



Promoting Agro - Industry Supply Chains along the Transport Corridors of Eastern & Southern Africa



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ABSTRACT

This Report reviews the state of the agro-industry supply chain networks along the transport corridors in the COMESA region. The data collected was captured in 2017- 2018 and revised in 2019. It was developed as part of the COMESA Business Council's grant partnership with the African Development Bank - Korea-Africa Economic Cooperation Trust Fund, "Towards fostering business and trade within the supply chain networks along the transport corridors in COMESA: An Agro Industry Corridor Project". The overall aim of the project was to showcase how corridors can generate economies of scale in agriculture and other priority sectors through fostering business partnerships. As a result, the report shows the potential Agri-business and other Industry partnerships between suppliers and potential buyers along the transport corridors of Eastern and Southern Africa. Furthermore, assesses the level of trade along the corridors and the various challenges, training needs and capacity issues that should be addressed to promote corridor supply chains.

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ACKNOWLEDGEMENTS

COMESA Business Council seeks to promote a unified position of engagement for the COMESA private sector– as a driving force in the creation of a market driven economy that embraces regional integration, competitiveness, trade and investment.

The report was developed as part of COMESA Business Council's activities under the Agro - Industry Workgroup to support the development of sustainable supply chains within the region. The report covers a study carried out in 2017, with validations in 2018 and 2019, respectively. The report has guided key advocacy positions for the Agro- industry workgroup in the CBC and has also informed the development of the CBC Business Facilitation Handbook which was launched in 2019. The information used was derived from various sources, including relevant international and regional reports and country trade profiles. In addition, interviews were carried out with key public and private stakeholders along the Northern and North- South Corridor countries and feedback from validation meetings by Agro-Industry Workgroup. These stakeholders are appreciated for their time and input which has enabled a more in-depth assessment.

The Report has been supported through the AfDB- KOAFEC project, “Towards fostering business and trade within the supply chain networks along the Eastern and Southern Africa (COMESA)Transport Corridors.” Its main objective is to inform businesses on product and trade queries, partnerships, ventures and linkages within the COMESA region.

This Report was initially prepared by Mr. Donnemore Majukwa and further reviewed and edited by the COMESA Business Council; Ms. K. Madzivanyika and Mr H. Musundire under the overall supervision of the Chief Executive Officer, Ms. S. Uwera.

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LIST OF ABBREVIATIONS

AfDB	African Development Bank
ARSO	African Regional Organization for Standardization
AU	African Union
COMESA	Common Market for Eastern and Southern Africa
COMESA STR	Common Market for Eastern and Southern Africa Simplified Trade Regime
CSR	Corporate social responsibility
DRC	Democratic Republic of the Congo
EAC	East African Community
ECOWAS	Economic Community of West African States
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FDI	Foreign direct investment
GDP	Gross Domestic Product
ICT	Information and Communication Technology
IMF	International Monetary Fund
ISO	International Organization for Standardization
KEBS	Kenya Bureau of Standards
MOU	Memorandum of Understanding
NC	North Corridor
NGO	Non-Government Organization
NEPAD	New Partnership for Africa's Development
NSC	North-South Corridor
NTB	Non-Tariff Barriers
OCC	The Office Congolais de Contrôle
OSBP	One Stop Border Post
REC	Regional Economic Communities
SABS	South African Bureau of Standards
SACU	Southern African Customs Union
SADC	Southern African Development Community
SADCSTAN	Southern African Development Community Cooperation in Standardization
SAZ	Standards Association of Zimbabwe

SB	Rwanda Standards Board
SEZ	Special Economic Zone
SME	Small and Medium Enterprise
SPS	Sanitary and Phytosanitary Standards
TA	Technical Assistance
TBS	Tanzania Bureau of Standards
UK	United Kingdom
UN	United Nations
UNBS	Uganda National Bureau of Standards
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
US\$	United States Dollar
USAID	United States Agency for International Development
WEF	World Economic Forum
ZBS	Zambia Bureau of Standards

FOREWORD

Agriculture holds a very strategic position in the economies of COMESA countries, being a region vast in natural and human resources with a great potential for industrial and regional integration. Within this entire dimension, the opportunity and growth for SMEs and small-scale holders in the agriculture sector is usually forgotten and needs to be strengthened.

According to the African Development Bank (2017) Africa (COMESA, inclusive) remain a net importer of food and grains, with a food import bill of around US\$35 Billion. With a region which lauds itself as the hub of agriculture, where agriculture is at the centre of livelihoods support, rural economy and food security, it is essential that we develop strategies which can boost the competitiveness of small-scale producers in agriculture supply chains. Assuredly, so with the deficit and population growth there exist an immense potential in investment in agriculture, supporting agro-supply chains and focusing on agro- processing and other high value crops like horticulture, dairy and livestock.

In 2017, CBC started implementing the Project termed; *'Towards Fostering Business and Trade within the Supply Chain Networks along the Transport Corridors in COMESA Agro- Industry Corridor Project'*, with the support of the Africa Development Bank-KOAFEC Trust Fund. It included developing a mapping and assessment report on the potential agri-business and other industry partnerships between suppliers and potential buyers along the transport corridors of Eastern and Southern Africa. And assessing the level of trade along the corridors and the various challenges, training needs and capacity issues that should be addressed to

promote corridor supply chains. This is complimented by a business-guide that provides information on the purchasing requirements needed by key buyer industries along the transport corridors, identify high demand products, suppliers along the corridors.

This Report provides a mapping of agriculture production, businesses and trade along the corridors. It also identifies the key business constraints faced by SMEs and larger businesses in cross border trade, relating to regional supply chain partnerships. The main objective was to show how corridors can generate economies of scale in agriculture and other priority sectors through fostering potential business partnerships along the corridors. By addressing the key challenges of market access and bridging the market information gap, this is an essential step in advancing sustainable and inclusive supply chain development in the agro- industry sector for the COMESA region. The second output of this report is a regional business guide. This guide will be used as a business facilitation instrument that will facilitate and promote business partnerships and inform investments within the COMESA region.

The COMESA Business Council will continue to work with various partners and stakeholders, to support the development of SMEs and ensure their participation in regional value and supply chains as key to boosting intra-regional trade and growing competitive local brands.

EXECUTIVE SUMMARY

Agriculture remains a key strategic sector for livelihood support, income generation, export revenue, trade and economic growth. Furthermore, it has strong linkages and spill-over effects with manufacturing, tourism and other productive sectors in the economy, becoming a greater contributor to regional integration. The growing population in Africa translates into a higher demand for food and an opportunity for the evolution of the agriculture sector. Trade in agriculture is often limited by lack of information and market access challenges that impede the development of regional agro value chains and cross border partnerships.

The contemporary interpretation of competitiveness and strategy is built on the foundation that the value of a buyer is shaped by businesses working together for common purposes and not created by companies working in isolation. Hence, there is increasing recognition that businesses who engage in cooperative long-term partnerships, improve the operation of the supply chain for the mutual benefit of all parties involved.

The major focus of this paper was to assist the industries to establish effective collaborations and networks among agro-based companies in the selected countries. According to COMESA Statistics Bulletin 2017, trade profiles indicate that in 2016 the main import products were cereals (28%), animal and vegetable fats and oils (11%), sugars and confectionary (9%) and meat and edible offal (6%). In the North Corridor, the major produced agriculture products were; maize, rice, potatoes, bananas, cassava, beans, vegetables, sugar, wheat, sorghum, millet, pulses, tea, cotton, coffee, pyrethrum, sugar cane, sisal, horticultural crops, oil-crops, cloves, tobacco, coconut and cashew nuts. The farmers in the corridor also do fisheries and livestock production, with Kenya and Uganda leading in both cattle and goat production. The main intra-traded products include tea, maize seed, shelled beans, tobacco, maize corn, sugar cane, grain sorghum, sorghum seed, milled rice, millet, vegetable seeds and potatoes. According to ITC's Trademap, the main agricultural export products in terms of value are,

tobacco, oranges, grapes, maize corn, apples, lemons, sugar cane, mandarins, pears, grapefruit, macadamia nuts and avocados. The countries in the North-South Corridor target and export to the European Union i.e. Netherlands, United Kingdom, and Germany. There is great potential within both corridors to maximize production and trade in agriculture products. There is increasing recognition that companies may be unaware of the opportunities of local sourcing within their areas of operation and incur more costs by purchasing from outside their territories. It is also noted that aspects of consistency, quality of products have essentially blocked interest in building capacities of local industries to integrate into supply chains of larger companies. The restriction on imports and exports of agriculture products can be a serious barrier to trading in food crops in the region if not effectively managed. The findings also show that the potential partnership linkages between suppliers and buyers of agricultural commodities in the region include forward, sideways, and backward linkages.

The findings of the study revealed that the region requires harmonized standards specifications on common products to support business partnerships between suppliers and potential buyers. Other issues to be addressed include measures to address the high cost of transport and logistics within the region and information gaps pertaining to regulations and distribution channels within the cross-border markets, which the Business Guide addresses. The Report was prepared through several engagements with the stakeholders across the Northern and North-South corridors. These included stakeholder interviews and secondly, consultative and validation meetings carried out between 2017 and 2019 under the CBC Agro Industry Corridor workgroup. The study is complemented by a business-guide that provides information on high demand products and business facilitators along the corridors. The Business Guide, '*COMESA Source 21, A Business Facilitation Handbook – Know your Products, markets and Opportunities*' was introduced at Source 21 High Level Business Summit, 17-20 July 2019 in Nairobi, Kenya.



1.0 BACKGROUND TO THE STUDY

Introduction

The contemporary view within the COMESA bloc is that Agro-business steers economic development. Agriculture within the COMESA member states is on the rise, but issues to do with the corresponding increase in market linkages and sustainable potential business partnerships have not been largely explored thereby defeating the vision of Free Trade Area in Agri-business. This study is the key output of the *Agro Industry Corridor Project: Towards fostering business and trade within the supply chain networks along the transport corridors in COMESA*. The main objective is to show how corridors can generate economies of scale in agriculture and other priority sectors by through fostering potential business partnerships that will be identified along the corridors. The major focus of the project is to assist COMESA to establish effective collaborations and networks among agro-based companies in the North-South Corridor (NSC) and the Northern Corridor (NC). There is increasing recognition that companies may be unaware of the opportunities of local content sourcing within their areas of operation, and incur more costs by purchasing from outside their territories. It is also noted that aspects of consistency, quality of products have essentially blocked interest in building local capacities of local industries to integrate into supply chains of larger companies.

The study seeks to provide the necessary information on industry supply potential along the corridors with a key focus on the agriculture sector. It showcases strategies and opportunities that SMEs, Investors and existing corporates can engage in, to promote more sustainable business practices and partnerships along the trade corridors in the COMESA region. The collaborative business initiative is a strong tool to shared value creation process that serves to strengthen the business's competitiveness. In this regard, the project will highlight key public, private intervention efforts that can strengthen supply chain partnerships along the corridor. The results of the project will, therefore, motivate regional trade facilitation for business and investors. This study investigates the kind, category and volume of products supplied, type of customers supplied, the length of the customer relationship, market size, market segments, and location, influences in the development and performance of buyer-supplier relationships within the COMESA agro-business.

1.1 Study Objectives

The contemporary view of competitiveness and strategy is based on the foundation that customer value is created by companies working together for common aims and not created by companies working in isolation. Therefore, there is increasing recognition that firms who engage in cooperative long-term partnerships, improve the operation of the supply chain seamlessly for the mutual benefit of all parties involved in the value chain. The main objective of the study is to show how the corridors can generate economies of scale in agriculture and other sectors through fostering potential business partnerships that will be identified along the corridor.

1.1.1 Specific Objectives include:

- a) To develop a Map of the category, identities, and definitions of businesses, covering, medium and corporate (Indigenous, regional and multinational) enterprises that currently operating along the said corridor/s.
- b) To carry out field assessment to determine the kind, category, and volume of products that are high in demand along the transport corridors.
- c) To assess the various challenges that affect businesses (both suppliers and buyers) in these markets in terms of market size, fragmentation of businesses and location, standards, logistics, target market segments.
- d) To identify key businesses and cross-border traders along the corridor that can constitute an integral part of a pilot phase to provide technical capacity building and eventual market linkages.
- e) To identify high demand products along the corridors and the purchasing standards to support business partnerships between suppliers and potential buyers
- f) To define the training /business skills needs for the category of businesses identified in the mapping.
- g) To develop a business guide on the purchasing requirements needed by key buyer industries along the transport corridors selected.

1.1.2 Evaluation Questions

- a) What is the general method of sourcing goods and services along this corridor?
- b) What are the products and the volumes that significantly contribute to trade along this transport corridor?
- c) What products category and volume are high in demand along this transport corridors?
- d) What are the various challenges that affect businesses (both suppliers and buyers) in these markets in terms of market size, fragmentation of businesses and location, standards, logistics, target market segments?
- e) What are the key businesses and who are the cross-border traders along the corridor that can constitute an integral part of a pilot phase to provide technical capacity building and eventual market linkages?
- f) What are the high demand products along the corridors and the purchasing standards to support business partnerships between suppliers and potential buyers?
- g) What are the training /business skills needed for the category of businesses identified in the mapping?
- h) What are the purchasing standard requirements to support business requirements between suppliers and potential buyers?

- i) What are the potential partnership linkages between suppliers and buyers in the region?

1.2 Area of Study

The project was carried out in selected countries in Eastern and Southern Africa. The focus was on two corridors covering 8 countries. The North Corridor which provides access to regional and international markets for the landlocked countries of East Africa which covers the following counties: Kenya, Tanzania, Uganda, and Rwanda. The North-South Corridor (NSC) links Southern African countries to the East African markets. It comprises of South Africa, DRC, Zambia, and Zimbabwe.

1.2.1 North Corridor

The Northern Corridor anchored by the port of Mombasa in Kenya, and the Central Corridor, anchored by the port of Dar es Salaam in Tanzania, are principal and crucial transport routes for national, regional, and international trade of the five East African Community (EAC) countries, namely; Burundi, Kenya, Rwanda, Tanzania, and Uganda. Due to inadequate physical infrastructure and inefficiency, these corridors are characterized by long transit times and high cost (Wiggil, 2015).

Fig: 1.1 The Northern Corridor.



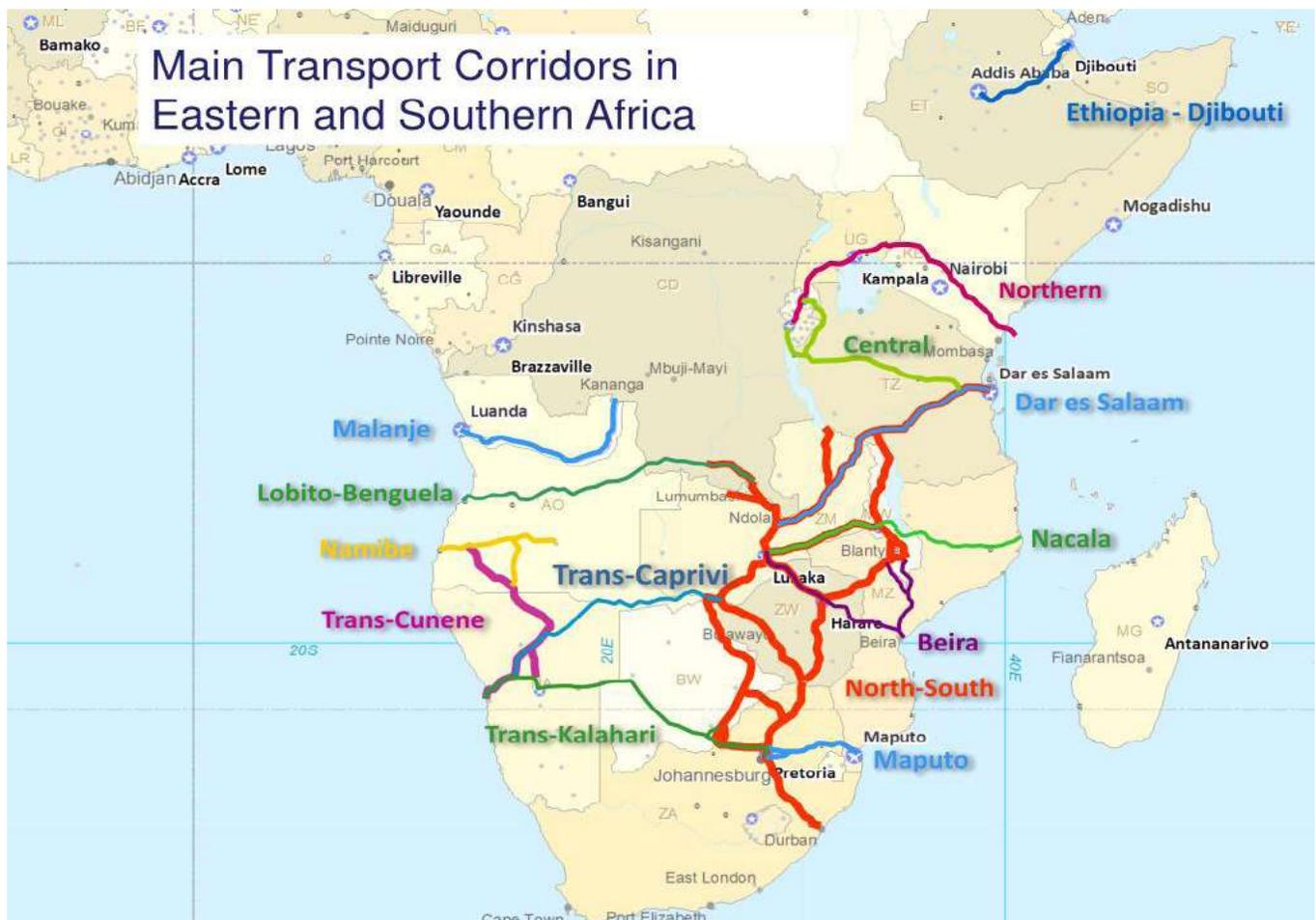
Source (Wiggil, 2015).

Apart from linking the land-locked countries of Uganda, Rwanda, and Burundi with Kenya's maritime port of Mombasa, the Northern Corridor also serves the eastern part of the Democratic Republic of the Congo (DRC), South Sudan, and northern Tanzania. Because of their heavy reliance on the Northern Corridor for their overseas trade, as well as trade among themselves, Burundi, the DRC, Kenya, Rwanda, and Uganda are contracting

parties to the Northern Corridor Agreement. The agreement provides the legal framework for collaboration among these countries on matters to do with transit transport, customs control, documentation, and procedures, as well as the development of infrastructure and facilities relating to seaports, inland ports and waterways, roads, railways, pipelines and border posts.

1.2.2 North-South Corridor

Fig :1.2 North-South Corridor.



Source: Trademark SA (2011)

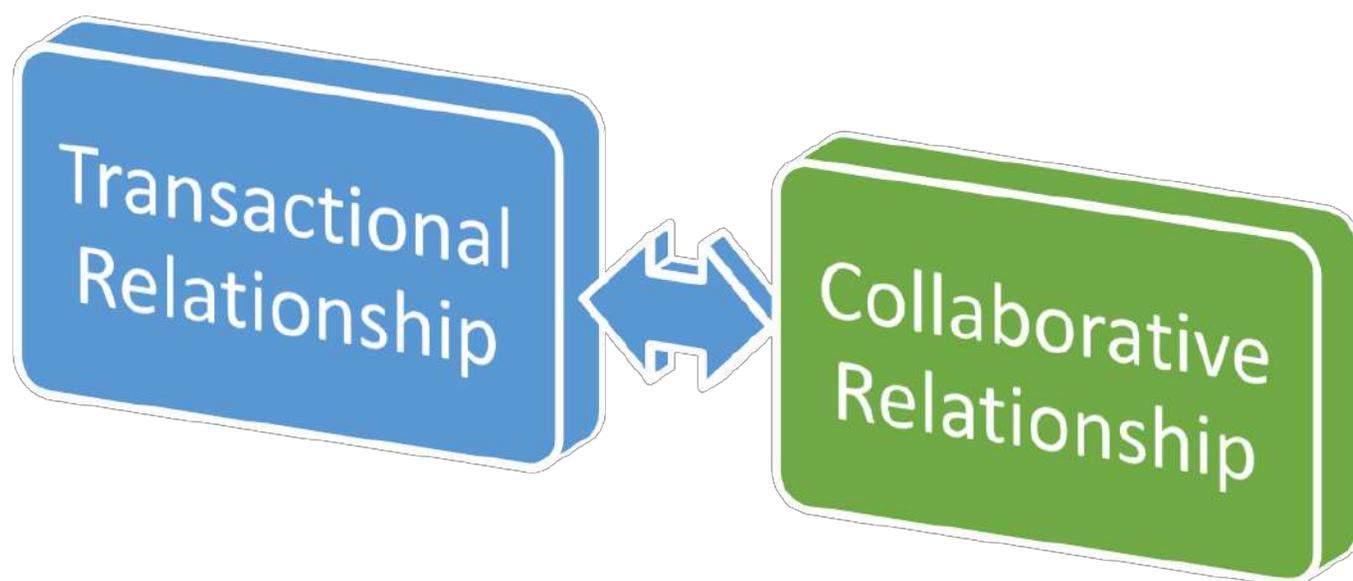
The North-South transport corridor links South Africa to its northern countries, and is the busiest regional transit transport link in eastern and southern Africa. There are two main reasons for the importance of the corridor: firstly, South Africa is the largest African trading partner in the region and secondly, the port of Durban handles a significant proportion of transit traffic for the landlocked states and is also the busiest port in Africa. The corridor extends over the territories of three RECs, COMESA, SADC and SACU. The North-South corridor is the most extensive corridor system in the region, linking the largest number of countries in eastern and southern Africa. North-South Corridor connects Botswana, DRC, Malawi, Mozambique, South Africa, Zambia and Zimbabwe and interlinks to other corridors including the Trans Kalahari, Beira, Lobito, Dar es Salaam and Nacala corridors. The corridor has two main legs: one stretching from the port of Durban on the South African coast, through Johannesburg, through either Harare in Zimbabwe or Francistown in Botswana, through Lusaka in Zambia and on to Lubumbashi and Kolwezi in the DRC. A second leg takes off from Harare, through Tete in Mozambique and on to Blantyre in Malawi. Fig 1.2 below shows the map with North-South Corridor.



2.0 THEORETICAL FRAMEWORK FOR BUSINESS PARTNERSHIPS

The framework used to investigate potential business partnerships within the supply chain networks along the North South and the Northern Corridors was developed from two key disciplinary orientations in supplier-buyer relationship theory: the transactional relationship approach and the collaboration paradigm. The buyer-supplier relationships, in which both businesses are distinct entities, can range from being entirely transactional to closely collaborative (Goffin, Lemke, & Szwejczewski, 2006). Fig: 2.1 below illustrates the transactional and collaborative relationships.

Figure 2.1: Theoretical Framework for investigating Buyer-Supplier Relationships



2.1 Transactional Relationship

In the transactional approach, which traditionally has been prioritized, the purchasing business focuses on price minimization. To achieve this goal, the purchasing company relies on short-term contracts, which stipulate the terms of the transaction regarding price, delivery, and quality. Moreover, a large supplier base is used, whereby suppliers can be put against each other in competitive biddings (Christopher, 2000). In this relationship, businesses strive to act independently, and thus the level of involvement and exchange of information is kept at a bare minimum. Even though this approach frequently leads to lower prices for the purchasing firm, it can result in distrust between the parties, as well as constrain the supplier's willingness to share innovation and other value-adding inputs (Spekman, 1988). Therefore, as firms increasingly have started to change focus towards growth and value creation rather than sole cost minimization, sourcing strategies have shifted towards closer collaborations with fewer suppliers to leverage external capabilities to gain competitive advantage (Kampstra, Ashayeri & Gattorna, 2006). This relationship, in contrast, is characterized by a long-term orientation, a continuous information exchange, a mutual dependence, and a search for a mutually beneficial outcome.

2.2 Collaborative Relationship

A collaborative relationship is an on-going relationship between two or more companies that commit to trade together and share information over an extended period. The mutual sharing of information includes the risks and rewards of the relationship. Due to these characteristics, collaborative relationships are resource intensive and require constant maintenance by both parties involved. Thus, close collaborations cannot be kept with the entire supplier base, and for some purchases a transactional rather than a collaborative approach may be more suitable, indicating that firms must find their own optimal mix of suppliers (Chen, Paulraj & Lado, 2004).

Due to the resource intensiveness of collaborative relationships, firms must carefully select supplier relationships that would benefit from a closer association (Spekman, 1988). To facilitate this decision, previous researchers have developed supplier segmentation models, which aim to divide suppliers into different categories to derive a few selected suppliers where closer collaborations are warranted (Christopher, 2000).

One of the most influential suppliers' segmentation models, the Kraljic matrix, is based on the two dimensions of profit impact and supply risk, whereby purchases can be divided into the four categories of leverage, strategic, non-critical, and bottleneck items. In this model, both leverage and strategic items have a high-profit impact for the buying firm, while the strategic and bottleneck items are subjected to a high supply risk. Hence, it is the strategic items that are

most vulnerable to the firm regarding both aspects. Therefore, it is with these strategically important suppliers that close collaborations are most beneficial. A closer relationship, built on trust and commitment, is expected to result in a reduced supply risk, as well as an improved product and delivery performance (Chen, Paulraj, & Lado, 2004).

The argument behind this is that closer relationships will motivate strategic suppliers to internalize requirements put on them by the buying firm. These requirements, as compared to in a transactional relationship, will focus more on continuous improvements and the total cost of manufacturing, rather than on single performance measures such as price or inventory reduction. Hence it is argued that a close collaboration with strategic suppliers if handled in a correct manner, will benefit not only the buying, but also the supplying business (Majukwa, Haddud, & Shaofeng, 2016).

Based on this brief overview of buyer-supplier relationships, it is clear that closer collaborations primarily are necessary with strategic suppliers. Thus, the focus of this project will be on collaborative relationships between buyers and strategic suppliers. Maintaining a good relationship requires significant time and resources. Hence, there is a need for an enhanced understanding of the factors that contribute to the perception of a mutually beneficial relationship both for the buying and the supplying firm, so that resources can be allocated to these areas.



3.0 METHODOLOGY

3.1 Primary Data Collection Instruments

Collection of administrative data, predominantly statistics on cross-border trade in products, as recorded by the customs authorities and external trade divisions has produced limited results, as very few statistics on small trade are collected and recorded on a regular basis by the respective customs authorities. However, national product volume and trade statistics for all the countries under the study were sourced from FAOSTAT and TRADEMAP.

Data was collected via interviews guided by questionnaire designed with Likert type and open-ended questions (Appendix A), from different professionals working in government, trade associations, customs, and clearing, cross-border traders, manufacturing, buyers, suppliers, logistics, indigenous, SME's, agribusiness, import, and export in 8 countries within the Eastern and Southern Africa. In addition to collecting information on each of the theoretical constructs in the framework, the questionnaire also collected information on firm characteristics and products information on the chosen transport corridors. A total of 144 questionnaires were completed out of a target of 153, resulting in a usable response rate of nearly 94% percent.

It was believed that the selection of respondents would not bias the responses towards the inquiry under the study, as researchers such as Blois (1997) and Leuthesser (1997) state that the established patterns of behavior in the phenomenon under the study, may or may not be relational in nature. The extent to which this approach provides an unbiased method is investigated by examining the influence of relationship length on each of the constructs in the theoretical framework.

Its imperative to note that most data were collected in 2017 by the Consultant. Whilst the CBC updated some of the statistics, due to challenges in getting up-to-date statistics some remain unchanged.

3.2 Triangulation Strategy

Triangulation is a method used in research that involves cross-checking multiple data sources and collection procedures to evaluate the extent to which all evidence converges. In this paper, the researcher used methodical triangulation by utilizing interviews, field observations during the visits, and desktop reviews.

3.3 Research Population and Sample

3.3.1 Research Population

The population of this research included all the individuals whom this researcher was interested in obtaining enough information and making inferences on. The research considered professionals from Cross-Border Traders Associations, SME Associations, Manufacturers Associations, Corporates and enterprises along the corridors- cement companies, coal/mining companies, logistics companies, commodity exchange and trading companies, Revenue and Customs Authorities-collection of data on trade/companies trading and volumes/values along the corridors, nature of companies, registered and non-registered, and relevant Ministries within the selected transport corridor within COMESA Secretariat. These respondents possessed valuable information pertaining to the research.

3.3.2 Sampling Strategy

To determine the correct size of the sample the study adopted a sample size calculation formula. Yamane, (1967) proposed a sample size calculation formula which he suggests that the desired sample size is a function of the target population and the maximum acceptable margin of error (also known as the sampling error) he articulated the mathematical calculation as follows:

$$n = \frac{N}{1 + N^2}$$

Where:

n = sample size

N = target population (153)

e = maximum acceptable margin of error (5%)

Sample size calculation

$$n = \frac{153}{1 + 153(0.05)^2}$$

$$n = 110$$

The target population for this study consisted of 153 professionals drawn from manufacturing, mining, transport and logistics, agriculture sector, industry and commerce, SME's and indigenous companies who are going to be purposefully selected voluntarily. The recommended sample size for the study was 110 responses. The researcher was convinced that the list was comprehensive because it did not omit any elements of the population or include other elements that did not belong to the population.

3.4 Survey Administration

To gain access for collecting primary data, the researcher visited 8 countries in the Eastern and Southern Africa with a formal letter written by the COMESA Business Council (CBC) Secretariat, which gave a professional impression to the participants. (See Appendix B). The researcher made sure that participants understood that they were free to take part in the study and if they were not willing to continue they were free to discontinue at any time and their exclusions were handled respectively and without stigma.

3.5 Research Ethics

In conducting this study, the researcher observed the principles of the 1948 Nuremberg Code which state that respondents have the right to refuse to participate in a research. All the respondents willingly consented to participate in the study: informed consent was sought after the researcher had disclosed his intentions to the sampled respondents. The researcher observed Patton's (2002) advice that no attempt should be made to deceive the respondents. The respondents were protected from all forms of physical and psychological harm. Where necessary, codes were used in place of names (SA for a respondent in South Africa and ZW for a respondent in Zimbabwe). No individuals with diminishing autonomy were involved in the study.

3.6 Data Analysis Plan

Analysis of Data from Survey Questionnaire

In this research, data were collected through interviews guided by the questionnaire designed with Likert type and open-ended questions to gather both quantitative and qualitative data. The quantitative results collected, was analysed using the SPSS Software application which produced statistical computing and graphics. The application tool involves statistical analysis and implementation of graphs in a written code to import data, to analyse it and compile a final report. Qualitative data collected from 'open-ended questions', were coded and analysed to reproduce text research themes. Thematic analysis' was used "to capture complex meanings in a textual data set. The relationships and patterns found under these qualitative research themes were the basis of this final report. The researcher employed comparative analysis to justify the case and to examine the practical relevance of developed theories which formed the methodological and philosophical foundations of the research paper.

3.7 Limitations of the Study

Limitations are the possible weaknesses of the study and are out of the researcher's control (Saunders, Lewis & Thornhill, 2009). There are 6 limitations for this study: (a) The willingness of the research participants to be candid in their responses in this research was one factor. (b) Some participants considered the data collected to be private information and the responses could be weakened as a result. (c) "Translation" bias. The researcher used local translators in DRC, Rwanda, and Uganda. It may be that the questions were interpreted differently in Kiswahili, Kinyarwanda, Luganda, and French when compared to the original French or English text (d) The time was very much limited. (e) There are some places where the researcher relied on telephone communication due to security reasons. and (f) The final limitation was that some participants in the selected targeted clusters did not want to participate in the research citing they are non-members of COMESA.



4.0 AGRICULTURE IN THE CORRIDORS

The contribution of the agriculture sector is paramount to sustainable economic growth, food security, and poverty reduction (AfDB, 2018). Studies show that due to their forward and backward linkages, agro-industries have higher multiplier effects in terms of job creation and value addition. Agriculture stimulates businesses well beyond the closest links with its direct input suppliers and product buyers. It has the potential to bolster a range of ancillary services and supporting activities in the secondary and tertiary sectors.

Furthermore, since most agricultural products are bulky and perishable, many agro-industries and small-scale agro-processing enterprises must be located close to sources of raw materials. Their impacts on rural off-farm activities, employment, and poverty alleviation in general are, hence, enormous (FAO, 2009). This chapter will take a close look at how agriculture contribute to the North and North-South Corridor's economies and trade across borders.

4.1 North Corridor

4.1.1 Global Trade

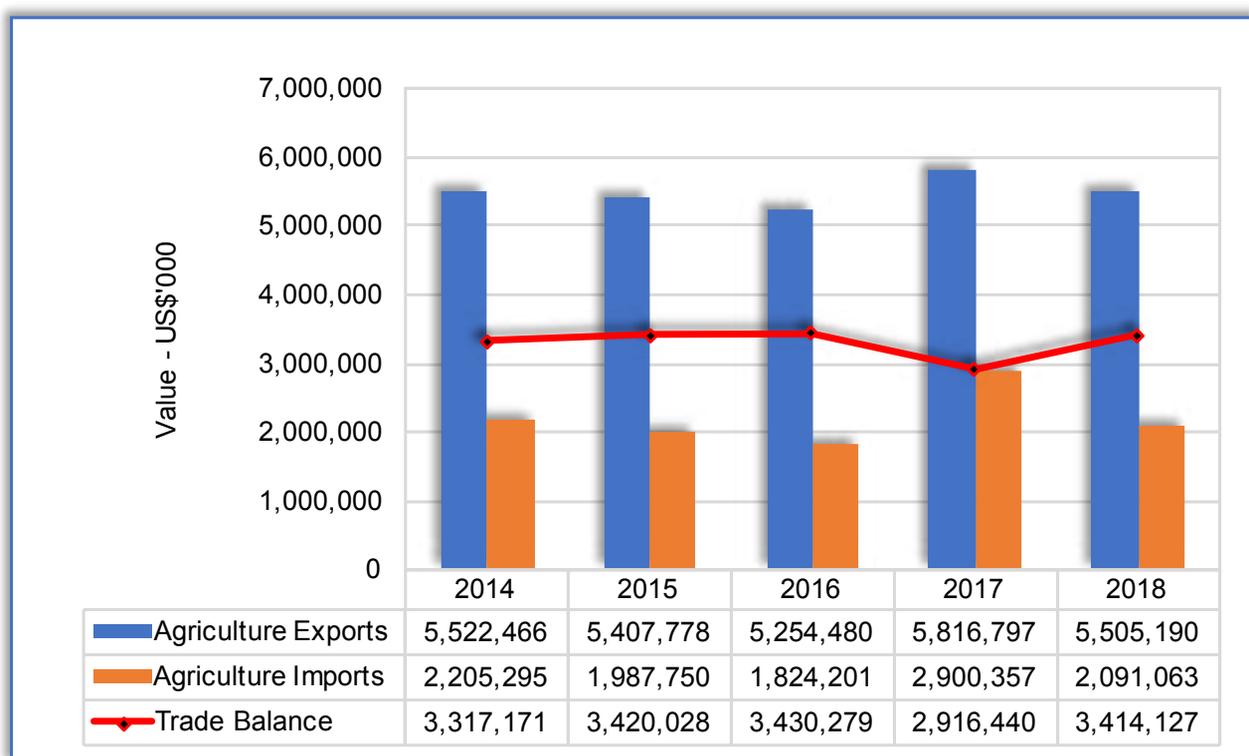
The North Corridor provides access to regional and international markets for the landlocked countries of East Africa which covers Kenya, Tanzania, Uganda, and Rwanda. In this corridor, agriculture is one of the most important sectors, with about 80 percent of the population living in rural areas and depending on agriculture for their livelihood (EAC, 2018).

In the North Corridor, the major produced agriculture products are; maize, rice, potatoes, bananas, cassava,

beans, vegetables, sugar, wheat, sorghum, millet, pulses, tea, cotton, coffee, pyrethrum, sugar cane, sisal, horticultural crops, oil-crops, cloves, tobacco, coconut and cashew nuts. The farmers in the corridor also do fisheries and livestock production.

In view of the importance of agriculture to the economies, the transport corridor therefore, plays a critical role in facilitating movement of agriculture produce in accessing regional and international markets. The chart below shows the global trade (exports and imports) by the North Corridor countries (Kenya, Tanzania, Uganda, and Rwanda).

Fig 4.1 Global Agriculture Trade trend in the North Corridor



Source: Trademap

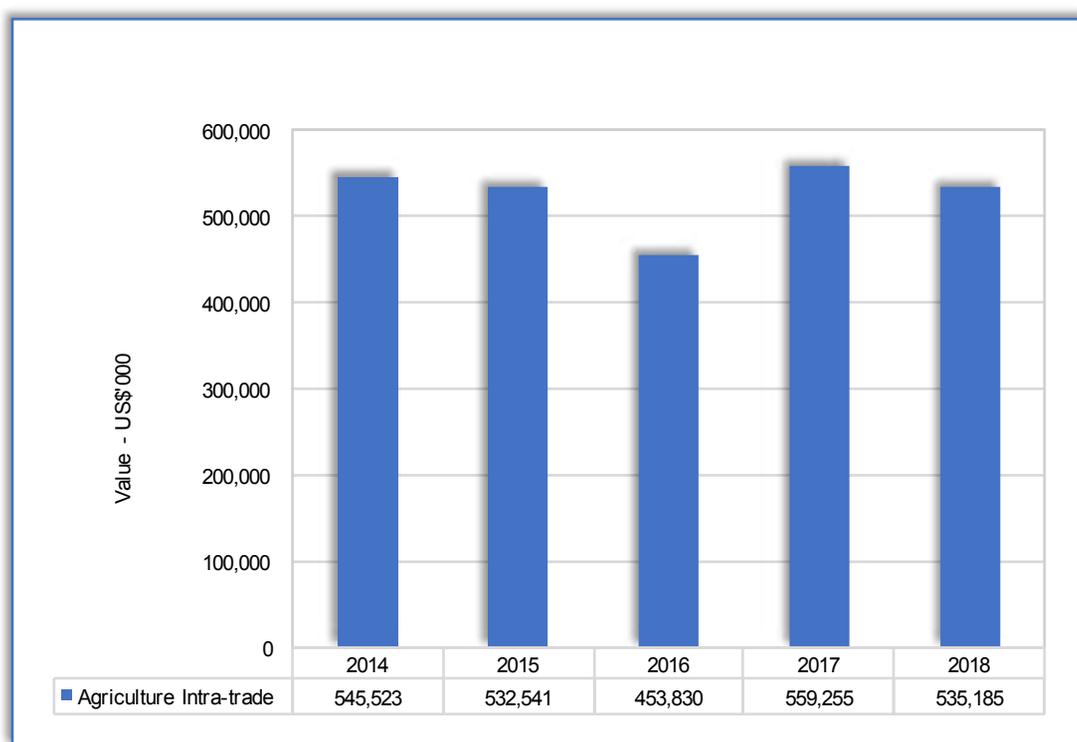
From the chart above, the exports have been ranging between US\$5.2 billion and US\$5.8 billion over the five years. According to Trademap, the North Corridor exported agriculture products worth US\$5.5 billion to the world, twelve percent (12%) was exported to Pakistan (US\$647 million). Other important market includes, Netherlands (11%, US\$593 million); United Kingdom (7%, US\$398 million), Belgium (5%, US\$265 million) and Sudan (5%, US\$254million), among other markets.

On the other hand, major export products include; tea (28%, US\$1.6 billion), coffee (16%, US\$885 million), cut flowers (11%, US\$599 million), unmanufactured tobacco (7%, US\$379 million) and leguminous vegetables – beans, cow peas and cow peas (4%, US\$240 million), among other products.

4.1.2 Intra-trade in the North Corridor in the Agriculture Sector

In the North corridor, trade in agricultural products offers great potential to boost incomes for farmers, processors and other agricultural value chain actors. According to trade statistics from Trademap, intra-trade of agriculture products in the North Corridor declined by 32 percent from US\$546 million in 2014 to US\$454 million in 2016, thereafter, the intra-trade started to grow again reaching US\$535 million in 2018, the chart below highlights the trend over the five-year period;

Figure 4.2 Intra-trade of agricultural products in the North Corridor



Source: Trademap

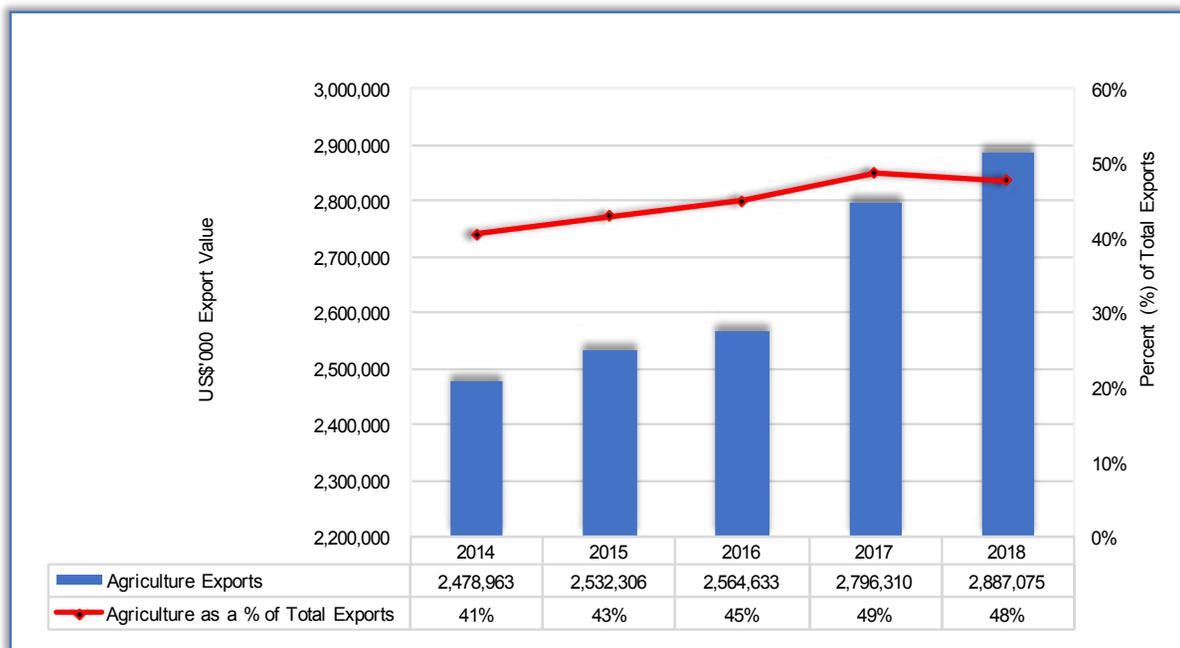
The main intra-traded products include tea, maize seed, shelled beans, tobacco, maize corn, sugar cane, grain sorghum, sorghum seed, milled rice, millet, vegetable seeds and potatoes.

4.1.3 Agriculture Performance of Countries in the North Corridor

i) Kenya

Agriculture dominates the Kenyan economy, accounting for 70 percent of the workforce and about 25 percent of the annual GDP. Over 80 percent of the Kenyan population live in the rural areas and derive their livelihoods, directly or indirectly from agriculture (Export.gov, 2019). Given its importance, the performance of the sector is therefore reflected in the performance of the whole economy. The chart below shows the trade flow of agriculture in Kenya and contribution to total exports;

Fig 4.3 Kenya's global exports of agriculture products and contribution to total exports



Source: Trademap

From the chart above the agriculture products contribute significantly to Kenya's total exports. This high performance follows that Kenya has a favourable agriculture climate, which propels its ability to produce for local and export market. The sector is also the main driver of the non-agricultural economy including manufacturing, providing inputs and markets for non-agricultural operations such as building/construction, transportation, tourism, education and other social services.

Kenya's major export markets for agriculture products include Pakistan, Netherlands, United Kingdom, United Arab Emirates, Egypt, United States of America, Germany, Russia, Belgium and Saudi Arabia, among others. It mainly exports black fermented tea, fresh cut roses, coffee, avocados, macadamia nuts, fresh beans and tobacco, among others. It is important to note that, Kenya is the leading producer of tea and coffee, as well as the third-leading exporter of fresh produce, such as cabbages, onions and mangoes.

According to Trademap, Kenya's major exports to the North Corridor countries include; grain sorghum, seeds for fruits, maize corn, fish, ginger, dried leguminous vegetables, carrots, cane sugar, rice, meat, dates, barley, wheat, meat of swine and tea and imports include maize seed, beans, tobacco,

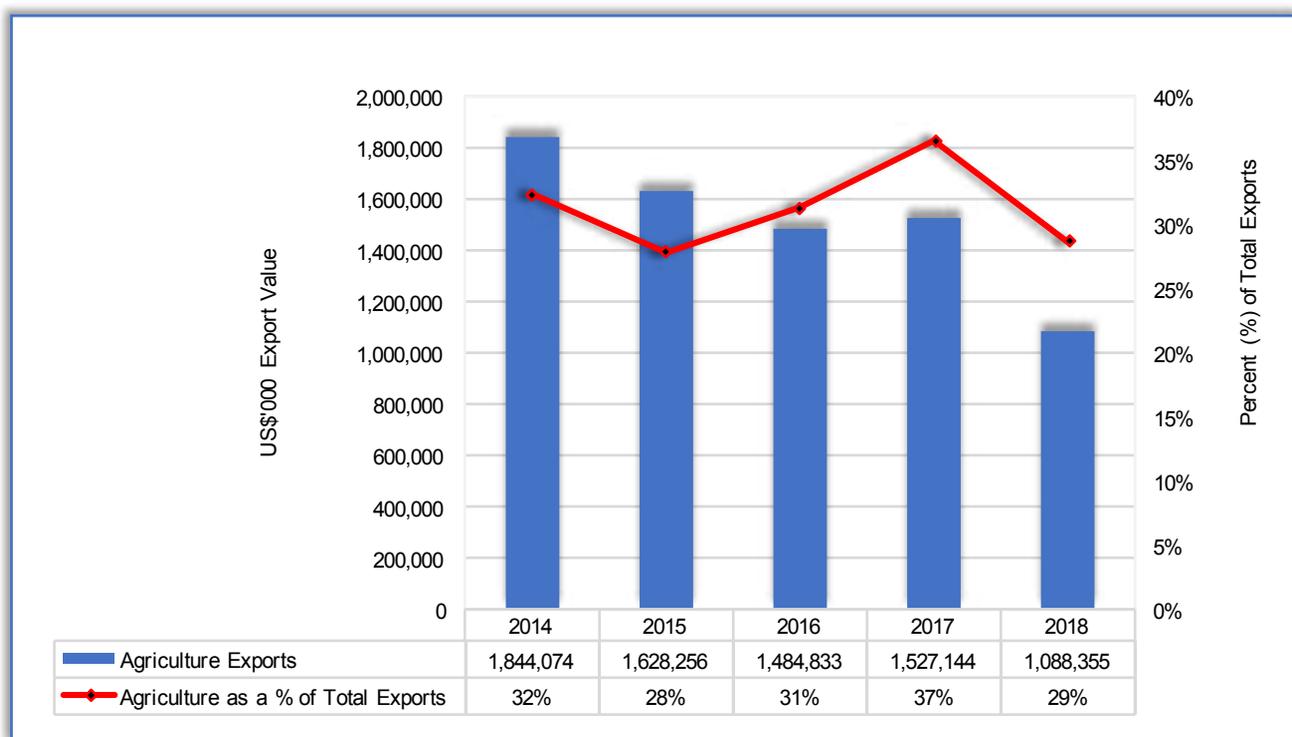
maize corn, tea, shelled peas, coffee, tomatoes, oranges, onions and sorghum. The major trading partner in the corridor is Uganda.

Some of the major players in the Kenya Agriculture sector include, Bidco Africa (Edible oils, fats, margarines and animal feed); Mumias Company (Sugar manufacturer); Delmonte Kenya (Cultivation, production and canning of pineapples products, mill juice sugar and cattle feed); Brookside Dairy Ltd (Fresh and powdered milk, yoghurt, and butter); and Kenya Nut Company (Growing of macadamia and cashew nuts, coffee, chocolate and oils), among other companies.

ii) Tanzania

According to Oxford Business Group (2018), agriculture is the largest and most important sector of the Tanzanian economy, with the country benefitting from a diverse production base that includes livestock, staple food crops and a variety of cash crops. The sector's contribution to GDP has more than tripled in the last 10 years, supported by rising cash crop production, an emerging agro-processing segment and strong domestic demand for processed food. The chart below shows the trade flow of agriculture in Tanzania and contribution to total exports;

Fig 4.4 Tanzania's global exports of agriculture products and contribution to total exports:



Source: Trademap

Tanzania's agricultural products include coffee, sisal, tea, cotton, pyrethrum, cashew nuts, tobacco, cloves, corn, wheat, cassava, bananas, and vegetables. Livestock production includes cattle, sheep, and goats. Agricultural output remains predominately based on small holder production, as opposed to estate cultivation (Wilson Centre, 2017).

The major export markets for Tanzania include Belgium, India, China, Netherlands, Japan, Vietnam, Kenya, United Arab Emirates and Germany, among others. Cash crops, such as tobacco, coffee, tea, cotton, cashews, sisal, cloves, and pyrethrum account for the vast majority of export earnings.

According to Trademap, Tanzania's major exports to the North Corridor countries include; maize, tea, milled rice, dried onions, live cattle, frozen fish fillets, broken rice, green tea, cane sugar, maize seed, tobacco, oranges, live goats, fresh beans and roasted coffee; on the other hand imports include tobacco, beef, fruit seeds, cotton seeds, maize seed, cane sugar, sunflower seeds and tobacco. Major trading partners are Kenya and Uganda.

Value-added manufacturing activities are limited, and the agricultural export base is dominated by

raw products and vulnerable to climate change. Currently, value-added products include cotton yarn, manufactured coffee and tobacco, sisal products (yarn and twine), and wheat flour.

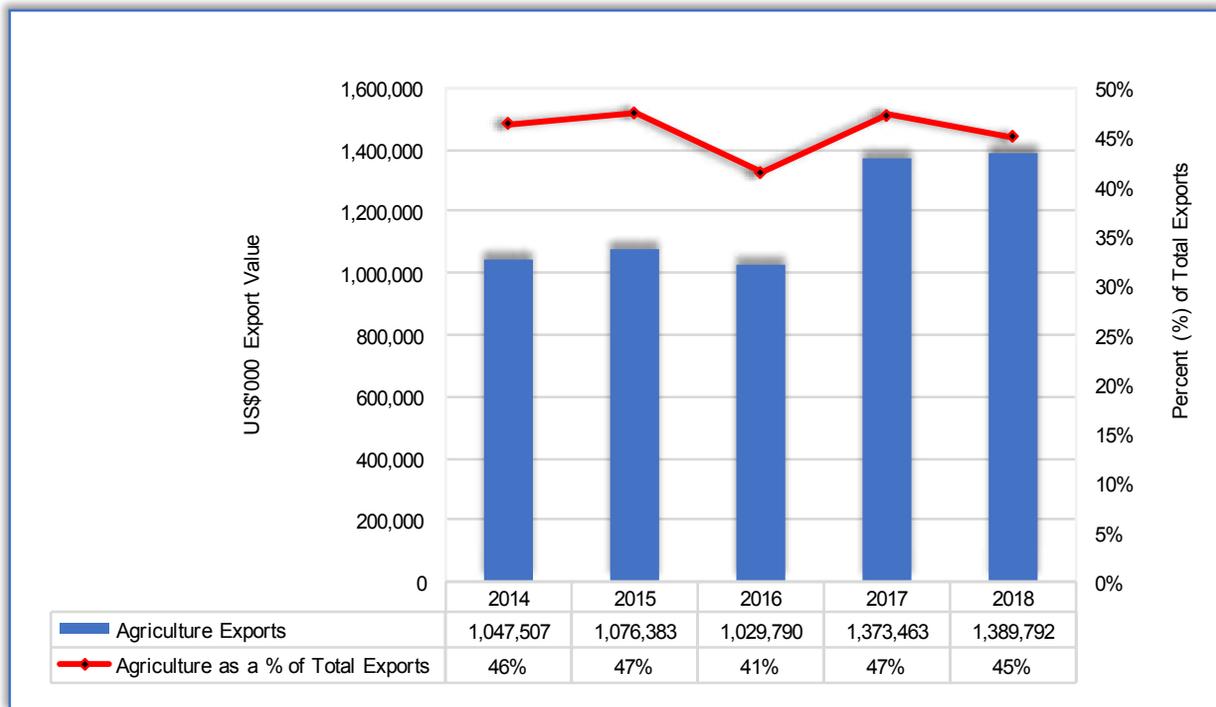
Some of the major players in Tanzania's agriculture sector include, Afri Tea and Coffee Blenders (Manufacturers of tea and coffee products) and Yumfarm (Suppliers of verity types of grains), among others.

iii) Uganda

Uganda is regarded as an agriculture-based economy and a food basket in the Eastern African region, given its ability to produce a variety of foods and in large quantities. It comprises of the food and cash crops production, livestock, forestry and fishing subsectors (EAC, 2018).

The agriculture sector, which is mainly subsistence, employs the largest proportion of Uganda's work force, it employs approximately 69 percent of the population and contributed about 26 percent to the GDP (EAC, 2018). The chart below shows the trade flow of agriculture products in Uganda and contribution to total exports;

Fig 4.5 Uganda's global exports of agriculture products and contribution to total exports:



Source: Trademap

From the chart above agriculture products contribute significantly to the total exports. Uganda mainly exports to Kenya, Sudan, Italy, Germany, Netherlands, Hong Kong – China, Belgium, Rwanda, DRC and Spain, among other markets. The main agricultural export products include coffee, maize seeds, cane sugar, tea, fish, cocoa beans, shelled beans, sorghum, tobacco and sesame seeds.

According to Trademap, Uganda's major exports to the North Corridor countries include tea, maize, dried leguminous vegetables, unmanufactured tobacco, cane sugar, grain sorghum, wheat, millet, potatoes, tomatoes and sesame seeds. Major imports from the North Corridor include milled rice, fish, coffee, vegetable seeds, carrots, shelled groundnuts, sorghum, onions and spices.

According to Uganda Investment Authority (2018), agro-processing and value addition in agricultural production take different forms and levels ranging from

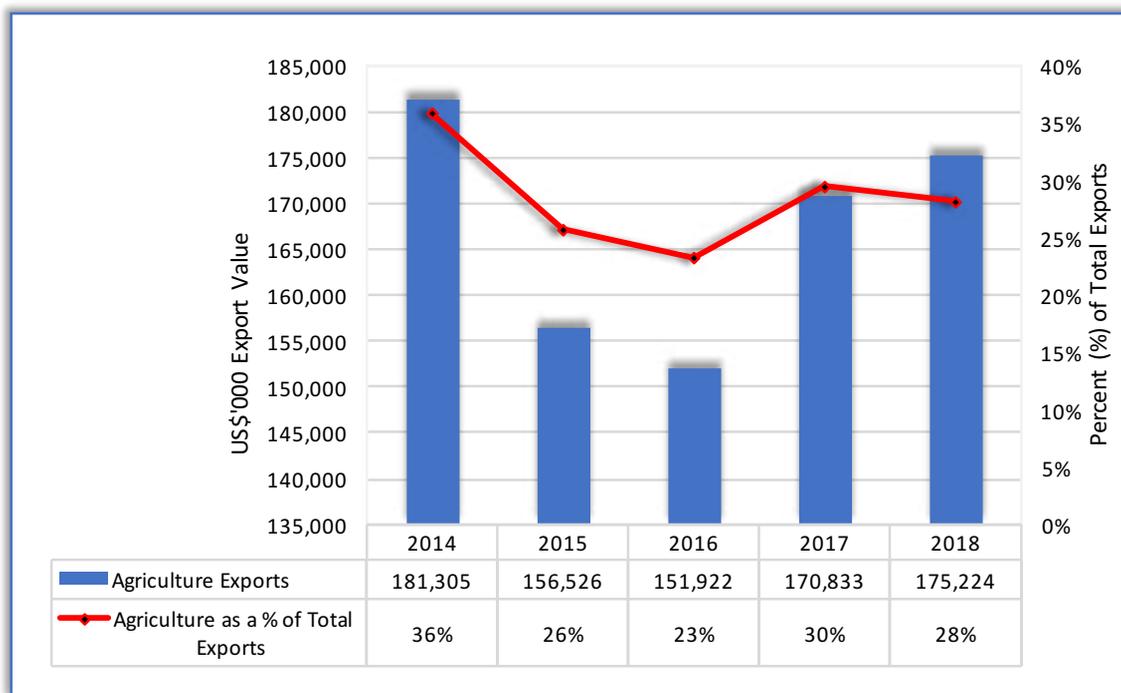
the basic to more sophisticated level e.g. packaging, processing, cooling, drying, extracting or any other type of processes that differentiates the product from the original raw commodity.

Some of the major players in the Uganda's agriculture sector include, Agro Supply (Grain management, input distribution, trading company); and Devine Coffee Exports & Trading Company (Coffee exporters).

iv) Rwanda

Agriculture is the main economic activity in Rwanda with 70 percent of the population engaged in the sector, and around 72 percent of the working population employed in agriculture. The agricultural sector accounts for 33 percent of the national GDP and it remains a key sector in Rwanda's efforts to foster private sector development (FAO, 2019). The chart below shows the trade flow of agriculture products in Rwanda and contribution to total exports;

Fig 4.6 Rwanda's global exports of agriculture products and contribution to total exports:



Source: Trademap

According to Trademap statistics, tea and coffee are the major exports while plantains, cassava, potatoes, sweet potatoes, maize and beans are the most productive crops. Rwanda also exports wheat, beans, flowers, macadamia nuts, mushroom, pineapples, plantains and avocados. Moreso, Rwanda exports some value-added agricultural products such as canned tomatoes, honey, french beans, passion fruit, macadamia and mushrooms. Rwanda exports a large number of live animals, unprocessed meat and dairy products across the border to eastern DRC. The increase in flight routes in and out of Rwanda with Rwanda Air and other carriers to Europe and Asia has facilitated an increase in fresh agriculture products exports from Rwanda. The major export destinations include Kenya, DRC, Switzerland, United States of America, Belgium, Uganda, United Kingdom, Singapore, Italy and Finland.

According to Trademap, Rwanda's main exports to the North Corridor countries include, tea and coffee. The major imports include maize, fish, groundnuts seeds, cane sugar, potatoes, fruits, beans, sorghum seeds, soya bean seed and oranges. The major trading partner is Kenya.

Some of the major players in Rwanda's agriculture sector include, Inyange Industries (Milk and milk products, juice and water); Balton CP (Suppliers of required materials to grow crops and rearing livestock, along with expert advice on cultivation, animal husbandry and post-harvest solutions);

Rwandex Chillington (provides agricultural materials) and Sorwatom (Manufacturers of tomato paste).

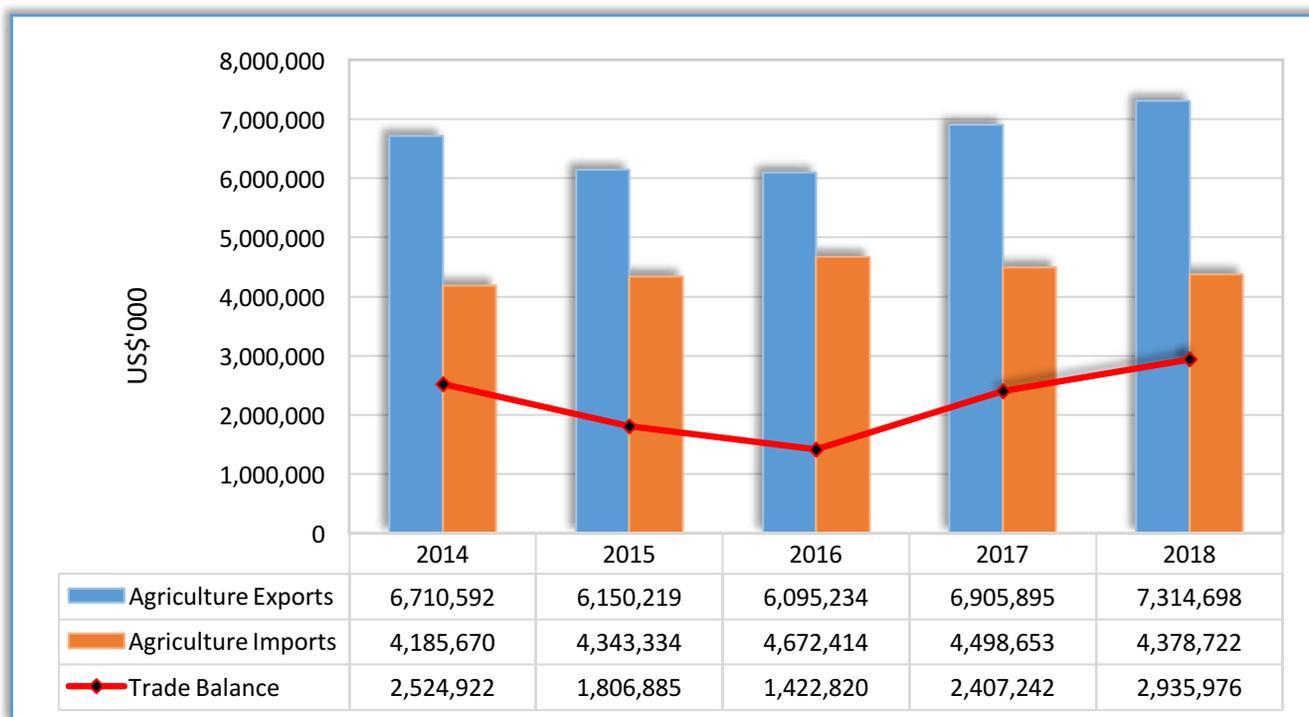
4.2 North-South Corridor

4.2.1 Global Trade

The North-South transport corridor links South Africa to its northern countries and is the busiest regional transit transport link in the eastern and southern Africa. It comprises of South Africa, DRC, Zambia, and Zimbabwe.

The agriculture sector features prominently in the North-South Corridor, contributing in the different countries between 4 percent and 27 percent of Gross Domestic Product (GDP). About 70 percent of the population depend on agriculture for food, income and employment. Agriculture is also a major source of exports in North-South corridor countries, contributing on average about 13 percent to total export earnings and about 66 percent to the value of intra-regional trade (FAO, 2018). For these reasons, the performance of agriculture has a strong influence on the rate of economic growth, the level of employment, demand for other goods, economic stability, food security and overall poverty eradication. The chart below shows the global trade (exports and imports) by the North South Corridor countries (South Africa, DRC, Zambia and Zimbabwe);

Figure 4.7 Agriculture Trade of countries in the North South Corridor



Source: Trademap

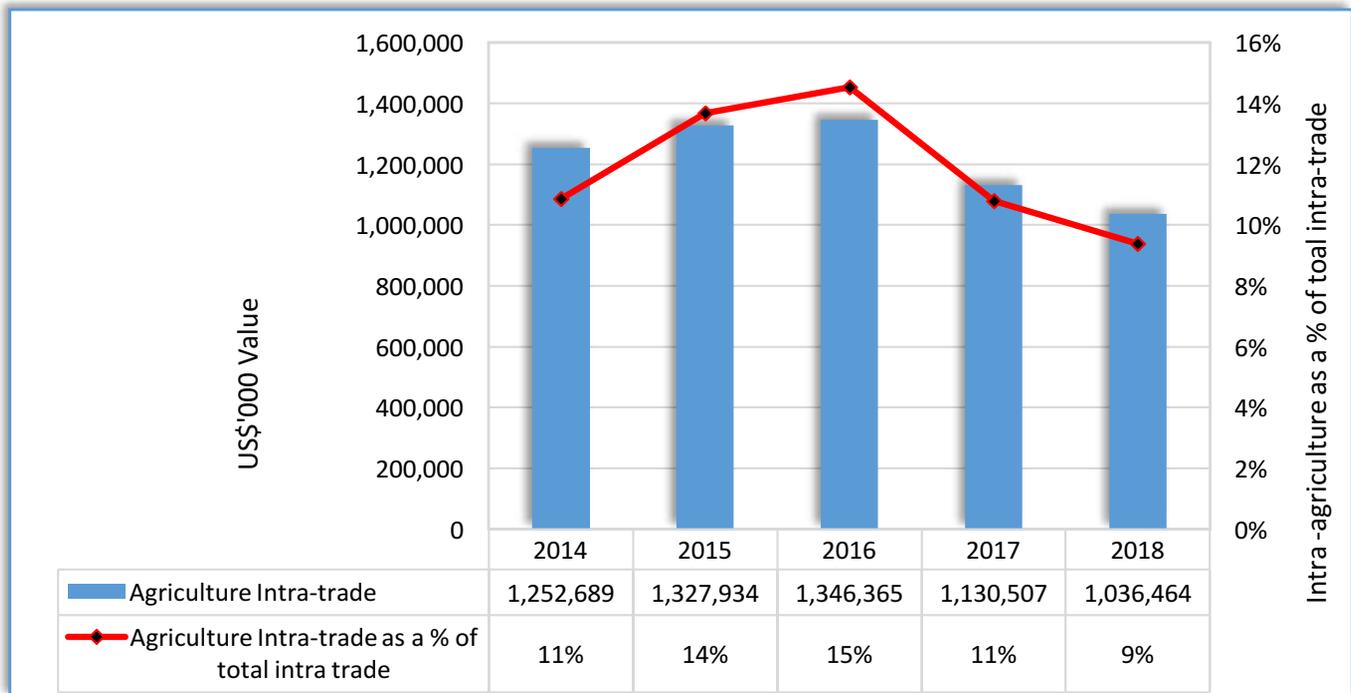
As shown by the chart above agriculture exports by the North South Corridor declined by 9 percent between 2014 and 2016, thereafter it increased by 20 percent from US\$6.1 billion in 2016 to US\$7.3 billion in 2018.

According to Trademap, the main agricultural export products in terms of value are, tobacco, oranges, grapes, maize corn, apples, lemons, sugar cane, mandarins, pears, grapefruit, macadamia nuts and avocados. The major markets for these agriculture products include Netherlands, United Kingdom, China, Mozambique, United States of America, Botswana, Hong Kong-China, Vietnam, United Arab Emirates, Namibia and Russia.

4.2.2 Intra-trade in the North-South Corridor

Intra-trade in the North-South corridor is limited as shown by low trade figures below. There are significant constraints, including: inadequate physical infrastructure, unstable market opportunities related to production variability, relatively small markets, lack of current market information and trading skills, uncertain policy environments, and rapidly changing trade regulations (FAO, 2018). Moreso, the countries in the North-South Corridor target and export to the European Union i.e. Netherlands, United Kingdom, and Germany. The charts and tables highlight the trends and most intra-traded agriculture products along the corridor. The chart below shows the intra-trade trend in the North-South Corridor;

Fig 4.8 North-South intra-trade of agriculture products and percent to total intra-trade:



Source: Trademap

From the chart above, the agriculture trade within the North-South Corridor has been declining over the past five years. The countries in the North-South Corridor mainly focus on international markets as compared to regional markets. The intra-traded products include unmanufactured tobacco, cane sugar, tea, maize seed, rice, apples, oranges, macadamia nuts, rice, seed potatoes, soya beans, fertilised eggs, maize corn and grapes, among others.

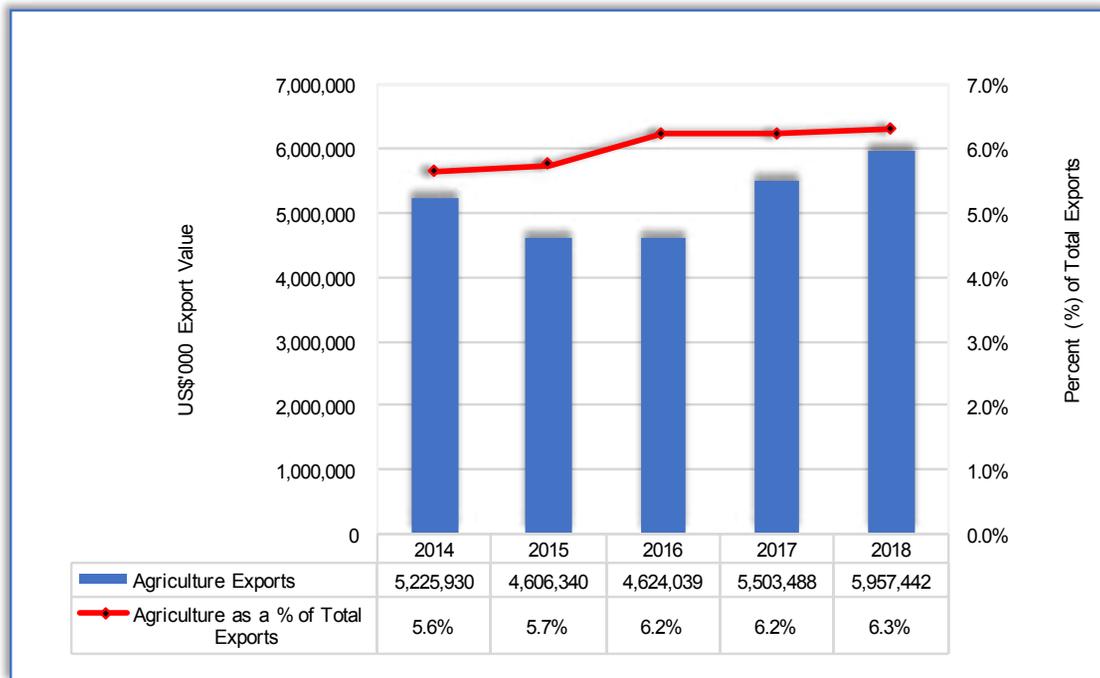
4.2.3 Agriculture Performance of Countries in the North-South Corridor

i) South Africa

In recent years, the contribution of agriculture sector to South Africa's GDP has remained between 2 percent and 3 percent, and has been gradually declining, signalling a more secondary and tertiary sector-oriented economy. About 13 percent of South Africa's surface area can be used for crop production and 1.3 million hectares are under irrigation (AfDB, 2018). The most important factor limiting agricultural production is the availability of water. Rainfall is distributed unevenly across the country. Almost 50 percent of South Africa's water is used for agricultural purposes. Agricultural production remains concentrated on low value and less-labour intensive field crops despite substantial growth in exports of high value fruit (WWF, 2018). The chart below highlights South Africa's agricultural exports; and agriculture contribution to exports;



Fig 4.9 South Africa's global exports of agriculture products and contribution to total exports:



Source: Trademap

From the chart above, the contribution of agriculture to exports is limited, showing that in the past five years the contribution ranges between 5 percent and 6.5 percent.

According to Trademap statistics, the main agricultural export products in terms of value are, oranges, grapes, maize corn, apples, lemons, mandarins, pears, cane sugar, grapefruit, macadamia nuts, avocados, plums and fruit stones. These products are mainly exported to Netherlands, United Kingdom, China, United States of America, Mozambique, Botswana, Hong Kong-China, Vietnam, United Arab Emirates, Namibia and Russia.

According to Trademap, South Africa's major exports to North-South Corridor countries include, apples, rice, ginger, potatoes, maize, tea, seeds for fruits, meat of fowls, grapes, onions, oranges, soya beans, live cattle, cane sugar, wheat and pork. On the other hand, imports include, unmanufactured tobacco, cane sugar, tea, nuts, wheat, seeds of fruits, groundnuts, soya beans, maize and strawberries. South Africa's major trading partner is Zimbabwe.

Some of the players in the agriculture sector include; Tiger Brands (Manufactures, processes and distributes food products, which include milling and baking, confectioneries, general foods, edible oils and derivatives), Pioneer Foods Group (Manufactures a wide range of cereals and juice products, Illovo Sugar (Operates in all areas of sugar production, from growing sugar cane to milling, refining and packaging sugar; manufactures

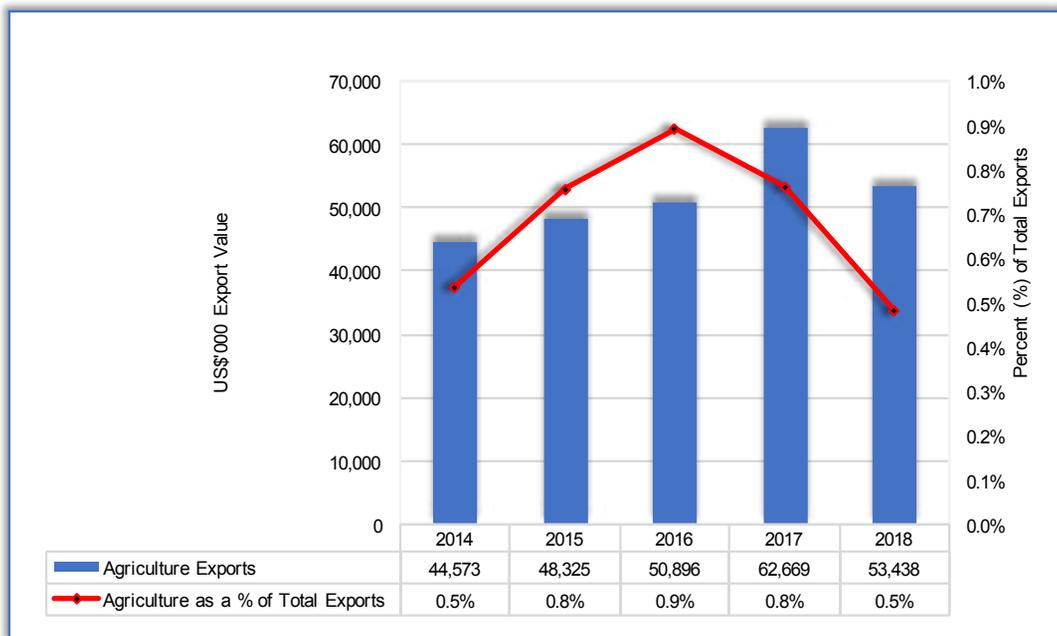
downstream by-products), and Tongaat Hulletts (Produces food products from sugar cane, raw sugar milling and refining, and specialty starches and sweeteners; bio-fuel production and electricity co-generation).

ii) Democratic Republic of Congo

The Democratic Republic of the Congo (DRC) is home to tremendous agricultural production potential, with more than 80 million hectares of arable land, 4 million of which are irrigable. The country's climatic diversity and abundant natural water supply enables two annual harvest seasons and provides the ability to grow a wide variety of crops (International Food Policy Research Institute, 2018). In addition, DRC possesses pasture resources that could support over 40 million cattle, and inland fishery resources that could supply millions of tons from marine and inland fisheries every year. Agriculture accounts for nearly 40 percent of the national GDP and employs 70 percent of the population (FAO, 2018).

Commercial agriculture in the country is relatively limited as most producers are small-scale farmers and subsistence food producers. The biggest value chains in DRC are in the coffee and cassava value chains. The chart below highlights DRC's agricultural exports; and agriculture contribution to exports;

Fig 4.10 DRC's global exports of agriculture products and contribution to total exports:



Source: Trademap

From the chart above, the contribution of agriculture to total exports is very limited, for the past five years it has been below 1 percent. There is need for huge investment into the sector for it to contribute meaningfully.

The main agricultural export products in terms of value are; cocoa beans, coffee, fish, fresh vegetables, tea, tamarinds, beans, sweet potatoes, cassava, figs and groundnuts. The main agricultural imports in terms of value are wheat, maize, wheat flour, palm oil and chicken meat. The main export markets include, India, United States of America, Belgium, Indonesia, Spain, Italy and France, among others.

iii) Zambia

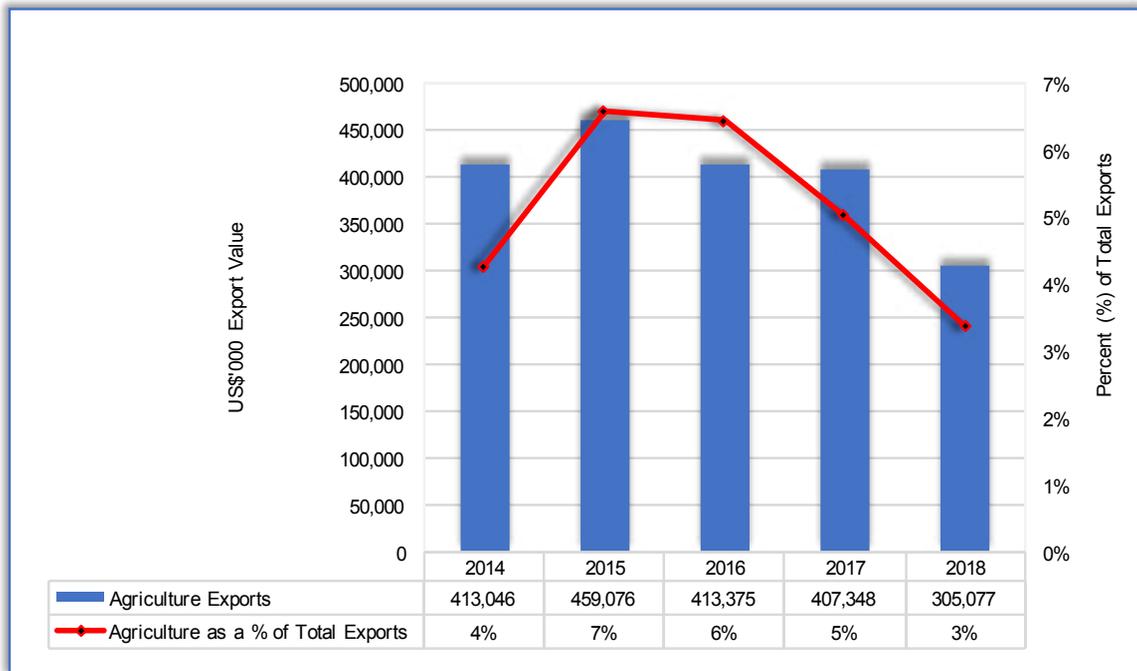
The agriculture sector in Zambia, like in most developing countries, plays a very significant role in the economy. The sector contributes about 19 percent to GDP and employs three quarters of the population. The Zambia territory is 75 million hectares (752,000 km²), out of which 58 percent (42 million hectares) is classified as medium-to high-potential for agriculture production. However, only 15 percent of this land is currently under cultivation. Zambia enjoys 40 percent of sub-Saharan water resources (Zambia Ministry of Agriculture, 2019).

The Zambian agriculture sector comprises crops, livestock, and fisheries. There are three broad categories of farmers: small-scale, medium, and large-scale. Small-scale farmers are generally subsistence producers of staple foods with occasional marketable surplus. Medium-scale farmers produce maize and a few other cash crops for the market. Large-scale

farmers produce various crops for the local and export markets. Most Zambians are subsistence farmers. The chart below highlights Zambia's agricultural exports; and agriculture contribution to exports;



Fig 4.11 Zambia's global exports of agriculture products and contribution to total exports:



Source: Trademap

From the chart above, in the last five years agriculture contribution to exports have been low and varying from 3 percent to 7 percent.

Domestic production is comprised of crops such as maize, sorghum, millet, and cassava while exports are driven by cane sugar, unmanufactured tobacco, maize, cut flowers, eggs, live poultry, dried leguminous vegetables, and soya beans. The products are mainly exported to DRC, Kenya, Zimbabwe, China, Malawi, Switzerland, Rwanda, Tanzania, South Africa, Germany and Burundi.

According to Trademap, Zambia's major exports to North-South Corridor countries include, cane sugar, unmanufactured tobacco, maize, eggs, leguminous vegetables, soya beans, live poultry, meat of fowls, oil seeds, rice and groundnuts. On the other hand, imports include, grapes, apples, wheat, frozen fish, tea, seeds for fruits, ginger, vegetables, oranges, onions, maize, rice, strawberries, potatoes, cane sugar and meat of fowls. Major trading partner in the Corridor is DRC.

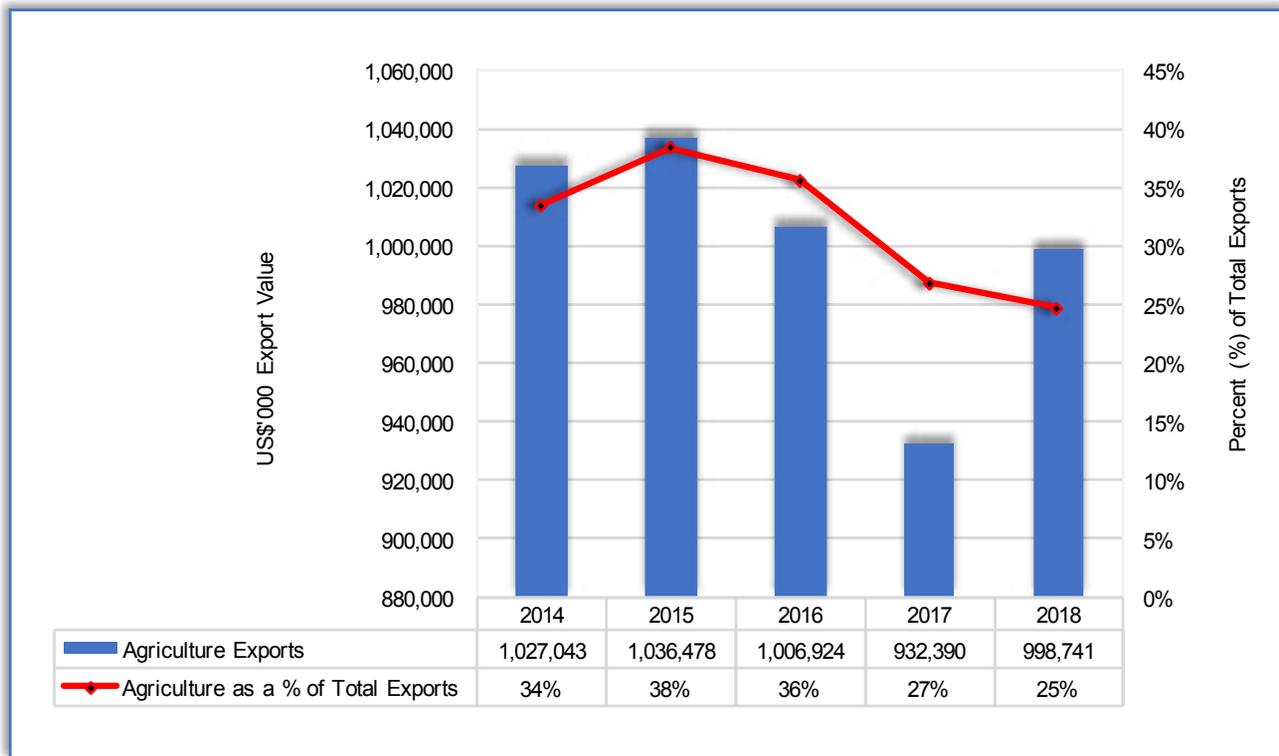
iv) Zimbabwe

The agricultural sector plays an important role in the development of the Zimbabwean economy, through its impact on the overall economic growth, households' income generation and food security. It provides income and employment for about 70 percent of the population, 60 percent of the raw materials required by the industrial sector. It is one of the largest exports earning sector while contributing an average of 17 percent of Gross Domestic Product (Zimbabwe Ministry of Agriculture, 2018).

According to FAO, the communal farmers produce mainly for home consumption while the large-scale farmers produce for commercial purposes. As a result, the main agricultural produce from the communal or small holder farmers includes staple maize, groundnuts, cotton, beans, vegetables, meat and milk. Commercial farmers concentrate on cash crops such as tobacco, horticultural products particularly cut-flowers, coffee, maize, groundnuts, sorghum, sugar, soybeans, sunflower, cattle for slaughter, pigs, goats and sheep. The commercial farmers are the main exporters. The chart below highlights Zimbabwe's agricultural exports; and agriculture contribution to exports;



Fig 4.12 Zimbabwe's global exports of agriculture products and contribution to total exports:



Source Trademap

The composition of agricultural exports is highly diversified ranging from crops, cereals to horticultural and meat products. The major agricultural exports include tobacco, sugar, tea, macadamia nuts, oranges, peas, cut flowers, fish, seeds and avocados. Tobacco is the single largest foreign currency earner, accounting for about 45 percent of total agricultural export earnings. The major export destinations include; South Africa, Mozambique, China, Kenya, Zambia, Botswana, Netherlands, United Kingdom, Belgium and Malawi, among other markets.

According to Trademap, Zimbabwe's major exports to North-South Corridor countries include, tobacco, tea, macadamia nuts, oranges, tobacco refuse, fish, avocados, spices, cane sugar, coffee, maize seed and bananas. On the other hand, imports include, maize corn, tobacco, soya beans, maize seed, seed potatoes, soya beans, rice, fertilised eggs, durum wheat, fresh grapes, vegetable seed and grain sorghum. The major trading partner is South Africa.

4.3 Quality Standards and Certifications in the Agriculture Sector

In the corridors, quality control measures are important to ensure that food products meet certain safety and quality standards. These measures include testing for bacterial contamination, measuring the amount of fat, protein, and other nutrients, and inspecting plants, livestock, and production facilities. It therefore becomes important to address food safety right from

food production at farm level. Implementing quality standards during on-farm production and post-production processes resulting in safe agricultural products is of immense importance for ensuring a safe food supply.

Many importing countries as well as domestic buyers, especially organized retailers, are requiring producers/farmers to implement proper agriculture standards or have proper certifications as a prerequisite for procurement to ensure the quality and safety of their produce. The standards are mostly classified as Legal (compulsory) and Voluntary;

4.3.1 Legal/ Mandatory standards

Mandatory or regulatory standards are standards set by public institutions (in particular regulatory agencies) with which compliance is obligatory in the legal sense and are enforced by liability rules in case of non-compliance. These mandatory standards are established by law or through regulations for maintaining quality. Legal standards are generally concerned with freedom from adulteration and mostly include insects, moulds, yeasts, residual pesticides and maximum limits of additives allowed or established specific condition in processing so that foods are not contaminated with extraneous matter. Minimum standards of quality for establishment of unit, labelling and packaging, and chemical attributes for different food products are specified in each country.

4.3.2 National Standard Boards

The National Standard Boards in the Corridors plays a critical role in agriculture and agro-production to meet minimal standard requirements in the local and export markets. The Boards assist farmers with inspections and setting minimal requirements in the Agriculture sector. The Boards can also go further to certify some of the agriculture products. The tasks of National Standard Boards include:

- ◆ Publishing national standards.
- ◆ Testing and certifying products and services to standards.
- ◆ Developing technical regulations (compulsory specifications).
- ◆ Monitoring and enforcing of legal metrology legislation.
- ◆ Promoting design excellence.
- ◆ Providing training on aspects of standardization.

The table below highlights the standard board in the Corridor countries:

Table 4.1: Standard Boards in the Corridors

Country	National Standard Board
Kenya	Kenya Bureau of Standards (KEBS)
Tanzania	Tanzania Bureau of Standards (TBS)
Uganda	Uganda National Bureau of Standards (UNBS)
Rwanda	Rwanda Standards Board (RSB)
South Africa	South African Bureau of Standards (SABS)
Zimbabwe	Standards Association of Zimbabwe (SAZ)
Zambia	Zambia Bureau of Standards (ZBS)
DRC	The Office Congolais de Contrôle (OCC)

Regional and International organizations' standards include the Southern African Development Community (SADC) Cooperation in Standardization (SADCSTAN), the International Organization for Standardization (ISO) and African Regional Organization for Standardization (ARSO).

4.3.3 Voluntary standards

Voluntary standards are standards established generally by private-sector bodies and that are available for use by any person or organization,

private or government. These represent the standards recommended by various segments of the industry. Company standards generally represent the consumer image and may become trade mark or symbol of product quality. Mostly these standards are used by private firms and tend to vary depending upon the organization. Potential suppliers can decide whether to comply or not and take the economic consequences associated with this decision. Some of the better-known voluntary standards include Fairtrade, Organic, Rainforest Alliance and Global G.A.P.

5.0 PRESENTATION OF RESULTS AND FINDINGS

5.1 Data Analysis from Questionnaire

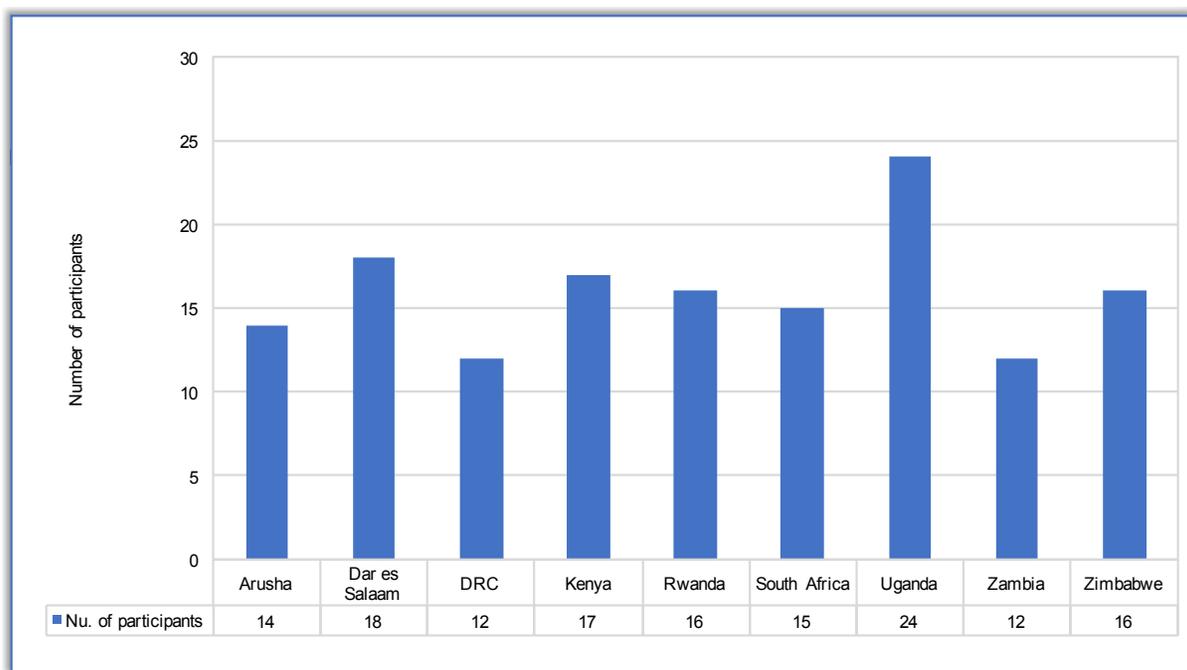
The discussions below are based on the results from a questionnaire survey and focus group discussions with various respondents within the North-South and the Northern Corridors and selected targeted clusters. The field missions were carried out in the year 2017 and with further validation of results in December 2017. It should be noted that the information from the

validation meetings has been incorporated into the study and recommendations.

5.2 Response Rate of the Study

The researcher had targeted 153 purposefully selected informants, the study managed to get 144 responses. The Fig. 5.1 below shows the response rate.

Fig: 5.1 Response Rate

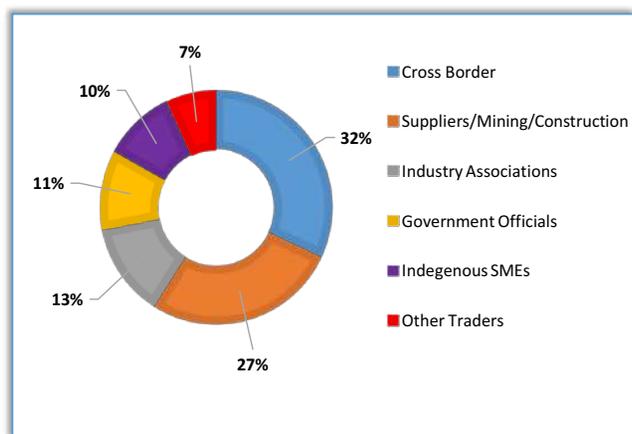


The results indicate that majority of respondents were in Uganda with 16% of the total respondents. The reason is that the researcher had more days in Uganda compared to other countries. Followed by Nairobi Kenya with 13.5 respondents. Dar es Salaam 12% and Arusha had 12.5% of the total respondents, Zimbabwe's Beitbridge, 10% Kigali 11% and the least were South Africa with 9%, Zambia, 8% and DRC 8%. The results implication

was that the researcher managed to visit 8 countries in the COMESA corridor to establish a comprehensive view of the supply chain networks within the region. The overall response rate was 94%. However, the researcher was impressed by the level of commitment of respondents having in mind that the researcher was an outsider. Saunders, Lewis, and Thornhill (2009) contend that in a sample size of less than 200, response rate above 80% should be considered ideal.

5.3 Industry Sector Respondents

Figure 5.2 Industry Sector of Respondents



The study results show that most respondents (32%) were from Cross-Border sector, followed by Suppliers sector (27%), Industry Associations (13%), Government officials, (11%).The least were

other traders at (5%) which include (importers and exporters, commodity exchange agents. The results implications were that the study covered key sectors involved in agriculture ‘value chain. Government authorities inform the regulatory authority involved in shaping trade policies and trade agreements within the COMESA region. Industry Associations embodies trade, manufacturing sector and associated industries such that competitive mapping would be established owing to data obtained from the group. Indigenous SMEs and other traders were involved in the agriculture activities within the COMESA region and formed the key informants.

5.4 List of Agricultural Products from the Study area

Table 5.1 below shows various agricultural products produced in the countries covered in this study. The production volumes indicated relate to the 2014 production (FAOSTAT,2014).



Table 5.1

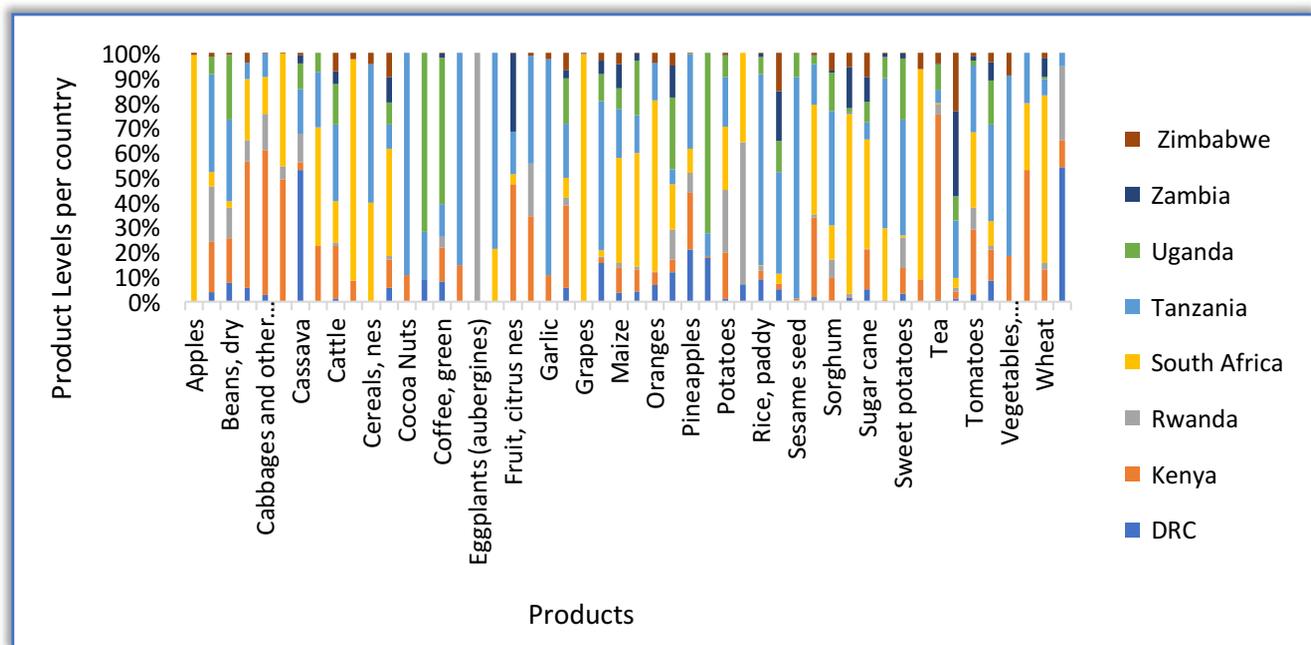
Mapping Table: Annual Production volumes (in tons) of Agricultural commodities within the participating countries

Products	DRC	Kenya	Rwanda	South Africa	Tanzania	Uganda	Zambia	Zimbabwe
Apples		606		77741				6670
Bananas	312629	1644634	1804650	456803	3192030	586925	691	101504
Beans, dry	248957	615992	415259	82130	1114500	876576		27414
Beans, green	4691	43818	7281	21299	5672			3230
Cabbages and other brassicas	25085	562681	138943	144606	91837			464
Carrots and turnips	420	200066	21531	186227				170
Cassava	14683266	858461	3159551		4992759	2812000	919497	235052
Castor oil seed		3000		6364	3000	1000		
Cattle	949425	17811845	1144000	13915301	25800000	13623000	4085000	6200000
Cauliflowers and broccoli		1065		11601				301
Cereals, nes				19875	27921			2247
Chickens	20309	42413	4917	160700	36000	32485	38000	36000
Cocoa Nuts		63958			540455			
Cocoa, beans	2500				5645	20979		
Coffee, green	29940	51500	16379		48982	220135	6380	416
Cashew Nuts with shell		22140			130124			
Eggplants (aubergines)			93875					
Fiber Crops, nes				2446	9022			
Fruit, citrus nes		122949		10586	44531		82106	506
Fruit, tropical fresh nes		40000	24397		50601			1269
Garlic		840			6884			202
Goats	4082627	25430058	2532000	5971202	16700000	14011000	2600000	5100000
Grapes				1949264	6138			3247
Groundnuts, with shell	421568	56149	10181	74500	1635335	295601	143591	84000

Products	DRC	Kenya	Rwanda	South Africa	Tanzania	Uganda	Zambia	Zimbabwe
Maize	1174427	3513171	583096	14250000	6737197	2763000	3350671	1456000
Onions, dry	56555	125306	15418	642081	214297	308877	39341	3444
Oranges	173010	135263	7723	1788694	394796		4272	99762
Pigs	991727	430844	1015000	1562422	505000	2437100	1100000	425000
Pineapples	200000	215655	76847	91304	362297	3551		135
Plantains and others	1117017	31865			577154	4578126		
Potatoes	99572	1626027	2213556	2247495	1738017	770000	26170	57798
Pumpkins, squash, and gourds	32349		272415	170600				
Rice, paddy	307306	112263	72723	3056	2621034	237000	49640	715
Seed cotton	30000	13472		23635	245851	76000	120314	91200
Sesame seed	4626	12367			1138920	124300		
Sheep	909514	17420207	631000	24122558	8701000	1921000	240000	325000
Sorghum	4612	177553	140578	265000	883195	299000	11557	137000
Soya beans	20943	2550	17901	948000	6025	23400	214179	74951
Sugar cane	2009457	6477651	107767	17755537	2800000	3405172	4043429	3856000
Sunflower seed		14000		832000	1721875	245000	34264	7228
Sweet potatoes	246495	763643	940786	62569	3500699	1863000	150158	2017
Tangerines, mandarins, clementine's, satsumas		17647		169918				12949
Tea	3299	445105	24751	2201	33500	61376	915	25068
Tobacco, unmanufactured	3887	8991	5192	12900	75726	31700	112049	76618
Tomatoes	48531	443271	152013	513376	457657	35579	25538	23952
Vegetables, fresh nes	400118	605923	69621	477000	1869485	856387	352223	179199
Vegetables, leguminous nes		1591			6347			794
Watermelons		117911		59882	44574			
Wheat	7683	328637	68635	1750000	167000	22000	201504	49624
Yams	100406	20028	54718		9981			

Source: Faostat (2014)

Fig 5.3: Product Proportionate levels per country. Source: Faostat (2014).



The level of some categories of products produced in the participating countries is typified on Fig 5.3 above using data from Table 5.1. The Figure 5.3 also indicate that these countries are not producing same quantities of agricultural products. The figure serves as a basis for understanding where possible, potential business linkages can be established.

5.5 Comparative Analysis of Major Products and volumes

Fig: 5.4 Maize Production and Volumes Key: 1= Million

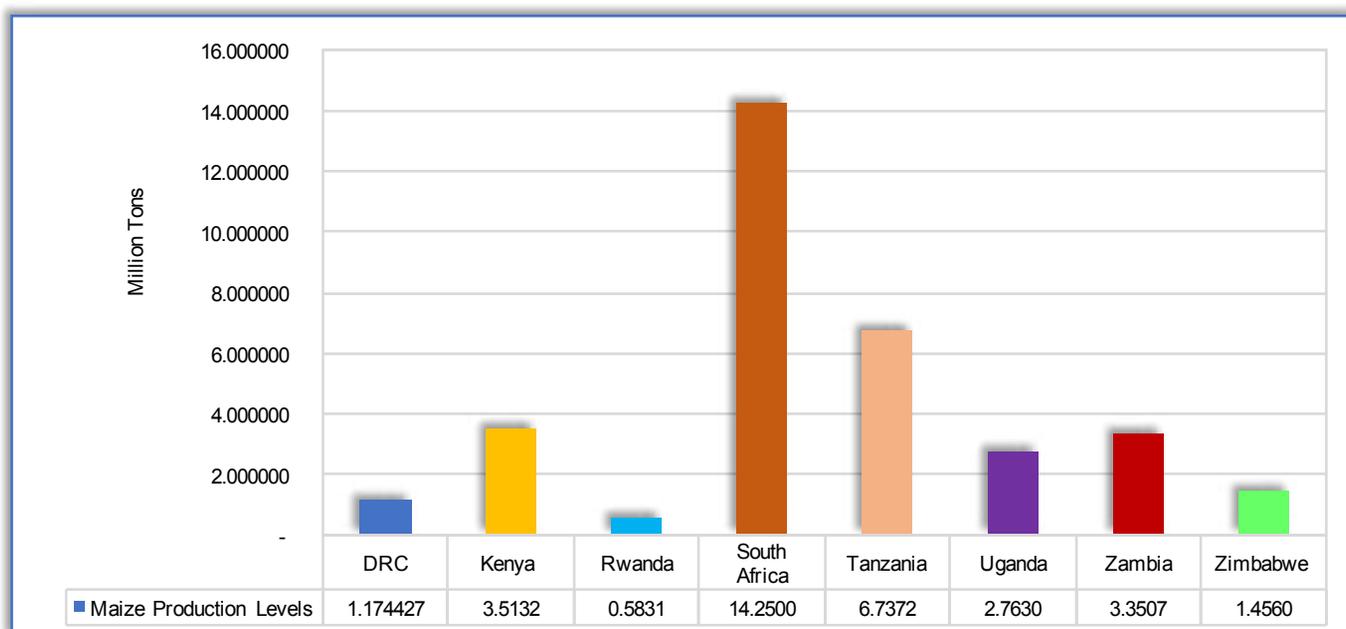


Figure 5.4 above shows a comparative analysis of maize annual production volumes on a country by country basis. The study results established that South-Africa had the highest production volume of 14.5 million tons, followed by Tanzania with 6.7million tons. Zambia and Kenya had 3.5 million tons each whilst Zimbabwe had 1.4million tons and Rwanda had 0.58 million tons. Rwanda appears to have the lowest production level, and Uganda had 2.7 being third from the lowest producers. The study results implied that South Africa, Tanzania, Zambia could be the hub for production of maize in the region, and export surplus to Rwanda, DRC, Zimbabwe, and Uganda through key businesses identified in the study (Appendix B). Kenya has the potential to motivate production although the production levels are far less than those of South Africa, Tanzania, and Zambia.

Figure 5.5 below shows a comparative analysis of production of Dry Beans, Cashew Nuts, Cassava, and Wheat in the named countries.

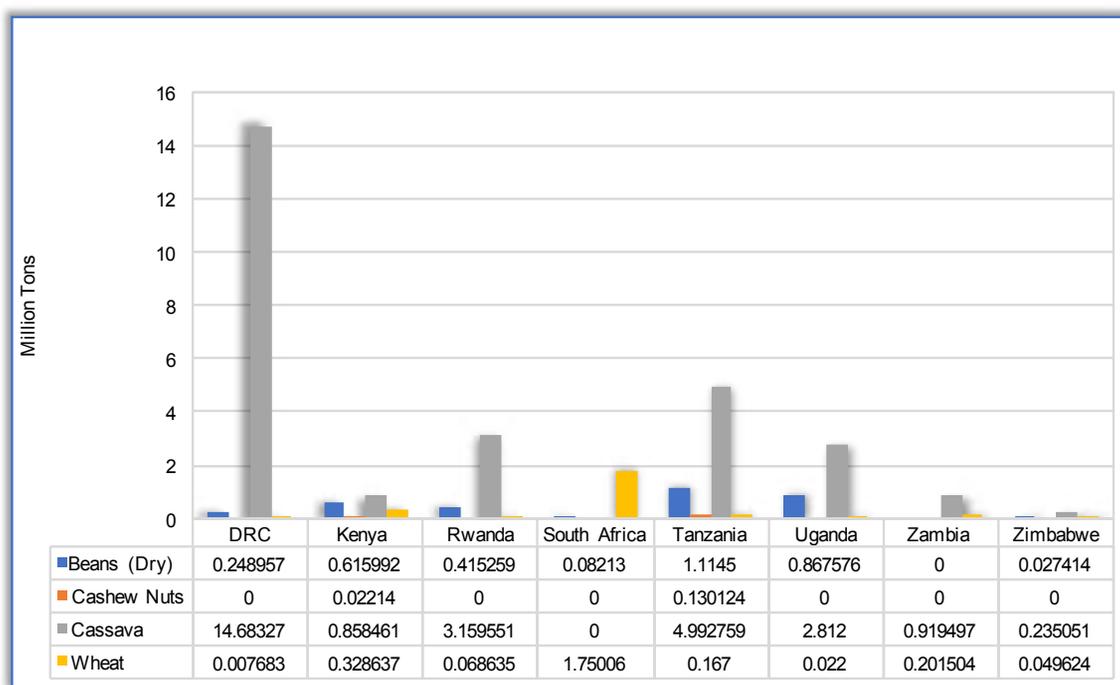
Beans: Tanzania is the major producer of dry beans with production levels of 1.1 million tons, followed by Uganda with 0.8 million tons whilst Zambia had less than the minimum being recorded. The results implied that production levels of dry beans were largely low. This study also noted that demand for the product was very high mainly in countries such as Zambia, South Africa, Zimbabwe and DRC. Production levels in most of the countries selected for the study was very low.

Cashew Nuts: Tanzania produced 130000 metric tons of cashew nuts. The rest of the countries had no results implying that production was insignificant to warrant an analysis. From the data collected by the researcher, most of the cashew nuts produced in Tanzania is exported to India and producers

are looking for more markets of the product. The implication of the result could be that Kenya and Tanzania were the only producers of Cashew Nuts and the rest of the countries have a high demand for the product. DRC, Zimbabwe, South Africa, Rwanda, Uganda, and Zambia are net importers of the product.

Cassava: The study indicate that DRC is the largest producer of Cassava, and production levels were 14.6 million tons, followed by Tanzania with 4.9 million tons, Uganda at 2.8 million tons. The lowest producers were Zambia with 0.9 million tons and Zimbabwe with 0.2 million tons and South Africa with no recorded production levels. The study implication could be that South Africa does not produce the product and may form the net importer of the product from DRC and other high producers of the product.

Fig: 5.5: Comparative analysis of Beans, Cashew Nuts, Cassava and Wheat



Wheat: The study result shows that South Africa is the largest producer of Wheat with production levels of 1.75 million tons, followed by Kenya with 0.3 million tons and Zambia being the next with 0.4 million tons. The lowest producer was DRC with production levels of 0.07 million tones. The data collected by the researcher indicate that DRC imports at least 350000 tons of wheat annually. The implication of the study result was that South Africa could be the exporter of the product to other countries whilst Uganda, Zimbabwe, and others could be importers of the product.

5.6 Analysis of Availability of Agricultural Products

Fig. 5.6: Comparative analysis of availability of Ground Nuts.

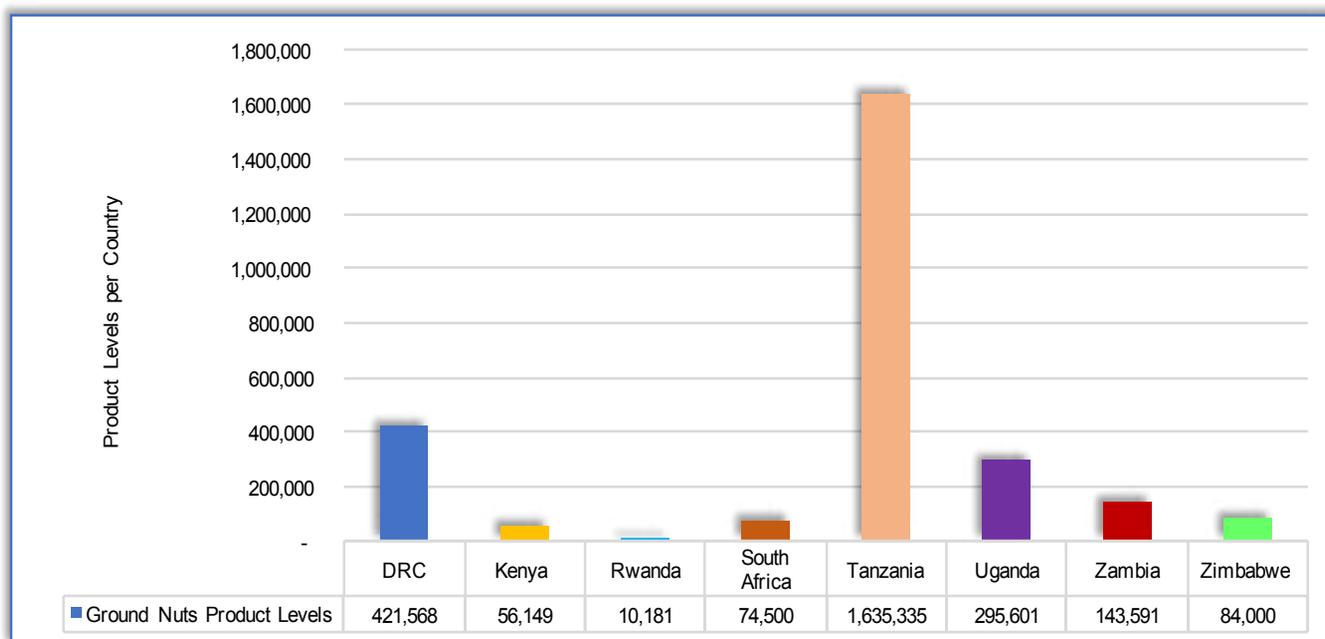


Fig 5.6 below shows that Tanzania produces more ground nuts, followed by DRC, and then Uganda. While, South Africa, Zimbabwe, Zambia, Kenya, and Rwanda produce low volumes.

Fig 5.7: Comparative Analysis of availability of Sweet Potatoes

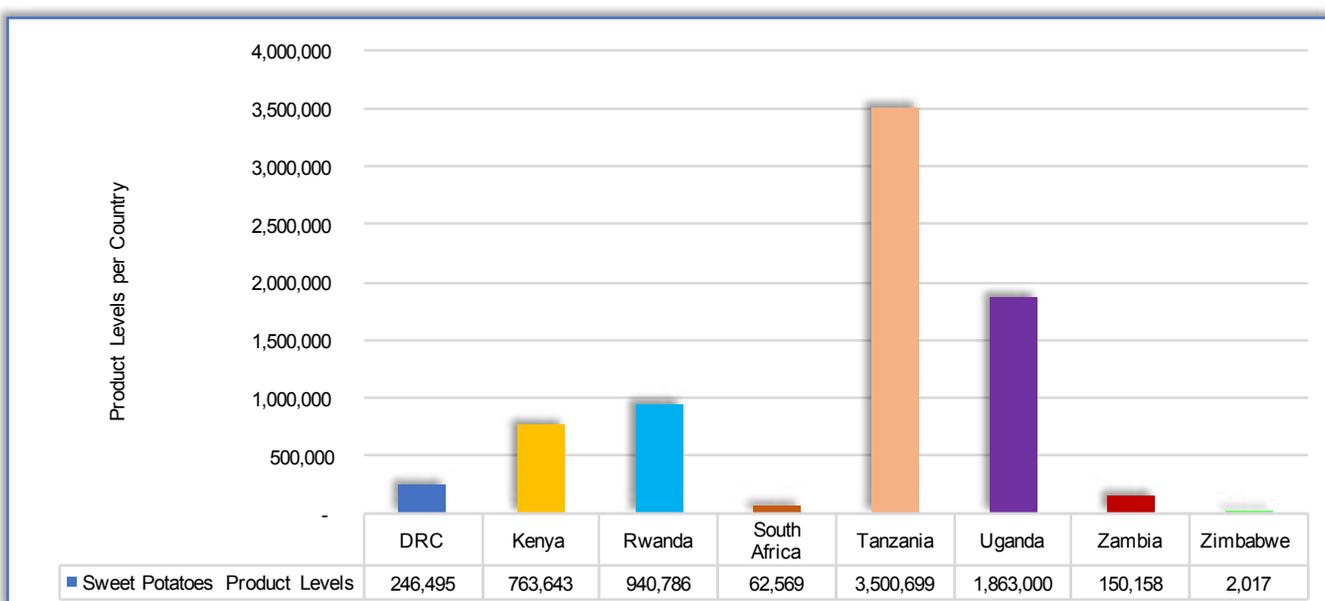


Fig 5.7 shows that Tanzania produces more sweet potatoes followed by Uganda, then Rwanda and Kenya. While DRC, Zambia and South Africa, and Zimbabwe are on the least.

Fig 5.8: Comparative Analysis of Availability of Sorghum

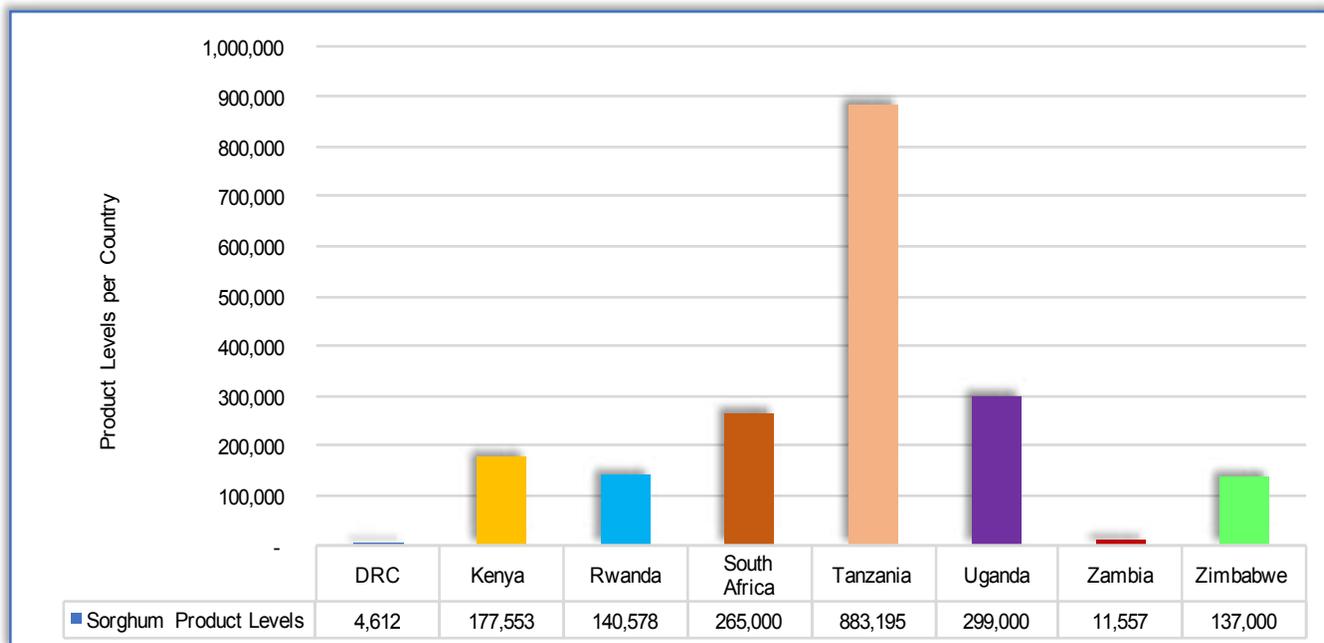


Fig 5.8 Illustrates the production of sorghum between the countries under the study. Tanzania produces more sorghum followed by Uganda, then South Africa, Kenya, Zimbabwe, and Rwanda are within the same range. DRC and Zambia are the least.

Fig 5.9 Comparative Analysis of Availability of Sugar cane

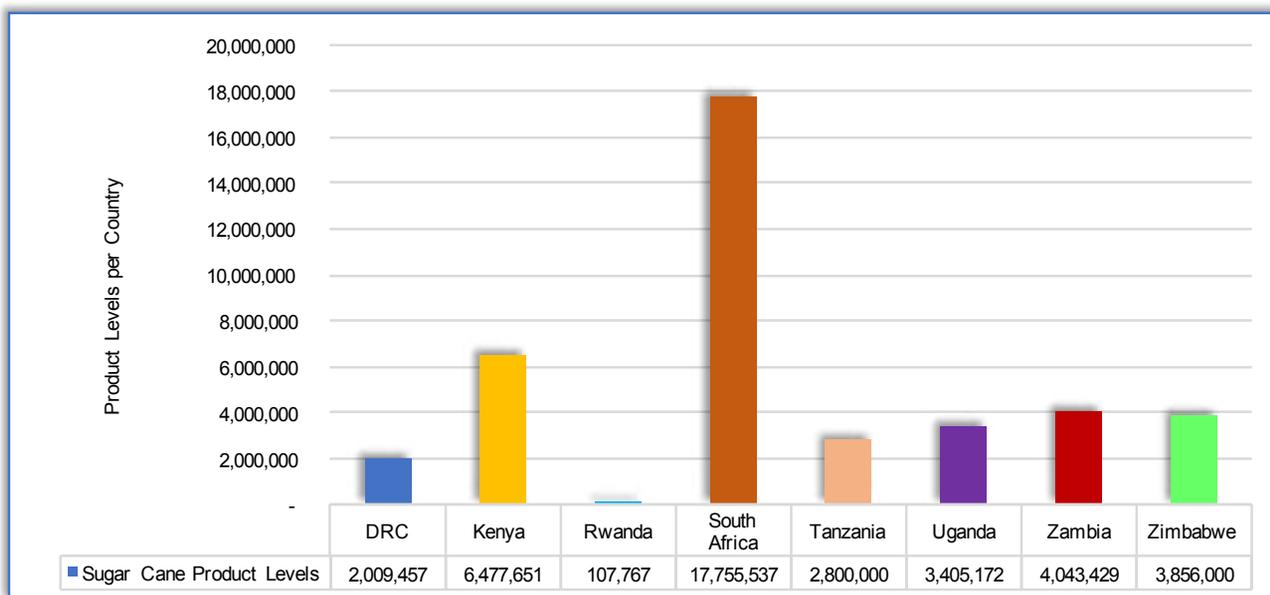


Fig 5.9 shows that South Africa produces more sugar cane followed by Kenya. While Zimbabwe, Zambia, Uganda are within the same range, followed by Tanzania and the DRC. Rwanda is the least producer of sugar cane. The chart below highlights Comparative Analysis of Livestock Production;

Fig 5.10 Chicken Production Analysis

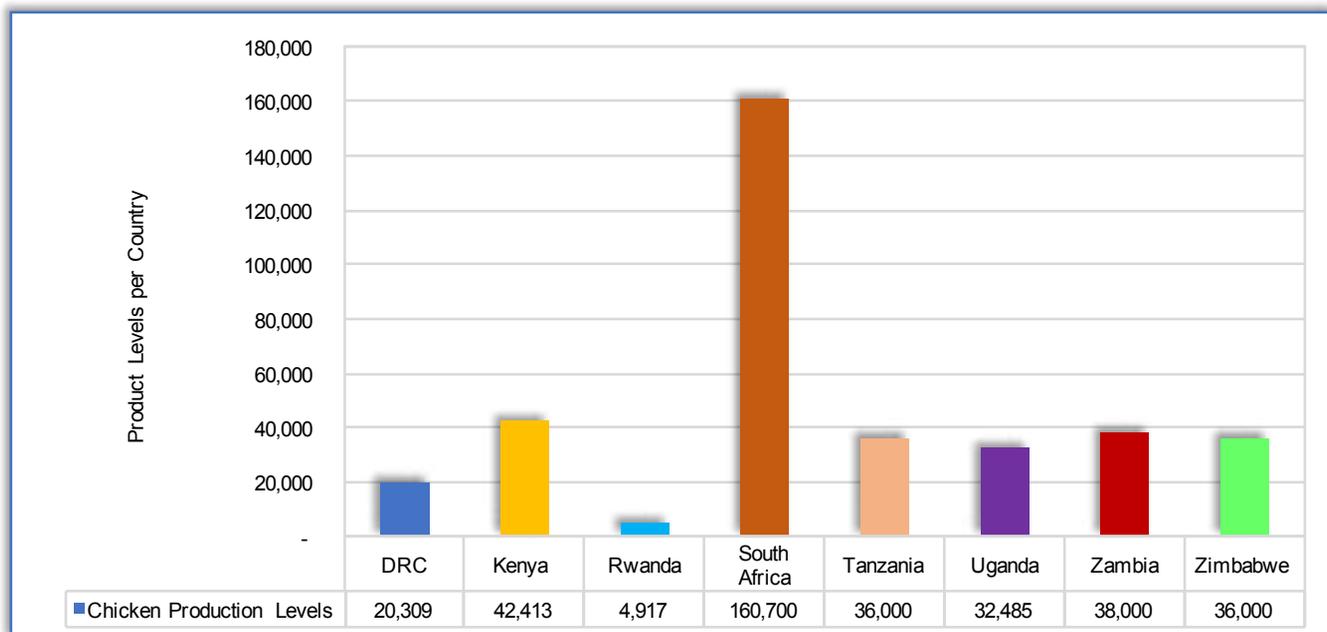
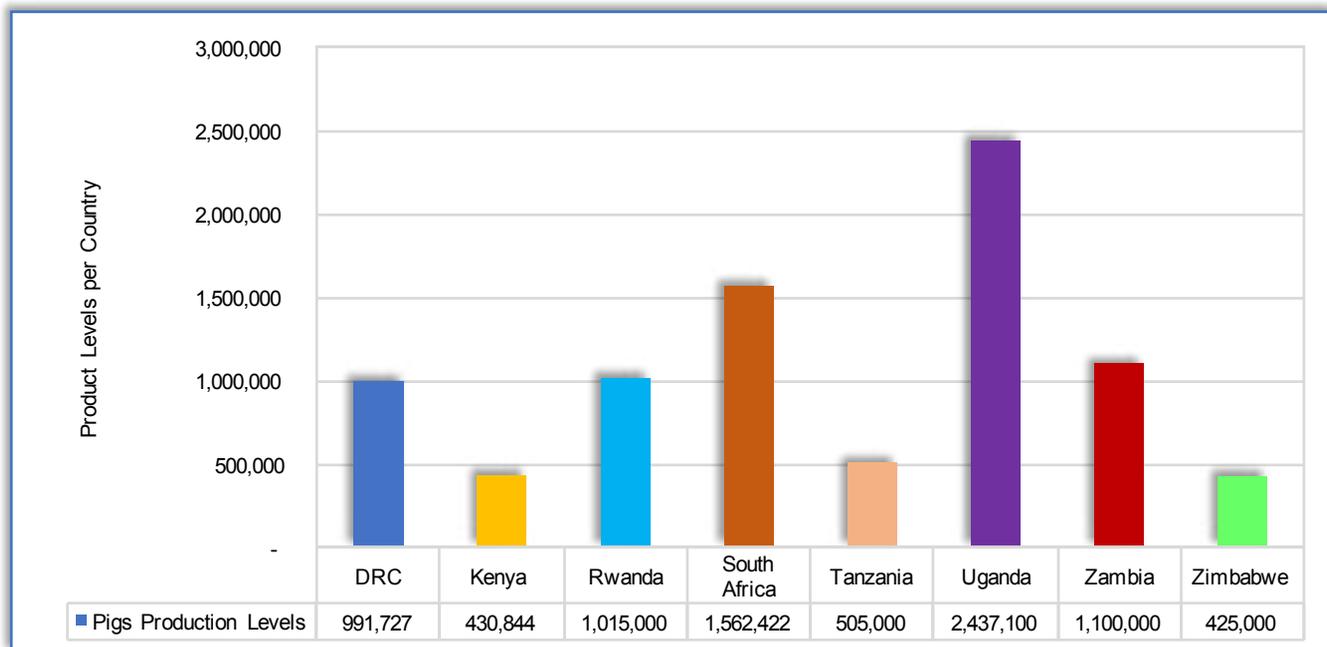


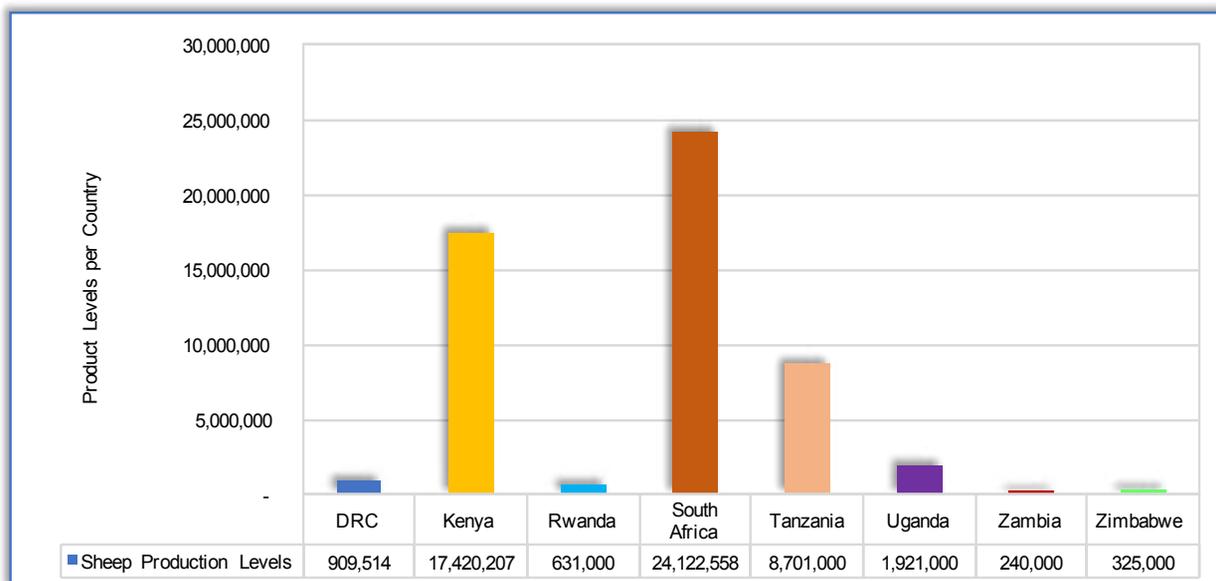
Fig 5.10 shows that South Africa is the highest producer of chicken followed by Kenya. Zambia, Zimbabwe, Uganda, and Tanzania are within the same range. DRC and Rwanda have the lowest volumes of production.

Fig 5.11 Pig Production Analysis



Uganda produces more pigs followed by South Africa, then Zambia, Rwanda, and DRC are in the same range. While Zimbabwe, Tanzania and Kenya are the least producers.

Fig 5.12 Sheep Production Analysis



South Africa is a major producer of sheep, followed by Kenya and then Tanzania followed by Uganda and DRC while Rwanda, Zambia and Zimbabwe are the least producers.

Fig: 5.13 Goats and Cattle production levels in the selected countries.

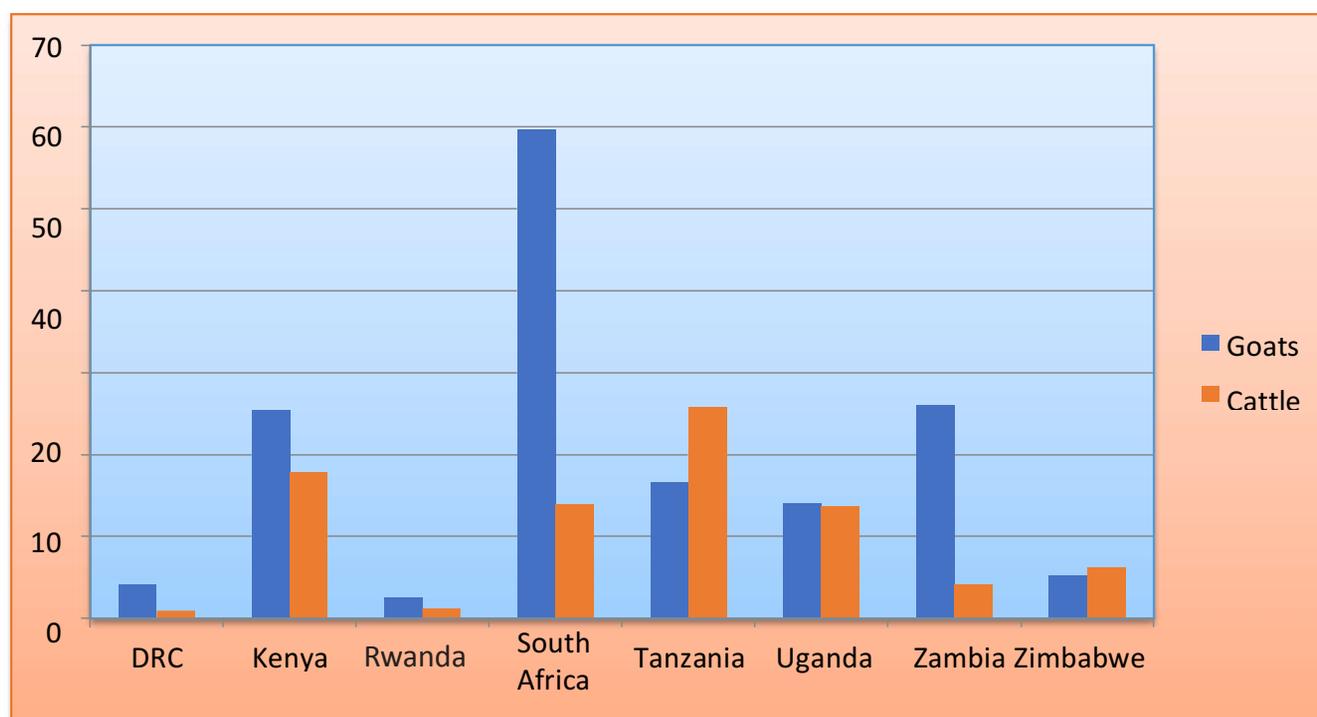


Figure 5.13 above shows a comparative analysis of the production levels of Goats and Cattle in the selected countries as detailed. The study results indicated that:

Goats: South Africa is the largest producer of Goats in the selected countries with production levels reaching a margin of 59.7 million Goats. This was followed by Zambia with 26 million goats, Kenya, 25 million goats. Uganda had 16 million goats whilst Zimbabwe had 5.1 million and DRC had 4million goats. The lowest was Rwanda with 2.5 million Goats. The implication

of the study could be that Rwanda, DRC, Zimbabwe, and Uganda could form the importers of Goats whilst South Africa would be the largest supplier of the product.

Cattle: Tanzania was the highest with production levels reaching 28 million, followed by Kenya, 17 million, and South Africa and Uganda netting 13 million. The result implication was that Rwanda and DRC had the lowest figures of 0.9 million and 1.1 million cattle each. This means that demand for the product could be very high in those countries with low stock levels as detailed in the result.

5.7 Demand level for Agriculture products

Table 5.2 Demand level for Agriculture products

	Demand for Agriculture Products in all the Corridors	Valid Percent	Cumulative Percent
Valid	Extremely High	92.3	92.3
	Very High	2.9	95.2
	High	2.9	98.1
	Low	1.0	99.0
	Extremely Low	1.0	100.0
	Total	100.0	
Total		100	100

Source: Survey 2017:n=144

Table above shows that the Demand for Agriculture products within the 8 countries is extremely high. Most respondents, (92.3%) have indicated an extreme demand of the Agriculture products, followed by 2.9% for high to very high level of demand. The least was 1% at low to extremely low demand levels. The results implication was that demand for Agriculture products within the 8 countries was very high. This result could also mean that a boost in communication between suppliers and producers would motivate economic activity.

5.8 Demand for Processed Foods

Table 5.3 Demand for Processed Foods

	Demand for Processed Foods	Valid Percent	Cumulative Percent
Valid	Extremely High	89.3	89.3
	Very High	4.9	94.2
	High	1.0	95.1
	Low	3.9	99.0
	Extremely Low	1.0	100.0
	Total	100.0	
Total		100	100

Source: Survey 2017: n=144

Table above shows the result on the level of demand for processed foods within the 8 countries under the study. Most respondents, (89.3%) have indicated that demand for Agriculture products was extremely high, and 4.9% have indicated that demand was high. Very few of the respondents (1%) and (3.9%) have indicated that demand was low.

The study implication was that demand for processed foods within the COMESA region was extremely high, and traders within the all COMESA transport corridors need to communicate more closely to become competitive in the supply of processed foods.

5.9 Challenges that Affect Businesses (Suppliers and Buyers)

5.9.1 Challenges that affect Indigenous/ SMEs

In this study(field missions carried out in 2017), most respondents from the indigenous and SME sectors across all countries mentioned the following:

a) Lack of credit facilities to access finance for capital and production expansion as the biggest

- challenge affecting their businesses.
- Lack of appreciation of local products by big corporates and consumers.
 - Inadequate road infrastructure mainly from the source or produces (farms) to the market. This often leads to high transport and logistics costs.
 - High taxes, multiple fees and regulations which increase the cost of doing business.
 - Lack of market information which results in limited markets, forcing farmers to sell their products at giveaway prices.
 - Counterfeit farming inputs (fertilizers, chemicals, and seeds), which affects the productivity at farm level.

- g) Lack of capacity to meet the minimum order quantity required by some big companies.
- h) Lack of storage facilities after harvest, which result in quality of products being compromised.
- i) High cost of mechanisation leading to reliance on rudimentary farming.
- j) High prices of agricultural inputs (eg. fertilizer, seeds, and chemicals), and,
- k) Shortage of arable land.
- b) Poor packaging, lack of quality products in the market (goods not meeting the required specifications),
- c) Lack of credible suppliers,
- d) Limited capacity of the suppliers to deliver goods that are required,
- e) Lack of experience in some local entrepreneurs,
- f) Unavailability of required products in the local market,
- g) High prices of local products that deters local sourcing,
- h) Non- traceability of origin of products, and
- i) Some local entrepreneurs do not settle their payments on time.

5.9.2 Challenges that affect big Corporations

Most respondents for this study within the regional and multinational business categories indicated the following:

- a) Lack of harmonized standard specifications as a challenge that affect their businesses,

The researcher observed that many SMEs in the region lack the administrative, technical, financial, and human capacities to engage in market research. As a result, they miss opportunities in various export markets for not meeting the minimum quality standards.

Table 5.4 Target market segment issues.

	Description	Valid Percent	Cumulative Percent
Valid	Very True	85.8	85.8
	True	7.5	93.4
	Not Sure	2.8	96.2
	Untrue	3.8	100.0
	Total	100.0	
Total		100	

Source: Survey 2017:n=144

Table above shows that target market segments for different products within the COMESA region were difficult to define due to lack of market information to suppliers. A total of 85.5% of the respondents have indicated that it was not clear as to the various target market segments for various agro-based products within the COMESA region. A total of 7.5 % have indicated that it was also very challenging to identify the target market segments for agriculture products

within the region of COMESA. However, a mere,3.8% and 2.8% have indicated that market segments were clear. Overall, the study result was that target market segments were not clear for traders to establish competitiveness. This result was consistent with the earlier result that it was difficult to define the target market within the COMESA region there is no sharing of information.

Table 5.5 Market Issues for Suppliers

	Description	Valid Percent	Cumulative Percent
Valid	Very True	88.7	88.7
	True	3.8	92.5
	Not Sure	2.8	95.3
	Untrue	4.7	100.0
	Total	100.0	
Total		100	

Source: Survey 2017:n=144

Table above shows that 88.7% of the respondents have indicated that suppliers within the focus study area had market issues for their products. A mere 4.7% have indicated that suppliers of agro-based products despite the high demand. This result was consistent with the earlier view that traders within the COMESA region were struggling to establish target market segments outside their own countries for specific products and it was also difficult to define a market for products due to lack of information. Some respondents cited low selling prices offered by the local government agents, as a challenge

which affect them. Some farmers indicated that they prefer to hold their stock until prices go up or to sell them to individuals in the border towns who then sell to cross-border buyers crossing from neighbouring countries.

The researcher noted that some suppliers lack the knowledge of export procedures and are forced to heavily rely on their traditional local market which is mostly infested by middlemen who buy from local suppliers at low prices and then sell at high prices. In the same vein, the following picture relates to the stock of eggs from one of the suppliers who was interviewed:

Fig: 5.14 Stock of eggs



Source: Survey 2017

The picture above was taken from one of the major suppliers of fresh agriculture products in Zimbabwe. The supplier indicated to the researcher that markets for the perishables were not very clear. The implication could be that suppliers had no database for buyers and sellers of different products within the COMESA region. Markets for different products were challenging to establish, despite having a high demand. Traders were, therefore, facing the challenges of locating each other.

5.9.3 Challenges for Buyers and Sellers

Table 5.6 Challenges for Buyers and Sellers

		Valid Percent	Cumulative Percent
Valid	Very True	87.7	87.7
	True	8.5	96.2
	Not Sure	1.9	98.1
	Untrue	1.9	100.0
	Total	100.0	
Missing	System		
Total			

Source: Survey 2017: n=144

The study result indicated that 87.7% of the respondents have agreed to the fact that buyers and sellers were finding it very difficult to locate each other. A mere 1.9% disputed the fact that buyers and sellers were struggling to locate each other. In most cases the suppliers concentrate on their local markets, selling at available prices due to lack of market information and lack of understanding of export procedures. Some respondents in the grain farming cited that sometimes they deliver their products to the local market controlled by the governments, but they don't get their money on

time, and they don't have other alternative markets. Overall, the study implication were that buyers and sellers lack market information to do their business.

In the same vein, the following picture relates to cattle owned by a farmer in Chirundu, Zambia, who participated in the research. The Livestock farmers in Chirundu do not have market information and end up selling their livestock at giveaway prices. The Abattoirs are very far away (Kafue, Mazabuka, and Kalomo) and transport is a challenge to get there.

Fig: 5.15 Head of Cattle -



5.9.4 Political factors affecting efficient delivery of products

Table 5.7 Political factors affecting efficient delivery of products

	Description	Valid Percent	Cumulative Percent
Valid	Very True	88.7	88.7
	True	4.7	93.4
	Not Sure	4.7	98.1
	Untrue	1.9	100.0
	Total	100.0	
Total		100	100

Source: Survey 2017:n=144

The study results have indicated that Political factors were hindering the efficient delivery of products within the COMESA region. The majority, (88.7%) followed by (4.7%) have indicated that Political interference was largely the major problem affecting efficient delivery of products. Some respondents indicated that some countries in the region have a tendency of imposing trade restrictions on certain products which are on the trade agreements. This will result in the business making losses (especially perishable products). Some respondents have also indicated that sometimes they don't get information about the

temporary ban, but they get delayed at the border without being given much information and then when the products get inspected they would have already gone bad.

The following information relates to maize stocks from a farmer in Zimbabwe. The farmer sells the product to the Grain Marketing Board in Zimbabwe. The crop is treated as a strategic crop and is not allowed to be exported by individuals except the government provided the stocks of the country are enough.

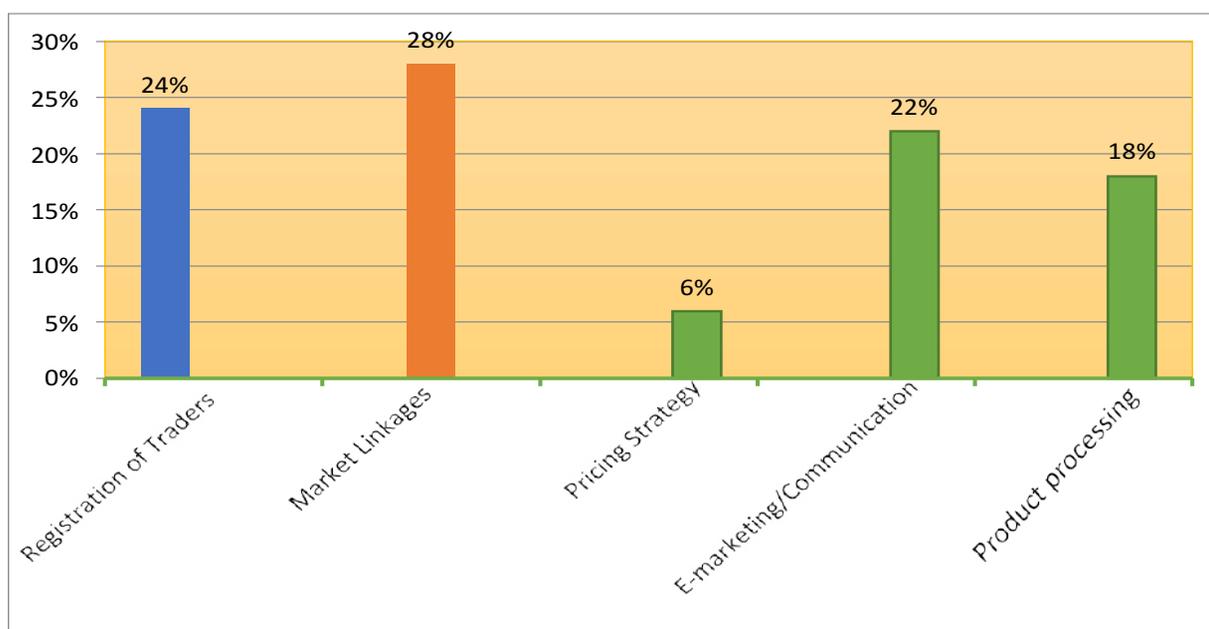
Fig. 5.16: Stock of Maize



Farmers in Zimbabwe have been struggling to produce enough maize for the country such that the crop was declared a strategic crop by the government. The challenges of industry competitiveness in the country came because of sanctions imposed owing to the land reform program which led to a drastic drop in the production of Maize in the country. Farmers shifted to tobacco, but the pay-out was irregular. Farmers have reverted to maize production, but reserves were still low in the country to afford an export.

5.10 Training and Business Skills Required

Fig: 5.17 Training and Business Skills Needs



Source: Survey 2017: n=144

Fig: 5.17 above shows training and business skills needed for the categories of businesses identified in the mapping and assessment. Most respondents, (28%) have indicated that market linkages were the key factor to consider promoting economic activities within the COMESA region. This was followed by registration of traders, (24%) to ensure that traders are traceable.

The implication of the result was that registration of traders and market linkages were the two critical factors that could be used to establish a competitive market for the Northern and North-South Corridors. The result was consistent with the view that traders within the COMESA region were facing challenges of locating each other. Some respondents cited lack of knowledge about quality production mechanism, quality packaging, methods of sourcing and engaging with suppliers, trade policies, and regulations as challenges which need to be addressed through training. The study established 3 potential types of linkages using key businesses identified in (Appendix B) that could foster trade within supply chain along the Eastern and Southern Africa regions, which include:

- (a) Forward Linkages: Traders partnering with the buyers to serve the consumers.
- (b) Sideways Linkages: The traders with the ready markets but they do not have the capacity to provide the products may need to partner with other traders of the same products to save the market. This can apply to new business entrepreneurs who need to learn by partnering with experienced traders.

- (c) Backward Linkages: This is where traders partner with suppliers to increase outputs and save the market.

5.11 Challenges faced by Cross Border Traders

The following findings were informed by field visits carried out in 2017. The information has been used to inform business facilitation efforts under the COMESA Business Council.

5.11.1 Kasumbalesa Border Post: (DRC-Zambia)

The main products in demand at Kasumbalesa border post are cereals, meat (chicken, goat, beef), fruits and vegetables. At the time of this study (2017) the construction of the trade corridor at the DRC side has resulted in the reduction of cases of smuggling of goods and the bustling business activities at the border have attracted many companies to set base at Kasumbalesa. This also is because of a yawning market in the DRC, which has resulted in a good number of companies establishing their presence at the border. These firms include millers, bakeries, those dealing with beef, agro products and other companies that export or conduct different business activities at the one-stop border post. Many warehouses have been constructed at Kasumbalesa market that serves as storage sheds for exporters of goods into the DRC. These developments have reduced some problems currently faced by the cross-border traders.

Small traders find it even harder to comply with complex requirements and controls, and may not have the capacity and resources needed to take advantage of regional agreements such as the duty-free entry in countries for their products. Similarly, they may fail to benefit from the potential advantages offered under Simplified Trade Regimes (STR) these provide for simplified certificate of origin procedures and, for selected items on a Common List of products, also eliminate the need for licensed clearing agents to process consignments worth less than US\$ 1,000. Lack of clear information on export and import procedures (including the STR), and opaque or arbitrary application of rules are also serious challenges for traders. The researcher learned that the latter issue often means that cross-border traders are often not able to claim the advantages they are entitled to, even when they are aware of them. In this case, it is much easier and less risky for them to pay a bribe and pass than to argue with officials.

5.11.2 Chirundu Border Post (Zambia-Zimbabwe)

Main products available are sugar cane, sesame seeds, fresh and dried fish, cereals, Fruits and Vegetables, and Livestock. Many cross-border traders pass through the border going to Lusaka, DRC or Tanzania or traveling to Zimbabwe, South Africa. Most cross-border traders (participants) in this research at the border, indicated that they were not enjoying the full benefits of the Simplified Trade Regime (STR) due to the trade restrictions that sometimes get imposed by countries on products in the Common List. Some respondents indicated that they don't know the benefits of STR because they have not been sensitized. Following further discussions with non-state associations (eg, Cross-Border Traders Associations), this researcher concluded that there is no sharing of information or there are no clarifications regarding STR between Traders associations, Ministries of Trade and other stakeholders.

5.11.3 Musina- Beitbridge Border Post

The competitive advantages offered in the Musina transport corridor as a potential site to become a Special Economic Zone lies primarily on its geographic location on the North-South Corridor and the access it provides to the SADC countries. The Limpopo Province is also renowned for its agricultural activities and the range of agro-production that takes place in the Province. Products available in the border town include rice, cereals, fruits to vegetables and livestock. The northern regions of the province have an ideal climate and soil conditions to produce vegetables almost all year round while the eastern highveld has great horticulture potential. Cross-Border traders from

Zimbabwe mainly trade processed foods which are in demand in the South African side which comprises of cereals (cerevita), peanut butter, Mazoe concentrated juice, cascade juice. Although South Africa is a huge producer of fruits and vegetables, traders from Zimbabwe have a market for oranges there. Most respondents for this study indicated that they pay high taxes for imports and it takes them a lot of time to get their passports stamped.

5.11.4 Rubavu Border (Rwanda- Democratic Republic of Congo)

The main products found at this border are cassava (mealie-meal), cassava vegetables, bananas, plantains, pineapples, and sweet potatoes, potatoes and tomatoes. The challenges faced by traders crossing the DRC border include the prevalence of informal taxes on the Congolese side, the lack of adequate market infrastructure and their financing needs. This researcher established that Rwanda and DRC have an existing bilateral as well as regional trade framework exempting import duty from those dealing in products not exceeding the value of \$2,000, but high tax rates, poor infrastructure and heavy administrative procedures constitute blockages for the development of trade, which is conducted mostly by female small-scale traders. However, some respondents have highlighted changes that have already happened due to interventions by trade organizations and NGO's working in the area to improve the conditions for women trading across borders between Rwanda and DRC, including by training traders in cooperative management and business skills, informing them of their rights, supporting advocacy to improve trade regulations and facilitating dialogue between traders and border agency officials.

5.11.5 Namanga Border (Kenya-Tanzania)

At Namanga border post, most common products found are rice, maize, fruits, vegetables. The challenges faced by cross border traders includes exorbitant taxes; absence of information on how to enhance trade and on the types of businesses; and lack of information on where to find trade documents such as certificates of origin. The traders lack information on tax and immigration procedures and taxation of goods commonly traded across the border such as agricultural produce. Most respondents in the study indicated that there were trade barriers between Kenya and Tanzania border at which they described as a threat to their business. The other challenges indicated was security risks especially for women traders who do not have the freedom to do business freely.

5.11.6 Tunduma -Nakonde border posts (Tanzania-Zambia)

The Tunduma- Nakonde borders are a transit point for large numbers of cross-border traders from DRC, Zambia and Zimbabwe. The cross-border traders, trade in cereals - rice, maize, and vegetables - the like of onions and Irish potatoes, and garments and construction material. The main agricultural products traded into Zambia from Tanzania are rice, potatoes onions, beans and wheat flour. Some of these products, especially beans, potatoes and wheat flour, are in transit to DRC. Zambia exports finger millet, groundnuts, beans and rice, which is milled in Tanzania.

All cereal crops needed a special permit for export and the permits are issued by the Ministry of Agriculture at head office. Zambia had a ban on the importation of wheat grain from Tanzania. The restriction on such imports and exports of agriculture products can be a serious barrier to food circulation and the trading in food crops in the region if not effectively managed. Non-compliance with procedures by importers was found to be high among small traders especially the locals at Tunduma/Nakonde border as in most cases they would not have the means to take samples for testing and do permits which would also require them to travel to head offices where these processes are done, and porosity of the border also makes it easy for them to bypass check points.

6.0 CONCLUSIONS AND RECOMMENDATIONS

The conclusions and recommendations are based on the findings of the study and various stakeholder engagements through the course of the Project. It includes the discussions and recommendations from the validation meetings carried out as part of the study, namely:

- 2nd Agro Industry Dialogue, - 18th-19th May 2017, under the theme, “Promoting Agro Industry Supply Chains in COMESA”,
- 1st COMESA Business Council Consultative Meeting on the Study, “Towards Fostering Business and Trade Within the Supply Chain systems along the Transport Corridors of the Eastern and Southern Africa”, 6th - 7th December 2017,
- CBC Agro Industry Workgroup, Policy positions 2018 informed by the report above,
- Source 21 High Level Business Summit, under the theme “The Hallmark of Quality” held from the 17th-21st July 2019.

The recommendations consist of policy, administrative or other measures that can inform public and private sector stakeholders of the various challenges faced by SMEs and cross border traders related to sustainable supply chain partnerships and intra-regional trade along the corridors in COMESA.

6.1 Recommendations of the study

These recommendations are based on the issues raised in research objectives, research questions, and findings of the study. The study recommends:

- a) Harmonization of standards which can help easy trade integration within the Eastern and Southern Africa regions.
 - b) Improvement of the administration of Simplified Trade Regime. The study recommends that the role of non-state associations such as the Cross-Border Traders Association be made clear, the traders sensitized, and a line of communication for sharing of information between the trade ministries, trade associations, traders, and other stakeholders involved.
 - c) Technical assistance be provided to most business entities within the local and SME categories to enhance their competitiveness in global markets and to help them take advantages of trade opportunities available in their domestic markets.
 - d) Suppliers/ producers should continuously add value to their products to attract the markets and to diversify into a wide range of products so that they can capture the markets, trade in volumes, and gain more profits.
 - e) Carry out trainings on import and export procedures for small-scale traders and farmers.
 - f) To address the standard and quality challenges faced by businesses; develop, strengthen standard and quality capacity building initiatives. Furthermore, engage certification bodies to audit and certify SMEs at an affordable rate.
 - g) To address production consistency challenges; strengthen cooperatives and clusters in building their capacities and develop specific programs to address issues of skills, technology, transport, finance, marketing, and quality.
- h) Addressing the challenge of affordable finance for SMEs, through mechanisms to address financial literacy and tailored financial vehicles for SMEs and small-scale producers.
 - i) On market information, there is need for a ne-platform / applications at national and regional levels with information on products, companies, requirements, etc. to increase information sharing. These should be easily accessible through mobile applications or internet based. Whilst many countries have different platforms at national level, there is need to have a regional platform or hub to encourages cross border trade.
 - j) Simplified Trade Regime. There is need to increase awareness on the COMESA STR and ensure its fully implementation at the borders. Furthermore, countries that are not yet implementing the STR, should do so.
 - k) Infrastructure (poor roads, high transport costs, cost or limited storage). There is need to upgrade road, rail infrastructure and increase air connectivity. Furthermore, invest in infrastructure to support issues of storage, warehousing, border markets.
 - l) Policy (high taxes, counterfeit inputs, land accessibility): Taxation policies should be balanced and should support the growth of SMEs businesses through reduced tax bases. On illicit seed trade; strengthening the enforcement regulation around the sale of fake seeds and inputs in the agriculture sector.
 - m) Trade policies: There is need to ensure the removal of NTBs barriers to trade. Furthermore, to increase awareness and ensure the NTBs reporting and monitoring is accessible to SME businesses.

- n) Investment in Technology: Government and business should work together in the development and adoption of technology to ensure efficiency and competitiveness of the industries.

6.2 Recommendations of the validation meeting

The said study was presented to a CBC validation workshop on the study. The CBC Consultative Meeting on the agro -Industry Corridor Supply Chain study, was held from 6th to the 7th of December 2017, in Nairobi, Kenya. The consultative meeting was held under the theme, “Towards fostering business and trade within the supply chain networks along the transport corridors in COMESA: An Agro-industry corridor project”. The focus of the study was to show how corridors can generate economies of scale in agriculture and other priority sectors by through fostering potential business partnerships. The objective of the meeting was to;

- Engage and provide a platform for dialogue amongst the stakeholders along the corridors,
- Review and validate an assessment report to guide the first phase of the project on the potential opportunities to establish sustainable partnerships along the corridors- thus developing an agro-corridor project to provide technical support towards this initiative,
- Establish and strengthen business linkages made along the businesses along the transport corridors. The Event brought together more than 60 key stakeholders in the agriculture and agro industry sectors from the North and North - South Corridors (South Africa, Zimbabwe, Zambia, DRC, Tanzania, Uganda, Kenya and Rwanda). Stakeholders were spread widely across all sectors including manufacturing, horticulture, seeds and grains, livestock, fisheries and dairy.

The inputs and recommendations of the meeting as per the report- **Annex 1**- further informed the finalization of the findings and discussions of the stakeholders, to produce the final report. Below are some of the key discussions and recommendations from stakeholders along the corridor in cross border trade, manufacturing, horticulture, grain and seed, livestock and fisheries.

6.2.1 Sectoral Recommendations- Cross Border Traders workgroup

- Increase awareness on the COMESA STR by all stakeholders including the customs officials to increase its implementation. Increase dissemination to STR to the private sector.
- Mechanisms of safe guarding the STR must be put in place, it was observed that due to the

threshold of the 2000 United States Dollars, most large corporates are manipulating the process by dividing small portions of the heavy truck goods and have individual cross border traders pretend as if the products are theirs.

- The STR must be extended to non- COMESA countries such as countries in SADC for example South Africa. SADC is in the process of implementing the STR which is similar to COMESA STR.
- Countries like the DRC, not implementing the STR to do so, cognizant of the current and potential trade with DRC.

6.2.2 Sectoral discussions and recommendations – Manufacturers Workgroup

a) Taxes

- Tax structure should consider the value chain aspect whereby low-level players are not taxed as the high-level ones. This will help in reduction of production cost.
- Member states should recognize that high taxes are hindering cross border trade. Taxes should not consider big or smaller industries- so in this case if we are looking at tax incentives, we should consider all manufacturers across the Board.
- Provide certain tax incentives to the manufacturer to provide support to the suppliers. In this case, these would-be extension services. This would be a way of strengthening the linkages along the value chain.

a) Infrastructure

- Governments invest in certain infrastructures such as water supply, waste management and good road networks that allow for reach to markets.
- There is a need to stimulate agriculture beyond the traditional methodologies, to ensure that we can grow beyond seasonal crops to more efficient production systems.
- To boost post-harvest technologies, there is a need to have a concerted effort to ensure that funds from development partners and investors are directed to the needs of the industry and the market- and not the needs of the partners themselves.
- It is also important to look at post-harvest innovative methods to change waste to profit.

b) Consumer Behaviour

- There is a need to understand the consumer trends and consumer education so that we can know who to supply to and understanding the demands in the market.

c) Standards

- The SMEs should be provided with incentives that can encourage them to meet the basic standards requirements that are internationally recognized.
- Where the larger companies are obliged to conform to the same standards which they can afford, SMEs should be given a more preferential treatment or minimal fees for standards conformity that also meets their pockets and allows them to be competitive in terms of supply chain partnerships with Corporates.

d) Trade Facilitation

- CBC to provide a country specific and sector specific database on administrative documents and procedures, and regulations. There could even have fees attached to them.
- Simplify customs documents and procedures.
- Develop system that can harmonize all the regulations in the region, and to ensure that there is an information flow to the buyers in the market.

e) Business Facilitation

- Have a matchmaking service for the distributors to partner under businesses in other countries.

f) Productive Capacity

- Support the subsidiary industries; government should strengthen critical suppliers in complimentary industries. There may not be key players in the supply chains, but they are critical in terms of inputs into the finished products. E.g.- glue, packaging companies.

6.2.3 Discussions and Recommendations- Grains and Seeds Workgroup

g) Seeds

- Facilitation of a legal framework in the Certification of seeds by different Countries to harmonise requirements harmonisation. (Policy and Regulation)
- Improve Seed movement and border controls which make the cost of seed ultimately expensive (Policy and Regulation)

- Agricultural inputs to be Tax Exempt as this will promote Agriculture (Policy and Regulations)
- Facilitation of financing for farmers to buy seed, herbicides and fertilizers. Commercial Banks to play a key role here (Finance Related)

h) Access to Fertilizer

- Speed up the delivery of fertilizers to farmers cognisant of the planting schedules.
- Make provision for smaller pack sizes for fertilizer, seeds and herbicides to accommodate those with small buying power. Normally fertilizers, seeds and herbicides come in bigger packs which sometimes small-scale farmers cannot afford to purchase bigger packs.
- Fertilizer companies to set up selling depots and distribution points closer to the farmers to crowd out counterfeits.

i) Production

- Make available enough land for farming. Access to land is a major setback. Those with land are either not interested or ready to engage in Agriculture and those interested in Agriculture have little or no access to land.
- Provide extension services through extension officers; can be through engaging a Lead farmer to provide agriculture solutions and provision of demonstration plots so that farmers learn and appreciate the farming challenges.
- Provide farming equipment to improve yield as the lack of mechanization results in low production, lack of processing and poor packaging.

j) Storage

- Implement the use the Commodity Exchange Platform where various grains can be traded, stored with a certified warehouse receipt which can be discounted at the Bank issued.
- Farmer Cooperatives, especially where the Commodity Exchange is not present, bulk up grains for easy of transportation and markets.

k) Grains

- Lower taxation for grains as high taxation has proved detrimental to the sector.
- Lift Export bans where they exist in consultation with relevant authorities,
- Find ways to address and lower the cost of processing and transportation of grains.
- Provide information on prices and markets for grains.

- Facilitate an e Market (e-system) for various grains across the region so that farmers appreciate obtaining prices easily that can respond to the following issues;
- a) Lack of information on variety and performance of seeds i.e. type of seed versus soil type
- b) Connect Buyers and Sellers to assure good delivery period of appropriate grains
- c) COMESA to establish a virtual reserve (or a market based on information and communication technologies to help vulnerable farmers).

6.2.4 Discussions and recommendations- Livestock Sector

l) On policy and regulations

- Prominent level of bureaucracies: urge relevant authorities to establish one stop shops to cater for all relevant departments and make use of E-Systems for clearing taxes.
- High taxes leading to high operating costs especially for landlocked countries. There must be harmonization of taxes through the operationalized revenue bodies, specifically on tax subsidies for processing equipment (fish) including tax holiday.
- Cost of compliance is high for example HACCP, therefore there must be an establishment of common standard operating procedures in the region.
- Stringent laws regarding trading in fish and livestock products, the existing legal frameworks, policies and institutions to address the specific characteristics and requirements of livestock and fisheries sector.
- Corruption tendencies across borders; putting in place strict penalties for parties involved in corruption tendencies in different borders.
- Inconsistencies in National livestock and fisheries data relevant authorities are called upon to establish a comprehensive data collection system at various levels.

m) In terms of productive capacity

- Enhance technical capacity for farmers in terms of good practices for animal husbandry and to take farming as a business.
- Enhance surveillance systems on diseases and database of common diseases and pests.
- Need for improvements in livestock genetics, feed and nutrition, disease management, reproduction control, and environmental management through appropriate research.

n) On finance, related issues

- Asset financing or contract farming must be considered to eliminate need for collaterals and further consider giving competitive grants and finance innovative business ideas
- Need for considerable public investment in infrastructure and establish market day for livestock and fish, Institutional strengthening e.g. clusters cooperatives commodity associations

o) On market access

- Streamline Market research/survey along the value chain leading to informed decisions for policy formulation.
- Link selected producer groups to feed inputs (buying bulk) and markets (selling volume) and improved market information systems should also be enhanced.
- Enhance product branding and packaging and Strengthen commodity associations to disseminate market information in electronic media
- Governments are urged to improve transport networks and use of cold chain transportation for enhanced distribution of products.
- Governments are urged to harmonize and mutual recognition of member country certification creating awareness on animal welfare standards for product acceptability in markets.

p) On business competitiveness

- Prohibitive cost of doing business therefore, there is need to develop viable production systems integrating livestock with other agricultural production sectors (Fish-Livestock; Fish -crop) as this will increase production, nutritional levels and food security.
- The cost of energy remains high therefore is a need to generate alternative sources of energy and there is a specific appeal to governments to lower the cost of electricity for small scale business.
- Strategic location of value chain input houses to reduce high transportation costs ; governments should develop animal slaughtering houses or abattoirs close to producers, encourage collective and low cost processes for the farmers.

q) On Business to Business

- Governments must adopt contract farming, warehouse receipting, linkage of producers, processors and financial institutions to allow purchases based on credit worthiness. Further improving payment systems and promoting currency convertibility
- Encourage quality control through cooperatives to lessen the ongoing farming issues in inconsistency in quality and quantity
- Encourage product certification and standardisation
- Encourage group marketing

r) Supply Chain constraints

- Encourage value addition, value chains to render fisheries and livestock products more competitive in regional and international markets.

6.2.5 Discussions and recommendations- Horticulture workgroup

s) Policy

- It was also noted that general population must be involved on policies to do with land acquisition. Government must further get involved in land management for accountability and audit purposes. Further governments must make farming inputs accessible at reduced cost.

t) On productive Capacity

- The cost of production was high coupled with expensive inputs and raw materials therefore, the government must subsidize or exonerate tax on agricultural inputs.
- As a way of addressing the high cost of agricultural inputs, farmers and governments must come up with innovative solutions such turning organic waste into fertilizer and further develop technology that alleviates costs
- Lack of skills and compromised compliance standards remains a huge hurdle in the agro industry sector, therefore governments must support and empower farmers with training programs, exchange and capacity building programs. These programs can be in form of virtual forums online platforms, cooperatives to share notes, technology support and ideas.

u) On Finance Related Issues

- Farmers are encouraged to join farmers cooperatives voluntarily on a common goal. For example, the Kenyan Model, farmers join a

cooperative and are urged to contribute to the cooperative which in turn is used as a revolving fund amongst the group members. The money is then invested in buying farming inputs and is paid back after harvesting.

- Financial illiteracy is another challenge affecting the agro - industry sector, it was further recommended that proper financial accounting systems must be put in place by the businesses.
 - Quality standards are too expensive and improved packaging affects price, relevant authorities must categorize compliance process and not one-off price.
 - There have been erratic prices for fresh produce, the prices keep fluctuating there for there is no fixed price and no price regulator, therefore there must be an introduction of seasonal price control
 - Climate change is another big challenge affecting the agro industry sector therefore there must be seasonal produce and link farmers from different regions.
 - Agro - waste poses a challenge in terms of disposal and innovative methods of exposing it must be created. These are - converting livestock waste into biogas, converting coffee husks into charcoal, work with environmental organizations to acquire adaptation and mitigation skills and seek non-chemical alternatives for pesticides.
- #### v) Business competitiveness
- When it comes to business competitiveness, the sector is unable to compete due to cheap imports from the Eastern countries such as China, these products are cheap and hazardous to human health such as the plastic rice therefore the government enforce standards on imports.
 - The cost of production in most countries remain high therefore governments must consider lowering the cost of production through lower energy tariffs and low import duty on machinery.
 - As a way of curbing the above, private and public sectors must sensitize customers to be buying local produce.
 - Poor Infrastructure is another challenge due to expensive machinery and is often outdated more local machinery manufacturing industries must be established. The roads along the corridor are in a bad state, perishables are transported at a very high cost due to bad roads and prohibitive cost of energy, therefore governments should consider lowering fuel costs or provide or intervene

between farmers and transporters for the best deal for pushing exports.

- Lack of storage facilities at the borders such as refrigeration remain a challenge and we appeal to the private sector to form partnership with government and erect needed structures at the borders. Further, negotiations with airlines where possible for promotional prices on fresh produce exports must be entered.
- There is scarcity of farming land because most farmers are converting farms into real estate and housing settlements, government must intervene and subsidize farming inputs.

w) On Business to business

- Informal market – there is no price control and prices are alternated at any time. Therefore, a legislation for balanced pricing must be put in place.
- Most farmers and suppliers get paid way after supply; cash on delivery must be considered or a Prior Deposit of a certain % of the total invoice must be paid.
- Finding reliable markets to supply to is another challenge faced in this sector, therefore they call upon relevant authorities to assist in establishing linkages that promote contracts in each member state.
- Most business to business forums are not available especially online platforms therefore CBC must invite more companies to come on board the Biznet online market portal and strengthen e-network platforms.

6.3 Conclusion

The main study was carried out between the period March – December 2017. The final report has been developed between 2018 - 2019 with inputs from the researcher, the CBC Secretariat, 60 industry stakeholders who validated the report and provided

additional input for finalization. The report will be used to inform the industry workgroup on agriculture, manufacturing on positions of advocacy, as well to inform the development of the first edition of the CBC Business Facilitation Handbook.

The study concludes that the establishment of a One Stop Border Post (OSBP) between some member states has significantly improved the facilitation of goods and strengthened regional supply chain of foods. There is development potential for entrepreneurs of the informal modern sector through business linkages with the formal modern sector within the supply networks along the Eastern and Southern Africa region. These business linkages should be supported by transfer of know-how and technology, financing of growth, cooperation, and network management. This is because most of the agricultural traders covered in this study earn their living from agriculture.

The focus on business linkages approaches in agriculture helps to improve the market access through several interconnected actions which include:

- a) bundling of lot size at production level (e.g. the farmers themselves),
- b) providing common shared central processing units with enough defined quality,
- c) opening of export markets through trade fairs and further marketing activities.

The above can boost technical and productive capacity of small-scale farmers ensuring benefits from business linkages along the agricultural value chain that will increase income, open-up employment opportunities either at the farms or in the processing units and increase small-scale farmers' incomes. This will also address issues to do with the demand for consumer products and services and for the demand for agricultural inputs.

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