

-AERC-World Bank-JICA Research Institute

Senior Policy Seminar on Trade and Competitiveness: Strategies and Lessons for African Enterprise Development

Hotel Intercontinental, Nairobi - Friday May 7

08:15-09:00 *Coffee and sign-in*

09:00-09:30 Welcome remarks by Olusanya Ajakaiye, Director of Research, AERC

Opening remarks by Marilou Uy, Sector Director, Financial and Private Sector Development, Africa Region, AERC

Opening remarks by Keiichi Tsunekawa, Director of JICA Research Institute

Session I: Competitiveness in Africa

While Africa has enjoyed sustained growth in recent years, most African economies have much scope to improve their competitiveness, as captured by international benchmarks of competitiveness such as the World Economic Forum's Global Competitiveness Indexes and the World Bank's Doing Business Indicators. With the exception of countries like South Africa, Botswana, Namibia and Mauritius, most Sub-Saharan African countries are in the bottom quartile of competitiveness or ease of doing business rankings. Given its relatively satisfactory macroeconomic performance, the region's biggest opportunity to improve its competitiveness is to tackle the key microeconomic issues that have thus far been insufficiently addressed by policy makers.

This session will present the main findings of the Africa Competitiveness Report 2009, which was produced jointly by the African Development Bank, the World Bank and the World Economic Forum. The report examines different approaches to competitiveness and proposes an integrated set of initiatives that will help raise productivity. The session will present country-specific examples of the main obstacles to competitiveness and policy recommendations on how to best address them.

09:30-10:30 Giuseppe Iarossi, Senior Economist, The World Bank, Financial and Private Sector Development, Africa Region

Ali Mansoor, Financial Secretary, Government of Mauritius

10:30-11:00 *Coffee break*

Session II: Special Economic Zones in Africa

Economic zones—including traditional export processing zones, free zones, and special economic zones (SEZs)—have been successful as instruments for export-led development, particularly in Asia and Latin America. Through a combination of world-class infrastructure, expedited customs and administrative procedures, and (usually) fiscal incentives, these zones can overcome barriers that hinder investment in the wider economy. The African experience with SEZs over the past two decades—which has mostly involved traditional export processing zones and industrial parks—has been less spectacular. Whilst Mauritius is an oft-cited success, and Kenya and Madagascar have attracted relatively significant investment, most initiatives have failed to reach their potential.

This session will present the preliminary results of a forthcoming World Bank study on industrial and economic zones—with a specific focus on Africa—designed to assess the current performance of zones in meeting the needs and objectives of investors and governments. The session will discuss: how effective zones have been in attracting and sustaining investment, employment and exports; structural and operational factors that shape zone performance; best practices for zone program development; and the overall implications of zones as tools for trade & investment and industrialization policy.

11:00-12:00 Thomas Farole, Senior Trade Specialist, The World Bank, International Trade Department

Dr Adelhelm Meru, Director General, Export Processing Zones Authority, Tanzania

Session III: Industrial Clusters and Indigenous Private Sector Development in Africa

African firm performance is closely linked to the size of the firm. In terms of productivity and sales at home and in foreign markets, large firms tend to do much better than the micro and small-scale firms that make up the vast majority of domestic indigenous enterprises in Africa. However, the growth of micro and small-scale firms and their integration in formal markets are critical to the establishment of a strong private sector. There are natural agglomerations of industries throughout the continent. This session will discuss whether these industrial clusters provide a mechanism through which the domestic micro and small-scale firms can overcome their size constraint and improve their performance.

Unlike clusters in many other regions, which expand through innovation, most industrial clusters in Africa are still at the so called “survival stage”; enterprises agglomerate together to capture short-term gains and cope with high transaction costs in the business environment. Some African clusters associated with fierce competition and low levels of innovation have been wiped out in the past notwithstanding promising early performance. This session will assess the elements that are critical for upgrading these natural but survival-type industrial clusters into more innovative, quality-based clusters to stimulate private sector development in Africa. It will also discuss how clusters can be a platform to build human capital in the indigenous private sector.

12:00-13:15 Yutaka Yoshino, Economist, World Bank

John Akoten, Executive Director, Institute of Policy Analysis and Research (IPAR)

Tetsushi Sonobe, Professor, National Graduate Institute for Policy Studies
and Deputy Director, FASID Graduate Program

Kevit Desai, CEO, Kenya Private Sector Alliance (KEPSA)

13:15-14:30 ***Lunch break***

Session IV: Policy roundtable discussion

14:30-16:30 Michael Oyier – moderator

Mahama Ayariga, Deputy Minister, Ministry of Trade & Industry, Ghana (TBC)

Jas Bedi, MD Bedi Investments, Chairman ACTIF, member EPZA Kenya Board

David Himbara, Independent Consultant (TBC)

Maggie Kigozi, Executive Director, Uganda Investment Authority

Ali Mansoor, Financial Secretary, Ministry of Finance, Mauritius

Megumi Muto, Research Fellow, JICA Research Institute, Japan

T.A. Oyejide, University of Ibadan, Nigeria

Lucien Sanzouango, Permanent Secretary, Competitiveness Committee, Ministry of Economic Planning and Regional Development, Cameroon

16:30-17:00 Concluding words by Marilou Uy, Sector Director, Financial and Private Sector Development, Africa Region, World Bank

Concluding words by Olusanya Ajakaiye, Director of Research, AERC

17:00-18:30 ***Cocktail reception***