

**ESABO CONFERENCE REPORT  
DELIVERY ORDER NO 2  
CONTRACT NO 623-0510-I-00-4113-00  
IQC PRIVATE SECTOR DEVELOPMENT SERVICES IN KENYA**

**MAY 30 1996**

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## Price Waterhouse



May 30, 1996

Mr Mike Klesh  
Private Sector Advisor  
USAID/REDSO/ESA  
NAIROBI

Dear Mr Klesh

**ESABO CONFERENCE REPORT DELIVERY ORDER NO 2 CONTRACT NO 623-  
0510-I-00-4113-00. PRIVATE SECTOR SUPPORT SERVICES IQC.**

We are happy to submit 10 copies of the Price Waterhouse report which is the final deliverable for this assignment.

The preliminary accounting in Chapter VI does not yet contain all expenses incurred. In particular, telephone/fax expenses and photocopying of the final report are outstanding.

The disbursements budget was adequate because there were savings on air tickets and per diem, and we have thus included the costs of the IGAD delegation and equipment for the food security presentation in our preliminary accounts. We would appreciate your guidance and that of the USAID/REDSO/ESA contracts office if we are to bill for these expenses in any other way.

We will prepare a final fee note by the end of June 1996.

In our opinion, it would be beneficial to ESABO if any funds remaining could be utilized to publicize the recommendations of the ESABO conference.

We appreciate the fact that Price Waterhouse has had the opportunity to support this effort to strengthen private sector growth and linkages in the region and to highlight the relationship between food security and the private sector.

We would be pleased to continue to assist ESABO in achieving its goals and look forward to working with you on continuing efforts in these and related areas in the future.

Yours sincerely

Danny Burgess

cc Mr Rem O Ogana  
Chief Executive Officer  
Kenya National Chamber of Commerce & Industry

# ASSIGNMENT COMPLETION REPORT

## ESABO CONFERENCE

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## ABBREVIATIONS/ACRONYMS

1	B&B	Bed and Breakfast
2	CEO	Chief Executive Officer
3	COMESA	Common Market for Eastern and Southern Africa
4	EAC	East African Cooperation
5	ESABO	East and Southern Africa Business Organization
6	GATT	General Agreement on Trade and Tariffs
7	GHAI	Greater Horn of Africa Initiative
8	IGAD	Intergovernmental Authority on Development
9	IPC	International Press Center
10	IPS	International Press Service
11	ITC	International Trade Center
12	JKIA	Jomo Kenyatta International Airport
13	KICC	Kenyatta International Conference Center
14	KNCCI	Kenya National Chamber of Commerce and Industry
15	KVM	Kenya Vehicle Manufacturers
16	LCD	Liquid Crystal Display
17	MIE	Meals and Incidental Expenses
18	NCC	Nairobi City Council
19	NSC	Nairobi Safari Club
20	PR	Public Relations
21	PTA	Preferential Trading Area
22	PW	Price Waterhouse
23	SADC	Southern Africa Development Cooperation
24	TINET	Trade Information Network
25	UNECA	United Nations Economic Commission for Africa
26	UNCTAD	United Nations Conference Trade and Development
27	USAID	United States Agency for International Development
28	VIP	Very Important People
29	WTO	World Trade Organization

## EXECUTIVE SUMMARY

Price Waterhouse was contracted by the United States Agency for International Development (USAID)'s Regional Office (REDSO) for East and Southern Africa (ESA) to assist the Kenya National Chamber of Commerce and Industry (KNCCI) with the organization and implementation of a conference for the East and Southern Africa Business Organization (ESABO). The assignment was carried out from April 12 - May 24, 1996. The contractor was not responsible for the content of the conference.

The conference was held at the Kenyatta International Conference Center (KICC) with 230 registered and a number of unregistered participants. Twenty countries of the region were represented as well as participation from the United States, Europe and Asia.

USAID/REDSO/ESA provided most of the funds for the conference in its efforts to contribute to the growth and development of the private sector in the region and to link issues of sustainable food security to a strong private sector.

Initial response to the conference is that it has been successful in raising key issues related to regional trade and economic growth as well as in providing a forum for linkages and networking. The desire to foster ESABO as a regional body to speak out on regional trade issues was confirmed, and Kenya was chosen as the location for a permanent ESABO Secretariat.

There was substantial media coverage, both in Kenya and internationally. The Kenyan public was also made aware of the event with banners on key streets in downtown Nairobi and through a special private sector funded supplement in the Daily Nation, on May 14, 1996.

In spite of very limited time for conference preparations, invitations, air travel, transfers, local transportation, hotel accommodation, meals, and promotion and media coverage were catered for adequately. Participants were registered and received conference folders and diaries, name tags, note pads and a pen, invitations for a reception and a dinner, meal vouchers for lunches and parking stickers.

During the conference, all speeches, papers and recommendations were disseminated to the participants, the media and interested individuals. Simultaneous translation English/French was provided. Ushers directed participants to plenary and group sessions and to meals. In addition, they distributed papers during the sessions.

KICC supplied microphones. Rented overhead projection equipment was available for presenters in group sessions.

Two social events were held in conjunction with the conference, a reception on May 14, 1996 and a dinner, funded outside the scope of this delivery order, on May 15, 1996.

Preliminary accounts have been prepared, and final accounts will be prepared when all invoices for services have been received.

The Price Waterhouse delivery order report contains conclusions, lessons learned and recommendations both regarding conference implementation and next steps related to interventions for strengthening ESABO's ability to carry out its mandate.

The assignment report deals with the organizational aspects of the conference and is not a report of its proceedings or results. All speeches, papers, major documents, recommendations and lists of participants are, however, included in the appendices, and much of this material can be used to prepare a conference report. Price Waterhouse (PW) has supplied copies of these materials to the KNCCI conference rapporteurs.

PW appreciates the confidence shown by USAID/REDSO/ESA for selecting us for this assignment and for the opportunity it provided to further links to private sector growth in the region.

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## INTRODUCTION AND BACKGROUND

At the request of USAID/REDSO/ESA through the Indefinite Quantity Contract for Private Sector Development Services, Price Waterhouse was contracted to assist the Kenya National Chamber of Commerce and Industry (KNCCI) and the East and Southern Africa Business Organization (ESABO) to prepare and carry out a conference in Nairobi (Appendix I - Scope of Work).

The ESABO Conference was held at the Kenyatta International Conference Center (KICC) on May 14 - 15, 1996. The registered participants for this conference were more than 230 while a number of interested individuals attended one or more sessions. The attendees were representatives of ESABO, chambers of commerce, the private sector, international organizations, governments, parastatals, the press and others. They came from 20 countries of East and Southern Africa as well as from the United States, Europe and Asia.

The time available for preparation was four weeks and four days. This short period of time meant that a number of tasks had to be done in the fastest way possible. While the conference was fully implemented, there are areas where more could have been achieved with even a few weeks additional preparation. This report highlights these areas in order to benefit from lessons learned for future undertakings. The Price Waterhouse (PW) ESABO Conference Support Secretariat worked every day up to and during the Conference and is happy that we could contribute to this important regional private sector initiative.

ESABO was formed in August 1994 "to represent the organized voice of regional business on matters of regional cooperation and integration." Its motto is "Business without Boundaries." The conference was funded, in large part, by USAID. As stated by the US Ambassador to Kenya, the United States saw "this meeting and the substantive follow-up to be part of the legacy of the late US Secretary of Commerce Ron Brown's visit to Kenya and other nations in Africa. We see Secretary Brown's legacy as the promotion of trade and investment in Africa - from the African private sector which will create the jobs, bring technology, and prompt the trade necessary to bring more growth to the economies and peoples on the continent."

This report covers the organizational aspects of the conference and is not a report of its proceedings or results. All speeches, papers, major documents, recommendations and lists of participants are, however, included in the appendices, and much of this material can be used to prepare a conference report. We have supplied copies of these materials to the KNCCI conference rapporteurs.

Price Waterhouse appreciates the confidence shown by USAID/REDSO/ESA for selecting us for this assignment and for the opportunity it provided to further linkages and private sector growth in the region.

## CONFERENCE PREPARATION

### A Preparation and Management Meetings

Initial meetings between KNCCI, and Price Waterhouse took place to establish working methods on April 12 and 14, 1996. Progress meetings involving KNCCI, PW and USAID took place on April 18 and 29, 1996. Formal and informal internal PW meetings took place to identify tasks, staffing requirements and review progress. (Appendix 2 - The PW ESABO Team)

To ensure that both the Secretariat and KNCCI were fully informed and working together, a daily briefing report and schedule charts (Examples in Appendix 3) were prepared for the National Chairman and Chief Executive. These reports provided the focus for a daily briefing session between the Conference Coordinator and the KNCCI CEO. Initially too much time was spent during these daily sessions on issues of payment for items that were not covered in the agreed budget, e.g. rapporteurs and payment for KNCCI permanent staff.

Other meetings took place concerning promotion and media tasks.

Meetings were provided with agendas and work plans and followed up with summary minutes and action points, ensuring that the KNCCI CEO was fully informed at all times. While deadlines could not always be adhered to, those lagging were clearly identifiable. (Appendix 3 - Sample of daily work plan)

#### Conclusions

- Meetings consumed a great deal of time
- Daily workplans helped to keep activities as close to schedule as possible.

### B Secretariat Establishment

#### Staff

The Secretariat was initially set up with a Conference Coordinator, a secretary/administrative officer, an accountant and a Media/Public Relations (PR) Manager. Other administrative assistance was provided by PW staff, initially at PW offices, and then at the KNCCI office at Ufanisi House. KNCCI staff, such as the Computer Supervisor, were asked to help on occasions, but lacked the hard and software resources to do so.

#### Resources

Offices were made available on the ground floor at Ufanisi House on April 15 1996. Occupation had to wait until furniture and phones were installed on April 19, 1996. In spite of repeated assurances, the provision of international dialing, did not occur until May 3rd. Until then, international calls were made from the KNCCI CEO's direct line, PW and from the residence of the Conference Coordinator.

All furniture and equipment was hired from external suppliers.

#### Conclusions

- Until phone lines had been established, work should have been carried out entirely at PW.
- The Secretariat was composed of almost exclusively non-KNCCI personnel, by necessity rather than choice.

## **Recommendations**

The Secretariat should have been established at PW with immediate access to international phone lines, and a move to Ufanisi deferred until this facility was in place. The downside of this arrangement would have been to lose the opportunity to establish a close working relationship with KNCCI and lose access to their information files. This information was found not to be satisfactory, but it was an essential resource for the Secretariat.

A mobile phone for the period of Conference preparation and duration is essential.

## **C Invitation Process**

When the Secretariat began operations, all of the invitations for the original delegate list - International Chambers, ESABO Council, Local Chambers, KNCCI Management Committee, and some international organizations - had been written and were waiting in envelopes ready for posting on April 12, 1996.

To speed up the process, all international invitations were copied for faxing, while the originals were sent by registered mail. Difficulties arose in getting faxes through. They were initially put down to poor phone links. When the checking and chasing for replies began on April 24, 1996, it became apparent that many fax numbers and addresses supplied by KNCCI, were wrong. Accordingly many of the original invitations were not received by the delegates. (Appendix 4 - Letters of invitation)

Up to one week before the Conference, copies of invitations were being sent to delegates, both locally and internationally.

There was some confusion over whether KNCCI could substitute recipients of funded invitations if it became known that those on the original agreed list would not be attending. Once clear guidelines had been obtained from USAID on this matter, new invitations were sent out.

## **Conclusion**

In our efforts to make up for lost time and get invitations out as quickly as possible, the assumption was initially made that KNCCI's contact data were accurate. This was a mistake and caused lost time and later work in re-sending faxes and making late ticketing arrangements.

With invitations both originating in KNCCI and replies coming through them to the PW ESABO Secretariat, there was an inevitable difficulty in tracking responses accurately. A comprehensive invitation list was produced by KNCCI on May 9 - 10, 1996.

The lateness of response from local delegates, private sector and even United States participants made it difficult to confirm exact numbers of participants and some reservations.

## **Recommendations**

The Secretariat must have control of the invitations being sent in order to track from the master invitation list. The compilation of such a list is the first task, not the last, in this type of project.

One day spent in using every information source to check destination addresses and fax numbers would have saved a great deal of time later.

## CONFERENCE SERVICES

### A Printing and Promotion

At the request of KNCCI, the PW Support Secretariat had the following promotional items produced for the ESABO conference:

- Street Banners
- Indoor Banner
- Conference Folders
- Diaries
- Invitation Cards
- ESABO Leaflet
- Newspaper supplement

(Appendices 5 and 6 Samples of printed and promotional materials)

#### **Street Banners**

As part of the promotion to generate awareness of the up coming ESABO Conference, the following sites for banners were chosen:

- 1 City Hall Way - Entrance to KICC
- 2 Kenyatta Avenue
- 3 Museum Hill roundabout

Coca Cola (Nairobi Bottlers Ltd) generously produced three banners free of charge. The banners had Coca Cola logos. The Nairobi City Council (NCC) waived 50% of the hoisting charges. For various reasons, however, NCC hoisted the banners at the last minute after repeated reminders and the provision of transport by PW. The three banners were erected at the sites just prior to Conference Commencement and remained on display through May 24, 1996.

One Indoor banner was printed at cost for the conference venue without the Coca Cola logo displayed.

#### **Conference Folders**

Kenafric Diaries Manufacturers Ltd printed conference folders. Two hundred folders were provided free of charge and 200 folders were purchased. These executive folders added to the quality of the conference. Each Delegate was given a conference folder which had the following items:

Note pad, pen, welcome letter, registration form, ESABO leaflet, 2 lunch vouchers, parking sticker, 2 invitations to the conference reception and a Karibu Kenya Dinner and the conference program.

#### **Diaries**

In addition, Kenafric generously provided 400 complimentary ESABO diaries which were given to the delegates. Excess conference folders and excess diaries have been handed over to the KNCCI CEO.

#### **Invitation Cards**

500 invitation cards for the May 14, 1996 reception as well as 500 invitation cards for the "Karibu Kenya" dinner of May 15, 1996, were printed.

## **ESABO Leaflet**

Five hundred copies of the ESABO leaflet were printed and circulated in the conference folders. Additional leaflets were available throughout at the ESABO registration and information desk.

The original plan was to print an ESABO conference brochure which would contain factual and statistical information on business activities within ESABO countries. This brochure would have outlined ESABO's objectives and be an informative tool for the delegates. This information was to have been received from KNCCI and deadlines set. No text was received and an alternative brochure was therefore put together in very little time. This rush for time greatly affected the quality of the leaflet as well as the printing quality.

## **Newspaper Supplement**

A two page supplement appeared in the Daily Nation of May 14, 1996, the opening day of the Conference. The supplement was self-financing through advertising sourced by the PR consultant. She also co-ordinated the design and layout as well as produced the text.

The supplement was a useful tool in creating awareness of ESABO and the fact that the conference was being hosted in Kenya.

## **Conclusions**

- Too little time was available to maximize non-press promotional activities. We had little advance insight into conference content, and, thus some material was thin.
- The display of private sector participant products was not wanted by KNCCI and thus only a few entrepreneurial firms and organizations did in fact distribute brochures or demonstrate their products. See Appendix 7.

## **B Media Relations**

Given the short time for arrangements, there was good press coverage for the ESABO Conference. (Appendix 8 - Copies of clippings available to PW as of May 24, 1996)

Coverage is broken down into the following three areas:

- Pre-event Coverage
- During Conference coverage
- Post Conference coverage

### **Pre- Conference Media Strategy**

#### **Press Conference**

A press conference to announce the upcoming ESABO Conference was held on Wednesday May 8, 1996 at 10.00am at the Safari Terrace of Nairobi Safari Club.

Invitations to the press were faxed or sent by messengers with telephone follow-up the day before to ensure participation.

The following Media organizations were represented:

**Print**

The Nation news desk  
The Nation Business desk  
The Standard news desk  
Kenya News Agency  
Economic Review  
East African Chronicle

**International**

Agence France Presse  
International Press Service (IPS)  
International Press Center (IPC)

**Electronic Media**

KTN  
KBC  
TM Productions  
KBC Radio

A press kit was prepared and handed out to the press in attendance. Extra copies were sent to press who were unavailable. (Appendix 9 - Press kit for the press conference of May 8, 1996)

There was KBC and KTN television as well as KBC radio coverage of the press conference on May 8, 1996. The print media published articles on Thursday, May 9, 1996.

**Pre conference interviews**

G. Kassim Owango, the Chairman of KNCCI and Vice-President of ESABO, was interviewed about the ESABO Conference by The Daily Nation. This story appeared in the Business Week section on May 7, 1996.

Radio interviews of Mr Owango on the ESABO Conference with various programs were also arranged.

These interviews were featured on:

- KBC "Economic View" of Sunday, May 12, 1996
- KBC "Contact - the Current Affairs Program" of Monday, May 13, 1996
- BBC World News - Tuesday, May 19, 1996, 7:15pm - 8pm, "Money focus" and repeated again same day at 10pm.

**During the conference**

The opening ceremony and the entire conference were attended by representatives of the following Media Organizations:

**Print**

The Daily Nation  
The Standard  
The East African

Economic Review  
Kenya Times  
Kenya News Agency

#### **International**

International Press Service (IPS)  
International Press Center (IPC)  
Reuters  
Deutsche Welle  
Agence France Presse  
The Guardian - Tanzania  
The East African

#### **Electronic**

KTN  
KBC  
BBC  
VP. Press Unit  
TM Productions  
Radio 1

There was extensive coverage of the opening ceremony by KBC and KTN Television news of same day.

On May 15, 1996, the Daily Nation had one photo caption, a news item in the Standard and three part coverage in the Kenya Times.

Further discussions with the press signalled that the majority wished to cover the group discussions and were particularly interested in covering the recommendations.

Captions appeared in the press on the ongoing conference. Coverage was, also, received on KBC Radio and BBC "Network Africa" of Wednesday, May 15, 1996. Live interviews were conducted on Channel Africa and coverage received on "Habari Za Ulimwengu" - World News.

#### **Interviews**

A "question and answer" (Q&A) press conference was held at the VIP lounge of KICC with Mr Mutharika (COMESA) Mr Saunders (ESABO President) and Mr G. Kassim Owango on May 14, 1996 at 2:00 pm.

Press representatives were:

Kenya News Agency

Standard Newspapers

East African Standard

Deutsche Welle

IPC

Freelance

The East African

Kenya Times

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The Guardian - Tanzania

In addition, interviews of key individuals at the conference, were arranged, as follows:

The East African - Ambassador Kazaura of the East African Cooperation (EAC)

KTN - Mr Saunders

The Guardian - Tanzania - Mr G. Kassim Owango

Radio 1 - Mr Saunders, Mr Montocchio

Members of the press were handed a consolidated press kit of the papers presented and recommendations.

Interested press were also introduced to the conference participants.

**Post conference**

Press coverage continues to date. Articles on the conference and the recommendations made are expected. Members of the following organizations have advised that they wish to do an analysis of the recommendations:

Newsweek - press kits have been provided to Newsweek

BBC "Money Focus"

The EA Chronicle - Issue # 85

**Video Coverage**

A video tape of the entire conference was made by TM production Ltd. It is in the process of being edited and a copy made available to the Chamber. It has been requested that the Chamber make copy available to USAID/REDSO/ESA.

**Conclusions**

- Lack of adequate time was also the key factor in arranging media coverage. With enough time, the consultant would have co-ordinated the press better, held press briefings on all papers to be presented and press releases summarizing each paper presented to the press
- Lack of time also resulted in some poor quality printed materials
- More involvement with conference content would have enabled better promotional support
- From the publicity point of view, the conference received good media coverage
- Perhaps ESABO as an organization was "swallowed" up by COMESA, EAC etc as a news worthy headline
- The directive from USAID/REDSO/ESA that mention of USAID was not permitted and the subsequent absence of pre-conference press material on USAID initiatives made highlighting Food Security difficult
- Members of the press were very interested in The Food Security presentation and subsequent group discussions. This topic could have received greater media coverage had the media been educated in advance on Food Security and its definitions.

## **Conclusion**

Neither Intergovernmental Authority on Development (IGAD) nor the SRI consultant had handouts such as the material provided by COMESA.

## **Recommendations**

- As soon as a final document is produced, a press release highlighting main results, recommendations and plan of action should be written and submitted to relevant media organizations
- Arrangements for contracting, supervising and meeting deadlines for printed materials such as brochures, invitations, badges and car stickers should be the responsibility of one dedicated staff member
- ESABO should carve out its own identity as the regional private sector umbrella organization by:
  - a higher private sector representation profile in the media
  - where possible, highlighting any links between private sector trade delegations in the region and the ESABO initiative.
- Food Security and its private sector linkages should be publicized in the media and future ESABO fora
- Include a comprehensive section on food security and the private sector in a final ESABO Conference report.

## **C Airline Ticketing**

### **Selection of Supplier**

A number of services were required:

- Ticketing
- Pre-paid Ticket to international delegates
- Airport transfers
- KICC-Hotel transfers

Three travel agents were identified as having the capability and experience to deliver these services reliably: Let's Go Travel, Somak, and Four Ways Travel. The first two are major tour operators, while Four Ways handled competitors for the recent World Ploughing Championships in Kenya.

Somak offered the highest level of service for the best price and were also able to provide for all airport transfers and local transport within budget.

Issues arose over whether quotations were for direct or indirect flights and whether airport departure tax at JKIA was included. These matters were settled amicably during meetings between the Conference Coordinator, the accountant and the Managing Director of Somak.

It proved impossible to book seats provisionally on flights without names. As soon as an international Chamber's acceptance was received, the name and address were forwarded to Somak for booking and subsequent Pre-paid Ticket forwarded. Separate flight advice was faxed to delegates by the Secretariat to ensure that they were informed of dates and times as soon as possible and to advise them to collect tickets.

Infrequent flights from some destinations, resulting in a prolonged stay in Nairobi, prompted the Conference Coordinator to advise the KNCCI Chief Executive to write a letter specifically advising delegates of the limited three night funding. This information was also contained in other letters, but might have been overlooked.

Re-confirmation was handled by the PW ESABO Secretariat Administrative Staff in cooperation with Somak Travel.

### **Conclusion**

- In the light of the very short time span between receiving acceptances and the Conference start, the Agents did an excellent job and no one was left in the position of failing to get to the Conference for lack of a ticket
- Better prices might have been obtained had the tendering process been extended to more Agencies. The time factor, however, was against a broader competition.

### **Recommendations**

- Establish explicit agreement on exactly what is to be provided, including dates of travel, airport tax, visa arrangements, and PTA costs.

## **D Accommodation**

### **Description**

Some informal prices had been obtained from various hotels during preparation of the budget by KNCCI. These contacts were continued after the PW ESABO Support Secretariat had been established and a formal tendering process had begun. This created some confusion among suppliers.

Direct requests to tender for accommodation, reception and catering were made to the Hilton, Inter-Continental, Serena, Grand Regency, Norfolk and Nairobi Safari Club (NSC). At the request of the travel agents, they were also invited to submit tenders obtained from various hotels. The lowest early bid was \$80 per night which was reduced to \$75 later. A last minute intervention by NSC at \$70 won them the contract to supply bed and breakfast (B&B) accommodation for up to 104 delegates.

Confirmation proved difficult because participant replies came in late. This necessitated that rooms were confirmed in the expectation that they would be filled.

There were frequent meetings between the management of NSC and the PW ESABO Secretariat support and excellent cooperation in terms of assistance for per diem payments and pre-registration/help desk at the hotel. A welcome letter was prepared, but it is not clear whether this letter was given to all delegates. (Appendix 10 - Welcome letter from NSC to ESABO participants)

## **Conclusion**

- The selection process was unnecessarily complicated, but a room rate was obtained well within budget and the delegates seemed very satisfied with the facilities. There was hands-on involvement from the General Manager of the NSC from the outset which made communication and decision-making relatively easy.

## **Recommendation**

- The opportunities for over-pricing on room rates are very evident on a large contract such as this Conference. The competitive tendering arrangements adopted worked very well.

## **E Meals and Per Diem**

### **Meals**

After a limited competitive tender, Tintin restaurant, located in KICC, was contracted to provide lunch and morning and afternoon tea/coffee, for the conference. The strategic location of the restaurant provided prompt service and warm food.

Before the conference, lunch vouchers for both days were prepared. These were stamped by the Tintin Restaurant Manager, and given to the PW ESABO secretariat staff who inserted the vouchers in the conference folders that were given to each delegate, during registration. At meal times, each delegate was required to hand in his/her lunch voucher at the entrance to the restaurant, before eating. This method of control ensured that no one else except the invited delegates and conference officials were provided with meals. Anyone without a lunch voucher was not allowed into the restaurant during the ESABO conference. A Copy of the lunch vouchers can be found in Appendix 11.

The food was of good quality and it was sufficient in both quantity and variety. Even though the morning session on Day 1 ended late, the lunch was hot and fresh when served. Meal service was buffet style with enough food stations to ensure that no one stood in line.

The morning and afternoon tea and coffee were served on time and were sufficient on the first day. On the second day, however, afternoon tea and coffee appeared not to have been well supplied, as the milk ran out before all the delegates had been served. This, of course, caused a delay in the final session of the conference, as the delegates had to wait while a waiter went to the restaurant for more milk.

### **Conclusions**

- The use of lunch vouchers went a long way in ensuring that there was control in the number of people and it was virtually impossible for non-conference participants to have free meals at the expense of ESABO
- Tintin restaurant generally provided efficient and friendly service. They were willing to be flexible in line with the conference timetable.

### **Per Diem**

USAID per diem for meals and incidental expenses (MIE) is \$55 per day in Nairobi. As breakfast was part of the total package, and lunch and refreshments at Tintin on May 14-15, 1996 and reception food at NSC on May 14, 1996, were provided, an allowance of US\$ 25/each for 3 nights was provided.

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NSC received a cheque equivalent in value to the amount payable as per diem. The Club Chief Cashier then withdrew the allowances on May 11, 1996 in the required denominations. The allowances were placed in envelopes addressed to each delegate. The envelopes were numbered according to the per diem list issued by the conference organizers, sealed and signed by the accountant after re-confirming the contents.

On check-in and registration, each delegate was asked to sign for his/her envelope on the per diem list and show either his/her passport or Kenyan ID as identification. This procedure was carried out at the front office cashier's desk by the PW accountant in conjunction with the NSC cashiers. Any changes to the original per diem name list were approved by KNCCI CEO before a per diem was paid out to someone other than those on the list.

The main problem encountered was dealing with ad hoc changes to the names of the representatives on the original per diem list. As a result it was very difficult to keep track of these replacements and deal with the individuals who replaced the ones on the list. At one point, a delegate who had been replaced, later checked in at the hotel and expected his per diem, which had already been disbursed to his replacement.

With the approval of the KNCCI CEO, 8 Kenyan Chamber members were paid US\$50 each as they only stayed at the NSC for the nights of May 14 and 15 1996.

At the conclusion of the conference, the PW accountant for the ESABO support secretariat reconciled the per diem list to the amount paid out. The reconciliation was then signed by the NSC financial controller and chief cashier in the presence of the PW accountant who approved it on behalf of PW. Any per diem allowances not paid out were subsequently rebanked.

### **Conclusions**

- Ideally, changes to the list of delegates entitled to per diem should have been made before the arrival of conference participants, and communicated to the conference organizers to avoid confrontations between delegates and cashiers, and to ensure that proper accounting procedures were followed. This was, however, one of the issues brought about by the fact that delegates were invited late and some turned up or sent replacements without confirming their participation. Those problems that arose were solved or brought to a conclusion with the intervention of the KNCCI CEO and the PW Assignment Manager.

### **F Airport Transfers**

Somak Travel provided transportation for airport transfers as well as local transport for the conference and related activities. A minibus for 23 persons and three vans for 9 people each were available throughout. Transport and related activities were coordinated by a Price Waterhouse Administrator assigned that responsibility.

On award of the travel and transportation contract to Somak Travel, Price Waterhouse met with the Somak Transport Manager to ensure that appropriate vehicles were used to transfer delegates from the airport to the hotel and for transport from the hotel to the conference venue. Decisions on which vehicles were to be used were made. In addition, issues relating to VIP transport, vehicle stickers and timings were addressed. A timetable was laid out and the flight schedule was reviewed.

Following a request from the Chamber officials to the Kenya Airport Authority for the use of the VIP lounge, reception of the delegates was facilitated. One official from the KNCCI and one PW staff member were stationed at the airport to meet the delegates. Their task of meeting, processing visas and clearing luggage was greatly facilitated by obtaining security passes from the airport authorities.

Delegates to the ESABO conference arrived from May 11 - 13, 1996. They were met at the JKIA, checked through the VIP lounge and escorted to the waiting vans which took them to the Nairobi Safari Club where they were met by Price Waterhouse ESABO secretariat support staff who pre-registered them for the conference, paid per diems and assisted them with hotel registration. As the delegates left the airport, the PW representative at the hotel was called to confirm who was coming, with which driver and in which van.

There were several delayed flights, especially on May 12, 1996. The exercise was nevertheless smooth, and all delegates were met. For most arrivals both the KNCCI and a PW representative were present. The ESABO President was met by the Chairman of the KNCCI.

On May 16, 1996 the first group of delegates left the hotel for the airport at 6.30am. The PW transport coordinator and Somak Travel were at the hotel from 6.00am and a KNCCI staff member was at the airport to check delegates through the VIP lounge and make sure that every delegate made his/her flight. The last delegate left on May 17, 1996 at 3.00pm.

#### **G Local Transportation**

Somak Travel also provided local transportation during the conference. This consisted primarily of travel between the Nairobi Safari Club and the Kenyatta International Conference Center in the mornings and back at the close of the sessions each day. It also included transportation of secretariat staff to and from KICC and Price Waterhouse for photocopying, ticket reconfirmation and other tasks, occasional individual transportation of delegates and transportation of international participants and some Kenyan delegates to and from the concluding dinner.

Transport from the hotel to KICC was well co-ordinated. Delegates left the hotel from 7.30am. By 8.15am the last person was on board for the KICC. The distance between the hotel and KICC is one kilometer, a short distance which can take up to 30 minutes at rush hour in mid-town Nairobi.

For the ESABO/KNCCI final dinner at the Carnivore Restaurant, transport from the Nairobi Safari Club Hotel to Carnivore Restaurant started at 7.00pm. The last delegate left Carnivore at 2.00am and arrived at the Nairobi Safari Club at 2.20am.

All Somak drivers were equipped with Pagers that enabled them to be easily located by the Transport Manager when flight schedules changed. There were two drivers stationed at the airport and this ensured that at any one given time there was a driver at the airport. The Transport Manager was constantly in touch with the drivers ensuring that they were at the right place at the right time and contacted the Nairobi Safari Club ESABO desk whenever he needed to clarify any issues.

#### **Conclusion**

Both transfers and local transportation were executed to the highest standards of service and timeliness. A thank you letter has been forwarded to Somak Travel.

#### **Recommendation**

Somak Travel should be considered for similar assignments in the future.

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## CONFERENCE IMPLEMENTATION

### A Conference Facilities

The venue of KICC had already been chosen by KNCCI before the PW ESABO Support Secretariat was formed.

The Conference Coordinator visited KICC on April 12, 1996 to review the suitability of what had been provisionally booked. Since the Plenary Hall holds approximately a thousand people, the smaller Amphitheater was booked in its place. Various meeting rooms were inspected and bookings made. This was followed up by a visit on April 19, 1996 by the Conference Coordinator and KNCCI Chief Executive at which time the Amphitheater change was approved. Meeting rooms were found to have broken lighting and noisy air conditioning so further changes in the original bookings were made.

The general level of cleanliness, decoration and furnishings of KICC is low and may have presented a poor impression of Kenyan Conference facilities to the international delegates. In particular:

- Carpets were stained, torn or not laid correctly
- Tables and chairs were scratched or otherwise disfigured
- Lavatories could not be supplied with toilet paper although it was bought and paid for by the support secretariat.
- Wash basins had taps that did not work for the most part
- Walls were dirty with holes and protruding wires leading nowhere
- Unused furniture was piled up alongside walkways
- No phone connection was possible, even with 10 days notice to move the line from KNCCI Ufanisi House. The alternative of a phone extension in the KICC Office so that incoming calls could be taken, did not materialize
- Electricity supply in the KICC Office was limited to one socket which at one time had two computers, two printers and one photocopier running from it
- Air conditioning was tested in each room prior to the Conference. This did not, however, prevent a human failure to switch on the air conditioning in meeting rooms 2 and 3 on Day 2 at the requested time of 6 a.m. No-one in authority was available to switch on the air-conditioning until 9.30 a.m.

On the positive side, there was no power breakdowns, and the public address (PA) systems and interpretation equipment worked well.

### **Management**

It was difficult to work at KICC. Ensuring services took an unreasonable amount of time that was sorely needed in other areas. There was also a problem that every task led to a request for additional compensation.

### **Conclusion**

Holding the Conference at KICC required overcoming a myriad of obstacles imposed by the venue.

## **Recommendation**

An alternative venue should have been chosen. Possible sites for 200-300 participants include - Windsor Golf and Country Club, Safari Park Hotel, United Nations Environmental Program (UNEP) headquarters. A suitable venue for the plenary sessions is only one aspect of the venue choice and the other supporting facilities need to be given appropriate weight in any choice.

### **B Interpretation**

This was an area that was under budgeted. Thus, some creative negotiating took place to ensure that adequate interpretation was provided. Recommended names were acquired from the World Bank and the French Trade Commission. Those contracted for Day 1, as first choice, were:

- Chantal Mariotte
- Joe Muhindi

They were prepared to work as a team of two at a higher daily rate, which gave a substantial saving on the usual team of four.

Day 2 was serviced by:

- Elroy Molinero
- Habbib Savane
- Alfer Fiaferana

A fourth interpreter failed to show up so a standby was on hand. The three above agreed, however, that as the French speakers were in one group meeting, they could manage without the fourth interpreter.

The teams both days were reliable and professional and, Mme Mariotte, in particular, came in for special commendation for excellent interpretation.

### **Conclusion and Recommendation**

All the interpreters used are professionals and were a pleasure to work with. We would certainly have no hesitation in employing them on future projects.

### **C Ushers**

Eight ushers were chosen from an agency and fitted with Maridadi fabric uniforms by "Exclusive Things". They attended a rehearsal on May 13, 1996 at KICC. They guided delegates and distributed papers during the conference.

### **Conclusion**

KICC is a difficult building to get around in, but no-one was seen to be lost or failed to find their way to their chosen meeting place. This is a measure of success. Comments were heard praising the ushers.

### **D Audio-Visual Equipment**

There was a specific request for a Liquid Crystal Display for the Food Security group meeting. This was ordered and supplied by Pioneer Communications, together with an operator. John Mathieson the SRI Food Security speaker expressed his appreciation for this service.

Other groups were less specific but it appeared that some overhead projectors might be needed. Three were available for group meetings.

### **Conclusion and Recommendation**

With papers being written so late and very little technical meeting preparation possible, it was a calculated contingency cost to have equipment on standby.

### **E Registration**

The registration of delegates was more than a formality, with so many late or non-existent replies to invitations. It was in fact, the only way of measuring participation.

Registration consisted of: completing a form, receiving a per diem for some participants, Conference name badge, and Conference folder (containing a brochure, welcome letter from Mr. Owango, invitations to receptions, lunch vouchers and a parking sticker).

To speed up the process, registration was divided into:

- Hotel-based delegates who could be registered on check-in
- KNCCI delegates who could be registered at Ufanisi House by KNCCI officials on May 13, 1996
- Local delegates who would register at KICC on the morning of May 14, 1996.

The methodology of this plan was hampered by delegates arriving before key items of registration were received from the printers, with the completion process thus being carried out at KNCCI. Badges for KNCCI delegates were not issued to them, and the badges were not returned to the Registration desk at KICC until 11 a.m. on Day One after a these same badges had been rewritten by hand.

This added work and confusion to the Registration desk on Day 1 when many delegates asked for lunch vouchers and folders which they should have received earlier, but there was no way to screen or confirm duplication.

Registration worked reasonably well given the lack of a usable invitation list and the tendency of organizations to send representatives without confirming their attendance.

(Appendices 12, 13 and 14 - ESABO conference letter, registration form and program).

As stated earlier, several organizations had materials and products on display near the registration desk or outside of the conference hall.

### **F Program**

The program was the responsibility of KNCCI.

### **Speaker Selection**

This was an area that was under the control of KNCCI and ESABO.

## **Papers**

The Secretariat was involved in paper duplication and deadlines were given for paper submission. These were not adhered to and it became apparent that it was acceptable to ESABO that speakers would bring papers with them on May 13, 1996.

Some papers and speeches were given to the Secretariat in hand-written form on Day One of the conference. These were typed, edited and then duplicated along with other material that simply required copying. No papers were available for copying prior to May 14, with the exception of the Food Security paper which was received in the afternoon of May 13, 1996.

250 - 300 copies of all presented materials were distributed. (Appendix 15 - Speeches and papers)

Rapporteurs were selected by the KNCCI for the group discussions. The experience and competence of these rapporteurs varied greatly and this was reflected in the presentation of their reports. Rapid editing and selection of salient points took place in order to produce recommendations within the required time.

The production and distribution of the recommendations of the group discussions received praise from the participants. In view of the raw material with which they were working, the secretaries involved did an outstanding job under great pressure. (Appendices 16 and 17 - Group work participants and recommendations) (Appendix 18 - List of conference participants)

## **Conclusion and Recommendations**

The late choice of speakers created late submission of papers and the consequent press on limited resources at the very busiest time. Where time pressures such as this exist there will be a quality trade-off.

Every persuasive technique must be used to get speakers to send papers in advance - even 24 hours would have made a measurable difference. Photocopying took place overnight between May 14 - 15, 1996.

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## USAID - ESABO CONFERENCE MANAGEMENT 14-15 MAY 1996

## PRELIMINARY EXPENDITURE STATEMENT

PERIOD 12 APRIL 1995 TO 24 May 1996

	<u>Notes</u>	<u>ACTUAL US\$</u>	<u>BUDGET US\$</u>	<u>VARIANCE US\$</u>
<b>TRAVEL</b>				
	2			
Airfare		27,548	43,420	15,872
Transfers		900	1,082	182
		<u>28,448</u>	<u>44,502</u>	<u>16,054</u>
<b>ACCOMMODATION</b>				
Accommodation for 3 nights	3	22,412	24,480	2,068
		<u>22,412</u>	<u>24,480</u>	<u>2,068</u>
<b>MIE</b>				
Meals and Incidentals	4	15,074	16,830	1,756
		<u>15,074</u>	<u>16,830</u>	<u>1,756</u>
<b>SECRETARIAT</b>				
Equipment Hire	5	1,437	1,000	(437)
Administration Assistants	6	4,500	4,500	0
Brochures, Folders, Banners and other stationery		3,115	3,200	85
Badges		185	200	15
Communication, Postage and Courier	7	5,637	3,600	(2,037)
Copies		1,063	1,100	37
		<u>15,937</u>	<u>13,600</u>	<u>(2,337)</u>
<b>CONFERENCE HALL</b>				
Hall Hire		7,466	7,500	34
Simultaneous Interpreters	8	2,470	3,000	530
Ushers		681	960	279
Local Transport	9	3,406	3,700	294
		<u>14,023</u>	<u>15,160</u>	<u>1,137</u>
<b>CONTIGENCY</b>				
	10	3,000	0	(3,000)
<b>TOTAL EXPENDITURE</b>				
		<u>98,894</u>	<u>114,572</u>	<u>15,678</u>

USAID - ESABO CONFERENCE MANAGEMENT 14-15 MAY 1996

PRELIMINARY EXPENDITURE STATEMENT

PERIOD 12 APRIL 1995 TO 24 MAY 1996

NOTES TO THE ACCOUNTS

1 SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The statement of expenditure is prepared on a cash basis. Where expenses have not yet been paid, an accrual has been made on the basis of either pre-negotiated prices or estimates as the case may be.

Currency

These accounts are presented in United States Dollars (US\$). Where expenses have been incurred in Kenya Shillings (Kshs), an average exchange rate of Kshs 58.3 to the US\$ has been applied.

2 TRAVEL EXPENSES

The overall travel budget reflects a favourable variance since out of an anticipated 52 international delegates, only 34 attended the conference. Dr. Ghebray and Mr. Daniel Tanoë are included among the 34.

3 ACCOMMODATION

The Nairobi Safari Club was selected after competitive bidding from several five star hotels in Nairobi. The hotel charged \$70 bed and breakfast for 104 guests for 3 nights, resulting in a favourable variance of \$2,640. A provision of US\$ 572 has been made as some guests had to stay on for more than 3 nights due to the nature of scheduled flights. A final bill has yet to be submitted by Nairobi Safari Club.

4 MIE ALLOWANCE

The per diem allowance was calculated after providing for lunch on 14 and 15 May and dinner on 14 May 1996.

	Kshs.	US\$
Lunch and Tea Refreshments at Tintin Restaurant on 14-15 May 1996, for 300 pax	438,960	7,530
Dinner at Nairobi Safari Club on 14-15 May 1996, for 300 pax	84,000	1,440
Per diem allowance for 3 nights for 104 pax at \$25 a night		7,860
		<hr/>
		16,830
		<hr/>

**USAID - ESABO CONFERENCE MANAGEMENT 14-15 MAY 1996**

**PRELIMINARY EXPENDITURE STATEMENT**

**PERIOD 12 APRIL 1995 TO 24 MAY 1996**

**NOTES TO THE ACCOUNTS**

**4 MIE ALLOWANCE (continued)**

Twenty (20) delegates however, did not attend and 8 local Kenya chamber members were paid per diem for only the nights of 14 and 15 May 1996. This resulted in a favourable variance of \$1,700 for this expense. A final bill for the reception on 14 May 1996 has yet to be submitted by Nairobi Safari Club.

The estimated 300 persons received lunches and refreshments as originally budgeted for.

**5 EQUIPMENT HIRE**

A provision of \$439 (ksh.25,588) has been made in respect of overhead projector equipment hired from Pioneer Cine Service for the Food Security presentation. This had not been budgeted for.

**6 ADMINISTRATION ASSISTANTS**

A total of 104.5 days have been accrued in respect of administration assistants. This is based on time charged to date and an estimate of time required over the next few days to complete the final report.

**7 COMMUNICATION EXPENSES**

A provision of US\$ 4,116 (Kshs. 240,000) has been made in respect of fax and phone expenses arising from the use of 2 lines installed at KNCC, Ufanisi House and the Chambers' other communication facilities. A bill for telephone numbers 333468 and 333596 has not yet been received.

**8 SIMULTANEOUS INTERPRETERS**

Of the 6 interpreters contracted for the conference, 1 did not attend. This resulted in a favourable variance of \$530.

**9 LOCAL TRANSPORT**

Local transport costs were well within budget. A provision of \$1,000 has been made in respect of Somak Travel Limited who have not yet finalised their billing.

**10 CONTIGENCY**

A provision of US\$ 3,000 has been made in respect of miscellaneous expenses yet to be determined.

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## ISSUES AND LESSONS LEARNED

### Key issues

The Price Waterhouse ESABO Support Secretariat was established on the ground floor of the KNCCI Building, Ufanisi House. The location was used in order to enhance cooperation between KNCCI staff and the Secretariat. It was, however, difficult to maximize these opportunities based on lack of time, absence of a sufficient number of telephones or an adequate computer, and an initial reluctance of KNCCI staff to work on the ESABO assignment.

The main issues were related to the short time available for conference preparation coupled with our effort to remain within budget. At the time that Price Waterhouse was contracted to assist KNCCI with arranging the conference, invitations had not yet been issued, speakers were not confirmed and no service providers had been contracted.

Additional issues concerned the fact that communication with some invitees, eg Angola, Djibouti and others, was difficult because of poor telecommunications and the initial provision of out of date or wrong phone and fax numbers. Even after contact had been made, responses were generally slow in coming or did not come at all, and there were many substitutions in participants at the last minute.

Budget issues were related to the fact that after the delivery order contract was signed, there were repeated requests from KNCCI for items not in the budget such as rapporteurs fees and salary supplements for KNCCI staff.

Facilities at KICC were inadequate, especially the unavailability of any telephone at all for the ESABO secretariat. Services and equipment were provided only when pressure was applied.

It was frustrating to know that better promotion and media coverage could have been achieved, in Kenya, in the region and beyond had there been more information about the content of the conference in advance.

We also believe that there were opportunities to show Kenyan products and services that were not utilized.

### Lessons learned

Nevertheless, it is our opinion that these problems were overcome sufficiently to organize a conference that was successful.

The main lesson learned is that preparations for a conference of this size should have started a minimum of 4 months prior to the event. In addition to allowing for good planning, it would have allowed the KNCCI staff to participate in and learn from the management and organization process to a greater degree. It would also have enhanced opportunities to promote and publicize the topics that were the heart and concern of the conference and to plan a systematic follow-up.

Other lessons learned are the following:

- The support secretariat should have remained at PW until office furniture, computers and especially faxes and telephones with international access were available at KNCCI
- Mobile phones and/or walkie talkies should have been utilized
- All contacts for regional invitees should have been double checked before invitations were sent

- Additional funds might have allowed for the purchase of more ready made services
- In a time limited assignment of this type, responsibility for logistical and organizational decisions should have rested clearly with those responsible for funds
- KICC is not an ideal conference venue
- Greater links between conference content and arrangements would have enhanced the impact of the conference.

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**RECOMMENDATIONS AND NEXT STEPS**

Recommendations on the individual organization of areas, where appropriate, are found in each section of the report. The recommendations below are based not only on the organizational and administrative tasks which were our responsibility as stated in the scope of work but on our perception of the spirit of the conference and that KNCCI wants to be able to take its future responsibilities for ESABO seriously.

These recommendations are as follows:

- If requested by KNCCI/ESABO, USAID should utilize any funds remaining from the conference to assist in the publication and dissemination of conference results and comprehensive list of participants
- If wanted by KNCCI, a needs assessment should be carried out to determine the institution building and staff training needs of KNCCI
- In relation to a general needs assessment, the skills and capacity needed to carry out ESABO related tasks should be assessed
- Based on the findings of assessments carried out, the necessary remedial action should be undertaken
- Ways of making an ESABO secretariat and ESABO interventions financially sustainable and viable should be studied and a plan of action adopted.

These recommendations are put forward believing that all of us who are committed to economic and social progress for this region understand the need for strong organizations that can represent and speak out on private sector issues. It is our hope that, if requested, ESABO, KNCCI, USAID and others will find it appropriate to utilize the services of Price Waterhouse to assist to these ends.

**APPENDIX 1**

**Scope of work**

## **Background**

The East & Southern African Business Organization (**ESABO**) is an African initiated and African led business organization that is playing an increasing vital role in promoting regional African trade. ESABO was formed to provide a regional business forum to "commercialize" many of the salutary policy and liberalization reforms many African governments have promulgated in the last several years. ESABO's major activities seek to promote east and southern African business transactions, exchange of market information, harmonization of tariffs, etc. The major goal of ESABO is to develop regional trade integration policy.

ESABO is confederation of 24 Eastern and southern African Chambers of Commerce - including Chambers from all 10 GHA countries. ESABO was formed in September 1994 and its funding has mostly originated from the African private sector from South Africa to Eritrea (through cash subscriptions from firms belonging to national chambers of commerce).

REDSO/ESA received an unsolicited proposal requesting assistance from ESABO for funding a major African private sector Conference to be held on May 14-15, 1996. This Conference will bring together approximately 300 African companies - many from the GHA region, including all chambers representing the GHA and southern Africa countries, and the regional and donor organizations such as SADC, COMESA, UNIDO, World Bank, USAID, for a two day Conference and Workshop designed to increase private sector cooperation in the increasingly liberalized private sector policy environment of the region.

REDSO/ESA intends to fund a major portion of this two day Conference in order to advance the GHAI food security agenda outlined in **Strategies for Increasing the Role of the Private Sector in Enhancing Food Security in the Greater Horn Of Africa**. This Conference presents the golden opportunity to begin an African-led process leading to commercial and sustainable solutions to food security.

### **Article I - Title:**

Conference & Event Management for the East & Southern Africa Business Organization (ESABO) Conference May 14-15, 1996 Nairobi, Kenya

### **Article II - Objective:**

The purpose of this activity is to facilitate the development of a regional, private sector, and most importantly, African approach for enhancing food security in the Greater Horn of Africa Initiative.

**Article III - Statement of Work:**

The necessity of a professional business conference manager is manifold due to the large number of people coming from so many countries, and the fact that this event is barely six weeks away. The local host chamber of commerce - Kenya National Chamber of Commerce and Industry (KNCCI) - has insufficient capacity - as any host Chamber would in the USA - in organizing an international conference on its own with a small staff. KNCCI has asked for professional event management assistance for its secretariat to host this multi-lingual regional business conference. The Event Manager will support the KNCCI in its Secretariat role and will provide a turn key conference from printing, promotion, media relations, airline ticketing, meal catering, conference room rental, interpretation, audiovisual equipment, speaker selection and preparation all in coordination with ESABO and the local host Chamber (KNCCI).

REDSO/ESA seeks the services to manage an event that will bring together major players in the African and international business community.

REDSO/ESA and the GHAI Task Force will be the lead sponsor in this watershed regional business conference.

Reflecting the newly re-engineered USAID, REDSO/ESA seeks an inter US agency approach to maximize the support role the official US Kenya complex can play in encouraging African led strategies for sustainable food security. REDSO/ESA will coordinate the resources of potential US partners in the private sector, including the US business community in the region (e.g. American Business Association of Kenya) or bodies such as CIPE (Center for International Private Enterprise - Washington DC), as well as the official US community in Kenya. USAID/Kenya, the US Department of Commerce - Foreign Commercial Service (FCS), US Department of Agriculture Foreign Agriculture Service (FAS) have all contributed to supporting the imminent role of the African private sector in developing regional food security strategies and solutions. African business should take the leadership role in formulating strategies for enhancing regional integration. Strategies for enhancing regional food security will be included in ESABO's workshops and conference deliberations.

**Methodology**

USAID/REDSO/ESA will fund the ESABO Conference as outlined in the attached proposal.

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Price Waterhouse Nairobi will assign four staff people to assist the KNCCI in event management. A substantial amount of time will be spent in coordinating speakers, participants, press relations, conference rooms, catering, hotel and airline reservations.

Kenya National Chamber of Commerce & Industry will be the host chamber for the ESABO Conference

**Article IV - Reports:**

Price Waterhouse will submit a work plan to USAID and KNCCI outlining the work flow necessary to host the Conference within the first week of this Contract.

Price Waterhouse will submit a detailed post conference management report by May 24, 1996 to USAID. The management report will also include a detailed financial reconciliation of direct event costs.

**Article V - Relationships & Responsibilities:**

Inspection and Acceptance of services and deliverables required by this Order will be performed by the Michael F. Klesh, PDPS, REDSO/ESA, and will also report directly to the Chief Executive Officer of the Kenya National Chamber of Commerce and Industry, Mr. Rem Ogana, for the duration of the work period. Consultative meetings will be held with the REDSO/ESA Private Sector Advisor on as needed basis. Formal reports will be submitted jointly to KNCCI and REDSO/ESA.

**Article VI - Performance Period:**

The performance period will commence on or about April 9 and end on May 24, 1996

**Article VII - Work Days Ordered:**

<u>Labor Category</u>	<u>Individual</u>	<u>Fixed Daily Rate</u>	<u>Days</u>	<u>Total</u>
Business Association Specialist				
				Totals

B. The individuals identified above are designated as essential/key personnel pursuant to Section H.3 of the contract.

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**APPENDIX 2**

**The PW ESABO Team**

**PRICE WATERHOUSE ESABO SECRETARIAT SUPPORT TEAM**

- |    |                          |   |                                 |
|----|--------------------------|---|---------------------------------|
| 1  | Barbara Robin Steenstrup | - | Project Manager                 |
| 2  | Marian Guest             | - | Conference Coordinator          |
| 3  | Mohamed Tahir            | - | Project Accountant              |
| 4  | Mercy Kanja              | - | Public Relations                |
| 5  | Ruth Gathee              | - | Database Manager                |
| 6  | Moses Adoli              | - | Photocopying                    |
| 7  | Carol Kiritu             | - | Administration                  |
| 8  | Evans Magotswi           | - | Transport and Promotion Support |
| 9  | Irene Shani              | - | Catering                        |
| 10 | Lina Shah                | - | Registration                    |
| 11 | Catherine Wahome         | - | Registration                    |

**ESABO CONFERENCE INTERPRETERS**

- |   |                      |
|---|----------------------|
| 1 | Mme Chantal Mariotte |
| 2 | Joe Muhindi          |
| 3 | Mr Elroy Molinero    |
| 4 | Mr Habib Savane      |
| 5 | Mr Alfer Fiaferana   |

**APPENDIX 3**

**Sample of workplans**

## ESABO REGIONAL TRADE CONFERENCE MEMORANDUM

TO: The National Chairman, KNCCI  
cc. Rem O. Ogana

FROM: Marian Guest  
SUBJECT: Status Report  
DATE: May 8, 1996

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**Invitations** - The response level has almost reached maximum levels from the international Chambers with 27 delegates confirmed from 16 countries. There is still an outside chance that Madagascar may send a delegation. Of the remainder we have either had definite refusals or the communications difficulties have proved insurmountable - Somalia, Comoros and Angola.

We therefore have current totals of funded delegates at 27, international Chambers, 2 international institutions, 30 local Chambers, 10 KNCCI Mgt Committee. This has allowed for 5 Council Members and 1 paper presenter to move into the funded and accepted category. Total 73

From the local private sector, the response has been predictably slow, we anticipate many delegates simply arriving on 14th without notifying us.

**Accommodation** - 10 4 rooms have been confirmed at Nairobi Safari Club with Penthouse suites booked for the National Chairman and Mr Saunders. A 50% deposit has been paid and regular updating of delegate names to the Club management. A Welcome/Pre-Registration desk will be set up at the Hotel on Saturday 11th.

**Travel** - Some delegates have confirmed the receipt of their tickets. Added complications have been: the late substitution of delegates necessitating the despatch of a new ticket, and requests to pay for internal flights in the country of origin. This has been agreed to but will obviously be an added burden on the budget.

**Catering** - TinTin have been asked to give us vouchers by 10th for inclusion in the Welcome pack.

**Conference Hall** - The deposit for the KICC facilities has been paid, the balance will be due before the Conference. The office space will be taken over today.

**Interpreters** - Contracts have been issued to the booked interpreters.

**KNCCI Secretariat Provision** Additional administration assistance is being provided by PW staff who, up to now, have been supporting from PW offices.

**Administration** No change

**Agenda** No change.

**PR/Advertising** - A press conference is to be held today at Safari Club. Some advertising space has been booked for the Supplement, Mercy is monitoring the responses. Banner space has been acquired from the City Council at a 50% discount. Folders have been ordered with a proportion donated by the suppliers, Kenafric. The brochures may be printed free of charge by Majestic. The trade off in getting these donations is that we lose the leverage to push on delivery times, however, Mercy will be doing this job discreetly.

**Conference Literature** The brochure went to print yesterday, in order to meet the deadline and ensure copies are available on the 13th. It is disappointing that S. Africa have been so tardy in sending any copy. Any copy received can be added as loose leaf additions in the Conference folders.

1 CONFERENCE TRANSPORT		MAY																												
2		WHO																												
3		Do/Check	23	24	25	26	27	28	29	30	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
4	Fax Travel Agents requesting quotations																													
5																														
6	Receive quotations from Travel Agents																													
7																														
8	Select Travel Agent and arrange briefing																													
9																														
10	Meet and brief Travel Agent																													
11																														
12	Travel Agent to make provisional bookings																													
13																														
14	Travel Agent to confirm bookings	RG																												
15	Liaison meeting with Travel Agent																													
16	Travel Agent to arrange delivery of tickets	RG																												
17	Set-up Visa/welcome desk at JKIA	ROO/RG																												
18	Delegates arrive at JKIA - met and escorted	RG/CK																												
19	Print Parking stickers for KICC (200?) + Somak	CK																												
20	Delegates depart JKIA (escorted ?)	IS/CK/MSG																												
21																														
22	CONFERENCE TRANSPORT NEEDS																													
23	Check VIP transport needs	MSG																												
24	Fax Transport Companies for quotations																													
25																														
26	Transport Companies reply with quotations																													
27	Parking arrangements checked at KICC																													
28	Visit and view Transport Companies vehicles	MT																												
29																														
30	Select Transport Company and arrange visit																													
31																														
32	Brief Transport Company on requirements	MT																												
33	Transport Text for in-house TV NSC	MSG																												
34	Confirm Company has resources	MT																												
35	Checking delegates on transport	IS/CK/MSG																												
36	Transport Delegates to and from KICC	MSG																												

39







1	ACCOMMODATION		APRIL							MAY																				
2			23	24	25	26	27	28	29	30	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
3		WHO (Do/Check)																												
4	Quotes sent out to hotels																													
5																														
6	Quotes returned																													
7	Negotiations for cocktail party																													
8	Negotiations with hotels																													
9	Negotiations with Conf. caterers																													
10	Hotel Bookings (provisional)																													
11	Conference catering booked			O																										
12	Receive/collect hotel literature												X																	
14	Cocktail party supplier booked				O																									
15	Hotel deposit (if needed)												O																	
16	Cocktail party drinks ordered	MK																		X										
17	Confirm hotel bookings									O	O	O	O	O						X				X						
18																														
19	Check Cocktail arrangements with NSC	MK																			X	X	X	X						
20	Brief hotel management	MSG/ROO			O												O			X										
21	TinTin to provide Vouchers	MK																		X										
22	Hotel to provide Rm Nos for delegates	RG															X	X	X											
23	Man Registration desk at hotel	CK/IS/MSG																					X	X	X					
24	Hotel hosts/hostesses on duty	CK/IS/MSG																			X	X	X	X	X	X				
25	Per Diem funds to hotel safe	MT																			X									
26	Delegates book in to hotel	CK/IS/MSG																			X	X	X							
27	Welcome packs provided	MK/RG																				X	X	X	X					
28	Delegates book out of hotel	CK/IS/MSG																							X	X	X			
29	Escorted to JKIA	CK/IS/MSG																							X	X	X			
30																														

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**APPENDIX 4**

**Sample letters of invitation**

# ESABO

EASTERN AND SOUTHERN AFRICA  
BUSINESS ORGANISATION

TEL: 011-482-2524  
FAX: 011-726-1344  
SOUTH AFRICA

9th May 1996

Howard Crooks  
Director  
H H Crooks & Associates  
NAIROBI

FAX NO.

Dear Mr Crooks

## ESABO REGIONAL TRADE INTEGRATION CONFERENCE

The Kenya National Chamber of Commerce and Industry in conjunction with the Eastern and Southern Africa Business Organisation (ESABO) has organized a two day intensive conference for all the 24 member Chambers of Commerce and Industry, to be held from 14 to 15 May 1996 at the Kenyatta International Conference Centre, Nairobi.

The Conference is intended to device effective strategies for private sector to fully benefit from results of trade and investment liberalization and regional cooperation measures that the Governments in the Region have put in place. Key industry and commerce experts will present researched papers on the below listed topics as a way of provoking discussions and resolutions from conference participants.

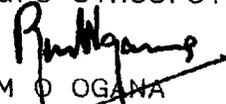
The topics so far selected, and for which specialist presentations have been requested from key speakers are:

- Regional Trade Policy Integration
- Trade Information Services
- Banking and Finance
- Communications and Infrastructure
- Food Security

On behalf of the National Chairman, Mr G Kassim Owango, MBS, who is also the Vice President of ESABO, we are pleased to invite you to attend the Conference. We shall be able to provide the Conference delegates with lunch and attendant refreshments.

We hope that you will find time to join us at this Conference, and if that is not possible, then you will delegate a senior official to represent you. We look forward to seeing you at the Conference.

Yours sincerely

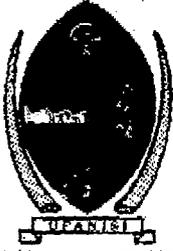
  
REM O OGANA  
CHIEF EXECUTIVE AND CONFERENCE SECRETARY

President; Mr C J Saunders (South Africa), Chief Executive: Rem O. Ogana (Northern Region)  
Vice Presidents: Mrs J Blanchfield (Zimbabwe), Mr L Coombes (Mauritius), Mr R A Mengi (Tanzania)  
Mrs C Mwanamwanmbwa (Zambia), Mr G K Owango (Kenya)

## BUSINESS WITHOUT BOUNDARIES

P.O. BOX 47024 NAIROBI, KENYA  
TEL: 254-2-220866/7, 334413  
FAX: 254-2-340664  
E-Mail: kncci @ arcc. permanent org.

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# the kenya national chamber of commerce & industry

UFANISI HOUSE, HAILE SELASSIE AVENUE, NAIROBI, KENYA. P.O. Box 47024, TEL. 220866/7, 334413, FAX 340664

FROM THE OFFICE OF THE NATIONAL CHAIRMAN

OUR REF: ADM/18

DATE : 10 May, 1996

Dear *Steve,*

RE: ESABO REGIONAL TRADE INTEGRATION CONFERENCE

The Kenya National Chamber of Commerce and Industry in conjunction with the Eastern and Southern African Business Organisation (ESABO), has organised a two day intensive conference for all the 24 member Chambers of Commerce, to be held from 14 to 15 May, 1996 at the Kenyatta International Conference Centre, Nairobi.

The Conference is intended to device effective strategies for the private sector to fully benefit from the results of trade and investment liberalization and the regional cooperation measures that the Governments in the Region have put in place. Key Industry and commerce experts will present researched papers on the below listed topics as a way of provoking discussions and resolutions from the conference participants.

The topics so far selected and for which specialist presentations have been requested from key speakers are:-

- Regional Trade Policy on Integration
- Trade Information Services
- Banking and Finance
- Communications and Infrastructure
- Food Security
- Small Scale Enterprises

I am pleased to invite you to attend the Conference. We shall be able to provide the conference delegates with lunch and attendant refreshments.

I hope that you will find time to join us at this Conference, and if that is not possible, then you can delegate a senior official to represent you. Kindly let us have your decision on this invitation by fax. I look forward to seeing you at this conference.

Yours

*G. Kassim Owango*

G. KASSIM OWANGO, MBS;  
NATIONAL CHAIRMAN AND  
VICE PRESIDENT OF ESABO.

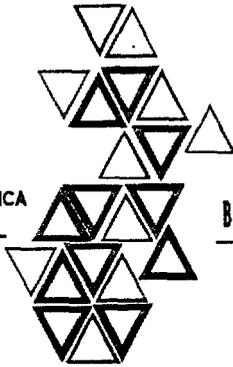
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**APPENDIX 5**

**Samples of materials printed**

**ESABO**

EASTERN AND SOUTHERN AFRICA  
BUSINESS ORGANISATION



BUSINESS WITHOUT BOUNDARIES

*Mr. Chris Saunders*

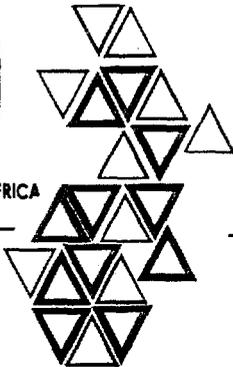
*ESABO President*

*requests the pleasure of your company at a cocktail  
reception on Tuesday, 14th May 1996 at 6.30p.m.,  
Nairobi Safari Club, Mawingo Room*

RSVP  
ESABO Secretariat  
Telephone 332425

**ESABO**

EASTERN AND SOUTHERN AFRICA  
BUSINESS ORGANISATION



BUSINESS WITHOUT BOUNDARIES

*Mr. G. Kassim Owango, MBS*

*ESABO Vice-President*

*and*

*National Chairman Kenya National Chamber of Commerce  
and Industry is happy to welcome you to a 'Karibu' Kenya  
dinner on Wednesday, 15th May 1996 from 7:00p.m. at  
The Carnivore*

RSVP  
ESABO Secretariat  
Telephone 332425

*Please bring this card with you*



**ESABO**

**MR DANIEL HAILE**

**ESABO Exec Member**

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## Conference at a glance

The vision for this conference stems from the realization that for African economic development to succeed, it must increase regional Co-operation within the continent and that if economic development is private sector driven, then there is even more need for regional business integration

The aim of the conference is to devise the strategy to effectively utilise the trade and investment opportunities that abound within our region and to highlight the prospects for enhanced trade as a result of the recent economic steps taken by the Governments of the COMESA SADC region to liberalise their trade regimes

This intensive two-day workshop is intended to provide the private sector leaders of commerce and industry in the COMESA SADC region with an early opportunity of discussing and finding solutions to improving intra-Africa trade.

### THE PARTICIPANTS

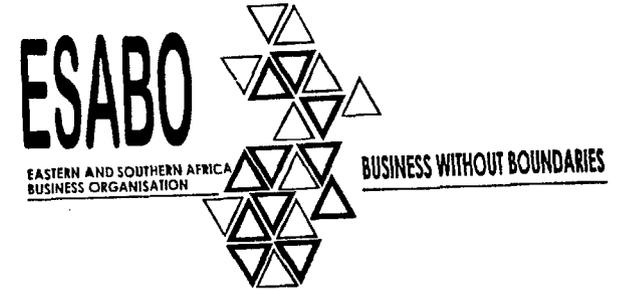
Approximately 400 persons comprising:

- Kenya Government representatives
- Parastatal representatives
- 23 Chambers of Commerce and Industry of COMESA / SADC Region.
- Managing Committee of KNCCI
- Branch representatives of KNCCI
- European Union
- AFREXIM Bank

- COMESA
- ITC
- SADC
- EAC
- UNCTAD
- World Bank
- USAID
- US Business Delegates
- Private Business representatives
- ESABO
- IGAD
- WTO
- UNIDO
- ILO
- AT&T



Price Waterhouse



**REGIONAL  
INTEGRATION  
CONFERENCE**  
14 - 15 May 1996  
KICC, Nairobi, Kenya

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## Business without Boundaries

ESABO was established in September 1994 as the umbrella regional organisation for the private sector in Eastern and Southern Africa. The main aim of forming ESABO was to establish an organisation that will formulate and represent the collective views of the business community to the political organs of the region and other relevant institutions. This African initiated and African led organisation aims to provide a vehicle for the private sectors in the region to network with each other particularly in the areas of trade and investment. In addition, it's aim is to provide a forum for debate with national and regional public sector policy makers on issues af-

fecting the private sector and the economics of the region. ESABO's area of interest covers the member states of COMESA and SADC. This area has a population of over 350 million and a Gross Domestic Product in excess of US\$300 billion. The affairs of ESABO are controlled by an Executive Council, headed by a President, five vice presidents, a Chief Executive and other office bearers. ESABO feels that the trade and industry associations, like the Chambers of Commerce & Industry in these regions, will play a leading role in shaping the direction of our trade so as to take advantage of the markets that are emerging from liberalised trade.

### Proud to Host...

The Kenya National Chamber of Commerce and Industry is an autonomous, non-profit making organisation set up to protect and to develop the interests of the business community. Its overall objective is economic development. It aims at promoting and protecting the interests of its members in commerce, industry, service and trade. Members themselves are essentially the "Chamber of Commerce and Industry" both as a group and through a network of 50 branches spread through out the country. The Chamber achieves its aims by representing its members and working with Government and other official bodies

and by providing various specialist services to assist members in the running of their many and varied businesses and by acting as a two-way channel of communication between the business community and the public sector as a whole.

The Chamber has a library containing works of reference, directories, trade journals and Government publications which are at the disposal of members. In addition, the Chamber houses the Kenya Trade Point which links is to a world-wide network of Chambers of Commerce, designed to facilitate guide exchange of upto date trade information.

### Tuesday 14th May Kenyatta International Conference Centre

8 00	Registration & Briefing
9 30	Statement by G. Kassim Owango, MBS National Chairman and Vice-President of ESABO
9 40	Welcome by Mr C.J. Saunders, President of ESABO
9 45	Statement by the US Ambassador
10 00	Honourable Minister for Commerce and Industry Welcomes the Chief Guest
10 15	Official Opening by the Chief Guest
10 45	COFFEE - TEA
11 00	Paper One REGIONAL INTEGRATION POLICY
11 45	Paper Two TRADE INFORMATION SERVICES
12 30	Questions And Answers
13 00	LUNCH
14 30	Paper Three BANKING AND FINANCE
15 00	Paper Four: • COMMUNICATIONS AND INFRASTRUCTURE • AFRICA I
15 30	Paper Five: FOOD SECURITY
16 00	TEA - COFFEE
16 30	Paper Six: SADC AND COMESA EXPERIENCE
17 00	Paper Seven: SMALL SCALE ENTERPRISES
18 30 - 20 30	COCKTAIL PARTY (Venue: Nairobi Safari Club)

## PROGRAMME

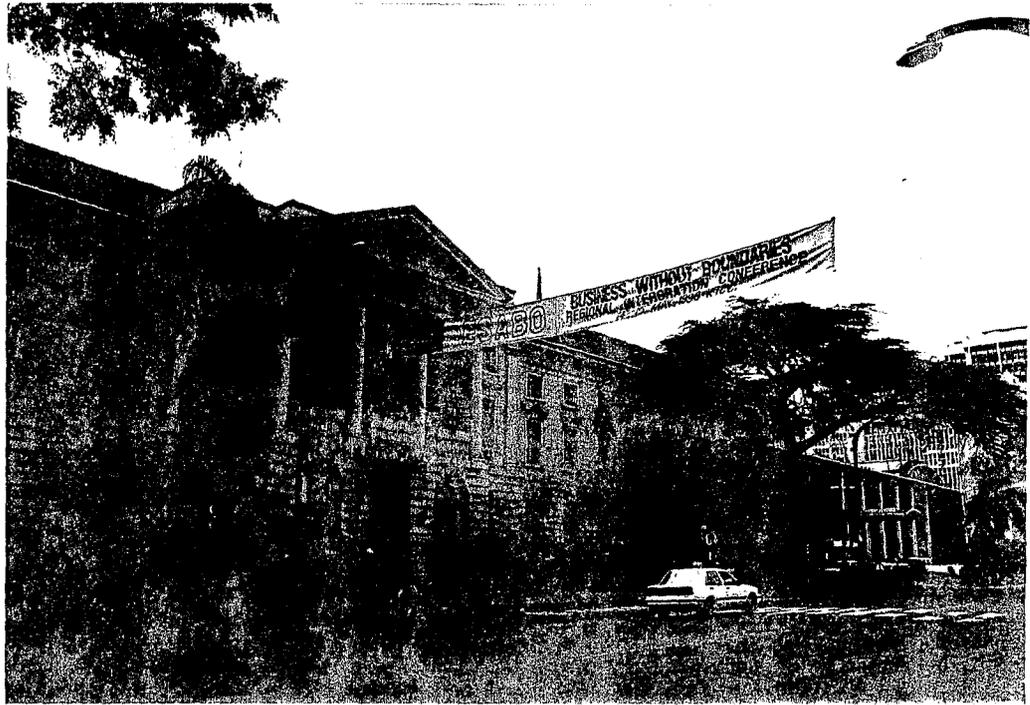
### Regional Integration Conference

### Wednesday 15th May

9 00 - 13 00	Group Discussions <i>a) Group One: Regional Trade</i> <i>b) Group Two: Trade Information Services</i> <i>c) Group Three: Banking and Finance</i> <i>d) Group Four: Communications Infrastructure</i> <i>e) Group Five: Food Security</i>
13 00	LUNCH
14 00	Group Report to Plenary
16 00	COFFEE - TEA
16 30	Recommendation and Closure
18 00	Karibu Reception hosted by the Kenya National Chamber of Commerce and Industry

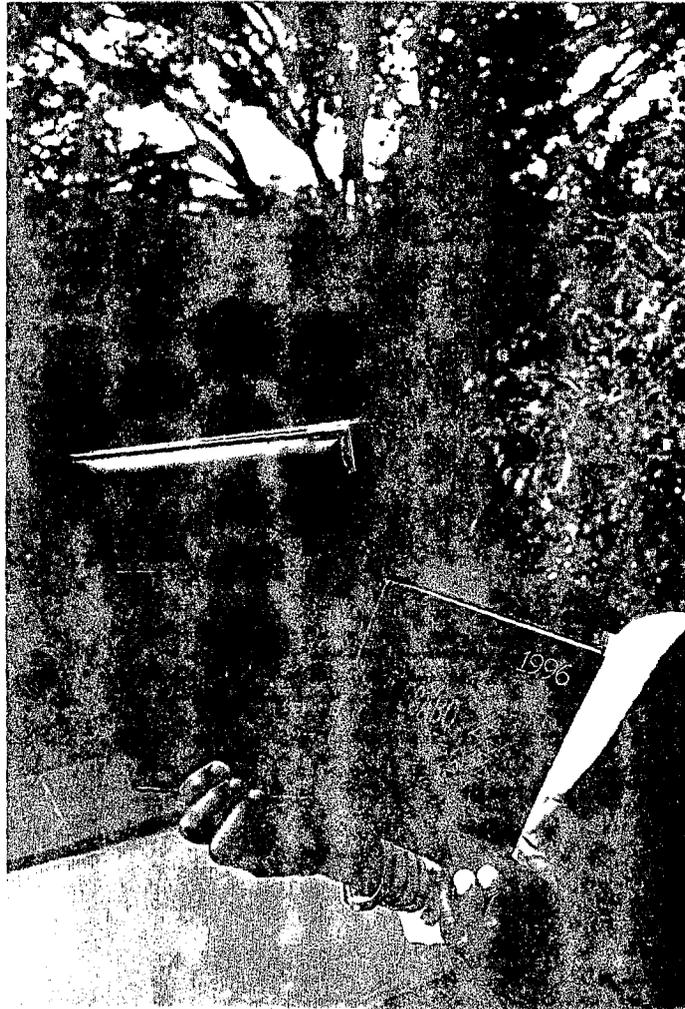
**APPENDIX 6**

**Samples of promotional material**



ESABO banner along City Hall Way

ESABO folder and diary



ESABO



# BUSINESS WITHOUT BOUNDARIES

ESABO



## Vehicle to enhance trade networking

The Eastern and Southern Africa Business Organisation (Esabo) was established in September 1994 as the umbrella regional organisation for the private sector in Eastern and Southern Africa.

The main aim of forming Esabo was to establish an organisation that will formulate and represent the collective views of the business community to the political organs of the region and other relevant institutions.

This African initiated and African led organisation aims to provide vehicle for the private sectors in the region to network with each other particularly in the areas of trade and investment.

In addition, its aim is to provide a forum for debate with national and regional public sector policy makers on issues affecting the private sector and the economies of the region.

Esabo's area of interest covers the member states of Comesa and SADC.

This area has a population of 350 million and a Gross Domestic Product in excess of US\$300 billion.

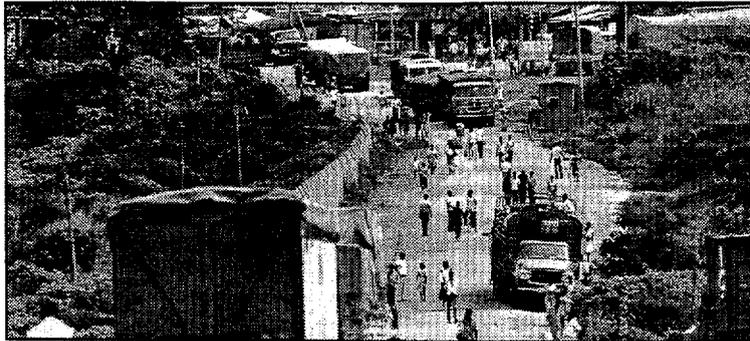
The affairs of Esabo are controlled by an executive council, headed by a president, five vice-presidents, a chief executive and other office bearers.

Esabo feels that the trade and industry associations, like the chambers of commerce and industry in these regions, will play a leading role in shaping the direction of our trade so as to take advantage of markets that are emerging from liberalised trade.

\*\*\*

### The Participants

The conference will be attended by about 400 delegates. This will include representatives from the Kenya Government, parastatals, 23 chambers of commerce and industry in the Comesa and SADC region, managing committee of Kenya National Chamber of Commerce and Industry (KNCCI), KNCCI branch representatives, private sector business representatives, Comesa, ITC, SADC, EAC, UNCTAD, European Union, World Bank, USAID, Esabo, IGAD, WTO, UNIDO, ILO, AFREXIM Bank, AT&T and US Business Delegation.



Kenyan trucks entering Uganda: Esabo is committed to enhancing inter states trade and investment within the region.

### Communication channel for business community

The Kenya National Chamber of Commerce and Industry is an autonomous, non-profit making organisation set up to protect and to develop the interests of the business community.

Its overall objective is economic development. It aims at promoting and protecting the interests of its members in commerce, industry, service and trade. Members themselves are essentially the "Chamber of Commerce and Industry" both as a group and through a network of 50 branches spread throughout the country.

The chamber achieves its aims by representing its members and working with Government and other offi-

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The chamber has a library containing works of reference, directories, trade journals and Government publications which are at the disposal of the members.

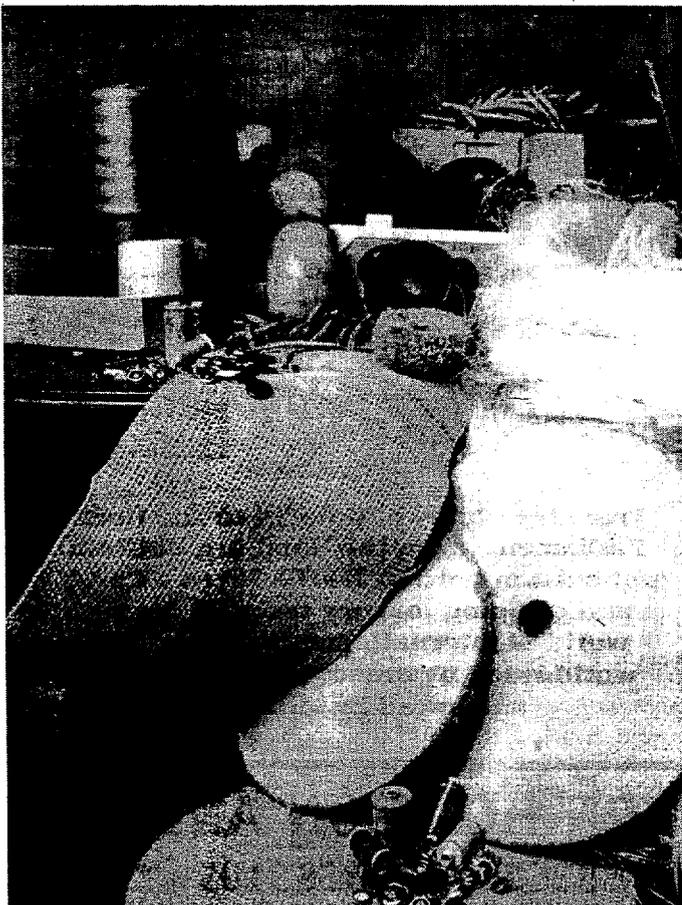
In addition, the chamber houses the Kenya Trade Point which links it to a world-wide network of chambers of commerce, designed to facilitate quick exchange of upto date trade information

### Looking for an answer

The vision for this conference stems from the realisation that for African economic development to succeed, it must increase regional co-operation within the continent and that if economic development is private-sector driven, then there is even more need for regional business integration.

The aim of the conference is to devise the strategy to effectively utilise the trade and investment opportunities that abound within our region and to highlight the prospects for enhanced trade as a result of the recent economic steps taken by the governments of Comesa/SADC region to liberalise their trade regimes.

This intensive two-day workshop is intended to provide the private sector leaders of commerce and industry in the Comesa/SADC region with an early opportunity of discussing and finding solutions to improving intra-African trade.



## WHO KNOWS WHERE THESE LOCAL PRODUCTS WILL END?

Local suppliers are constantly on the lookout for new markets for their goods and services. Kenya's Export Processing Zones provide a ready market for local companies. While EPZs companies import most of their raw materials, a growing number are using local inputs.

Kenyan suppliers of contracted services such as textile washing, catering, clearing and forwarding, transportation, telecommunications, insurance and banking profit from the activities of our EPZs companies. Ginned cotton, sisal fibre, fruits, vegetables, sewing thread, packaging and other supplies are bought by EPZs firms from domestic suppliers.

As a result, each year locally produced raw materials, goods, services and utilities worth Kshs 80 million are incorporated in products made in Kenya EPZs. These products are in turn exported to markets all around the world.

We don't know where all these local inputs will end up but we are happy to know that they were supplied by Kenyan producers.



**EXPORT PROCESSING ZONES**  
*Developing Tomorrow's Industries*

For more information, contact: Chief Executive or Manager - New Investments, EPZA, P.O. Box 50563, Nairobi. Tel: (254-2)712800-6. Fax: (254-2) 713704. E-mail Address: epza\_hq@arcc.permanet.org.

**ESABO** EASTERN AND SOUTHERN AFRICA BUSINESS ORGANISATION

# BUSINESS WITHOUT BOUNDARIES

**ESABO** EASTERN AND SOUTHERN AFRICA BUSINESS ORGANISATION

This regional integration conference is timely, at a development phase when the region is intimately concerned with globalisation and the decisions to be taken to ensure that Africa becomes a continent of nations that will benefit from a new economic order.

Esabo had an important role to fulfil in mobilising the business community in leveraging international resources to assist future regional economic development.

Our region is endowed with enormous natural wealth. Despite this advantage, the region has remained economically backward. Its

## An important inter state trade link

people are poor and lacking in basic social amenities.

Unemployment remains high in the economically active population and there is a waste of human resources and potential.

The question which should be uppermost in all of our minds is what the role of business should be in the process of re-establishing economic and trade links between the Esabo coun-

tries, as well as between the region and the rest of the global economy.

There is no doubt in my mind that without the closest possible co-operation and collaboration, this vision will for ever remain a dream unfulfilled.

It is generally understood that the private sector has a major role to play in revitalising the economic potential of the Esabo countries.

It should be acknowledged that Esabo, which was created to operate as a link between business communities of the different countries of the region, has an important role to play in this process.

— Mr Chris Saunders, the president of Eastern and Southern Africa Business Organisation (Esabo)

## Region moves towards an integrated economy

I wish to take this opportunity to congratulate the Council of the Eastern and Southern Business Organisation (Esabo) and the Kenya National Chamber of Commerce and Industry for organising this important conference in Nairobi.

This conference is being held in Kenya at a time we have just crossed an important milestone in the development of investment and trade in our country.

In our resolute determination to make Kenya become a fully industrialised nation by the year 2020, we have put into place a series of bold enabling instruments that will make it possible for the Kenyan private sector to fully participate, as development partners, with the Government in the process of industrialisation.

Major among these instruments is the complete liberalisation of the domestic economy and the removal of all non tariffs barriers to our international trade.

On the regional scene, the Government is fully committed to the development of co-operation that will result in economic integration of our economies.

We have in that respect fully supported the involvement of the Preferential Trade Area into a free market area (Comesa), the establishment of Esabo as a vibrant private sector organisation in-



Mr M'Mukindia

involved in trade and industry and nearer home, the re-establishment of the East African Co-operation.

All these developments are deliberately designed to give you, the private sector, your rightful role as captains of our industrialisation process.

It is the Government's expectation that all the members of Esabo will move quickly and translate these unique opportunities into viable business programmes that will generate wealth for our region.

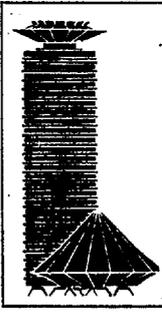
It is my conviction that out of the programmes that Esabo will draw, we shall, as a region be-

able to mould our own stock of successful industrialists and businessmen for recent history of the Newly Industrialised States (NIS) of the Far East has clearly demonstrated that it is only through the efforts of local investors that fast economic development can be achieved.

I challenge all of you delegates from Esabo to translate our region into an economic giant for only through your efforts will the boundaries of trade and industry become truly limitless.

Welcome to Kenya and have a successful conference.

— Kirugi L. M'Mukindia, the Minister for Commerce and Industry.



**C**ongratulations to  
**ESABO**  
during your  
Regional Conference

**TIN TIN RESTAURANT KICC**  
P.O. BOX 58077  
NAIROBI  
TEL: 29093, 339465

**TIN TIN SARIT CENTRE**  
TEL: 740434

*We congratulate*

# ESABO

On holding the  
Regional Intergration  
Conference

**Milligan & Co. Ltd.**

Established 1912  
valuers, surveyors, estate &  
managing agents.  
Prudential Building Wabera Street,  
P.O. Box 44940 Nairobi.  
Tel: 227875/6/7 Fax: 340622



## Realising the vision

On behalf of the Governing Council and the entire membership of the host Kenya, National Chamber of Commerce and Industry, it gives me great pleasure to welcome you to this Conference on regional integration.

For us at the Kenya National Chamber of Commerce and Industry, the conference comes at a time when we are involved in working together with our Government to fully expose the Kenyan private sector to the emerging role as stakeholders in the planning and implementation of the future course of our industry and trade.

In close liaison with our immediate counterparts, from the neighbouring countries of Uganda and Tanzania, we are involved in consultations designed to give practical reality to the letter and spirit of regional co-operation.

— Kassim Owanjo, chairman of the Kenya National Chamber of Commerce and Industry and vice-president of Esabo



**THE NAIROBI SAFARI CLUB IS PLEASED TO HOST THE ACCOMMODATION OF THE ESABO CONFERENCE ON REGIONAL INTEGRATION.**

At the only All-Suite Hotel in the city, the NAIROBI SAFARI CLUB offers all the amenities of a five star luxury hotel featuring suites, separate Bedroom + Lounge with remote control colour TV with satellite channels, personal mini bar, personal digital safe, 3 telephones and voice messaging.

The air conditioned lounge is ideal for small meetings, private dining, working, or relaxing and have proved popular with guests from the corporate market, World Bank, United Nations, Embassies and Non-Governmental organizations.

All Nairobi Safari Club guests have the added facilities of a gourmet Restaurant, a Brasserie, Residents Private Lounge, various Bars, Health Centre and Heated Swimming Pool.

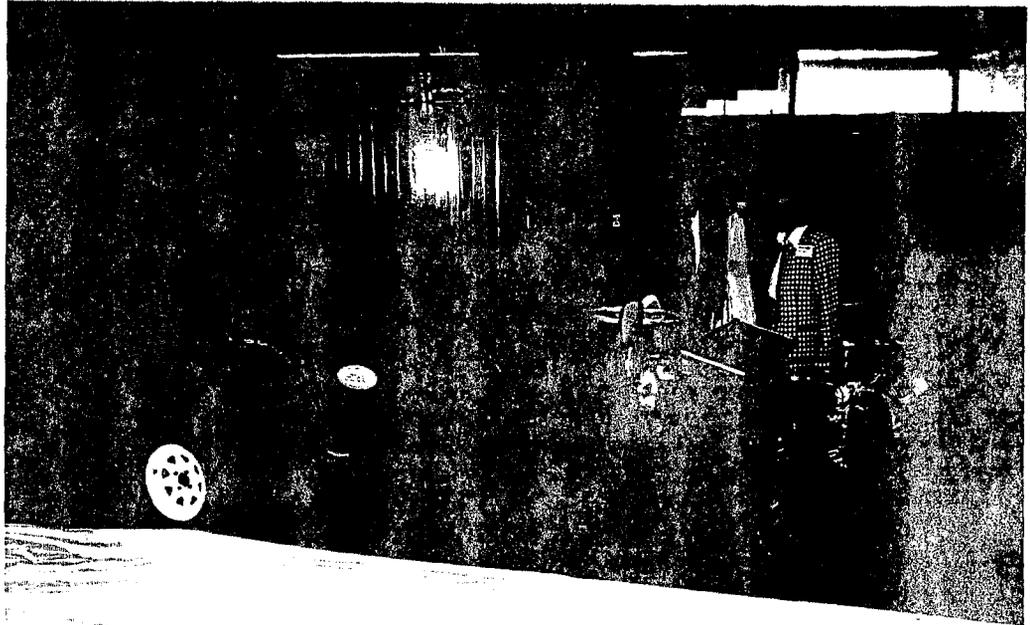
ALL AT THE COST OF A NORMAL HOTEL ROOM

Nairobi Safari Club P. O. Box 43564 Nairobi Kenya  
Telephone 330621 - Fax 331201 - Internet nscub@arcco.or.ke

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**APPENDIX 7**

**Materials displayed or distributed by other organizations**



Mr Chris Saunders, ESABO President, and Ms Bess Robertson, ESABO council member. study with interest the KVM commercial wagon

#### **KENYA VEHICLE MANUFACTURERS (KVM) DISPLAY**

KVM displayed a full size example of their economical wagon for transport of agricultural and other products.

David Percevil, the KVM Managing Director, answered questions and on May 15, 1996 participated in a panel in the Food Security Group discussions

David Percevil  
Managing Director  
KVM  
Thika  
Tel (254) 151 22468  
(254) 2 520315  
Fax (254) 151 21689

## COMESA DISPLAY

1 TINET Trade Information Network

Indicative COMESA customs Tariff Rates and National Rates for:

Sudan  
Mauritius  
Zimbabwe  
Malawi

Prepared by the Secretariat of COMESA in cooperation with the International Trade Centre  
UNCTAD/WTO (ITC)

2 PTA for Eastern and Southern African States:  
Doing Business in the PTA/COMESA - A practical guide for Economic Operations  
Jointly presented by the PTA Secretariat and the International Trade Centre  
UNCTAD/GATT/ITC

3 TINET Trade Information Network -  
COMESA Specialized Directory of Textiles and Clothing Enterprises 1995/96  
Prepared by the Secretariat of COMESA in cooperation with the UNCTAD/GATT (ITC)

4 Specialised Trade Directory for Fish and Fish Products in the PTA - 1992/93  
Prepared by the Secretariat of the PTA in cooperation with ITC/UNCTAD/GATT

5 The PTA/COMESA Traders Directory - 1994/95  
Prepared by the Secretariat of the PTA in cooperation with the ITC/UNCTAD/GATT

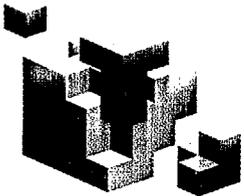
6 Specialised Trade Directory for Food and Beverages - 1993/94  
Prepared by the Secretariat of the PTA in cooperation with the ITC/UNCTAD/GATT

*The BLUE Code of Conduct*

*BLUE* subscribes to NIC's code of business conduct which calls for business relations to be conducted with honesty, transparency and integrity, free from corruption and under fair competition.

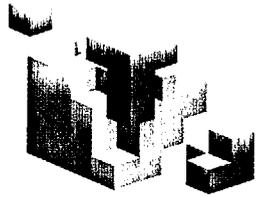
*The BLUE Mission*

The *BLUE* project aims to increase significantly and sustainably the business done between large buyers and small suppliers, as its contribution to the normalising of South Africa's economic structures.



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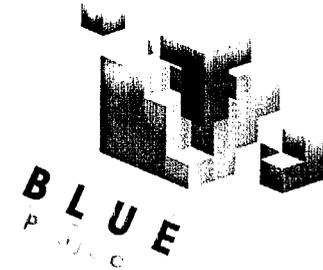
*The purpose of the BLUE project*



To assist in structuring commercially viable long term relationships between corporations, the government and supply firms where the previously disadvantaged have a majority or significant minority equity stake.

Contact  
Mr Phillip Thobela  
The BLUE Project  
Corner Mosquito and Constellation Streets  
P O Box 845  
Kempton Park 1620  
Telephone 011 394 2228  
Facsimile 011 970 2543

**Business Linkages  
for Underutilised Enterprises**



*A project established by a  
Co-operative Agreement between  
the National Industrial Chamber (NIC)  
and the  
United States Agency for  
International Development (USAID)*



# *BLUE Project Beneficiaries*

## Entrepreneurs

The historically disadvantaged entrepreneurs, who are building up their own small and medium sized businesses and aspire to become suppliers to larger customers, corporations, parastatals and various levels of government, will benefit from this project.

■ **BLUE** will adapt, test and deliver a quality assurance training programme to improve standards among supplier firms.

■ **BLUE** will provide instructional materials and business skills training to entrepreneurs including

- Marketing to meet the needs of large customers
- Negotiating skills
- Obtaining tender business - the opportunities and pitfalls
- Pricing for volume contracts
- Enhancing productivity
- Principles of quality control
- Delivery reliability

■ **BLUE** will expand communication networks to improve entrepreneurs' access to business opportunities.

## Corporations, Parastatals, Government and Tender Boards

Both public and private sector purchasing agencies and departments will benefit from this project.

■ **BLUE** will design simple and practical tools and techniques suitable for the South African environment and will research and publicise local and overseas examples of best practices.

■ **BLUE** will assist corporations and parastatals to implement small supplier development programmes.

■ **BLUE** will co-operate with Government in ongoing efforts to open State procurement opportunities to the small firm sector.

■ **BLUE** will advocate the disclosure of goals and achievements by those seeking to purchase part of their needs from small suppliers and will seek public recognition for praise-worthy achievements.

■ **BLUE** will develop communication and database networks to enhance buyers' access to reliable small suppliers.

## Additional BLUE activities

### *Technical Assistance Fund*

■ **BLUE** will establish an Affirmative Procurement Fund to provide partial funding of specialised short term technical assistance required by small firm owners and partial support for the expansion or upgrading of the business linkage projects of other organisations.

■ **BLUE** seeks to support, not to duplicate; to add value to, not to threaten, the many initiatives already under-way.

### Business Information and Advice Centres (BIAC's)

#### *The National Industrial Chamber (NIC)*

established its first BIAC in 1974. It has since established three more and has a close working relationship with two others, as well as with a number of similar activities throughout the country. NIC is supporting the efforts of the Ministry of Trade and Industry to create a national network of Local Business Services Centres. **BLUE** itself will establish an additional three BIAC's.

These Centres are essential focal points to establish linkages between local small and medium scale enterprises, locally based corporations, government tender boards and parastatals.

# ASYCUDA

**AUTOMATED SYSTEM FOR CUSTOMS DATA AND MANAGEMENT**



UNCTAD

FALPRO  
Trade Facilitation  
Programme

## GENERAL INFORMATION

### Philosophy and Background

Chart Management Centre was founded in 1988 to provide high quality training and training-related consultancy services which are now used by many organisations in East Africa. The Centre has adopted as its objective the improvement of the performance of public and private organisations through the transfer of the latest methods, tools and techniques of modern management.

The aim is to develop the professional competence of the individuals and contribute to the strengthening of the organisations in which they work. These aims are pursued through a variety of open and in-house programmes.

### Human Resources Development

Chart Management Centre's reputation is based on standards of training excellence. Up-to-date factual information is reinforced by relevant practical exercises and action plans.

Our programmes provide motivating experiences that encourage application of the skills and knowledge gained. Most of our work is done on an in-house basis where we design and conduct programmes geared to the specific needs of each client.

### Facilitators

CMC presently has available:

- A staff of seven consultants, five residing in Kenya and two in Europe.
- A pool of experienced professionals specialised as senior consultants in all aspects of business and management. Their selection is undertaken with great care to ensure that most appropriate, available persons possessing the particular skills required for the event are identified and recruited on the basis of well defined objectives indicating precisely the training inputs required and their timing.

### Application Process

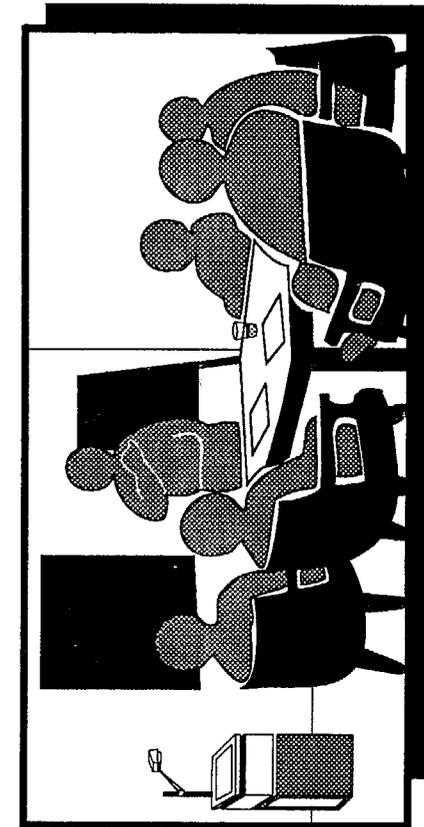
All nomination forms must be endorsed by the appropriate authority and submitted in good time.

*For detailed information on our training programmes, reservations and other professional services,*

**contact:**

**Director - Human Resources  
Development  
Chart Management Consultants  
KASNEB Towers, Capitol Hill,  
Hospital Road  
P.O. Box 43364  
NAIROBI, KENYA  
Telephone: 713741  
Fax:335438 Professional Centre**

# HUMAN RESOURCES DEVELOPMENT



TRAINING PROGRAMME 1996



Chart Management Consultants

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STATISTICAL OFFICE OF THE EUROPEAN COMMUNITIES

# EUROTRACE

MANAGEMENT OF THE EXTERNAL TRADE STATISTICS

**In brief ...**

For further information concerning EUROTRACE software package, please contact :

Eurostat, Division A5  
"Relations with ACP and other  
developing countries"  
Bâtiment Jean Monnet  
L-2920, Luxembourg

Fax : (352) 4301 32594

CESD-Communautaire  
EBBC B/5  
2-6, Route de Trèves  
L-2633, Senningerberg  
Luxembourg

Tel. : (352) 34 95 11

cesd-communautaire

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## TRADE DIRECTORY 1997

28 March 1996

**SOUTH AFRICA** is fast becoming the Business Centre of Africa.

With recent developments and membership of the Southern African Development Community (SADC), the country needs to expand its existing potential as an Industrial Hub.

There is a great demand for products and services of South Africa both regionally and internationally. To this effect a comprehensive Trade Directory is being compiled with the purpose of market expansion.

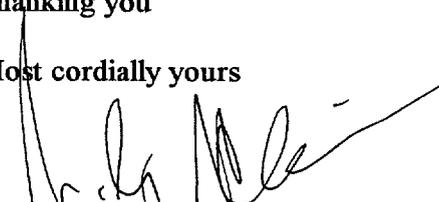
Details of the publication are outlined in the enclosed Advertising Brochure and your esteemed organisation is cordially invited to participate in this Directory by advertising its products or services.

The publication is being compiled with direction from the Department of Trade and Industry, Chambers of Business and Commerce and the Department of Foreign Affairs, as well as various business organisations.

Your participation will be appreciated.

Thanking you

Most cordially yours

  
**MOHAMED G H CASSIM**  
(CO-ORDINATOR SPECIAL PROJECTS)

REF:MDSA WP02



**ANNUAL  
TRADE DIRECTORY**

**1997**

# AFREXIMBANK

*African Trade  
Coming to  
the Fore*



**APPENDIX 8**

**Media coverage**

# BUSINESS BUSINESS Week

THE DAILY NATION

## Regional traders to hold key meeting

By NATION Reporter

A high level meeting of the business community from the Common Market for Eastern and South African countries (COMESA) will be held in Nairobi next week.

The meeting will be held by the East and South Africa Association of Business Organisation (ESABO) in conjunction the Kenya National Chamber of Commerce and Industry.

It will be held at the Kenyatta International Conference Centre (KICC) on May 14th and May 15th.

Mr Kassim Owango, the chairman of the Chamber, will host the conference in his capacity as the Vice President of ESABO.

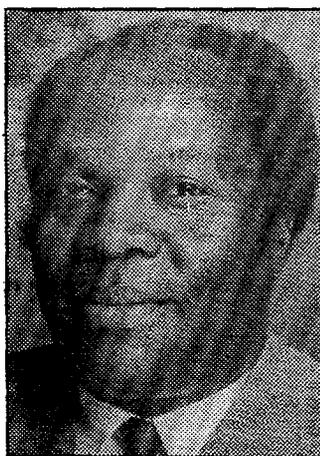
He told *Business Week* last week that the objective of the meeting is to find practical ways of taking advantage of regional co-operation to increase trade.

He said the business community would like to build on what the heads of State have done to promote regional co-operation.

ESABO was formed as a lobby group for the regional business community following the elevation of the Preferential Trade Area (PTA) into a common market.

One of the things it has been involved in is pressurising the member states to ease travel restrictions especially for business people travelling within the COMESA region.

Mr Owango said ESABO has invited representative of national chambers from member countries as well as representatives from



Mr Owango: To host delegates

manufacturers associations of member countries.

He said key papers will be presented on regional integration, food security, transport and communications and information technology.

He said the chief executives of the COMESA, the South African Development Co-operation (SADC) and the newly formed East African Co-operation will make keynote speeches.

Also to speak during the meeting will be the executive director of the Addis Ababa based UN Economic Commission for Africa.

The chief executive of the East Africa Co-operation secretariat in Arusha, Tanzania, Mr Francis Muthaura, will speak on experiences and problems of regional co-operation and make suggestions on how best to take advantage of regional co-operation.

Mr Owango said a speaker from the Intergovernmental Authority on Development (IGAD) will speak on food security while the President of the Zimbabwe chamber of commerce and industry, Mr Dany Meyer will speak on transport and communications.

The issue of information technology will be discussed by a speaker from Mauritius.

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**BUSINESS AND FINANCE**

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## Tap region's wealth - Owango

**By DOMINIC NGIGI  
and JOEL RUANE**

A top trade official yesterday challenged the African business community to exploit the rich Eastern and Southern Africa region's business potential.

Mr Kassim Owango, the Vice-President of the Eastern and Southern Africa Business Organisation (ESABO), said economic liberalisation has widened business opportunities in the region.

He said a high potential existed

in the region, which has a population of 350 million people and over \$300 billion in Gross Domestic Product (GDP).

Mr Owango, who is also the chairman of the Kenya National Chamber of Commerce and Industry (KNCCI), was speaking at the Nairobi Safari Club. He said that ESABO will hold a seminar next week in Nairobi to map out strategies on how to take advantage of recent economic developments.

The seminar will also discuss the

need for the private sector in the region to take the initiative to trade and create a business culture devoid of "economic nationalism".

Mr Owango told a press conference that the private sector had realised that, for African economic development to succeed, it must increase regional co-operation within the continent.

ESABO was established in 1994 as a business lobby group for the development of the region's private sectors.

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## Trade conference planned

A REGIONAL trade integration conference will be held next week in Nairobi, the Chairman of Kenya National Chamber of Commerce and Industry [KNCCI], Kassim Owango announced yesterday.

He said the event which starts on May 14 at Kenyatta International Conference Centre, is organised by KNCCI in conjunction with Eastern and Southern Africa Business Organisation [ESABO].

He said the aim of the conference is to devise strategies to effectively utilise the trade and investment opportunities within

### Ochuoga Otunge

ESABO region.

The conference will highlight trade prospects created by recent economic steps taken by the governments of the COMESA/SADC region to liberalise their trade regimes.

He said all the 24-member chambers of commerce and industry from ESABO region have confirmed participation.

Among issues to be discussed include regional trade policy on integration, trade information services, banking and finance,



Owango

communications and infrastructure, food security, small scale enterprises and regional co-operation: COMESA/SADC experiences.

## BUSINESS AND FINANCE

DAILY NATION, WEDNESDAY, MAY 15, 1996



Mr Kingsley Amaoko, the executive secretary of the Economic Commission for Africa (left), addresses the Press after officially opening the ESABO regional integration conference at the Kenyatta International Conference Centre yesterday. He is with Mr C.J. Saunders (centre), president of ESABO, and Mr Kassim Owango, the Kenya National Chamber of Commerce and Industry chairman. (Picture by PAUL WAWERU).

DAILY NATION, THURSDAY, MAY 16, 1996

## NEWSVIEW NATIONAL NEWS

in brief

### Correction

**NAIROBI:** On page 14 of our Business News pages yesterday, we incorrectly captioned Dr Bingu wa Mutharika, the General Secretary of COMESA, as Mr Kingsley Amaoko, the Secretary for the Economic Commission for Africa. We apologise for the error.



# V-P: WOES OF LIBERALISATION

By SOLOMON KYENZE

THE Kenya Government is concerned that the liberalisation of trade has brought with it crooked businessmen among them syndicated drug traffickers, the Vice-President, Prof George Saitoti, said yesterday.

Prof Saitoti said liberalisation of African economies was a thriving ground for crooked businessmen who were only interested in flouting existing trade norms for their unscrupulous ends.

The V-P, who is also the Minister for Economic Planning and National Development, was opening a two-day Eastern and Southern African Business Organisation

(ESABO) regional integration conference at the Kenyatta International Conference Centre (KICC).

Among those who attended the opening session were the ESABO President, Mr Chris Saunders, the Secretary-General of the COMESA, Dr Bingu wa Mutharika, the US Ambassador to Kenya, Ms Aurelia Brazeal and the Chairman of the Kenya National Chamber of Commerce and Industry (KNCCI), Mr Kassim Owango, who is also one of ESABO's two vice-presidents.

Prof Saitoti noted with concern that the crooked businessmen were behind the dumping of substandard goods in the liberalised markets which consequently damaged the young economies of such nations.

He noted that the worst of this clique of unscrupulous businessmen was syndicated in trafficking of drugs.

The V-P said African governments and business leaders would not allow syndicated or any other form of drug trade to take root in the region and urged both the private and public sectors to join hands in eradicating the vice.

He stressed the Kenya Government's commitment to curb the emerging drug cartels, and said it would liaise with other regional governments in the bid to achieve this goal.

Prof Saitoti, at the same time, said that since most of the African countries had liberalised their economies, and noting that the majority of Africans lived below the poverty lines, the onus to improve their status lay with the private sector.

He called on those within the commerce and industry sectors in the region to come up with practical solutions that can eradicate

property. The V-P noted with gratitude that the United States Agency for International Aid (USAID) had agreed to sponsor the ESABO conference, which he noted was a clear indication of the US government's commitment to furthering the legacy and dream established by the late US Secretary for Commerce, Mr Ronald Brown.

Although the cruel hand of death snatched Secretary Brown from us before we could have an opportunity of assessing with him the impact of his visit to our region, I am convinced that his ideas will live on and lead to enhanced industrial and commercial co-op-

eration between our continent and America," Prof Saitoti said.

He noted that the many ravages that the African continent has continued to face from time to time have created a large pool of disabled persons who now relied exclusively on charity to eke a living.

The V-P challenged the ESABO to establish a revolving fund for concessionary lending to the physically disabled people who wish to venture into trade. He said that if the disabled are properly catered for in business, they would end up being our most important back-linkages in development.



The Vice-President, Prof Saitoti listens to the ESABO President, Mr Saunders during the official opening of the two-day ESABO regional conference.

**NATIONAL NEWS**

# Africa's private sectors assured

THE US Ambassador to Kenya, Ms Aurelia Brazeal, yesterday stated her government's commitment to support the African private sectors in taking leadership role in the liberalisation of African economies.

Ms Brazeal said her government was keen to follow up with the legacy left by the late UN Secretary of Commerce Ron Brown in a visit to the continent early this year which sought to bring Africa into closer cooperation with America.

The ambassador was one of those who addressed the two-day Eastern and Southern Africa Business Organisation (ESABO) regional integration conference which was opened officially by Vice-President George Saitoti at the KICC.

She said the US government



**Ms Brazeal: US keen**

views Brown's legacy as the promotion of trade and investment in Africa not only from the United States but also from other nations.

Ms Brazeal said the late Brown

understood that it is the African private sector which will create jobs, bring technology, and prompt the trade necessary to bring more growth to the economies and people of the continent.

The ambassador said her government hence sought not to lead, but rather to support the African private sector as it takes a leadership role in liberalising trade, both regional and global.

Ms Brazeal at the same time, called for government-private sector partnership as the driving force towards economic growth in the country.

Ms Brazeal also said that food security was a crucial matter not only for the African continent but also for the entire world.

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**NATIONAL NEWS**



The US Ambassador to Kenya Ms Aurelia Brazeal chats with a delegate during the ESABO regional integration conference at KICC yesterday.

— Picture by JOHNSON NJENGA NJANO

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**NATIONAL NEWS**



The president of Eastern and Southern Africa Business Organisation (ESABO) C.J. Saunders compares notes with the organisation's vice-president Kassim Owango during the ESABO regional integration conference at the Kenyatta International Conference Centre (KICC), Nairobi, yesterday.

— Picture by JOHNSON NJENGA NJANO

## FOCUS ON ESABA CONFERENCE

## COMESA says it will act tough on goods dumping

By TIMES Reporter

THE Common Market for Eastern and Southern Africa (COMESA) will investigate any allegations of dumping of substandard goods from one member country to another if provided with the evidence, its secretary-general, Dr Bingu wa Mutharika, has promised.

Dr Mutharika said COMESA was aware that some regional countries were playing foul while doing business with others.

Dr Mutharika who is attending the Eastern and Southern African Business Organisation (ESABO) regional integration conference at the KICC, said in a press conference he addressed yesterday that COMESA supported fair business between member countries.

He said COMESA was aware some goods were highly subsidised, a move which lowered costs of the goods exported to other markets making it impossible for the goods in the markets to compete fairly.

He said COMESA was willing to investigate any evidence of this nature presented to them in a bid to ensure fair play, since according to him, this practice was ruining industries in some countries.

He cautioned, however, that countries should not present false evidence to them in fear of competition.

He said quality goods costing less and which have been produced in fair conditions should not be blocked from entering any market under a liberalised economy. He said fair competition was healthy and should be left to control the markets.

Meanwhile, Dr Mutharika has said there is no conflict between the operations of COMESA and the Southern Africa Development Co-operation (SADC) as is commonly believed.

He said the functions and roles of the two bodies do not overlap as has been urged elsewhere, but said that the summits of the two bodies have formulated a committee aimed at assessing the situation, before making recommendations to the council of ministers.

The secretary-general who was addressing the press conference in the company of ESABO president, Mr Chris Saunders and one of the ESABO's vice-presidents and chairman of the Kenya National Chamber of Commerce and Industry, regretted that Africa was lagging behind in development due to inadequate information and communication.



The Vice-President Prof George Saitoti (2nd right) shares a light moment with one of the delegates who attended ESABO regional integration conference at KICC yesterday. Also present were the COMESA representatives Dr Mbingu wa Mutharika (2nd left) and the ESABO Vice-President Kassim Owango (left).

— Picture by JOHNSON NJENGA

## ECA calls for regional trade blocs

BUSINESSMEN from Eastern and Southern Africa on Tuesday expressed concern over the global marginalisation of the African continent with the Economic Community of African (ECA) calling for the harmonisation of the regional trade blocs.

The businessmen meeting at the Kenyatta International Conference Centre (KICC) in Nairobi under the auspices of Eastern and Southern African Business Organisation (ESABO), said that Africa is in dire need for economic co-operation.

The economic affairs officer of ECA, Mr Daniel Tonui, said efforts towards regional and sub-regional co-operation had been frustrated and slow, hampered by the size and multiplicity of problems at the national level.

The secretary-general of the Common Market for Eastern and Southern African (COMESA) countries, Dr Bingu wa Mutharika, lamented that although television channels carried programmes on "business Asia or business Europe," nothing on Africa ever appear on CNN or BBC.

Mr Tonui said there was need to harmonise the activities of the regional bodies to avoid duplication as presently, "all African sub-regions have more than one organisation in charge of economic integration".

He added that despite the need for mergers, decision-makers had repeatedly reaffirmed the expediency, mission and objectives of institutions and where they have been dissolved, have been immediately replaced by new ones.

He described Africa as a "classic glass half empty and half full". It is a continent both in development crisis and a continent filled with dynamism and potential.

—KNA

# IGAD WARNS OF FOOD SHORTAGE

By SOLOMON KYENZE

THE Inter-Governmental Authority on Development (IGAD) yesterday warned that the sub-region might soon suffer severe food shortages unless the private sector is encouraged to invest in food production.

The IGAD executive secretary, Dr Tkeste Ghebray said the IGAD countries will suffer large crop production shortfalls if they do not obtain an extra dimension to become food secure.

He was addressing the Eastern and Southern Africa Business Organisation (ESABO) regional integration conference which ended at the Kenyatta International Conference Centre

(KICC), yesterday.

Dr Ghebray who presented a paper entitled: "Improving food security in the IGAD sub-region, a critical role for the private business sector," said the private sector should now be invited to invest in exploiting the livestock and fisheries potential of the region.

He said the sector could for instance be urged to engage in cattle rearing and fattening for export earnings, dairying, animal health and pasture development.

The executive secretary noted also that IGAD countries are

endowed with a very long shoreline and possess some of the largest lakes in Africa. He said the potential for development of these resources, particularly in an increasingly health conscious world can be exploited.

Dr Ghebray said the private sector could also contribute to the alleviation of rural poverty by operating small primary processing equipment like cotton gins.

He said the private sector can play an important role in averting famine in the sub-region by working in partnership with the donor community to supply locally purchased relief food.

The executive secretary noted that global food aid resources

had dwindled drastically in recent years, and said there will be an increased need for the private sector to participate more actively in sourcing and transportation of relief food in the sub-region.

Mr Ghebray said IGAD has started implementing a two-year market information system project for food security. He said the project which is being financed by the Italian government, and executed by the Food and Agriculture Organisation (FAO) will support the generation of price information and a sub-regional supply and demand analysis for the main staples in the sub-region.

## Banks record low savings

By TOM MOGUSU

THE president of the PTA Bank, Mr Martin Ogang, has said that one of the main problem encountered by commercial banks and other deposit taking institutions, was the decline in savings brought about by the decline in real incomes as a result of inflation.

He said that this has left many depositors without surplus funds to be deposited as savings.

He said that it has negatively affected the role of commercial banks in the mobilisation of savings and acting as intermediaries which channel these savings into investment in the form of short term loans for trade and working capital.

As a result, Mr Ogang said, account holders in the rural areas are increasingly being shunted out of the banking business due to the high interest rates demanded by the commercial banks, while some banks have resorted to closing down their rural branches altogether.

"As a result of these, the

commercial bank branches that are still operational, have had to increase the fees charge to make up for income earned from the lost deposits. This has in turn discouraged saving," he told the ESABO integration conference that ended yesterday.

He said these in a paper presented to the conference by the senior finance officer in the PTA Bank, Ms E. Kasiry, on the role of banks and other financial institutions in the development of trade and industry in the Eastern and Southern Africa region.

Mr Ogang said that there was need for commercial banks and financial institutions to be more revolutionary by offering better terms which would encourage saving.

He said further that the PTA Bank has recognised that it was possible for banks to lend in local currency at foreign currency lending rates which tend to be

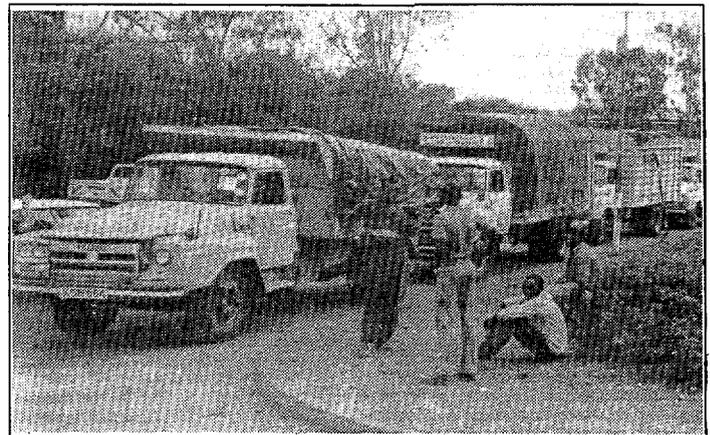
in the region of 6 to 10 per cent.

He suggested that the funds deposited by commercial banks at the respective central banks should be made available to commercial banks at very low interest rates which may, in turn, advance low interest bearing loans to entrepreneurs.

And the executive secretary of the Economic Commission for Africa, Mr Kingsley Amaoko, told the conference that there was need for political commitment in accelerating regional integration in Africa because it was essentially an inter-governmental process.

He named the obstacles to be faced in the needed integration as lack of financial resources required for the implementation of set objectives.

However, he said, any meaningful integration process cannot ignore drawing on the financial, technological and management capacity of the private sector.



Lorries loaded with maize from upcountry queue outside Nairobi's National Cereals and Produce Board; the government is now committed to streamline marketing of cereals.

— File picture



Mwenyekiti wa chama cha wafanya biashara na viwanda nchini, Bw Kassim Owango (kushoto) akiwa na mwandishi habari wa gazeti la biashara la *Guardian* la Dar es Salaam, Binti Premy Kibanaga wakiwa pamoja na Naibu wa Balozi wa India nchini, India Bw Gurjit Singh katika sherehe ya ESABO ambaye iliyofanyika katika hoteli ya Nairobi Safari Club.

-Picha na IVAN KARIUKI

**NATIONAL NEWS**



**Dr Mukeni from the Chamber of Commerce, Kenya, presents his suggestion during the East and Central Africa Business Organisation (ESABO) meeting yesterday at KICC, Nairobi.**  
*— Picture by SAMMY KIRUI*

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## BUSINESS NEWS

# COMESA CHIEF REJECTS SPLIT OF REGIONAL BODY

THE Secretary-General of the Common Market for Eastern and Southern Africa (COMESA), Dr Mbingu wa Mutharika, has rejected the split of the regional body into two.

Dr Mutharika said the council of ministers meeting last month reaffirmed its commitment to having a strong body that would handle trade in the region.

Dr Mutharika said that some member states of the Southern Africa Development Co-operation (SADC) had lobbied for the COMESA to be split into two, COMESA "North" and COMESA "South".

The council of ministers, however, had argued that this would weaken the body and in effect have two entities which was counter to the aims of regional integration.

Dr Mutharika was speaking at the Jomo Kenyatta International Airport upon arrival for the two-day regional integration workshop organised by the Eastern and Southern African business organisation in collaboration with the Kenya National Chamber of Commerce and Industry (KNCCI).

He was met by the organisation's President, Mr J. C. Saunders and Vice-President, Mr Kasim Owango. The business conference started on Monday at the Kenyatta International Conference Centre under the theme **Business Without Boundaries.**

Dr Mutharika commended the business community in the region, saying they were far ahead of the politicians as they had broken the nagging issue of



Dr Mbingu Mutharika

integrating COMESA and SADC.

He said the conference was appropriate as it was a departure from the previous conference which had been initiated by the government while the ESABO conference was entirely a private

sector initiative.

He said ESABO was the first regional grouping that had included a chapter on the role of private sector and women in development, adding the success of the regional integration depended largely on the private

Deputy Secretary-General of the co-operation, Mr Fulgence Kazaura, said the co-operation was different from the defunct East Africa Community as it has been inspired by the people of the three countries unlike the previous body which was entirely government.

Mr Saunders said that only Africa, among the remaining continents, lacked an economic block and that the 24-member countries of ESABO was a step in the right direction towards making Africa a single economic block.

— KNA

## BUSINESS AND FINANCE

# Mutharika rules out COMESA split

By DOMINIC NGIGI  
and KNA

The Secretary General of the Common Market for Eastern and Southern Africa (COMESA), Dr Mbingu wa Mutharika, said on Monday that the regional body would not be split into two.

Dr Mutharika said the council of ministers' meeting last month reaffirmed its commitment to a strong body that would handle trade in the region.

Dr Mutharika was speaking at the Jomo Kenyatta International Airport when he arrived for a two-

day regional integration workshop, organised by the Eastern and Southern African Business Organisation (ESABO) and the Kenya National Chamber of Commerce and Industry.

He was met by the organisation's president, Mr J. C. Saunders, and vice-president, Mr Kassim Owango. The business conference started on Tuesday at the Kenyatta International Conference Centre, under the theme: *Business Without Boundaries*.

He said that some member states of the Southern Africa Develop-

ment Co-operation (SADC) had lobbied for COMESA to be split into Comesa 'North' and Comesa 'South'. But the council of ministers had argued that this would weaken the body and counter the aims of regional integration.

Dr Mutharika hailed the business community in the region, saying it was far ahead of politicians.

The deputy Secretary General of the East African Co-operation, Mr F. Kazaura, said the co-operation was different from the defunct East African Community as it had been inspired by the people of the three

countries, unlike the previous body, which was entirely government.

Mr Saunders said that only Africa, among the remaining continents, lacked an economic block, adding that the 24 member countries of ESABO could help make the continent a single economic block.

In a related development, African governments were told to focus relentlessly on economic growth by creating public and private sector partnerships dedicated to building prosperity.

Ms Aurelia Brazeal, the outgoing

American envoy in Kenya, said this while addressing over 300 delegates from 24 countries at the ESABO conference on Tuesday.

The meeting was sponsored by USAid. Ms Brazeal said that the meeting was building on the legacy of the late US Secretary of Commerce, Mr Ron Brown, following his visit to Kenya and other African countries to promote higher living standards through trade.

The late Brown, she said, understood "that it is the African private sector which will create the jobs, bring technology and prompt the

trade necessary to uplift the people of the continent".

A richer east and southern Africa would help free the region from aid dependency and become a better market for the American economy in goods and services, she said.

The Ambassador warned that food security is an issue "close to the heart" of her government and cautioned ESABO countries not to pursue a self-sufficiency food policy based on high tariff walls.

Esabo draws its membership from states that have a combined population of over 350 million people.



Dr A.O Mongi of Randform (right) chats with Mr S.T Bangu of the Tanzanian High Commission during the ESABO conference that ended yesterday at the KICC. (Picture by NICHOLAS RUKENYA)

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# Business body chooses Kenya

By Ochuoga Otunge

**KENYA will host the Secretariat of Eastern and Southern African Business Organisation (ESABO), the body's President Chris Saunders has said.**

At the same time he announced the promotion of Kassim Owango, the chairman of Kenya National Chamber of Commerce and Industry (KNCCI), to Executive Vice President of ESABO to enable him set up and manage the organisation's Secretariat.

Though the constitution of ESABO does not allow for the post of an Executive Vice President, Saunders said that this has been made necessary by the urgency of forming the Secretariat under the umbrella of KNCCI.

As such, the Executive Council of ESABO meeting during the just ended two-day conference in Nairobi, resolved to change the constitution to guarantee the new post.

Initially, a caretaker secretariat was formed under the Zimbabwe National Chamber of Commerce and Industry but flopped. But Owango promised not to let the organisation down.

Speaking during the closing of the conference, ESABO boss said that the regional body will remain independent and will be strengthened to become a powerful lobbying force, to press for further liberalisation of trading environment in the region.

However, he appealed to the 24 member chambers of commerce and industry to finance the cash-strapped organisation to enable it



**Owango**

meet its set objectives of ensuring that the region emerges as a major trading block in the 21st century.

This, he said, could only be done by strengthening economic and trade links in the region.

In this regard the president requested governments of COMESA to move harmoniously in implementing reduction of tariff on goods manufactured and traded in the region adding that tariffs be eliminated by the year 2000.

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## NATIONAL NEWS

# ESABO seeks policy reforms on development

By TOM MOGUSU

REGIONAL human resources, development and institutional policy reforms strategy holds the key for the acquisition and adoption of technological innovations in Africa, the President of the Zimbabwe National Chamber of Commerce Councillor Danny Meyer has said.

Councillor Meyer told the Eastern and South Africa Business Organisation (ESABO) Conference that ended in Nairobi which brought together all the commerce and industrial players together that for its objectives to be realised, countries in the region should forge unified

development and institutional reforms to ensure that all segments of the society were developed.

He said the Eastern and Southern Africa agenda for development of transport and communications is highly focused on infrastructural development. "These programmes should take cognisance of the unique characteristics and requirements of the transport and communication sector," he said.

Councillor Meyer who was

giving a talk on "Communication and Infrastructure" for Eastern and Southern Africa, yesterday said that Government in the region should recognise their roles as governors to create an environmental conducive for good business while the private sector's role is to leading economic growth.

"It is in this context that the private sector organisations in the region should take lead and strive to boost intra-regional trade and investments as a vehicle for regional development" he said.

## Call to privatise infrastructure

THE Eastern and Southern Africa Business Organisation (ESABO) regional integration conference ended in Nairobi on Wednesday evening, with the more than 300 participants from 24 countries recommending that regional governments should, among other things, relax regulations to allow privatisation of the infrastructure.

The participants who included representatives from regional and international bodies came up with several recommendations after the two-day conference at the Kenyatta International Conference Centre (KICC) that are aimed at speeding up the development pace in the region.

By SOLOMON KYENZE

Recommendations which were made included on how to improve communication and the region's infrastructure, how to enhance its food security, how to improve on its trade integration policy and trade information services, and how to strengthen its banking and finance sectors.

They recommended that businessmen should be represented at the national level in the running of individual telecommunication networks.

Among the areas they wanted privatised were weighing/loading procedures, maintenance of roads, air transport

systems beginning with cargo handling, plus the privatisation of certain services in the supply of water such as maintenance of networks and billing.

On trade information services, the delegates noted that landlocked countries were at the mercy of countries that controlled ports.

On food security, the participants recommended that the Inter Governmental Authority on Development (IGAD) should be expanded to cover the countries of ESABO region, noting at the same time the important role IGAD was playing in information gathering and research on food security matters.

## BUSINESS AND FINANCE

# Accord signed for joint EA chamber

By **ALFRED OMONDI**

The three East African Chambers of Commerce and Industry have signed an accord for a joint East African Chamber of Commerce.

The Memorandum of Understanding seeks a joint chamber effort to support the development of the East African Co-operation.

The agreement was signed on Wednesday in Nairobi between the heads of the three chambers: Mr Kassim Owango (Kenya); Mr Haji Bunkeddeko (Uganda) and Mr David Mwaibulla (Tanzania).

The accord also provides for a steering committee, composed of three representatives from each chamber, to study the details of establishing the forum for the East African Chamber.

The mandate of the steering committee includes the drafting of a constitution for the proposed chamber forum.

It should present its report to the heads of the chambers "within the shortest time possible".

The memorandum states that the three heads of the chambers will

meet when they receive the report to discuss its implementation.

The three organisations also agreed to continue to collaborate, to intensifying trade and regional co-operation.

Their agreement says the trade bodies should strive to serve the interests of their members at all times, through revitalisation of trade and enhanced economic relations.

The chambers have also committed themselves to facilitate the flow of information between the three chambers to expand trade and economic relations.

Since he became the head of the trade body about a year ago, Mr Owango has initiated a number of measures to revitalise the operations of the chamber.

The chamber has been actively involved in forging a united front with the Federation of Kenya Employers (FKE) and the Kenya Association of Manufacturers (KAM) to address matters affecting the business fraternity. The organisation has also been working closely with other trade bodies.

## **E.A. chamber forum to be launched**

**By Ochuoga Otunge**

AN East African Chamber of Commerce Forum will be formed soon, a memorandum from the Kenya National Chamber of Commerce and Industry (KNCCI) says.

The chairman of KNCCI Kassim Owango, President of the Chamber of Commerce, Industry and Agriculture of Tanzania David Mwaibulla and chairman of National Chamber of Commerce of Uganda Haji B. Bunkeddeko, signed a memorandum of understanding on May 15 this year pledging to form such a body.

The chamber bosses agreed to set up a committee composed of three representatives from each chamber to work for the establishment of the regional chambers' forum.

The specific mandates of the committee will include drafting of a constitution for the forum, making proposals on the forum, present their report to the heads of the chambers as soon as possible.

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**BUSINESS AND FINANCE**

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## Business meeting proposals 'unique'

**By NATION Reporter**

The Eastern and Southern Africa Business Organisation conference which ended in Nairobi last week came up with unique recommendations which, if implemented, may realise the private sector's dream of conducting "business without borders".

The ESABO conference saw participants engage in heated discussions on a number of topics that included trade information services, communication and infrastructure, regional trade integration policy, banking and finance and, most importantly, food security.

Group discussions came with recommendations that were endorsed in the plenary session.

Talks on regional trade integration found out that there was an ex-

cess of development initiatives in the region and the Common Market for Eastern and Southern Africa (COMESA) was endorsed to be the authority on policy issues.

Lack of adequate credit and finance were cited as a major handicap in moving forward with the integration process. This had manifested itself in members not being able to pay their contributions because they belonged to similar organisations which were duplicating roles.

It was resolved that political commitment was crucial and members had to play a more active role in lobbying respective governments.

Governments were urged to hasten the convertibility of regional currencies.

# Experts meet on trade

**DESPITE** the intensifying tendency in the global economy today toward regional economic and trading blocs, there is concern among the Eastern and Southern Africa business community that the sub-region is not catching up fast enough on this.

They say that of all the regions, it is this sub-region and by extension Africa that needs economic co-operation and integration the most, and yet lags behind every other region in the world in this, as in other areas of human endeavour.

Efforts toward economic integration are currently under way in North America, the Pacific rim region, and Latin America.

They point out that in this scenario where the global economic system is dominated by trading blocs, fostering of regional co-operation and integration remained the most important way to accelerate the sub-region's socio-economic development and be an effective partner and a "survivor".

## Obstacles

Business personalities at the East and Southern Africa Business Organisation (ESABO) Regional Integration Conference in Nairobi last week shared the same views and identified in details what the obstacles have and continue to be.

The conference participants were drawn from members of the Common Market for Eastern and Southern Africa (COMESA), Southern Africa Development Co-operation

By John Oyuke

(SADC), the East African Co-operation (EAC), American and Russian businessmen, International organisations and various branches of the local Chambers of Commerce and Industry among others.

They said that efforts toward sub-regional and regional co-operation and integration have been frustrated and slow, hampered by poorly developed and inadequate transport and communications infrastructures between neighbouring countries; weak production systems with virtually no inter-sectoral links between the primary and secondary sectors in general and between mining and manufacturing and cumbersome tariff and non-tariff barriers marking the intra-regional trade.

Bingu wa Mutharika, the Secretary General of COMESA denied that there were any serious overlap of duties between ESABO founded in 1994 and COMESA.

He said however that serious discussions were underway to harmonise their roles, adding that basically COMESA should be an organisation setting the necessary environment while ESABO does the implementation.



Mutharika

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# Infrastructure is largely ignored

DESPITE the fact that communication and infrastructure are integral components of trade and investment, not much effort have been put in improving them in the Common Market for Eastern and Southern Africa (COMESA) region.

Poorly developed communication and infrastructure still characterise the business environment in the region, with negative impacts on trade and investment.

Councillor Danny Meyer, president of Zimbabwe National Chamber of commerce (ZNCC) at the just ended Eastern and Southern Africa Business Organisation (ESABO) conference, said: "Hampering intra-regional trade and cross-border initiatives to date is the non-harmonisation of our efforts to develop proper infrastructure to facilitate the flow of goods, services and investment initiatives in the region".

Meyer told the conference that ESABO and COMESA risks failure if these issues are not promptly addressed. He said that a regional approach in revolutionising the sector is the way out, arguing that it makes little sense in terms of cross-border trade if one country has efficient communication and infrastructure facilities while the neighbour's is pathetic.

The ZNCC boss argued that transport industry be revolutionised because their current spatial configuration is at variance with current investment needs.

By Ochuoga Otunge

He said that COMESA member states should work to improve the utilisation capacity of existing roads by developing industrial capacities to service the equipment needs of the sector, to curb expensive over reliance on imported technology.

This requires a regional human resources development and institutional policy reform strategies to enhance acquisition and adaptation of technology innovations.

## Network

He calls for privatisation of roads and other transport facilities to encourage efficient servicing and further development, because good communication network is the "engine for trade development and industrial expansion".

The conference raised concern over poor running of border/custom posts causing costly delays, non-uniformity of road usage tariffs bringing problems to transporters and bad roads due to non-enforcement of weighing and loading requirements.

They recommended privatisation of weighing and loading stations, implementation and enforcement of Preferential Trade Area's (PTA's) agreements on harmonisation of road regulations and tariffs.

The conference also decried the inefficiencies of state run Airlines, Airports and cargo handling facilities.

*E.A. Chronicle Week ending May 27, 1996*

# EA chambers of commerce to strengthen business links

**T**HE Chambers of Commerce and Industry of the three East African countries — Kenya, Uganda and Tanzania — will soon sign an integration protocol encompassing various business agreements and a code of conduct, according to Kassim Owango, the national chairman of the Kenyan Chamber of Commerce and also the official spokesperson of the three chambers. One of the most important advantages of the protocol will be to give a dissatisfied party an opportunity to revert to its local chamber for arbitration in case of a business disagreement.

The purpose of the integration is to ensure that there is consultation with multinational investors to establish ways of minimising double investments in the region. "We will be asking the investors to spread their investments in all the three countries so long as the products from each country are completely different," said Mr Owango. It is unfair, he added, for a company already established in one country to set up a plant in another country producing the same products, as it floods the market with the same product, thus reducing the market for the initial country.

To cement their co-operation, the Chambers will hold a week-long regional trade fair in Nairobi

By Richard Ekhalie

from August 27, 1996.

They also intend to encourage cultural exchanges between the three countries in order to create a cohesive community whose members can understand and respect each other, thus creating a sound business environment. Already, plans are under way to harmonise the educational sector, with the possibility of standards in a particular country being recognised or accepted by the others.

Mr Owango said that the three chambers will soon conduct a joint promotion of regional tourism aimed at selling group packages to interested parties all over the world. The chambers will also consult more often, with the curtain raiser being the recent two-day Eastern and Africa Business Organisation (ESABO) conference in Nairobi.

On the Kenya National Chamber of Commerce and Industry (KNCCI), Mr Owango said plans are under way to strengthen the chamber internally so as to meet the external challenges resulting from the revived regional co-operation.

He said that the more than 40 branches country wide will be revitalised to make them more active in various business transactions. The revitalisation will be



**Musalia Mudavadi**

achieved through seminars, educational conferences and frequent visits by top officials. "We will also ensure that only the committed leaders hold office in the branches," he added.

The Kenya Chamber plans to intensify membership recruitment this year and double the number to over 24,000 from last year's 12,000. Unlike previous years when the chamber was associated with only small scale business people, this year's objective is to recruit as many large scale companies as possible.

Mr Owango disclosed that the chamber will soon create a bureau of consultants consisting of professionals in business and making full use of the local skills in the region instead of relying on foreign expertise.

The chamber is also finalising plans to computerise all the branches in the country to increase efficiency. "The information network will enable members to get business information quickly from any part of the world, and if possible, clinch serious deals," said the chamber boss.

LD

# Government's Role: To Facilitate, Provide and Protect

*Ambassador FULGENCE M. KAZAURA, Deputy Executive Secretary of the East African Cooperation, was in Nairobi last week for a conference of the East and Southern Africa Business Organisation (ESABO). He spoke with staff writer MBATAU wa NGAI.*

In your presentation to the ESABO conference you stated that "regional cooperation is not a choice but a necessity." What exactly did you mean?

We are now in the global economy. In most cases national economies, particularly in the developing countries, are unviable because of their size in terms of resources needed to generate enough investment to bring about sustainable economic development. When two or three countries come together, however, as Kenya, Uganda and Tanzania have done, their economic viability increases as the markets become bigger and can, therefore, sustain larger investments, thereby utilising economies of scale that give investors a better return on investments. There can be no doubt, for example, that bringing about 80 million East Africans into a single market increases the region's attraction to investors, both local and foreign.

Take a shoe manufacturer as an example. He would be more attracted to investing in a region where there is a potential market for 80 million pairs than in one where there is a third or even a quarter of that number. The same situation applies to other potential investors, be they interested in industrial or consumer goods. A potentially huge home market, as the intense interest in the Chinese market demonstrates, acts as a powerful magnet for investors.

Which is the key role that the private sector has to play to enhance East African cooperation?

The one thing that is becoming increasingly clear as our three countries continue undertaking economic and social reform programmes began in the mid 1980s is that the government should get out of the market place. The role of government has to change from provider to facilitator. The government role is to create an enabling environment to attract and retain private sector investment. Government must also retain its traditional role of ensuring law and order without which there would be no investments.

However, none of this should be taken to mean that the government does not have an important role to play as a nurturer of the private sector, particularly where the sector is weak. This applies to the traditional informal and formal sectors employing the individual entrepreneur, his family or hundreds of employees. They all need, at least at the beginning, government support.

The government should also invest in infrastructure, especially that which the private sector may be reluctant to get into because it is too expensive or the return on investment is low. Maintenance of infrastructure is particularly important for the private sector to grow.

What challenges has the secretariat faced since it was inaugurated two months ago and how has it met them?

The secretariat has got only three officially appointed executives and the work to be done is such that more support staff is necessary. We are grateful that the three govern-



ments have seconded some personnel to the secretariat to help it establish itself. Uganda has seconded a legal counsellor, Mr Francis Kabyesiza, Kenya an accountant, Mr Clement Olando, and Tanzania an administrative officer, Mr Benedict Karabani.

These officers have helped the secretariat to set in motion a process of appointing additional staff, which means that we will be placing advertisements of job opportunities for economists, legal officers, statisticians, accountants and administra-

tive officers in the regional newspapers in the third week of this month.

We are also putting in place accounting systems and personnel recruitment and management systems. In selecting candidates, we shall consider professional qualifications and competence but without ignoring the element of regional equity.

What do you see as the way ahead for the secretariat?

Before the inauguration of the secretariat, the Permanent Tripartite Commission had already defined

areas for cooperation among the East African states. In certain areas, decisions had already been made on what action should be taken — for example, in the areas of immigration and Customs, in the financial sector particularly the harmonisation of monetary and fiscal policies and in a few other areas. The secretariat is now following up the implementation of these decisions with the partner state governments.

In the second category are areas where decisions had not been made because additional work needed to be done, for example, harmonisation of investment codes and aviation policy. In these areas the sectors responsible for them, together with the secretariat, are working flat out to come up with viable recommendations.

What signposts has the secretariat erected to ensure you keep moving forward and do not lose your way?

It is difficult to answer that question until the secretariat is in full operation, but I can say now that we have a calendar of events and meetings until December 1996 covering all the major sectors of cooperation, with timetables specifically tailored for each sector. We expect some tangible results before the end of this year provided those timetables can be followed.

Already, meetings have taken place on the standardisation of manufactured goods in Kampala and on fiscal and monetary harmonisation policy in Nairobi and Arusha. The regional revenue authorities are expected to meet soon.

Where do you see the media fitting in?

The inauguration of the secretariat was in an open stadium and ushered in a concept of openness, implying that the cooperation must involve East Africa's people. It means the people should know what is going on at every stage. The media will be very important in informing and mobilising people to the cause of East African cooperation.

LD

## REGIONAL TRADE

# The Good News...

## Comesa to stay, but differences remain

**T**hat the Common Market for Eastern and Southern Africa (Comesa) will not be split in two despite intense lobbying from its southern members, must be sweet news for business people in the region. Such a split would invariably have reduced opportunities for commercial ventures in the region, and was ruled out last week by Comesa secretary-general, Dr Bingu wa Mutharika, on the basis of a resolution by the council of ministers to retain the organisation as a single entity.

Mutharika was addressing a high level conference in Nairobi organised to map out strategies for the private sector to reap the benefits of economic deregulation and regional integration. The conference, organised by the Kenya National Chamber of Commerce and Industry (KNCCI) in conjunction with the Eastern and Southern

Africa Business Organisation (ESABO), and funded by the United States Agency for International Development (USAid), followed resilient attempts by the private sector to lay foundations for intra-Africa trade and investment.

The meeting, attended by all the 24-member chambers of commerce and industry within Comesa and the Southern Africa Development Community (SADC), addressed key issues germane to regional integration, such as trade policy, information banking, communication and infrastructure, food security and small scale business.

Conference participants comprised chief executives of companies from nearly all Comesa and SADC members, regional and national trade organisations, including leading donor agencies and representatives from the informal sector. A group of 20

American businessmen also attended the conference.

Despite the interest shown by the business community in forging a common front for business, however, SADC has been agitating for Comesa's split into South (SADC) and North (covering mainly the former Preferential Trade Area for East and Central Africa - PTA) countries. SADC argues that its northern partners are in a lower ranking when it comes to gross incomes, management of the organisation and avenues of integration. It has also criticised Comesa's large size. Former PTA states, on the other hand, argue that Comesa should remain the way it is to avoid duplication of resources and roles, and to broaden the market to the region's 300 million people and enhance access to the Sh300 billion generated in gross domestic product (GDP).

At the heart of the crisis are the high performing economies of the 12-member SADC which includes South Africa, Botswana and Zimbabwe, which are inciting their counterparts out of Comesa "at their own pace". That the differences have nothing to do with the size or depth of the integration, but rather with economic performance, became obvious last November when Zimbabwe's president, Mr Robert Mugabe, said Kenya and Uganda, the high performers in the North, could be invited to join SADC. Tanzania, the third member of the East African Co-operation mooted with Kenya and Uganda, is already a member of SADC.

The decision to hold Comesa together must have been a great encouragement for ESABO, which was formed in Mozambique in September 1994 as an umbrella regional organisation for the private sector in the region. It is mandated to formulate and represent the collective views of the business community to political organs and donor institutions. Since its inception, however, the organisation has suffered from lack of funding, a bottleneck that is expected to be resolved once ESABO takes over business-oriented functions presently run by Comesa and SADC, such as exhibitions.

Last week's Nairobi conference was a followup to another held in Zimbabwe last February, which established the need for bilateral and multilateral dialogue within the business sector, consistent followup, formation of joint working parties, and mobility of labour in the region. ■



**An Industry In Kenya:** There is need for dialogue within the region's business sector

## BUSINESS AND FINANCE

# Show to feature regional states

By MUTAHI MUREITHI

The annual New Kenya Trades exhibition, organised by the Kenya National Chamber of Commerce and Industry, will take place in September, the chairman, Mr Mr Kassim Owango, announced yesterday.

However, for the first time members of the Eastern and Southern Africa Business Organisations (ESABO) will be invited to exhibit goods from their respective countries.

Addressing a Press Conference at the chamber's Ufanisi House office, Mr Owango said the show will be held between September 2-7.

He said a floor plan for 144 stalls at the Kenyatta International Conference Centre (KICC) had been drawn.

The allocation, he said would be on first come first served basis.

The theme for this year's show is "Trade without barriers."

Mr Owango said the theme was in line with ESABO's philosophy.

The chamber chairman said his organisation was making a deliberate effort to expand markets in the regional countries that remain the leading export markets for Kenyan products.

He added that through regional integration Kenyan companies were also expected to procure goods from neighbouring countries.

Mr Owango regretted that regional trade had not been fully exploited in the past.

According to the figures released by the chamber, 11 local companies have confirmed their participation. Companies from Eritrea have also indicated that they will send a delegation following a recent visit by

officials of the country's chamber.

The local companies that have confirmed participation are Bobmil, Unga limited, Kenya Bureau of Standards, Kenya Wine Agencies Ltd and Impala glass industries.

Others are Kenya Reclaimed Rubber Industries, Swan Industries, Golden Biscuits, Mount Kenya Textiles, Jambo Biscuits and Kenafric Diaries.

Mr Owango said Kenafric Diaries had donated Sh100,000 to assist the chamber in the preparation for the annual event.

Trade fairs have become popular with companies and small businesses due to the high sales generated during the shows.

They also provide an opportunity for members of the public to buy goods at bargain prices.

Other trade fairs to be held soon include the first regional trade fair since the revival of East African Co-operation — the East African Trade Exhibition (EATEX 96) — which will be held from June 16.

About 132 manufacturers and service industries from Kenya, Uganda and Tanzania are expected to take part.

The organisers have rented a 5,000 square feet godown at the Nairobi Industrial Area for storing the exhibition material.

In July, a "Made in Pakistan" fair will be held in Nairobi and it is expected to have a wide range of manufactured goods and services on display from Pakistan.

In August, the chamber in collaboration with the Confederation of Indian Industry will hold an exhibition of Indian products.

The 70 members of the Indian organisation have a total capital in-



The chairman of the Kenya National Chamber of Commerce and Industry, Mr Kassim Owango (left), briefs the Press on the New Kenya Trades Exhibition as Mrs K. Dar listens. (Picture by REBECCA NDUKU)

vestment of \$35 billion.

In March, 15 companies from Kenya went on a trade mission to Ethiopia and returned with orders worth Sh164 million.

The Secretary General of the East African Co-operation secretariat, Mr F. Muthaura, recently stressed the importance of regional trade and urged member countries to exploit it before venturing into the international markets.

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**LIST OF ELECTRONIC MEDIA COVERAGE**

- 1 BBC
- 2 KTN
- 3 KBC
- 4 VP Press Unit
- 5 TM Productions
- 6 Radio 1

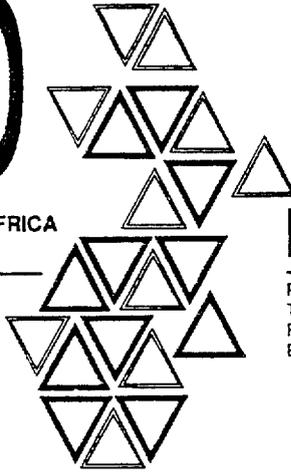
**APPENDIX 9**

**Press kit for press conference of May 8, 1996**

# ESABO

EASTERN AND SOUTHERN AFRICA  
BUSINESS ORGANISATION

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SOUTH AFRICA



**BUSINESS WITHOUT BOUNDARIES**

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## Eastern and Southern Africa Business Organisation

### ESABO

Esabo was established in September 1994 as the umbrella regional organisation for the private sector in Eastern and Southern Africa.

The main aim of forming ESABO was to establish an organisation that will formulate and represent the collective views of the business community to the political organs of the region and other relevant institutions. This African initiated and African led organisation aims to provide a vehicle for the private sectors in the region to network with each other particularly in the areas of trade and investment. In addition, it's aim is to provide a forum for debate with national and regional public sector policy makers on issues affecting the private sector and the economies of the region.

ESABO's area of interest covers the member states of COMESA and SADC. This area has a population of over 350 million and a Gross Domestic Product in excess of US\$300 billion.

The affairs of ESABO are controlled by an Executive Council, headed by a President, five vice presidents, a Chief Executive and other office bearers.

ESABO is different in structure from it's predecessors in that it is not formally linked to any particular regional organisation. In this manner it avoids the possibility of excluding participants from any country in the region.

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President; Mr C J Saunders (South Africa), Chief Executive: Rem O. Ogana (Northern Region)  
Vice Presidents: Mrs J Blanchfield (Zimbabwe), Mr L Coombes (Mauritius), Mr R A Mengi (Tanzania)  
Mrs C Mwanamwanmbwa (Zambia), Mr G K Owango (Kenya)

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ESABO feels that the trade and industry associations, like the Chambers of Commerce & Industry in these regions, will play a leading role in shaping the direction of our trade so as to take advantage of the markets that are emerging from liberalised trade.

Consequently, these private sector associations must also take the lead in informing their members of these emerging opportunities in the region.

#### ESABO REGIONAL INTEGRATION TRADE CONFERENCE

The Kenya National Chamber of Commerce and Industry in conjunction with the Eastern and Southern Africa Business Organisation (ESABO), has organised a two-day intensive conference for all the 24 member Chambers Of Commerce and Industry from the COMESA and SADC regions, on trade integration at the Kenyatta International Conference Centre from Tuesday, 14th May to Wednesday, 15th May 1996.

The vision for this conference stems from the realization that for African economic development to succeed, it must increase regional Co-operation within the continent and that if economic development is private sector driven, then there is even more need for regional business integration.

all

The main aim of the conference will be to devise the strategy to effectively utilise the trade and investment opportunities that abound within our region and to highlight the prospects for enhanced trade as a result of the recent economic steps taken by the Governments of the COMESA / SADC region to liberalise their trade regimes.

This intensive two-day workshop is intended to provide the private sector leaders of commerce and industry in the COMESA /SADC region with an early opportunity of discussing and finding solutions to improving intra-Africa trade.

**ABOUT THE CONFERENCE:**

The organising committee has identified seven (7) lead issues around which the conference discussions will revolve:

- \* Regional Trade Policy on Integration
- \* Trade Information Services
- \* Banking and Finance
- \* Communications and infrastructure
- \* Food Security
- \* Regional Co-operation : SADC and COMESA Experience.
- \* Small Scale Enterprises

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**THE PARTICIPANTS :**

The Kenya National Chamber of Commerce & Industry has invited the leaders of the Chambers of Commerce from the COMESA / SADC region.

Top officials of the 23 chambers from the SADC / COMESA region will be attending. Joining in discussion will be representatives from Regional and multilateral bodies.

The Kenyan delegation will consist of representatives from all the districts Chambers of Commerce, top executives of parastatals and relevant Government bodies as well as the private sector members of the Kenya National Chamber of Commerce and Industry.

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ESABO REGIONAL INTEGRATION CONFERENCE, 14th-15th May 1996

PROGRAMME

**1. Monday 13th May**

Arrival of delegates. Check in to Conference hotel - Nairobi Safari Club

**2. Tuesday 14th May - Kenyatta International Conference Centre**

- |               |  |
|---------------|--|
| 8.00 - 9.30   | Registration<br>Briefing   |
| 9.30          | Statement by G. Kassim Owango, MBS.<br>National Chairman and Vice-President of ESABO |
| 9.40          | Welcome by Mr C.J. Saunders, President of ESABO                                      |
| 9.45          | Statement by the US Ambassador   |
| 10.00         | Honourable Minister for Commerce and Industry<br>Welcomes the Chief Guest            |
| 10.15         | Official Opening by the Chief Guest  |
|               | <i>10.30 COFFEE - TEA</i>  |
| 11.00         | Paper One: REGIONAL INTEGRATION POLICY   |
| 11.45         | Paper Two: TRADE INFORMATION SERVICES  |
| 12.30         | Questions and Answers  |
|               | <i>13.00 LUNCH</i>   |
| 14.30         | Paper Three: BANKING AND FINANCE   |
| 15.00         | Paper Four: COMMUNICATIONS AND<br>INFRASTRUCTURE                                     |
| 15.30         | Paper Five: FOOD SECURITY  |
|               | <i>16.00 TEA - COFFEE</i>  |
| 16.30         | Paper Six: SADC AND COMESA EXPERIENCE  |
| 17.00         | Paper Seven: SMALL SCALE ENTERPRISES   |
| 18.30 - 20.30 | COCKTAIL PARTY (Venue: Nairobi Safari Club)  |

### 3. Wednesday 15th May

9.00 - 13.00

Group Discussions

a) Group One: Regional Trade Policy

b) Group Two: Trade Information Services

c) Group Three: Banking and Finance

d) Group Four: Communications and Infrastructure

e) Group Five: Food Security

*13.00 LUNCH*

14.00

Group Report to Plenary

*16.00 COFFEE - TEA*

16.30

Recommendations and Closure

18.00

Karibu Reception hosted by the Kenya National Chamber of Commerce and Industry

REGIONAL ECONOMIC INTEGRATION CONFERENCE AT ELEPHANT HILLS HOTEL,  
VICTORIA FALLS, ZIMBAUWE : 14 - 16 FEBRUARY 1996

(By Dr T G Mushambi)

A. INTRODUCTION

There is a need for business persons to deliberate, agree and enforce regional economic integration through their business practices and influencing governments, labour organisations and investors. Individualism and acclaims or disclaimers of super state under dog status will only result in difficult and wasteful counter measures that will play havoc with business activities. Discussions or opinions about excluding a state of the region or making another state the hub of the regional economic integration process in East and Southern Africa will not work. In taking this view therefore, this conference decided to follow a collaborative path and concentrate on mutually beneficial action-oriented issues as will be recorded in this summary.

This conference is for business persons who are naturally economical on time. This summary captures discussions and specific issues that could be followed up.

B. OBJECTIVE OF THE CONFERENCE

For the business community of this East and Southern African region to examine ways of developing an environment of economic intergration through a set of action programmes in trade and sectoral co-operation.

C. THE ISSUES EMERGING;

1. Political, collective and personal commitment and practice of transparency by the national governments and people of this region is the cornerstone for successful development and implementation of regional economic integration. The business community meeting here are committed to this integration and have indeed achieved some measure of it. However, at both bi-and multi-lateral levels this still falls short despite the confirmed desire to associate profitably in cross-border activities. Some of the actions that could be undertaken were discussed.

- ACTION:
- a. Bi-lateral and multi-lateral dialogue between business communities will be carried out.
  - b. Deliberations of this conference will be distributed to governments, media and business communities of this region.

- c. Consolidation of a framework for communication and information sharing among all business people of the region through ESABO.
- d. Continued declarations of commitment and ownership of the regional economic integration by government ministries of commerce and finance, central banks, employers and labour unions. Such commitment has already been given at the conference by the Zimbabwe Government.

**ACTION** After receiving copies of the deliberations of this conference, recipients should consistently follow-up, make commitment statements and include this exercise in their annual operating plans.

- 2. Considering its dollar market size the Southern African region needs to be sensitive and enter the globalised world markets collectively as a region, not as individual nations. This could take the form of regional utilisation of new technologies for development, joint marketing exhibitions and investment activities. Asia and the Far East are looking to invest in Africa and need information.

**ACTION** Development or formation of joint working parties or frameworks with effective secretariats.

- 3. The more developed countries of the region should boldly and loudly view the rest of the members as harmonic partners for development and augmentation of the domestic regional market.

**ACTION** A programme for such integrative developments can be drawn up by both the business community and national governments utilising specialist services in the region.

- 4. On the issue of tariffs and trade, regional integration is possible and the mechanics can be worked out by all players including WTO, SACU, SADC and COMESA.

**ACTION** Discussions have to be held multi and bi-laterally between SADC/COMESA and the individual members on the one hand and South Africa on the other about a broader customs union.

For Review

What are the implications, consequences or impact of a tariffs warfare between South Africa and her potential integration partners? Retrogression will occur and it will be harmful to business and economies of the region including that of South Africa.

**BEST AVAILABLE DOCUMENT**

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5. As a concurrent option sectoral co-operation, as in transport and telecommunications, can be pursued with more vigour. Achievements in SADC must be maintained and a strategy for their extensions to the northern states of Kenya, Uganda, and Zaire can be made from an infrastructure and operations point of view and the business community agrees to play a crucial role in this exercise.

**ACTION** Business community, governments and regional groupings

6. The financial sector of the region must adjust to support regional intergration. The countries of the region must adopt a coordinated approach to increasing the number and variety of financial institutions and instruments to assist this process. It is recommended that a Regional Financial Services Centre be set up for the facilitation of cross border investment and trade. The centre would provide a wide range of services and must operate with autonomy under specific guidelines.

**ACTION** The region's central banks should get together to deliberate and decide the form that the proposed financial services centre should take through current communication arrangements and advise ESABO, governments within six months from the date of this meeting.

7. Regional Information Enhancement.

It is recommended that there be installation of a centralised data base service coupled with online conferencing and bulletin boards to enable business operators to "talk" to one another and to be aware of business and investment opportunities, labour and human resources potentials in the region.

**ACTION** We should establish a task force to look into the problems of connectivity among the various countries and to come up with an implementation plan phased over a time period which will be in line with infrastructure development programmes. This will include use of systems like "E" mail and "Internet" Mr Nithoo is tasked to head this process and report on progress.

It is further resolved to ask governments and telecommunications authorities to reduce impediments including deregulation and lower barriers towards free and enhanced flow of information within the region at costs affordable to business persons.

8. Regional Labour Issues

The conference took note of current improvements being undertaken by governments at national and regional levels and that there is need to enhance these in the following areas:

- a. Labour mobility and immigration formalities for cross border utilisation.
  - b. Continuous development and utilisation of regional expertise and human resources.
  - c. Increase and formalise the participation of labour organisations at both national and regional levels under tripartite arrangements.
9. While the business community support and promote the activities of SADC and COMESA they still uphold the view of a larger regional market grouping and resolve to encourage the organisations to increase collaboration and operate within their partnership Establishment agreements and observe complementarity and mutuality of purpose.

Draft summary on issues emerging from the conference.

16 February 1996.

ESABO MEMBERSHIP APPLICATION

NAME OF APPLICANT ORGANISATION
PHYSICAL ADDRESS
POSTAL ADDRESS
TEL. NO. (QUOTE CODES)
FAX NUMBER (QUOTE CODES)
TELEX NO.
TYPE OF BUSINESS
MEMBERSHIP CATEGORY SOUGHT
NAME OF NATIONAL BUSINESS ASSOCIATION OF WHICH YOU ARE A MEMBER
NAME OF APPLICANT
JOB TITLE OF APPLICANT
SIGNATURE OF APPLICANT

ENTRANCE FEES & SUBSCRIPTIONS	
ENTRANCE FEE ENCLOSED	US \$
ANNUAL SUBSCRIPTIONS ENCLOSED	US \$
TOTAL	US \$

	Entrance fee	Annual subscriptions	Total
NATIONAL MEMBERS	US\$100	US\$250	US\$350
ALL OTHER MEMBERS	US\$100	US\$500	US\$600

<b>PAYMENT</b>
To be made to: Eastern and Southern Africa Business Organisation
Please fax completed application form to ESABO on Fax no. 27-11-726-1344 and indicate how payment is being made. Post original express mail to ESABO, Box 91267, Auckland Park 2006, Republic of South Africa.
Payment details: bank draft/credit card (state): .....
If by credit card: .....
card type .....
card number .....
expiry date .....
own bank account: .....
Bank .....
Branch .....



Mr Chris Saunoeis  
ESABO President  
Tongaati-Huleti Group Limited  
Box: 3 Tongaat 4400  
South Africa



Mrs Catherine Mwanamwanmbwa  
ESABO Vice President  
Bimzi Ltd  
Box: 50514 Lusaka  
Zambia



Mr Reginald A Mengi  
ESABO Vice President  
IPP Limited  
Box: 163 Dar es Salaam  
Tanzania



Mr Lloyd R Coombes  
ESABO Vice President  
Mauritius Chemical & Fertilizer  
Industry Ltd  
Box: 344 Port Louis  
Mauritius



Mrs Jonée Blanchfield  
ESABO Vice President  
Truwatts Ltd  
Box: 2898 Harare  
Zimbabwe



Mr Godfrey Kassim Owango  
ESABO Vice President  
Milligan and Company Ltd  
Box: 44940 Nairobi  
Kenya

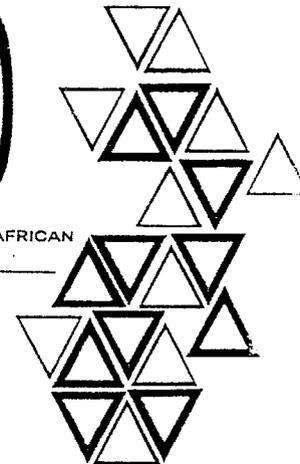
FOR FURTHER INFORMATION  
Mr Ron Hawwood  
South Africa Chamber of Business (SACOB)  
Box 91267 Auckland Park 2006  
Republic of South Africa  
Tel: 27-11-482-2524 Fax: 27-11-726-1344

OR

*Business  
without  
boundaries*

**ESABO**

EASTERN AND SOUTHERN AFRICAN  
BUSINESS ORGANISATION



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## What?

The Eastern and Southern African Business Organisation (ESABO) was formed in 1994 to represent the regional business community, particularly on matters of regional co-operation and integration. ESABO provides you with a voice and champions your business interests.

As the next millennium approaches, the new economic order in the world demands that organised business takes what action is necessary to promote and protect the concept of free markets and unhindered free enterprise. This is a primary function of ESABO and one of its guiding philosophies. It is important, too, for ESABO to monitor developments and problems and to facilitate action and reaction when necessary.

## Where?

ESABO's area of interest covers the member states of the Common Market for Eastern and Southern Africa (COMESA) and the Southern African Development Community (SADC). This area has a population of over 350 million and a Gross Domestic Product in excess of US\$300 billion.

It is important for the business community in these countries to ensure that your voice is heard not only regionally but also throughout the world, where powerful regional trading blocks are now a reality.

## Who?

ESABO's affairs are controlled by an Executive Council, headed by a President, five Vice-Presidents, a Chief Executive and other office bearers. This Council meets four times a year to review and act on matters of relevance and interest and to direct ESABO activities. ESABO communicates with members through correspondence, a newsletter and an annual assembly, which provides a major opportunity for co-operation, dialogue and interaction on business and social levels. In the initial stages of its existence, ESABO is concentrating on building up membership and establishing contact with decision makers and opinion leaders at all levels, locally and abroad. Membership is open to all national business bodies and commercial undertakings operating in eastern and southern Africa, including organisations in industry, commerce, agriculture, mining, tourism, transport and finance. Membership categories include National, Corporate, Parastatal, Associate, Affiliate and Honorary.

## Why?

To be successful ESABO requires the active support and membership of as wide a cross-section of that community as possible. Join now, to be part of an exciting and rewarding initiative that will spearhead and assist regional transformation and will make your voice heard and understood.

## How?

Please complete the registration application on this document and return it with the relevant payment to ESABO.

## Membership Regulations

Membership is open to national business organisations and individual businesses that are established in any country in the region and are bodies corporate, and approved by the Executive Council. The categories of membership are National, Corporate, Parastatal, Associate, Affiliate, Honorary and Founding member.

National membership is open to duly constituted national business organisations.

Corporate membership is open to individual businesses - being public, private or closed corporations, partnerships, co-operatives or individuals registered within the region to operate a business and who are members in good standing of a national business organisation.

Parastatal membership is open to any body corporate registered within the region with majority ownership held by government. Parastatal members may be granted corporate membership, provided they are commercial in character and have representation from the private sector on their board of directors.

Associate membership is open to organisations that do not qualify as national, corporate or parastatal members, but which have similar objectives and are registered in any of the states in the region.

Affiliate membership is open to organisations with similar objectives but not registered within the region.

Honorary membership may be awarded by the Executive Council to individuals who have rendered exceptional service to ESABO.

Founding membership has been granted to members who paid subscription fees before the inaugural general meeting or at the time of registration for that meeting.

Members undertake that on admission to membership they are bound by the provisions of the ESABO Charter and any rules passed pursuant to the provisions of the Charter that may be in force from time to time.

The application is submitted to the Executive Council which has the power to: (a) admit the applicant to membership, subject to such terms and conditions as it may determine; (b) reject such application assigning a reason therefore. Such rejection may be appealed to the General Council, whose majority decision shall be final.

Any admission to membership shall only become effective when the applicant has paid in full the prescribed subscription fee as determined from time to time by the Executive Council.

A member may resign by giving 30 days written notice, provided that all liabilities accruing to ESABO, including any subscriptions owing in respect of the current financial year of ESABO within which such resignation takes place shall be fully paid; and provided further that a member may at any time, with the consent of the Executive Council, withdraw such resignation.

### Obligations of Membership

In accepting membership of ESABO, each member shall support the objectives of ESABO and shall in particular: (a) abide by the provisions of its Charter; (b) abide by any rules or procedures laid down from time to time by the Executive Council; (c) pay all fees and subscriptions as and when required by the General Council; and (d) endeavour to attend all meetings of ESABO as required.



It is, therefore, proper that . . . leaders in government and business should gather . . . with business leaders from across the world in order to jointly address the question of how to turn our political advances into sustainable economic revival.

President Nelson Mandela  
South Africa

I have said before that foreign investors will always wait and see if the domestic investors demonstrate confidence in their own country. I have said before that the longest journey starts with the first step. That step has been made. It is now the responsibility of the nation to consolidate these opportunities for the benefit of creating employment to our people.

President Bakili Muluzi  
Malawi

Governments are now facilitators and not regulators. They look to the business community to unite to make it happen.

Dr Koire Mbuende  
Executive Secretary, SADC

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**APPENDIX 10**

**Welcome letter from Nairobi Safari Club to ESABO Participants**



KENYA'S ONLY ALL-SUITE HOTEL  
AT THE COST OF A NORMAL HOTEL ROOM

Dear ESABO Delegate,

**KARIBU !!!**

*Welcome to Kenya!!!*

I am sure you will enjoy your stay with us.

Kindly see the ESABO Representative at the desk at the lobby on Sunday or Monday where you may pre-register for the conference.

May we please remind you that ESABO will be responsible for the payment of Bed & Buffet Breakfast for the nights of Monday 13th, Tuesday 14th and Wednesday 15th May only.

You will be responsible for the payment of any incidentals; that is laundry, dinners, beverages, minibar, telephone calls, Health Centre etc.

Please check your bill well before your time of departure to ensure that everything is in order.

Full Buffet Breakfast is available each morning in the Brasserie from 6.00am. On Monday and Tuesday evening a special African Buffet will be served in the Brasserie at Kshs.800/=. However, present the coupon attached and the charge will be just Kshs.600/=. At the Kirinyaga Restaurant, a table d'hote menu will be available for Kshs.650/=. For light snacks, we recommend the Safari Terrace.

The transport will depart from the Club to Kenyatta International Conference Centre from 7.45am to 8.30am on both Tuesday + Wednesday.

Be sure to visit the Health Centre located on the 2nd floor; for relaxing, massage, a warm evening swim or just a steam bath or sauna.

Should you require any further assistance, please do not hesitate to contact the Duty Manager via the Reception Desk or the telephone operator.

Yours sincerely

**NIGEL STANLEY**  
**GENERAL MANAGER**

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**APPENDIX 11**

**Copy of meal vouchers**

**ESABO Conference**

**15th May 1996**

**Delegates Lunch Voucher**

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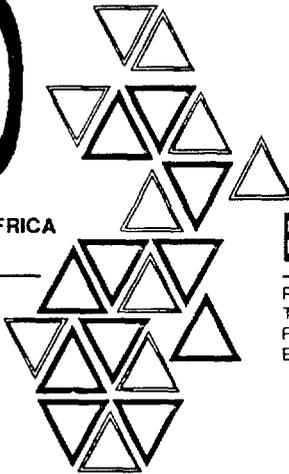
**APPENDIX 12**

**ESABO conference letter**

# ESABO

EASTERN AND SOUTHERN AFRICA  
BUSINESS ORGANISATION

TEL: 011-482-2524  
FAX: 011-726-1344  
SOUTH AFRICA



**BUSINESS WITHOUT BOUNDARIES**

P.O. BOX 47024 NAIROBI, KENYA  
TEL: 254-2-220866/7, 334413  
FAX: 254-2-340664  
E-Mail: kncci @ arcc. permanent.org.

OUR REF: ADM/18

DATE : 13 May, 1996

ALL DELEGATES ESABO CONFERENCE, NAIROBI.

Dear Colleagues,

I am pleased that you were able to find time to be with us in Nairobi, and on behalf of the Organising Committee, and on my own behalf, I wish to warmly welcome you to the Conference.

Appended below are a few housekeeping issues that merit your attention.

1. CONFERENCE VENUE

The Conference will take place at the Kenyatta International Conference Centre, Harambee Avenue, Nairobi. The Plenary Sessions will be held in the Amphi Theatre of the Centre while Committee Meetings have been arranged in Committee Rooms 2, 3, 5, 6 and 8. You will be guided by Conference Personnel to the Plenary Hall and to the Committee Rooms.

2. OFFICIAL OPENING CEREMONY

All Delegates are requested to be seated in the Plenary Hall on Tuesday, 14 May, 1996 by 8.45 a.m. For this purpose conference transport, will be leaving your Hotel as from 7.30 a.m. The last bus will depart at 8.00 a.m. Please be punctual.

...../2

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3. LUNCHES, TEA AND COFFEE

These will be served only to accredited delegates at the Kenyatta International Conference Centre. To facilitate this, and to control unauthorised persons benefitting from this facility, you will find in your Conference Folder an entry voucher. Please hand this over to the Caterers when going for lunch. You will only require your Delegates Badge for the tea and coffee refreshments.

4. RECEPTIONS

The ESABO President, Mr. Chris Saunders invites all the Delegates to a Cocktail Party at the Nairobi Safari Club on Tuesday evening. An official invitation card is in your Conference document.

Similarly I am delighted, on behalf of the Kenya National Chamber of Commerce and Industry, to invite you to KARIBU (Welcome) Kenya Dinner at the Carnivore Restaurant on Wednesday, 15 May, 1996. Your official invitation card is in your Conference Folder.

For Delegates residing at the Nairobi Safari Club, transport to the Carnivore will depart at 18.30 hours.

5. ESABO SECRETARIAT

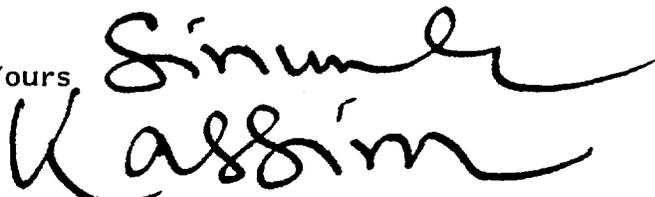
There is a Standing Secretariat posted at the Kenyatta International Conference Centre for the full duration of the Conference. Delegates requiring Secretarial assistance are advised to contact the Secretariat.

6. MEDICAL SERVICES

There will be medical personnel available to attend to the Delegates at the Conference venue. However should any delegates require the services of a Doctor, the Secretariat would be pleased to make the necessary arrangements.

7. Parking Facilities have been arranged and a parking sticker is in your Conference folder. Entrance to the conference will be from the City Hall Entrance.

Yours



G. KASSIM OWANGO, MBS:  
VICE PRESIDENT OF ESABO  
AND NATIONAL CHAIRMAN - KNCCI

**APPENDIX 13**

**Registration form**

# ESABO

## REGIONAL TRADE INTEGRATION CONFERENCE

### REGISTRATION FORM

#### Personal Information

Mr  Mrs  Ms  Dr  Prof.  Ambassador

Family name :.....First name:.....

Contact in your home country: Tel. Fax. E-mail  
Other:

#### Delegate category:

International Chamber(country).....

Kenyan Chamber (name of Chamber).....

International Organisation.....

Diplomatic Corps.....

ESABO Council.....

Private sector company.....

Kenya Government Representative.....

Parastatal.....

#### Language(s) spoken

English

French

Kiswahili

Portuguese

#### Transport

Do you require parking facilities at KICC on 14th and 15th May Yes  No

#### Group Discussions (15th May)

Please indicate below the topic that is of most interest to you.

Regional Trade Policy

Trade Information Services

Communications and Infrastructure

Food Security

Banking and Finance

**APPENDIX 14**

**Program**

ESABO REGIONAL INTEGRATION CONFERENCE, 14 - 15 MAY, 1996

P R O G R A M M E

1. MONDAY, 13 MAY, 1996

Arrival of Delegates. Check in to Conference Hotel - Nairobi Safari Club

2. TUESDAY, 14 MAY, 1996 : KENYATTA INTERNATIONAL CONFERENCE CENTRE

8. 00 - 9.30            Registration and Briefing
- 9.30                    Statement by Mr. G. Kassim Owango, MBS.  
National Chairman and Vice President of ESABO.
- 9.40                    Welcome by Mr. C.J. Saunders, President of ESABO
- 9.45                    Statement by the US Ambassador
- 10.00                  Honourable Minister for Commerce and Industry  
Welcomes the Chief Guest
- 10.15                  Official Opening by the Chief Guest
- 10.45 - COFFEE/TEA
- 11.00                  Paper One: REGIONAL INTEGRATION POLICY  
Presenter : Mr. Kingsley Amaoko, Executive Secretary,  
Economic Commission for Africa
- 11.45                  Paper Two : TRADE INFORMATION SERVICES  
Presenter : Mr.J.C. Montocchio, President, Mauritius  
Chamber of Commerce and Industry.
- 13.00 - LUNCH
- 14.30                  Paper Three : BANKING AND FINANCE  
Presenter: Mr. Martin Ogang, President, PTA Bank
- 15.00                  Paper Four : COMMUNICATIONS AND INFRASTRUCTURE  
Presenter : Cllr. Danny Meyer, President, Zimbabwe  
Chamber of Commerce.
- 15.30                  Paper Five : FOOD SECURITY  
Presenter : Dr. Tkeste Ghebray, Executive Secretary, IGAD
- 16.30                  Paper Six : SADC AND COMESA EXPERIENCE  
Presenter : Dr. Bingu Wa Mutharika, Secretary General,  
COMESA.
- 17.00                  SMALL SCALE ENTERPRISES  
Presenter: Mr. Michael Henriques, Head, Small Scale  
Enterprise Division, ILO, Geneva.
- 18.30 - 20.30        COCKTAIL PARTY ( Venue: Nairobi Safari Club).

**3. Wednesday 15th May**

9.00 - 13.00      Group Discussions

- a) Group One: Regional Trade Policy
- b) Group Two: Trade Information Services
- c) Group Three: Banking and Finance
- d) Group Four: Communications and Infrastructure
- e) Group Five: Food Security

*13.00 LUNCH*

14.00              Group Report to Plenary

*16.00 COFFEE - TEA*

16.30              Recommendations and Closure

18.00              Karibu Reception hosted by the Kenya National Chamber  
of Commerce and Industry (Venue: Carnivore)

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**APPENDIX 15**

**Speeches and papers**

**STATEMENT BY MR G KASSIM OWANGO, MBS, VICE PRESIDENT, EASTERN AND SOUTHERN AFRICA BUSINESS ORGANIZATION (ESABO), NATIONAL CHAIRMAN OF THE KENYA NATIONAL CHAMBER OF COMMERCE AND INDUSTRY (KNCCI) AND HOST DURING THE OFFICIAL OPENING OF THE ESABO REGIONAL INTEGRATION CONFERENCE AT KENYATTA INTERNATIONAL CONFERENCE CENTRE, NAIROBI, KENYA  
14TH AND 15TH MAY 1996**

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Your Excellency, Vice President and Minister for National Planning and Development  
Hon. Prof. George Saitoti; EGH, MP;

Mr Chris Saunders, the President of ESABO;

The Minister of Commerce and Industry, Hon K M'Mukindia, EGH, MP;

Your Excellency the United States Ambassador to Kenya Ms Aurelia Brazeal

Honourable Ministers;

Delegates;

Guests;

Ladies and Gentlemen.

It gives me great pleasure to welcome you all to this first fully fledged ESABO Conference. From the inaugural meeting in August 1994, in Maputo, Mozambique, today's conference stands as a hallmark of our cherished desire to breath a new spirit of life into ESABO's major objective, namely, "to represent the organized voice of regional business on matters of regional cooperation and integration.

The Kenya National Chamber of Commerce and Industry is proud to be associated with the hosting of this well attended conference.

Most of the COMESA countries are represented here today in addition to the international organisations; members of SADC and the EA Cooperation.

The seven (7) lead issues which will be covered in this conference include matters which are of greatest importance to our region.

The hosting of this conference has been made possible by the kind assistance of the United States Agency for International Development (USAID). I wish to pay special tribute to USAID for this sponsorship.

I am sure you will all be pleased to hear that the USAID funded the first consultative meeting at which ESABO task force was formed in Harare, Zimbabwe in August, 1993.

I am hopeful that the conclusions and the recommendations of this conference will be followed upto practical conclusion by the various bodies represented here.

It is my humble duty to report to Your Excellency that later this year as part of our continuing efforts to involve this sub-region in issues of business promotion and expansion, the KNCCI will be hosting in Nairobi the G77 steering committee on trade and development which involves 132 countries.

With these few remarks, I would like to once again thank you all for accepting our invitation and hope that you will take time off after the conference and join us in the reception.

Ladies and Gentlemen;

May I now call upon Mr Chris Saunders, ESABO President, to welcome you to this conference.

May God Bless You.

**WELCOME ADDRESS - ESABO REGIONAL INTEGRATION CONFERENCE -  
NAIROBI 14 - 15 MAY 1996**

**CHRIS SAUNDERS PRESIDENT - EASTERN AND SOUTHERN AFRICA BUSINESS  
ORGANIZATION (ESABO)**

It is with great pleasure that I welcome you to the ESABO Regional Integration Conference. I am delighted at this early stage of the proceedings to have the opportunity to say thank you to the Kenyan National Chamber of Commerce and Industry for having taken the initiative to arrange this very important event. My English Master at school used to say that one should never use the word "very" except on very rare occasions - today is without question a VERY VERY special for various reasons.

First, the initiative of Kassim Owango and his team - without their enthusiasm we would not be gathered here today.

Secondly, it is essential that I should say thank you to USAID for their generous financial support - without their help many of us could and would not be present. There is a Malayan proverb which says - "one can pay back a loan of gold, but one dies forever in debt to those who are kind and generous". Friends, there is no question, ESABO is in debt to the USAID organization.

Third, and by no means least in importance, I wish to record how honored we all feel at the presence of the United States Ambassador. Her attendance is indicative of the desire by the United States to create a greater interaction between her country and Africa - the foundations which were laid by Mr Ron Brown - the late US Secretary for Trade. Today we remember and recognize him for his efforts to bring Africa into the global community, and to place greater emphasis on Africa and the US trade policies.

Friends those of us who are Africans and who belong to the developing world must appreciate we are an African world which moves faster every year, but which on account of ever increasing communication, we in Africa become more and more part of the scenario of globalization of the developed world which surrounds Africa - none of us can guarantee the future. As we approach the new century I believe it is wise to what Sir Winston Churchill so aptly said "history unfolds by strange and unpredictable paths. We have little control over the future and more at all over the past". Those outside Africa look and shake their heads, and in the changing circumstances of the developed world conclude that time is not on Africa's side. But, friends, time, so we in Africa say is irrelevant - we can use it, or spit in its eye. But oh! friends as a businessman in Africa I would say to my political counterparts - I would barter "the world of time" for a few of the wasted years and days gone by. The best we can now do is to forget about fears of the future, rather we must as the business community in Africa size up the chances, calculate the risks involved, estimate one's ability to deal with them and then make plans with confidence because the globalization of the developed world encourages this to happen on both a moral and ethical count.

There is no question that the economically successful parts of the world have found it difficult to maintain lasting relationships with Africa. At the same time, it is virtually impossible for them to ignore the trials and tribulations of 680 million inhabitants, including 227 million potentially productive workers. We must recognize the developed world does understand that we are entering the 21st century not leaving the age of feudalism or slavery.

From a business point of view Africa has a collective GNP of approximately US\$450 billion. Placing this figure alongside and into comparison and perspective with the new emerging global economy, it may seem insignificant, but Africa has many competitive advantages as compared to the rest of the developed world - in particular, Europe and America; especially when one studies the questions of climate and space. But, in spite of the long and arduous road that lies ahead, to harness the wealth and competitive advantages that exist within Eastern and Southern Africa, it is essential for practical leaders to accept and understand the proposition that either Eastern and Southern

Africa will be swallowed by its far Eastern and Southern counterparts as the struggle for a developed, globalized world emerges in the 21st century, or it will survive as a major and important economic block and trading entity.

You may be surprised this statement but let me advance, on one reason as to why change will be fast and furious in the next three or four decades - it is estimated that China's GNP will by the year 2020 exceed that of Europe and America combined - that is if it continues to grow at the same rate as it has during the last decade. The poverty cycle in Africa can only be broken and the hope for peace and prosperity can only materialize if there is greater cooperation between the colonial empire of the past than there has been during the past forty years as Africa has come to gain its independence and territorial imperative. In our region of Eastern and Southern Africa a question which should be uppermost in our minds is what the role of business should be in the process of re-establishment and strengthening of economic and trade links. There is no doubt in my mind that political solutions will not feed hungry people or create employment nor provide the peace by which the quality of life is such an important adjunct.

To be positive, what is needed for prosperity within the Eastern and Southern Region of Africa's is for the closest cooperation and collaboration between business and government. The emphasis to enhance economic growth and development must be upon the private sector - it must be the private sector which becomes the main vehicle of job and wealth creation. Our respective governments must be convinced by us - the business communities of Eastern and Southern Africa - that without our support in whatever they attempt to do in the field of economies and trade - failure will be unavoidable.

This underlines the need for the existence of strong employer bodies which should be the vehicles through which the private sector interests are protected to the benefit of our respective countries and communities. I am happy to record that there are signs that there is a realization in the minds of government that there is a need to establish communication and consultation with business - a shining example is the recent meeting of the SADC Council of Ministers in South Africa where businessmen asked to participate in the deliberations. More important business was included in the recently concluded UNCTAD Conference in South Africa when a parallel event was arranged to connect African businesspeople - the success of the experiment will result in business input becoming a feature in UNCTAD's future programs. As an omen for success of our conference here - the last time UNCTAD met on African soil was in 1974 and it was here in Nairobi - if we are honest with ourselves - Africa has not been too successful politically, socially or economically during the past 22 years - I hope our meeting will have some influence and input and spur business on towards the creation of a dynamic and prosperous economic entity within Eastern and Southern Africa. It now gives me much pleasure to ask the US Ambassador to address us.

SPEECH BY  
U.S. AMBASSADOR AURELIA E. BRAZEAL  
TO  
EAST AND SOUTHERN AFRICA BUSINESS ORGANIZATION  
REGIONAL INTEGRATION CONFERENCE  
KENYATTA INTERNATIONAL CONFERENCE CENTER  
9:45 A.M., TUESDAY, MAY 14, 1996  
NAIROBI, KENYA

YOUR EXCELLENCY PRESIDENT MOI  
MINISTERS  
ESABO DIRECTORS  
CHAMBER OF COMMERCE AND MANUFACTURING ASSOCIATION EXECUTIVES  
BUSINESS LEADERS  
LADIES AND GENTLEMEN

THANK YOU FOR INVITING ME TO MAKE BRIEF REMARKS AT THE OPENING OF THIS FORUM REPRESENTING THE PRIVATE SECTOR OF EAST AND SOUTHERN AFRICA. IT IS THE FIRST ESABO CONFERENCE TO BE HELD IN EAST AFRICA. I CONGRATULATE THE KENYA NATIONAL CHAMBER OF COMMERCE AND INDUSTRY AND ITS CHAIRMAN -- MR. KASSIM OWANGO -- FOR THE OUTSTANDING JOB IN HOSTING THIS HISTORIC MEETING. I AM TOLD THERE ARE OVER 300 ATTENDEES, MANY MORE THAN ORIGINALLY CONTEMPLATED. TO SEE MEMBERS OF THE BUSINESS COMMUNITY FROM TWO DOZEN AFRICAN NATIONS PRESENT UNDERSCORES THE VITALITY OF THE ESABO MOTTO -- "BUSINESS WITHOUT BOUNDARIES."

WHY IS THE UNITED STATES SUPPORTIVE OF THIS CONFERENCE, THE PRIVATE SECTOR AND THE THEME OF TRADE? WE SEE THIS MEETING AND THE SUBSTANTIVE FOLLOW-UP TO BE PART OF THE LEGACY OF THE LATE U.S. SECRETARY OF COMMERCE RON BROWN'S VISIT TO KENYA AND OTHER NATIONS IN AFRICA. WE SEE SECRETARY BROWN'S LEGACY AS THE PROMOTION OF TRADE AND INVESTMENT IN AFRICA -- FROM THE UNITED STATES BUT ALSO FROM OTHER NATIONS. HE UNDERSTOOD THAT IT IS THE AFRICAN PRIVATE SECTOR WHICH WILL CREATE THE JOBS, BRING TECHNOLOGY, AND PROMPT THE TRADE NECESSARY TO BRING MORE GROWTH TO THE ECONOMIES AND PEOPLES ON THE CONTINENT.

SECRETARY BROWN SAW, AND THE GOVERNMENT OF THE UNITED STATES SEES, INCREASED TRADE AS IN OUR BEST INTEREST AS WELL. IT WILL EXPAND ALL OUR INCOMES, LOWER TRANSPORTATION COSTS, PROVIDE MORE CONSUMER CHOICE AND, ULTIMATELY, HELP FREE AFRICAN NATIONS OF AID DEPENDENCY. A WEALTHIER EAST AND SOUTHERN AFRICA WILL BECOME A BETTER MARKET FOR AMERICAN EXPORTERS AND IMPORTERS. ALLOWING THE FREE FLOW OF TRADE BETWEEN AND AMONG THE

COUNTRIES OF THE REGION WILL BESTOW TRUE REWARDS ON AFRICANS THEMSELVES.

IN THE PAST, CONVENTIONAL WISDOM SAID COMMERCE WAS LARGELY DEPENDENT UPON GOVERNMENT. PRIVATE SECTOR POLICIES WERE OFTEN DRAFTED AND IMPLEMENTED WITHOUT MUCH CONCERN FOR THE WELL-BEING OF THE BUSINESS COMMUNITY. STILL TODAY THERE ARE BUREAUCRATS IN GOVERNMENTS AND DONOR COMMUNITIES, WELL INTENTIONED THOUGH THEY MAY BE, WHO FAIL TO APPRECIATE FULLY THAT GOVERNMENTS DO NOT CREATE WEALTH. WE ALL KNOW THE MOST EFFICIENT AND IMMUTABLE SOURCE OF PROSPERITY IN AFRICA -- OR ANYWHERE ELSE -- IS THE PRIVATE SECTOR WITH ITS HUNDREDS OF MILLIONS OF HARDWORKING PEOPLE.

THERE IS, HOWEVER, DIVISION WITHIN AFRICAN COUNTRIES ABOUT WHAT SHOULD CONSTITUTE THE NATIONAL ECONOMIC PRIORITIES. IN EAST AND SOUTHERN AFRICA WE ARE OFTEN TOLD BY YOU -- OUR BUSINESS FRIENDS -- THAT THE ECONOMIC INTERESTS OF A NATIONAL CHAMBER OF COMMERCE DO NOT OFTEN COINCIDE WITH THOSE OF THE SAME NATION'S MANUFACTURING ASSOCIATION.

MANY OF THE NEW CHAMBER OF COMMERCE MEMBERS ARE IMPORTERS WHO HAVE BENEFITTED DIRECTLY FROM LOWER TARIFFS. MEANWHILE, MANY MANUFACTURING FIRMS FOUNDED IN AN ERA OF HIGH TARIFF BARRIERS HAVE NOT BEEN ABLE TO ADJUST TO COMPETITION FROM LOWER-COST IMPORTS.

AS KASSIM OWANGO SAID IN VICTORIA FALLS, AND AS I PARAPHRASE HERE, AFRICAN MANUFACTURERS MAY HAVE BEEN ACCUSTOMED TO THE OLD ORDER WHERE THEY WERE PROTECTED BEHIND HIGH TARIFF WALLS INTENDED TO CUSHION INFANT INDUSTRIES. THESE INWARD-LOOKING INDUSTRIES MUST BECOME MORE EFFICIENT AND LOOK FOR PROFITS FROM NEW OPPORTUNITIES IN THE REGION WHILE REMAINING COMPETITIVE IN THEIR LOCAL MARKETS.

THE OTHER HALF OF THE EQUATION FOR DEVELOPMENT IS THAT AFRICAN GOVERNMENTS MUST FOCUS RELENTLESSLY ON ECONOMIC GROWTH. AFRICA'S LEADERS SHOULD ASK THEMSELVES REPEATEDLY EVERY DAY: WHAT CAN WE DO TO HELP THE ECONOMY GROW FASTER? ONE KEY TO DYNAMIC DEVELOPMENT IS NOT SIMPLE BUT IT IS CLEAR: A GOVERNMENT-PRIVATE SECTOR PARTNERSHIP DEDICATED TO ECONOMIC GROWTH FOR THE ENTIRE COUNTRY.

ANOTHER OF THE ESABO CONFERENCE'S AGENDA TOPICS, FOOD SECURITY, HAS A SPECIAL MEANING FOR ME AND FOR THE UNITED STATES. FOR WITHOUT SECURE ACCESS TO FOOD, HOW CAN WE BREAK THE CYCLE OF DESPAIR THAT EXISTS IN SOME AFRICAN COUNTRIES?

FOOD SECURITY MEANS THAT ALL PEOPLE HAVE SUFFICIENT RESOURCES TO OBTAIN

THE FOOD THEY NEED. FOOD SECURITY CAN BE REACHED BY PRODUCING FOOD OR BY PURCHASING FOOD. FOOD SECURITY DOES NOT MEAN MAXIMIZING FOOD PRODUCTION. RATHER IT MEANS THAT MARKET FORCES HAVE BEEN ALLOWED TO FIND THE BEST ALLOCATION OF FOOD AND INDUSTRIAL PRODUCTION IN AN OPEN ECONOMY.

UNDER AN OPEN-MARKET APPROACH, SOME COUNTRIES IN THIS REGION WILL BE FOOD EXPORTERS AND SOME WILL BE FOOD IMPORTERS. REGARDLESS OF THE DIRECTION OF TRADE, HOWEVER, COUNTRIES EMBRACING OPEN MARKETS AND FREE TRADE WILL BE MUCH MORE SECURE THAN NATIONS THAT TRY TO OBTAIN FOOD SECURITY BEHIND A FACADE OF HIGH TARIFFS AND PRODUCTION CONTROLS.

OVER THE LAST 30 YEARS, WE HAVE LEARNED THAT A FOOD SECURITY POLICY RELYING ON SUPPLY MANAGEMENT, STRATEGIC GRAIN RESERVES, AND TRADE CONTROLS IS A POLICY THAT LEADS TO MANY UNINTENDED PROBLEMS. THESE PROBLEMS INCLUDE REDUCED DOMESTIC PRICES, REDUCED FARMER INTEREST IN EXPANDING PRODUCTION, AND REDUCED INVOLVEMENT BY THE PRIVATE SECTOR. AN AGRICULTURAL POLICY OF TRADE BANS AND CLOSED NATIONAL MARKETS IS NOT A POLICY THAT WILL LEAD TO LONG-TERM FOOD SECURITY.

THE PRIVATE SECTOR OF THIS REGION SHOULD TAKE THE LEAD ROLE IN ENHANCING FOOD SECURITY BY ACTIVELY EMBRACING OPEN MARKETS AND FREE TRADE WITHIN THE REGION. AND, BEGINNING NOW, ESABO CAN PLAY A MEMORABLE ROLE IN THE ECONOMIC GROWTH OF THE REGION BY TACKLING THIS FUNDAMENTAL ISSUE.

IN REMEMBRANCE OF SECRETARY BROWN, I WILL SAY TODAY THAT THE UNITED STATES IS COMMITTED TO A NEW RELATIONSHIP WITH THE AFRICAN PRIVATE SECTOR. THIS IS WHY WE ARE SO IMPRESSED WITH ESABO BECAUSE IT IS AN AFRICAN INITIATIVE, NOT A DONOR-DRIVEN ACTIVITY. ESABO ALSO IS NOT GUIDED OR CONTROLLED BY BUREAUCRATIC INSTITUTIONS THAT HAVE NOTHING TO DO WITH BUSINESS. WE DO NOT SEEK TO LEAD, BUT RATHER TO SUPPORT THE AFRICAN PRIVATE SECTOR AS IT TAKES A LEADERSHIP ROLE IN LIBERALIZING TRADE -- REGIONAL AND GLOBAL.

IN CLOSING, I THINK I SPEAK FOR EVERYONE HERE WHEN I SAY WE ARE NOT WAITING FOR SOMEBODY ELSE TO COME AND SOLVE THE PROBLEMS. WE KNOW THERE IS NOBODY WHO IS GOING TO APPEAR AND SAVE US. WE ARE THE ONES WE HAVE BEEN WAITING FOR.

THANK YOU.

**SPEECH FOR PROF GEORGE SAITOTI, EGH, MP, VICE PRESIDENT AND MINISTER FOR PLANNING AND NATIONAL DEVELOPMENT, DURING THE OFFICIAL OPENING OF THE EASTERN AND SOUTHERN AFRICA BUSINESS ORGANIZATION (ESABO) REGIONAL INTEGRATION CONFERENCE AT THE KENYATTA INTERNATIONAL CONFERENCE CENTRE, TUESDAY MAY 14, 1996**

Your Excellencies

Ladies and Gentlemen

I am pleased to share with you this great occasion when the Eastern and Southern Africa Business Organization (ESABO), is holding its first ever Conference to discuss serious issues that affect the development of trade and industry in our Region. The Conference also comes to Nairobi at a time that the East African Countries of Kenya, Uganda and Tanzania are consolidating their commitment to fully cooperate in all spheres of development, Kenya is therefore proud to host this Conference. I welcome you all to Kenya and hope that you will enjoy your stay in our country and further that you will find time to visit your business colleagues within Nairobi and those in other parts of the country.

I also wish to extend a special welcome to the business delegation from the USA, who have travelled all the way from their country to be here to share with us their experiences and aspirations. The presence of the US Delegation brings to my mind very clear reflections of the recent visit to our country by one of the great sons of America, the late Secretary of Commerce Mr Ronald Brown.

Although the cruel hand of death snatched Secretary Brown from us, before we could have opportunity of assessing with him the impact of his visit to our Region, I am convinced that his ideas will live on and lead to enhanced industrial and commercial cooperation between our Continent and America.

Your Excellency, Ladies and Gentlemen,

I have looked at the list of topics that you have prepared for this Conference and I am pleased to add my voice to the same that the issues you are about to discuss, could not have come at a better time.

Throughout our continent, we are faced with very serious problems which require all of us, both in the public and private sectors, to be fully committed, hands-on, to the development of our people. We are confronted with problems of poverty alleviation as an item of priority in all our countries.

This unfortunate development has led to a situation where some of our people do not have enough to eat and are consequently classified as living below the poverty line. Such persons cannot be productive and hence continue to be a burden on the development resources of the African countries.

The African Governments have, over the years, drawn and implemented several development plans whose main thrust has been the economic empowerment of their populace. These plans have even taken continental approach and borne fruits. Among them is the African Industrialisation Decade (IDDA) whose second phase runs from 1993 to the year 2002.

Despite the successes that have been achieved, the issue of poverty still faces us in all spheres of life. We still have young men and women coming out of educational institutions with very high hopes of obtaining employment and earning gainful livelihood. Because jobs are not readily available, some of these young people turn to criminal activities like the peddling of drugs and thereby place even heavier burdens on the meagre development resources of the African States.

It is therefore important for private sector business organisations, like ESABO, to be fully involved in the projects that address alleviation of poverty. As Governments, we have been involved in the implementation of very demanding economic packages, commonly referred to as the Structural Adjustment Programmes (SAPS). A lot of sacrifices have been made to accommodate the demands of the SAPS. At times it even became necessary to contend with very painful economic and political conditionalities, in an effort to prepare the ground for the successful implementation of the stipulations of the SAPS.

Now that most African countries have liberalised their economies, the onus is now placed on the African businessmen and women, like yourselves, to translate the resultant opportunities into growth centres that will remove poverty from our continent. I want to throw a challenge to you, commerce and industry captains, of our Region, to come up with practical solutions to this big problem.

I am throwing this challenge, Ladies and Gentlemen, well aware of the fact that investors all over the world go into any venture with the prime objective of making profits. I have no quarrel with this and, infact, encourage you to only undertake profitable investments. But it is my hope that as your individual businesses prosper, they will have multiple growth effects in our economies which will lead to the alleviate of poverty.

I also want to take this opportunity to address you over an issue that is beginning to concern us in Kenya, as indeed it does to every other African country. With the liberalization of trade of trade being the novel thing now, there appears to have surfaced with it a core of crooked businessmen who are only interested in flouting existing trade norms for their unscrupulous ends. We have seen cases of dumping of sub-standard goods on the liberalised markets with consequential damage to the young economies of these nations. Worst of all is the emergence of syndicated trafficking of drugs.

Ladies and Gentlemen, the drugs problem, although rather new to the continent, is one of the evils that we have to join hands, both in the public and private sectors to completely eradicate. You all now the devastating effects that drugs have on our populace, especially the youth who are the future leaders of our countries. We cannot, as Governments and business leaders in Africa, allow syndicated or any other form of drugs trade, to take root in our Region. The Kenya Government will work tirelessly, in close collaboration with other similarly concerned Governments to completely eradicate trafficking of drugs from our Region.

Your Excellencies, Ladies and Gentlemen,

ESABO draws its membership from States which are both members of COMESA and SADC. This area has a population of over 350 million and a sizeable GDP of over US\$300 million. These resources, especially the human one which the are has in abundance, awaits your initiative to be translated into gainful business opportunities.

This Conference should at its conclusion, come up with practical recommendations that can assist both the public and private sectors to fully utilize this vast potential. One key area of interest to us is the possible funding for special programmes designed to enhance the capacity of our population to translate the abundant natural resources in the region into goods and services. I have no doubt that if approached, our Governments will support your request for donor funding in this area.

Our further trading effort should focus on using the ESABO platform to encourage increased sourcing from within the region. There is no longer any justification for ESABO businesses to look to the established economies of the North or the Far East for the supply of goods and services that can be sourced from its own member states. It would not help the cause of economic integration if we permitted ourselves to continue selling unprocessed goods to developed economies and importing from them final products.

Before I conclude my remarks this morning, I wish to share with you at this Conference one other matter which is close to my heart.

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Because of the many ravages our continent has had to face from time to time, there is now a large pool of disabled persons who now rely exclusively on charity for their daily livelihood. Some of these people have lost their economic footing because of political factors beyond their control. They all need constant inflow of aid and have become completely hand out dependent.

In this Conference, I want to interest these distinguished participants to the plight of the less fortunate members of our societies. ESABO could, for instance, spearhead the search and the establishment of a revolving fund for concessionary lending to the physically disabled people who wish to venture into trade. If these people are properly catered for in business, they end up being our most important back-linkages in development.

It is now my pleasure to declare this Conference Officially Open.

Thank You.

**A STATEMENT BY AMB. FULGENCE M KAZAURA, DEPUTY EXECUTIVE SECRETARY - EAST AFRICAN COOPERATION (EAC) DURING THE OFFICIAL OPENING OF THE EASTERN AND SOUTHERN AFRICA BUSINESS ORGANIZATION (ESABO) REGIONAL CONFERENCE AT THE KENYATTA INTERNATIONAL CONFERENCE CENTRE, MAY 14, 1996**

The East African Cooperation Secretariat is grateful to have been invited to participate in this important ESABO Regional Integration Conference. I am attending on behalf of the Executive Secretary EAC Amb Francis Muthaura who for reasons beyond control could not attend this conference in person. Fortunately Kazaura is attending on behalf of Muthaura.

The East African Cooperation Secretariat was inaugurated on March 14, 1996 in Arusha, Tanzania by the Presidents of Kenya, Uganda and Tanzania. Today 14 May we have completed exactly two months. The conference is, therefore, our first exposure, as a Secretariat, to the regional integration process in the Eastern and Southern Africa. This exposure is crucial during our formative stage.

From the brilliant statement made during the opening ceremony and the major points stressed in the papers that have been presented by the resource persons, three things come out clearly

- 1 Regional cooperation is not a choice but a necessity (I quote Dr Jana).
- 2 The private sector has to play a key role in the social economic development.
- 3 The Government has a critical role in facilitating the private sector and regional cooperation.

These three factors are key to sustainable social economic development of our countries - our region. The East African Cooperation has been established by putting into consideration these three elements.

The inauguration of the Secretariat was done in a stadium (open air stadium) giving the opportunity to the ordinary people of East Africa to participate in the event or share in the excitement of the day. The Chambers of Commerce and Industry of the three East African states facilitated this participation by ensuring that their members attend the ceremony. A representative of the three Chambers of Commerce and Industry was given the honour to address the inauguration ceremony. The person who performed this function, on behalf of the three Chambers, is none other than Mr Kassim Owango, the National Chairman and Vice President of ESABO - our host.

These developments clearly signal the EAC has to work closely with the people and through the people of East Africa. It is a cooperation of the people of East Africa rather than their Governments as such: although the Governments will be required to put in place appropriate macro-economic policies and ensuring an enabling political environment. On this basis, we should be able to establish a viable and sustainable Cooperation and, thereby, avoid the problems that beset the defunct East African Community.

As all member states of EAC are members of COMESA and Tanzania is also a member of SADC, we have to work very closely with these sister organisations. The objectives of EAC are not in conflict with those of SADC. I am sure Dr Mutharika is in support of this initiative.

Mr Chairman, I would like to thank you for giving me this opportunity to introduce the EAC. We in the EAC Secretariat look forward to working with you.

**REGIONAL INTEGRATION POLICY**

**PRESENTATION BY ECA TO THE ESABO CONFERENCE ON INTEGRATION**

**NAIROBI, 14-15 MAY 1996**

## AFRICA: THE CLASSIC GLASS HALF EMPTY AND HALF FULL

Africa's development is the classic glass half empty and half full. It is a continent both in development crisis and a continent filled with dynamism and potential. The half-empty side is almost too well known. Africa today represents the world's most serious development challenge, with its generally low economic growth, declining personal incomes and declining investment ratios, while population growth rates are the highest in the world. Food production fails to meet current nutritional requirements. Civil strife continues to absorb vital financial resources and political energies in many countries. Key institutions are often weak and private markets imperfect. Government capacity is hampered by poor incentives for civil servants, the drag of public enterprises, and frequently, by weak public sector management.

Africa, particularly sub-Saharan Africa, is highly dependent on concessional economic assistance. More challenges are added by the fall in aid in real terms over the past two years, with bleak prospects for even sustained levels of aid in the future, and a still unresolved debt overhang that continues to drain resources. Elsewhere in the world, this is an age of rapid scientific, technological, and industrial progress, foremost, in the advanced industrial socio-political economies of the European Economic Area, North America, Japan, and the Pacific rim's newly industrializing countries (NICs). In Africa, meanwhile, technological underdevelopment abounds, almost untouched by the progress under way in the rest of the world. In the face of a difficult and highly uncertain climate, African agricultural production remains mostly rain-fed, thus totally vulnerable to the weather. It uses backbreaking, obsolete, iron-age tools.

The half-full side of Africa's development situation is reflected in the growing number of countries where economic and social reforms are improving governance and economic management and creating an enabling environment for mobilizing resources domestic and external. Africa is not an undifferentiated mass of poor performing economies and strife-stridden societies. Through its five subregions spreads a rich mosaic of physical, ethnic, racial, religious and cultural diversity whose development potential is still to be harnessed. The continent is home to most of the world's Arab people, to about five million people of European descent and three million of Asian descent mostly in Eastern and Southern Africa, where the end of apartheid has unleashed a powerhouse for development. Africa's countries show many differences in political liberalizing and economic reform, reflecting the transitions occurring in the continent. In political liberalization, they can be put into three broad categories: those countries where democracy and liberalization are just beginning, and those where it has not started because of civil conflict or political stalemate. In economic reform, African countries have differences in terms of those where reforms are advanced or where there is a tradition of sound macro-economic management, those where reforms are beginning, and those where reforms have stalled or have not started.

GLOBALIZATION AND LIBERALIZATION OF THE WORLD ECONOMY:  
OPPORTUNITIES FOR AFRICA

The world outside today is also one of explosive expansion in world trade and financial interdependence. International competition for aid and investment has intensified, increased liberalization in world trade has created both shorter term challenges and longer term opportunities. Rapid advances in technology, while opening development opportunities, are supplanting cheap labour as a consideration in foreign direct investment decisions.

Technological advances and the information revolution reshaping the global economy offer all developing countries the chance to technologically "leapfrog" the economic development experience of successful countries. While there are many disadvantages for late starters in the development race, here, there are advantages: lower cost informatics technologies alone could revolutionize education, marketing and hundreds of applications. Africa will not have to make costly investments in older technologies as did other regions, before investing in lower cost technologies. The learning curve for development really is positive and Africa should benefit from this.

These trends make it possible to imagine Africa a generation from now which has largely eliminated the worse forms of poverty, and to foresee a generally progressive era ahead. These positive outcomes are reasonable expectations. Without minimising the difficulties that lie ahead, it is possible for Africa to achieve a "willed future" leading to these ends. The keys to this future are sound macro-economic policies, efficient and equitable development of human and physical resources, full participation in development and open markets, and effective regional cooperation and integration.

## REGIONAL COOPERATION AND INTEGRATION POLICY

There is also a growing tendency in the global economy today toward regional economic and trading blocs. Efforts toward economic integration are under way in North America, the Pacific rim region, and Latin America. With new liberal rules governing global trade emanating from the Uruguay Round, the rearrangement of the world economy into regional economic blocs may lead to a fresh intensification of global competition between the blocs fueled by increasing efficiencies arising from new internal economies of scale. To reap the most benefits from these economic cooperation endeavours, participating countries are committed, in principle, to the collective exercise of instruments of economic sovereignty at the regional level. Serious studies, discussions, and negotiations are under way in different blocs, depending on the phase that each has attained, to decide the most acceptable institutions and modalities for such cooperation.

Of all the regions, it is Africa that needs economic cooperation and integration the most, and yet she lags behind every other region in the world in this, as in other areas of human endeavour. African economies are mostly commodity-dependent. Transport and communications infrastructures between neighbouring countries are poorly developed and inadequate. These coupled with different standards and administrative practices inherited from the colonial era, narrow markets, political, socio-cultural, and economic incompatibilities and lingering mistrust between regional neighbours have all contributed in stymied intra-African trade and the mobility of production factors. Efforts toward sub-regional and regional cooperation and integration have been frustrated and slow, hampered by the size and multiplicity of problems at the national level juxtaposed against the paucity of resources.

Fostering regional cooperation and integration should help African countries accelerate their socio-economic development and be an effective partner in the global economy system dominated by trading blocks. It should help Africa some of the key issues that have been hampering its development efforts:

- Disjointed physical space with underdeveloped transport and communication networks;
- Weak production systems with virtually no inter-sectoral links between the primary and secondary sectors in general and between agriculture and industry and between mining and manufacturing;
- cumbersome tariff and non-tariff barriers to intra-regional trade.
- Lack of harmony among economic policies.

The entry into force in 1994 of the Abuja Treaty on the establishment of the African Economic Community provides a major impetus in this regard. The first five year phase of the treaty focuses on strengthening various African subregional groupings and creating new ones where they do not exist. The second eight year stage will focus on stabilising tariff and non-tariff barriers, customs duties and internal taxes and strengthening sectoral integration in trade, agriculture, money and finance, transport and communications, industry and energy.

Political commitment is vital to accelerating regional integration in Africa, because integration is essentially an intergovernmental process. Still, the active involvement of the private sector, civil society and professional groups is required to promote enduring and broad public support for integration.

The principal task in the first phase of the Treaty establishing the African Economic Community involves three main components: enhancing the subregional organisations' institutional capacities in consolidating their integration, rationalizing the myriad of organizations dedicated to integration within each subregion and accelerating cross-border liberalization in trade, investment and harmonization of monetary and fiscal policies and promoting regional convergence in the area.

The extent to which these tasks are accomplished will depend on the degree of strengthened capacity in each subregional group, and by the extent of liberalisation and facilitation in trade, investment, movement of people and factors of production and harmonisation of macro policies.

Even if relevant programmes and projects are prepared, and there are quite a number of them, little progress will be achieved in the regional integration process without one critical factor which is the financing of integration.

Among the obstacles and constraints in the way of integration is mainly the lack, paucity and/or irregularity of financial resources required for the implementation of set objectives. Integration has a price and in Africa, as elsewhere, a price has to be paid if integration has to take place at all.

Bridging the gap between resources and the agreed objectives, programmes and projects of subregional groupings is an important issue that needs to be addressed urgently in the context of strengthening the subregional groupings to make them the effective building blocks that they are meant to be, in the integration process both at the subregional and continental levels.

## STRENGTHENING THE INSTITUTIONAL FRAMEWORK FOR REGIONAL INTEGRATION

At present, all the African subregions (with the exception of North Africa) have more than one organization in charge of economic integration. The need to harmonize their activities in order to avoid duplication and overlapping is therefore a priority task. This issue is further compounded by the fact that some countries belong to two, if not three such organisations within or without their subregion. The complexity and sensitivity of the problem require that solutions in respect thereof should be pragmatic and acceptable to all concerned. No merger or absorption of subregional integration groupings has taken place in spite of much talk and concern about the need to rationalize the multiplicity of institutions in Africa. On the contrary, each institution has, at a given moment or another, been reaffirmed in its expediency, mission and objectives by the same political decision makers, and those dissolved have immediately been replaced by new ones. For these reasons, the building of a single institutional framework for subregional integration and cooperation should be seen as an objective to be attained over time within the framework of a gradual and realistic approach.

Pending the time when member States would decide to actually translate into action their expressed wish to reduce the number of the subregional integration groupings, it appears appropriate to think of rationalizing these organisations in terms of the areas where there is obvious overlapping or where several such groupings cannot exist in the same subregional space. This is mainly the case of economic communities and unions where the market systems, whenever they are not completely identical, automatically exclude each other. Generally, such a situation is reflected by the fragmentation of the subregional market or by a gradual marginalization of treaties of the big entities.

It therefore appears rational to start the rationalization process from the trade cooperation dimension. To unify as a matter of priority African subregional markets through the harmonization of trade mechanisms and instruments would eliminate incompatibility and mutual exclusion. To eliminate the main obstacles created by institutional overlapping, the market rules in each integration space need to be regionalised. For this to pay off, it should be accompanied by a judicious selection of effective instruments and mechanisms for the implementation of trade policies, since the multiplicity of institutional frameworks alone does not account for all the problems and difficulties into trade liberalization schemes have run.

With respect to sectoral policies and strategies defined in subregional/regional integration treaties, one may say that there are no major contradictions among them and there are fewer risks of duplication and overlapping in such areas as transport, industry and agriculture, where almost everything remains to be done on the continent. In these sectoral areas, the main challenge is to mobilize regular and sufficient resources for the implementation of defined policies and strategies.

Finally, any successful integration process cannot ignore drawing on the financial, technological and management capacity of the private sector. National economic operators should be encouraged to play an active role in designing integration measures especially in the field of trade and trade liberalization. Thus, they will learn and take advantage of production and trade incentives available within their subregional communities.

ESABO REGIONAL INTEGRATION CONFERENCE  
14-15 MAY 1996

TRADE INFORMATION SERVICES

1. The Development process at country level

Requirement:

the right framework and conditions at international, political, social and economic levels

At Economic Level:

- A liberal and conducive context
- Entrepreneurship and know-how
- Productivity
- Availability of financial resources

and a certain number of tools, including economic and trade information

WHY TRADE INFORMATION?

Because such information is necessary for the carrying out of economic activities of importation, production, distribution and exportation.

But we now live in the global, and in the regional village.

2. The Regional Economic Integration Process

Basic objectives of COMESA and SADC

Role of intra-regional trade in such a process is fundamental, as it constitutes relatively easy means to boost up the production activities and export performance of the individual member countries of the region.

As a consequence, trade information becomes a vital tool in the promotion of trade exchanges within the region, and an important contributing element to the success of economic integration.

Trade information necessary for elaboration of a marketing strategy.

3. Organisation of Trade Information Services

a) The structure:  
(private sector)

National regional: CCIS, manufacturers, associates etc PTA/FCCI, ESABO

b) The financial resources  
pre-condition to practically everything else

c) Nature of trade information to be collected

- d) System of collection, analysis, storage and retrieval
- e) Dissemination
  - under which forms?
  - by which means?
  - at what cost?

4. Reviewing the situation in Eastern and Southern Africa

- a) Structures at national level

They exist: private organisations in all countries

at regional level  
ESABO

at sub regional level  
Also! FIOCCI

- b) Financial Resources

Scare and inadequate

The consequences are:

**LIMITED ROLE AND FUNCTIONS OF PRIVATE SECTOR SERVICE ORGANISATIONS THROUGHOUT THE REGION (with one or two very rare exceptions)**

**BOTH AT NATIONAL and REGIONAL LEVELS**

- c) Trade Information Needed and Availability of such information

Availability: Not quite satisfactory, but improving  
Experience: Work carried out by TINET Central Unit in Lusaka

- d) System of

- Collection
- Analysis
- Storage and retrieval

- 1. Various systems of collection

contribution made by private sector

- i) Firms at national and regional levels through preparation of trade directories  
magazines (Commercial basis)
- ii) Private sector organisations through collection of information for annual reports  
lists of traders and manufacturers  
useful addresses

economic indicators  
market surveys

2. Analysis

Less easy. Regional competence and time

3. Storage and Retrieval

Made easy with widespread use of information

e) Dissemination

i) Mainly hard-paper form as most convenient one for our countries

No costly equipment needed, can be shared (e.g directories, magazines etc)  
Easy consultation process

But dissemination in an electronic form is starting

ii) By which means?

Postal services: nearly out at international level, only internally

iii) And at what cost?

- Courier service: costly
- Telephone: very costly
- Fax: getting widespread
- Data transfers: specialised
- E-mail: cheap, but not widespread bright future
- Internet access, WWW and on-line information services  
too early, but coming up fast

State and efficiency of TELECOMS

- electro-mechanical exchanges
- analog transmissions
- no of lines/100 population

TO SUM UP:

1. At ESABO level

no proper structure, no adequate means yet, thus no service

2. At national level

structures, but very limited means and scarce data

3. What do we have?

. a regional organisation of States of Eastern and Southern Africa

COMESA, which provides the service to our business community

At COMESA Secretariat

TINET Central Unit different data and publication and business opportunities

Demand and supply surveys

BUT: - no formal links  
- no control  
- not sure how it will evolve

WHAT DO WE DO?

AT GLOBAL LEVEL

Services are getting

- very diversified
- more sophisticated
- more structured

i) Very Diversified

Considerable number (and growing) of services by private parties, public authorities, universities, research organisations and international agencies (ICC, UNCTAD)

Private sector organisations are lagging behind, except in the developed world.

ii) More sophisticated

- multi-media
- interactive systems
- encryption methods for purchases by electronic means
- digital signature

iii) More Structured

Two examples:

- a) IBCC Net: world-wide network of Chambers of Commerce  
chamber home pages with trade information and business opportunities
- b) Electronic commerce for Chambers of Commerce and Industry  
Setting up of an "international EDI registration and certification chain"  
in co-operation with intergovernmental and sectoral organisations

AIM: progressive dematerialisation of commercial documents

TTPs

transfers of COs, L/Cs etc

## WHAT DO WE AT ESABO level?

I. We can keep soliciting International Organisations and NGOs but assistance is getting difficult to obtain, particularly when we have to proceed through regional intergovernmental organisations, and assistance remains what it is.

II. We can entrust or just leave the task to printers and publishers of directories and magazines, to consultancy firms and to providers of on-line information services

BUT: loss of control over information and purely commercial approach involving costs and payments.

III. Yet another possibility: we can decide that we want to get ourselves organised.

## HOW

By "waiting" for our organisation -ESABO- to get properly structured?

But trade information (provision of) is not its top priority for the moment. In fact, it will first have to evolve into an organisation fully playing its role in the elaboration of a genuine private sector trade policy on behalf of the region's business community

## NEXT STEPS

Express our aims in the proper forms

Financing of ESABO by the PSSOs of its member countries

## HOW?

. work out a project consisting of defining future role and functions of ESABO and sell it to our governments.

Role: only defend and promote?

No: generation of proposals to our governments.

Examples:

- . ZIMTRADE (but parastatal body)
- . MALAWI Chamber of Commerce and Industry

## Underlying principles

- we often work for all members of the business community, and yet only some of them play the game by joining our PSSOs
- we are participants in our governments' consultative process
- we take part in the management of parastatal bodies
- we accompany our public authorities in the promotion of our country abroad

- we generate strategies and proposals (but are very limited) for our government, and we thus fully participate in the development efforts.

## ASK GOVERNMENTS TO ALLOW US TO LEVY OUR PRIVATE SECTOR OURSELVES

Final Aim: Private Sector will ensure GROWTH

Enhance and boost institutional capacity of our private sector in the region. Otherwise, the liberalisation and privatisation processes will not take place in the conditions truly conducive to growth and development.

Very Positive Role of PSSOs in development.

If resources available

Ensures:

- recruitment of competent people
- effective representation
- full-fledged services
- contribution at national level
- active at regional and international levels
- identity, image and credibility

**ESABO INTEGRATION CONFERENCE,  
NAIROBI, KENYA. 14 - 15 MAY, 1996**

**(PAPER 3 - BANKING AND FINANCE)**

**THE ROLE OF BANKS AND OTHER FINANCIAL INSTITUTIONS  
IN THE DEVELOPMENT OF TRADE AND INDUSTRY  
IN THE EASTERN AND SOUTHERN AFRICAN REGION**

**By  
Mr. Martin Ogang  
President of the PTA Bank**

**Presented by  
Ms. E. Kasirye  
Senior Finance Officer, PTA Bank**

The banking and financial sector in Eastern and Southern Africa is dominated by deposit-taking institutions, namely commercial and savings banks. Other institutions include development financing companies, insurance companies and pension funds. These institutions, particularly commercial and development banks, have an important role to play in promoting trade and industrial development, both in the domestic and regional economies.

Being an integral part of the economic systems in the region, banks face a number of problems which limit their capacity as agents of development and trade promotion. The financial systems are generally segmented and vulnerable to international and domestic shocks. Further, governments are heavily involved in their ownership and management which had in many cases resulted in a great deal of operational inefficiency.

By and large, these characteristics are pronounced in commercial and development banks than other financial intermediaries. In sub-Saharan Africa, commercial banks account for more than 70% of deposits and 90% of checking accounts. Their prime function is mobilisation of savings and provision of short term business credit, especially to foreign trade. In general, they are part of the financial systems inherited from the colonial powers which give little consideration to the kind of development projects that would emphasise industrialisation. Thus, almost 80% of bank credit is provided on short term basis to trade activities with the rest extended mainly to large scale industries.

Perhaps, there is no better evidence of the risk averting nature of commercial banks in the region than the high liquidity they experience. In some cases, this liquidity reaches 30-40%, despite the need for credit by viable industrial projects. This "excess liquidity" syndrome has been prevalent even among banks which are guided in their operations by commercial principles. This problem has been explained with the intervention of governments in the system through imposition of low interest rates, but it is still wide spread in countries such as Kenya, Zambia, Malawi and Uganda, even after several years of liberalisation. Undoubtedly, interest rates regulation has helped a number of government and private institutions to obtain cheap credit, but this had a negative impact on the operations of banks. Credit guidelines imposing mandatory sectoral allocations, therefore, have served to undermine incentives for banks to mobilise savings. In Sudan for example, banks used to offer no interest on savings deposits until the system was islamised in 1983. For, so long as banks were not favourably disposed towards those priority sectors, loans were withheld and they had no incentive to mobilise additional deposits. Another consequence of this was that many of these sectors did not feel the need to repay the loans and in rare cases they were forced to do so. As a result, arrears have built up to the point that some banks (like the People's Co-operative Bank, for example) were merged with other banks to avoid their liquidation and maintain credibility of the system.

Despite liberalisation, it is difficult to claim that loan applications are always assessed on commercial basis. Banks are sometimes influenced to make loans to people that government officials consider to be in the priority sector. A long-standing problem is the lack of adequate information which results in over conservative lending policies on the part of bankers operating in a high risk environment like our region. In such an environment, a large number of viable projects could go unfinanced because of lack of mechanisms by which risks and viability could be adequately addressed. Commercial banks, therefore, with their inadequate capital base and short-term liability structure, seek to match this structure with their maturity structure of assets and thus provide very little term credit. Further, from the point of view of commercial banks, much of the private demand for credit is not "adequately"

securitised and hence many applications for otherwise potentially dynamic and productive small-scale entities are declined.

Cognisant of these problems, governments in the region nationalised a number of banks in the 1960s and 1970s to provide medium and long-term loans to projects in the private and the public sectors. These institutions could have been more or less like commercial banks, but controls were imposed on them through selective credit allocations. Much of the credit went to government enterprises at highly concessional rates which resulted in crowding out the private sector and increasing the rates of inflation. In most countries, credit creation was so much that it created a problem for regulating money supply. Now, a large number of development finance institutions in the region hold a growing number of non-performing loans and suffer from low recovery rates, particularly among publicly owned financial institutions. This is because many of the loans were made to public enterprises which were not able to repay because they were prohibited from charging prices that would allow them to have sufficient profits to do so. Other enterprises were unable to repay because they were so inefficient that they would not be able to earn sufficient profit to allow them to meet their debt obligations even if they were able to charge high prices for the services they provide. In addition, some enterprises did not feel the need to repay at all. The failure of some of these institutions to achieve their objectives, therefore, is due to directed credit policies that were followed during the 1960s, 1970s and, to some extent, 1980s.

It is not difficult, if only embarrassing, to deal with this problem on the management side. Accountability for loans made for political purposes can be identified and measures could be taken so that such loans will not be extended in the future. On the technical side, dealing with financial institutions will not be very difficult, if only expensive. For these problems are only a mirror image of what is happening in the real sector. The concessional rates and sectoral allocations are in fact transfer payments to the liability holders of the financial institutions and not an outright economic loss. The economic loss lies in the borrowers, the firms, which are not able to service their debts. This loss is much difficult to deal with than the political interference. In our region, the biggest of these debts resides with public enterprises. To enhance the level of bank finance to industry in the region, therefore, it is important to recognise that the failures experienced in the past have much to do with failures of the economy than the portfolios of the countries' development banks. Financial policies were not able to address, in practical terms, the conflict between the development and social objectives of DFIs as well as the importance of maintaining their financial and operational efficiency. The current need to address the development finance problem in the region, therefore, gives an opportunity to policy makers to try to resolve this conflict as well as looking into the fundamental problems that lie in the real sector.

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## **FACTORS RESTRICTING GROWTH OF TRADE AND INDUSTRY IN THE EASTERN AND SOUTHERN AFRICAN REGION.**

### **Lack of saving to be channelled into investment**

As mentioned earlier, Commercial banks play a significant role in the mobilisation of savings and act as intermediaries which channels these saving into investment in the form of short term loans for trade and working capital. Savers generally prefer short term to long term saving as it represents less risk of loss of liquidity. One of the main problems encountered currently by commercial banks and other deposit taking institutions is the decline in savings which has been brought about by several factors such as the decline in real incomes as a result of inflation thereby leaving many depositors without surplus funds to be deposited as savings. Given the increased competition in the commercial banking sector there has been a tendency to close non-profit making branches most of which tend to be located in rural areas where most of the small savers reside; as well as to increase the required minimum deposit and account balances . People in rural areas are increasingly faced with a long and tedious journey to the nearest commercial bank to either deposit or withdraw their savings, therefore many have been forced out of the banking system and have instead resorted to keeping their funds at home. As a result of this the commercial bank branches that are still operational have had to increase the fees charged in order to make up for income earned from the lost deposits. This in turn has further discouraged saving. There is a need therefore for commercial banks and other saving institutions to be more revolutionary by offering better terms which will encourage saving, however this strategy has the attendant risk of increasing lending costs which could in turn negatively impact on borrowing and thus investment.

### **High interest rates for local currency borrowing.**

Most governments within the region are faced with huge budget deficits that have to be funded through government instruments such as bonds and treasury bills which pay extremely high interest rates. This in turn affects the lending of commercial banks, which can sometimes be in the region of 30% to 50%, making it unprofitable for entrepreneurs to borrow locally particularly, for long term projects. The PTA bank has recognised that it is possible for banks to lend in local currency at foreign currency lending rates which tend to be in the region of 6% to 10%. This can however, only be achieved with the assistance of the Central Banks. The funds which the commercial banks deposit with the central bank to meet their reserve requirements are held bearing little or no interest cost to the Central Bank. These funds can be made available to commercial banks at very low interest rates who may in turn advance low interest bearing loans to entrepreneurs.

### **Lack of entrepreneurial skills and security.**

For any meaningful industrial growth to take place within the region, the role of small scale industries cannot be ignored. Most of these small scale industries are characterised by ;

1. Lack of experience and a proven track record, having been operational for a very limited period.
2. Poor accounting records, and financial management skills ,
3. Lack of security against which they can borrow.

Because of these weaknesses these small scale businesses have difficulty accessing funds from traditional commercial banks, who consider them very risky since often the business owners are embarking on green field ventures in which they have no prior experience. There is a need for commercial banks to encourage such businesses for they form the backbone of any country's industrial development. In Kenya, for example, the informal sector employs more people than the formal sector. Banks and other Institutions should encourage such ventures through the provision of credit as well as organising training seminars through which the requisite financial and management skills can be developed in order for the banks to protect their investment. Banks should also develop financial structures that can be used where security is inadequate or not available. The PTA bank uses various financing arrangements when faced with such situations, for example setting up warehouse financing arrangements for exporters whereby the goods themselves serve as the security; and the assignment of proceeds whereby the funds realised from the export are paid directly to the PTA Bank's account.

#### **Lack of private foreign Investment.**

Another factor which restricts the development of trade and industry within the region is the lack of investment capital in foreign currencies. Following liberalisation of economies within the region there has been an increase in the flow of foreign funds particularly the financing of primary commodities such as cotton, coffee, tea and tobacco. There is still a shortage of new foreign private capital for investment in long term industrial projects. The availability of such capital can relieve foreign exchange bottlenecks and encourage industrial growth.

#### **Lack of regional banking and finance links.**

In recent years the importance of regional trade activities has grown, and so has the role of commercial banks in financing and facilitating cross-border trade. Although commercial banks also finance domestic trade, their role in regional trade is more critical due to the additional complications involved, such as time delays in either transportation of goods, or payment which are common but hard to overcome because of the distances between parties. One of the causes of these problems is the lack of correspondent banking relationships between regional commercial banks, therefore often region transactions have to involve a European correspondent bank, particularly in the confirmation of letters of credit (L/C) which result in inevitable costs and delays. For example if a Trader from Tanzania buys goods from Zambia, then it will be difficult for the Tanzanian trader to find a commercial bank in Zambia willing to accept an L/C confirmed by his local commercial bank. Most banks prefer an L/C confirmed by a European bank which invariably adds to transaction costs. Such impediments to regional trade would be removed by the regionalisation of Commercial banks. For example recently, Trust Bank of Kenya Limited has opened a branch in Kampala, Uganda while at the same time Greenland Bank Limited of Uganda has opened a branch in Dar es salaam Tanzania. This is promising trend which should be encouraged. The PTA bank is active in issuing and confirming L/Cs for clients engaged in export of commodities within the COMESA region.

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## **THE ROLE OF THE PTA BANK IN THE PROMOTION OF TRADE AND INDUSTRY IN THE EASTERN AND SOUTHERN AFRICAN REGION.**

The Eastern and Southern African Trade and Development Bank (the PTA Bank) was established in 1985 as the financial wing of the Preferential Area for Eastern and Southern Africa (PTA) which has since been changed to a Common Market (COMESA). The mission of the PTA Bank is to promote intra COMESA trade and economic among the COMESA States. To achieve this objective, the PTA Bank provides financial and technical assistance to its Member States mainly through two windows: Trade Finance and Projects Finance.

The Bank's trade financing activities focus primarily on promoting intra-COMESA trade, particularly in the agricultural sector. The main trade financing instruments utilised by the Bank include pre-and post shipment financing to exporters of commodities such as coffee and cotton; bills discounting, issuing and confirming letters of credit. In the past year the bank has become more actively involved in L/C confirming facilities in response to the problems mentioned above. Similarly, the Bank took an initiative to introduce new financial instruments to the region to facilitate the finance of small investors, like the Price Guarantee Contract (PGC) and financing against warehouse receipts.

Project financing is also geared towards the promotion of intra regional trade and economic integration. The Bank's priority sectors include manufacturing, agri-business, tourism, infrastructure and mining. Its lending policy emphasises the distribution of investment among its member states depending on their economic absorption capacity. The instruments which the Bank uses for project financing include direct loans, loan guarantees, equity participation, and lines of credit to local development financial institutions.

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**NAIROBI - KENYA**

**MAY 14 - 15, 1996**

**REGIONAL INTEGRATION CONFERENCE**

**EASTERN AND SOUTHERN AFRICA BUSINESS ORGANISATION (ESABO)**

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**"COMMUNICATIONS AND INFRASTRUCTURE"**

**BY:**

**CLLR DANNY MEYER**

**PRESIDENT**

**ZIMBABWE NATIONAL CHAMBER OF COMMERCE**

## SUB - SAHARAN AFRICA OVERVIEW

THE ECONOMIC PERFORMANCE IN SUB - SAHARAN AFRICA DURING THE PAST DECADE AND A HALF HAS BEEN UNSATISFACTORY AND THE GROWTH POTENTIAL TO A LARGE EXTENT HAS REMAINED UNEXPLOITED. IT IS CLEARLY EVIDENT THAT THE COUNTRIES WHICH EFFECTIVELY IMPLEMENTED BROADLY BASED AND APPROPRIATE MACRO-ECONOMIC POLICIES AND STRUCTURAL REFORMS DURING THIS PERIOD HAVE PERFORMED MUCH BETTER THAN THE NON ADJUSTING COUNTRIES.

THE EXTERNAL ENVIRONMENT HAS BEEN GENERALLY UNFAVOURABLE, WITH SHARP DECLINES IN WORLD COMMODITY PRICES AND SUBSTANTIAL LOSSES IN TERMS OF TRADE OF SUB-SAHARAN AFRICAN COUNTRIES. WHILE THE DECLINE IN COMMODITY PRICES HAS ALSO AFFECTED OTHER DEVELOPING COUNTRIES, THE IMPACT ON EASTERN AND SOUTHERN AFRICAN COUNTRIES HAS BEEN FAR MORE SERIOUS, AS THE STRUCTURE OF THEIR ECONOMIES MAKES THEM VULNERABLE IN TERMS OF TRADE LOSSES. FOR MANY COUNTRIES IN THE REGION , THE ADVERSE EFFECTS OF TRADE LOSSES HAVE BEEN COMPOUNDED BY UNFAVOURABLE WEATHER IN SOME YEARS. RECURRING SEVERE DROUGHTS IN ZIMBABWE, AND OTHER PARTS OF EASTERN AND SOUTHERN AFRICA HAVE TAKEN THEIR TOLL ON FOOD PRODUCTION AND THE EXPORT CROP. ONCE AGAIN THE "WINDS OF CHANGE" BLOW SAVE THIS TIME THEY ARE ECONOMIC RATHER THAN POLITICAL. MOST COUNTRIES IN THE REGION HAVE OVER THE PAST FIVE YEARS OR SO EMBARKED ON SOME FORM OF ECONOMIC STRUCTURAL ADJUSTMENT AND LIBERALISATION. GOVERNMENTS HAVE ACKNOWLEDGED THAT

THEIR ROLE IS TO GOVERN, TO CREATE AN ENVIRONMENT CONDUCIVE TO GOOD BUSINESS WHILST THE PRIVATE SECTOR'S ROLE IS TO LEAD ECONOMIC GROWTH. IT IS IN THIS CONTEXT THAT THE PRIVATE SECTOR ORGANISATIONS IN THE REGION SHOULD TAKE A LEAD AND STRIVE TO BOOST INTRA-REGIONAL TRADE AND INVESTMENT AS A VEHICLE FOR REGIONAL DEVELOPMENT. OVER THE MEDIUM TERM, PROSPECTS FOR TRADITIONAL EXPORTS DO NOT LOOK FAVOURABLE AS THE URUGUAY ROUND (WTO) PROVISIONS COME INTO FULL FORCE BY THE TURN OF THE CENTURY. THERE IS ALREADY CONCERN OF PREFERENTIAL EROSIONS ASSOCIATED WITH LIBERALISATION OF TRADE IN AGRICULTURAL PRODUCTS AND THE TERMINATION OF THE LOME IV COVENTION UNDER THE ACP-EU (AFRICAN, CARRIBEAN AND PACIFIC - EUROPEAN UNION) FRAMEWORK.

TRANSPORT AND COMMUNICATION SYSTEMS - VEHICLE TO REGIONAL DEVELOPMENT

THE SOLUTION TO THE ABOVE OUTLINED PROBLEMS LIES WITHIN OUR BEING ABLE TO EXPAND EXISTING REGIONAL COMMUNICATION AND INFRASTRUCTURE PROGRAMMES. HAMPERING INTRA- REGIONAL TRADE AND CROSS BORDER INITIATIVES TODATE IS THE NON - HARMONISATION OF OUR EFFORTS TO DEVELOP THE PROPER INFRASTRUCTURE TO FACILITATE THE FLOW OF GOODS, SERVICES AND INVESTMENT INITIATIVES IN THE REGION.

THE TRANSPORT AND COMMUNICATION SECTOR IS AN INTEGRAL COMPONENT OF ENTERPRISE AND CANNOT BE DISASSOCIATED FROM ITS OPERATIONAL

CONSTITUENTS WITHOUT RUNNING RISKS OF FAILURE. LIKE THE OXYGEN TO THE BODY, TRANSPORT AND COMMUNICATIONS SYSTEMS CONSTITUTE THE "LIFE SUPPORT SYSTEM" FOR SOCIO-ECONOMIC INTER-ACTION IN PARTICULAR AND ECONOMIC DEVELOPMENT IN GENERAL.

THE REGIONAL (EASTERN AND SOUTHERN AFRICA) AGENDA FOR THE DEVELOPMENT OF TRANSPORT AND COMMUNICATIONS IS HIGHLY FOCUSED ON INFRASTRUCTURAL DEVELOPMENT, WITH THE FACILITATION ELEMENT BEING AN ADJUNCT OF THE DEVELOPMENT PROGRAMMES. THESE PROGRAMMES SHOULD TAKE COGNISANCE OF THE UNIQUE CHARACTERISTICS AND REQUIREMENTS OF THE TRANSPORT AND COMMUNICATION SECTOR.

THE SECTOR IS UNIQUE IN THE SENSE THAT THE SPATIAL CONFIGURATION OF THE NETWORK, WHICH ESSENTIALLY REFLECTS THE COLONIAL LEGACY STILL OBTAINS, ALBEIT IN A MODIFIED FORM. ONE OF THE MAJOR FEATURES OF EXISTING NETWORKS IS THAT THEY CONTAIN QUANTITATIVE AND QUALITATIVE VARIATIONS WITHIN EACH COUNTRY AND BETWEEN COUNTRIES. FOR THE EFFICIENT AND SWIFT REALISATION OF THE ESABO OBJECTIVE TO ACHIEVE AN ACCELERATED REGIONAL DEVELOPMENT, THE DEVELOPMENT OF ADEQUATE AND COHERENT TRANSPORT AND COMMUNICATIONS INFRASTRUCTURE IS CRUCIAL. ALTHOUGH THE SECTOR IS CAPITAL INTENSIVE AND CONTINUES TO RELY ON IMPORTED TECHNOLOGY, IT IS POSSIBLE UNDER COMESA AND SADC TO IMPROVE THEIR PERFORMANCE AND BETTER UTILISATION, AND TO CREATE INDUSTRIAL CAPACITIES TO SERVICE THE EQUIPMENT NEEDS OF THE SECTOR. A REGIONAL HUMAN RESOURCES DEVELOPMENT AND INSTITUTIONAL POLICY REFORMS

**STRATEGY HOLDS THE KEY FOR THE ACQUISITION AND ADAPTATION OF TECHNOLOGY INNOVATIONS INCLUDING EFFICIENT MANAGEMENT OF THE SECTOR.**

**ONGOING RESTRUCTURING ACTIVITIES, IN TRANSPORT AND COMMUNICATIONS SHOULD AIM AT CREATING CONDUCIVE CONDITIONS FOR ENHANCED COMMERCIAL ORIENTATION OF STATE OWNED ENTERPRISES (SOEs) IN THE SECTOR, AS WELL AS PROMOTING INCREASED PRIVATE SECTOR PARTICIPATION. IN PARTICULAR, FUNCTIONAL CO-OPERATIVE PROGRAMMES SHOULD BE IMPLEMENTED BY THE PRIVATE AND PARASTATAL SECTORS. THE NEED FOR AN EFFICIENT AND COST-EFFECTIVE TRANSPORT AND COMMUNICATION NETWORK CAN NOT BE OVER EMPHASISED AS THE REGIONS ENGINE FOR TRADE DEVELOPMENT AND INDUSTRIAL EXPANSION.**

**IN MOST OF THE COUNTRIES IN THE REGION, THE TRANSPORT AND COMMUNICATION SECTOR IS ON THE THRESHOLD OF FUNDAMENTAL STRUCTURAL AND INSTITUTIONAL CHANGES DUE TO THE FACT THE STATES CAN NO LONGER CONTINUE TO FINANCIALLY SUPPORT CAPITAL INVESTMENTS AND RECURRENT EXPENDITURES. IT IS GENERALLY ACCEPTED THAT USERS HAVE TO PAY FOR THE PROVISION AND USE OF INFRASTRUCTURAL FACILITIES. INSTITUTIONAL AND POLICY REFORMS ARE, INTER-ALIA, AIMED AT CREATING AN ENABLING ENVIRONMENT FOR THE PRIVATE SECTOR TO INVEST IN THE PROVISION OF INFRASTRUCTURE, RESTRUCTURING/COMMERCIALISATION OF PARASTATALS, TRANSPORT AND COMMUNICATIONS COMPANIES IN ORDER TO MAKE THEM OPERATIONALLY EFFICIENT.**

**HOWEVER, AT THE FOUR-DAY, SADC CONSULTATIVE MEETING IN JOHANNESBURG**

(1-4 FEBRUARY) EARLY THIS YEAR, THE STATISTICS OF REGIONAL TRANSPORT AND COMMUNICATIONS SYSTEMS UNVEILED WERE NOT ENCOURAGING. UNDER SURFACE TRANSPORT MODES OF RAILWAYS, ROADS, PORTS AND SHIPPING, A TOTAL OF 9,10 MILLION TONNES OF DRY CARGO IMPORTS AND EXPORTS WERE HANDLED BY NON-SOUTH AFRICAN SADC PORTS TRANSPORT SYSTEMS IN 1994, AN INCREASE OF 11 PERCENT OVER THE 8.20 MILLION TONNES HANDLED IN 1993. THE CORRESPONDING TONNAGE FOR THE SOUTH AFRICAN PORTS SYSTEM WAS 32,3 MILLION TONNES WHICH REPRESENTED AN INCREASE OF ABOUT 1 PERCENT OVER THE 1993 FIGURE OF 32 MILLION TONNES. FROM THIS DATA, LESS THAN 10 PERCENT REPRESENT INTRA-REGIONAL TRADE.

IN AIR TRANSPORT, AFTER SUFFERING A GRADUAL PASSENGER REDUCTION BETWEEN 1989 AND 1993, THERE WAS A SMALL GROWTH IN 1994 DURING WHICH 6,43 MILLION PASSENGERS WERE CARRIED COMPARED TO 6,20 MILLION PASSENGERS IN 1993. AS REGARD FREIGHT CARRIED BY THE NATIONAL AIRLINES IN SADC COUNTRIES, THERE WAS CONTINUED DECREASE FROM THE INDUSTRY HIGHEST OF 103,17 KTONS (KILOTONNES) IN 1990 TO 95,41 KTONS IN 1993 AND 80. 00 KTONS IN 1994.

HOWEVER, IN TELECOMMUNICATIONS THE INTRA-SADC TELEPHONE TRAFFIC, INCLUDING S AFRICA, IS RECORDED TO HAVE INCREASED TO 245,56 MILLION PAID MINUTES IN 1994, A 17 PERCENT INCREASE OVER 1993. DESPITE THIS INCREASE, THE QUALITY OF TELEPHONE SERVICE GENERALLY AND IN ALL SADC COUNTRIES OFFERED REMAINS VERY POOR. THE REGIONAL TELEPHONE PENETRATION IS AMONG THE LOWEST IN THE WORLD AT A REGIONAL AVERAGE OF

3,74 DIRECT EXCHANGE LINES (DEL'S) PER 100 PERSONS. IN ADDITION, THE RURAL AND POOR AREAS HAVE ALMOST NO TELEPHONE SERVICES (WITH AN AVERAGE PENETRATION OF ABOUT 0,03 DEL PER 100 PERSONS).

AN IMPROVED INFRASTRUCTURE AND COMMUNICATIONS SYSTEMS WILL NOT ONLY BOOST INTRA-REGIONAL TRADE, BUT IT WILL ENCOURAGE INTENSIFIED CROSS-BORDER-INITIATIVES AS WELL AS ATTRACT THE MUCH NEEDED FOREIGN DIRECT INVESTMENT TO BOOST LABOUR ABSORPTIVE ECONOMIC GROWTH IN THE REGION.

#### TRANSPORT AND COMMUNICATION POLICY THRUST

THE HARMONISATION OF TECHNICAL STANDARDS SHOULD BE ENHANCED. IN THE PAST COUNTRIES IN THE REGION HAVE ADOPTED DIFFERENT TECHNICAL STANDARDS ON TRANSPORT AND COMMUNICATIONS EQUIPMENT. THE VERY EXISTANCE OF THESE DIFFERENCES CONSTITUTES TECHNICAL AND ECONOMIC BARRIERS TO REGIONAL CO-OPERATION. BY ITS VERY NATURE THE SECTOR INTER-ACTS AND AFFECTS OTHER SECTORS IN NATIONAL ECONOMIES SUCH AS THE AGRICULTURAL AND MANUFACTURING SECTORS. IT IS AGAINST THIS BACKGROUND THAT THE HARMONISATION OF TECHNICAL STANDARDS FOR TRANSPORT/COMMUNICATIONS EQUIPMENT AND SPARES WOULD MAKE IT POSSIBLE TO ECONOMICALLY UTILISE THE EXISTING CAPACITIES AND INVEST NEW ONES IN ORDER TO MEET THE DEMANDS OF REGIONAL INTEGRATION.

#### CONCLUSION

IN ORDER FOR REGIONAL INTEGRATION TO BECOME A REALITY PRIVATE SECTOR

**DRIVES ORGANISATIONS AND REPRESENTATIVE BODIES SUCH AS ESABO WILL  
HAVE TO PLAY A LEADING ROLE. BOTH THE SADCC BUSINESS COUNCIL (SBC)  
AND  
THE PTA - FEDERATION OF CHAMBERS OF COMMERCE AND INDUSTRY FAILED AS  
WE THE ENTERPRISE SECTOR EXPECT GOVERNMENTS TO TAKE A LEAD. THIS  
MUST NOT BE ALLOWED TO HAPPEN AGAIN. ESABO WILL SUCCEED AS THE  
PRIVATE SECTOR IN THE REGION LEADS ECONOMIC GROWTH AND DEVELOPMENT  
WITH THE ULTIMATE OBJECTIVE BEING A REGIONAL ECONOMIC BLOCK WITH  
TARIFF AND NON-TARIFF BARRIERS REMOVED.**

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## ZIMTRADE

Page 1

9 May 1996

Zimbabwe Trade: All records included  
January to December 1994  
(Z\$ thousands)

Country	-----1994				
	Export Value	Import Value	Total Trade	Trade Balance	
ZA REPUBLIC OF SOUTH AFRICA	1,779,971	5,953,703	7,733,674	-4,173,731	0.00
GB UNITED KINGDOM	1,780,100	1,878,283	3,658,383	-98,183	0.00
DE GERMANY FDR	929,366	1,073,144	2,002,511	-143,778	0.00
US UNITED STATES OF AMERICA	870,792	967,465	1,838,257	-96,673	0.00
JP JAPAN	769,721	1,045,371	1,815,093	-275,650	0.00
XU Undefined	1,256	1,318,829	1,320,085	-1,317,572	0.00
* BW BOTSWANA	761,123	302,584	1,063,707	458,540	0.00
NL NETHERLANDS	619,856	354,292	974,148	265,564	0.00
IT ITALY	470,726	354,443	825,169	116,282	0.00
CH SWITZERLAND	278,890	536,128	815,018	-257,239	0.00
FR FRANCE	225,295	373,712	599,007	-148,417	0.00
RU Undefined	67	572,589	572,655	-572,522	0.00
* ZM ZAMBIA	515,412	53,454	568,866	461,959	0.00
BE BELGIUM	289,829	219,286	509,115	70,542	0.00
* MZ MOZAMBIQUE	448,896	43,397	492,293	405,499	0.00
* MW MALAWI	375,344	32,253	407,598	343,091	0.00
CN CHINA	234,234	167,904	402,138	66,330	0.00
SE SWEDEN	60,582	254,404	314,986	-193,823	0.00
ES SPAIN	212,005	75,158	287,163	136,847	0.00
AU AUSTRALIA	128,645	126,461	255,106	2,184	0.00
TW TAIWAN	7,126	241,832	248,958	-234,706	0.00
PT PORTUGAL	213,441	27,806	241,248	185,635	0.00
* NA NAMIBIA	175,895	62,689	238,584	113,206	0.00
CA CANADA	143,871	86,812	230,683	57,059	0.00
HK HONG KONG	29,817	198,247	228,064	-168,431	0.00
KR COREA REPUBLIC	18,900	198,128	217,028	-179,228	0.00
IL ISRAEL	75,043	129,336	204,379	-54,294	0.00
DK DENMARK	72,173	129,055	201,228	-56,882	0.00
* TZ TANZANIA	188,736	5,727	194,463	183,010	0.00
BR BRAZIL	22,293	160,565	182,858	-138,271	0.00
IN INDIA	68,500	108,988	177,488	-40,488	0.00
PH PHILIPPINES	176,378	69	176,446	176,309	0.00
NO NORWAY	100,191	56,697	156,889	43,494	0.00
MY MALAYSIA	23,099	126,800	149,899	-103,701	0.00
ID INDONESIA	134,912	12,908	147,820	122,004	0.00
SA SAUDI ARABIA	51,054	87,380	138,434	-36,326	0.00
AT AUSTRIA	43,470	93,280	136,750	-49,810	0.00
PL POLAND	119,522	13,057	132,579	106,464	0.00
FI FINLAND	10,458	98,074	108,533	-87,616	0.00
* ZR ZAIRE	104,613	193	104,806	104,421	0.00
* MU MAURITIUS	47,076	54,863	101,939	-7,787	0.00
TH THAILAND	79,861	17,735	97,596	62,125	0.00
SG SINGAPORE	42,846	50,592	93,438	-7,747	0.00
AR ARGENTINA	4,705	87,129	91,834	-82,424	0.00
* AO ANGOLA	84,062	1,918	85,980	82,144	0.00

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ZIMTRADE

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Zimbabwe Trade: All records included  
January to December 1994  
(Z\$ thousands)

Country	-----1994				
	Export Value	Import Value	Total Trade	Trade Balance	
* KE KENYA	49,000	33,224	82,224	15,776	0.00
IE IRELAND	51,788	22,958	74,746	28,829	0.00
PK PAKISTAN	12,036	60,747	72,783	-48,711	0.00
* SZ SWAZILAND	9,878	58,640	68,518	-48,762	0.00
CS CZECHOSLOVAKIA	28,913	37,373	66,287	-8,460	0.00
NZ NEW ZEALAND	19,545	39,693	59,238	-20,148	0.00
GR GREECE	45,001	9,267	54,268	35,735	0.00
IR IRAN	44,272	4,623	48,895	39,650	0.00
HU HUNGARY	42,352	6,135	48,488	36,217	0.00
* UG UGANDA	42,355	69	42,424	42,286	0.00
BG BULGARIA	34,386	994	35,379	33,392	0.00
KW KUWAIT	193	27,963	28,156	-27,770	0.00
* BI BURUNDI	27,962	0	27,962	27,961	0.00
KP KOREA DPRP	1,996	25,834	27,830	-23,837	0.00
AE UNITED ARAB EMIRATES	19,073	7,725	26,798	11,348	0.00
LK SRI LANKA	19,291	4,473	23,764	14,818	0.00
XP Undefined	3,159	19,757	22,916	-16,598	0.00
GH GHANA	19,607	1,000	20,607	18,607	0.00
HR Undefined	16,746	3,670	20,417	13,076	0.00
EG EGYPT	2,728	15,912	18,641	-13,184	0.00
CY CYPRUS	2,782	13,723	16,506	-10,941	0.00
VN VIET-NAM	13,892	135	14,027	13,756	0.00
LY LIBYA	11,788	2,084	13,872	9,703	0.00
* RW RWANDA	12,717	2	12,718	12,715	0.00
* LS LESOTHO	11,881	610	12,491	11,271	0.00
RO ROMANIA	392	11,761	12,152	-11,369	0.00
CL CHILI	3,944	7,867	11,811	-3,923	0.00
DM DOMINICA	124	10,791	10,915	-10,666	0.00
LI LIECHTENSTEIN	0	10,759	10,759	-10,759	0.00
EC ECUADOR	138	10,051	10,189	-9,912	0.00
TP EAST TIMOR	0	10,089	10,089	-10,089	0.00
LB LEBANON	9,914	23	9,938	9,891	0.00
MX MEXICO	7,808	2,025	9,834	5,783	0.00
NG NIGERIA	1,857	7,695	9,552	-5,837	0.00
IS ICELAND	7	7,789	7,796	-7,782	0.00
TR TURKEY	2,262	5,462	7,723	-3,200	0.00
CO COLOMBIA	6,417	963	7,379	5,454	0.00
YD YEMEN DEMOCRATIC	6,909	0	6,909	6,909	0.00
SU U.R.S.S.	5,386	476	5,863	4,910	0.00
BD BANGLADESH	1,879	3,004	4,883	-1,125	0.00
ZW ZIMBABWE	286	4,357	4,643	-4,071	0.00
VE VENEZUELA	766	3,425	4,191	-2,659	0.00
SD SUDAN	3,734	31	3,764	3,703	0.00
CU CUBA	2	3,446	3,448	-3,443	0.00
YU YUGOSLAVIA	3,100	341	3,441	2,759	0.00

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ZIMTRADE

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9 May 1996

Zimbabwe Trade: All records included  
January to December 1994  
(Z\$ thousands)

Country	1994			
	Export Value	Import Value	Total Trade	Trade Balance
Total significant records: 90	13,388,421	18,249,706	31,638,128	-4,861,285
Other: 102	30,568	20,993	51,560	9,575
Final Total:	13,418,989	18,270,699	31,689,688	-4,851,710



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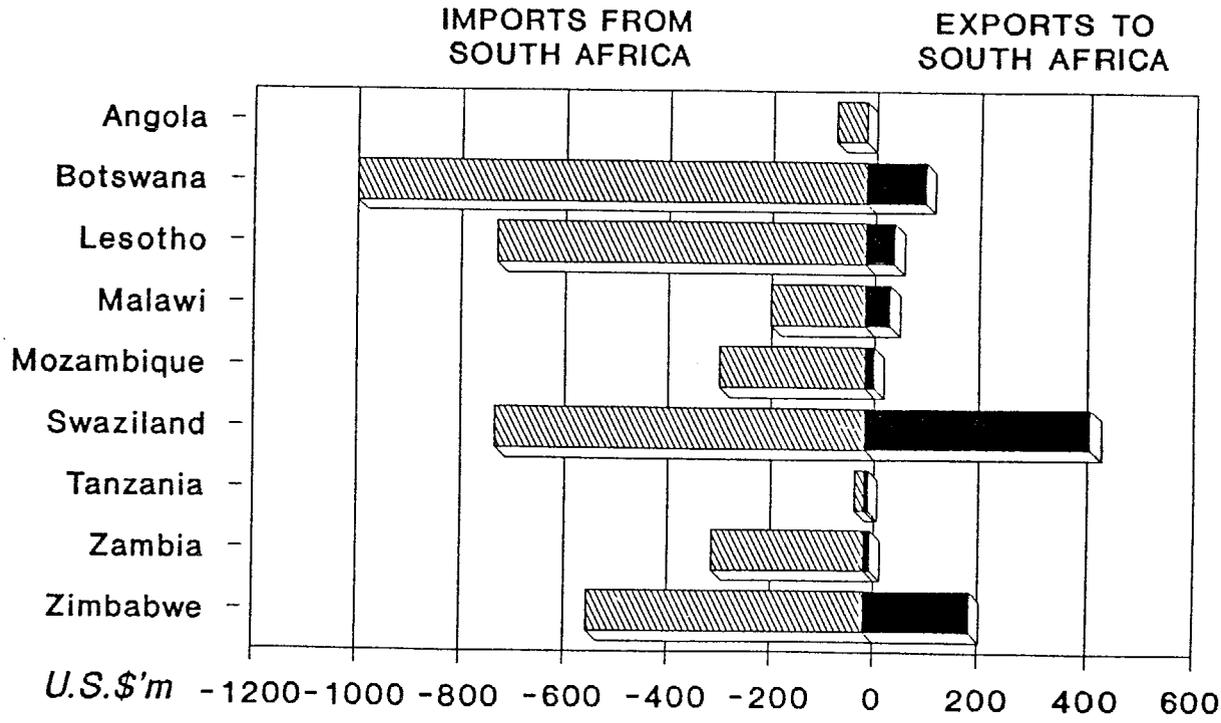
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# TRADE WITH SOUTH AFRICA

## SADC Exports & Imports, U.S.\$'m., 1993



Robertson Economic Information Services

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**IMPROVING FOOD SECURITY IN THE IGAD SUB-REGION:  
A CRITICAL ROLE FOR THE PRIVATE BUSINESS SECTOR**

Invited Paper Presented at the Eastern and Southern Africa  
Business Organization (ESABO) Integration Conference

Nairobi 14-15 May, 1996

**IGAD**

**THE INTERGOVERNMENTAL AUTHORITY ON DEVELOPMENT**

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## **1. INTRODUCTION**

### **1.1. Background**

1. The Intergovernmental Authority on Development (IGAD) covers seven countries of the Horn of Africa namely, Djibouti, Eritrea, Ethiopia, Kenya, Somalia, Sudan and Uganda. The IGAD sub-region is characterized by arid and semi-arid climate with 46 percent of the total land area (5.2 million km<sup>2</sup>) receiving less than 400 millimetres of annual rainfall. The sub-region is prone to recurrent severe droughts which hamper agricultural and livestock production, the source of livelihood for the vast majority of the roughly 130 million people of the sub-region. This year approximately 6 million drought-affected and displaced persons are dependent on relief food. Over the last 15 years or so per capita food production has been on the decline due to a number of factors both natural and man-made. Rampant droughts, civil strife and inappropriate macro-economic policies have not allowed agricultural development to match population growth. The economies of the sub-region have stagnated leading to further poverty, which has put nearly half of the population at risk of reduced access to adequate food. Most of the countries of the sub-region are among the poorest in the world and consequently most food insecure.

### **1.2. Definition of food security**

2. The need to have enough food first attained a global dimension in 1974 when the World Food Conference issued the Universal Declaration on the Eradication of Hunger and Malnutrition. At that time it was believed that all that countries needed to do to eliminate hunger was to increase food production. Many countries adopted a policy of food self-sufficiency (i.e. increasing national food production and thereby reducing the dependence on food imports) as a means of guaranteeing food for their people. However, national self-sufficiency in internationally tradable foods is an efficient policy only if the country has a comparative advantage in producing those foods. In the 1980's, particularly as a result of Sen's (1981) authoritative publication on poverty, famine and food entitlement, it became clear that food security has another socio-economic dimension beyond the physical availability of enough domestically produced or imported food. People must have the means to access the food.

3. Food security has dozens of definitions, with none of them being universally agreed upon. The World Bank (1986) defines food security as "access by all people at all times to enough food for an active and healthy life". The definition of food security

raises a crucial issue of how households can make food available by themselves. Food security requires that households have at all times security of guaranteed access to food either in kind or in cash. For households that depend on own farms for their food supply, increased food production is a legitimate food access goal, while for households that are largely dependent on the market for food, improving household cash incomes is the most appropriate food security goal to pursue. The two food security goals are not mutually exclusive and may be pursued concurrently. In both cases, however, there is need to maintain household assets which can be liquidated or exchanged for food when there is a food shortage. Failure to sustain a sufficient level of assets in times of persistent household food shortages leads to exhaustion of other non-economic coping mechanisms. If this scenario is existent in many households, it can lead to mass starvation characteristic of catastrophic famines. This means that households must have assets that can guarantee them economic access to food and serve as a hedge against possible prolonged food shortages.

### **1.3. Components of food security**

4. Despite the conceptual difficulties in defining food security, there is a general consensus with regard to its components. These include food availability and stability on the supply side and economic access to food and nutritional concerns on the demand side.

#### Availability

5. The physical availability of food is a necessary condition for food security. Households, as well as the entire nation, need to be guaranteed of physical availability of food at the time it is required. There are two ways of making food available: either through own production or obtaining from others. The choice between the two options should be guided by the principle of comparative cost advantage, i.e., food production should be left to those individuals producing at comparatively lower unsubsidized cost, and in return others would offer other commodities to be freely exchanged for the food, following the same principle.

6. At the national level, food availability is achieved through domestic production and importation of various food commodities. It is important to carry out a comparative advantage study to provide guidance on the profitability to the economy as a whole of producing or importing different types of agricultural produce in different areas of the sub-region at different times of the year. For example, given the relay-type of cropping seasons between Eastern and Southern Africa, whereby the growing season in Eastern

Africa starts at the end of the growing season in Southern Africa and vice versa, there should be a comparative advantage to the sub-regional economies to trade in surpluses of each sub-region in either direction at different times of the year.

7. Although ensuring food availability through commercial imports and food aid is an essential element of food security at the national level, it has been convincingly argued by USAID (1996) that food security does not involve provision of food aid to vulnerable populations, who are unable to meet their own food needs. Households that are reliant on provision of food assistance are not food secure.

### Stability

8. The notion in the food security definition that food must be available to all people at all times, implies that food supply must be stabilized in spatial and temporal terms. This calls for an efficient marketing system to move food from surplus producing areas to deficit areas, and/or storing surpluses for release to the market during the lean periods. Temporal stabilization of food supplies has the advantage of stabilizing food prices, particularly considering that unstored food surpluses cause farmers to curtail production as a result of lowered prices, thus putting future food availability at greater risk.

9. The distributional issues of food supply stabilization require considerable investment in marketing infrastructure including transport and storage facilities. Although arrangements for adequate reserves at national and regional levels are indispensable for food security, reserve stocking does not truly constitute food security, as it does not address the economic access aspects of food security.

### Access

10. There can be no real food security, national or otherwise, unless the problem of economic access to food at the household level is solved. At the national and sub-regional levels, food security programmes should not only be geared to boosting domestic agricultural production or guaranteeing meeting of food production shortfalls through imports to improve food availability per se, but also to economic access to food through promotion of significant investments in various sectors of the economy to raise per capita income and improve income distribution. Promotion of labour intensive industries in the rural areas and asset-creating programmes of rural public works can make a significant contribution to employment and income generation for the rural poor.

## Health/nutrition

11. First and foremost, food accessed by all the people must meet minimum quality standards. Unwholesome foodstuffs, e.g., beef carrying disease agents like anthrax must not be presented for consumption. Similarly, dependence on foods which are deficient in essential nutrients can lead to serious health problems. Goitre, caused by lack of dietary iodine and Kwashiorkor in infants caused by protein deficiency, are common examples of serious diseases resulting from nutritional deficiencies. There is need to institute effective food quality controls, and to provide targeted Home Economics training so that all people can have quality balanced diets that can help an individual live a healthy and productive life.

## **2. FOOD SECURITY AND THE PRIVATE SECTOR**

### **2.1. Investment potential**

12. Food security is inextricably linked to economic development. Any private business initiative that can lead to economic development of the IGAD sub-region is in itself a significant contribution to the improvement of food security. Most countries of the sub-region are in the process of restructuring their economies, with state-owned enterprises being privatized, thus giving way for the emergence of a strong private sector. In this regard, the private sector should be encouraged to invest in all sectors of the economy, especially industry, mining, the service sector and large-scale mechanized farming.

13. The IGAD sub-region may suffer large crop production shortfalls, but it enjoys a huge livestock and fisheries potential. The private sector can engage in cattle ranching and fattening for export earnings, dairying, animal health and pasture development. IGAD countries are endowed with a very long shoreline and possess some of the largest lakes in Africa. The potential for development of these resources, particularly in an increasingly health-conscious world, is there to be exploited. Member countries can benefit through obtaining an extra dimension to become food secure.

14. It should be stressed that the appropriate choice of where to invest one's money would depend not only on the resources available to the investor, but also on a careful study of the comparative cost advantage and financial and social cost-benefit analyses.

## 2.2. Supporting food production and employment creation

15. Food production in the IGAD sub-region is dominated by millions of small-scale private operators including smallholders, artisanal fishermen and pastoralists. Their enterprises are characterized by meagre capital input, with the business and the household operated as one entity. Although smallholders contribute the biggest share to the sub-region's food supply, they are ironically also the most food insecure due to poverty. Because they possess meagre assets if any, they are unable to cope with shortfalls in food availability. The larger-scale private sector could greatly contribute to the improvement of food security in the sub-region by addressing itself to the problem of rural poverty. The following is a discussion of some areas that can be considered by potential private sector investors in contributing to the improvement of food security in the sub-region.

### Technological inputs

16. One of the main constraints to agricultural production is the poor supply of agricultural inputs. Provision of services to enable smallholders use technological inputs can considerably increase smallholder farm production and incomes. For example, Ethiopia was able to attain near self-sufficiency in cereals during the 1995/96 production year largely due to significant improvements in the farm inputs delivery system. The private sector should participate more actively in the timely delivery of farm inputs. These include supplying improved seeds and other planting material, fertilizers, agro-chemicals, and small tools and machinery. Provision of equipment for small-scale irrigation for cash crop production would also go a long way in alleviating rural poverty in the dryer agricultural areas of the IGAD sub-region.

### Small-scale businesses and industries

17. Creation of alternative employment opportunities for the landless labourers and rural poor by promoting small household businesses like bee-keeping, poultry farming, fish farming, flower gardening, horticulture, and dairying would be an important step in improving rural incomes. The private sector could also contribute to the alleviation of rural poverty by operating small primary processing equipment like oil presses, mills and cotton gins. Small-scale milk and fish processing plants could also be appropriately located in rural areas to raise the incomes of pastoralists and fishing communities. The outputs of these rural enterprises can then serve as raw materials for the larger secondary processing and packaging industries located in the urban areas.

## Rural finance

18. Technology appropriation to improve production cannot be achieved without the support of financial institutions. Lack of credit facilities at planting time is reported each year to limit the expansion of the acreage planted to food crops in some of the growing areas of the IGAD sub-region. Smallholders and other rural entrepreneurs need to have access to credit in order to improve their business operations and capital outlay. The private sector could consider investing in the operation of village banks, as another way of contributing to the alleviation of rural poverty.

### **2.3 Participation in internal and external trade**

19. The easiest point of entry for the private business sector into the food chain is at the distribution stage, because it is a typical commercial activity involving buying, transporting and selling. Food production in the IGAD sub-region tends to be concentrated in certain production zones, while the other areas are in deficit. Also the high rainfall variability and localized droughts make food production highly variable within each member state. There exists an enormous potential for internal and intra-regional trade in grains and other food items in the sub-region. There is, for example, an untapped potential for exporting malt barley from Ethiopia to the brewing industries of Kenya, Uganda and Tanzania. In planning their agricultural import/export businesses, the private sector investors should make use of comparative advantage studies in identifying the most profitable items to produce and/or import in given localities and the most cost effective trade routes to follow.

20. The poor state of roads in the IGAD sub-region is perhaps the biggest constraint to food trade. Transport costs are a crucial determinant of the viability of the major potential cereal trade routes, due to the long hauls involved, the high bulk to value ratios of cereals, the poor quality of the basic transport infrastructure and inadequate national transport fleets. There is an urgent need to improve the roads connecting member states in order to reduce transport costs and raise marketing efficiency.

21. The private sector can play an important role in averting famine in the IGAD sub-region by working in partnership with the donor community to supply locally purchased relief food. As global food aid resources have dwindled drastically in recent years, there will be an increasing need for the private sector to participate more actively in the sourcing and transportation of relief food in the sub-region.

### **3. THE ROLE OF IGAD**

#### **3.1. IGAD Mandate**

22. After nearly 10 years of IGAD's existence, it became necessary to refocus and expand the Organization's mandate, functions and structure. Meeting in Addis Ababa in April 1995, the IGAD Heads of State Summit moved to revitalize the Organization and expand cooperation among member states in the following areas:

- harmonization of policies in regard to trade, customs, transport, communications and marketing infrastructure;
- creation of an enabling environment for foreign, cross-border and domestic investment as well as cooperation in and promotion of research in science and technology;
- creation of mechanisms for the enhancement and coordination of food security, environmental protection, and natural resources development; and
- increasing the capacity of countries of the sub-region in the prevention, management and resolution of both inter- and intra-state conflicts through dialogue.

The specific programmes and projects to be undertaken by the revitalized IGAD will be developed in a series of sectoral meetings to take place in June 1996 in Addis Ababa.

#### **3.2. Support for private sector contribution to food security**

23. The above areas of the expanded IGAD Mandate are of prime importance to the attainment of food security in the sub-region. IGAD has been mandated to harmonize member states' policies and strategies in the bid to attain economic development. The member state's resolve to coordinate and harmonize their policies is further reflected in the Declaration of IGAD Council of Ministers on Food Security issued in Nairobi in March 1996 as part of the preparations for the World Food Summit which will take place in November 1996 in Rome.

24. IGAD is charged with the responsibility of enhancing sub-regional trade integration through harmonization of member states' trade policies and coordinate efforts to improve the marketing infrastructure. IGAD will also spearhead the advocacy for trade liberalization in the sub-region.

25. Information is essential for efficient marketing. IGAD has started implementing a two-year Market Information System Project for Food Security. The Project is financed by the Government of Italy to a tune of US\$ 1.5 million and it is executed by FAO. It will support the generation of price information and a sub-regional supply and demand analysis for the main staples in the sub-region.

26. IGAD will also promote sub-regional cooperation in agricultural research and training to boost food production. By forging a strong partnership with the international community, the revitalized IGAD should be able to attract donor support, particularly within the framework of the existing international conventions like Lomé IV and the United Nations Convention to Combat Desertification (CCD), for implementation of its sub-regional programmes.

27. It is well recognized that where there is no peace and security, it is very difficult to attract investors. Through IGAD, it will be possible to address the critical issues of conflicts, which have contributed immensely to the economic under development of the sub-region.

#### 4. CONCLUSION

28. As a confederation of chambers of commerce and industry with the objective of enhancing private business initiatives through promotion of trade and investment in various sectors of the economy, the Eastern and Southern African Business Organization (ESABO) has a crucial role to play in improving food security in the sub-region. The more the private sector plays an active role in the development of our economies, the healthier will be our socio-economic well-being, and the more food secure will our sub-region be. In pursuing this endeavour, IGAD sees ESABO as an indispensable partner.

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**COMESA REGIONAL COOPERATION:  
DIRECT ASSISTANCE TO THE PRIVATE SECTOR**

**BY**

**DR. BINGU WA MUTHARIKA  
SECRETARY GENERAL  
OF THE COMMON MARKET FOR  
EASTERN AND SOUTHERN AFRICA (COMESA)  
AT THE ESABO REGIONAL INTEGRATION CONFERENCE**

**14 - 15 MAY 1996  
NAIROBI, KENYA**

## I. THE COMESA AGENDA

1. The Common Market for Eastern and Southern Africa (COMESA) is an organisation of free independent sovereign states which stand in equal footing in relation to one another. The countries have agreed to cooperate in the various economic sectors and in the exploitation of their natural resources for the betterment of all the citizens of COMESA. The creation of a large economic space enables the restructuring of production and distribution so as to attain high levels of efficiency and competitiveness not only in COMESA but in the trade with the rest of the world.

2. COMESA groups together the following member States: Angola, Burundi, Comoros, Eritrea, Ethiopia, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Sudan, Swaziland, Tanzania, Uganda, Zaire, Zambia and Zimbabwe. Together, these countries have a total population of about 320 million people of which over 150 million are economically active. These countries have agreed to enhance "production-led" and "market-led" integration as the basis for attaining sustainable growth and development of their economies. COMESA also facilitates the adoption of common agro-economic policies to increase productivity in industry, manufacturing and agro-processing through facilitation of private sector participation in economic development and social transformation of the economies of COMESA.

3. The main aims and objectives of COMESA are intended to create a more conducive environment for private sector development. These are:

- i) To attain sustainable growth and development of the member states by promoting a more balanced and harmonious development of its production and marketing structures;
- ii) To promote joint development in all fields of economic activity and the joint adoption of macro-economic policies and programmes to raise the standard of living of its peoples and to foster closer relations among its member states;
- iii) To co-operate in the creation of an enabling environment for foreign, cross border and domestic investment including the joint promotion of research and adaptation of science and technology for development;
- iv) To co-operate in the promotion of peace, security and stability among the member states in order to enhance economic development in the region;
- v) To co-operate in strengthening the relations between the common market and the rest of the world and the adoption of common position in international fora; and
- vi) To contribute towards the establishment, progress and the realisation of the objectives of the African economic community.

4. The COMESA agenda differs from other regional groupings in that it centres on promoting business-to-business contacts by creating an enabling environment for domestic, cross-border and foreign direct investment especially in the productive, trade and service sectors. COMESA also provides for the creation of a **Court of Justice** which will address disputes between the entrepreneurs, disputes between governments and the business community and disputes between the member

States. This provides for strict adherence to performance of obligations through the imposition of sanctions.

## **II THE COMESA PRIORITIES**

5. COMESA has set for itself very few but concrete and realisable priorities during the next five to ten years. These are.

- a) Significant and sustained increases in productivity in industry, manufacturing, processing and agro-industries to provide competitive goods as the basis for cross-border trade and to create more wealth, more jobs and more incomes for the people of the region;
- b) Increase agricultural production, with special emphasis on the joint development of lake and river basins so as to reduce dependence on rain-fed agriculture and new programmes on food security at the provincial or district levels, national and regional levels;
- c) Development of transport and communications infrastructures and services with special emphasis on linking the rural areas with the rest of the economy in each country as well as linking the member states;
- d) New programmes for trade promotion, trade expansion and trade facilitation especially geared to the private sector, so as to enable the business community to take maximum advantage of the common market; and
- f) Development of comprehensive, reliable and up to date information data bases covering all sectors of the economy including industry, energy, environment, agriculture, transport, communications, investment and finance, trade, health and human resources to form the basis for sound investment decisions and macro-economic policy formulation and programming.

6. The potential areas suitable for private and public sector investment include but not necessarily confined to the following: minerals; hydro-electric power; coal; solar power; agriculture and livestock; river and lake basins; small, medium and large scale irrigation schemes; fisheries; manufacturing industries; agro-processing; forestry; transport and shipping; telecommunications and informatics; pharmaceutical industries; machinery and implements; building materials; and social based industries such as education, health and sanitation.

## **III. THE ROLE OF ESABO IN REGIONAL ECONOMIC INTEGRATION.**

7. Looking at the objectives and priorities of COMESA as outlined in the previous sections, it is quite evident that COMESA and the Eastern and Southern African Business Organisation (ESABO) have great scope for cooperation in the future. In fact, COMESA has supported the establishment of ESABO from the start. For instance, it will be recalled that when it was officially launched on the 29th of August, 1994 in Maputo, Mozambique during the Fifth PTA Trade Fair, through the intervention of COMESA, the inaugural meeting was attended by Ministers from the member States responsible for COMESA and other invited guests.

8. Some of the main objectives of ESABO are to promote regional trade and investment; promote viable and competitive manufacturing sectors that will add

optimum value to the region's primary products for the local and export market: and promote cooperation between states in the region so as to improve efficiency of common services."

9. COMESA recognizes the pivotal role that the private sector in Eastern and Southern Africa can play in economic cooperation and integration. COMESA, therefore, unreservedly supports ESABO and will work very closely with and involve it in the policy formulation and implementation activities of COMESA.

10. It is important to stress that one of the top priorities of COMESA Authority of Heads of State and Government at its First Meeting held in Lilongwe, Malawi from 8th to 9th December, 1994 is new programmes for trade promotion, trade expansion and trade facilitation especially geared to the private sector in order to enable the business community to take maximum advantage of trade and investment opportunities in the COMESA subregion.

11. Accordingly, COMESA is the only economic grouping that specifically incorporates a chapter in its Treaty to deal with private sector development. This is because the private sector plays a crucial role in the economic cooperation and integration process of Eastern and Southern Africa. The private sector is also expected to play a pivotal role in the restructuring and transformation of the economies of the subregion. As investors, producers, exporters, importers, transporters, and forwarding and clearing agents, the business community are the actual implementers of national and regional economic cooperation policies and programmes. It is, therefore, necessary to involve the private sector in the process of the formulation of national and regional economic cooperation policies and negotiations. It is also necessary to provide the private sector with vital services and support they need to enable them to exploit regional trade and investment opportunities.

12. To this end, COMESA has a number of programmes which are designed to support the business community in general and ESABO in particular, to make them more competitive by improving the quality of products and marketing skills, as well as making our private sector more aware of trade and investment opportunities in the COMESA market. These activities include supply and demand surveys, buyer/seller contact promotion meetings, trade information network, enterprise-specific assistance, trade fairs, training the private sector on doing business in COMESA, trade facilitation measures such as Automated System for Customs Data, Road Customs Transit Declaration Document (RECTA), Regional Bond Guarantee Scheme, COMESA Single Goods Declaration (SGD), Yellow Card, Visa Relaxation, and Quality Control, and publishing trade promotion publications and distributing them widely to trade promotion organizations.

#### **IV FEDERATION OF NATIONAL ASSOCIATIONS OF WOMEN IN BUSINESS IN EASTERN AND SOUTHERN AFRICA (FEMCOM)**

13. An important aspect of private sector development which is quite unique in COMESA is the support to women in business. COMESA fully recognizes the critical role women play in industry, manufacturing, trade and services in Eastern and Southern Africa. Therefore, the COMESA Treaty has a full chapter on women thereby providing the necessary encouragement and support to business women to participate in contribute to regional economic cooperation and integration. COMESA has assisted the women to establish the Federation of National Associations of

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Women in Business in Eastern and Southern Africa (FEMCOM) which acts as the relying forum for women in development.

14. FEMCOM was established in 1994 with the aim of serving as a representative body and a link between members and the COMESA Secretariat, and other sub-regional, regional and international organisations whose aim is to promote trade and development. Its basic mandate is to promote the establishment, in the member States, of enterprises owned by women either wholly or in joint venture with partners from within the sub-regional or outside the sub-region, including the expansion of existing enterprises owned by women; to promote sub-regional and regional networking among women and enterprises owned by women to facilitate accessibility to resources and generate increased support in the member States for enterprises owned by women, and, in collaboration with the COMESA WIB Unit, to act as a sub-regional facilitating body to identify and sensitize governments of COMESA on the needs of members and also on strategies for achieving women's full integration into national and sub-regional trade and development activities.

15. COMESA has for the past two years assisted women to develop clear business strategies and choices and to begin to think beyond the national borders in their business and trade decision. Specific enterprises development support designed for women are being implemented including training and capacity building so as to empower women through economic and financial independence. Through the intervention of COMESA, FEMCOM is now recognised by the United Nations and many donor communities as an important factor in the social and economic transformation of the countries in Eastern and Southern Africa.

## **V. DIRECT SUPPORT TO THE PRIVATE SECTOR**

16. In an effort to support the private sector, COMESA has undertaken a number of activities in the past. However, only a few major ones are summarised in this paper.

### **a) Supply and Demand Surveys**

17. Supply and demand surveys provide the basis for important private sector investment decisions. These are conducted on selected products produced by you in order to identify trade potential and provide you businessmen with a detailed information on supply capabilities and demand potential. The information includes conditions of imports and exports, installed capacity, actual production, expansion plan, quality and prices of the products, terms of sale, market size, constraints affecting imports and modes of transport. Surveys also include design, packaging, labelling and the need for product adaptation to meet consumer preferences.

18. The supply and demand surveys are undertaken by national trade promotion organizations subcontracted to them by COMESA. This helps the business organisations to build their own research capacity to carry out market surveys and formulate export marketing strategies. It would also generate income for the private sector.

19. COMESA has undertaken supply and demand surveys on manufactured fertiliser, agricultural tools and implements, cement, salt, leather products, fish and fish products, agricultural chemicals, automotive spare parts, textile and clothing, and wood products and furniture

**b) Buyer/Seller Meetings**

20. COMESA introduced the buyer/seller meetings as a way of promoting direct business contacts between producers and traders. Buyer/Sellers meetings are held in order to provide opportunity for the producers, exporters and importers to meet and discuss the results of the supply and demand surveys. Buyers/Sellers contact promotion meetings provide the business community with the opportunity of personally meeting their business counterparts to conduct negotiations, see samples of the products, make firm orders and establish lasting business contacts.

21. The experience in these buyer/seller meetings have been very encouraging. Substantial business has been generated as a result of the negotiations at buyer/seller meetings. Business worth about US\$110 million was negotiated during the different buyers/sellers meetings. At the buyer/sellers meeting on wood products and furniture which was held from 27 - 30 November 1995 in Harare, Zimbabwe, for example, orders under negotiations amounted to over US\$14 million. Some products, like manufactured fertiliser, entered COMESA market from Mauritius for the first time after such supply and demand surveys and buyers/sellers meetings were undertaken.

**c) The Investment Forum**

22. The COMESA Investment Forum was held in Kampala, Uganda from 28th November, to 3rd December, 1995. The forum was organised by the assistance of the United Nations Industrial Development Organisation (UNIDO) under its programme for the Industrial Development Decade for Africa (IDDA), in collaboration with the Ministry of Trade and Industry, Uganda Investment Authority (UIA). The total number of foreign investors was 112, hailing from 32 countries. With 19 participants, the British contingent was the biggest followed by Germany and Spain 12 each, India 8 and the Middle East 10.

23. The biggest number of joint venture possibilities covered by letter of intent included 30 for Uganda (US\$ 167 million), Kenya 8 (US\$ 108 million), Eritrea 5 (US\$15.55 million), Ethiopia 2 (US\$1.88 million). The above projects covered a wide spectrum of products/services such as paper mills, tannery, soap, earth-moving and drilling equipment, solar heaters, 2 sugar mills, charcoal briquettes, garments and socks, meat processing, pharmaceuticals, biscuits, pasta, sanitary ware, tomato concentrate, fruit processing, slaughter house, animal feed, wheat and maize mills, sheet glass and bottles, hotels. Prior to the Investment Forum, 93 projects had been identified in the four member States. Uganda had majority of projects (45) while the three other member States, Eritrea, Ethiopia and Uganda had 16 projects each. These projects were promoted world wide using UNIDO Investment Promotion Centres, the media and direct contacts.

**d) Techmart COMESA 1995**

24. The Techmart COMESA '95 was successfully held in Lusaka, Zambia from 16 - 20 October, 1995. The first day was devoted to a Seminar on Technology Transfer Negotiation. Through the attendance of this Seminar the participants, particularly the potential technology buyers or licensees became aware of the problems and questions they were likely to be confronted with in their business contacts with technology suppliers or licensors. Techmart COMESA '95 was the first Technology

market forum organised by COMESA in co-operation with UNIDO and Technology Exchange Ltd. of U.K. with Zambia as the host country. It was aimed at promoting direct contacts between Investment and technology seekers particularly from COMESA member States and investment and technology suppliers from developed and developing countries. The focus was on Agro-related and Agro-based technologies, particularly in the agricultural and food and fruit processing branches

**e) Trade Information Network**

25. COMESA fully recognizes that one of the major bottlenecks to private sector participation in COMESA and indeed to the rapid growth of intra-COMESA trade as been lack of information on existing trade opportunities in the subregion. In order to address this serious problem, COMESA has established a COMESA-wide Trade Information Network (TINET) to identify trade opportunities and provide you the business community with up-to-date and accurate trade information. Originally TINET was installed in government ministries. However, now in addition to government department, TINET has now been installed or is being installed at trade promotion organizations like chambers of commerce, associations of manufacturers and national trade promotion councils. For example, in Kenya, TINET has been established at the Kenya National Chamber of Commerce and Industry, Kenya Association of Manufactures and Kenya Export Promotion Council in addition to the one installed at Kenya External Trade Agency. Computers, softwares, training and technical support services are provided by COMESA free of charge.

26. COMESA is making continuous efforts to update information and to make TINET user-friendly. It is our sincere hope that the business community will increasingly use this important information facility to their advantage. In order to make this more successful, ESABO is encourages to provide information to the TINET national focal operators because it is the information that we collect from you that we process and disseminate back to you.

**f) Enterprise Specific Assistance**

27. Recognising that the needs of the business community are complex and varied, COMESA has now embarked on a new private sector development programme called "**enterprises specific assistance**". Under this programme, the problems of some selected enterprises with respect to their financing, production, design, quality control, standardisation, labelling, packaging, market research and marketing are identified and tailor-made solutions are provided in order to make the enterprises competitive both in terms of their products and marketing skills. And improving competitiveness is the word not only in the COMESA market but also in the post Uruguay Agreement globalizing and liberalizing world economy. COMESA is currently assisting in this respect enterprises producing and exporting pharmaceuticals, and agricultural tools in the subregion free of charge. It is planned to expand this activity in order to provide assistance to more enterprises.

**g) COMESA Trade Fairs**

28. As is well known, trade fairs are among the most promising regional trade. Products and manufacturers are availed the opportunity to tell COMESA what they are capable of producing while consumers know where to procure their needs. Accordingly, COMESA has organised five general and two specialised trade fairs.

Fair activities include displaying of products, buyers/sellers meeting as well as Ministerial/Businessmen Symposium. These fairs have proved very successful in bringing together businessmen and women from the subregion to see for themselves products that are available in the subregion, to negotiate business and establish contracts. Business worth over US\$ 660 million was negotiated during the fairs.

#### **h) Automated Systems of Customs Data**

29. The experience gained by COMESA is that the operations of customs regimes in COMESA are not well-known to many business entrepreneurs. Therefore, in order to improve knowledge in this important area and to facilitate trade in the subregion, COMESA has installed Automated System for Customs Data (ASYCUDA) in most of the member States at the ports of entry and exist. ASYCUDA is a computerized customs management system. The introduction of ASYCUDA in the member States will assist in clearing goods faster from customs areas, generates up-to-date and accurate statistics on international trade, and helps in increasing the revenue of the member States because of improved assessment and collection of import duties and other taxes on imports. This has been successfully demonstrated in practical terms in Mauritius, for example, where the introduction of ASYCUDA reduced drastically the time required for goods clearance from one week to one day at the airport.

30. We have feed backs to show that before the introduction of ASYCUDA, the processing of declaration typically required 24 to 48 hours. This duration has now been reduced to 30 minutes. The pre-installation missions, preparing project documents, identifying donors for equipment, softwares, training and technical support are provided free of charge by COMESA.

#### **i) The EUROTRACE**

31. COMESA has introduce EURO-TRACE as a way of improving the compilation, storage and analysis of international trade data. Eurotrace is the computerisation of international trade statistics in the member States and at the COMESA Headquarters through the introduction of the special software (developed by EUROSTAT, the Statistical Office of the European Union, for processing and analysing international trade statistics). This aims to facilitate trade by enabling timely acquisition to up-to-date, reliable and comparable international trade statistics and compliments TINET and ASYCUDA. Comparability of trade statistics will be made possible through the using all member States of international standards in the areas of concepts, definitions, nomenclatures and compilation methods.

32. EUROTRACE is developed in such a way as to capture and process more efficiently the data that will be made available by ASYCUDA. This will enable more thorough analysis of trade statistics leading, among other things, to a better assessment of trade opportunities in the COMESA market as well as improved dissemination of useful trade information to policy makers and the business community of the member States. The computer equipment, software, installation, training and technical support are provided free of charge by COMESA to the Central Statistical Offices of the member States.

## VI. TRADE FACILITATION

33. In addition to the very concrete programmes enumerated in the preceding section, COMESA is implementing a unique programme for trade facilitation. This is aimed directly to benefit the private sector in COMESA. Trade facilitation is a systematic simplification, harmonisation and of trade documents and procedures relating to the movement of goods from their place of origin to their destination. In this regard, in order to facilitate the movement of transit traffic in the COMESA subregion, the Road Customs Transit Declaration Document (RCTD) has been introduced. This simplified and harmonized document replaced thirteen documents.

34. The operation is very simple. The carrier completes the RCTD referred to above and submits to the customs official of the customs office of commencement. The customs official checks the particulars in the RCTD against what is loaded on the vehicle. If what is declared in the RCTD and what is loaded on the vehicle match, the customs official will sign the RCTD and seal the vehicle with customs seal. Once the vehicle is accompanied by RCTD and sealed with the customs seal, the customs officials at the customs office en-route, customs offices of exit and customs offices of entry will not require new transit declarations, loading and unloading at every border crossing point for checking provided the seals are intact. The system, therefore, reduces costs, delays, pilferages and breakages which would have added to the cost of intra-COMESA trade.

35. As added feature of the trade facilitation programme of COMESA, we have designed a COMESA Single Goods Declaration (COMESA SGD) which combines import, export, transit and warehousing declarations. This is intended to reduce the multiplicity of trade documents and forms that the business community have to complete thereby facilitating intra-COMESA and international trade.

36. Furthermore, in order to facilitate transit trade, COMESA has introduced regional third party motor vehicle liability insurance scheme (yellow card). Yellow card is a certificate of insurance. It is evidence of a guarantee that provides the minimum other third party risks insurance cover as required by the laws of the COMESA countries. When you have a yellow card, you are not required to buy insurance cover at each and every cross border entry point, you save your scarce foreign exchange because you buy it in your national currency in your country and you avoid delays and inconveniences in transit countries.

37. Similarly, greater movement of COMESA businessmen and national within the subregion, COMESA has been facilitated by the Protocol Relating to the Gradual Relaxation and Eventual Elimination of Visa Requirements within the Common Market for Eastern and Southern Africa. The Protocol provides that "The Member States agree that as a first step towards the gradual relaxation and eventual elimination of visa requirements within COMESA the business community, nationals of a member State holding travel documents shall not be required to obtain visas before travelling to the territory of another member State and may be granted visas to enter such territory upon the presentation of such travel documents at an official entry point of that member State."

**(j) The Road Customs Transit Declaration Document (RCTD)**

38. Because of its large haulage and trucking industry, South Africa will be interested in the RCTD which is a single customs document for movement of goods in transit by road within the COMESA sub-region. Before its introduction, countries were required to fill in more than one dozen documents. The RCTD has facilitated cross border transit by road and to some extent has reduced the turn-round time of trucks by more than 50%. The use of RCTD, coupled with the PTA Licence for Carries, has greatly liberalised the commercial trucking industry through free access to the market by road hauliers which has contributed to the reduction of transport costs.

**(k) The PTA Regional Customs Bond Guarantee**

39. The PTA Regional Customs Bond Guarantee scheme, is a system designed to enable all road transport hauliers to be able to make only one deposit payment for customs that will be applicable in all COMESA member States. The scheme has yet to be ratified by member States. It will eliminate the need to enter a bond guarantee for transit movement of good at each border. The scheme will eventually enable the release of the huge funds which were immobilised as the guarantee for inter-COMESA exchange hence reducing the transport costs of commodities.

**VII COMESA SPECIALISED INSTITUTIONS**

40. The direct support to the private sector is facilitated by the existence of several specialised institutions mostly run by the private sector which were established by the COMESA Heads of State and Government to deal with their areas of competence. These institutions provide specific and direct support to the private sector in their spheres of competence.

**(a) The COMESA Clearing House**

41. As a big exporter, South Africa will find COMESA Clearing House a useful tool for promoting her exports. The complementarity between trade and monetary and payments arrangements necessitated the setting up of an appropriate payments scheme in order to facilitate intra-COMESA trade liberalisation and expansion within the Eastern and Southern Africa sub-region. This took the form of a multilateral payments scheme called the COMESA Clearing House. The COMESA Clearing House is based in Harare, Zimbabwe. It is an autonomous institution which makes it possible for settlement of day to day payments to be effected in national currencies. Under the scheme, settlement in convertible currencies only arises at the end of a transaction's period of two months. In the ten years of the existence of the Clearing House, total transactions of about UAPTA 615 million have passed through it. In 1993, the rate of utilisation stood at over 70% which implied the volume of trade transacted in local currencies. Arrangements are now being made to create a Reserve Fund at the Clearing House so that countries which are in temporary deficit would borrow and settle their trade creditors. The Clearing House is being developed into a Regional Payments Union.

**(b) The UAPTA Travellers Cheques**

42. The UAPTA Travellers Cheques came about as a response to the problem of shortage of foreign exchange which in the 1980's led many countries in the COMESA region to impose restrictions on external travel so as to conserve their limited foreign exchange earnings. A distinct feature of this mechanism is that 1 UAPTA = 1 SDR of the IMF and the par value is maintained. The use of the UAPTA Travellers Cheques eases the problem of foreign exchange for travels within COMESA. The payments made using the travellers cheques are settled through the Clearing House and foreign exchange outlays, if any, are only incurred at the end of each bi-monthly transaction period at the Clearing House. The use of the COMESA Travellers cheques, therefore, saves the member States much needed foreign exchange and enables them to be liberal in permitting travel within the COMESA. It also promotes trade through business contacts and tourism within the region. The UAPTA Travellers Cheques are issued and managed by the COMESA Bank. The mechanics of operation of the Travellers Cheques are the same as all other travellers cheques. The only difference is that these Travellers Cheques are restricted within the member States and the settlement of the cheques is through the COMESA Clearing House.

**(c) The Eastern and Southern African Trade and Development Bank (COMESA Bank)**

43. The Eastern and Southern African Trade and Development Bank (COMESA Bank) was established on 6th November, 1985 to mobilise financial resources for the promotion of regional and national projects. It finances trade and also assist the private sector in sourcing funds to finance their businesses. The COMESA Bank headquarters is located in Bujumbura, Burundi. However, it is currently operating from Nairobi, Kenya because of the current political turmoil in Burundi.

44. The COMESA Bank is an autonomous institution. Its management is under seven Directors - five representing the constituencies of the Member States and two representing external shareholders. The Board of Directors provides policy guidance for the Bank's general operations. over the years, the Bank has recorded commendable achievements in project and trade financing with projects in the pipeline amounting to over US\$ 100 million. In order to meet the increasing trade financing needs of its member States and business community, the Bank has created structured finance products which will enable it sot externally raise resources without having to rely too heavily upon its balance sheet. This has increased the Bank's role as a fund-raising intermediary in the international financial markets.

**(d) The COMESA Association of Commercial Banks in Eastern and Southern Africa.**

45. The Association of Commercial Banks of the Preferential Trade Area (BAPTA) was formed at the initiative of the commercial banks in the region. It's Secretariat is in Harare, Zimbabwe. Although the Association has existed for a number of years, it only became active in 1993. So far it has played an important role in promoting the use of the region's currencies in intra-COMESA trade and in providing the business community with information about commercial banks' development and trade financing schemes. The Association is collaborating with the

Clearing House and the COMESA Bank to publicise the institutions to bankers and economic operators in the COMESA region. It has also conducted workshops for bankers in a number of member States, including on security operations in travellers cheques and bank notes. At the present time, it is encouraging banks in the region to establish correspondent relationships with each other.

**(e) The COMESA Third Party Motor Vehicle Insurance Scheme (The Yellow Card)**

46. The COMESA Yellow Card Scheme is a regional programme designed to facilitate road traffic movement. It certifies that the visiting motorist and Yellow Card Holder has a regionally valid and recognised Third Party Motor Vehicle Insurance in compliance with the law of the member State concerned. The premium is paid in local currencies and once purchased, there is no need to purchase other insurance on crossing the borders. In the event of an accident, the motorist can lodge the claim to the national bureau of the country in which the accident has occurred. This saves foreign exchange and eliminates delays in claims. The scheme has facilitated cross border movement of vehicles and persons and contributed to the increase in intra-COMESA trade.

**(f) The COMESA Re-Insurance Company (ZEP-RE)**

47. ZEP-RE was created to provide a new framework for insurance companies in the region to obtain re-insurance services without diverting foreign exchange to overseas re-insurers. The retention capacity developed with ZEP-RE will enable greater investment in the developmental programmes within COMESA countries. The COMESA Re-insurance company started its operations on 1st September 1992 at its headquarters in Nairobi, Kenya. The authorised share capital of the company is UAPTA 20,000,000. Apart from some member States governments, a number of companies within the COMESA region are shareholders of ZEP-RE. During its two years of operations, ZEP-RE has gained considerable confidence with the insurance market and has successfully conducted business worth over US\$10 million.

## **IX CONCLUSIONS**

48. In conclusion we wish to stress the point that COMESA's pledge for direct support to the private sector is not an empty promise. It is based on programmes and strategies that can be implemented. To that end, it needs to be emphasized that as a result of this direct support to the business community and the Governments, intra-COMESA trade is now growing at an annual rate of 101.% compared with COMESA trade with the rest of the world which is growing at 7.2% annually. Furthermore, trade within COMESA grew from about US\$500 million in 1985 to well over US\$1.7 billion in 1995.

49. This paper represents a brief insight of what COMESA is all about and how it can assist the private sector through ESABO to promote and expand their business operations through the sound framework for "production-led" and "market-led integration which is being promoted through COMESA. COMESA is ready to work closely with ESABO and the national chambers of commerce, manufacturers associations and business women's associations to create an environment that will promote business in Eastern and Southern Africa.

## AFRICA ONE

The Africa ONE project , was conceived in 1993 by ITU, and represents the first attempt to develop an integrated network solution for the African continent, to fill the gap that currently exists in connectivity with the rest of the World.

Africa ONE will be a truly African project because it will be owned and managed by Africans.

AT&T designed the undersea fibre optic network portion of this total solution, and signed a Memorandum of Understanding with RASCOM ( Satellites) and PATU ( Terrestrial networks) to define an integrated undersea/ satellite/ terrestrial network for the continent of Africa.

The project comprises an undersea fibre optic cable that will be laid in deep water around the coast .

The cable length will exceed 39,000 Km's making it by far the longest fibre optic ever...

Each coastal country will have a landing station, special emphasis has been put on landlocked countries which will be accessed via distribution points in neighbouring countries by planned or existing cross country feeders which could be cable, fibre optic cable, microwave or satellite, or by Satellite from remote distribution points.

The distribution points will send and receive traffic via the existing and planned network infrastructure within each country.

### BENEFITS

#### Operational

Fibre optic communication is not affected by external factors such as electromagnetic fields, lightning and atmospheric changes, and as the signals are also digitally transmitted, the speech and data is the best quality currently available.

Africa ONE will therefore provide high quality circuits between distribution points in each country.

In Africa at present, a large proportion of International and inter-regional traffic is managed by a combination of satellite and microwave links, as a result:

- a) Speech quality is affected by external factors.
- b) Many countries experience congestion on their Satellite links .
- c) A large percentage of calls are " transited" through European routing centres This routing service adds to the cost of the call.( the transit costs amount to about 4 million dollars per year ).
- d) A call to a neighbouring country may travel many thousands of miles in order to reach a destination only a few hundred miles away.
- e) The routing, billing, and costing of calls is a complex exercise due to the presence of so many carriers and routes.

The existence of a high capacity, high quality and professionally managed network reaching every country in Africa and giving direct links to the rest of the world, would effectively reduce the operational difficulties listed above.

Africa ONE will employ the very latest communication technologies, has a long design life and will create an environment that is conducive to increased interaction between African countries, develop industries and increase foreign investment.

### ECONOMIC

The gradual improvement in the Communications infrastructure in Africa is too slow, and is retarding the potential economic growth rates of the countries in Africa.

The prohibitive cost of international calls within Africa, and to countries outside Africa, is also a contributory factor in retarding growth.

The difficulties encountered in making long distance calls, need no comment.

Africa ONE will address all of the above issues by taking Africa into the next century with a communications infrastructure that will be as good as if not better than the majority of other continents.

The very high traffic capacity of the Africa ONE fibre optic cable system will lead to an economy of scale that will increase call volume and decrease call costs.

The huge costs of "transit" traffic through the European routing centres will be removed.

The cost of calls between countries will be greatly reduced thereby enabling PTTs' to pass these reductions to the businessmen and thus creating a healthy environment for increased regional trade.

Perhaps the most important aspect of Africa ONE will be that it will help to create the " all for one and one for all" philosophy within the continent that is so much a part of the ESABO thinking.

### THE PROJECT

Discussions with PTTs' , financing and other modalities have been ongoing for several years and are near to completion.

The planned ready for service date is 1999.

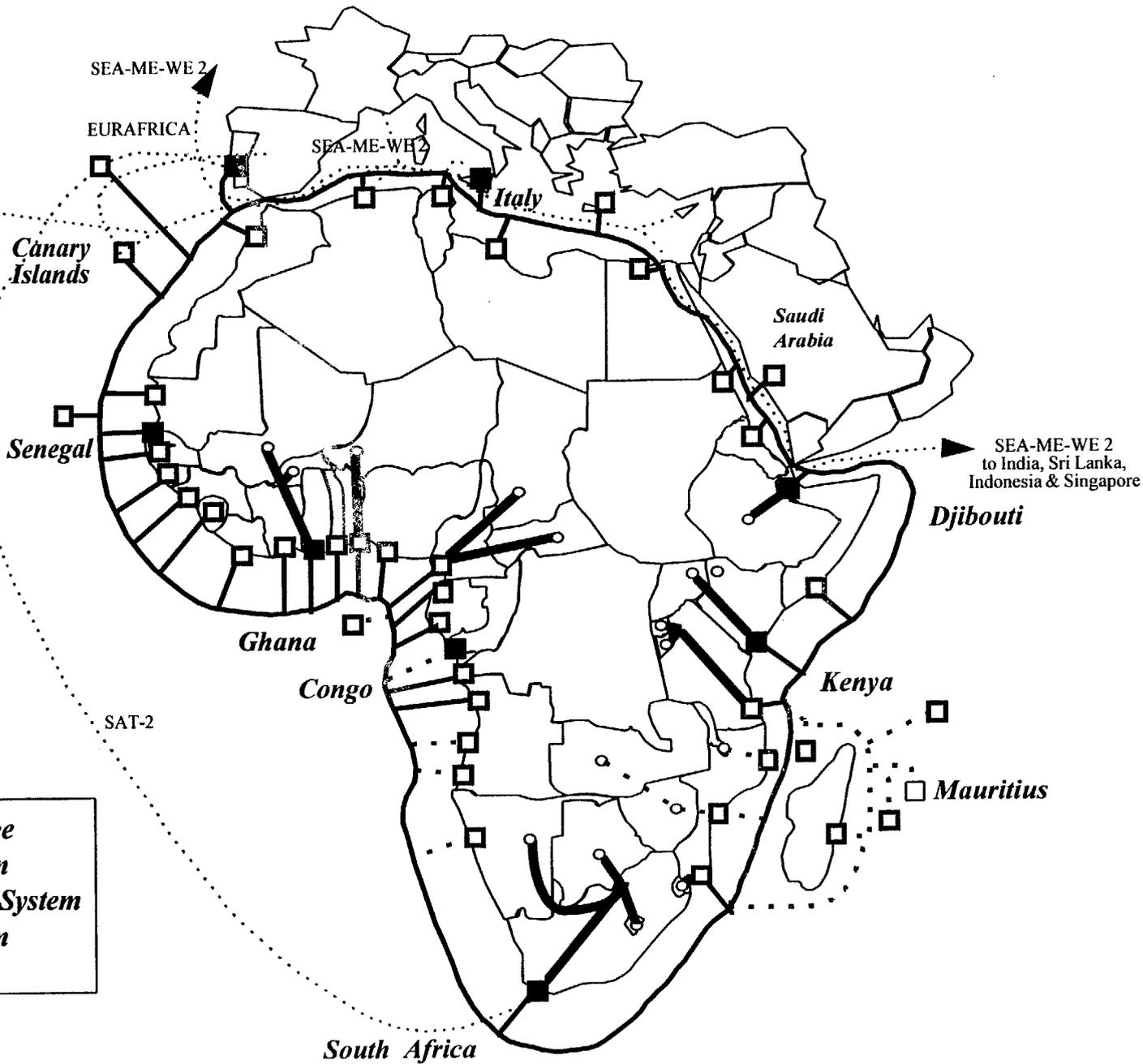
The project has generated substantial public interest internationally and advance provisional space bookings and investment interest are indicative of the perceived credibility of the project.

The projected cost of constructing the network is US Dollars 2.65 billion.

# AFRICA ONE



COLUMBUS II  
to the Americas



SDB

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# The Global Submarine Fibre Optic Network Projected Connectivity (1997)

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**Africa is isolated ...**

APPENDIX 16

Group work participants

REGIONAL TRADE POLICY	
1	S K KARUGA
2	P MUTHOKA
3	L NKURRUNA
4	B CORNELIO
5	B WAMAHIU
6	J WANJOHI
7	J KOBLEROW
8	D TANDOE
9	A MUNYAKAZI-JURU
10	S GACHUHI
11	A WAIYAB
12	G K OWANGO
13	J MUGAA
14	P D DIGHE
15	A MURJI
16	A W TUMKOU
17	B NYIRENDA
18	C MALAVU
19	O OPONDO
20	W M NZIOKI
21	M ROTICH
22	M WAITHAKA
23	P KUBEBEA
24	S TARUMBISWA
25	F NYAMBO
26	R A OBUDHO
27	C M KANG'E
28	D MURIUKI
29	F SCAPIGLIATI
30	BINGU MUTHARIKA
31	K SENKHANE
32	C ANYAMA
33	J DIAH
34	D DAR
35	G M KIONANO
36	M K MURE
37	W MAISIRI
38	J DAMMERT
39	Z N MWAURA
40	M KITIYO
41	D MOLOBE
42	R D FROST
43	N MWENDA
44	M MUSISI-NKAMBWE

45	R KIGGATHI
46	R A OBUDHO
47	E K MWAURA
48	B KOMAKECH
49	S SHAH
50	K MULWA
51	J P MATUI
52	N MACHARIA
53	S O WANDIGA
54	D A MWAIBULLA
55	H ESENDI
56	J JANA
57	T TOROME
58	P CHANDARIA
59	B YUWA
60	
61	
62	
63	
64	
65	

TRADE INFORMATION SERVICES	
1	M MWANIKI
2	GITAU
3	S S DADHIA
4	J B KAGEMANA
5	S KIFLE
6	S OMOLLO
7	K MUTHUI
8	J W MUNUHE
9	F OKUKU
10	A JEFFAH
11	H MWATATI
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25	

<b>BANKING AND FINANCE</b>	
1	T GIRUKWISHAKA
2	J CHUNG-FAYE
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**APPENDIX 17**

**Recommendations**

## GROUP ONE - REGIONAL TRADE AND INTEGRATION POLICY

### RECOMMENDATIONS

- 1 There are too many regional integration institutions in the region with overlapping mandates. This causes confusion. Rationalisation is therefore essential. There needs to be only one regional trade policy framework.
- 2 Political commitment is required for regional integration to occur.
- 3 Non-compliance of tariff reductions and other measures by some countries is retarding the integration process. Reciprocating is a principle which should be applied as a means to overcome the problem.
- 4 There is still a problem for businessmen to travel freely in the region. A "Businessman's Visa" system should be developed.
- 5 Delays at border posts are still a problem. These are time consuming apart from causing inconvenience at a cost. Simplification of procedures and a uniform clearance document is required as a priority.
- 6 Standardisation of products within the region should be given urgent attention.
- 7 The approach to regional integration should be driven by business.
- 8 The issues raised led the group to conclude on the need to strengthen ESABO to act as a strong lobby to promote business interests in the region. This implies the need for a strong secretariat.

Business must contribute to ESABO to ensure its financial viability by mobilising its own resources.

ESABO MUST REMAIN INDEPENDENT at all regional integration institutions but must become a lobby group to both the institutions and the member Governments.

## GROUP TWO - TRADE INFORMATION SERVICES

### RECOMMENDATIONS

- 1 Chambers and other bodies should explain the information available and how they can be accessed. Subscriptions should be used to build capacity of smaller units to acquire computers for the purpose of receiving information from TINET.
- 2 Train business people on the simple use of information technology and existing data bases eg TINET. Sensitise them through trade lobby groups and branches, eg Chambers of Commerce.
- 3 Landlocked countries should not face closure of borders which hinder flow of goods.
- 4 There is need to assist poorer trade promotion bodies.
- 5 Financial problems of chambers should be alleviated by levying a small fee on trade transactions eg imports and exports to supplement subscriptions.
- 6 Emphasise to chambers the need for them to appreciate their responsibility to the members as far as transmission of trade information is concerned.
- 7 Ask governments to protect chambers assets and allow the freedom of use.
- 8 Mass media should be requested to promote trade and trade information as is the case with the developed world and in the Asian sub-continent.
- 9 Special networks eg for women and for food security.
- 10 Governments should be persuaded to enact laws which give intellectual property protection.
- 11 ESABO should persuade governments to formulate policies which encourage transborder information flows.
- 12 ESABO should look at information as a product and try to encourage its export.
- 13 ESABO to be sensitive to protection of environment.
- 14 Efforts to COMESA should be supported.
- 15 Negotiate with governments to be supportive of chambers and business bodies and create an enabling environment. Also chambers to take a leading part in the policy formulation, showing discipline and integrity among members where they have responsibility such as issuance of certificates of origin.
- 16 Create ESABO net (information system).
- 17 ESABO
  - identify requirements for trade information
  - evaluate existing sources
  - identify competencies and training requirements to cover technical aspects of trade information flows.
- 18 Governments to be supportive of chambers of commerce including protecting their legal rights to property including building which might have been confiscated.

## GROUP THREE - BANKING AND FINANCE

### SECTION 1

#### 1 INTRODUCTION:

1.1 Status of the banking system in the region.

##### **Summary of Presentation**

- Characteristics of banking and commercial sector
- Banking sector falling short of its role:  
marked by:
  - Excess liquidity
  - state ownership business
  - economic criteria consideration (political consideration)
  - macro-economic instruments and policies - easy money and returns
  - risky environment - information to assess the business.
- Liberalisation has not improved the banking. The government control still plays a major role.

The bottom line is that the financial sector or banking system has failed to deliver - political interference.

##### Constraints:

- a) Lack of savings
- b) High interest rates for local currency borrowings
- c) Lack of entrepreneurial skills and security
- d) Lack of private foreign investment
- e) Lack of regional banking and finance links.

Highlighting role of PTA bank in promoting intra-COMESA trade through such instruments as pre and post shipment financing to exporters bills discounting, and confirming letters of credit and price guarantee contract (PGC) and financing against warehouses for small investors giving priority sectors including manufacturing, agri-business, tourism, infrastructure and mining.

### SECTION 2

#### **DISCUSSION OF PAPER**

Two aspects were identified in discussing the paper.

- 1 Status of banking and finance sector in the sub-region. The financial institutions are at varying levels of development and evolution marked by some which are highly developed while others are still at infantry stage.
- 2 The financial institutions were not adequately performing their roles of promoting development and fostering trade and investment due to the following constraints:

- 2.1 Macro-economic policies and regulatory framework
  - 2.1.1 high interest rates being charged reflect more of the needs of fiscal policy than monetary policy
  - 2.1.2 the regulatory framework for the banking and financial sector requiring high reserve ratios and strict credit policies, high minimum capital requirements minimise competition in the industry
  - 2.1.3 Lack of business information leading to high securitisation of loans as a way to manage the risks in the process locking out the micro-enterprises.
  - 2.1.4 Political factor in evaluating feasibility or otherwise of investment proposals in these there was a clear conflict of development and socio-obligation in the allocation of development resources.
  - 2.1.5 Lack of adequate data on financial sector in most countries of sub-region it has been difficult to make assumptions of resources needed to finance trade and investment and also to assess the adequacy of existing framework for financial trade and investment.

### **SECTION 3**

#### **1 WHAT NEEDS TO BE DONE**

We may identify three separate roles to be played by the different organisations as a way forward to solving the problem.

##### **A ESABO's role:**

- 1 ESABO has an important role to play by constituting a lobbying group within itself to lobby other needs to perform certain objectives including:
  - i) negotiating and harmonising banking acts in the sub-region
  - ii) harmonising macro-economics policies in the sub-region particularly monetary and fiscal policies
  - iii) having a say in distribution and allocation of donor credit lines by multilateral financial institution.
- 2 Providing information to the financial sector in areas of economies, areas requiring finance or of importance, small scale businesses and their authenticity, commodities etc.
- 3 The idea of establishing venture capital funds in the sub region or other financial institutions that complement the role of Bank and one another such as co-operative banks.
- 4 Training both bankers and beneficiaries.
- 5 Organise micro-enterprise so that they form viable groups capable of borrowing from the banking system.
- 6 Support of NGO's by ESABO in accessing more capital for onlending.

B Financial Institutions Role

- 1 Direct more funding to small scale enterprises by allocating a percentage of that loan portfolio for this sector.
- 2 Creation of innovative systems or schemes that do not rely on physical security. These can include:
  - i) rely more on self liquidating financing
  - ii) warehouse lending
  - iii) cash flow lending
  - iv) country risk guarantee facilities
  - v) export credit insurance and many others
- 3 Cross subsidisation of interest rates in favour of small borrowers.
- 4 Financial institutions should also provide adequate technical assistance to their borrowers or strengthen their business advisory services.
- 5 Deregulating DFI's and privatising them in order to meet more private needs.

C Government

- 1 Facilitating entry of commercial banks and other financial institutions into the economy in order to allow for competition.
- 2 Provide incentives that induce banks to open branches in the rural areas ie co-operative banks.
- 3 Encourage cross-country branch networking in order to foster trade and investment.
- 4 Provide a healthy atmosphere for banks to operate effectively.
- 5 In order to assist target beneficiaries governments in the sub-region need establish an internal subsidy fund to be operated on strictly commercial principles and to be accessed through channels.

## **GROUP FOUR - COMMUNICATIONS AND INFRASTRUCTURE**

### **TELECOMMUNICATIONS**

#### **Problems**

- 1 Existing communication networks are maintained inefficiently by governments thereby increasing costs of communications and decreasing the reliability.
- 2 No effective mechanism to evaluate effectiveness or suitability of communication solutions.
- 3 Several fora have been set-up to tackle the telecommunication problem, however a regional approach has not been adopted.

#### **Solutions**

- 1 The business community through ESABO and its members should be represented at the national level in the running of individual telecommunications network.
- 2 Liberalisation of sections of the telecommunications sector must be undertaken to allow entrepreneurs to provide services more efficiently.
- 3 ESABO should play a role in telecommunication decision being made by various organisations such as the ITU with regards to the region.

### **ROAD AND RAIL NETWORKS**

#### **Problems**

- 1 Border/custom post are being run inefficiently thereby causing costly delays.
- 2 Universally poor conditions of roads within the region.
- 3 Non uniform tariffs for road usage cause problems when transporting goods across the region.
- 4 Road deterioration is caused by poor enforcement of weighing/loading requirements and weigh bridge stations.
- 5 Road maintenance levies being charged by governments are not used in a proper manner.

#### **Recommendations**

- 1 Privatisation of weighing/loading procedures ie weigh bridge stations should be run privately.
- 2 Maintenance of roads should be contracted out to private enterprise eg giving rise to toll roads.
- 3 Enforcement of PTA agreements at borders eg PTA agreements at borders eg PTA insurance acceptability in the region.
- 4 Harmonisation of road regulations and tariffs.
- 5 Privatisation will also lead to decreasing corruption.

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## AIR TRANSPORT

### Problems

- 1 Inefficiencies of state-run airlines, airports and cargo handling facilities.
- 2 Airlines are not allowed to use routes freely within the region.

### Recommendations

- 1 Privatisation of air transport beginning with cargo handling.
- 2 Adopting an open skies policy at least within the region.

## SEA TRANSPORT

### Problems

- 1 Land locked countries are taken advantage of by neighbours with port facilities through high tariffs.
- 2 Lake transport system eg in the East African region under utilised.
- 3 Inefficiency at the port in handling cargo and the transfer of documentation for transshipment.

### Recommendations

- 1 A standard policy be adopted to prevent landlocked countries from being taken undue advantage of and to be monitored by ESABO.
- 2 Privatisation of cargo handling facilities and lake transport systems etc.

## ENERGY

### Problems

- 1 No cooperation in regional generation and distribution of electricity.
- 2 Under utilised power generation resources in the region.

### Recommendations

- 1 ESABO takes a leading role in ensuring that regional generation and distribution through common grid systems and privatisation within member countries is undertaken.
- 2 A regional body such as telecommunications is set up to alleviate problems.

## WATER SUPPLIES

### Problems

- 1 The regularity, quality and effective distribution of water is not prevalent in the region.

### Recommendations

- 1 The privatisation of certain services in the supply of water such as maintenance of networks and billing, should be undertaken.

**GENERAL RECOMMENDATION**

- 1 ESABO - take a more effective role as a lobby group in ensuring that governments relax regulation to allow privatisation in infrastructure.
- 2 ESABO - address itself to the donor community, World Bank and IMF as a strong group representing the interest of the business community to bring about changes in individual governments.

## GROUP FIVE - FOOD SECURITY

### INTRODUCTION

The questions to be addressed during the meeting were:

- 1) What should be the private sector role in enhancing food security?
- 2) What can be done by the private sector to enhance food security?
- 3) What problems exist in the countries of the region?
- 4) Can we prioritise these problems to enhance food security?
- 5) What is the role of donor agencies in implementing food security:
  - do they impede private sector food security participation
  - are we ready to take the investment risk in areas of food security?

### RECOMMENDATIONS

- 1 The role of IGAD in information gathering research etc, in this region as a leader in food security matters is recognised. IGAD should be expanded to cover the countries of ESABO region.
- 2 Encourage partnership between IGAD and the private sector to gather and distribute food security information so as to encourage food surplus countries to trade with food deficient countries and stimulate informed investment decisions in the area of food security.
- 3 Business organisations, including ESABO, should be strengthened and harmonised in order to be more focused for enhancing the role of the private sector in food security issues, particularly in alleviation of constraints preventing the private sector from participating fully.
- 4 The private sector should come up with effective channels to extend credit using successful models such as:
  - those in Eritrea where people feel they have a social obligation to pay
  - mobile banks in order to reach more people eg as in Uganda
  - the Zambian case of channelling credit through middle level private sector.
- 5 The private sector should encourage linkages between large companies and small producers eg through guaranteed purchase of output and/or credit purchase programmes.
- 6 Encourage value adding in food processing by adopting new processing technologies eg staple foods to be consumed in many ways than is the case in most countries, this will help increase production and linkages.
- 7 A clearing house of food security information should be set up which will encourage of facilitate cross border trade and also enable the private sector to understand what government, donors and intergovernmental agencies are doing together or separately.
- 8 Donor food intervention should coordinate with local private sector to stop distortion of market signals, eg through joint tendering.

**APPENDIX 18**

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