TradEquity
A Newsletter of CUTS Africa
Year 15, No. 3/2016

Framework to Make Globalisation and Trade Work for Billions across Global South

The 14th Session of United Nations Conference on Trade and Development (UNCTAD) opened on July17, 2016, with leaders calling for deeper and broader cooperation between trade and development.

The Nairobi (Kenya) meeting is part of the UNCTAD's tradition in which the agency holds a conference every four years to consider trade and development challenges and agree on collective solutions.

The theme of the conference was: "From decisions to actions, moving towards an inclusive and equitable global economic environment for trade and development", and more than US$14bn in deals were expected to be agreed by end of the meeting, according to UNCTAD Secretary General Mukhisa Kituyi.

The Kenya government said nearly 7,000 delegates are convening at the Kenyatta International Convention Centre (KICC) from July 17-22, 2016. This is the same venue where the UN agency held its fourth conference four decades ago. Kenya's independence from Britain and the country's historic leadership of the non-aligned movement then, were the main reasons that led to the choice of the East African city as the venue.

The UNCTAD XIV follows the landmark adoptions of the UN's 2030 Agenda for Sustainable Development Goals (SDGs), the Addis Ababa Action Agenda and the Paris Agreement on climate change. The SDG Agenda is a blueprint that will guide collective global action on development in the following 15 years. Trade and related issues, such as innovation and Intellectual Property (IP) rights like trademarks or patents are seen as part of the achievement of the SDGs.

www.un.org

Meanwhile, UNCTAD announced a new e-commerce initiative. "Developing countries should grasp the rapidly growing opportunity of electronic commerce – e-commerce – worth around US$22.1tn in 2015, up 38 percent from 2013, or risk falling quickly behind", it stated during the initiative.

The new initiative, called 'eTrade for All', "brings international organisations, donors and businesses under one umbrella, easing developing country access to cutting-edge technical assistance and giving donors more options for funding", UNCTAD mentioned.

At the end of the conference, the delegates reached on an agreement on a framework that will guide the body's work over the following four years, largely focussed on ensuring broad achievement of the new UN Sustainable Development Agenda.

Known as the 'Nairobi consensus, the outcome document culminated UNCTAD 14, which opened on July 17, 2016 and discussed the theme 'From Decisions to Actions', with the aim of contributing to the efforts to achieve the goals of the 2030 Agenda for Sustainable Development.

The conference saw concrete progress including the launch of a new e-trade initiative, the first UN statistical report on the SDGs indicators, the launch of a multi-donor trust fund on trade and productive capacity, and the commitment of more than 90 countries for a roadmap on fisheries subsidies.

The conference also saw a fashion show, highlighting the creative and commercial potential of Kenya's fashion industry, the launch of the current year's Economic Development in Africa Report, and highlighting issues around non-tariff measures, debt, and illicit financial flows.

– *This cover story has been adapted from* http://www.ip-watch.org/ & http://www.un.org/

IN THIS ISSUE

CUTS International
CUTS Africa
Email: lusaka@cuts.org (Lusaka)
Email: nairobi@cuts.org (Nairobi)
Email: accra@cuts.org (Accra)
Website: www.cuts-international.org/ARC

Annual Zambian Inflation Dropped

Zambia's annual inflation rate has marginally dropped to 18.9 percent in September from 19.6 percent recorded in August, due to a reduction in prices for both food and non-food items.

Central Statistical Office (CSO) Director John Kalumbi said that the monthly inflation rate for September, 2016 was recorded at 0.1 percent compared to 0.4 percent recorded in August 2016, indicating that on an average, prices increased by 0.1 percent between August-September 2016.

Kalumbi said that of the total 18.9 percent annual inflation rate recorded in September 2016, food and non-alcoholic beverage products accounted for 12.0 percentage points, while non-food products accounted for 6.9 percentage points.

(ZDM, 30.09.16)

US$116 Released for Ghana

The International Monetary Fund (IMF) approved the release of a US$116mn installment to Ghana after a review of economic and monetary reforms that are part of an almost US$1bn bailout plan for the West African nation. The total disbursements under the programme amount to US$465mn.

Ghana turned to the IMF in April 2015 after lower prices for its gold, cocoa and oil exports caused debt to balloon and its currency to decline against the dollar. Regular power cuts have also weighed on the economy. Ghana President John Dramani Mahamahas pledged that Ghana would not seek further IMF bailouts.

(B&FT, 29.09.16)

CSR as Credit Guarantees

The African Union (AU) and Action Aid officials are rallying private companies to finance public credit guarantee schemes using part of their huge corporate social responsibility budgets. It is hoped providing financial guarantees to lenders could stimulate financing to agriculture as the continent seeks to increase food production and stimulate growth.

The Organisation for Economic Cooperation and Development-Food and Agricultural Organisation (OECD-FAO) Agricultural Outlook 2016-2025 for Sub-Saharan Africa projects the region will continue importing foods over the following decade as demand by the growing population outstrips production.

The outlook forecasts demand for food to grow at more than 3 percent over the coming decade, outpacing total agricultural production projected to rise by only 2.6 percent a year. *(TEA, 14.07.16)*

E-GP Set for Execution

The Zambia Public Procurement Authority (ZPPA)'s electronic government procurement system (e-GP), which entails the use of information and communications technology (ICT) to procure goods, works and services in the public sector, is set for implementation.

ZPPA Principal Public Relations Officer John Chipandwe said that government organisations, councils and parastatal companies are required to register their organisations on the e-GP system to enable them to conduct procurement online, starting from 2016.

"ZPPA wishes to inform procuring entities that the introduction of the e-GP system automatically implies that the physical certificate that was being issued to suppliers will no longer be issued".

(ZDM, 30.09.16)

Firms in Trade Malpractices

Multinationals are denying Africa two-thirds of export revenue, according to shocking details in a new study unveiled recently. The companies are exploiting creative means to cheat Kenya and other African countries, the UNCTAD has reported to partly explain the high poverty levels in the continent.

Under-invoicing of commodities produced in Africa means most of the eventual selling price is accrued to the developed countries at the expense of the place of actual production. Through trade mis-invoicing, countries are losing foreign exchange earnings, taxes and income that might otherwise be spent on development.

(TS, 21.07.16)

ICT Sector Grows

In spite of a broader slowdown in the economy, Ghana's ICT sector has seen high double-digit growth over the past 12 months, supported by new infrastructure and value-added mobile services. Growing penetration helped the ICT sector outpace broader economic growth, according to data issued by the Ghana Statistical Service in June. While GDP expanded by 4.9 percent year-on-year (y-o-y) in the first quarter of 2016, the ICT sector grew by some 18.8 percent.

This represents a dramatic acceleration from the fourth quarter of 2015, when the sector expanded by 5.2 percent y-o-y, compared to 4.9 percent Gross Domestic Product (GDP) growth. This significant increase in the growth rate is all the more impressive in light of the challenges facing the country's economy, including downward pressure on the cedi, a fiscal deficit and a drop in prices for some of key export commodities. *(B&FT, 23.09.16)*

Zambian Firm for Safer Energy

A Zambian energy firm that aims to provide reliable and safer energy solutions to rural communities has been established in the country with an initial investment of €2mn. EPower Zambia, which is part of EPower Holdings of South Africa, is expected to set up solar power inventors that will provide rechargeable batteries and reduce the cost of buying candles and ensure safety.

One solar power inventor will provide batteries to between 500 and 1,000 households, thus supplementing Government efforts of providing rural communities with reliable power supply. "E-power is an off-the-grid project coming to Zambia and will provide rural communities with power.

(ZDM, 28.09.16)

Hungary to Invest in Ghana

Hungary is exploring the renewal energy, water management, Information Technology, waste management, agriculture and food processing sectors in Ghana, in order to build strong investment projects in the country. Andras Szabo Hungary Ambassador to Ghana, with additional responsibility over Cote d'Ivoire, Guinea and The Gambia, mentioned this.

He said Ghana's democratic credentials, stability and economic growth makes the desire of his country to invest in these areas feasible. Szabo said the motivation is based on Ghanaians who have studied in Hungary like Lawrence Tetteh, an economist and renowned International Evangelist, with the orientation to build a win-win situation in the field of economics and trade relations. *(GNA, 01.08.16)*

Kenya Seeks to Amend Rules

Kenya is seeking to relax the rules on importation of sugar to avert a looming shortage fuelled by the underperformance of local millers. Sugar is currently trading at between Ksh100 (US$1) and Ksh125 (US$1.25) per kg.

The Agriculture, Fisheries and Food Authority (AFFA) is evaluating the applications of new importers and plans to increase the amount of sugar that each company can bring into the country. The import quota is currently between 500 and 1,000 tonne of brown (table) sugar, which is largely used for domestic consumption; import permits remain active for 45 days. Kenya can import between 12,000 and 15,000 tonne of sugar every month from Common Market for Eastern and Southern Africa (COMESA) and East African Countries (EAC) member states. *(TEA, 09.07.16)*

CBTA Opens Information Desks

Cross Border Traders Association (CBTA) has made headway towards establishing three trade information desks (TIDs) in respective border districts in a quest to formalise trade in the regions.

The TIDs in the three districts are Luangwa with neighbouring Mozambique, Mpulungu and Nakonde with Tanzania. So far, two TIDs have been established at Kasumbalesa and Mokambo border posts with the DRC with funding from COMESA. The Tanzanian government has since urged its people to conduct trade formally by using designated custom points. *(ZDM, 15.08.16)*

Rise in Zambia-DRC Trade

Trade at Zambia's Kasumbalesa border with Democratic Republic of Congo (DRC) is always at its peak with small-scale traders marketing their merchandise through the one-stop border entry point.

With the construction of the US$25mn modern one-stop border facility, congestion has drastically reduced as a result of quick clearing of transporters. On the other hand, smuggling of goods into DRC, which was too rampant seems to have reduced following the construction of a trade corridor on the DRC side. Using bush paths makes one pay more than using normal entry points.

With the establishment of TIDs at the border, a good number of traders are now opting to use designated customs entry points. *(ZDM, 21.09.16)*

Failing to Remit Promises

Developed nations failed to remit Sh200tn they had promised developing countries in the past decade. A new report by the UNCTAD noted that the failure had impacted heavily on the development agenda of vulnerable states.

The report said developing countries would be better able to finance the SDGs if rich countries were meeting their 2002 target to put 0.7 percent of gross national income into overseas aid. Global goals, such as poverty eradication can only be realised if they are achieved everywhere and performance of LDCs will be critical to achieve the SDGs. *(TS, 19.07.16)*

Violating Non-tariff Measures

Non-tariff measures are wiping off a tenth of exports from developing countries. The UN has said developing countries are losing about US$23bn (Sh2.3tn) every year to rich nations through their failure to comply with non-tariff measures.

Data released by the UNCTAD indicates the losses, which are equal to about 10 percent of their exports, are lost to the Group of 20 (G20) through failure to comply with G20 non-tariff measures.

Non-tariff measures cover a broad range of legitimate and important policy instruments, including measures to protect the health of a country's citizens and its environment, too. *(TS, 23.07.16)*

KEPCO-ECG Sign Trade Pact

A memorandum of understanding (MoU) has been signed between the Electricity Company of Ghana (ECG) and the Korea Electric Power Corporation (KEPCO), South Korea's electricity company, to support the ECG's operations. The partnership between the two organisations would not only strengthen their cooperation but also enhance bilateral relationships between Ghana and Korea.

www.graphiconline.com

KEPCO is hopeful that their entry into Ghana would be a stepping stone for KEPCO to tap into the energy potential of the energy sector in West Africa. The ECG is looking forward to building strong partnership with KEPCO in various areas, such as system distribution assets management, system loss reduction, among others, to develop and enhance its operations. *(DG, 30.09.16)*

Sustainable Trade Facilitation Regime

Trade and Industry Minister, Ekwow Spio-Garbrah, has called for an effective and sustainable trade facilitation regime as it will drive the inflow of foreign direct investments (FDIs) as well as enable government to rake in more trade taxes at the country's entry points to cushion socio-economic development.

To this effect, he has challenged the various Ministries, Departments and Agencies (MDAs), which routinely issue licenses, permits and exemptions for imports and exports transactions in the port community to work towards meeting issuance of such trade requirements within a maximum of 48 hours in line with international best practices.

Spio-Garbrah has indicated that trade facilitation and its reforms have emerged as key factors for international trade efficiency and that could be replicated in the country. *(B&FT, 27.07.16)*

Talks on Value Addition

The priority areas for Tokyo International Conference African Development (TICAD) will be discussions on value addition to goods to tilt the skewed relationship between Africa and Japan. Africa has borne the brunt of the downturn in international commodity prices since their major exports are raw commodities. East Africa exports tea, coffee, macadamia nuts and other agricultural produce to Japan in raw form and in low volumes – which is not enough to shift the skewed relationship between the countries.

The heads of state attending the meeting are expected to push for favourable trade deals that will see them export more to Japan. They are expected to push for removal of restrictions, especially duty on African exports.

(TEA, 06.08.16)

Kenya Imports US$6.6mn Maize

Kenya has imported more than US$6.6mn's worth of maize from Tanzania and Uganda in the past month amid claims of contamination of its own maize in government stores, as a result of which the retail price of a 2 kg packet has risen by US$0.15 in the past three months.

This development comes barely three months after Kenya and Uganda sold more than 10,000 tonne to Tanzania to help fight starvation in neighbouring Malawi. Data from the Regional Agricultural Trade Intelligence Network (RATIN) shows that since June 2016, Kenya has imported 18,754 tonne of maize from neighbouring countries, with 13,103 tonne coming from Tanzania.

(TEA, 02.07.16)

Trade Bloc Creation Slowed

Sharp differences over agricultural safeguards and the rules of origin have slowed efforts to create a super continental trading bloc lumping up 26 African countries.

A push by a number of countries to protect their sugar, maize and rice production have delayed the formation of a bloc bringing together the EAC, the COMESA and the South African Development Community (SADC).

Negotiators from the countries are asked for safeguards for "sensitive" agricultural segments and a strict rule of origin that will keep cheap goods from industrialised countries out of the shared market. *(TEA, 11.08.16)*

Loan to Boost Africa-Asia Trade

The African Export-Import Bank (Afreximbank) has issued its first-ever China-Taiwan syndicated loan worth US$300mn aimed boosting trade between Africa and Asia. According to a statement issued by Afreximbank communications unit, the five-year syndicated loan that was guaranteed by the Export-Import Bank of China (China Exim Bank) will help the bank increase its support to trade in African countries, including Zambia.

Afrexim Bank has over the years provided over US$1bn to the Zambian government and the private sector. As part of the effort to strengthen trade ties between Africa and China, Afreximbank and China Exim Bank recently signed a US$1bn collaboration agreement to promote and finance the development of industrial parks across Africa.

(ZDM, 21.09.16)

Boosting China-Ghana Trade

A Chinese delegation led by the Chinese Ambassador to Ghana, Sun Baohong called on the Director General of the Ghana Ports and Harbours Authority (GPHA), Richard Anamoo, as part of a working visit to deepen trade and investment relations between the port authority and the Chinese government particularly in the area of sea trade.

Anamoo seized the opportunity to highlight some of the investment opportunities the port authority has to offer. He revealed that the port authority intends to develop an ultra-modern training institute for auxiliary port workers, especially as the port are embarking on massive infrastructure and space expansion. Richard Anamoo also expressed the port authority's interest to explore this partnership. *(B&FT, 23.09.16)*

Zambia's Trade Deficit

Zambia's trade deficit for the month of July 2016 went up by 33.3 percent owing to more imports than exports, said Central Statistical Office (CSO) Director of census and statistics, John Kalumbi.

Kalumbi said Zambia's trade deficit in July 2016 was K473.9mn from K355.4mn recorded in June 2016, representing a 33.3 percent increase, meaning the country imported more in July 2016 than it exported in nominal terms. He said there had been a decrease of 4.9 percent in the total value of metal exports from K4,171.0mn in June to K3,965.0mn in July 2016.

(ZDN, 06.09.16)

TFTA to Raise Trade

The proposed Tripartite Free Trade Area between the East African Community, COMESA and Southern African Development Community could potentially eliminate intra-regional trade bottlenecks and boost exports among member states by at least 30 percent. According to the EAC Secretariat, trade between the EAC and the Common Market for East and Central Africa in 2014 amounted to US$2.7bn while flows between the EAC and SADC stood at US$3bn.

The United Nations Economic Commission for Africa (UNECA) projects that the gains could even be bigger if non-tariff barriers between the three Sub-Saharan Africa blocs are eliminated when the tripartite arrangement comes into force. The manufacturing industry will be the biggest beneficiary. *(TEA, 03.09.16)*

Growth at Chirundu Border

Chirundu One-Stop Border Post (OSBP) commissioned on December 05, 2009 is Africa's first functioning OSBP and one of the busiest border crossings in southern Africa. Every month on an average 10,000 vehicles pass through Zambia's southern gateway at Chirundu, which is now proving key in realising the dream of the much-talked-about regional integration.

It used to take between 72 and 120 hours to clear a truck at the border, but it now takes about 12 to 24 hours to make the crossing.

The OSBP was initiated as a pilot trade facilitation project under the North South Corridor (NSC), which is a tripartite initiative spanning across SADC, COMESA and the EAC regions.

(ZDM, 11.09.16)

COMESA's CIA Crusial

The Zambian government said that adoption of the revised COMESA – Common Investment Area (CIA) agreement will encourage member states to create a more stable investment environment for both local and foreign investors.

CIA is a legal instrument designed to increase investment flows within COMESA. The initiative will enhance COMESA's competitiveness as a destination not only for foreign direct investment (FDI) but also for domestic investment.

It also aims to build a good investment environment, promote cross-border trade and protect investments. Once adopted and signed by the member states, the CIA will be a great milestone in reaching the ultimate goal of COMESA in relation to facilitating investment flows in the region. *(ZDM, 12.09.16)*

Demand for WA Cocoa

It has been predicted that the cocoa processing in Ivory Coast should rebound in the upcoming 2016/17 season, buoyed by an expected larger and better quality crop, but its long-term profitability may depend on developing local demand for chocolate products.

The West African nation lost its mantle as the world's top cocoa processor in 2015/16 (October/September) when it fell behind the Netherlands due to quality problems with its crop linked to the El Nino weather phenomenon.

The West African nation's hopes to revamp its branding and promotion of local tastes by designing and developing cocoa products for African tastes by using local recipes. Figures from the International Cocoa Organisation (ICCO) show Africa accounts for about 74 percent of world cocoa production.

(B&FT, 29.09.16)

EAC-EU Trade Deal

Tanzania's concern early this month over the impact of Brexit on the East African Community has presently turned into an opportunity for leaders and trade negotiation experts to demand a review of the Economic Partnership Agreement between the regional bloc and the European Union that was due for signing in August 2016.

The experts want the aspect of liberalisation in the EAC-EU EPA renegotiated, with open-ended time because the agreement currently contains a number of provisions that are prejudicial and bound to constrain EAC's development.

They also want a review of the nomenclature for classification of countries such as Kenya – the only developing country in the EAC – whose exports to EU, unlike those from least developed countries, will face a stringent entry regime if the EPA is not signed. *(TEA, 23.07.16)*

EPA Trade Deal with EU

Kenya and Rwanda have signed the Economic Partnership Agreement (EPA) with the European Union even as two of its EAC partners believe the deal does not auger well for the region's economies.

The move, which comes hardly four months after the East African Community Council of Ministers agreed to have the member states sign the trade deal, is seen to likely cajole other EAC countries beat the September 30, 2016 deadline. Being a single customs territory, however, the other EAC members – Tanzania, Uganda, Burundi and South Sudan must also sign the pact to make it enforceable.

(TEA, 01.09.16)

Ghana-Mali Collaboration

The National Petroleum Authority (NPA), and its counterpart in Mali, the National Office of Oil Products (ONAP) are collaborating to improve efficiency in the petroleum downstream in both countries. The partnership between the two entities will, amongst other things, increase the exportation of petroleum, products from Ghana to Mali from the current three percent to about 30 percent. Both countries would also share experiences of mutual benefit in the petroleum downstream industry.

The ONAP has also declared its interest in strengthening its relationship with the NPA and has promised to send delegations from his office to be on attachment with the NPA. In return, the NPA will also send a team to facilitate knowledge transfer between the two institutions. *(DG, 30.09.16)*

Vodafone Priortises Consumers

Vodafone Ghana has unveiled an ultra-modern retail shop at Suame, near Kumasi in the Ashanti Region, as part of its commitment to deliver great experience to customers. By this move, customers engaged in various trades, such as car manufacturing and repairs, auto and spare parts dealership in Suame will have first-hand contact and attention from Vodafone for all their telecommunication needs.

Additionally, the company also donated 100 motorbikes to its dealers in Kumasi in an effort to empower them in their daily activities. Yolanda Cuba, Chief Executive of Vodafone, Ghana said: "It is no secret that putting the customer first in this very competitive telecoms landscape yields excellent results". *(B&FT, 22.09.16)*

Stop Illegal Mining: GMWU

The Ghana Mine Workers Union (GMWU) of the Trades Union Congress (TUC) has warned that if steps are not taken to stop the activities of illegal miners, the union would withdraw its services to the industry.

Prince William Ankrah bemoaned the dangers posed to miners by the illegal miners. He mentioned that the illegal miners pose a threat to the safety and security of our community member and thus, he, together with other union members would be compelled at any stage to withdraw labour services to the industry if illegal miners continue with their activities in the communities. He observed that the issue had reached an alarming proportion, forcing Anglo Gold Ashanti to take the government to the International Court of Arbitration.

(B&FT, 20.08.16)

Standards Services to SMEs

The Zambia Bureau of Standards (ZABS) has pledged to provide support to the 'produce local, buy local and use local' campaign by actively promoting the use of standards by all Small to Medium-sized Enterprises (SMEs) in the country.

Bureau head of marketing and public relations, Hazel Zulu, said effective use of standards in business processes as well as product development processes could help SMEs enhance the quality and safety of their product.

The move to support SMEs came after President Edgar Chagwa Lungu in his inaugural speech said for the country to self-sustain the economy, Zambia must first produce local, buy local and use local and then export. *(ZDN, 20.09.16)*

Move to Enhance Trade

As part of efforts to overcome challenges in transporting goods across the West African sub region a Dutch-based company, Ujuizi Laboratories, in collaboration with Borderless Alliance and partners, launched the Chains of Human Intelligence towards Efficiency and Equity in Agro-Food Trade along the Trans-Africa Highway (CHEETAH) Project's pilot phase in Accra (Ghana). CHEETAH is a dynamic new smart device application.

This application aims to tackle trade obstacles, post-harvest losses and poor road conditions by collecting real time information, including non-tariff barriers and road conditions, such as potholes, as a person moves along the trade corridors within the sub-region. CHEETAH is funded by the Dutch Ministry of Foreign Affairs and developed by Ujuizi Laboratories. *(B&FT, 31.08.16)*

Untapped FT Prospects

There are many untapped opportunities in the financial technologies (FTs) used to reach unbanked people, ease financial transitions and drive cashless economies in Africa. At the recent Global Africa Investment Summit held in Kigali, the mobile money platform M-Pesa was mentioned as a success story, but experts observed that there exist new technologies that can be used to boost digital finance and e-commerce on the continent.

According to World Bank statistics on financial inclusion, the number of unbanked adults globally fell from 2.5 billion in 2011 to 2 billion in 2014. Mobile technology has played a significant role in the growth of financial inclusion, particularly in micro-lending.

(TEA, 10.09.16)

Buy from Valid Suppliers

Zambia Bureau of Standards (ZABS) has urged traders to ensure that they buy products from licensed manufacturers who possess valid permits to supply. ZABS head marketing and public relations Hazel Zulu said a supply certificate will show evidence and give assurance to the trader that the products they are buying for re-sale have been inspected, tested and certified fit for use by the bureau.

Some of the products that fall under mandatory standards include: mealie meal, cooking oil, biscuits and bottled water. Zulu said that supplying products which fall under mandatory/compulsory standards without a licence or a permit to supply is a violation of the law.

(ZDM, 13.09.16)

Laws Not Enforced

The Kenyan banking sector is currently in a state of confusion after the Central Bank of Kenya failed to issue guidelines on how the new law on capping interest rates, which came into force on September 14, 2016 should be applied. A section of commercial banks have failed to re-price outstanding loans and loans given through mobile phones and other third party platforms in the absence of clear-cut regulations.

www.google.co.in

It is also not clear whether foreign currency-denominated loans are affected under the new interest rate regime. The Banking (Amendment) Act 2016 caps lending rates at not more than four percentage points above the Central Bank Rate and deposit rates must at least be 70 percent of the Central Bank's benchmark rate. *(TEA, 18.09.16)*

Boosting Competition in African Markets: *Enhancing Growth and Eradicating Poverty*

Gains from opening competition in fertiliser, cement and telecommunications markets can be substantial

Boosting competition in consumer markets and key input sectors can help African countries grow faster and alleviate poverty, according to a report launched recently by the World Bank Group and the African Competition Forum (ACF).

The report, Breaking Down Barriers, finds that reducing the prices of basic food staples by just 10 percent, as a result of tackling cartels and improving regulations that limit competition in food markets, could lift nearly half a million people in Kenya, South Africa and Zambia alone out of poverty and save households in these countries over US$700mn a year.

At the same time, fundamental market reforms to increase competition in key sectors is critical for competitiveness and economic growth. For example, if countries like Ethiopia, Ghana, Zambia and others were to reform their professional services markets, this could generate nearly half a percentage point in Gross domestic product (GDP) growth from industries which use these services intensively. For a country like Zambia, which had 1.7 percent GDP growth in 2015, this can be significant. The report also suggests that the impact would be even larger if fundamental reforms were implemented in other services, such as electricity, telecommunications, and transport which have higher spillover potential across economies.

"Strengthened competition policy in Africa not only encourages sustainable economic growth and competitiveness across the continent by creating firms and industries that are more productive, it directly impacts poverty by encouraging firms to deliver the best deals to consumers – particularly the poor – protecting them from paying higher prices for essential goods and services", said Anabel Gonzalez, Senior Director of the World Bank Group's Trade and Competitiveness Global Practice.

Sub-Saharan and North African countries have relatively low levels of competition. More than 70 percent of African countries rank in the bottom half of countries globally on the perceived intensity of local competition and on the existence of fundamentals for market-based competition.

Lack of competition hurts consumer welfare in the region – especially for the poorest. In many African cities the prices of staple foods including white rice, white sugar, frozen chicken, bread, butter, flour, milk, potatoes and eggs are at least 24 percent higher than in the rest of the world, even after taking into account demand and transport costs.

Input markets in Africa also face barriers to competition, according to the report, curbing Africa's competitiveness. In the telecommunications sector for instance, in the 27 African countries studied in Breaking Down Barriers, more than 50 percent of the mobile market is held by a single firm. Research from Africa has shown that entry of an additional telecom operator leads to a 57 percent increase in mobile subscriptions, which can have knock-on effects on the economy's productivity.

"There have been a notable number of countries adopting competition laws in Africa, and this bodes well for growth and development. However, while the benefits of competition are already clearly observable in Africa, there is still considerable effort required to ensure effective implementation of competition laws and policies across the continent", noted Tembinkosi Bonakele, Chairperson of the African Competition Forum and Commissioner of the South Africa Competition Commission.

As well as showcasing the benefits of competition in particular sectors, the report highlights Africa's important progress by creating more effective competition authorities and regulators, and outlines areas of focus to encourage vigorous competition in key markets in the region.

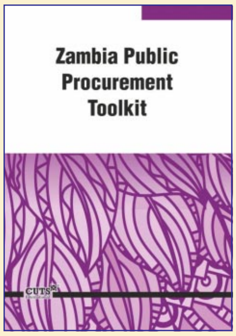
The number of African countries or regional blocs with competition laws has jumped from 13 to 32 in the last 15 years. Competition authorities operate in 25 of those jurisdictions. However, the report suggests that there is room to prioritise resources and use the powers and tools available more effectively to continue raising the relevance of competition policy within the broader development agenda in Africa.

– *This Special Feature has been adapted from an article published in* The World Bank *on July 27, 2016*

Publications

Research Reports

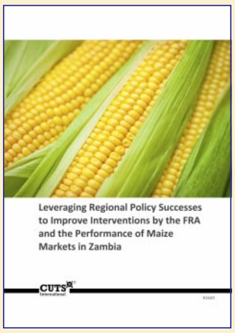
Zambia Public Procurement Toolkit



Public procurement refers to the purchase by governments and state-owned enterprises (SoEs) of goods, services and works.1 Public procurement is estimated to account for between 10 and 15 percent of gross domestic product (GDP) and is one of the biggest areas of spending by a government. In Zambia, an estimated 10 percent of GDP is spent on public procurement. This document is designed to provide a basic checklist covering the steps in a normal procurement cycle. It aims to simplify the requirements under the law, and build-in a pro-competitive framework for procurement officers to rely upon.

We have drawn from good practices of many countries in drafting this document. Please note that while the specifics of every procurement process will be different, this checklist seeks to give a broad guideline and reminder to facilitate the process. We understand that under the laws of Zambia, there are different modes under which a government agency may initiate procurement, namely, Open Bidding, Open Selection, Limited Bidding, Limited Selection, Simplified Bidding, and Direct Bidding. The conditions to adopt these modes and some of the steps in the procurement cycle differ. This checklist is limited to the procurement of goods under the Open Bidding process.

http://www.cuts-ccier.org/CREW/pdf/Zambia_Public_Procurement_Toolkit.pdf



Leveraging Regional Policy Successes to Improve Interventions by the FRA and the Performance of Maize Markets in Zambia

About 90 percent of white maize consumption is in Africa and Central America. It fetches premium prices in Southern Africa where it represents the main staple food. While grain marketing boards in Africa have remained major players in maize markets, their effects have been shown to be negative on both the development of agriculture markets and the participation of the private sector. Facing the classical 'food price dilemma', where governments want to raise the price of maize for producers and at the same time keep it low for consumers, governments have engaged in a host of interventions that have not been efficient and effective in achieving intended welfare policy goals. In this report some good lessons have been selected from other African countries that can act as best practices for the Food Reserve Agency (FRA) in Zambia.

In 2002 however, the FRA increased its maize commodity purchases due to a drought related poor harvest that resulted in the country experiencing a deficit in supply. In 2005, the FRA Act was amended, and it was given the authority to get involved in marketing activities by providing a market to smallholder farmers – allowing it to essentially assume the role of a grain marketing board1 (Mason and Myers, 2011, and Govereh et al., 2008). Since then, the FRA has become the main market player in maize markets, purchasing about 83 percent of total maize marketed surplus between 2010 and 2012.

http://www.cuts-ccier.org/CREW/pdf/Report-Leveraging_Regional_Policy_Successes_to_Improve_Interventions_by_FRA_and_the_performance_of_maize_markets_in_Zambia_NC.pdf

Our Twitter Handle (@cutsafrica)

@cutsafrica September 28: India, Nigeria ink one MOU and four Letters of Intent http://bit.ly/2dz44no

@cutsafrica August 1: Ghana signs an interim Economic Partnership Agreement with the EU http://bit.ly/2atORlc

@cutsafrica July 29: Breaking Down Barriers:Unlocking Africa's Potential through Vigorous Competition Policy http://bit.ly/2amWQUH

@cutsafrica July 20: Development of regional infrastructure key to addressing challenges arising from NTBs, says Bipul of CUTS

@cutsafrica July 19: Ghana's Parliament Calls for Competition Law via http://bit.ly/29S6LO3

Sources

B&FT: Business and Financial Times, DG: Daily Graphic, GNA: Ghana News Agency, TEA: The East African, TS: The Standard, ZDN: Zambia Daily Nation, ZDM: Zambia Daily Mail

Tradequity newsletter: Composed by **CUTS International Lusaka**, 6211, Bukavu Road, Thorn Park, Lusaka, Zambia, Ph: +260.211.294892, Fax: +260.211.294892, E-mail: lusaka@cuts.org, **CUTS Nairobi**, Yaya Court 2nd Floor, No.5, Ring Road Kilimani off Argwings Kodhek Road, PO Box 8188, 00200, Nairobi, Kenya, Ph: +254.20.3862149, 3862150, 20.2329112, Fax: +254.20.3862149, Email: nairobi@cuts.org, **and CUTS Accra,** 30, Ground Floor, Oroko Avenue, Near Central View Hotel & ATTC, Kokomlemle, Accra, Ghana, Ph: +233.30.224.5652, Email: accra@cuts.org. Published by **CUTS International, Head Office:** D-217, Bhaskar Marg, Bani Park, Jaipur 302016, India, Ph: 91.141.2282821, Fax: 91.141.2282485, E-mail: cuts@cuts.org, Web Site: www.cuts-international.org

CUTS International