



BUILDING REGIONAL GOING GLOBAL

Voice of the Private Sector in the Region


IMPROVING AFRICAN MICRO-SMALL MEDIUM ENTERPRISES ACCESS TO MARKETS.

PRESENTED BY MS. SANDRA UWERA, CEO-COMESA BUSINESS COUNCIL


COMESA IN BRIEF

- 21 Countries; 504+ million people(new stats including Tunisia and Somali yet to be released)
- COMESA's global trade; US\$ 236 billion in 2016
- Total exports - 71 billion in 2016 (US\$ 76BN- 2015)
- Total Imports- US\$ 165BN in 2016. (US\$179BN-2015)
- Intra COMESA Exports- US\$ 8 billion 17 % decline from 2015
- Intra COMESA Imports- US\$ 8 billion
- Intra-COMESA trade as a percentage of total trade— 7%

COMESA BUSINESS COUNCIL



CBC is the recognized Business Member Organization, established as a private sector institution of COMESA. We represent the interests of business sectors at a regional level.



This is done by facilitating the growth of strong business synergies, the development of business opportunities, business alliances, legislative and strategic advocacy. We provide custom tailored services that are driven by both industry and enterprise interests.

OUR SERVICES

BUSINESS POLICY AND ADVOCACY
Influencing policy is at the heart of what we do

2

MEMBERSHIP DEVELOPMENT
We are our members -towards strengthened business collaboration

1

BUSINESS FACILITATION SERVICES
Business support services that are regional in nature.

3



VISION

"Building regional, going global"

MISSION

To be the leading private sector organization in Africa, that promotes competitive and interconnected industries to actively participate in regional and global markets through advocacy, business facilitation and enterprise development.

VALUE PROPOSITION

Recognition in the COMESA Treaty gives CBC access and relevance.

CBC is the only regional private sector membership organization in Africa that is formally recognized in the COMESA Treaty as a policy organ that is representative of business.

This means that CBC is not an observer but an active participant in policy formulation processes. This gives it access to COMESA organs thus providing an advantage to influence the highest levels of decision making in the 19 governments.

Independence, knowledge, wide outreach and power to influence.

CBC is set up with an Independent Board of Directors and a General Assembly that is made up of business leaders, associations and regional and international companies. CBC's coverage and outreach is in 19 countries.

Build linkages, partnerships and knowledge.

CBC represents a large market and helps businesses navigate this market, offering unique services to the private sector in the region.

MSME STORIES....

- Surge Enterprises – Zambia

Began as a cottage factory selling upto 5000 US\$ worth of sausages in her backyard. CBC built her capacity to meet standard requirements of buyers- in the market. She was able to sign contracts with 2 supermarket and a hotel in Zambia and is now a consistent supplier.

Challenge; consistency in supply, logistics- cold storage trucks to get product to market, meeting and negotiating with buyer.



MSME STORIES....

Barley producers- Kapchorwa- Uganda

- Signed first consignment in Rwanda with Bralirwa.
- CBC facilitated a meeting with 13 barley producers and a buyer. The buyer stated his purchasing requirements.
- Thereafter travelled to their farms, tested the samples and assisted the farmers to come together as a cooperative. Thereafter, some capacity building was done by the company.
- The farmers secured a contract and first consignment and have built a relationship ever since.

Challenge;

- Lack of market access
- Lack of information
- Meeting standard requirements.
- Partnerships



MSME STORIES....

Local knowledge on agriculture is available in Malawi, but in order to realize the buy Malawian build Malawi objective, we need extra training on quality standards to meet the growing demand of today's urban consumers" Mr. Khan, the Managing Director of Garden Corner

Started in 1976, Garden Corner employs over 60 locals and supplies fresh fruits and vegetables to Shoprite in Malawi.



CHALLENGES AND SOLUTIONS FOR ACCESS TO MARKETS FOR MSMES



CBC WORKGROUPS

Trade Facilitation and Non-Tariff Barriers (Cross Cutting)
SM-Enterprises and SM-Industries

Financial Services Tripartite Private Sector Platform
Manufacturers Workgroup

Transporters and Logistics Services Industries
Coalition of Services Industries Tourism workgroup

Agro-Industry ICT and Digital Services
Tobacco Industry Workgroup



COUNCIL OF BUSINESS COUNCILS
Improving Trade, Access & Efficiency
FOR SMALL BUSINESS SINCE 1994



ACCESS TO DIGITAL INFRASTRUCTURE

- Embracing the eco-system towards digital platforms;

SMEs represent 90% of the African economy and employs 70% of the total population. A large % of these are not connected to, and lack the technical skills to use digital infrastructure. SMEs need- access to buyers, information on products demand, pricing knowledge, standards requirements, buyer-seller relationships that are sustainable-professional online interface with buyers.

Solutions;

- *Develop simple, cost effective digital solutions for SMEs businesses to improve efficiency; and for e-government services to improve access to basic services like finance, energy, transportation and trade facilitation.*
- In Agriculture, the need to raise awareness on Precision Agriculture as the next level of digital farming. In particular, establishing and utilize GPS based coaching systems that can strengthen technical capacity of small scale farmers to predict soil texture, seasonal changes and quality cropping methodologies for their businesses.
- Establish online digital platform for SMEs in order to disseminate information, an online intermediary that links producers, distributors, buyers and consumers together to provide a more competitive arena for SMEs to trade.

AFFORDABLE CROSS BORDER TRANSACTIONS

- Cross Border trade accounts for over 70% of SME trade in COMESA. Infact most of it is not documented as it is carried out informally.
- Challenges are faced with high costs of transactions, and delays in meeting buyer needs due to unfriendly banking systems that do not cater for this market segment, costs in exchange rates .
- A majority of SMES remain unbanked. Financial literacy still remains very low.
- Access to finance is also a challenge for MSMEs as cost of loans is too high. In many cases , banks are reluctant to take on SMEs as many have low credit rating and poor accounting and book keeping records.
- There is need to establish financial solutions that allow SMEs to transact at minimal cost, and at real time. This is an incentive to bring this market segment into the financial sector.

Solutions;

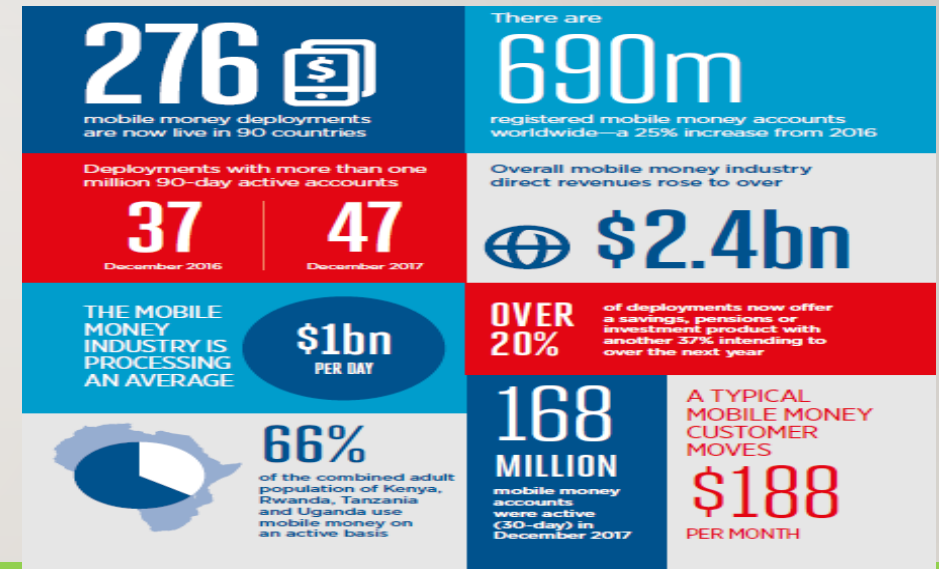
- A compelling value proposition for MSMEs, their suppliers, trading partners and the retail customers they serve requires that they can transact with each other easily and safely regardless of who they choose as their financial services provider.
- A low cost digital financial services ecosystem can integrate MSMEs and end consumers into a common soft infrastructure platform that allows marketing and financial transactions to take place. Such a platform would need to accommodate lowest costs of transaction, working with regional settlement systems within the region.

AFFORDABLE CROSS BORDER TRANSACTIONS- FINANCIAL SERVICES VS. MOBILE MONIES FOR SMES (SOURCE- GSMA INTELLIGENCE)

FINANCIAL SERVICES(GLOBAL)

- 2.5 B adults without access
- 3.6 B unique mobile phone subs
- Mobile can be used to address the challenge of financial exclusion by mitigating the barriers such as:
 - Long distances and low population density
 - High Bank costs relative to return
 - Low financial education/capability
 - Poor product/channel design
 - Cultural issues
 - Not enough money

MOBILE PAYMENT SYSTEMS(GLOBAL)



The Solution;

- There is a need to set up a digital payment schemes that provides low cost transaction, and close to real time payment using mobile payment systems.
- There is need to develop a Private to Private, and Public Private approach for mobile and financial services operators as well as government, to support the establishment of simplified regional payment schemes to facilitate the bottom of the pyramid businesses to trade along the borders
- A regional policy framework that supports interoperability btn telecoms, banks and mobile payment operations, to support low cost digital cross border transactions

LINKING BUSINESSES TO MARKETS

Introducing SMEs to buyers is a key role that Trade Promotion Bodies must play to strengthen SME competitiveness.

CBC lessons;

- Breaking the ice. Suppliers look for platforms where they can understand ingredients, processes and technical procedures needed to partner with businesses.
- SMEs don't always access the doors of buyers. This depletes their motivation to sell to high end markets or invest in requirements that would make them more marketable
- Negotiation platforms; Inorder to strike a deal, SMEs need to interface with buyers and financiers. If TPOs can facilitate such buyer- supplier platforms, engagements lead to lucrative partnerships.

Pictures; Protea in Uganda, Nakumatt in Kenya, Intercontinental, Roseblossoms and Taj Pamodzi in Zambia



MEETING STANDARD REQUIREMENTS

- Public Private partnerships are important to help MSMEs meet standard requirements in-order to promote reliable exporters. The cost of certification is very high- upto \$35,000 per company depending on whether they use manual or automated processes.

Solution;

- There is a need to channel funds primarily towards providing low cost technical services to SMEs to improve their processes, infrastructure make up and documentation in order to ensure strong partnerships with buyers in regional and international markets.
- To-date a buyers' minimum requirement is to work with HACCP certified businesses.

HACCP Principles

Principle 1	Conduct a hazard analysis.
Principle 2	Determine the critical control points.
Principle 3	Establish critical limits.
Principle 4	Establish monitoring procedures.
Principle 5	Establish corrective actions.
Principle 6	Establish verification procedures.
Principle 7	Establish record-keeping and documentation procedures.



QUESTIONS?

Do You Want to Know more about COMESA Business Council - Visit:

www.comesabusinesscouncil.org



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