

# Report of the 11<sup>th</sup> COMESA Business Forum

Antananarivo, Madagascar, 12<sup>th</sup> to 13<sup>th</sup> October 2016





Delegates showcasing the products



Delegates following the discussions



CBC Chairperson & CEO make their submission during the Forum



The Local Sourcing Award Giving ceremony

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## 1.0 INTRODUCTION

The COMESA Business Council's 11<sup>th</sup> COMESA Business Forum was held between 12<sup>th</sup> and 13<sup>th</sup> October 2016 in Antananarivo in Madagascar. The event was organized on the margins of the 19<sup>th</sup> COMESA Summit and Policy Organs Meeting. The theme of the meeting was **“QUALITY AFRICA- Sampling the Tripartite Market.”** The objective was to provide an opportunity for increased partnerships within the agroindustry sector to ensure long term sustainable development in agriculture; and at the same time, also engage the high level policy makers on some of the key constraints and strategic structures to promote the development of local enterprises and their participation in regional and international supply chains of companies and investors in Africa.

A mini exhibition was also organized bringing together suppliers in the agro-processing sector from nine countries including Ethiopia, Kenya, Uganda, Madagascar, Malawi, Rwanda, Tanzania, South Africa and Zambia. Further, business to business meetings were organized during the course of the event.

In attendance were regional and International businesses and visitors from the 19 COMESA Member States, Tripartite countries, Africa and the International community. The two day forum was attended by over 250 delegates attended the forum including XX It was officially opened by His Excellency the Mayor of Ivato City. **Annex 1 – List of participants.**

### 1.1 Mode of presentation

Sessions were structured in a panel format, with a Chair/Theme Moderator and two or three panelists. The approach was participatory, whereby with each presenter was given ten minutes discussion on the selected topic of the respective speakers, and the audience in the Public Private Dialogue was allowed to discuss and openly comment on the speakers' presentations.

The discussions were structured within the following headline themes and sessions;

1. Setting the tone - Understanding the purchasing requirements of in various industries – What does it take to establish sustainable partnerships?
2. The cost of standards- high investments, high returns? An expert perspective.
3. What do standards mean to a Multi-national Company and a growing enterprise? Best practices on supply chains in the region
4. Breaking barriers across countries- Market Access; Sanitary and Phyto sanitary measures
5. IT and SMEs- Get your business online- fast! Establishing access, affordability and bridging the information gap
6. The importance of Buyer- Supplier Platforms - Closing the information gap in supply chain partnerships; Introducing the COMESA-BizNet and the Made in COMESA portal
7. The importance of clustering and partnerships to meet buyer demands in terms of volume, price and consistency in supply.
8. Access of the Malagasy products on the COMESA market
9. Public Private Partnerships towards certifying the SMEs in Africa; the policy and regulatory frameworks to support enterprise competitiveness in the region.
10. Integrated Production Systems and Sustainable agricultural development

The recommendations of each Session form part of a Declaration which is annexed to this Report as Annex 2. Key amongst them included the Policy and Regulatory Frameworks for sustainable Agricultural development at a national and regional level; support for MSMEs through ICT,

Innovation and access to information technology, access to affordable financing, preferential public procurement, research and development and Certification, Standards and Quality Assurance. In addition, recommendations were made on importance of public-private partnerships, buyer-supplier platforms and online platforms such as CBC BizNet and Made in COMESA Portal.

## **2.0 OFFICIAL OPENING CEREMONY**

### **2.1 Opening Statement - CBC Chairperson, Dr. Amany Asfour**

In her opening remarks, the CBC Chairperson welcomed the participation of the private sector from Madagascar, COMESA, the Tripartite region and international representation to the 11<sup>th</sup> COMESA Business Forum. She thanked the Host government of the Madagascar and the CBC focal point, the Madagascar Chamber of Commerce for their hospitality in hosting the event. She introduced the COMESA Business Council as the recognized business apex body in the COMESA region and the voice of the private sector in the 19 COMESA countries and the private sector institution of COMESA.

She introduced the forum's agenda "Quality Africa- Sampling the Tripartite Market as a culmination of a yearlong work by CBC under the Local Sourcing for Partnerships project which focused on training SME agro food suppliers on compliance to food safety and quality management standards and linking them to markets and has managed to train over 400 SMEs. She explained that the project addressed key issues of regional integration such as building technical capacity of businesses to produce quality competitive products and promoting market access. She called the public and private sector to explore and understand the benefits of local sourcing as such initiatives require public private partnerships through providing enabling environment, development of requisite infrastructure by the public sector. She also called upon the private sector to develop their own competitiveness through upgrading their systems, management and investing in innovative technologies.

She concluded by thanking the COMESA Secretariat for partnering with the CBC in promoting the private sector in the region. She recognized the development partners, the Investment Climate Facility, United States Agency for Development and the Tripartite Private Sector for their support in the forum. She thanked the buyer who have partnered and signed MOUs with CBC for honoring their pledge to source a certain percentage of their produce locally and from the trained SMEs and called upon other buyers to emulate them indicating that they would be receiving their Local Sourcing Recognition Awards. Lastly she wished the delegates as successful Forum and fruitful deliberations.

### **2.2 Federation of Chambers of Commerce Industry of Madagascar Chairman Mr ANRIANOMENJANAHARY Brice Marie Jocelyn**

In his opening remarks Mr. Jocelyn expressed gratitude to the parties that supported in the planning and organization of the Business Forum starting with the government highest levels lead by His Excellency the President and the Prime Minister, respective ministries of Agriculture and Livestock and the Ministry of Foreign Affairs, Ministry of Commerce and Consumption, Ministry of Industry and Private Sector Development. He further thanked the private sector for their involvement and support.

He called upon the participants to take advantage of the form to establish contacts and networks especially in the business to business meetings to build sustainable partnerships for trade in the region.

He further thanked the sponsors of the Forum including the PROSPERER program of FIDA, PROCOM of European Union and the MATOY of the Swiss Cooperation. He concluded his statement by thanking the Federation of Chambers of Commerce Industry of Madagascar and media for their efforts and coverage in the organization of the forum.

### **2.3 Official Opening Statement, COMESA ASG Programmes: Dr. Amb. Cheluget**

In his opening statement Dr. Kipyegon Cheluget started by welcoming the delegates and especially the guest of honor to the 11<sup>th</sup> COMESA Business Partnerships Forum, thanking the Madagascar Government for hosting the 19<sup>th</sup> COMESA Summit of the Heads of State. He introduced this year's summit theme as "For an inclusive and sustainable Industrialization". Citing the strong relationship between the rates of industrialization or manufacturing GDP of any country with the real GDP of the country and the positive correlation between participation in value chains and manufacturing competitiveness he explained that industrialization should focus on integrating the SMEs into global and regional value chains.

Citing the theme of the Forum Dr. Cheluget acknowledged that COMESA Business Council has been implementing a Local Sourcing for Partnerships project which is focused on strengthening the capacities of SMEs in the agro-processing sector in six countries and integrating them in to value chains of corporate companies within the region. He indicated the benefits of such initiatives in promote strong ties and responsible procurement practices of larger corporates and promoting the growth of local and regional supply chains and called upon the government to consider local sourcing as part of their procurement regulations.

### **2.4 Official Opening Statement -Guest of Honor, Minister of Industry and Private Sector His Excellency Nourine Chabani**

In his official statement the Guest of Honor welcomed the guests, especially the partners and international delegates to Madagascar on behalf of the government. Citing the role of government as establishing a conducive policy environment for business and the private sector as the engine of the economy he thanked the COMESA Business Council and the Federation of the Chambers of Commerce and Industry of Madagascar (FCCIM) for organizing the 11<sup>th</sup> COMESA Business Partnership Forum in Madagascar.

Recalling the theme of the Forum as "Quality Africa-Sampling the Tripartite Market", he emphasized the need for improved standards and quality of products in order to access the markets. He further acknowledged the importance of agriculture as the largest sector employing about 80% of the labor force in Madagascar listing among the key export products to include cloves, vanilla, cocoa, sugar, pepper and coffee and further indicating that their main markets are in developed countries where issues of standards and quality become obstacles to market access. He noted that

COMESA and African markets could open up opportunities through harmonizing and developing standards that are fit for our markets and capacities stating that Madagascar's current trade with COMESA is below 4US\$ Billion.

Hon. Chabani emphasized the importance of targeted actions at national and regional levels to establish production and trade links and synergies between different actors along the agribusiness value chain, through the provision of incentives for bolstering private sector investments and competitiveness. He also noted that promoting sourcing from local producers is consistent with their national goals in order to advance the growth of SMEs, the local industry in a manner that supports poverty alleviation and economic growth.

In conclusion, citing the AU strategies for industrialization in Africa, including the African Union Action Plan for the Accelerated Industrial Development of Africa (AIDA), initiatives to develop agribusinesses, SMEs and the private sector, regional and commodity value chains, green economies and the productivity agenda for Africa, he reiterated the commitment by the government to various policies and programmes that improve the agro based industries and open up market opportunities.

Finally he wished the delegate fruitful deliberations in the meeting, memorable stay in Madagascar and declared the 11<sup>th</sup> COMESA Business Forum officially open.

### 3.0 PLENARY SESSIONS AND DISCUSSIONS

#### 3.1 Session 1: Understanding the purchasing requirements of in various industries

**What does it take to establish sustainable partnerships? SAROVA HOTELS-PANAFRIC KENYA, General Manager; Mr. David Gachuru**

Mr. David Gachuru introduced the SAROVA Group of Hotels which operates in Kenya with 7 branches all over the country. As a key buyer from the agro-processing and agriculture sector in the region, he highlighted the following key purchasing requirements:

- The first key element in supplying is reliability and upholding integrity. In building a supplier relationship is important to only promise to the level the SME can deliver in terms of quantities. Timely delivery for is critical in the industry.
- Compliance to with national regulations such as required registration and tax compliance is critical for buyers to engage with suppliers. Most buyers will require suppliers to have certification including health certificate, tax certificates and other requirements as regulated in their countries.
- In transacting SMEs are required to have bank account to allow for transfer funds and for proper recording.
- Marketing of products is also very important to ensure the buyers have relevant information on the available products. Information on the SMEs and their products is scarce because they have limited marketing skills and

they also do not invest in marketing of their products. Most of the SMEs lack online presence.

- Maintaining constant communication with the buyers is important to maintain the supplier relationship. This is especially so in the case of challenges which could hinder the supplier from meeting the obligations.
- With regard to quality and packaging, there are a number of things to consider when a supplier brings products at the hotel, for instance; Size, Shape, Freshness, Colour of the product. Hotels also carry out surveys of their suppliers and inspect the areas where production takes place to ensure compliance with hygiene, safety and HACCP.

Issue of long credit periods applied by the buyers to small and medium enterprises emerged during the discussions. It was noted that the big buyers subject SMEs to long credit period of about 30 to 60 days which are not friendly for their size of businesses.

#### 3.2 Session 2. The costs of standards-high investments, high returns?

**International Standards Expert; Ms. Anne Chepkoech**

Compliance to standards either the national or international standards requires a big investment by the companies in terms of cost, time as well as commitment. For some small growth enterprises the high cost of meeting standards and certification may be viewed as a constraint. However with the certification and meeting buyer requirements always open up new markets leading to higher returns in the end.

In her presentation Ms. Anne Chepkoech defined standards as “a (required or agreed) level of quality or attainment” also defined by International Organization for Standardization - ISO as “a document which provides: requirements, rules, and guidelines, for a process, product or service”. She further indicated the roles of standards as establishing a common trading language between buyers and sellers; ensuring public safety and the protection of the environment within and outside national borders and integrating profitability with continual improvement in environmental and social performance in everyday business practices. Ms. Chepkoech also explained the regulatory framework in standardization specifically the SPS agreement and the TBT agreement.

She highlighted the benefits of compliance as:

1. Building consumer confidence – Safety, quality and ethical compliance
2. Positioning industries for long-term competitiveness
3. Maintaining and improving market access - assured regularity of demand;
4. Enhancing the sustainability of production systems
5. Improving worker and consumer welfare:
6. Adoption of safer production and processing systems
7. Improving domestic food safety and agricultural productivity
8. Modernisation of export supply and regulatory systems
9. Conversely, the costs of non-compliance involve losses in trade, income

## **Session 2b: Africa’s potential to be a high value intra-trader:**

### **What does it take to buy our own products? SERENA Group of Hotels, Uganda - Mr. Petero Mbobbo – Presented by Anne Chepkoech.**

The African region largely imports from outside the region, leaving a high trade deficit amongst ourselves, even for agriculture products where we have the capacity to increase the value of intra-regional trade. Among the key issues that need to be addressed to promote and increase intra-regional trade include: quality issues and food safety management systems, quantity and consistency in supplying and logistical requirements among others. A presentation by Serena Hotel - Kampala on Africa’s potential as a high value intra-trader was given by Ms. Anne Chepkoech.

In the presentation Mr. Mbobbo pointed out the availability of a suitable market in the trading block underlines the potential of intra-trade within the region. Further, he noted that the requirement for the region is too broad in that there is a need to source for different items from within each country, regionally and globally. He then outlined the among the key things buyers check while making a sourcing decision including company’s reputation, audit for quality, the samples, capacity to meet the volume requirements, company location and communication and the transport network.

He highlighted the challenges to regional sourcing as unfair pricing which is a result of multiple exchange rates; lack of consistency in

supply; overreliance on seasonal methods of production; limited sustainability of the required quality; transport and communication network and availability of the skilled manpower to manage the planning, production and distribution. In addition Mr. Mbobbo presented the sectors which could engage in intra trade as agricultural produce as raw materials; processed agro products; a variety of crafts; leather related products and fabrics among others.

He concluded by observing that in order to improve the intra-trade, lots of emphasis must be put in research and development. Other areas that need attention include Standardization i.e. ISO; establishment of health standards' and checks such as HACCP; aggregation, clustering and establishment cooperatives; create awareness of existence of a broader market; reviewing education systems with in the region; adopting value addition; introduce new methods and approach to the farming methods from the traditional ways; improved financing and better infrastructure and communication network.

### **3.4. Session 4: Breaking barriers across countries**

#### **Market Access; Sanitary and Phyto sanitary measures: General Manager Fresh Produce Importers Association- South Africa; Ms. Marianna Theyse**

Ms. Theyse began by introducing the Fresh produce Importers Association stating that it was established in 2011 to facilitate national import agenda for fresh produce and to create a mechanism through which the import sector can mobilize resources to address import

agenda and build capacity in support of safe trade.

She then observed that Logistical and regulatory capacities are increasingly being challenged to keep up with developing trends in international agricultural trade. She noted the various trends in this regard including globalization of food value chain, trade liberalization and regional integration (FTAs), among others. Relating the trend in South African market, she indicated that the strong infrastructure, increasingly prominent middle class and fairly stable economy makes South Africa an important emerging market and export gateway to the Sub-Sahara region. Other key trends noted include consumers with high standards of living, increasing urban consumers, growth in tourism, increasing health awareness, fresh food consumption, growing trend toward organic food among others.

She further pointed out the importance of exercising the rights and obligations of WTO SPS Agreement in order to access the market available and explained the South African National SPS regulatory framework and requirements. She concluded by relating the role of Public Private Partnerships in addressing SPS capacity constraints as strengthening national phytosanitary systems; strengthening SPS research, developing regional initiatives, improving early warning systems and improving information sharing and stakeholder education.

### 3.5 Session 5: IT and SMEs – get your business online –fast!

#### Establishing access, affordability and bridging the information gap. MICROSOFT4AFRIKA, Director Mr. Louis Otieno

As an SME it is critical to market your products on platforms that are accessible to the buyers. In this information age most buyers rely on online platform for information. This notwithstanding few SMEs invest in marketing more so online marketing failing to take advantage of the number of solution that exist from various ICT providers for SME to showcase their products and services.

Mr. Louis Otieno introduced the Microsoft4Afrika as an initiative that focuses on three critical areas namely development of the continent by providing– World-class skills, Access to information and Innovation. He further explained that within the 4Afrika initiative there is a specific focus on empowering SME's in Africa- the SME4Afrika 2013 whose main objective is to contribute to Africa's socio-economic development and global competitiveness of SMEs by empowering local SME ecosystems. He further explained the Microsoft position on the SMEs ecosystem as being made up of four key role players:

1. *SME4Afrika* - a Microsoft 4Afrika initiative aimed at empowering African entrepreneurs to grow their businesses
2. *SME Enablers* - entities who are pivotal in the enablement of SMEs across Africa, including enterprises who have SME development programmes and strategies for growth of SMEs, such as banks, telecommunication companies, governmental institutions, etc.

3. *SME Organisations* - organisations who are primarily focused on developing and growing SMEs. These could include incubators, accelerators, content providers, networking organisations, training providers, funding organisations, or all of the above
4. *SME Business Services* - all service providers who help SMEs in their business such as infrastructure, telecommunication, rental equipment, branding and marketing services etc.

Mr. Otieno further defined the SME top needs as finance, markets, skills and information and services and access to technology. In conclusion he emphasized the role of Microsoft4 Afrika in empowering SMEs in Africa as twofold: bringing businesses online and promoting reach & access to markets via digital presence.

### 3.6 Session 6: The importance of Buyer-Supplier Platforms

One of the key challenges faced by the buyers in sourcing for their goods and services locally and mainly from SMEs is lack of credible information that is readily available. Most buyers end up working with the same suppliers over and over due to lack of knowledge of existence of other similar and possibly more competitive suppliers. In the same vein the suppliers also have limited relevant information on buyer requirements in term of quality, quantities and even the variety of products and services demanded at various seasons of the year.

### **3.6.1 Closing the information gap in supply chain partnerships; Introducing the COMESA-BizNet: CBC, LSP Project Manager; Ms. Pauline Kibugi & CBC - Business Linkages and Intelligence Platform Expert; Mr. Prem Maddali**

Ms. Kibugi explained that in an effort to address the information gap between buyers and suppliers through Local Sourcing for Partnerships project CBC has developed an online portal for market linkages in the region. She further described the aim of the portal as to provide buyers with access to credible information on suppliers in the region and also give them a platform to inform suppliers on their purchasing requirements including specific products, quantities, documentations/records, quality and standards-certifications required. She defined the two aspects of the portal as:

1. Business Linkages Portal: Online portal with features to facilitate suppliers and buyers to buy, sell, market, feature products, get quotations and company profiles, network, chat etc. in real time.
2. Enterprise Intelligence Database: This will accommodate exhaustive details of buyers and suppliers. This is useful for provision of credible information on buyers and sellers to facilitate market linkage.

She further explained that a supply chain mapping exercise has been conducted collecting information on about 1841 enterprises within the region who are the pioneers on the portal. The enterprises range from 34 key sectors and had information collected on their contacts as: Company names, address physical location and email address, website and contact persons.

In his presentation Mr. Prem Maddali explained the features of the portal and its operation. The feature highlighted included:

- a) Registration Module: A module enabling entities to register themselves on the platform.
- b) Search Engine: A feature enabling users to conduct search for the companies and products they wish to source hence identifying potential trading partners and linking buyers and sellers.
- c) Company Pages: A page dedicated for each registered company will have a dedicated page, illustrating all critical information about the company, such as contact information, products and feedback on the experience of working with this organization.
- d) Message Box: A tool that helps users to communicate over the portal. A simple inbox and message writing feature is provided.
- e) Rating Engine: The rating engine help in keeping track of feedback received on a particular entity.
- f) Buyer / Seller Dashboards: This functionality is the landing page for each registered company.
- g) Help and Tutorials: These are provided to help the registered users navigate through the portal and make effective use of it.

The link to the CBC BIZNET is: <http://192.168.0.12/>.

### **3.6.1 Closing the information gap in supply chain partnerships; Introducing the Made in COMESA portal - COMESA Director of Statistics; Mr. Themba Munalula and Mr. Walakira Anthony Jude – Statistics Unit**

Mr. Themba Munalula started by introducing the COMESA STATistics- the COMSTAT, defining it as an online interactive database, designed to serve as a central repository of all statistical data at COMESA Secretariat for

disseminating statistics of various domains that are critical for monitoring the performance of COMESA's regional integration program. He further indicated that it was initially launched in 2006, to Secretariat staff and later opened up to the public in 2007.

He then introduced Mr. Walakira. In his presentation Mr. Walakira indicate that the COMSTAT covered key statistical domains including the Merchandise Trade Statistics, Trade in Services Statistics, Statistics on Foreign Direct Investments (FDI), Infrastructure Statistics, Harmonized Consumer Price Index (HCPI), Trade Integration Indicators, Agriculture Statistics, Environment Statistics and Industry Statistics. He showed the participants how to access the COMSTAT providing the links <http://comstat.comesa.int> and <http://www.comesa.int/Statistics>; and further Made in COMESA homepage <http://madeincomesa.opendataforafrica.org/>. He then demonstrated the various pages on the Made in COMESA Portal and highlighted the information available tabulated as the frequently asked tables:

Table 1: Global COMESA Trade Performance, (M USD) '97 – '14

Table 2: Intra-COMESA Trade Performance, (M USD) '97 – '14

Table 3: Intra-COMESA Trade by Country, ('000 USD) '07 – '14

Table 4: Intra-COMESA top 30 Exports, 2014 and Ranking for '14 – '07

Table 6: Extra-COMESA Major Imports by SITC 2014

Table 7: % of Intra-COMESA Imports by Partner and Reporting MS, 2014

Table 8: % of Intra-COMESA Exports by Partner and Reporting MS, 2014

Mr. Walakira conclude his presentation by indicating the importance of the portal in closing information gaps as providing detailed trade data from Member states a good compliment to COMESA-BizNet; providing quick snapshot of: country product rankings, country market shares and Major Country partners by products; ability to create personalized dashboards and being a platform where COMESA is able to answer specific product queries through its strong linkages with national authorities.

#### **Recommendations:**

1. *SMEs should invest in upgrading their standards in order to engage in long term supplier relationships with key buyers. Secondly information technology is key as and hence SMEs should invest in ICT for marketing and communication. Another key issue is packaging.*
2. *Buyers should reduce the credit period when working with SMEs to at most 30 days with a shorter period of 3 week for those dealing with fresh products.*
3. *Bearing in mind the high cost of certification, few SMEs are able to afford them. It is important for subsidize the cost of certification to enable SMEs afford them.*
4. *There are many standards that the SMEs are expected to abide by in order to access various markets. It was recommended that the standards could be harmonized.*
5. *It is important to organize buyer supplier platforms in order to bridge the information gap and provide suppliers with a platform to market their products while receiving relevant informant on the buyers they are targeting with their products.*
6. *SMEs also need to take advantage of the available platforms online information platforms.*

### **3.7 Session 7. Practical engagements for long term sustainability between buyer-supplier partnerships**

#### **3.7.1 Success Stories, Company perspectives; - TAJ PAMODZI –Zambia; Mr. Braines Habula, Lumuno Organics – Zambia; Mr. Mbewe Khama & York Farm- Zambia; Mr. Elias Mangaba**

A round table dialogue was held where the buyer Mr. Braines Habula representing Taj Pmaodzi and Suppliers Mr. Khama Mbewe of Lumuno Organic and Mr. Elias Mangaba of York Farm presented their experiences on sustainable trading partnerships.

In his presentation Mr. Habula indicated emphasized the desire to source from the local suppliers but also observed that the same presents lots of challenges. Key among them he pointed out included the lack of consistency in quantities and quality supplied by the local suppliers.

In his presentation Mr. Mangaba heighted the key challenges faced by the suppliers within the region as the long credit periods by the buyers, high cost investment in certification and recertification, lack of traceability mechanism by some of the buyers, competition from low quality products and lack of proper systems in administration of standardization.

In his presentation Mr. Mbewe explained his journey towards improving standards and pointed out the key benefits of certification as access to national regional markets, competitiveness in the market and improved business.

#### **3.7.2 The importance of clustering and partnerships to meet buyer demands in terms of volume, price and consistency in supply. Kika Farms- Uganda, Owner; Mrs. Peninah Ngategize**

Among the challenges hindering local sourcing in the region is the lack of consistency by the SMEs in supplying the big buyers. This is mainly in terms of quantity and quality of products. In some cases the suppliers have addressed this challenge by clustering and forming cooperatives in order to provide the quantities required and to amplify their voice in addressing other supplier problems.

Since the first CBC meeting they formed a cooperative to supply pineapples. She cited the following among the key advantages of clustering:

- Volume
- Prices
- Skills sharing
- Voice

### **3.8 Session 8, Public Private Partnerships towards certifying the SMEs in Africa**

#### **The policy and regulatory frameworks to support enterprise competitiveness in the region**

##### **3.8.1 Malawi Bureau of Standards, Director of Standards; Mr. Fred Sikwese**

Mr. Fred Sikwese began his presentation by restating that SMEs are key to economic development of the region. He pointed out the critical need for them to be competitive in order to gain both local and global market. He further indicated the need for deliberate policies and regulatory frameworks to support SME competitiveness defining

competitiveness as the ability of an SME to create high income and relatively high employment rate at a sustainable basis, while being exposed to international competition.

Mr. Sikwese indicated that SMEs' though SMEs have to meet required standards in order to be competitive, a myriad of challenges exist for them mainly due to lack of awareness, lack of resources as well as lack of knowledge on the required standards and how to apply them. Misconceptions also exist such the standards are too costly, they are for large companies, they area a burden to SMEs and are required only for exporters.

Mr. Sikwese however pointed out that the challenges can be overcome through public private partnerships. He outlined the role of the public sector as:

1. Strengthening the quality infrastructure (inspection, certification services – NSBs, Min. of Agriculture etc.
2. Providing information on regulations/standards, requirements in local and foreign markets
  - a. TBT/SPS Enquiry Points
  - b. Awareness seminars/Exhibitions
3. Training (Product & process improvement, Requirements in standards) and providing advice/support services
4. Subsidizing costs of services (training, certification..)
5. Establishing policies/programmes to enable SME certification
6. Promoting SME financing

Further he pointed out the role of the private sector as:

1. Production of safe products: (Knowing the risks associated with the products (Hazards), applying measures to minimize the risks (GHP, GMP, HACCP) and managing the food supply chain.
2. Compliance with regulations/standards (knowing the regulations (both in-country and importing countries) and comply;

understanding the implications of non-compliance) –

3. Creating awareness through industry associations
4. Financing of certification services through banks and MFIs.

### **3.8.2 International Trade Centre, Chief of Office- Africa; Mr. Ruben Phoolchund**

Mr. Ruben Phoolchund started his presentation by introducing International Trade Center (ITC) as the only development agency that is fully dedicated to supporting the internationalization of small and medium-sized enterprises (SMEs). ITC enables SMEs in developing and transition economies to become more competitive and connect to international markets for trade and investment, thus raising incomes and creating job opportunities, especially for women, young people, and poor communities. He then related that their experience has led them to conclude that the exporters in the region experience the following four main challenges in overcoming technical barriers to trade:

1. Finding information about mandatory technical regulations and voluntary standards applicable in the importing country
2. Adapting their products to meet the requirement efficiently
3. Demonstrating that the products meet the relevant requirements; and
4. Obtaining the necessary support at each step from the national quality infrastructure which in many developing countries is not up to standards

He explained that the ICT has developed a programme to address the challenges indicated namely the Export Quality Management Programme with five strategies. He highlighted the strategies as:

1. Raising awareness of policy and business sectors on the benefits of the WTO Agreements on technical barriers to trade (TBT) and sanitary and phytosanitary SPS measures. Under this initiative ITC conducts seminars for policy makers and business sectors to understand and utilize the TBT/SPS Agreement to benefit the business sector.
2. Building capacity of SMEs to comply with Standards, Technical regulations and SPS measures (including food safety). ITC develops tools and guides to help SMEs understand Standards and comply providing hands-on support to SMEs to implement specific standards and preparing them for certification and setting in place a pool of local advisers.
3. Building capacity of Conformity Assessment Bodies for their accreditation and international recognition. ITC helps certification bodies, testing labs, inspection bodies and competent authorities to upgrade competencies and technical capacities to carry out tests suited to market requirements.
4. Improving technical regulatory framework and promote good regulatory practices. ITC help policy makers to review their technical regulations frameworks and train regulatory bodies on good regulatory practices through public-private dialogues toward harmonized and streamlined technical regulatory frameworks.
5. Improving coordination between National Standards Bodies and Trade Promotion Organizations.

He concluded by inviting the participants to visit their website for various free resources and tools available.

### **3.9 Session 9, Contract Farming and Sustainable agricultural development: The role of Public Private Partnerships in facilitating private sector investment in agriculture development. Japan Tobacco International SA, Engagement Director; Mr. Antonio Vencesla**

Mr. Antonio Vencesla began by introducing Japan Tobacco International as an organization that envisions itself as leading in sustainable tobacco leaf supply indicating that the company's mission is to secure long term supply of quality leaf at the best cost. He further listed the four pillars through which JTI is achieving its mission as (i) Preservation of tobacco farming, (ii) operational excellence (iii) secured leaf access and (iv) social environmental leadership.

He further unpacked the pillar indicating that under the first pillar (preservation of tobacco farming) JTI focuses on long-term farmer profits, best farming methods and innovation. JTI has been able to work with 12,000 growers on 14,000 hectares and about 123 leaf technicians providing the required support.

On the second pillar he stated that JTI is keen on improving systems and process solutions, management of Costs and FCF and health and safety. On the third pillar of secured leaf access, JTI works maintains direct farmer relationships, regulatory engagement and a balanced and diverse sourcing footprint. On the fourth pillar JTI focuses on community investment, agricultural labor practices, managing forestation and biodiversity and finally energy efficiency and carbon neutrality.

Mr. Vencesla concluded by showing a video illustrating the various initiatives they have under the four pillars.

## Recommendations

- 1. In order for the SMEs to meet the buyer requirements in terms of volumes, there is need for aggregation and clustering. SMEs should not work as competitors but should work together to ensure they not only improve on their standards but also supplement each other's supplies especially bearing in mind the seasonality of farm produce.*
- 2. The buyers are also requested proper traceability mechanisms and systems in place in order for them to ensure quality is maintained by all the supplies by being able to trace the products back to suppliers in case of any issue.*
- 3. In addition the buyers are encouraged to be prepared to pay for the quality they require as it is costly to maintain standards. The buyers should honor their contractual obligations to the buyers to avoid the certified products having to compete with the low priced uncertified products.*
- 4. Improvement of quality standards for SMEs demands that the private and public sectors work together in partnerships. Private Public Partnerships are critical in promoting local sourcing.*
- 5. There is need to harmonize regulatory frameworks on Standards in the region including the adoption of equivalence measures within COMESA region such as quality of grains, seeds and fertilizer policies;*
- 6. In order to promote entrepreneurial support mechanisms for SMEs there is need to establish incubation centers to provide training and capacity building for the benefit of Small and Medium Enterprises (SMEs);*
- 7. The states are requested to establish a fund for certification support SMEs and their access to markets and strengthen the quality management system in terms national by the creation or upgrading of laboratories national and regional.*

## **4.0 CLOSING CEREMONY**

### **4.1 COMESA Business Council: Chairperson, Dr. Amany Afour**

In her closing remarks Dr Amany Asfour, She expressed her appreciation for the members support in private sector development in the region, and to the success of the Business Forum. She recognized the importance of the recommendations and the engagements of the two day forum and thanked the private sector for their participation and proposals for SME development in the region. Furthermore, she recognized the support of the sponsors and partners who contributed to the success of the Business Forum, and implored them to continually support private sector development in the region.

### **4.2 Guest of Honor, Minister of Industry and Private Sector His Excellency Nourdine Chabani**

In his closing statement, the Minister thanked the members of the business community, the partners and public sector who had been for their indulgence and contributions in the forum which lead to the development of the recommendation that had been arrived at.

He highlighted among the key recommendations derived as: harmonization of regulatory frameworks on standards in the region; request to support innovative mechanisms on product development, financial facilities and cooperation; need to work with various stakeholders to develop systems and increase education on standards; development of clusters and cooperatives for SMEs among others. (The 11<sup>th</sup> COMESA Business Forum Regional Declaration, 2016 is attached).

Finally he thanked COMESA Business Council and the Federation of Chambers of Commerce and Industry for successfully hosting the 11<sup>th</sup> COMESA Business Forum and wished the international delegate safe journey as they return to their countries.

On that final note, the 11th COMESA Business Partnerships Forum was declared officially closed.

**Closed at 1800 HRS, 13<sup>th</sup> October 2016**

**ANNEX I: List of participants**

**ANNEX II: The 11<sup>th</sup> COMESA Business Forum Regional Declaration, 2016**

**COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA**



**DECLARATION**

**OF THE**

**11<sup>TH</sup> COMESA BUSINESS PARTNERSHIPS DIALOGUE**

**HELD**

**IN**

**Antananarivo, MADAGASCAR**

**12<sup>TH</sup> -13<sup>TH</sup>, OCTOBER, 2016**

**WE** the Regional Business Community, under the umbrella of the COMESA Business Council, gathered under the Annual Public Private Dialogue, herein known as the 11th COMESA Business Dialogue, held in Antananarivo, Madagascar from the 12<sup>th</sup> -13<sup>th</sup> October, 2016, to adopt strategic responses and actions that directly address issues for technical capacity, market access and SME competitiveness, under the theme; ‘*QUALITY AFRICA-Sampling the Tripartite Market*’.

**EXPRESSING** our utmost appreciation to the Government of the Republic of Madagascar and the Federation of the Chambers of Commerce and Industry of Madagascar (FCCIM) for hosting over 200 public and private sector delegates from Madagascar, COMESA and the Tripartite region.

**AFFIRMING** the decision of the 9th COMESA Business Forum in 2014, which focused on enhancing the competitiveness of industry through integrating Small and Medium Enterprises SMEs into the larger supply and value chains in Africa.

**FURTHER AFFIRMING** the decision of the 10<sup>th</sup> COMESA Business Forum in 2015 with a focus on advancing industrialization.

**APPRECIATING** the support of the COMESA Secretariat and cooperating partners, to the COMESA Business Council on various initiatives to support local sourcing and the growth of regional supply chains.

**RECOGNISING** that inclusive and sustainable industrialization demands the integration of SMEs into the global and regional value chains through regulatory and technical capacity strategic actions.

**FURTHER RECOGNISING;** the active participation of MSMEs in agro-supply chains in the Tripartite region, and their importance towards the development of robust and competitive industries to spur economic diversification and sustainable development.

**WE HEREBY DECLARE AS FOLLOWS:**

**1. On Policy and Regulatory Frameworks for sustainable Agricultural development**

- Member States are urged to harmonize regulatory frameworks on standards in the region including adopting equivalence measures within COMESA and also on the harmonization of grains, seed and fertilizer policies.

- Member states are further requested to adopt a balanced regulatory framework that supports consistency of production in agriculture through Integrated Production Systems.

## **2. On ICT, Innovation and access to information for MSMEs**

- Member states are requested to support innovative mechanisms that look at Public-Private approaches on product development, financial facilities, cooperation to boost business competitiveness.
- MSMEs should invest in ICT and use technology driven solutions in marketing, communication and product enhancement.
- Member States are encouraged to increase platforms for access to information and training of MSME's on standards policies and quality management systems.
- Member states are further encouraged to link policy research institutions in science, technology and innovation to support SMEs in product development.

## **3. On the CBC BizNet and Made in COMESA Portal**

- Member states are requested to work with the CBC to support the registration of businesses through the COMESA BizNet in order to provide a strong information platform to encourage buyer- supplier partnerships at a regional and international level.
- Member states are invited to note the innovative instrument of the Made in COMESA Portal that has been customized to be more user friendly to businesses on intelligence in market and trade statistics in the region.

#### **4. On research, development and entrepreneurial support**

- Member States are encouraged to work with various stakeholders including; the academia- research institutions, public and private sector (Triple Helix approach) to develop systems and increase education on standards
- Member States are encouraged to work with various to increase mechanisms for entrepreneurial support; including establishment of business development centers and incubation hubs, where MSMEs can be supported in their formative stages of their businesses.

#### **5. On Clustering for Sustainable Agricultural partnerships**

- Member States are requested to put in place practical projects for MSMEs working with corporates that looks at development of clusters and cooperatives amongst MSMEs businesses and strengthen their integration in the value chains.
- Member States are called upon to adopt to ensure agriculture mechanization including the adoption of new technologies and techniques; particularly for rural agriculture and small scale based farming.
- Member states are called upon to strengthen the technical capacity building amongst the value chain actors through building sufficient mechanisms to meet market requirements.

## **6. On Buyer- Supplier Platforms**

- Member states are requested to ensure regular and timely information flow between suppliers and buyers in order to address the challenges that affect them in meeting market access requirements.
- Member states are requested to conduct buyer- supplier meetings on a regular basis at least twice a year to promote business linkages and partnerships
- Member states are requested to encourage the public sector and corporates to agree on a reasonable payment period for products supplied to them.

## **7. On MSME Certification, Standards and Quality Assurance**

- Member states are requested to support MSMEs in the certification of their companies in order to bridge that gap they face in accessing markets due to limitations in meeting standard requirements of buyer companies. This initiative should be a public- private sector driven program.
- Member states are urged to initiate a financial mechanism to support the certification and market access compliance by MSMEs.
- Member states are urged to strengthen market access compliance systems at a national level through the establishment or upgrading of existing national and regional laboratories and investing in skills and technical capacity development to carry out standards and agriculture extension services.

## **8. On Affordable Access to Finance**

- Member states are urged to develop a, specialized SME financial institution with customized facilities for access to finance; and the implementation of a COMESA SME Fund.

## **9. On Public Private Partnerships**

Member states are encouraged to explore Public Private Partnerships to enhance service delivery and advance sustainable agriculture development through various measures including training, certification, extension services and others.

## **10. On Preferential Public Procurement for SMEs**

Member states are encouraged to adopt preferential public procurement policies that afford specified preferential procurement percentages to SMEs, women, youths and persons with special needs, and increase implementation of the adopted policies on the same.

**WE as the voice of the private sector in the COMESA and Tripartite region, commit ourselves to fulfilling the decisions taken at the 11<sup>TH</sup> COMESA Business Dialogue working in close collaboration with Member States and other key stakeholders to ensure Sustainable Agricultural development for SMEs in Africa.**

**Adopted, this 13<sup>th</sup> day of October 2016, in Antananarivo, Madagascar.**