

# **MAKING KEY BUSINESS CONSTRAINTS IN SADC TANGIBLE: EXPERIENCES OF THE PRIVATE SECTOR**

Presentation by Catherine Grant-Makokera  
Launch of Case Studies  
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# Existing Surveys

- World Bank Regional Investment Climate Assessment for SADC
- World Economic Forum Global Competitiveness Index
- World Bank Ease of Doing Business Survey
- Ernst & Young Africa Attractiveness Survey
- World Bank Enterprise Surveys
- Business climate assessments by SARPN, ASCCI and Afrika-Verein

# Top 10 Barriers in SADC Region

## Criteria used to decide on top 10:

- SADC RISDP priority interventions
- Cross-border implications
- Widely found in the region

Used information from national level surveys to determine common themes and likely regional barriers

# Top 10 Barriers in SADC Region

Top 10 barriers from surveys:

- Access to and cost of finance
- Tax rates and/or administration
- Access to skilled labour
- Economic and regulatory uncertainty
- Fluctuation of exchange rates/foreign currency controls
- Customs regulations, procedures and bureaucracy
- Supply of reliable and efficient infrastructure
- Corruption
- Inefficient bureaucracy
- Non-tariff and other trade barriers

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grinzelda



search ID: grin1480

“As a small business owner, you  
have the right to be killed by  
either tax or red tape.”

# Approach to Case Studies

- Collect firm level experiences from a wide range of companies operating in more than two SADC countries
- Develop understanding of main challenges faced by private sector as well as any interactions had with policymakers
- Test findings of macro level surveys against firm level experiences
- Work with business organisations wherever possible
- Use local researchers in most countries
- Companies and organisations needed to be willing to be identified – not a fully confidential process

# Companies and Organisations Participating To Date

- Alaska (DRC – trading food and beverages)
- Albatros (DRC – trading oil and food)
- Aluminium Africa (Tanzania – manufacturing)
- Bakhresa Group (Tanzania – diverse interests)
- British American Tobacco (SA – tobacco)
- Carlsberg (Malawi – beverages)
- Capricorn Investment Holdings (Namibia – financial services)
- Coca Cola Swaziland (Swaziland – food and beverage manufacturing)
- DD Williamson (Swaziland – manufacturing)
- Delta Dairies (Botswana – agriculture)
- DHL (South Africa – courier services)
- Distell (South Africa – wines and spirits)
- Famous Brands (South Africa – food retail)
- FESARTA (South Africa – road transport)



# Companies and Organisations Participating To Date

- Freshpikt (Zambia – agro-processing)
- Integreon (South Africa – research)
- Lesotho Textile Exporters Association (Lesotho – textile and clothing)
- Lobatse Clay Works (Botswana - manufacturing)
- Lynx (Zambia – manufacturing)
- Madel (DRC – trading food)
- Mohammed Enterprises (Tanzania – diverse interests)
- Namibia Breweries (Namibia – manufacturing)
- Namibia Diaries (Namibia – agro-processing)
- National Clothing and Retail Federation of South Africa (South Africa – clothing and textiles retail)
- Nice Touch Investment (Botswana – freight logistics)
- Packaging Industries Malawi (Malawi – packaging)
- Palfridge (Swaziland – exporters)
- Pharmanova (Zambia – pharmaceuticals)

# Companies and Organisations Participating To Date

- Rab Processors (Malawi – agro-processing)
- Rice Milling Company (Malawi – agro-processing)
- Road Freight Association (South Africa – road transport)
- Shenimed (DRC – tobacco distribution)
- Sunbird Tourism (Malawi – tourism)
- Sumaria Group (Tanzania – diverse interests)
- Swaziland Sugar Association (Swaziland – agriculture)
- Transnational Freightlink (South Africa – transport and logistics)
- Tristan (South Africa – traders/exporters)
- UTI (South Africa – exporter support)
- Vodacom (Lesotho – telecommunications)
- Vodacom (South Africa – communications)
- Wesbank Transport (Namibia – transport and logistics)
- Zambia Fitment Centre (Zambia – automotives)

# Response from Participants

- Overwhelming! Over 40 case studies already – initial collection likely to be around 60 case studies
- Almost all companies approached were willing to participate
- Some concerns about possible government reprisals where companies are identified as well as need to protect certain commercially sensitive information
- Additional companies and organisations coming forward as project progresses
- Not new issues but a fresh approach by using a wide range of firm specific experiences

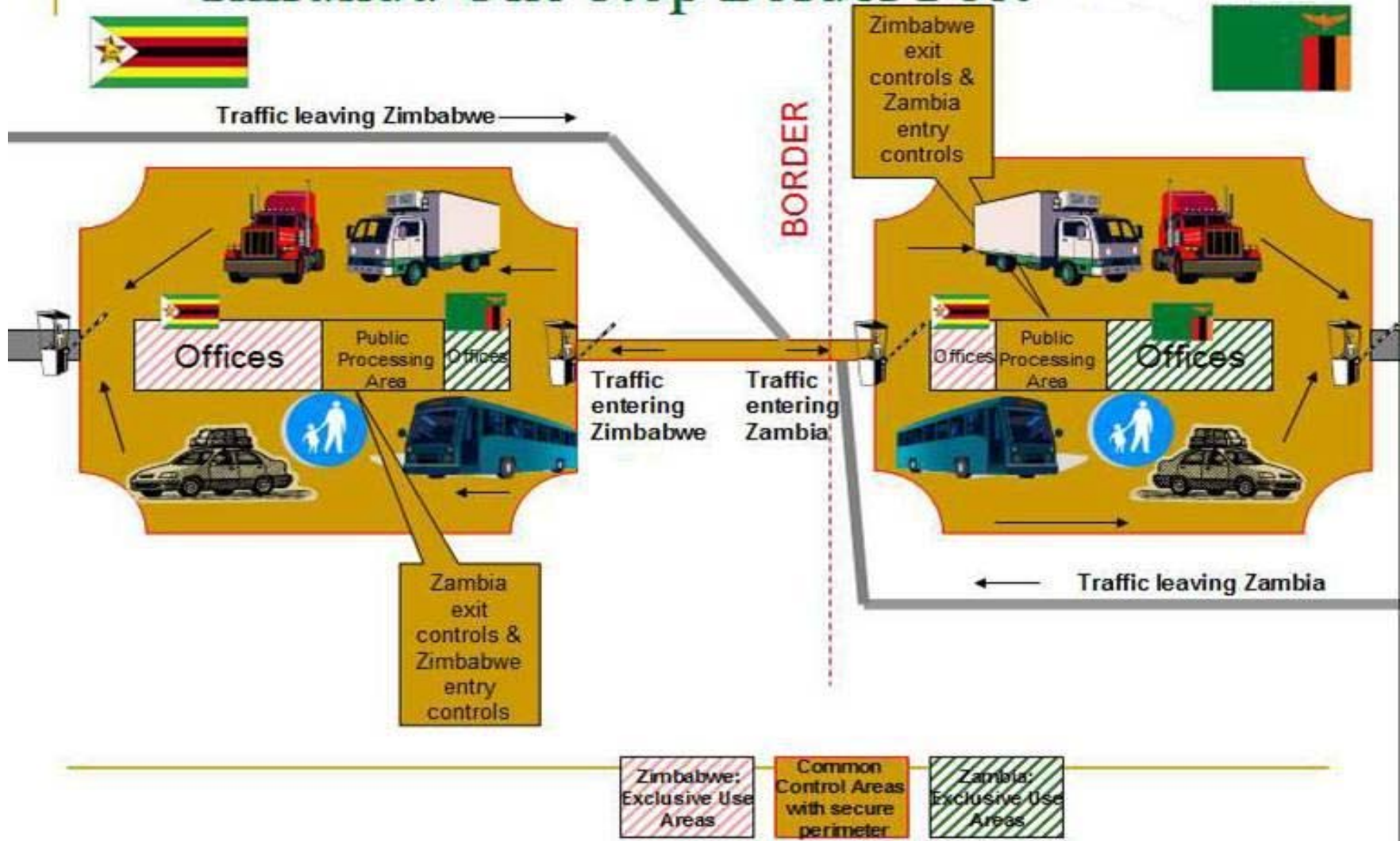
# Example Case Study 1: Vodacom

- Frequent changes in customs procedures and requirements
- High taxation of mobile services
- Delays at borders
- Corruption
- Limitations on movement of people
- Exchange control limitations
- As large company Vodacom is able to adapt and operate within most of these constraints
- Successful examples of previous engagements with SADC policymakers, including through CRASA

# Example Case Study 2: DHL

- Inefficiencies at borders
- Corruption
- Work permit delays and expense
- Weak infrastructure
- SADC countries can learn best practice from each other as well as different regions
- Willing to share information and participate in SADC activities to address concerns but offer not taken up to date

# Chirundu One Stop Border Post



# Initial Observations

- There is significant economic activity in the SADC region between countries and across a wide range of sectors
- Size does count – in order to be engaged in regional business activities companies are usually medium or large
- Difficult to access SMEs
- The existing surveys findings are largely borne out by the firm level interviews but with different emphasis

# Initial Observations

- Most commonly mentioned barriers to date:
  - Lack of harmonised customs procedures and systems
  - Corruption
  - Difficulties in moving around the region
  - Delays and expenses in obtaining work permits
  - Regulatory challenges especially in sectors where government owns service providers
  - Lack of critical infrastructure
  - Ongoing uncertainty about applicable regulations and procedures



# Some Initial Recommendations

- SADC wide business visa
- Border post improvements
- SADC guidelines on managing work permits
- Greater willingness needed to expect assistance from the private sector
- Regional initiative on anti-corruption
- Focus on real challenges for business rather than more tariff reductions



# Next Steps

- Interviews still underway in Angola, Mozambique, South Africa and Zimbabwe
- Explore possible case studies from the Seychelles and Madagascar
- Uploading of information on to an interactive webpage where case studies can be searched and downloaded – linked to [www.saiia.org.za](http://www.saiia.org.za)
- Finalisation of overview paper
- Presentation of work in Johannesburg on 15 March
- Workshop on trade and regulatory barriers on 20 March in Harare
- Identification of policy recommendations to be made to SADC member states and Secretariat
- Input into public-private dialogue process
- Input into preparations for SADC Investment Conference
- Ongoing activity – scope to include more case studies and to compare trends over time