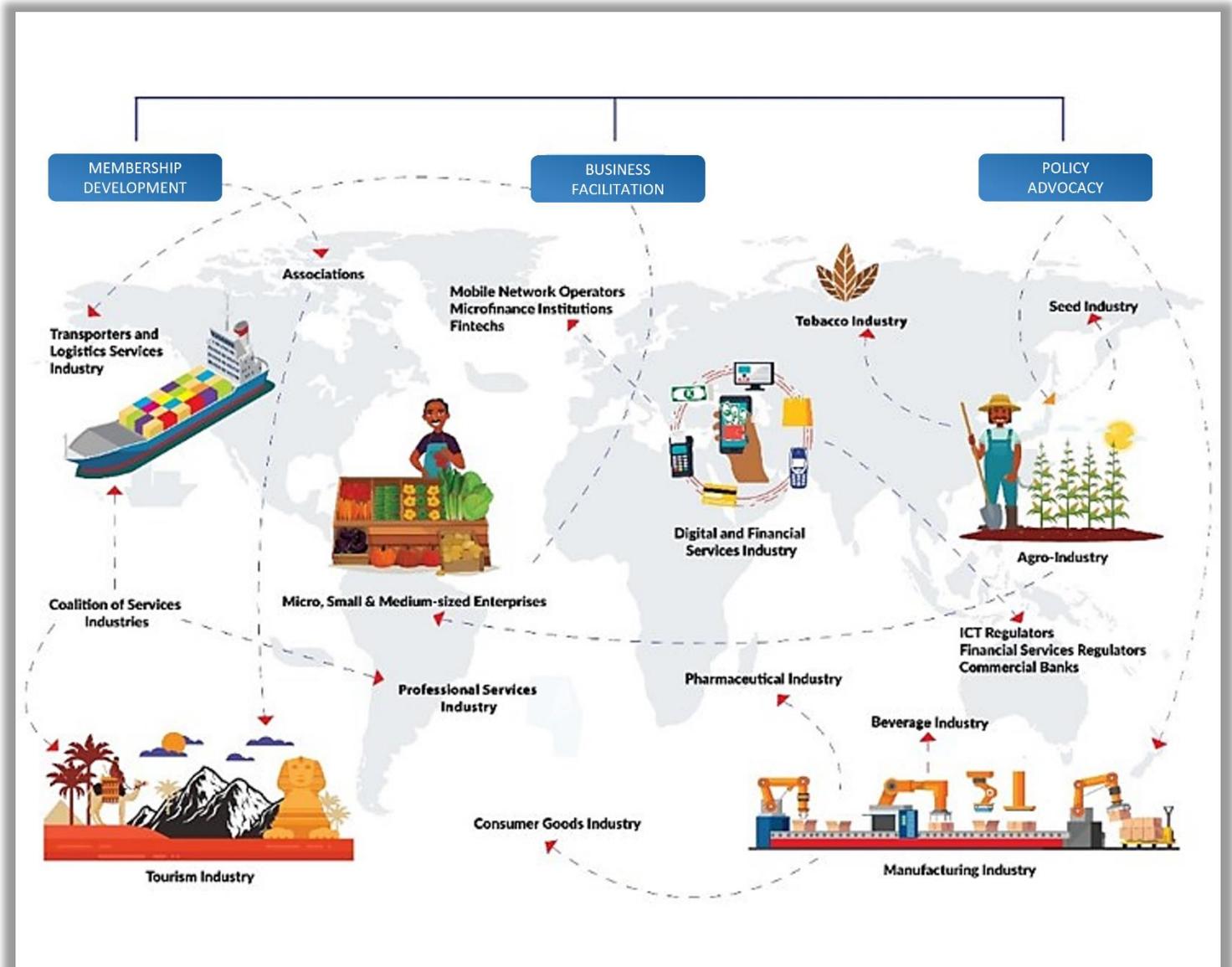


## CBC REGIONAL ADVOCACY AGENDA 2021



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## SECTION I: INTRODUCTION

This Policy Brief focuses on CBC's regional advocacy agenda, which aim at improving the competitiveness and deepening the participation of the private sector in regional and global trade. This includes prioritizing and taking specific advocacy strategies to address key business impediments and measures that affect our industries and have a direct bearing on the participation of our businesses in trading in the COMESA region.

The CBC's regional advocacy agenda is a compilation of issues emanating from the following CBC workgroups:

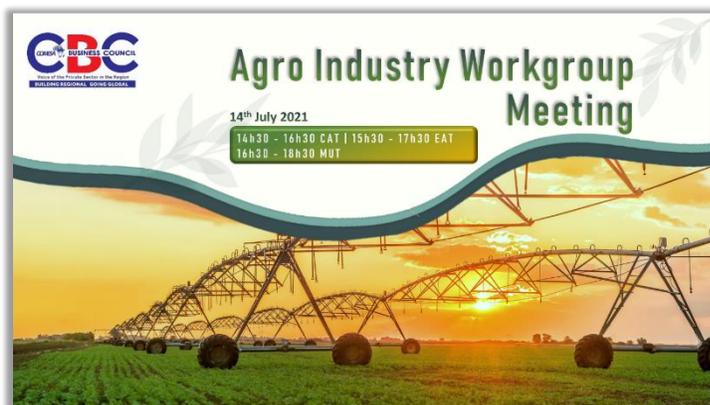
- Agroindustry Workgroup (Food and Beverages, Tobacco, and Seed sub-workgroups).
- Healthcare Services and Pharmaceuticals Industry Workgroup.
- Financial Services (Digital Financial Inclusion) Workgroup.
- Trade Facilitation Workgroup (African Continental Free Trade Area -AfCFTA).
- Duty Free Retail Workgroup.

## SECTION II: WORKGROUPS

### 1. AGROINDUSTRY WORKGROUP

The virtual meeting of *Agroindustry Workgroup* was convened on 14<sup>th</sup> July 2021 and was attended by over 60 members of the Workgroup. Its objective was to receive updates and discuss the progress on the implementation of Agroindustry sector activities and agree on the way forward.

Some of the deliberations of the meeting included the establishment of an Aquaculture sub-workgroup; harmonisation of product standards; and mutual recognition framework and registration for pre-packaged food.



### Recommendations:

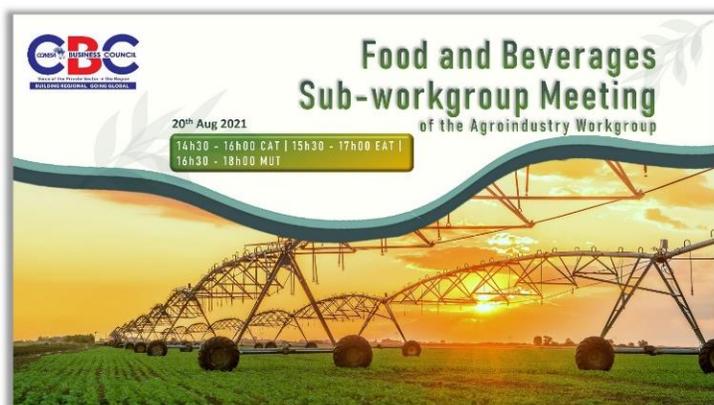
The Agroindustry Workgroup agreed on the following issues:

- a) COMESA Secretariat to apply for observer status at the Meeting of Parties (MOP) to facilitate engagement.
- b) COMESA Secretariat to develop Regional Anti-illicit Policy and implementation framework
- c) Sensitization of industry players on the need to establish track and trace system at national and/or regional level.
- d) CBC to seek funds/technical assistance to undertake a study on the development of mutual recognition framework for pre-packaged food in COMESA region.
- e) CBC to establish a regional Beverages Association to strengthen regional industry coordination, supply chain partnerships and represent the industry's position in engagements with the public sector.
- f) Member States to strengthen national regulations and enforcement mechanism on curbing counterfeit seed trade. COMESA to develop a regional regulation on anti-illicit trade to provide a cross border framework for engagement and collaborative efforts for tackling counterfeit trade in seed.
- g) Member States to put in place an electronic verification mechanism (such as barcoding systems) for the traceability of seeds to distinguish between authentic and counterfeit seed.

- h) Formation of aquaculture sub-workgroup of the CBC Agroindustry Workgroup.
- i) Member States to identify product standards they would like to be harmonised or developed and submit them to COMESA Business Council for consideration.
- j) Development of regional framework to facilitate implementation of product standard being development by ARSO.
- k) The meeting suggested the need for development of framework for pre-market approval with guidelines using the international best practices which can be adopted by all COMESA Member States. The emphasis was placed on option of approved once and considered approved everywhere i.e., no addition approval.
- l) CBC to review regulatory regime for plastic waste management for the COMESA Member States to determine the impact on the businesses and finally look at the option of harmonisation (examining from the environmental angle).
- m) CBC and COMESA to explore ways of having a brainstorming forum to discuss the status of technical regulations in COMESA regions and agree on the way forward. CBC agreed to follow up with COMESA Consultant.



## 1.1 Food and Beverages Sub-workgroup Meeting



The virtual meeting of the *Food and Beverages Sub-workgroup* of the Agroindustry Workgroup was convened on 20<sup>th</sup> August 2021 and was attended by 36 Workgroup members.

The objective of the meeting was to discuss the report of Agro Industry meeting held on 14<sup>th</sup> July 2021, as it pertains to issues of the food and beverages sector; the meeting also aimed to discuss the chairmanship of the sub workgroup and agree on the way forward.

### Recommendations:

The *Food and Beverages Sub-Workgroup* made the following recommendations:

- a) CBC to draft TORs for the development of mutual recognition framework and circulate to members for comments before forwarding to Africa Rise EU Team.
- b) Workgroup members to review the existing products standards, for purpose of identifying those that require harmonisation, or identify new product standards to be developed. It was further agreed that CBC will circulate the products standard which have been harmonised or developed by COMESA to facilitate the review process by members, thereafter, submit the product standard they wish to be developed or harmonised.

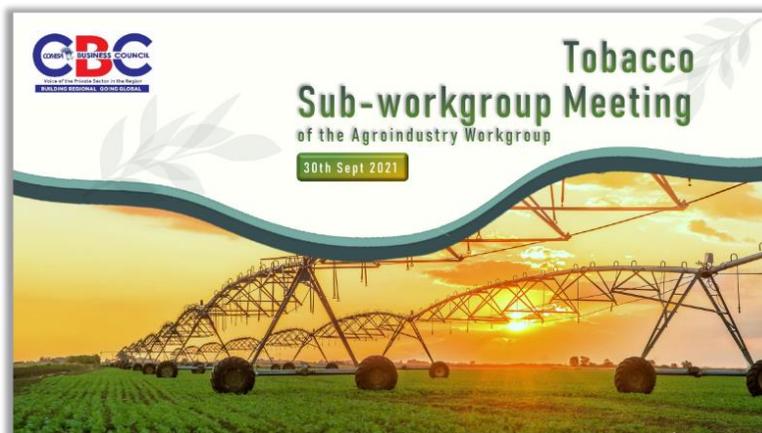
The meeting was requested to consider process standards such as Hazard Analysis and Critical Control Points (HACCP) alongside product standards. In addition, the meeting was informed that EAC has some good product standards which can be adopted by COMESA.

- c) To explore the possibility of using process standards as opposed to traditional product standards to regulate compliance to regulatory requirements.



- d) CBC to consult with COMESA Secretariat on how to address the issues of legal metrology.

## 1.2 Tobacco Sub-workgroup Meeting



The virtual meeting of *Tobacco Sub-workgroup* was held on 30<sup>th</sup> September 2021. The meeting was attended by over 60 members of CBC in the tobacco sector, with the objective of receiving updates and discussing the progress on the implementation of the Sub-workgroup's activities.

The CBC secretariat presented the terms of reference for the development of a framework for anti-illicit trade of tobacco; an update on the forthcoming meetings on COP9 and MOP2; and the tracking and tracing system for tobacco products.

### Recommendations:

The Tobacco Sub-Workgroup put forward the following recommendations:

- The Chairperson to forward the position of T5 countries on COP9 and MOP2 to the CBC Secretariat. It was observed that there is need for regional approach on the issues of Tobacco.
- Member States to consider ratifying the Protocol on Elimination of Illicit Trade in Tobacco products.
- Member States to continue sensitising stakeholders in tobacco industry on the Article 8 on tracking and tracing system of Protocol on Elimination of Illicit Trade in Tobacco products.
- It was agreed that members will be contacted to contribute to the study when the consultant on development of framework on Anti-Illicit Trade is on the ground.

## 1.3 Women in Leadership: Achieving an Equal Agri-Trade Future in a COVID-19 World

The webinar, *Women in Leadership: Achieving an Equal Agri-Trade Future in a COVID-19 World*, was held on 23<sup>rd</sup> March 2021. It was organised in collaboration with Feed the Future East Africa Market Systems Activity, a USAID project, with the objective of exploring the strategies that can be employed by different stakeholder groups, towards enhancement of women's access to resources, for their increased and effective participation in regional agricultural value chains, particularly in this pandemic period. The event brought together public, private and development stakeholders from regional and international markets.

### Recommendations:

The *Women in Leadership: Achieving an Equal Agri-Trade Future in a COVID-19 World* Webinar recommended the following:

- a) Establishment of a public-private management consultative committee that fosters dialogue, collaboration, between women farmers and government representatives to ensure favourable agriculture policies are put in place and the effective promotion of women in agri-trade.
- b) Establish COMESA statistic information system to address the challenge of lack of real time trade data on agriculture production in the region. This should capture what have been planted, value, quantity, and export volumes to provide an informed analysis of agriculture trade in COMESA. More so, set up a platform for sharing market information for women agro-trade industry players. This will facilitate business linkages and partnerships, increase awareness on quality seeds, regulation and provide a platform for engagement and sharing of opportunities, strategies.
- c) Member States should build capacity of local statistical agencies and trade information centres at national level at all levels. This will drive financial inclusion and reduce information asymmetry.
- d) CBC working with COMESA Member States to promote development of incubation and business development centres which will assist women in business to address their challenges.
- e) CBC and other public and private sector should improve and come up with programmes to address digital solutions gaps in the agriculture sector and value chains. Women also need to be trained on negotiation skills for themselves and others so that they are able to champion and change the status quo.
- f) CBC should work with the National Focal Points (Chambers of Commerce) to come up with network and exchange programmes in the COMESA region. The programmes will assist women to be confident and export oriented.
- g) Under the AfCFTA, COMESA should facilitate harmonisation of processes on movement of goods and services.
- h) Member States should set up a joint surveillance committee which will assist in making ensuring food safety for the region.
- i) CBC working with National Focal Points should encourage women to form consortiums or groups which will enable them to supply huge orders.
- j) COMESA countries need to support local/regional sourcing and local industry to reduce over reliance on goods from outside the region.
- k) Member States should influence the syllabuses at schools and Universities to change perception of women in participating in global value chains.
- l) In order to strengthen alternative sourcing and regional value chains in Africa, increase investment in local manufacturing hubs and production capacities.



## 2. HEALTHCARE SERVICES AND PHARMACEUTICALS INDUSTRY WORKGROUP

### 2.1 2<sup>nd</sup> Healthcare Services and Pharmaceuticals Industry Workgroup Meeting

CBC convened its 1<sup>st</sup> *Healthcare Services and Pharmaceuticals Industry Workgroup* meeting on the 3<sup>rd</sup> of December 2020. The meeting was attended by participants from associations and companies across COMESA, where a position paper was developed on the issues facing the sector. The 2<sup>nd</sup> Healthcare Services and Pharmaceuticals Industry Workgroup meeting was convened on 25<sup>th</sup> February 2021, where the positions were further discussed and refined. Below are the positions of industry on a number of issues as agreed during the 2<sup>nd</sup> meeting of the workgroup.

## Recommendations:

The 2<sup>nd</sup> meeting of the *Healthcare Services and Pharmaceuticals Industry Workgroup* put forward the following recommendations:

- a) Member States to ensure the implementation of the COMESA Guidelines to facilitate the speedy movement of essential goods and food products during this COVID-19 pandemic period.
- b) Member States to speed up the movements of health products and streamline border control processes to facilitate faster clearance, especially at this time of COVID-19.
- c) Member States were urged to harmonize regulatory requirements to address the existing disparities in the region.
- d) Member States were urged to develop and adopt harmonized procedures for registration of drugs including cost of registration, timelines for registration and inspections requirements.
- e) Member States were urged to adopt a system of Mutual Recognition of their Certification systems amongst themselves.
- f) Member States were urged to explore ways of setting up a High-Level Coordination Committee that will periodically review the constraints and issues faced by the sector and also coordinate/ facilitate resolution of these issues/ problems on a periodic basis.
- g) Member States can further explore ways of convening meetings of the Ministers of Health to discuss the development and future of the sector. COMESA is asked to set up a working Committee to work on the above issues.
- h) Members States were urged to establish schemes to facilitate local manufacturers to import all their inputs tax free including removal of applicable fees and charges or source their inputs tax free.
- i) Members States were urged to set up special economic zones for pharmaceutical manufacturers to accord them tax holidays.
- j) Members States were urged to provide tax exemption and applicable fees and charges to equipment and machinery which is for investment into pharmaceuticals sector.
- k) Member States were urged to extend preferential treatment to goods originating from other COMESA Countries in tenders taking into consideration price issues.
- l) COMESA should invest in the development of regional centres of excellence, focusing on the pharmaceutical industry, and encourage national Governments to do the same.
- m) The pharmaceuticals industry in the region should be incentivised to invest in new technologies.
- n) The meeting recommended that Member States should work with international funding entities such as the Investment Fund for Health in Africa, the International Finance Corporation's (IFC's) Health for Africa Fund, Afrexim Bank and the African Development Bank – to mobilize investments in the pharmaceutical sector.
- o) Member States were urged to make provisions for required cold chain facilities. This will enhance the export capabilities for high end drugs requiring exact cold chain standards until the time they are exported from the country; considering the stringent developed market requirements, there is a need to establish cold chain facilities.
- p) Member States were urged to consider providing more attractive incentives to pharmaceutical industry and healthcare services providers for purpose of attracting more investment in the sector to market distortions and limited investment.



## 2.2 3<sup>rd</sup> Healthcare Services and Pharmaceuticals Industry Workgroup Meeting



The 3<sup>rd</sup> virtual meeting of *Healthcare Services and Pharmaceuticals Industry Workgroup* was convened on 30<sup>th</sup> June 2021 and was attended by over 10 members of the Workgroup.

The objective of the meeting was to discuss the report of the 2<sup>nd</sup> virtual meeting of Healthcare Services and Pharmaceuticals Industry Workgroup held on 25<sup>th</sup> February 2021; the meeting also aimed to receive updates on the issues impacting the sector.

### Recommendations:

The 3<sup>rd</sup> meeting of the *Healthcare Services and Pharmaceuticals Industry Workgroup* made the following recommendations:

a) **Establishment of COMESA Medicine Agency**

The meeting proposed the establishment of COMESA Medicine Agency (CMA) to improve regulation of medicines, medical products and technologies. This will also improve on access to quality, safe and efficacious medical products in the region. The need of the Agency was discussed at length during the meeting.

b) **Harmonisation of regulatory system in COMESA region**

The meeting reiterated the importance of harmonising the regulatory system or registration and inspection procedures of drugs. The meeting agreed on the need to consider the current initiatives being undertaken by the Africa Medicine Agency at the continental level. The meeting observed that there are ongoing some initiatives at Africa Medicines Agency on harmonization of regulatory systems.

c) **Procurement policy incentive for local pharmaceutical manufacturing industries**

The meeting proposed that there is need introduction procurement policy incentives of 15% preferential treatment on procurement of pharmaceutical products source locally from pharmaceutical industries. This is a procurement policy incentive to support local pharmaceutical industries.

d) **Assessment of Pharmaceutical industry in COMESA**

The meeting noted the need to undertake as assessment of pharmaceutical industry in COMESA to determine its status. The status of the industry will provide information on the current regulatory requirements in different Member States, which will fast track the process of harmonisation of registration and inspection procedures of drugs.

## 2.3 4<sup>th</sup> Healthcare Services and Pharmaceuticals Industry Workgroup Meeting

The 4<sup>th</sup> virtual meeting of the *Healthcare Services and Pharmaceuticals Workgroup* took place on 16<sup>th</sup> September 2021 and was attended by 35 members. The meeting's objective was to deliberate on the following:

- The proposed study on assessment of pharmaceutical industry in COMESA region.
- Promoting Local/Regional Pharmaceutical Industry in COMESA region.
- Proposal for establishment of COMESA Medicine Agency (CMA).



## Recommendations:

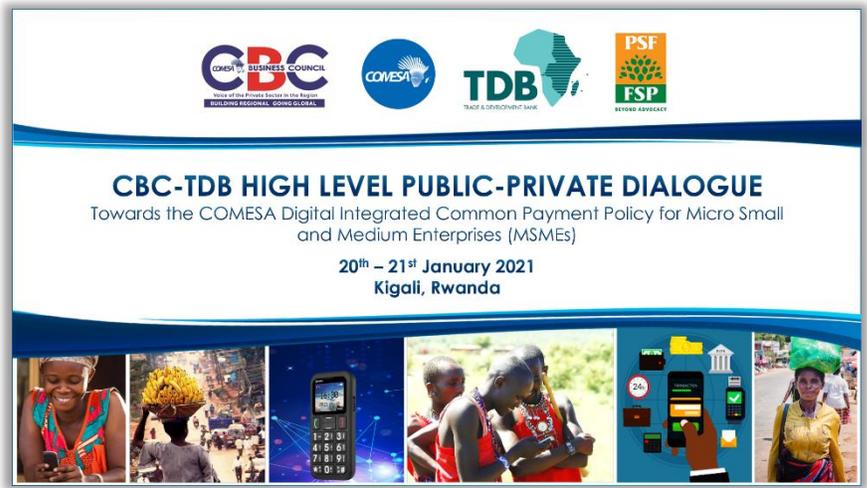
The 4<sup>th</sup> meeting of the *Healthcare Services and Pharmaceuticals Industry Workgroup* made the following recommendations:

- a) There is need to establish a COMESA Medicine Agency (CMA) to improve regulation of medicines, medical products and technologies and also access to quality, safe and efficacious medical products in the region.
- b) To welcome a presentation on pharmaceuticals in Mauritius in the next workgroup meeting, from a country representative, focusing on industry incentives.

## 3. DIGITAL FINANCIAL SERVICES WORKGROUP

### 3.1 1<sup>st</sup> Digital Financial Inclusion Public-Private Dialogue

CBC in partnership with the Eastern and Southern African Trade and Development Bank (TDB) convened the *1<sup>st</sup> Digital Financial Inclusion High Level Public-Private Dialogue*, on 20<sup>th</sup> January 2021. The hybrid event was held under the theme, *Towards the COMESA Digital Integrated Common Payment Policy for Micro Small and Medium-sized Enterprises (MSMEs)*. The objective of the Dialogue was to agree on the building blocks for a model policy of the COMESA Digital Integrated Common Payment Policy for Micro, Small and Medium sized Enterprises (MSMEs).



## Recommendations:

The *1<sup>st</sup> Digital Financial Inclusion Public-Private Dialogue* validated the following eight proposed policy harmonisation areas:

- a) **Settlement system operating rules and irrevocability of transactions**  
There is need to harmonise irrevocability regulations so that transactions are not treated different in different Member States.
- b) **National financial inclusion framework**  
There is need for a harmonised model for a regional digital financial inclusion framework that delivers all the foundational principles of Digital Financial Services empowerment of MSMEs as indicated above.
- c) **Anti-Money Laundering and combating the financing of terrorism**  
There is need to harmonise AML/CFT regulations so that the treatment of these in different member states does not pose a constraint on region-wide and cross-border financial transactions.
- d) **Consumer protection on Digital Financial Services**  
There is need for a harmonised model for consumer protection guidelines to ensure that data and money are protected.
- e) **Inter-operability policy**  
There is need for a harmonised inter-operable integrated digital payment infrastructure and policy framework.
- f) **Cybersecurity for regional digital common retail payments platform**  
There is need for a harmonised cybersecurity policy framework for digital financial services, including choice of appropriate technology for cybersecurity.

g) Mobile-money guidelines

There is need for harmonised mobile money guidelines with regard to issues such as costs and withdrawal limits per day across Member States.

h) Electronic Transactions Act

Member States are urged to put in place harmonised Electronic Transactions Act to enable consistent verification and authentication of legitimate users of the digital platform.

The Dialogue further made the following recommendations:

- a) A model policy framework for the COMESA Digital Integrated Common Payment Policy to be developed from the adopted policy harmonisation areas.
- b) Member States to domesticate the model policy, with the view of appreciating each Member State's issues and challenges in the implementation of the COMESA-wide retail digital payment system, which will in the process also validate the model policy.

### 3.2 2<sup>nd</sup> Digital Financial Inclusion Public-Private Dialogue



The 2<sup>nd</sup> DFI Public Private Dialogue (PPD), organized in collaboration with AfricaNenda and Bankers Association of Zambia, was convened on 27<sup>th</sup> July 2021. The PPD was attended by over 200 participants from the nine pilot-study countries of the CBC Digital Financial Inclusion Program, namely Egypt, Ethiopia, Kenya, Malawi, Mauritius, Uganda, Rwanda, Tanzania and Zambia.

The stakeholder groups comprised Central Banks; Ministries of Finance; ICT Regulators; the private sector (manufacturers and agroindustry players);

Mobile Network Operators; commercial banks; microfinance institutions; Fintechs; and MSMEs, to consider and adopt the Model Policy for a digital payment platform and Rulebook for Micro, Small and Medium-sized Enterprises in COMESA.

#### Recommendations:

The policy framework for the proposed regional digital retail payment platform for MSMEs in the COMESA region, and the Rulebook were validated by stakeholders at the 2<sup>nd</sup> Digital Financial Inclusion Public-Private Dialogue, and the following recommendations were made:

- a) There is need to address the cost of digital payment aspects related to taxation because it is a critical component in determining access and usage of the digital payment platform.
- b) Measures for the reduction of the cost of devices especially Smartphones need to be proposed.
- c) Chambers of commerce need to be included in the capacity building program for MSMEs on digital payment platform.
- d) Early detection of fraud to be undertaken to safeguard the end users on the digital payment.
- e) Leveraging on the existing systems should be considered when developing the digital payment platform.
- f) Development of access and user guidelines on digital payment platform needs to be accelerated.
- g) There is need for provision of MSME-centric product offerings, for example within the data bundle product category, to facilitate easy access of digital financial services.
- h) There is need to review the legal and regulatory framework to come up with measures that support or improve licensing regimes in Member States to facilitate issuance of operating licensing at the shortest time possible.
- i) There is need for National governments to support the use of digital financial services and platform instead of imposing tax on their services.

### 3.3 3<sup>rd</sup> Digital Financial Inclusion Public-Private Dialogue

The 3<sup>rd</sup> Digital Financial Inclusion Public-Private Dialogue (PPD) was held virtually on 3<sup>rd</sup> December 2021, and was well attended by over 150 regional delegates. The meeting was part of the series of deliberations towards implementation of the CBC Digital Financial Inclusion Plan for MSMEs in COMESA, whose ultimate objective is to support the design, development and deployment of an integrated digital financial services infrastructure that is low-cost, interoperable, real time and fraud resistant that serves MSMEs and the customers they transact with at the bottom of the financial pyramid.



The objective of the PPD was to consider and validate the study on Business Model that will inform the design, governance, and implementation of the proposed regional digital retail payments platform for MSMEs in the COMESA region.

#### Recommendations:

The 3<sup>rd</sup> Digital Financial Inclusion Public-Private Dialogue made the following recommendations:

- a) To adopt the report on Business Model on operations and implementation of Regional Digital Retail Payments platform;
- b) The need to customize rules to govern the use of national and regional switches for the Regional Digital Retail Payments platform;
- c) The need to customize rules to guide data sharing and exchange on the payments platform;
- d) Requested the consultants to interrogate further the proposed two options on the model for cross border payments platform namely leveraging on the existing infrastructure and development of new infrastructure;
- e) CBC to consider collaborating with Malawi on the ongoing campaign on enhancing digital literacy for women entrepreneurs;
- f) CBC to work with member states on the capacity building exercise for MSMEs in COMESA region;
- g) DFI recognition Awards 2021 to be given during the next PPD scheduled for February 2022;
- h) It was agreed that the existing committee of the Central Banks Governors under COMESA organs can be used as oversight committee for the Digital Retail Payments Platform;
- i) It was also agreed that regional digital retail payments platform should operate as multi currencies platform.

## 4. TRADE FACILITATION WORKGROUP

### 4.1 Positioning of COMESA's Private Sector to Take Advantage of AfCFTA - Training Workshop



Organized in collaboration with United Nations Economic Commission for Africa (UNECA) and African Organization for Standardization (ARSO), the virtual African Continental Free Trade Area (AfCFTA) stakeholders' Training Workshop was convened on 30<sup>th</sup> March 2021. It was attended by members of CBC, business associations, manufacturers, development partners, export promotion councils, investment promotion agencies, and regional/international cooperating partners specialised in the AfCFTA agenda.

The objective of the workshop was to train stakeholders on the Protocols on Trade in Goods under the AfCFTA Agreement with their specific annexes and how they are applicable to the movement of goods in the region. The theme of the workshop was “Translating the AfCFTA Agreement for Business”.

### Recommendations:

The training workshop on *Positioning of COMESA’s Private Sector to Take Advantage of the AfCFTA* made the following recommendations:

#### Protocol on Trade in Goods:

- a) Conclusion of the discussions on the Schedule on the elimination of tariff should be fast tracked and schedule be made available to the Stakeholders for use.
- b) Outstanding issues on the Rules of Origin should be addressed to allow for application of Rules of origin.
- c) There is a need for producers to make use of the Rules of Origin principle of cumulation to enhance the chances of originating goods to qualify under Rules of Origin criteria and promote regional and continental value chains.

#### Productive capacity:

- a) State Parties to develop AfCFTA National Strategy with involvement of the private sector to facilitate implementation of AfCFTA Agreement.
- b) State Parties should focus on addressing the gaps in production and trade especially for strategic sectors that contribute the region/continent’s export earnings and Sectors with significant unexploited production and trade potential.
- c) There is need to review policy, legal and institutional frameworks to promote private investment in regional value chains.

#### Technical Barriers to Trade:

- a) There is need to focus on eliminating technical barriers to trade through addressing the issues emanating from technical regulations.
- b) There is need to consider developing mutual recognition arrangement/ agreement to facilitate trade at continental level to complement harmonisation process of product standards which take long time to conclude. ARSO to provide technical assistance.
- c) There is need to accelerate the process of harmonization of product standards from the current level of 13.6% of the product coverage (1,469 standards) to higher level (about 4542 standards) to facilitate trade and also reduce Standards related Non-Tariff Barriers (NTBs).
- d) More State Parties are encouraged to register with ARSO as members to increase countries coverage of ARSO standards/adoption of standards, which will facilitate intra- African Trade.

## 4.2 Women’s Empowerment Conference on AfCFTA

Organised by CBC in partnership the Center for International Private Enterprise (CIPE), the virtual conference on *Women’s Economic Empowerment on AfCFTA* was convened on 6<sup>th</sup> October 2021.

The event drew the participation of over 250 delegates from the private sector, regional economic communities, business associations, policy regulators, diplomatic communities, and regional and international cooperating partners.



The conference had the following objectives:

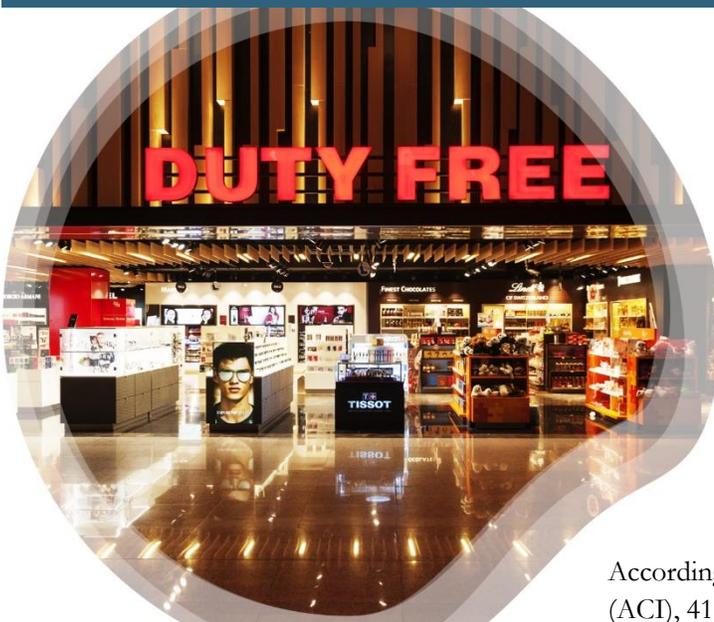
- a) To provide information on how women-led businesses can benefit from the AfCFTA.
- b) To propose measures/programs to improve compliance with market access requirements by SMEs under COMESA and towards AfCFTA and market opportunities to be pursued.
- c) To raise awareness on policies that support participation of women in the AfCFTA in the areas of trade, civil society, politics, and corporate industry.
- d) To propose measures that strengthen digital financial inclusion of women in trade at the COMESA and AfCFTA level.

## Recommendations:

The *Women's Economic Empowerment on AfCFTA* put forward the following recommendations:

- e) There is need to include specific measures in the protocol on women and youth, such as the simplified trade regime.
- f) There is need for women to engage actively in policy space to ensure representation at the highest policy level. This will include participating in formulation and implementation of policies.
- g) There is need for women to strengthen value chains at the level of the Regional Economic Communities in order to inform the strengthening of continental trade facilitation structures. Companies are urged to work with local suppliers to build their capacity in this regard.
- h) There is need to align to the African Union's Agenda 2063 towards inclusive growth for women in trade.
- i) There is need for interventions that support young people and women-run small, and medium-sized enterprises.
- j) There is need for more public-private sector dialogue and sensitization on women in trade.
- k) There is need to create more champions to advocate for women in trade at all levels of influence.
- l) There is need for harmonization of standards, capacity building, and local sourcing of manufacturing inputs in order to realise strengthened value chains within the AfCFTA.
- m) There is need to give women equal opportunities to pursue and thrive in STEM careers, which enhances women's economic security and ensures a diverse and talented STEM workforce for the benefit of Africa's manufacturing industry.
- n) Digital technologies are enablers to access to markets and finance within the AfCFTA. There is need for continued investment in financial literacy and digital literacy in the drive for more equitable access to financial services for women.
- o) There is need to enhance digital financial inclusion of women in the region, as it provides security and ensures access to key resources that mitigate external shocks.

## 5. DUTY FREE RETAIL WORKGROUP



Travel retail which consists of airport, borders, ports and diplomatic shops, is one of the opportunities that largely remains untapped in Africa. Commercial revenues can play a vital role in the transformation of African Airports and border markets. Duty Free is a secure supply chain and Duty-Free retailers are trusted partners of Customs Authorities worldwide. Africa has a greater reliance on aeronautical income than any other region and this has become a major issue because airport charges alone can't cover the capital costs for infrastructure development. Commercial revenues can play a vital role in the transformation of African airports and border markets.

According to the study conducted by Airport Council International (ACI), 41% of global airport revenues come from commercial sources.

Most airport authorities in Africa charge high fees and taxes which increases the cost of flights and travel within the region. Undoubtedly so, the commercial side of the airport business; travel and duty-free retail can offer the much-needed revenues and cushion. Sources of income such as retail concessions can contribute significantly to the diversification from aeronautic revenues in an airport's income portfolios.

A virtual meeting was held on 21<sup>st</sup> September 2021 between Middle East and Africa Duty Free Association (MEADFA) and COMESA Business Council (CBC). The objective of the meeting was to discuss the key concerns of MEADFA and the way forward. The following advocacy issues were raised for follow up, among others.

### Recommendations:

Highlighted below are proposals put forward by the Duty Free Retail Workgroup.

Member States are urged to:

- a) Set up clear legislation in relation to the Duty-Free Licenses and procedures, in order to ensure successful and highly operative travel retail channel systems at the airports and along the borders.
- b) Support industry's adoption of technologies such as tracking and tracing system as some of the ways to counter illicit trade in the region, particularly with respect to tobacco industries.
- c) Increase stakeholder awareness on the role and potential of travel retail for African airports industry, in terms of revenue, employment, supply chain partnerships. This includes learning from other countries on the gains and the opportunities within the industry.
- d) Enhance dialogue with industry and establish public-private platforms for travel retail to increase industry engagement for the growth and sustainability of the industry. Furthermore, to address some of the regulatory and legislative requirements barriers and design specific incentives to enable the growth of the industry.
- e) Review the requirements of Article 13 of the Protocol on Elimination of Illicit Trade in Tobacco Products and consider conducting evidence-based research to ascertain the extent of illicit trade in tobacco products related to duty free sales as required by the provisions of the Article, after the Protocol has been fully implemented.

## SECTION III: CBC INDUSTRY COMMITTEE MEETING



The virtual meeting of the CBC Industry Committee (Trade and Industry committee) was held on 20<sup>th</sup> September 2021. The meeting was attended by 65 members of CBC's various workgroups. The objective of the meeting was to discuss the issues that have been generated by the workgroups and agree on the consolidated CBC Regional Advocacy Agenda.

The workgroups covered were agro industry, pharmaceutical, manufacturers, digital financial services, trade facilitation and duty-free retail.

In addition, the meeting also solicited comments and approval of some of the workgroup papers that had been recently developed, such as the two position papers on rules of origin under the AfCFTA, and also the harmonisation of product standards for food and beverage products.

### Recommendations:

The secretariat made presentations on key deliberations of the various CBC workgroup meetings throughout the year

- a) With respect to illicit trade, there is need for unified position on enforcement of counterfeit products.
- b) With respect to local manufacture of pharmaceutical products, there is need for investment in Research and Development and also manufacturing equipment. Local communities must also be capacitated in processing natural ingredients into finished pharmaceutical products.
- c) Regarding access to vaccines and waivers relating to COVID-19, there is need for a regional approach for advocacy on waivers on intellectual property rights for manufacture of vaccines.
- d) Regarding the submission on digital financial services, a suggestion was made to edit the recommendation on chambers of commerce to read as “Chambers of Commerce and Industry” in line with what is pertaining in the region.
- e) Regarding women in leadership, a needs assessment on the information needs of women that are different from others should be undertaken.
- f) Regarding the AfCFTA rules of origin, based on the position paper developed by the ITC trade policy expert on the same, there is need for the challenges relating to certificates of origin to be dealt with as there is currently no consensus within the continent.

## SECTION IV: 15TH COMESA BUSINESS FORUM

The *15<sup>th</sup> COMESA Business Forum* was held virtually on 26<sup>th</sup> October 2021. The Forum was attended by over 200 participants drawn from the public, private, and the development sectors from across the region.

The objective of the Forum was to discuss key areas that support industry recovery from the impact of COVID-19, and further promote inclusion of industry players along various ecosystems and value chains through digital transformation. The four key areas discussed included digital financial inclusion for MSMEs in COMESA, industrial competitiveness and illicit trade, harmonization of standards regulations in COMESA, and Promoting regional business linkages.

### Recommendations:

The *15<sup>th</sup> COMESA Business Forum* put forward the following recommendations:

- a) All service providers for digital financial services should consider market needs as they are the drivers. As such fees, which could be a huge obstacle must be reduced for end users.
- b) There is need for strong political will to drive digital payment systems.
- c) For payments to thrive, restrictions on hosting of data must be removed as it increases costs.
- d) There is need for collaboration among member states to promote industrial competitiveness and tackle illicit trade.
- e) There is need to promote collaboration between public and private sector to improve industrial competitiveness and tackle illicit trade.
- f) There is need to adopt mutual recognition to reduce the barriers to trade that result from multiplicity of compliance requirements with respect to standards.
- g) There is need to align Africa quality policy to national quality policies to allow for creation of one stop shops with respects to standards.



- h) There is need to establish a framework for implementation of COMESA product standards, which have either been developed or harmonised by ARSO.
- i) Provision of support to agri-food SMEs to enable them to become competitive is needed.
- j) There is need to smartly deploy subsidies, with focus not only on production, but also on other parts of the value chain.
- k) There is need for capacity building of companies to equip them with the skills and accreditation needed to become export ready.
- l) There is need to promote collaboration among Members States towards increasing intra-COMESA trade.

## SECTION V:

### COMESA AUTHORITY - 21ST COMESA SUMMIT OF HEADS OF STATE AND GOVERNMENT



The *Twenty First Summit of The Authority of Heads of State and Government of the Common Market for Eastern and Southern Africa* was hosted in hybrid format at Almasa International Conference Centre, New Administrative Capital Cairo, in the Arab Republic of Egypt on 23<sup>rd</sup> November 2021, under the theme: “Building Resilience Through Strategic Digital Economic Integration”.

In attendance were the Heads of State and Government of Egypt, Libya, Madagascar (in person); and Burundi, Mauritius, Rwanda, Seychelles, Somalia and Tunisia (virtually). Also in attendance were the Vice Presidents of Malawi, Uganda and Zambia; and Ministers from the Comoros, DRC, Kenya and Zimbabwe; and the Secretary General of COMESA.

#### Recommendations:

CBC's Chairperson, Mr. Marday Venkatasamy, presented the CBC Business Declaration for further advocacy and adoption. The regional positions of industry were noted by the Summit as follows:

a) **On Digital Financial Inclusion for Trade:**

Member states are requested to consider the industry led draft model digital payment policy for Micro Small and Medium Enterprises (MSMEs) for COMESA region which was validated and adopted by key stakeholders namely by financial services regulators, ICT regulators, Commercial Banks, Mobile Network Operators, Manufacturers, Business and Women trade associations. The draft model policy will be presented to the policy organs for adoption and domestication at national level. The model COMESA digital payment policy for MSMEs is a solution that will pave the regulatory foundation towards enabling low value, retail payment platform that will propel digital financial services for MSMEs in COMESA and further increase intra- trade in Africa.

b) **On Agro Industry/Manufacturing Sector:**

In order to enhance the competitiveness of the Agro Industry/manufacturing, Member states are urged to develop mutual recognition frameworks for pre-packaged food in COMESA region to facilitate their smooth movement across the borders without being subjected to retesting, additional procedures and fees; develop a framework to facilitate implementation of product standards within the COMESA region and harmonize procedure for premarket approvals in COMESA region.

c) **On addressing Illicit Trade in COMESA Region:**

- ⊕ Member States are urged to develop COMESA Anti-Illicit Trade Regulatory Framework to enhance exchange of information, law enforcement cooperation, legal and technical assistance in the fight against illicit trade at a regional level; improve coordination and enforcement of illicit trade at national level; and enhance public awareness and information sharing.
  - ⊕ Member States are further called upon to consider the ratification of the Protocol on Elimination of Illicit Trade in Tobacco products and sensitize stakeholders on the tracking and tracing system as provided under Protocol on elimination of illicit trade in tobacco products.
  - ⊕ Member States are further called upon to support the application for the Observer Status to participate in the WHO- FCTC Meeting of Parties (MOP) Parties to the Protocol to Eliminate Illicit Trade in Tobacco Products.
- d) **On Pharmaceutical and Health Care Services Sector:**
- ⊕ Member States are urged to harmonize registration requirements including inspection of drugs due variation of the registration requirements in COMESA member States and establish schemes to facilitate local manufacturers to import all their inputs tax free including removal of applicable fees and charges or source their inputs tax free.
  - ⊕ Member States are further urged to set up a high-Level Coordination Committee within the policy meetings on Trade, Industry and Agriculture, that will periodically review the constraints and issues faced by the pharmaceutical and healthcare services sector and to facilitate solutions to the impediments faced by the sector, as part of the strategic efforts towards business recovery, in the wake of the COVID- 19 pandemic.
- e) **On Duty Free Retail Sector:**
- ⊕ Member States are urged to increase stakeholder awareness on the role and potential of travel retail for African airports industry, in terms of revenue, employment, supply chain partnerships.
  - ⊕ Member States are further urged to put in place clear legislation in relation to the Duty-Free Licenses and procedures, in order to ensure successful and highly operative travel retail channel systems at the airports and along the borders and address some of the regulatory and legislative barriers and introduce specific incentives to enable the growth of the industry.
- f) **On the Empowerment of Women in Cross Border Trade:**
- ⊕ Member States are urged to establish a public-private platform that fosters dialogue, collaboration, between women famers and government representatives to ensure favourable agriculture policies and the effective promotion of women in agri-trade.
  - ⊕ Member States are urged to provide market and trade information to women in cross border trade, and further encouraged to promote digital financial inclusion with a specific focus on institutional capacity building of national women associations.
- g) **On Trade Facilitation within African Continental Free Trade Area:**
- Member States are requested to:
- ⊕ Fast track the conclusion on the negotiations of trade instruments especially on tariff elimination schedule and Rules of origin, to accelerate the implementation of the ACFTA.
  - ⊕ Prioritise the developments of the mutual recognition framework and the harmonisation of product standards in order to facilitate intra Africa Trade.
  - ⊕ Develop a Continental Simplified Trade Regime which will allow movement of goods based on low value of consignment to support small cross border traders especially women and youth.
  - ⊕ Establish sensitization, awareness and business capacity building programs for the business Community on AfCFTA benefits, opportunities and market access requirements, to be implemented by the national and regional business associations.

## SECTION VI: CONCLUSION

A number of the issues/recommendations put forward by the CBC Workgroups over the course of this year have already been submitted to the COMESA Policy Organs for consideration, and decisions have been made on them. The CBC Secretariat will continue to progress the issues that have not been submitted to the Policy Organs for consideration. CBC will also follow up on the decisions of the COMESA Policy Organs to ensure effective implementation.

The implementation of the decisions of COMESA Policy Organs will improve competitiveness and deepening the participation of the private sector in regional and global trade. It will also reduce the cost of doing business in COMESA region and address key business impediments and measures that affect industries and have a direct bearing on the participation of businesses in trading in the COMESA region.

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### About COMESA Business Council



COMESA Business Council (CBC) is a business member organization bringing together a diverse group of businesses and associations in the region from 34 sectors in 21 countries of COMESA. CBC is the recognized regional apex body of the private sector in the region. CBC as the key advocacy driver for business, provides a link between the private sector and organs of the Common market.

We seek to improve the competitiveness and deepen the participation of the private sector in regional and global trade, through advocacy, business facilitation and enterprise development. This includes prioritizing and taking specific advocacy strategies to address key business impediments and measures that affect our industries and have a direct bearing on the participation of our businesses in trading in the COMESA region.

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