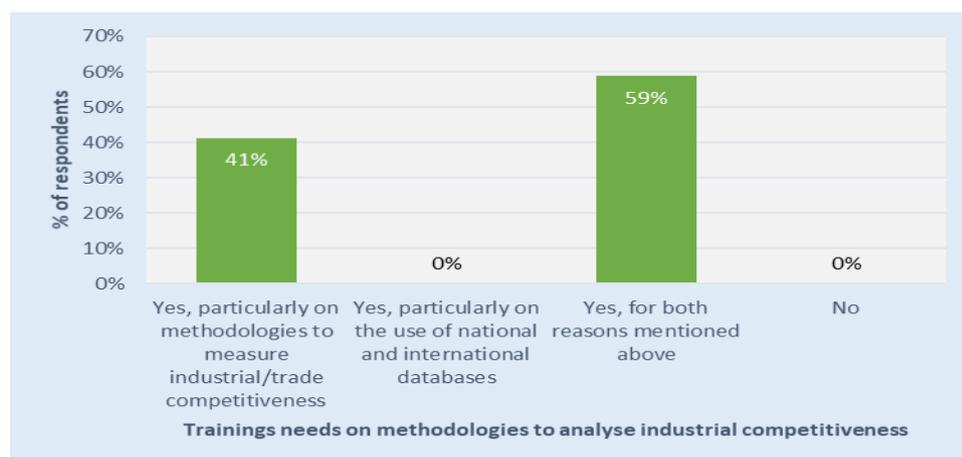
Source: Diagnostic survey, March 2019

2.5.8 Training preferences

The final part of the required the participating staff to indicate whether they believe the types of capacity building activities the project envisages to carry out are welcomed, and if so, what type of training contents would be most useful for them.

The vast majority of respondents admitted that they would find the training useful both in regards to the methodologies to measure industry and trade competitiveness, and to the national and international databases used. Those who preferred one option over the other seems to be indicating a strong preference learn about the databases. Participants perceptions on the series of trainings relating to databases, analysis methodology, and interpretation of findings are presented in **Figure 16**.

Figure 16: Participants perception of different trainings



Source: Diagnostic survey, March 2019

A summary of staff preferences in terms of training content is presented in **Table 10**. The most preferred topics are “value addition and export performance analysis” and “drivers of industrial performance”. The “Global and regional industrial demand dynamics” was the next most important thematic areas prefer by the respondents. Interestingly, the “Industrial Energy Efficiency” highlighted by red colour is marked as the least preferred despite a myriad of energy related challenges facing countries in the SADC region.

Table 12: Training content preferred by the respondents

Training Content Thematic area	Percentage of participants supporting
Value addition and export performance analysis	77.78%
Sector level competitiveness analysis	61.11%
Product and market diversification	50.00%
Industrial value chain analysis	61.11%
Global and regional industrial demand dynamics	66.67%
Industrial employment and inclusiveness (including wages and gender related issues)	61.11%
Drivers of industrial performance (e.g. skills, technology, innovation, access to finance)	77.78%
Industrial energy efficiency	33.33%

Source: Diagnostic survey, March 2019

Other topics which were mentioned to be of interest to the participants were:

Suggested topic	Support frequency (no. of respondents)
Compilation of trade indices	1
Research and data analysis	2
Policy design & implementation	2
Projects monitoring & evaluation	7

Manufacturing sector & climate change	1
Evaluating SDGs in relation to Manufacturing sector	1
Intellectual property right & Mnf sector dvt	1
Green & Digital technologies for Local Mnf dvt	1
International market access techniques	1
Market Intelligence	1
Resource Mobilization	1
Agriculture as a driver for industrialization	1
Regional integration and macroeconomic convergence	1

Source: Diagnostic survey, March 2019

2.5.9 QUIZ analysis results public sector

This analysis presents 18 quiz responses from the random sampled staff members in the public institutions' of respective SADC Member States.⁷⁷ Average scores are presented in **Table 11**.

Table 13: Percentage Quiz Score per country based on sampled staff member's responses

Topic / Country	South Africa	Mauritius	Botswana	Namibia	Malawi	Swaziland	Seychelles	Tanzania
Database	78	78	67	80	67	100	67	100
Indicators	67	67	0	27	60	67	67	67
Concepts	67	89	0	47	67	100	67	67
Calculations	44	78	33	67	40	100	67	100
Excel Skills	100	22	0	60	73	100	67	67
Industrial Strategy	39	67	100	40	23	67	50	67

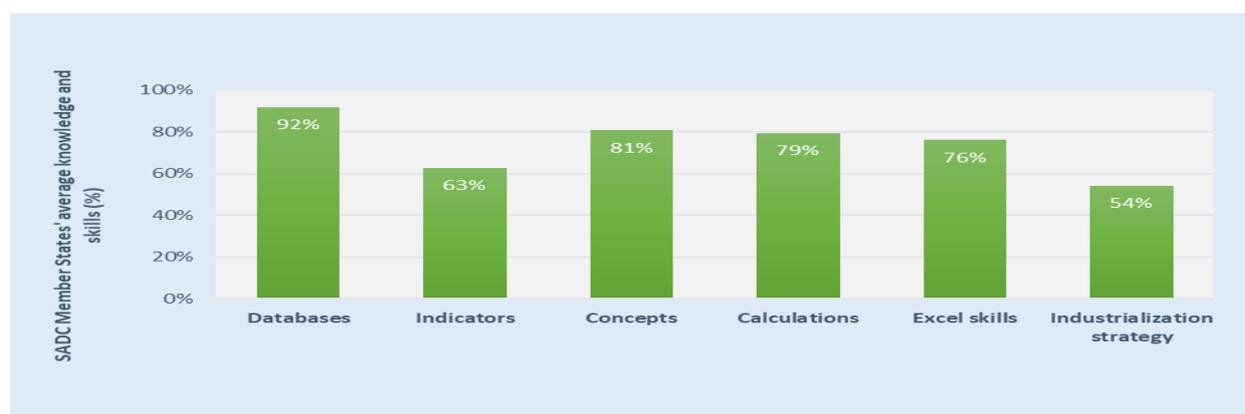
Source: Diagnostic survey, March 201

In general, there are wide variations between individual countries and across the thematic areas. For example, while the Kingdom of Eswatini demonstrates superior skills competency on "industrial policy analytics" Botswana performance score calls for immediate capacity building programme in the same subject.

On average, most staff members have better knowledge and skills on the existing databases and the type of information that can be accessed there-n. The respondents had least knowledge on the local and SADC industrialization strategy compared to the other categories tested. The next least understood area relates to employed indicators for industrial competitiveness analyses. Among other things, this implies that capacity building program should be tailored to the needs of the individual countries.

⁷⁷The participants were asked to take a "quiz" which was made up of a set of multiple choice questions. Each correct answer received one point. The total points of individual staff were then put into percentages. The average percentages of all the staff in a respective country was obtained to be a mark for the country. However, some of the countries had one representative and the results should be compared with extreme cautious.

Figure 17: Average results for staff “Quiz” by tested category



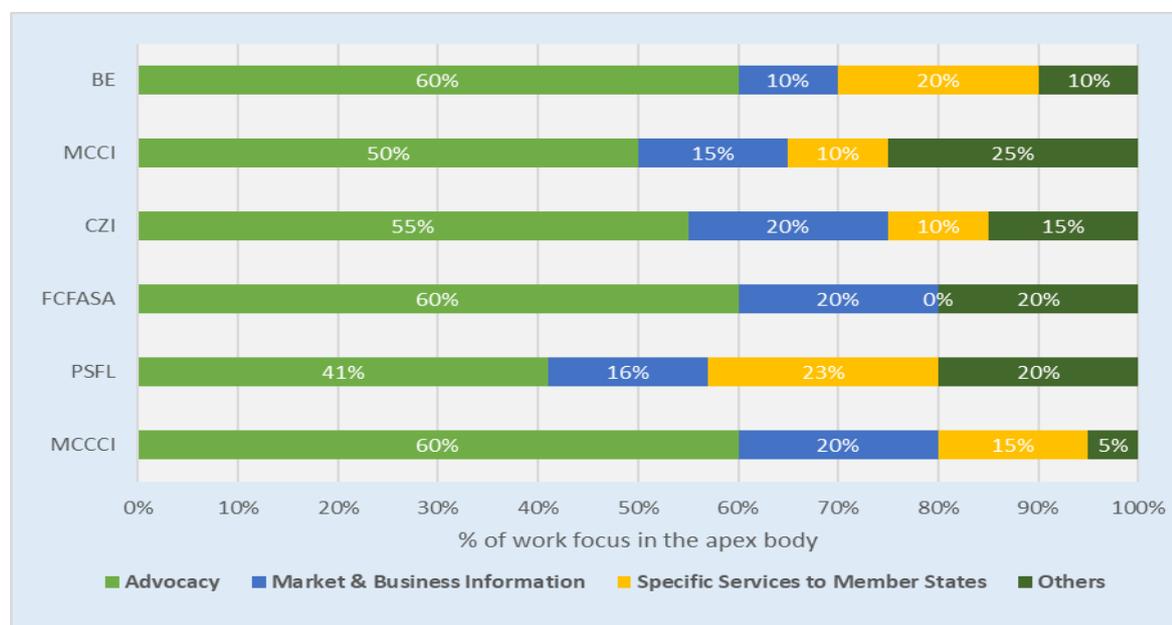
Source: Diagnostic survey, March 2019

2.6 Results from the field survey – Private sector capability

The need assessment questionnaires for the private sector group were distributed to all member states through the SADC Business Council. Each member state in the SADC region has at least one private sector apex body.⁷⁸ Much as Apex Body have objectives linked to their area of focus, “policy advocacy” remains the most common area of focus across the patch. The percentage focus for the other activities differ from one association to another, depending on the nature and demand from their members as shown in **Figure 18**.

The information provided by the respondents demonstrates that 50% of the apex bodies agree to the fact that their activities are very much aligned and complements the SADC Industrialization Strategy and Roadmap (2015 – 2063).

Figure 18: Composition of the percentage work focus for the SADC apex bodies



Source; Diagnostic survey, March 2019

⁷⁸ Hence, the expectation of the assessment team was to obtain one questionnaire from each country. However, this was not the case. Out of 15 questionnaires distributed, only seven (7) were filled and returned. That led to 5 country representation out of 15, which is only 33.3% response rate. The implications of this shortfall will need to be discussed during the stakeholder’s validation workshop.

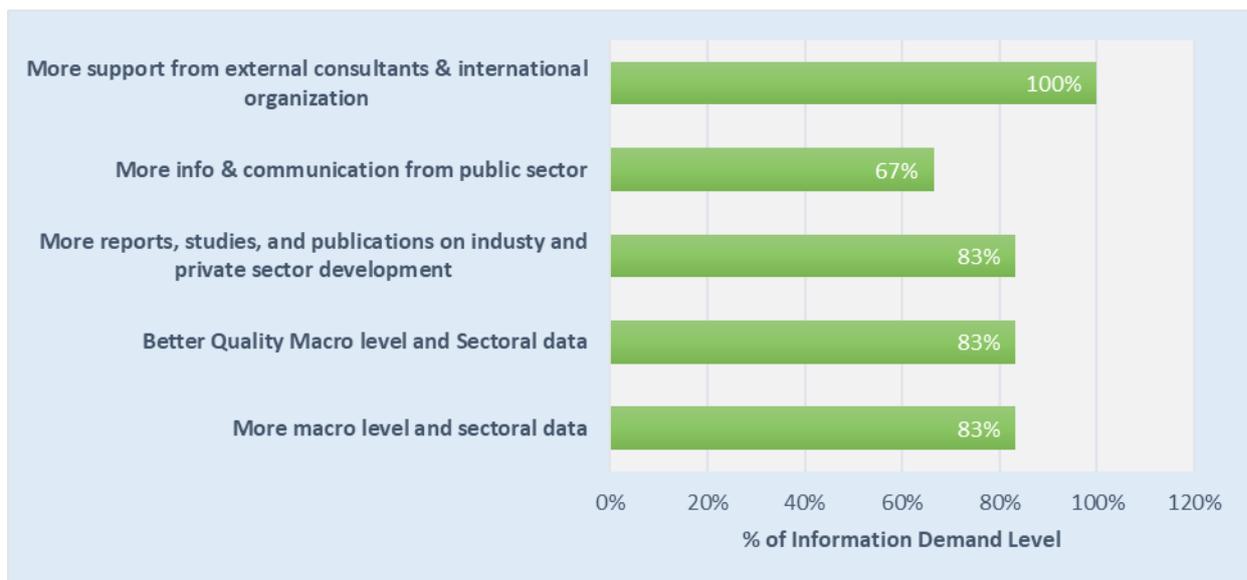
In addition, Apex bodies provide specific support to the manufacturers. Around 67% of the apex bodies mentioned specific support activities to the manufacturing sector both at country and regional level. These include:

- Facilitate the organisations of manufacturing committee e.g. MCCCCI in Mauritius.
- Facilitate logistical arrangements for the raw materials and other finished goods transfers.
- Advise on the payment of import duties and other taxes.
- Advise on the payment of 3rd party charges.
- Facilitate research and related manufacturing studies.
- Promote business linkages among the sectors.
- Initiate manufacturing sector training and conferences.
- Organize inward and out ward business delegations.
- Carry out normal association activities like advocacy, information sharing, advice etc.

2.6.1 Support required for advocacy activities

As part of the survey, Apex bodies were required to indicate the basic information they require in order to perform their advocacy activities more effectively. As shown in **Figure 19**, support from the external consultants and/or international organization was reported as the top assistance required as far as information is concerned.

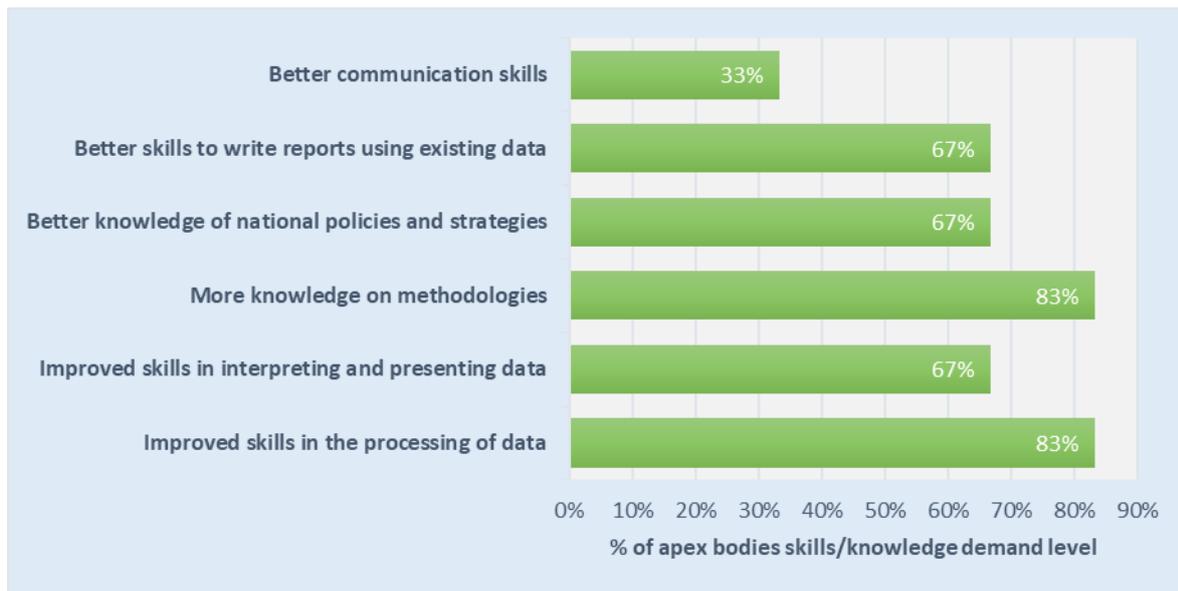
Figure 19: The apex bodies' demand for basic information required for the advocacy activity



Source; Diagnostic survey, March 2019

In addition, the associations also shared the additional knowledge and skills necessary to support their advocacy responsibilities. In the order of importance, the need for methodology skills and improved skills to process data were supported by 5 out of 6 apex bodies who responded to the survey. The relative demand for each source of information is presented in **Figure XX** below.

Figure 20: The apex bodies demand for additional knowledge & for advocacy activities



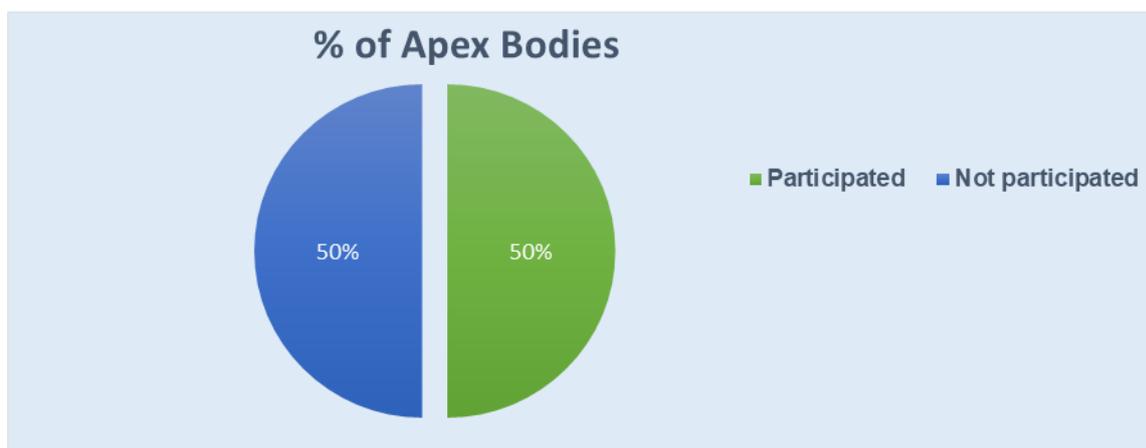
Source; Diagnostic survey, March 2019

2.6.2 Involvement on the SADC Industrialization Strategy and Roadmap (2015 -2063)

By design, the development of SADC Strategy was to be through extensive stakeholder consultations. The objective was to garner as much input from both the private and public sector players as possible.

Results of the field survey shows that 50% of the apex bodies agreed that they were involved in the design of the SADC Industrialization Strategy and Roadmap. The rest did not participate. There are also other situations where inputs from stakeholders were collected more indirectly. This included for example, the PSFL of Lesotho, MCCI and FCFASA for Mauritius. Their inputs were submitted in different forums like SADC Business Forum, SADC industrialization committee meetings, through country related ministry, SADC industrialization week, and SADC working groups on industry.

Figure 21: Involvement of Apex Bodies in the design of the SADC Industrialization Strategy



Source; Diagnostic survey, March 2019

2.6.3 Collaborations with the public sector

As mentioned in the institutional framework section, the level of collaboration between the public and private sector to a greater extent determines the degree of success of the industrial policies and strategies.

Around 67% of the Apex bodies interviewed indicated that they have collaborated in one way or the other with the public sectors in delivering specific activities. Five out of six respondents indicated that they managed to establish linkages with the public sector through respective ministries, central banks, regional secretariats, and other public sector agencies. Although such linkages are meant to be leveraged by both parties and in turn create “win-win” opportunities, still 80% of the apex bodies pointed out that some of the existing linkages are not sufficient.

The associations have highlighted some of the challenges they encounter in working with the public sector counterparts as summarised below:

- Postponement of meetings due to unavailability of public officials.
- Decisions made in the meetings are not forwarded to the respective implementing institutions.
- Frequent and up hazard changes in the priorities. This creates “loss of focus” but also creates difficulties in implementing key decisions.
- Differences in approach and understanding, even when similar a goal is intended to be achieved. This creates a lot of confusion, not only in designing coherent industrial policies and strategies, but also in implementing key decisions.
- Lack of appreciation of each other’s’ views. This creates unnecessarily lengthy debates which often times do not end up in resolutions to allow tangible results.
- Conflicting interests in some cases.
- Tendency to “over- preserve” public sector own interest.

Case study 1: Mauritius Chamber of Commerce and Industry

The Mauritius Chamber of Commerce and Industry (MCCI), established in 1850, has steeped in history for nearly 170 years, and takes pride in its long and illustrious history by being the oldest non-profit making institution representing the private sector in Mauritius. As the key voice of the Mauritian business private sector, the main role of the MCCI is to defend and promote the interests of the business community in playing a leading part in the economic development in Mauritius.

The MCCI is well tailored to provide a wide array of services through dedicated resources across the business spectrum: trade facilitation, trade negotiations, advocacy, advisory services, networking, arbitration, mediation, and market intelligence. The association work very closely with the public sector to achieve the common development goal through regular and ad-hoc meetings, position papers, and budget inputs. Through its range of other activities, the association reflects the best example on how collaborations with the government and international organizations can be made possible for the benefit of both sectors.

Specific activities include:

- Acting as an agent of the Mauritius Revenue Authority operating a tax refund counter to enhance easiness of doing business in the country
- Registering GS1 barcoding to SMEs
- Managing the “*Creative Mauritius*” - tax free online shopping for Mauritius SMEs products - www.taxfreeshopping.mu in collaboration with the Ministry of Business, Enterprise and Cooperatives (MBEC)
- Serving as a “Focal Point” for the Trade Obstacles Alert Mechanism Tool developed by the International Trade Centre

MCCI is one of the founding members of the Association of SADC Chambers of Commerce and Industry, the Indian Ocean Rim Business Forum and the Union of Chamber of Commerce and Industry of the Indian Ocean, in which it occupies the vice-chair position. The MCCI is currently the chair organisation of the COMESA Business Council, and is the focal point of CBC in Mauritius. As part of a wide network of peer organisations, MCCI organises in-bound and out-bound missions and other prospecting activities regularly with a view to facilitating contacts and relationship building. Furthermore, it has set up links and affiliations at regional and international level with inter-governmental and private organisations aimed at widening its scope of activities and better promoting Mauritius on the world scene.

The institution has been highly involved in the SADC Industrialization Strategy and Roadmap design. Through the Ministry of Industry, Commerce and Consumer Protection (MICCP), the MCCI managed to submit their inputs on country level to feed in the design of the strategy. As a member of the SADC Committee on the development of the industrialization strategy, MCCI has been significantly involved in the SADC meetings on Industrialisation, including the SADC Industrialisation Week, SADC Industrialisation Forum and the SADC Working Groups on Industry.

The association has been proactive in producing a number of analytical publications not only for the local and international business community consumption, but also for the public authorities. Considering what is happening in the market, the development and changes occurring in the members' related sectors, and the information from the secondary data analysis, the MCCI produces and publish a range of outputs periodically. This includes the MCCI Insights, Export Insights, Business Confidence Indicator, Economic Review and Economy in Figures.

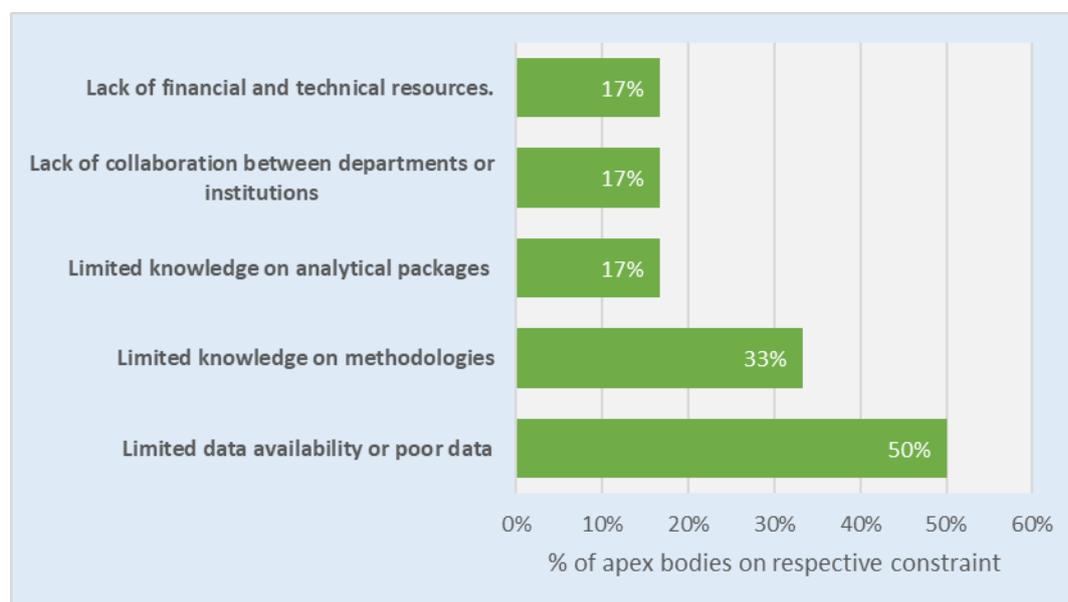
Source: Diagnostic survey, March 2019

Despite the challenges highlighted above, there are good examples from the region where the Apex bodies have developed good working relationships with the public sector to an extent of creating win-win opportunities and increased “trust” between the two sides. The good practices should be emulated by other Apex bodies in the region. The Mauritius Chamber of Commerce and Industry (MCCI) is one such example. The Chamber has proactively developed a good working relationship with the government and other public sector bodies inside Mauritius but also other policy and trade facilitation bodies in the region. The case study below presents major highlights of the MCCI, key achievements and best practices. 2.6.4 Publications and production of outputs

Technically sound analytical outputs are important ingredients for the apex bodies' activities since they are used for policy diagnostic purposes and thereby allow the formulation of good industrial policies and strategies as well as recommending priorities for their implementation. The outputs are also used to prepare materials to facilitate Public Private Dialogue (PPD) and often provide a good foundation for developing “credible” policy advocacy agenda.

Despite their importance, only 50% of apex bodies reported to have been producing periodic analytical reports. The constraints, which they face in developing technical publications, were further analyzed as presented in **Figure 22**.

Figure 22: Constraints faced by the Apex bodies in developing technical publications



Source; Diagnostic survey, March 2019

As seen above, limited data availability or poor data is the biggest challenge for most Apex bodies. This conclusion can be easily linked with information presented in **Table 14** whereby over 80% of the Apex bodies use data from the respective National Bureau of Statistics (NBS) which most of the times are not readily available and in some cases outdated. Furthermore, the prevailing underutilization of the international data sources as well as information from research and the academia largely explain why data availability has been pointed out as a leading constraint.

Further analysis of the challenges related to data availability points out more issues particularly associated with quality, reliability, accessibility and even skills to utilize the available data. As shown in **Table 12**, about 67% of the Apex bodies point out that poor access to the data is a major problem. Half of the respondents mention the “lack of data” and “dormant database” as top issues. These challenges need to be considered when recommending measures to address data issues.

Table 14: Members perception on the constraints they face with regard to data

Constraints	% of apex body agreeing it as a challenge
Lack of data	50%
Data is not updated regularly	50%
Low quality data (does not reflect reality)	33%
Data is not available in database, difficult to work with	17%
Information on new available data is not easily accessed	67%
Staff do not have sufficient skills to use the data effectively	33%

Source; Diagnostic survey, March 2019

It should also be pointed out that different Apex bodies/associations have different data requirements depending on their core functions and/or mandate. This should be taken into account in developing capacity building programs. Specific data needs for individual Apex bodies are presented in **Table 13** for illustrative purposes.

Table 15: Type of data needed by specific apex bodies / Associations

Apex body / association	Type of data
<ul style="list-style-type: none"> Mauritius Chamber of Commerce and Industry (MCCIA) 	-Regional Industry data
<ul style="list-style-type: none"> FCFASA 	-Information on Regional NTBs -Regional Trade and Investment Data
<ul style="list-style-type: none"> FCFASA and CZI: 	-Regional Trade and Investment Data
<ul style="list-style-type: none"> CZI: 	-Value Chain Analysis and Development Data

The source of data plays an important role in determining the quality of technical outputs which the Apex bodies or business associations can produce. The type of data sources accessed by different actors are presented in **Table 14** below.

Table 16: Sources of data and the utilization rate

Source of Data	Number of Apex Bodies utilizing it
National Bureau of Statistics	5
Own data collected	3
International Database	4
Research and Academia	4

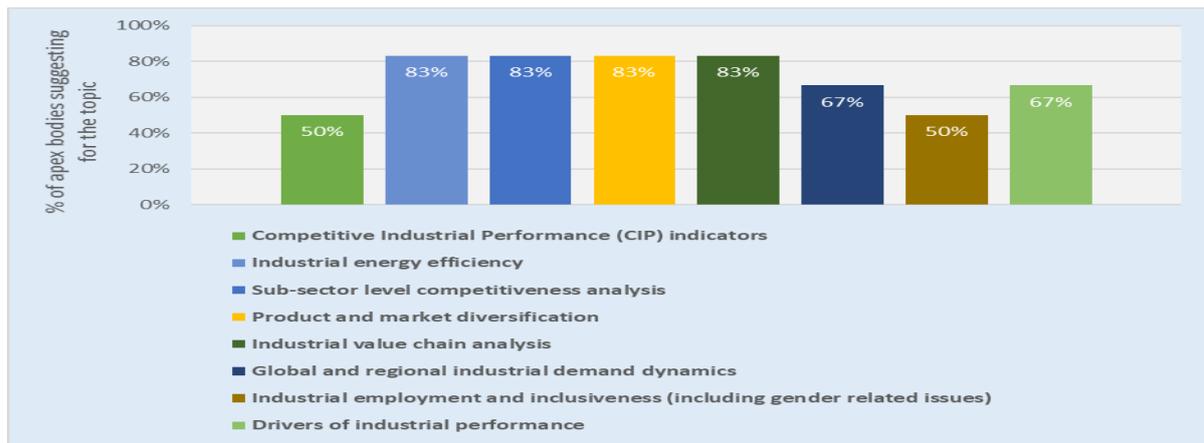
Source; Diagnostic survey, March 2019

The information presented in the table above highlights which data sources are more accessible to the private institutions, but also it sheds light on the potential financial constraints which hinders them from accessing data from a variety of sources. It should be pointed out that due to the “richness” and “quality” of international databases and research & academia sources, there is need to create more awareness to the Apex bodies and business associations on existing different data sources, how to access them as well as the knowledge to utilise them. Such trainings should focus on the type of data and data sources which are on high demand as demonstrated by the survey results. These includes for example: trade data, production, investment and employment data.

2.6.5 Capacity building programme: interested topics

As part of the assessment, and in order to identify the needs and areas of priority, the private sector entities had an opportunity to suggest topics which they need. In order to improve their ability to produce quality publications and other information needed by their members. The responses are summarised in **Figure 23**.

Figure 23: Topics of major interest by the Apex Bodies



Source; Diagnostic survey, March 2019

As seen above, four topics have a higher demand level compared to the others. These are Industrial Value Chain Analysis, Product and Market Diversification, Sub-sector level Competitiveness Analysis and Industrial Energy Efficiency. The topics were recommended by more than 80% of the respondents. The other topics in the order of their demand are also included in the Figure XX .

As seen in the **Figure 23**, Competitive Industrial Performance (CIP) Indicators, and the Industrial Employment and Inclusiveness were the least demanded topics although 50% of the responded apex bodies expressed interest on them. Other topics added by individual countries, which do not appear in the graph, were ‘macroeconomic policies and projections’, ‘Industrial policy cycle’ and ‘Industrial linkages’.

2.6.6 Extra views and concerns from the Apex bodies:

In addition to the above, some associations expressed their views on other issues to be considered by the industry stakeholders for multiple reasons. Some recommendations focused on improving industrial competitiveness per-se while others were more at policy level. These are as outlined below:

For apex bodies’ efficiency:

- The top management of the private sector institutions should receive trainings on how to manage business associations and later sent for exposure internship visits to countries which have more elaborate programs (e.g. Germany and Japan). The SADC Secretariat should coordinate and facilitate the visits.
- Economic and financial challenges limit the sustainability of business associations, particularly regional associations. Sometimes it’s even difficult to conduct all the planned activities within timeframe. The associations should be proactive in coming up with ways and means to sustain themselves financially. This would require a dedicated “study” to advise on potential options.
- Regional Associations such as Federation of Clearing and Forwarding Associations of Southern Africa (FCFASA) face difficulties to obtain the members contributions as required since the Individual companies who are the contributors are not direct beneficiaries of the regional associations, but rather through their country level associations. This makes it harder for the regional associations to obtain enough funds to finance its activities

For industrialization agenda:

- There should be awareness and education programmes to encourage the participation of the private sector organizations in the efforts to promote competitiveness of “targeted” industrial value chains.

- SADC Secretariat should provide more to support “targeted” studies on key industrial value chains in the region, and in particular, those which can foster “strategic” linkages to the overall agenda for promoting “regional value chain integration”.
- Regional and national apex bodies should be more engaged in making r decisions pertaining to development of policies and strategies on key industrial value chains in the region.

Table 17: General profile of the key business association in the sample Member States

Member State	Name of Apex body	Year of Establishment	Membership base	Distribution of Members according to Sector	Current Priority Sectors
Malawi	Malawi Confederation Chambers of Commerce and Industry (MCCCI)	192	278	48% Service 25% Manufacturing 20% Primary/Agriculture 5% Infrastructure 2% Mining & Quarrying	<ul style="list-style-type: none"> • Manufacturing • Agriculture • Infrastructure
Lesotho	Private Sector Foundation of Lesotho (PSFL)	2008	45	-40% Manufacturing -24% Primary/Agriculture -18% Service -12% Infrastructure -6% Mining & Quarrying	No information provided
Mauritius	Federation of Clearing and Forwarding Associations of Southern African	2010	12	-100% Service	<ul style="list-style-type: none"> • Transport • Logistics
Zimbabwe	Confederation of Zimbabwe Industries (CFI)	1923	400	-60% Manufacturing -37% Service -3% Infrastructure	<ul style="list-style-type: none"> • Manufacturing (value chain) • Banking & Finance • Energy • Infrastructure
Mauritius	Mauritius Chambers of Commerce and Industries (MCCI)	1850	500	-70.24% Service -22.24% Manufacturing -7.52% Infrastructure	<ul style="list-style-type: none"> • Industry & Commerce • Financial Services • Tourism • Property Development • Logistics • ICT
Kingdom of Eswatini	Business Eswatini	1916	900	55% Services 20% Manufacturing 10% Primary/Agriculture 10% Infrastructure 5% Mining & Quarrying	<ul style="list-style-type: none"> • Agro-processing • Renewable Energy • Agriculture

Source; Diagnostic survey, March 2019

3 Key policy recommendations

The results and conclusions from the preceding sections points to a number of policy recommendations which are worth documenting. These applies at the SADC Secretariat as well the Member States levels. To guide the implementation process and also to maintain the necessary focus, the policy recommendations are a grouped into short, medium and long term as summarised below.

Short-term:

- **Design of Capacity Building Programme:** SADC Secretariat should collaborate with the member states governments to facilitate the capacity building programme that focuses on improving the institutional capabilities to formulate appropriate policies and strategies in their respective countries. These should be tailored to the prevailing and unfolding local dynamics as well the unique features of each country. The programme should cover the various stages of the industrial policy cycle. For this reason, the focus and intensity of the program will differ depending on the stage at which the individual country are within the policy cycle. Specifically, the capacity building programme should cover the following areas:
 - Awareness of SADC Industrialization Strategy and Roadmap (2015 -2063).
 - Value addition and export performance analysis.
 - Sector level competitiveness analysis.
 - Product and market diversification.
 - Industrial value chain analysis.
 - Global and regional industrial demand dynamics.
 - Industrial employment and inclusiveness (including wages and gender related issues).
 - Drivers of industrial performance.
 - Projects monitoring and evaluation.
 - Industrial policy cycle (policy design and implementation).
- **A need for Industrial Policies/Strategies:** The SADC Secretariat should consult the member states which do not have the industrial policies and strategies in place and provide the needed technical support to kick start the process of developing their respective policies which will guide their overall industrialization agenda.
- **Identification of lead ministry / champion:** The institutional framework in respective countries should clearly set out the lead ministries and other key actors who will take the overall responsibility for promoting the industrialisation agenda and the policies guiding them. The framework should also clearly spell out the position of public and private sectors and laws guiding them. These are also referred to as “Key Actors
- **Clearly defined roles for key actors:** Across all member countries, the roles of public and private sector should be well articulated. It is very important to communicate who takes the lead in the industrialization process, how, and to what extent. As well as this, there should be a clear guideline of how each of the respective sectors will be held accountable for the areas assigned within the industrial policy action plan. That can only be achieved when there is a clear, active and involving monitoring & evaluation tool.
- **Identification of priority sectors:** There should be a set of priority sectors within the institutional framework in each SADC Member States, which if accorded the right support, will result into enhanced industrial competitiveness. These should be oriented to particular period as well as other supporting sectors. Together, they should form the integral part of the overall industrial development trajectory.⁷⁹ In each and every SADC country, the key industrial sectors, which create forward and backward linkages within the industrialization process, should be well defined. Together with the country’s priority sectors at any particular period,

⁷⁹ For the case of SADC, three mutually compatible growth paths are prioritized – agro-processing, minerals beneficiation and downstream processing and enhanced participation in value chains at the national, regional and global level.

other sectors like infrastructure, national defines, legal institutions, environmental, financial institutions, research institutions and others should be well involved in the industrial policy cycle and the expectations which link with their activities be well communicated in advance. Supporting regulations should be formulated to guide policy coherence in the respective sectors.

Mid – term:

- **Development of “Industrial Observatory” function:** SADC Member States should develop and institutionalize an “Industrial Observatory function” as part of their overall industrialisation agenda. This will facilitate the availability of industry and trade information necessary to promote the competitiveness of key industrial value chains. The objective of the initiative, to be rolled out both at regional and Member State level is to address the prevailing challenges of information gap between business operators, policy-makers, the academia and the public at large. In particular, it will serve the function of enhancing “Knowledge Management” among key actors responsible for promoting the industrialisation agenda in the SADC region.
- **Strengthening the Modernization and Upgrading Units (MUU):** Measures to initiate and sustain the modernization and upgrading units within the respective institutions in the member states should be put in place to manage the IUMP activities. In particular, the support measures should be directed to the ministries in charge of industrialization in the individual countries. The proposed measures are particularly relevant in view of financial constrains faced by the institutions which in several cases led to their inability to discharge their functions. This measure will enhance the sustainability the key national initiatives running under the umbrella of the SADC Secretariat.
- **Strengthening the M&E function:** Overall, the monitoring and evaluation function for the industrial policy is relatively weak across the SADC region. Quantifiable indicators and targets necessary to monitor performance of the industrial sector are largely absent. The support required relates to developing the technical skills of staff responsible for managing the M&E function. Where appropriate, the Secretariat should further consult with the respective governments on the need to establish a “dedicated” unit within the responsible ministries to undertake the M&E function. Subsequently to this, member states, with a support from the SADC Secretariat, should promote the industrial monitoring & evaluation activities by setting a dedicated budget to ensure its financial sustainability This will not only inform on whether the economy is on track to achieving its goals, but it will also allow key actors to take any necessary actions in order to gear the economy back on the industrialization track.
- **Conduct of Regional Industrial and Trade Survey:** Governments, through the SADC secretariat, should facilitate regular surveys to collect regional industry data such as information on Non-Tariff Barriers (NTBs), and / or any other necessary data and information required to shape the policy processes. The surveys should use a common methodology.
- **Design of the Communication Portal and Online Forum under SADC Business Council:** The Secretariat should work closely with the SADC Business Council to design and roll out a “communication portal” which will simplify and facilitate the inclusion of the private sector ideas and concerns within the overall region industrialization agenda. The portal should be set as a “platform” for facilitating regular communication and exchange of information between private sector entities in the region. These could include for example, sharing information related to both the existing and unfolding business opportunities across countries. The portal could also be used as a “communication platform” between the SADC Business Council and its members. An online forum can be used to communicate ongoing initiatives such as Public Private Dialogues (PPDs), and other regional matters through articles, position papers on region matters etc.
- **Establishment of Industrial Think Tanks:** Member states should establish industrial “think tanks”, comprising of members from private sector, public sector, international organizations and other stakeholders. The think tank should serve as a “reference point” for the provision of strategic advice related to various aspects of the industrial development agenda. This may

also include best practices for initiating, managing and monitoring key initiatives in the region as well as in the respective countries.

- **Establishment of Industrial Intelligence Units:** Member states should establish and sustain “industrial intelligence units” within their ministries and/or departments. The unit should include members from both public and private institutions, statistics and planning departments. Together, they should be trained on the Industrial Policy Cycle, and the activities there in, and be provided with expert support in conducting activities around the cycle. This include producing evidence based policy recommendations, M&E of the industrial policy, diagnostic, research, and other related activities. The units should be guided by a Memorandum of Understanding (MoU) which should clearly accommodate the involvement of private sector representatives in within its operations.
- **A comprehensive system for managing and controlling investment projects:** There should be a policy in respective Member States on an “institutionalized” system for managing and controlling investment projects. The objective of the proposed system is to ensure various industrial development projects in respective counties achieve maximum impact. In some countries this function is performed by a dedicated body (e.g. Zambia Development Agency, Tanzania Investment Centre etc.). The mandate for such bodies may include for example: (defining the structure and orientation of the investment projects, including ODA and direct investments from home and abroad; (ii) maintain the balance of domestic and foreign investment in order to encourage FDIs but at the same time to protect domestic investment as required by Law and Evaluate investment projects and issuing of licenses.
- **Establishment of “centres of excellence”.** The proposed institutions should be mandated to deal with the industrialisation and trade agenda and in particular providing requisite technical inputs and “thought leadership” for policy makers on various aspects of the industrialisation agenda
- **Increased investment in infrastructure:** There should dedicated policy efforts and targeted initiatives to upgrade the infrastructure for the manufacturing sector in the SADC region.⁸⁰ From “hard” infrastructure view point, this relates to improvements in the quality of roads, ports, airports. Investments in these sectors have generally been relatively poor, hence increasing the cost of production of industrial products.

In terms of “soft” infrastructure, it implies improvement of the institutional structures and framework for production and trade as well as the regulatory environment. Other areas of improvement relate to managerial skills to engineer the production processes particularly to the enterprise owners and employees. In order to ensure sustainability, it is important to ensure that the support to the industry is demand driven. Therefore, appropriate measures will need to be incorporated into the policy agenda to ensure there is no oversupply of interventions which may ultimately lead to industrial inefficiency and other market distortions.

⁸⁰ Infrastructure investment is an important driving force to achieve rapid and sustained industrial sector. There is a precise link between infrastructure and development. Infrastructure investment directly affects the economic development. Increased investment in infrastructure will improve the competitiveness of the SADC region, particularly on lowering the cost of production. In all cases new investments have been just sufficient to keep up with increasing demand but not sufficient to reach the level required to support economic growth.

Other areas of hard infrastructure investment could include for example, managerial, technology improvement, equipment upgrading and standards. The initial step in this process will involve an assessment of efficiency requirements of specific industries and link the support program to the efficiency requirements. Key parameters for assessment in this regard include for example: energy efficiency technologies, cost structure of the local industries,⁸¹ power, transport costs etc.

- **Increased investment in Research and Development:** SADC should support “specific” and “targeted” initiatives to promote R&D in the industrial sector. In particular, efforts should be targeted to increased “innovation”. These may include for example, “promotion of digital products. These products have been found to have potential to address employment problems in The SADC region. Illustrative activities may include for example: assessment on options for establishing “Call Centers” or other ICT type of centers as a way to responding to the opportunities presented by the 4th Industrial Revolution. In addition, innovative business models like industrial clusters, industrial corridors, business hubs, and technology-based business incubation schemes should be explored
- **Targeted investment in the education sector:** In view of the potential for the education in developing the competitiveness of the industrial sector, SADC should support efforts to broaden the outlook of the education system in the Member States. In particular, targeted efforts to re-engineer the education systems in line with specific demands of the industry should be explored. In sum, efforts to make the education systems within the SADC region more “market driven” should be strengthened
- **Development of innovative financing mechanisms:** In order to overcome the chronic challenge of “lack of appropriate and affordable financing options”, SADC should promote sustainable financing system within the region dedicated to providing long term concessionary lending to industries and in particular the SMEs. The objective is to ensure that the region has an appropriate and affordable financing options to reduce the cost of finance in the manufacturing sector.

The economic rationale for this intervention is that Industrial projects by their nature are long-term development projects which do not fit into funding schemes offered by commercial banks. Countries such as China, Nigeria, India, Turkey, and Ghana have established special banks to provide concessionary long-term financing to industrial projects. There need to financial institutions in the SADC region with dedicated mandate to lending long-term and concessionary finance to industries.

Due to the complexity of relationships and the many risks, costs and partnerships associated with value chains, many financial institutions have been hesitant to engage in the analysis that’s required to effectively and profitably lend to any but the most secure clients. In fact, much of the existing value chain finance comes from actors within the chain. While this type of lending may be appropriate in some situations, it offers little transparency and puts significant constraints on financing due in part to the actors’ limited liquidity and lending knowledge.⁸² Against this background, access to finance is ranked the most important challenge for MSME businesses access to commercial bank loans as a result of high interest rate charged on loans, long procedures and lack of collaterals.⁸³

⁸¹ At the moment, most of the local industries in the SADC region are “high cost and capital intensive “

⁸² World Council of Credit Unions (WOCCU), Integrated Methodology for Providing Value Chain Finance (United States Agency for International Development [USAID], 2006-09).

⁸³ A Study on Harmonisation of Regulations Impacting on the Development of Small and Medium Industries (SMEs) in the EAC Region: A Regional Synthesis Report by the Megadev Team, June 2015

Long-term:

- **Promote Industrial Projects Synergies and Institutional Coherence:** The SADC Secretariat should ensure synergies between regionally initiated projects implemented at the member states level. Key issues to consider may include for example, common intervention areas, certainty of funds to run the projects, targeted states, and coherence of institutional structures. These criteria should also be considered at the member states level particularly when signing donor funded programme agreements. Governments should ensure synergies between proposed projects and their national industrial development agendas. These considerations should be factored in during project design and implementation phases.
- **Promoting focused and targeted projects:** It is recommended that, the design and implementation of industrial related projects, both at regional level and member states level, should be highly focused in terms geographical locations, targeted priority sectors, key stakeholders and particular institutions that will be involved in their implementation. In addition to facilitating “optimal” outputs, this can also serve as a measure for promoting accountability. Frequent reviews should be undertaken on the ongoing basis to ensure projects are on track at all times and that key “lessons” and “best practices” are incorporated in the overall M&E frameworks on a continuous basis.
- **Developing an institutional structure for consultations:** The success of the industrialization agenda will depend to a large extent, on the involvement of private sector in discussing various issues related to the agenda. For this reason, the Secretariat should provide support to the member states to design a long-term mechanism which will facilitate more engagement of the private sector in the country’s development plans and strategies, particularly in the industrial policy cycle. These mechanisms are sometimes referred to as a “coordination platform”. On their part, respective governments should also design own mechanisms to facilitate more engagement with the private sector. For instance, all Private Public Dialogues (PPDs) should be undertaken from the earlier stages of the policy design or policy review, and should be followed with regular meetings that accommodate the private sector inputs in the process.
- **A need for legal framework:** All the above recommendations need a legal framework to operate from. Against this background, there is a need for an appropriate legal system (at regional and country level) for enforcing the implementation industrial policies and the attendant strategies and action plans. The system is also key for promoting accountability on the part of the key implementing actors. Among other things, the legal system should be responsible for approving appropriate laws for guiding the industrialization process e.g. foreign investment laws, property laws, private sector and enterprise laws etc. The SADC Secretariat should oversee the establishment of the proposed legal framework.

4 Strategic implications for the capacity building programme

The analysis presented in the above sections highlights a number strategic interventions needed for the capacity-building program. In particular, the institutions responsible for designing and implementing industrial policies and strategies within the Member States need a blend of skill set to deliver their mandate. The skill set includes a combination of ‘hard’ technical skills and ‘softer’ interpersonal skills. The listing of key thematic areas and specific areas of competency are presented below/.

4.1 Thematic areas and respective areas of competency

Table 18: Competency areas for capacity building program

Thematic area	Key competency areas
Data collection,	Data collection tools
	Data processing and presentation techniques

processing and presentation	Excel skills
	Communication skills
	Database, web-interface
	Technical publications
International Methodology	Competitiveness Industrial Performance (CIP) Index
	Comparative analysis (role models, immediate competitors, future competitors, regional member states)
Policy and Strategy development cycle:	Policy Diagnosis
	Policy design
	Policy implementation
	Monitoring & Evaluation
Grant management	Assessment of the applications for IUMP grants
	Measures to promote program sustainability
Industry management	Linkages between IUMP and industrial efficiencies
	Linkages between industrial production systems and consumption patterns
SME development and employment creation	Targeted policies for SMES development
	Structural change and employment creation
Sustainable and competitive chains and value	Strategic value chain diagnosis
	Value addition and competitiveness analysis
	Industry clusters
	Value chain integration
	Public Private Dialogue (PPD)
	Local Economic Development (LED)
	Industrial employment and inclusiveness (including wages and gender related issues)
Industry diversification and sectoral linkages	Industry diversification strategies
	Artificial Intelligence
	Industrial sectoral linkages, within and across countries
Trade promotion	Trade capacity building
	Principals and implications of Rules of Origin (RoO)
	Strategic market linkages
	International trade

Industrial operations	Soft infrastructure support
	Drivers of industrial performance (e.g. skills, technology, innovation, access to finance)
	Industrial energy efficiency
Institutional upgrading	International quality, sanitary and safety standards –as related to industrial products
	Research and Development (R&D)

Source: Diagnostic Survey, March 2019

4.2 Establishment of Industry Observatory Initiative for SADC Member States

4.2.1 Context and rationale

This program activity seeks to establish “industry observatory” function as a way of enhancing “Knowledge Management” among key actors responsible for promoting the industrialisation agenda in the SADC region. The objective of the initiative, to be rolled out both at regional and Member State level is to address the prevailing challenges of information gap between business operators, policy-makers, the academia and the public at large.

Knowledge is among key resources in the process of industrialization for the actors to make informed decisions. This is particularly crucial at all stages of the industrial policy cycle where information is needed throughout the entire spectrum (i.e. diagnostic process, policy design, implementation, monitoring, evaluation and review processes. Institutions will continually rely on good information and data to optimise on their operations and business strategies.

Business community and policy-makers have time constraint to access relevant, up-to-date and pertinent information, which are dispersed and often in complex formats. This is also evident from the findings of the needs assessment study. Timely and reliable information increase scope for making informed decisions at every stage of business growth.

It is against this background that the “Industry observatories” are being proposed. It is envisaged that the proposed function will be supported by respective governments under the auspices of the lead Ministries.

Industry Observatories is a best practice currently operating in Mauritius. The details of its operation are presented in **Volume 3**.

Annexes

Annex 1: List of people contacted during stakeholder consultations

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Annex 2: Profile of participants of staff capabilities assessment

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Mauritius					
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Figure WW: Types of Activities Mainly Carried out by Respondents

