



The ComMark Trust is a regional market development initiative. ComMark aims to enhance the growth and development of selected commodity and service markets in the SACU region for the sustainable benefit of the poor.

ComMark stands for *Making Commodity and Service Markets Work for the Poor in Southern Africa*. It is managed by ECI Africa, a South African economic development consultancy.

ComMark Trustees are Anthony Evans, Hixonia Nyasulu, Nku Nyembezi-Heita and Paul Zille.

**INSIDE THIS ISSUE**

ComMark Turns One	1
In the Pipeline	2
ComMark sends team to Springfield	3
ComMark Strategic Review	3
Updates from Lesotho	4
New Staff	4

**ComMark Turns One**

On 16 September, ComMark hosted a function to report on its first year of activity. The Under Secretary of the Lesotho Ministry of Trade, Investment, Cooperatives and Marketing, Mme Mahlape Qoane, was the keynote speaker. In her address she explained the process of ComMark becoming involved in assisting to develop the Lesotho textile industry, to the extent that Lesotho is now ranked as "the leading exporter of apparel from sub-Saharan Africa to the USA". The full text of Mme Qoane's speech is available on the ComMark webpage.

The event was also an occasion to present the delegates with a copy of ComMark's Annual Report for the year ending March 2004. A copy of this Report is available from the ComMark offices or from the ComMark webpage, [www.commark.org](http://www.commark.org)

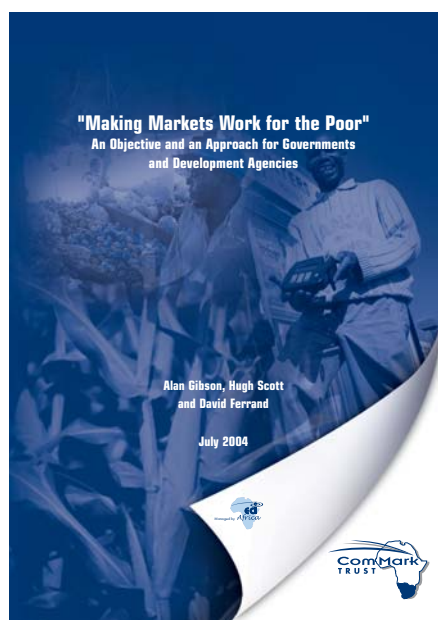
At the function the Trust also publicly launched its cornerstone paper on the Making Markets Work for the Poor (MMW4P) concept. MMW4P is not unique to ComMark and Southern Africa. In fact, there are numerous initiatives throughout the globe where programmes with aims similar to that of the ComMark Trust are trying to make markets work for the poor.

However, the concept of MMW4P has not been codified in any form partly because there are so many variants and partly because the topic itself is complex and multifaceted. There are numerous articles debating aspects of the approach but, unless one has been following the debate and is familiar with the basic, underlying concepts of the approach, it is difficult to get a firm grasp on the MMW4P concept and its longer term implications for developmental initiatives.

In an attempt to partially resolve this problem, and in so doing to assist the Trust in its advocacy and influencing programme, ComMark commissioned the development of a synopsis paper. The result is

the recent publication of the Trust entitled "Making Markets Work for the Poor: An objective & an approach". The paper, co-authored by Alan Gibson, David Ferrand and Hugh Scott describes MMW4P as an objective and an approach. It sets out the rationale for why this should be a priority, building on hard evidence and new thinking and, while not a precise formula, offers a rigorous process and a market development framework to guide analysis and action. The paper is not a "how to" manual, instead it is an invitation to organisations and stakeholders to consider their role in the light of the great potential to act to bring about positive market change to improve the lives of the poor dramatically.

Copies of "Making Markets Work for the Poor: An objective & an approach" are available from the ComMark offices. Alternatively you can download a copy from the ComMark web page [www.commark.org](http://www.commark.org).



## In the Pipeline...

As always there are a number of projects that ComMark has "in the pipeline".

### BUSINESS PROCESS OUTSOURCING INDUSTRY

The Business Process Outsourcing and Offshoring (BPO & O) industry is considered to be one of the industries with the largest growth and job creation potential in South Africa. The realisation of this potential depends on our ability as a country to secure substantial international business. To date South Africa has not been able to secure this.

Experience from successful markets such as India and Philippines shows that in order to be successful, you need to have an integrated strategy that:

- (1) addresses all critical aspects of reaching and sustaining a competitive position versus international competitors;
- (2) gains alignment across multiple stakeholders; and
- (3) clearly articulates a unique value proposition that provides differentiation from other players in the market in terms of not only costs, but quality, service levels, investment incentives, and political and social stability.

The Department of Trade and Industry (DTI) through Trade and Investment South Africa (TISA), the City of Johannesburg, through its Economic Development Unit (EDU) and ComMark Trust (an independent trust focused on making commodity and service markets work for the poor), with the support of Calling the Cape and Durban Investment Promotion Agency have teamed up to launch an initiative to grow the domestic BPO & O industry.

The first phase of the initiative will be jointly funded by the DTI, the Johannesburg Development Agency, the ComMark Trust and business. Subsequent phases will be funded by various players, including the newly formed South African Contact Centre Community (SACCCOM).

The project is likely to have multiple phases. During the first phase, which will be completed by end-October 2004, research will focus on identifying the global opportunity, South Africa's proposition within the global market as well as the potential value that this holds for South Africa in terms of job creation and investment. For the purpose of this engagement the local team will be joined by experts who worked on the industry strategy for India. At the same time extensive primary research will be undertaken to develop a value matrix for the domestic sector and to provide a comprehensive quantitative and qualitative analysis of the various sub-sectors and processes of the local industry. The outcome of the phase one research will also be packaged to assist domestic suppliers with marketing themselves to international outsourcers.

### EKURHULENI INDUSTRY

ComMark has recently provided a small amount of support to develop and expand an initiative looking at the Plastics, Mining equipment and Foundries sub-sectors located within the East Rand, Ekurhuleni Metro. ComMark became interested in this work arising from the findings of the Wits University Corporate Strategy and Industrial Development (CSID) first level

research which suggested these sectors had growth potential, were low-skill and labour intensive and were of strategic significance given their centrality to what is the manufacturing base of South Africa.

ComMark's support aims to ensure that the existing cluster initiative is expanded to encompass an analysis of the wider markets, value chains and systemic constraints which affect the development of firms within these geographic clusters. Importantly, the research is based around mobilising private sector firms and other industry stakeholders and institutions with a view to developing strategies to address these constraints which are driven by industry and owned by all sector stakeholders, including the DTI, industry SETAs and all other relevant associations.

At the end of this work, the industry led groups will have:

- (a) a greater understanding of the competitiveness and feasibility of these sectors;
- (b) identified the constraints and market failures inhibiting growth; and
- (c) catalysed the involvement and support of all the stakeholders to address these constraints.

ComMark will at this point assess whether there is an appropriate rationale for continued engagement on the part of the Trust.

One important systematic constraint this research has already identified is the relevance and impact of importing parity pricing methods adopted by upstream producers. As a result, ComMark is supporting DTI to investigate this issue and determine policy options for addressing it.

This initiative is being carried out under the CSID research project of Wits University, and is supported by Ekurhuleni Metropolitan Municipality.

### NAMIBIAN TOURISM

ComMark continues to build a momentum of work in the Namibian tourism sector - the third largest sector of the Namibian economy, the fastest growing and one which offers significant potential for pro-poor development. To date, ComMark has provided assistance to the Namibian Tourism Board to audit and develop a greater understanding of the supply side capacity and quality of the industry; and with the Ministry of Environment and Tourism we have part-funded an investigation into the constraints to private sector investment in Community Public Private Partnerships in rural conservations.

This is an area of significant potential in Namibia given:

- a) the conduciveness of the legal and regulatory environment towards CPPP's; and
- b) the relatively large numbers of people living in remote wilderness areas for whom tourism is the only possible source of income and employment.

Through these initiatives, ComMark has developed its understanding of the sector that has positioned us more strategically and in close collaboration with the Ministry and other key players.



## ComMark Sends Team to Springfield

One of ComMark's key outputs is to assist our current and potential partner organizations to embrace and reflect the "Making Markets Work for the Poor" (MMW4P) philosophy in the design of their intervention strategies. To expose these organisations to the very latest thinking on MMW4P, ComMark offered 4 scholarships to 3 of our partners to attend the Springfield Course held in Glasgow from 11-30 July 2004.

This annual, 3-week event brings together a wide-range of internationally renowned development scholars and practitioners and exposes participants to the foundations of MMW4P thinking. It focuses in particular on the role that business development services can play in pro-poor market development. Springfield also presented participants with a unique networking opportunity, more than 50 people attended from over 15 countries.

In January 2005, the Springfield Team will be visiting Johannesburg, offering a 1 week course titled "Making Service Markets Work for Enterprise Competitiveness". For more information on this upcoming event visit [www.springfieldcentre.com](http://www.springfieldcentre.com)

### John Lawson, Meso-Partner Africa

Three weeks of intensive learning about market development has substantially contributed to my understanding of the approach, the status of methodology and the tools typically deployed. As the course was designed from the context of single donor interventions, and my perspective was from government, it was necessary to ask many questions to translate the content to fit my purpose of influencing government, to adopt the market development approach. Some challenges still remain unresolved, for

example the SA state wants to be interventionist, whilst the approach may be perceived as "trust the market". On the other hand, if the state adopts the concept of "Market Development", who knows what evils may be committed under such a broad licence to intervene in markets!

I have already started engaging with key decision makers to share some of my learning, and the response has been positive. However, changing the paradigm of such a large body of people is easier said than done. Time will tell.

### Anthea Stephens, IUCN (World Conservation Union)

The chance to participate in the BDS 2004 Training Programme was a tremendous opportunity and privilege. As manager of a programme that has adopted a BDS approach in developing a sustainable natural products sector in order to alleviate poverty in Southern Africa, the course helped to clarify my understanding of the role of different players in a BDS intervention, the importance of locating interventions in the market and being able to respond to changes in the market during the intervention.

BDS market development has had limited application in the natural resources/conservation sectors – IUCN's programme will provide an opportunity to test the approach in contexts and markets where resource sustainability is key concern. In these situations, an important recognition is that BDS market development is one element of a broader programme of activities in addressing poverty. Lessons from the development of business services in weaker markets will be an important area to follow in terms of the insight this might offer to addressing market failures in the natural products market in Southern Africa.

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## ComMark Strategic Review

In accordance with the terms of our financing agreement with DFID, the ComMark Trust is currently participating in a strategic review aimed at assessing its effectiveness in fulfilling its development purpose. The review, which is being undertaken by Sunil Sinha of Emerging Markets Economics (UK) and Hennie Bester of Genesis Analytics (SA), will be completed by end November 2004. To prepare for and help facilitate this process, ComMark initiated an internal review of strategy, operating criteria, focus and impact, the findings of which were shared with strategy consultants at the start of their review.

Coming eighteen months into ComMark's operation, the strategy review presents a valuable opportunity for ComMark Trustees and staff to reflect on the effectiveness of our approach to date, and the interpretation of our 'making markets work for the poor' mandate. The review will assess and

make recommendations on all aspects of ComMark's operation, from the efficacy of its governance arrangements and internal systems to the nature and content of our market development interventions and the geographic profile of our grant portfolio.

The results and recommendations of the strategy review will directly inform any changes to the interpretation of ComMark's mandate and its implementation. All relevant changes and developments will be swiftly communicated, along with their implications, to our partners and correspondents alike, and latest by the time the next edition of Catalyst appears, in the first quarter of 2005.



## Updates from Lesotho

### ■ Training Co-Financing Scheme

A ComMark research project into the productivity of the Lesotho garment industry undertaken by John Haycock in November 2003 identified that Lesotho garment factories had to invest in in-company training programmes if they wanted to continue to supply the world.

It was established that many Lesotho garment companies were insulated and not aware of the various training companies that could run programmes that would place them on the road to competitiveness. It was also felt that companies needed to be advised of the benefits of training. ComMark has now launched its co-financing of training scheme.

### ■ Lesotho Prime Minister's Inter- Ministerial Task Force

Lesotho's textile and garment industrialists approached the Lesotho Prime Minister in July with a myriad of problems. They stated that these problems, many of which have already been identified by ComMark, were limiting their competitiveness.

The Lesotho Prime Minister instructed his Minister of Trade & Industry to set-up a Task Team to investigate these problems and to offer recommendations. ComMark has played a central role in designing the Task Teams Terms of Reference; the work of the Task Teams Technical Committees, and the drafting of the final report.

### ■ AGOA

The extension of certain provisions of the African Growth & Opportunities Act (AGOA) has provided the Lesotho garment

industry with a lifeline. Should the USA have not extended some elements of the AGOA trade preferences regime it is likely that many Lesotho garment manufacturers would have had to significantly scale back their production. Tens of thousands of workers would have lost their jobs.

The Lesotho factories that would have been most affected would have been those that produce knitwear (e.g. t-shirts, tracksuits, fleece garments, etc). The recent AGOA amendment has extended the deadline that allows companies in Lesotho to source their fabric inputs from non-AGOA eligible countries.

The LNDC/ComMark Lesotho Apparel Project has, in conjunction with its Lesotho partners (the Government of Lesotho, and manufacturers), argued that Lesotho urgently needs to attract a knitted fabric manufacturing company. This company should be fully operational in Lesotho before the end of 2007. Should such a company not be established it is likely that Lesotho knitwear companies will once again be placed under threat.

In this regard ComMark has proposed that urgent research needs to be done which will:

- establish what types (and quantities) of knitted fabrics are mainly used in Lesotho;
- what sort and size of factory will be required to manufacture such fabrics;
- what physical infrastructure (e.g. water supply, electricity, roads, etc) will be necessary to service such a factory.

Once this research is finished hopefully Lesotho – its government and the Lesotho National Development Corporation – will be in a position to proactively seek investors that could be interested in establishing a knitted fabric mill.



## New Staff

ComMark is pleased to announce the hiring of two new staff members in its Maseru office. Both have been "on-the-go" since their appointment. Their appointment frees up Andy Salm, ComMark's Long-Term Technical Advisor for Apparel and Textiles to continue to provide his services to other related projects in the region.

### MARK BENNETT

Mark Bennett is a Long Term Technical Assistant who is working in the LNDC/ComMark Lesotho Apparel project. He has been permanently based in Maseru since May 2004.

In 1982 Mark graduated from the University of KwaZulu-Natal with an honours degree in history. Prior to joining ComMark he worked for more than 15 years in South Africa's labour movement. He spent most of this time as an official of the Southern African Clothing & Textile Workers' Union (SACTWU); but he also worked for a brief period for South Africa's three largest union federations – COSATU, FEDUSA and NACTU. While with the labour movement Mark spent most of his time representing workers' trade and industrial

policy interests in forums with government and organised business.

### MANTAI KULEHILE

Mantai Kulehile is the Programme Counterpart working in the LNDC/ComMark Lesotho Apparel Project. She has been based in Maseru, Lesotho since April 2004.

In 1984 Mantai graduated from the University of Lesotho with a Diploma in Business Studies; she is currently pursuing a BCom Degree with the University of South Africa majoring in Human Resource Management. Prior to joining ComMark Mantai worked for more than 10 years as the Group Human Resources Manager for Lesotho Clothing Industries which had factories in both Lesotho and South Africa. More recently she worked as a Human Resources practitioner with the Education, Training and Development Practice Sector Education Training Authority (ETDP-SETA). Mantai has spent most of her working life as a Human Resources generalist being involved in matters such as recruitment, training and development, IR, wage negotiations, staff welfare etc.



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