CDE Initiatives in Southern Africa

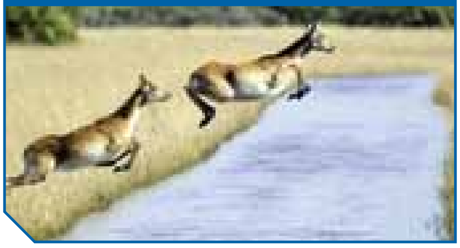
"Improving Private Sector Competitiveness"

2013

CENTRE POUR LE DEVELOPPEMENT DE L'ENTREPRISE
CENTRE FOR THE DEVELOPMENT OF ENTERPRISE

Private Sector Development in Southern Africa: a CDE focus

Enhancing productivity for access to markets



Partnering with financial institutions for improving access to finance for SMEs

The Centre for the Development of Enterprise (CDE) is an African, Caribbean and Pacific (ACP)/European Union (EU) joint institution created in the framework of the Cotonou Agreement. Its objective is to ensure the development of professional ACP enterprises operating in the private sector, with the following main objectives:

- Improving the competitiveness of enterprises
- Improving access to financing for SMEs
- Support for capacity building of intermediary organizations in the private sector
- Improving the business climate by fostering dialogue between private and public partners
- Promoting investments

The CDE Regional Head Office for Southern Africa is based in Gaborone, Botswana and covers Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Zambia and Zimbabwe. CDE works in close synergy with the EU delegations and SADC secretariat, and collaborates with international organizations (UNIDO, ITC), bilateral donors (AFD, Commonwealth secretariat, GIZ, NORSAD) and regional organizations (ASCCI, SPSF, RETOSA, Southern Africa Power Pool, African Water Association and SADC Development Finance Resource Centre). CDE is also working with financial institutions, including venture capital funds, with the view to facilitate access to finance for SME.

Private sector development in Southern Africa: a CDE focus

PSDP Botswana: a model partnership between EU Delegation, Government and CDE

The Private Sector Development Program (PSDP) is a three year programme for Botswana which targets private sector players capable of making the best contribution towards meeting Botswana's

"The PSDP comes at the right time when the Government has intensified its efforts to diversify the economy through the economic Diversification Drive (EDD)."
Honorable Dorcas Makgato Malesu
Minister - Ministry of Trade and Industry Botswana

"I am convinced that this programme will deliver a significant contribution to the strengthening of the competitiveness of a number of Small, medium, and Micro Enterprises (SMME's) in this country. This will be archived through the establishment of value chains, increase access to finance for enterprises and further improvement in terms of doing business."
Ambassador Gerard McGovern
Head - Delegation for the EU-Botswana and SADC

"PSDP Botswana is the first programme we started in the Southern African region. This programme could be a model for other PSDP in the region to be prepared under the 11th EDF."
Mr. Paul Frix
Director - Centre for the Development of Enterprise

Economic Diversification Drive (EDD). EDD is a government initiative focused mainly on the modernization of industry, support to value chains outside the traditional mining sector and employment creation. The total PSDP budget is €2,800,000 (EDF €2,300,000, CDE €500,000).

The programme will provide capacity building to Small, Micro and Medium sized Enterprises (SMMEs) and Community Based Organisations (CBOs) aiming to increase their competitiveness. Moreover, it will support Intermediary Organizations (IOs) in order to upgrade service delivery to their members. Finally, the PSDP will assist the Botswana authorities to upgrade the business environment for enterprises.

The key partners of the programme include the Ministry of Trade and Industry (MTI) , the Botswana Confederation of Commerce, Industry and Manpower (BOCCIM), Botswana Investment and Trade Centre (BITC), Botswana Exporters and Manufactures Association (BEMA), Local Entreprise Authority (LEA), Citizen Entrepreneurial Development Agency (CEDA), Botswana Bureau of Standards (BOBS), Botswana National Productivity Center (BNPC), Hospitality and Tourism Association of Botswana (HATAB), Botswana Tourism Organization (BTO) and Botswana Innovation Hub (BIH).

"In 2013 interventions of the programme will include the development of a Monitoring and Evaluation Framework, competitive mapping and selection of SMME's which will benefit on the programme, development of an IT platform for information exchange for the private sector."
Ms. Maria Machailo-Ellis,
CEO - Botswana Confederation of Commerce Industry & Manpower (BOCCIM)

"CDE is well structured and positioned to facilitate the coordination and implementation of the programme activitives on the benefit of Botswana's private sector. In parallel to enhancing SME's competitiveness, the programme will also capacitate Intermediary Organisations and local service providers for ensuring the sustainability of PSDP."
Mr. Sid Boubekeur,
Head - CDE, Southern Africa Regional Office

In 2013 interventions will include the development of a Monitoring and Evaluation Framework, thus actions will be focused on establishing baseline indicators and targets. In addition, a comprehensive mapping and selection of eligible SMMEs for the programme will be undertaken. Moreover, an IT platform for information exchange for the private sector will be developed.

The programme will be implemented through a network of service providers for supporting its beneficiaries. The implementation of the PSDP is expected to be completed in March 2016.

The PSDP in Botswana was officially launched on 23 May 2013.

Synergies with EU Delegations and Governments for preparing and executing PSDPs in Southern Africa

The signing of the contribution agreement for the PSDP in Botswana between the EU Delegation and CDE has opened doors for future collaboration in similar programmes in the region.

CDE is collaborating with the EU Delegation in Zimbabwe and the Governments of Swaziland and Lesotho for preparing and executing similar programmes for supporting the private sector in their respective countries. In addition, collaboration is foreseen with other regional partners such as SADC Development Finance Resource Centre (DFRC) for co financing upcoming PSDP initiatives within the region.

Furthermore, CDE took an initiative to inform the EU Delegations in Mozambique and Zambia on its possible role in the preparation of the 11th EDF programming. To this end, CDE will elaborate a concept note on the challenges and opportunities for the private sector in these countries. The concept note will also highlight the added value of CDE as an executing agency for the PSDPs.

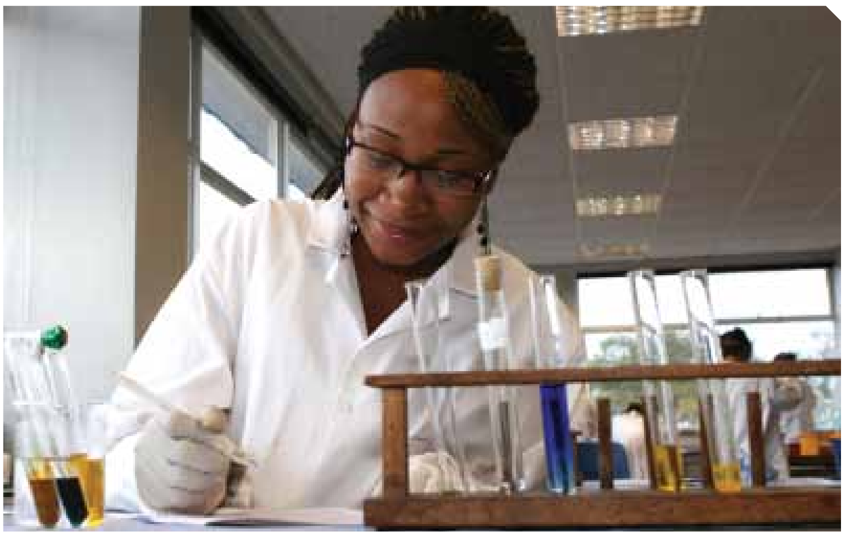
Women entrepreneurship development as a catalyst of the Private Sector

Botswana's growth-oriented women enterprises will receive a boost from support under the framework of the "Women Entrepreneurship Development Programme" funded by CHANEL Corporate Foundation-France, also executed by the Centre for the Development of Enterprise (CDE) Botswana.

Thirty women enterprises will be selected from the manufacturing sector (arts and craft, waste management, agro-processing) and service sector (ICT and tourism and hospitality). The three year programme has a budget of €358,000. The programme aims to provide key technical assistance to the pre-selected women enterprises including the main associations targeted to improve their competitiveness through increased productivty and quality enhancements together with business management and financial understanding. Training in market access, market information, research and accessing finance through business plans will also be featured. The programme seeks to formulate and implement the best-practices, tools and benchmarking while also promoting innovative solutions.

Involvement of the private sector to improve business and investment climate in SADC

In March 2012, CDE collaborated with GiZ to support the Association of SADC Chambers of Commerce and Industry (ASCCI) and SADC Private Sector Forum (SPSF) in developing a strategic plan for the greater involvement of the private sector which will lead to an improved business and investment climate in SADC.



The initiative was organized by the Botswana Confederation of Commerce, Industry and Manpower (BOCCIM) which has been appointed as ASCCI's interim Secretariat. Here, the objective was to define the ASCCI Strategic Plan for the next 5 years and discuss the synergies with other regional business interest groups to build a consolidated SADC Private Sector voice.

The project also aimed to develop a resource mobilization strategy together with a business plan for presentation to potential donors. To date, ASCCI website and a 5 year strategic plan 2012-2017 have been developed and an action plan to raise funding has been prepared. Accordingly, partnerships with EU professional organizations are underway.

Access to local, regional and international markets for agro-products

Competitiveness enhancement program for agro industry

The objective of the Competitiveness Enhancement Programme for Agro-Industries (CEP Agro) is to enhance the productivity and competitiveness of SMEs in the agro-food industry in Southern Africa, by providing practical assistance in product diversification, improving the quality of agro-food systems through a certification system and developing management skills. 25 SMEs from horticulture, dairy, meat, aquaculture sectors and 10 professional associations will benefit from this programme.

SMEs from Botswana and Namibia have already received assistance to strengthen their entrepreneurship skills and to enhance their competitiveness leading to increased sales in domestic, regional and international markets. Tailor made assistance to SMEs covers effective management practices, integrated performance information, rigorous stewardship and accountability systems, access to financing institutions and potential investment and resource partners. Preparation of Business plans for SMEs are underway for aquiring modern processing equipement.

Citizen Entrepreneurial Development Agency (CEDA) in Botswana and the Ministry of Trade and Industry (MTI) in Namibia who have co –financed this programme are also monitoring it. The same model developed in Botswana and Namibia to support SMEs and professional associations will be adopted in Mozambique and Zambia in 2013.

Agro added value products for trade

This project targeted the competitiveness of SMEs operating in the bio trade sector within Southern Africa. PhytoTrade Africa Members specialise in processing natural or veld products such honey, fruit juices, skin care products, baobab oil, marula sweets, jam and jelly, devil claw teas, powders and tablets, and coconut products. The project's aim was to develop new distribution channels and markets.

As a result of the intervention, 15 SMEs have started redesigning factory layouts and identifying new processing technology. The programme covers the following domains: oil processing technology assessment, marketing strategy including branding, distribution and sales network, trade including e-commerce and access to finance. SMEs in Namibia are undergoing trials on new processing technology on site which will facilitate investment in the technology.

In Malawi, a factory has started to review its design to pave way for a new processing plant envisaged to be constructed in 2013. Cosmetic oil ingredients have been repositioned and branded to be supported by a new Business to Business (B2B) website. Moreover, a new distributor in South Africa has been identified and new marketing materials for the portfolio of ingredients, ethical and sustainable bio trade are now being promoted. This programme encouraged PhytoTrade Africa to start negotiations for launching a new Biotrade investment fund.

Enhancement of Sugar productivity in Swaziland

The sugar industry is the mainstay of the Swaziland economy. Beneficiaries of the industry as a whole are estimated at well over 30-40% of the population.

CDE assisted the Swaziland Sugar Association (SSA) in 2012 with the view to increase production output of the sugar industry and facilitate access to markets for sugar products. Through CDE assistance, the Swaziland Sugar Association has been able to capacitate sugar SMEs to obtain fair-trade certification which is key for accessing regional and international markets. In addition, a service level agreement review was undertaken on 4 Miller cum planters, 12 experienced planters and 24 new growers.

In 2013, the project will address the challenges of access to finance, procurement and application of inputs. The project will also benefit the SSA stakeholders such as the Swaziland Cane Growers Association (SCGA), Swaziland Cane Millers Association (SCMA), Swaziland Water and Agricultural Development Enterprise (SWADE), Federation of Swaziland Employers and Chambers of Commerce (FSE & CC).

Upgrading tourism for international market growth

Tourism platform for increasing the volume of clients in Southern Africa Region

In collaboration with the Regional Tourism Organization for Southern Africa (RETOSA), CDE has established a web platform which will act as a one-stop shop for marketing the Southern African region as a unique tourism destination.

The platform will particularly promote existing and new investment opportunities in the Transfrontier Conservation Areas (TFCAs) which includes Ai / Ais-Richtersveld (South Africa and Namibia), Kgalagadi (South Africa and Botswana), Greater Mapungubwe (Botswana, South Africa and Zimbabwe), Great Limpopo (South Africa, Mozambique and Zimbabwe), Lubombo (Swaziland and Mozambique), Maloti-Drakensberg (South Africa and Lesotho) and Kavango-Zambezi (Angola, Botswana, Namibia, Zambia and Zimbabwe).

The online facility will also enable tourists to make direct bookings to preferred destinations. Through high exposure of investment projects, appropriate marketing and branding of TFCAs the volume of clients will be strongly boosted.

Marketing and Branding : the tourism sector in Zambia

CDE facilitated the development of a strategic plan for the Zambia Tourism Council (ZTC) through a needs assessment, improving information in the tourism sector.

As a result of this intervention an action plan was elaborated to upgrade the resource center into a training institute for the hospitality sector. Moreover, CDE managed to develop the first ever marketing plan for the Livingstone Tourism Association (LTA) to promote Livingstone as a preferred tourist destination in the region. The project revamped the LTA website, evaluated and upgraded the online marketing tools.

The project assisted LTA to compile a database of more than 3000 international tour operators in key target countries with the aim of discussing and establishing partnerships. Finally the project developed a branding manual, providing guidelines for logo designs, signage, billboards and prepared a media and public relations road map. As a result of the enhanced marketing strategy, LTA members should also benefit from increased profits from their operations.

Hospitality sector in Mozambique: towards conformity to standards and quality

The National Institute for Tourism (INATUR) implemented a programme supported by CDE and focused on the following areas:

- sensitisation of hotel associations, travel agents and clients on developing a grading system
- assessment of products and services delivered by hotels and lodges
- elaboration of an action plan for implementing a grading system including capacity building of management and staff from the hotels and lodges sector.

The programme targeted to grade 15 establishments in Mozambique and enrolled a total of 236 trainees from the hospitality sector. Through CDE's facilitation, the country was able to establish a framework of procedures as well as train assessors and members of the private sector on grading procedures and mechanisms. The project updated the database of graded establishments. This successful programme will be expanded to cover more hotels in different provinces of the country.

New governance strategy in the hospitality sector in Botswana

CDE has assisted the development of a strategic plan for the Hospitality and Tourism Association of Botswana (HATAB) which has proven to be a good platform to address some of their challenges, including governance issues.

The strategic plan will enable HATAB to position itself as a key private professional association which will advocate for funding from potential partners and donors in order to be less dependent on subscriptions from its members. This should assist the association towards financial independence and would in due course allow it to increase the capacity of its secretariat, particularly in the area of research and development.

The new strategy of the association will take into consideration the needs and requirements of its existing and potential members and will capture the aspirations of all sections of the hospitality and tourism industry in Botswana. Elements of capacity building actions outlined under the strategic plan include training in quality assurance, marketing and effective communication, as well as the development of an e-reservation platform for HATAB SMEs. Furthermore, the project will ensure grading of selected establishments with prior training offered to grading assessors.

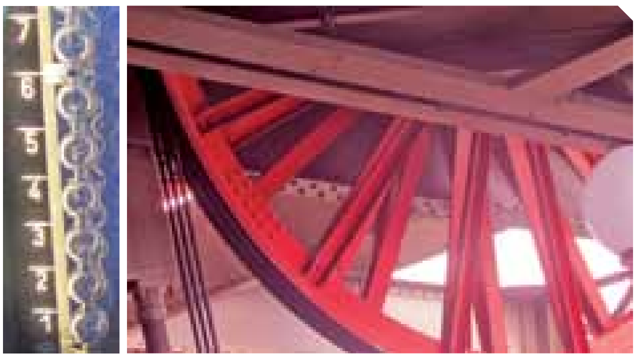
Energy efficiency management and maintenance: niche for increasing productivity

Energy efficiency for upgrading SME competitiveness

The Energy Efficiency Management Programme (EEMP) is a three year programme that started in August 2011 and covers seven countries (Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland and Zambia). The programme will benefit 50 SMEs and 15 intermediary organisations.

It aims to assist selected SMEs to achieve energy efficiency by implementing appropriate energy saving measures and improve their competitiveness through adoption of best practices in efficient energy management. It is expected to reduce energy consumption costs from 15% to 25%. The programme successfully concluded energy audits for SMEs from the manufacturing, agro industry, tourism and construction sectors.

The programme proposed a pertinent action plan which covers the needs assessment of capacity building for reducing the energy cost and increasing the productivity of SMEs. In 2013, the programme will mainly focus on identifying appropriate investments for decreasing energy consumption and assist selected SMEs in business planning for complementary investment. These will lead to the development of best practices for reinforcing SMEs' sustainability.



Integrating SMEs on public works maintenance

The "Support Programme to SMEs on public works and maintenance of water distribution systems", was launched in September 2011 in Zambia and Botswana. This programme aims to improve the efficiency of the water supply network, through subcontracting/outsourcing certain functions of maintenance to SMEs from the public works and hydraulics sector.

It is expected to reduce water leakage from 15% to 25%. Training seminars for selected SMEs were conducted in Zambia and Botswana respectively. The workshops provided tools for SMEs to negotiate subcontrating operations with clients such as water utilities. The managers of the selected SMEs and representatives from Water Utilities Corporation benefited from comprehensive training modules such as: asset knowledge and management, network performance and leak detection, leak repair, procurement and business planning for complementary investments.

The programme benefited SMEs through efficient water resource management, leading to an increase in distributed water volumes. This will ultimately lead to a reduction in operation costs of water distribution networks and allow for future investments. In summary, the programme supported the SMEs to operate more efficiently and professionally so as to compete in the local market and to become more active in establishing strategic alliances with large companies. A total of 20 SMEs and Water Utilities Corporation staff from both countries benefited from this programme.

Partnering with financial institutions for improving access to finance for SMEs

Kukula Venture Capital Fund (Zambia): an appropriate financing mechanism for SME

Technical assistance was provided via Kukula Fund Zambia, a financial institution that invests in SMEs which led to the facilitation of access to finance of SMEs in the agro industry, furniture and services sectors.

CDE and Kukula fund also set up a business model based on a comprehensive audit of SMEs, which includes assessments of the management, operation, markets and financial activities and status of the companies. Companies which presented the most innovative products and potential growth were assisted in preparation of their business plans.

As a result, four SMEs were able to access total loan finance of US$ 1.5 million from Kukula fund with the creation of 60 jobs. It is expected that this finance will strengthen and consolidate the SMEs and sustain their market. Following this success, the Kukula fund will benefit from additional CDE assistance to extend its financing model to Mozambique and Zimbabwe.

Imali Capital Finance Limited (Zimbabwe): a model for micro finance

Imali Capital Finance Limited is a Zimbabwe based company focusing on micro-finance and business advisory services to entrepreneurs and economic agents operating at small enterprise level.

A strategic plan was developed with CDE's assistance which included training of Imali Capital finance staff on Loan Management Information System (LMIS). This has helped the financial organisation to re-focus its interventions particularly on risk management, and to ameliorate its financial reporting. Furthermore, the project led to increased employment through additional job creation in Imali Capital Finance.

Pre and post investment assistance for consolidating the relation between SMEs and financial institutions in Botswana

CDE and Citizen Entrepreneurial Development Agency (CEDA) have collaborated to strengthen the capacity of SMEs in order to better access finance and increase their competitiveness and commercial viability.

A pre and post technical assistance intervention financed by CDE is currently ongoing to reinforce 80 SMEs. It is envisaged that after the intervention, most of the SMEs that received the pre technical intervention will be in a position to access and operate through loan finance. In addition, the post technical intervention will facilitate and increase the loan reimbursement rate, reducing non performing loans as well as strengthen CEDA's loan portfolio.

The expected result is to stimulate more private investment and create new employment opportunities within the supported SMEs. The programme will also assist in developing a portfolio and network of local economists and financial analysts. These professionals coach and monitor SMEs in pre and post investment.

Capacity building of CDE partners and network

Project Cycle Management Tools (PCM)

In May, 2013 a four day workshop on Project Cycle Management Training was was held in Nairobi, Kenya.

The participants were drawn from the Technical Intervention Officers (TIOs) responsible for CDE activities in Eastern and Africa (EAF) and Southern Africa (SAF) countries, namely: Botswana/Lesotho/ Malawi/ Swaziland; Zambia, Zimbabwe, Namibia, Angola, Mozambique, Kenya, Tanzania, Uganda, Ethiopia, and Madagascar. The operational officers of the EAF and SAF regional offices also attended.

The training was aimed at enabling its participants to acquire the following skills:

- An understanding of the Logical Framework Approach (LFA) and methodological principles that govern Projects and Programmes Cycle Management (PPCM), as well as the main factors that govern quality management of projects / programmes.
- How to integrate the LFA and PPCM principles in developing a critical programme/project vision, and how make operational use of these principles during professional practice.
- Practical use of basic LFA tools during project analysis and planning.

Participants rated the PCM training as highly useful and applicable in their working environment, including monitoring and Evaluation formulation process of CDE and other donor funded programmes/projects.

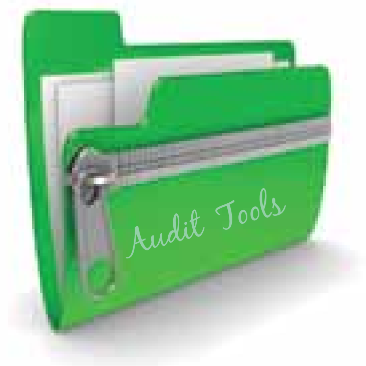
SME Audit and Baseline Tools

In order to properly instigate and ensure a successful implementation of the PSDP for both SMEs and intermediary organizations, a two week SME audit/baseline workshop took place in July 2013 in Gaborone. Participants of the workshop included the CDE Technical Intervention Officer's network, SMEs and Intermediary Organizations.

The audit tool is a diagnostic instrument which is focused on empowering SMEs in;

- Strategic management
- Marketing production
- Environmental management
- Organisation structure (management, finance, human resource, information management and quality management).

The audit tool is key for collecting baseline and endline information about SMEs in order to assess their performance in a given period.



Procurement Tools

As it is still in its preliminary phase and is only anticipated to launch the first activities of supporting SMME's and Intermediary Organizations (IO's) in November 2013, the PSDP undertook a capacity building workshop on procurement which was held on the 11th June 2013 in Gaborone.

The workshop is the first set in a series of capacity building interventions to undertaken by the programme to support both government and intermediary organizations. Training on the 11 June in Gaborone was directed towards enhancing knowledge on EU procurement procedures to ensure that the same manual of procedures be applied by all organizations involved with the PSDP. The other training workshops will focus on the auditing for SME's and IO's as well as the monitoring and evaluation of projects.

Mr. Norman Moleele, BOCCIM's Director of Membership Services highlighted that "such training is rare and profound. It paves a better road to working with the PSDP which gives Botswana an opportunity to be a reference for managing donor funded programmes."

The President of Women in Business Association (WIBA), Mrs. Tummi Mbaakanyi, who was a participant at the workshop highlighted that the procurement knowledge is fundamental and empowering 'especially for women as they tend not to feel knowledgeable enough to apply for bids.'

Participants from MTI, BOCCIM, BITC, LEA, BEMA, HATAB at the workshop organised by CDE in the framework of PSDP.

Technical Intervention Office - CDE Southern African region

CDE set up Technical Intervention Offices (TIOs) as a strategy to decentralize operations and therefore further promote its mandate to provide assistance to the private sector in the ACP countries in their respective regions. To date, the Southern African region is represented by six TIOs as follows:

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ANGOLA	**CASBI GROUP** Operational contact person : Rui SANTOS	R FEO TORRES 50 RC Miramar Luanda, Angola Tel: +214 931536831 Mobile: +351 962078775 e-mail: rui.santos@casbigroup.com
BOTSWANA (TIO also covers Lesotho, Malawi and Swaziland)	**ORGANISATIONAL LIFE FOCUS** Operational contact person : Madei MANGORI	Plot 20620 Unit 3 ACTS House Block 3 Industrial Gaborone Botswana. Tel: +267-3191623 Mobile +267-72620041 e-mail: madeimangori@gmail.com or mmangori@botsnet.bw
MOZAMBIQUE	**LEONARDO BUSINESS** Operational contact person : Simone SANTI	Av. Paulo Samuel Kankhomba nº 1371 R/c – Maputo, Mozambique Tel: +258 21329689 Mobile: +258 828266882 s.santi@leonardobc.com
NAMIBIA	**BFS** Operational contact person : Kauna NDILULA	No.7 Newton Street, PO Box 5064, Ausspannplatz, Windhoek, Namibia Tel: +264 61-388 600 Mobile: +264 81-1277065 Mobile: +264 85-5877777 email: kauna@bfs.com.na
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The southern African TIO network is involved in the identification of capacity building programmes for SME's and intermediary Organisations. They are in charge of monitoring the CDE funded programmes and projects as well as representing CDE at country level.

They will also be mobilized in the preparation for the 11th European Development Fund (EDF) in their respective countries.

PSDP Botswana launch - 23 May 2013

Honorable Dorcas Makgato-Malesu,
Minister - Ministry of Trade and Industry (MTI)
Botswana

Ambassador Gerard McGovern,
Head - Delegation for the EU-Botswana and SADC

Honourable Keletso Rakhudu,
Assistant Minister - MTI.

Ms Banny Molosiwa,
Permanent Secretary - MTI.

H.E. Anne de la Blache,
French Ambassador

H.E. Nick Pyle,
High Commissioner to British High Commission.
Mr Boniface Mphetlhe,
Deputy Permanent Secretary - MTI

Mr Chunlin Zhang,
Acting Country Manager (Botswana) - World Bank

Ms. Maria Machailo-Ellis,
CEO - Botswana Confederation of Commerce
Industry & Manpower (BOCCIM)

Sid Boubekeur,
Head of Regional Office for Southern Africa, CDE

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