COMESA BUSINESS COUNCIL
Voice of the Private Sector in the Region
BUILDING REGIONAL GOING GLOBAL

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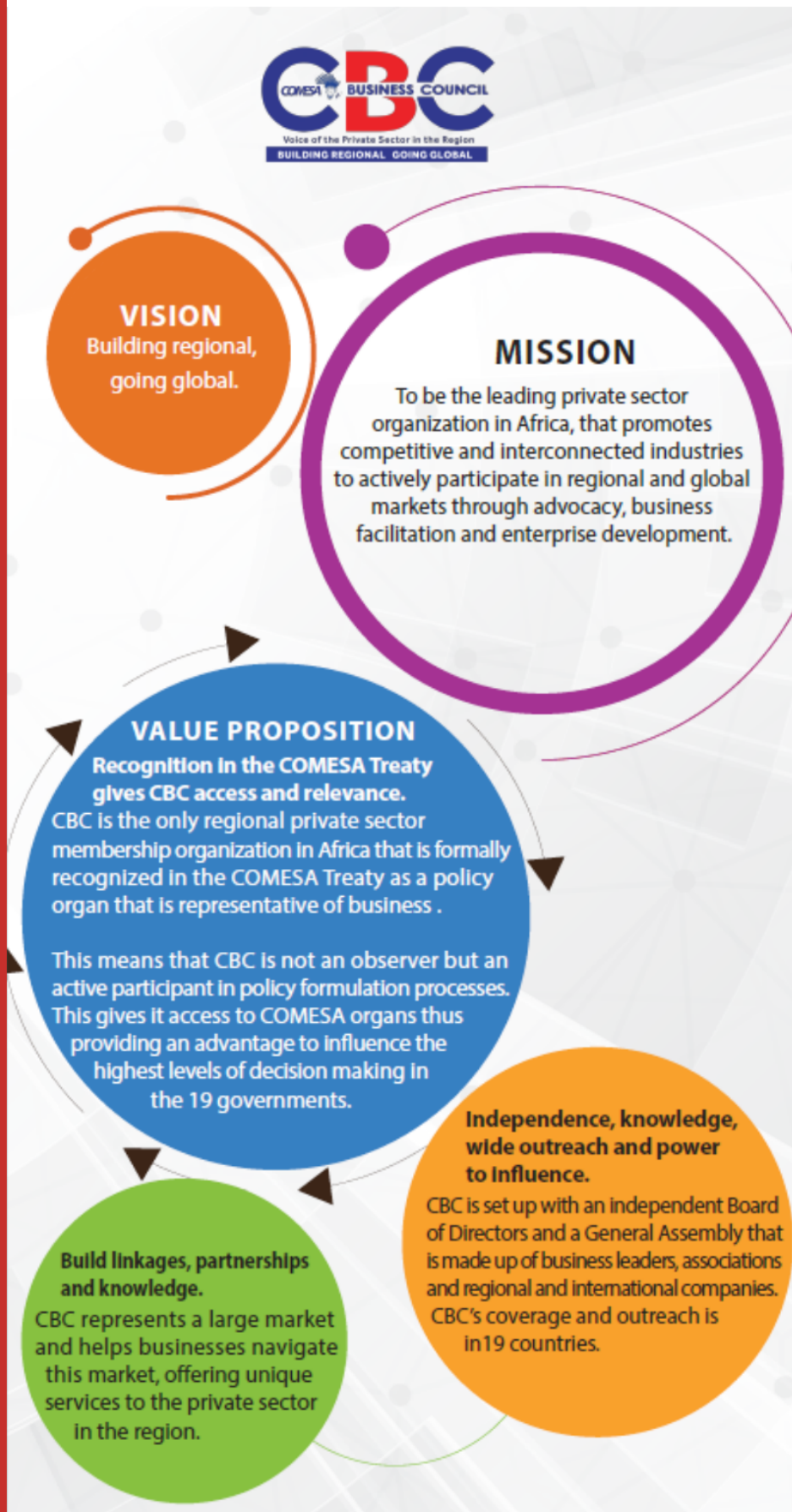
INSIDE THE NEWS THIS WEEK



DOING BUSINESS 2019: WHAT ARE THE REPORT'S IMPLICATIONS ON RWANDA?

The World Bank Group continues to tout Rwanda as one of the easiest places to do business. The Group ranked Rwanda 29th globally in the Ease of Doing Business Report, maintaining its second position in Africa. In its annual series of Doing Business reports, the Bank ranked Rwanda at 29 from the 41st rank in the previous year. This is an improvement of 11 places from last year. The country, however, retained its second position in the region behind Mauritius.

The report predominantly highlighted that Rwanda did well in areas of Registering Property and Getting Credit, where it scored 2 and 3 ranks, respectively. The World Bank representative in Rwanda, Yasser El-Gammal, cited that the country did well in registering property because it had established an efficient land registry where it takes 7 days to transfer property and costs only 0.1 per cent of the property value. He praised the country for the impressive reforms implemented in the previous year. Seven reforms – the largest number of reforms in the region – were implemented in the previous year. Through these reports, the World Bank makes it a point to push governments to take on the task of fostering environments where entrepreneurs and small and medium enterprises can thrive.

In brief, Rwanda is among those countries that are reforming their business regulations to excite the private sector and drive economic growth. But, what are the implications of these reforms to businesses, investment and the entire economy?

Stephen Ruzibiza, the Chief Executive Officer of the Private Sector Federation (PSF), believes that these reforms create confidence in the investors. "Paying tax online, contract enforcement, quick acquisition of construction permits and the recent indicator of getting electricity are some of the acts that benefit business management operations," he said.

While the government has started improving the acquisition of construction permits recently, the report ranked Rwanda at 106 – arguably the area Rwanda performed badly. Last year, contract enforcement made easier by issuing new rules of civil procedure which limit adjournments to unforeseen and exceptional circumstances. The government began facilitating more reliable power supply and transparency of tariff information, making it easier to access electricity.

Ron Weiss the Chief Executive Officer of Rwanda Energy Group (REG), said that they have improved the monitoring and regulation of power outages by beginning to record data for what is known as the annual system average interruption duration index (SAIDI) and system average interruption frequency index (SAIFI). The two are widely accepted and recognised standards used by electrical utilities to measure and provide evidence of the reliability of their electricity distribution.

https://www.newtimes.co.rw/news/doing-business-2019-what-are-reports-implications-rwanda

UGANDA MISSES SOCIAL MEDIA TAX REVENUE TARGET

Uganda government collected Ush20.5 billion ($5.4 million) from social media tax in the last quarter ended September, according to data obtained from Uganda Revenue Authority (URA). The tax, which was implemented in July, was however, less than the Ushs24.9 billion ($6.6 million) target that URA had hoped to collect in the period. The tax was introduced in the Excise Duty amendments of financial year 2018/19 requiring all social media users to pay UShs200 (about Sh5) per day, before accessing certain platforms such as Facebook, Whatsapp and Twitter, among others. Uganda intends to collect about Ush100 billion ($26.6 million) before the end of the 2018/19 financial year. However, this continues to be a difficult prospect as some social media users have cut back on how much they spend on data while others are using Virtual Private Networks (VPN) to manoeuvre around the tax.

Use of VPNs

Mr Ian Rumanyika, the URA public and corporate affairs manager, blamed the use of VPNs as one of the reasons for the failure to hit targets. "One of the reasons (OTT) has not been performing well is resistance. We experienced a lot of resistance in the first quarter thus failing on our targets," he said. The performance, however, he said, registered improved returns in September, which URA expects to continue in this quarter. Asked how far they have reached in regard to blocking VPN usage, Mr Abdul Waiswa, the Uganda Communication Commission legal counsel, said there have been attempts to block VPN but others keep being created.

"We cannot tell how many Ugandans are using VPNs because we do not know where or who is using it. We continuously block them but more keep coming up," he said. Ugandans have been using VPNs to access blocked sites. The apps were first used when government switched off social media sites during the 2016 general elections. URA also set the target for the next quarter ending December at Ush74.9 billion ($19.9 million) according to details seen by Daily Monitor.

No Review

President Yoweri Museveni has insisted that the tax will not be reviewed or abolished despite continued resistance within and beyond Uganda. The president recently said the tax had been imposed on a luxury service (social media) thus users would have to pay.
Facebook, which holds a consortium of some of the largest social media platforms such Instagram and WhatsApp, has previously indicated its displeasure with the tax,

threatening to withdraw planned investments. The social media giant recently said the tax does not work well with some of the planned investments, among them extending free internet access to users. Telecoms have equally been affected, especially in regard to revenues. Data has over the last five years become one of the main sources of revenue for telecoms, overtaking voice and SMS messaging.

https://www.theeastafrican.co.ke/business/Uganda-misses-social-media-tax-revenue-target/2560-4842910-xa2c0rz/index.html

HOW FINTECH COMPANIES ARE GIVING YOU APP EASE

How is technology enabling financial companies to transform digitally?
Financial services organisations are at a tipping point. Faced with fierce market pressures nimble disrupters, complex regulations, digital native customers technology transformation in the industry is essential, and it is increasingly becoming the competitive edge. Banks and financial technology companies (fintechs) start-ups must digitally transform in order to better respond to the ever changing services needs of customers.

How have advanced technological innovations affected the need to remain competitive?
Digital technology continues to disrupt all sectors of life, from individuals and businesses to governments and nations. Technology is not just coming from customer expectations, but also from the rise in competition from fintechs. Banks must innovate in the way they engage with customers and collaborate with colleagues. We are already seeing the potential of disruptive technologies like blockchain to revolutionise how businesses and people transact. Of note is the increased customer service, legacy knowledge and the changing laws across the continent and globally, the challenges posed by organisations dealing with sensitive data. Non-compliance can cost companies a great deal. Security measures, business processes and the like must therefore be looked at from an organisational perspective.

Finserve last month launched mKey — Africa's first keyboard app. Tell us more about this app, and how Microsoft is contributing to its functioning.
MKey converges social as well as financial services into one integrated lifestyle. The name mKey, plays on the concept of providing users with the key to unlocking new possibilities through the fusion of financial and social media into one exciting keyboard app. The app does this through empowering users to perform daily tasks such as reading local and international news, sharing stuff on social media, aggregate local content, apply for and paying mobile loans, pay for goods and services, send and receive money as well as a Chama and Group accounts that work like social chat groups. All of this through the keyboard itself.
The app also provides those who use it with rewards the more they transact. Users are instantly able to earn stars and complete levels for performing financial transactions. Rewards offered include free airtime and the option to increase loan limits. The app targets Kenya's increasingly digital population, becoming savvier in enhancing their lifestyle through technology and who want to perform financial transactions without visiting a bank or even switching apps. Users are also able to send and receive money, transfer cash between bank and mobile wallet accounts and, for the first time, open a group account where up to 10 members can make group payments and transactions.
https://www.theeastafrican.co.ke/business/How-fintech-companies-are-giving-you-app-ease/2560-4840928-4ykx1jz/index.html

NEW AGENCY TO ADMINISTER ETHIOPIA'S MEGA FIRMS

CBC VALUES

The core values that guide our behavior and actions are:

- People: Adhere to the highest professional standards

- Integrity: Trust, transparency and accountability

- Ownership: For the members, by the members

- Collaboration: Shared vision, clarity of roles and responsibilities

- Service: Representative and Inclusive

The Ethiopian government has announced plan to put all the major state corporations under a single administration. Consequently, the former Ministry of Public Enterprises (MoPE), which was restructured a few weeks ago as the Public Enterprises Assets and Administration Agency (PEAAA), will be in charge of 22 major state enterprises, according to the information obtained from the communications office of the new agency. MoPE, established 21 years ago, was previously called the Privatisation and Public Enterprises Supervising Agency. PEAAA's responsibility will also include privatising public enterprises fully or partially. The companies to be administered by the agency include Ethio Telecom, the Ethiopian Airlines Group, Ethiopian Shipping Lines and Logistics Enterprise and Ethiopian Insurance Corporation.

Currency shortage

Others are the Commercial Bank of Ethiopia, the Development Bank of Ethiopia, Metal and Engineering Corporation and the Hotels Development Share Company (Hilton Hotel Addis Ababa). The companies were currently being administered by different state agencies and boards. Following the recent foreign currency shortage in Ethiopia, the government announced intentions to sell minority shares in the Ethiopian Airlines Group, Ethio Telecom, sugar factories, electric power firms and its shipping and logistics lines to foreign investors. "The decision of the government to bring these big companies under the agency will make easy the privatisation process, noted a business consultant at the Noble Consulting, Mr Melaku Kinfegebriel.

https://www.theeastafrican.co.ke/news/africa/New-agency-to-administer-Ethiopia-firms/4552902-4839412-hps9wwz/index.html

KENYA'S SUGAR IMPORT RISES BUT PRODUCTION INCREASES TOO

Kenya has reverted to importing sugar from the Common Market for Eastern and Southern Africa (COMESA) and East African Community member countries, bringing in more than 70 per cent of the imported produce from these markets in the nine months to September this year.

The country imported more than 135,000 tonnes of sugar from COMESA and the EAC, out of the 189,000 tonnes it imported in the nine months to September, a significant reduction from the 933,000 tonnes of sugar it imported last year, of which only 300,000 tonnes was from Community countries.

"Within the nine months to September, COMESA-FTA countries supplied Kenya with 84,127 tonnes, while 5,000 tonnes came from COMESA Non-FTA. The EAC provided 51,285 tonnes, with the majority being from Uganda, whereas imports from the rest of the world were 49,208 tonnes," the latest report from the Sugar Directorate shows. There was also a slight rise in sugar exports in the nine months of this year to 1,947 tonnes against 363 tonnes in the same period last year. "The low exports are attributed to the fact that Kenya is a deficit sugar producer with most of the production being targeted at local consumers. Moreover, Kenyan sugar is expensive and therefore not attractive for export," the report says.

Imports

Last year, the country's sugar imports increased by 196 per cent compared with the previous year as traders rushed to ship in duty-free sugar to bridge a local deficit. The significant increase in table sugar imports was due to huge importation of duty-free sugar between May and August 2017 to mitigate the prevailing local shortage in the country. High imports were registered from non-Comesa countries during the period as more than three quarters of the consignment was imported from Brazil. On production, the country has also seen a significant improvement, with the tonnage rising by 43 per cent to 362,018 tonnes, a testament to the recovery from the severity of the drought suffered by the country's growers in 2017.

Sobering

However, the report is sobering; it shows that billionaire Jaswant Rai, through his three sugar millers Olepito, West Kenya and Sukari Industries, now controls over a third of the sugar produced locally. It is also bad news for farmers as his factories processed a lot of imported sugar, with South Nyanza-based Sukari raising its production by 120 per cent to 44,067 tonnes from 19,420 tonnes in the same period last year. West Kenya saw its production increase by almost 50 per cent to 78,740 tonnes compared with 53,770 tonnes in the same period last year, while the one-year old Olepito managed 3,858 tonnes in production.

"Furthermore, in the nine month period, all the sugar factories, with the exception of Muhoroni Sugar Company recorded improved sugar production as compared with the same period last year, January–September 2017. "The production was further boosted by operationalisation of Olepito Sugar Company and inclusion of processed bulk sugar imports at West Kenya and Sukari mills," the report says. In the six months to June this year, the country's sugar production has been declining, attributed to a number of factors cutting across the entire sugar sector.

The downward trend reversed from a low of 28,320 tonnes in June to close the period at the end of September with an improved sugar production of 36,502 tonnes.

https://www.theeastafrican.co.ke/business/Kenya-sugar-import-rises-but-production-increases-too/2560-4847782-pid9er/index.html

BURUNDI TO SET UP CAPITAL MARKET FOR FIRMS THIS YEAR

Burundi plans to establish a securities exchange before the end of this year for companies to raise funds after a slowdown in commercial bank lending, a senior central bank official said.Economic growth output in the country has slowed down since a political crisis in 2015 sparked by President Pierre Nkurunziza's decision to seek a third term.

The aid-dependent nation has lost direct financial support from key donors, such as the European Union, over accusations of human rights violations and a crackdown on opponents, which Burundi rejects. Arsène Mutoni, the head of the central bank's Capital Market Regulatory Department told Reuters, there were several pension funds and insurance firms that were ready to back companies which will seek capital on the market. "We have many companies which want to widen their shareholder base in order to buy new materials and increase production," Mutoni said late on Tuesday.

He did not give details of the companies which will offer their shares or details of the slowdown in private lending. "What is needed now is to set up a capital market which will boost economic growth and create jobs," Mutoni said.

Currently there are three protocols that are integral parts of the EAC treaty. These include the Customs Union, Monetary Union and the Common market protocol.

The Common Market guarantees five freedoms and two rights. These are the right of establishment of a business and right of residence. The freedoms are free movement of goods, services, labour, capital and persons removes impediments like entry visa fees.

While EAC partner states still flout significant parts of the Common Market Protocol, freedom of movement of persons has largely been respected with citizens allowed to travel without paying visa fees. Tanzania had an exception to this rule; Ugandans going to Tanzania for business are required to pay $100 for an entry visa. South Sudan, Uganda and Kenya are now the latest group to flout the freedom of movement guaranteed by the EAC Common Market Protocol.

http://www.theeastafrican.co.ke/news/ea/How-visa-fees-flout-EAC-protocol/4552908-4824930-gnnt5d/index.html

UP COMING EVENTS

8TH MEETING OF THE CBC BOARD AND ANNUAL GENERAL MEETING

TH TO 29TH NOVEMBER, 2018.
LUSAKA, ZAMBIA.

INTRA-AFRICAN TRADE FAIR

PROMOTED BY | IN COLLABORATION WITH | HOSTED BY EGYPT

WHY BECOME A MEMBER OF CBC

MEMBERSHIP BENEFITS

1. Advocacy excellence in the region – influence decisions at the highest levels of policy decision makers in COMESA.
2. Regional brand recognition as a business through CBC
3. Market intelligence and analysis to inform trade, investment and joint venture decisions.
4. Increased partnerships in regional and global markets.
5. Business facilitation in regional and global markets through trade promotion, linkages and advisory services
6. Industry collaboration through CBC memberships for efficiency and sustainability of enterprises and associations.

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