The COMESA Business Council (CBC) has joined forces with the Common Market for Eastern and Southern Africa (COMESA) and the International Trade Centre (ITC) to put one of the five operational instruments of the Africa Continental Free Trade Area (AfCFTA) African Trade Observatory into action. This has been done through the training of over five hundred (500) export-ready Small and Medium-sized Enterprises and Business Support Institutions on market analysis using the ATO.

The training programme has proven to be a game changer in facilitating easy access to market information and opportunities locally, regionally, and internationally for the business community in the COMESA region. Agatha Nayame, the Director of Ammy Heinstain, Lusaka, Zambia, is one of the beneficiaries of the ATO training conducted in Lusaka, Zambia. In sharing her training experience, Agatha said that the training workshops are timely and useful in enabling the MSMEs to expand their market potential in the COMESA region.

Research shows that lack of access to market information limits MSMEs’ innovative edge to value add and produce quality goods as they remain unaware of key market requirements and trends.

Read more on page 2 >
COMESA Global Trade Rises by 15%

COMESA’s trade globally and within the region has recorded a significant increase with the total exports to the world gaining by 15% from US$ 179bn in 2021 to US$ 205bn in 2022.

The largest exporting countries in the COMESA region were Libya, Egypt, Tunisia and Sudan. These had a combined market of 98% in exported fuels in 2022. This was reported during the 39th Meeting of the COMESA Trade and Customs Meeting held from 23 – 27 October in Mauritius. A report presented by COMESA Secretariat on trade developments in the region indicated that the value of intra-COMESA total exports equally rose by 10% from US$12.8bn in 2021 to US$ 14.1bn in 2022.

Exports in sulphur of all kinds, cobalt oxides and hydroxides, palm oil, refined petroleum oil, urea, electric current, cotton, sulphuric acid, main flour, gold and ammonia among others contributed to the increase. According to the report, most of the COMESA Member States recorded growth in their 2022 intra-COMESA total export values except for D R Congo, Ethiopia, Malawi and Seychelles whose exports to the region COMESA family,” said COMESA Assistant Secretary General in charge of programmes, Dr Mohamed Kadah when he addressed the delegates comprising of trade experts from the member States. “Your committee is therefore invited to interact on this desired course of action in the interest of laying down a solid foundation for the advancement of COMESA regional trade and economic integration agenda.”

The Trade and Customs Committee is one of the COMESA’s key policy structures through which the bloc has made significant strides in fostering trade and economic integration. During the three-day meeting, the delegates received updates on various COMESA supported programmes and sectors, which are specifically connected to trade and economic development. declined. The report added that Mauritius had the highest utilization rate of 96% for its COMESA originating imports in 2022 followed by Seychelles, Malawi, Egypt, Zimbabwe, Ethiopia and Zambia.

The COMESA Medium Term Strategic Plan 2021-2025 targets an increase of intra-regional exports to at least 25% of total exports by 2026 from the current 10%. Based on 2019 trade statistics, the region has potential to increase intra-trade by US$100 billion if all extra-COMESA trade could be diverted to the region. This means that if at least 50% of current extra COMESA trade is diverted to the region, intra-trade could expand by US$50 billion.

“To attain this target, there is a need to change mindsets and practical approaches within the COMESA family.”

Dr Mohamed Kadah.

Boosting MSMEs Participation in COMESA Trade

The ATO training workshops, therefore, become crucial, as they contribute to unlocking new market opportunities for MSMEs across the region. The ATO is an important resource that will drive the private sector, especially SMEs, to participate in the AfCFTA more actively and competitively.

“The ATO training workshop was a great learning experience, thanks to the highly interactive and practical nature of the training. The course content was rich and helped in enhancing my understanding of how I can explore new market opportunities for my products in the region”, Dadiray Madzima, a Zimbabwean Entrepreneur - Tumbu4kai Blossom Trust.

The ATO training workshops reaffirm CBC’s commitment to unlocking regional trade opportunities in Africa for a more sustainable and inclusive future. CBC looks forward to scaling more market access programs towards equipping the private sector with the tools and skills necessary to take advantage of AfCFTA’s emerging import and export opportunities!

The capacity building training workshops on market analysis have thus far been undertaken in eight COMESA countries including; Zambia, Malawi, Ethiopia, Egypt, Eswatini, Zimbabwe, Kenya, and Rwanda.

Follow our website and social media pages for more updates.
Trade Talk through Business Lenses

For a very long time, international trade policy has been the exclusive domain of trade officials, where the technical language is understood by a few acolytes, where regular meetings are held, and attempts are made to resolve differences through protracted negotiations. Businesses have occasionally made their voices heard so that the outcomes of these trade meetings reflect their concerns and address their challenges. However, in today’s challenging and rapidly evolving global economy, more needs to be done to include the business community in global trade talks. Businesses set the pace for the global economy after all.

Businesses, large or small, face the ground reality, are the ones to create employment and wealth, and generate revenue for the government. This is a truism some will say. Alright, but worth reemphasising is businesses’ pivotal and strategic importance in an economy’s health barometer. Should the performance of the business community be suboptimal, should pessimism prevail, the world economy will suffer the consequences. The WTO has recently projected world merchandise trade to grow by 1.7% in 2023, down from 2.7% in 2022, according to its latest Global Trade Outlook and Statistics report. From a business perspective, the question worth asking is whether the world trading system is adapted to the current business realities? All too often, the tendency has been to focus on policies for creating the right trading environment, but this environment evolves rapidly, too rapidly for leniency on policies. Today, businesses are turning more and more towards regional value chains and cluster models, lessons learnt from the COVID years and the difficulty in sourcing raw materials. Digitalisation among the business community is moving at a rapid pace and so are AI technologies. Climate change is changing the way we do business. Women entrepreneurs and the younger generation are being encouraged to take a leading role in businesses. The global trade landscape cannot be oblivious to these changes and needs to adapt quickly.

CBC, the representative of the business sector in COMESA, is leapfrogging change. The CBC digital financial revolution is a case in point. CBC recently launched prepaid cards to facilitate digital financial inclusion of cross-border traders, as well as to provide support for women and young entrepreneurs as they transition into the formal economy. The global trade landscape cannot be oblivious to these changes and needs to adapt quickly.

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In as much as the business community is eager to live up to contemporary challenges, the world economy must deliver on key issues which are affecting business and trade today – promote a global digitalisation agenda, address issues relating to the environment, encourage women and youth entrepreneurship, plug into regional value chains and regional clusters, among others. Importantly, the global trading system should show flexibility when confronted with global threats such as a pandemic or food crisis. The COMESA region has success stories to show case for emulation at global levels.

Admittedly, the global trading system must align to business priorities and start looking through the same lenses when talking trade. E-commerce, greater support for MSMEs in developing and LDCs, climate actions within the trade sphere, food security, and access to affordable medicines are too important for the world economy to be caught in the spiral of endless trade talks. It is time for concrete tangible action on these fronts.

The upcoming WTO Ministerial Conference in Abu Dhabi in February 2024 is the ideal occasion to move forward critical trade agendas for the business community and deliver concrete outcomes. History has shown that under extreme pressure, and with the right political will, the multilateral system can and does deliver. Now is the time to act. Let it be trade talk and actions!

Teddy Y. Soobramanien
CBC Chief Executive Officer
Trade in Services: A Gateway to Regional Integration

The service sector is emerging as a powerhouse, reshaping economies worldwide. With 54 African countries, 1.3 billion people, and $3.4 trillion in GDP, it’s time to leverage significant opportunities for export-led growth, economic diversification, inflows of foreign direct investment (FDI) and integration into regional and global value chains.

To this end, the ongoing negotiations on the Trade in Services liberalization programme at the Common Market for Eastern and Southern Africa (COMESA), African Free Continental Trade Area (AfCFTA) and World Trade Organization levels are a key step towards accelerating regional economic integration.

Speaking in an exclusive interview with the COMESA Business Council (CBC), COMESA Director of Trade and Customs, Dr Christopher Onyango, remarked that trade in services is a game changer towards unlocking the potential of regional and global trade.

He underscored the relevance of undertaking inventories of legislation, regulations, institutions, and policy measures in the service sector as well as analysis of the participation of foreign service providers and trade liberalization commitments.

"The service sector has proven to promote greater inclusiveness, particularly for female and young workers and entrepreneurs as well as micro, small and medium-sized enterprises (MSMEs). The importance of the sector has been fuelled by technological changes and its increasing role as intermediate inputs into production and delivery of other goods and services" he stated.

"But these attributes can only be realized if services are mainstreamed in regional and national development strategies. It is evident that services are still absent in national development strategies. Such are those countries in which there exist no rules and regulations in the service sector, or in only a few select sectors and, if available, are not considerate of current developments in the sector" he remarked.

Dr. Onyango further stated that the introduction of an online platform to facilitate ongoing negotiations will assist in addressing obstacles to trade in services and reaping the potential benefits its liberalization offers.

"We appreciate Afreximbank for supporting the establishment of the online platform to facilitate these negotiations. We hope the capacity building to be provided by the bank enables Member States to fully utilise the platform during the negotiations to develop well-informed and analytical decisions both under COMESA, continental and WTO negotiations" he remarked.

He explained that the recent studies by the COMESA Secretariat have established important roles being played by small-scale cross-border traders in various service sectors, consistent with the studies by the service Bank (2022), which established that 59 per cent of servicewomen worked in the service sector, and 9 out of 10 services firms were MSMEs in 2021.

"It is therefore no coincidence that the 43rd Council meeting directed that this committee consider the findings of the study by the Secretariat on the status and constraints of small-scale cross-border trade in services in the region. This is part of the efforts to further unlock the potential for intra-COMESA trade through the Simplified Trade Regime (STR) in both goods and services and how best to be inclusive in these strategies", he noted.

Dr Onyango further called for consistency of positions at various levels and flexible offers at COMESA compared to continental and multilateral levels.

He expressed gratitude to cooperating partners; the European Union, AFREXIM Bank, WTO, WTI and the World Bank.
Towards Building Resilient Business Communities

Climate change is undoubtedly the defining challenge of our era. As the clock ticks towards mid-century, the task is clear: we must strive for a world where greenhouse gas (GHG) emissions hit net-zero. At the same time, countries need to adapt to the changes that are coming while making societies more inclusive and economic growth more sustainable. Presently, growth is not just unsustainable, it’s hardly inclusive. This requires transformation and a major investment push in key economic sectors, led by comprehensive and coordinated government action among others, using a broad package of tools and policies; source: COMESA special report on monetary Action and inclusive growth.

Climate change has increasingly become a global concern. Dependence on fossil fuels and non-renewable resources has inflated people’s carbon footprint worldwide. Despite greater access to clean energy and awareness of the business case for sustainability, the effects of climate change are worsening. As such, business leaders must understand how to navigate its challenges in an ever-changing landscape.

The big question is; does climate change pose a threat to business growth? The resounding answer is yes. Climate change sends ripples through businesses in every sector, from the towering pillars of infrastructure and energy to the very fabric of agriculture, insurance, and tourism. Its cross-cutting impacts are set to challenge every enterprise, great or small.

However, some businesses are more vulnerable than others, with impacts expected to fall disproportionately on small and medium-sized enterprises (SMEs). The anticipated impacts encompass disruptions to business operations, property damage, disruptions to supply chains and infrastructure challenges. All these are likely to lead to increased costs of maintenance and materials, as well as higher prices.

From the infrastructure and buildings perspective, buildings and infrastructure can be vulnerable to climate change because of their design (low resistance to storms) or location (e.g. in areas prone to floods, landslides, and avalanches). Indeed, they can be damaged or rendered unfit for use by any changing climatic condition or extreme weather events.

With energy considerations, more intense and frequent heatwaves will shift energy supply and demand patterns, often in opposite directions. Further, increases in temperature and droughts may limit the availability of cooling water for thermal power generation in summer (lowering energy supply), whereas demand for air conditioning will increase.

Moreover, greater magnitude and frequency of extreme weather events will cause threats to physical energy infrastructure: overhead transmission and distribution, but also substations or transformers.

Agriculture and forestry sectors are equally not immune to the impacts of climate change: due to a combination of heat and drought, substantive agricultural production losses occur. The ability to adapt using irrigation will be increasingly limited by water availability. Effects on forestry due to climate change include increased risk of droughts, storms, and fires (abiotic) and pests and diseases (biotic) all leading to disturbances to forest health.

With respect to insurance, the frequency and intensity of most types of extreme events is expected to change significantly as a result of climate change. In the short term, as long as due allowance is made for the underlying trend, premiums would rise gradually, and the insurance market would absorb such changes without disruption. However, risk knowledge often advances in ‘steps’, which can lead to jumps in the price over a short period. In the longer term, particularly in most vulnerable sectors or areas, climate change could indirectly increase social disparities as insurance premiums become unaffordable for a fringe of the population.

For the tourism sector, the economic consequences of climate change for regions where tourism is important can be substantial. However, climate action offers a wide range of new opportunities for businesses to develop products and services that would help both reduce emissions and adapt to a warming world.

The World Economic Forum proposes a framework that businesses can use to develop their approaches to climate adaptation. While mitigation has been a key focus for businesses in addressing climate change, planning for climate adaptation efforts to reduce the negative impacts of climate change and leverage the opportunities remains a challenge for many.

Read more on page 6 >
Towards Building Resilient Business Communities

Climate change adaptation is a business imperative to avoid economic losses resulting from climate change; to innovate new ways to create revenue growth, cost savings and sustainability; and to protect local communities and ecosystems where companies operate. To address these considerations, businesses should focus on three pillars to drive their climate adaptation strategy:

- **Enhance resilience**: Assess the impacts of climate risks on businesses and act to adapt and build resilience, especially by working with suppliers and communities connected to the value chain to enhance business resilience.
- **Capitalise on opportunities**: Leverage products, services and business models that help businesses, communities and ecosystems adapt and build resilience while also pursuing adaptation opportunities that contribute to efficiency, sustainability, and climate change mitigation.
- **Shape collaborative outcomes**: Participate in multi-stakeholder efforts that promote action on climate change adaptation and deliver transformative projects to build community and ecosystem resilience.

### Framework for Business Action on Adaptation

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<tr>
<th>Pillars</th>
<th>Core actions</th>
<th>Enabling actions</th>
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<tr>
<td>1. Enhance resilience</td>
<td>1.1. Assess the impacts of climate risks on business and act to adapt and build resilience</td>
<td>change adaptation and net-zero transformation</td>
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<td>2. Capitalize on opportunities</td>
<td>2.1. Leverage products, services and business models that help businesses, communities and ecosystems adapt to and build resilience</td>
<td>Mainstream climate risk considerations into business decision-making</td>
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<tr>
<td>3. Shape collaborative outcomes</td>
<td>2.2. Pursue adaptation opportunities that contribute to efficiency, sustainability and climate change mitigation</td>
<td>Make comprehensive and transparent climate disclosures</td>
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**Business case**
- Avoid economic losses
- Increase revenue, cost savings and sustainability
- Protect communities and ecosystems

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Source: WEF report: Accelerating Business Action on Climate Change Adaptation.
The path to reviving African economies is an immense undertaking that involves tackling trade barriers, boosting investments, and ramping up industrialisation. Key strategies for fast-tracking development in Africa include fostering regional value chains, providing digitally delivered services, and, of course, harnessing the vast opportunities offered by the AfCFTA.

In January 2021, the AfCFTA came to life, demanding a systematic and practical approach to scale up COMESA’s industrial base and to strategically position the Member States to take full advantage of the opportunities offered by the AfCFTA.

The AfCFTA is not just another trade agreement, it is a pivotal element of Africa’s long-term vision for inclusive growth and sustainable development known as ‘Agenda 2063: The Africa We Want’. At the heart of this agenda is the dream of a single continental market that liberates the flow of goods, services, people, and capital. This is crucial for deepening economic integration and promoting agricultural development, food security, industrialisation, and structural economic transformation.

Through the virtual training, CBC set out to enable participants from across the region to gain invaluable insights on the AfCFTA Rules of Origin to help them take advantage of a market of 1.3 billion across the 54 African countries. The training unpacked essential information on the AfCFTA Rules of Origin, status of the AfCFTA implementation, and proposed new aspects/initiatives under the AfCFTA Rules of Origin.

The COMESA Business Council takes pride in the success of this virtual training, which attracted over 200 members of the business community from across the region and looks forward to providing more training to the business community.

The AfCFTA unlocks opportunities for African and global businesses in various sectors, ranging from the automotive industry, pharmaceutical, Agriculture and e-commerce, that the business community can tap into, given they are equipped with the right information and strategies.

Furthermore, there is a need to support the private sector through appropriate and effective financing instruments to enable them to capitalise on the opportunities to grow their businesses and leverage AfCFTA.

Through its advocacy work, CBC continues to undertake evidence-based advocacy on issues of concern to the private sector under the AfCFTA Agreement. This includes monitoring the implementation of the AfCFTA Agreement to ensure that the private sector’s inclusive participation in COMESA contributes to the African Continental Free Trade Agreement (AfCFTA) implementation.

In its position paper on AfCFTA Rules of Origin, CBC provides an analysis on the implementation of Rules of Origin under the AfCFTA. This particular issue was selected on the basis of the challenges that the private sector faces within Africa in adhering to stringent Rules of Origin.
The African proverb in the title of this article wisely reminds us that one hand alone cannot catch a louse. This proverb beautifully embodies the purpose of clusters. A cluster is a geographically bound concentration of similar or complementary businesses related via a value chain. The businesses in the cluster have various things in common such as specialised infrastructure, labour, markets, and services. Clusters collectively face opportunities that must be harnessed and threats that demand resilience.

Their primary objective? To enhance value addition, sustainable low-carbon production, and processing, with the aim of facilitating greater access to regional and international markets. This transformative concept has been embraced by several African countries, including Tanzania, South Africa, and the star of our story, Ghana.

In Ghana, the European Union has been the driving force behind the West Africa Competitiveness Programme (WACOMP) in partnership with ECOWAS, since 2019. This program, led by UNIDO with invaluable support from the Ministry of Trade and Industry, aims to empower three key sectors: Fruits (mango and pineapple), cassava, and shea butter-based cosmetics. UNIDO developed a tailored approach, consisting of “The 5 Cs for Competitiveness”: coordinate, compete, conform, connect, and credit. This integrated strategy ensures that SMEs thrive in international markets with adequate access to financing, ultimately contributing to the promotion of shared prosperity in Ghana.

Meet Francesca Brenda Opoku, a Ghanaian mother, social entrepreneur, and CEO of Solution Oasis Ltd, the proud producer of natural skincare products under the ‘Beauty Secrets’ brand. Francesca embarked on her entrepreneurial journey in 2008, joining the WACOMP project at its inception in 2019. In an exclusive conversation with CBC, she shared her early challenges, from limited access to technology to the struggle for market information and financing.

When asked about the benefits of being part of a cluster, Francesca remarked that one of her major wins was being able to reach the European Markets that she could not reach before. She also benefited from capacity building training and noted that the WACOMP project helped her have her business certified.

She added that another major win that benefited the cosmetic cluster members was the packaging machine purchased for the group and housed at her home turned factory in Accra. When asked if the members would be able to continue at the same growth trajectory after the end of the WACOMP project, she stated that the businesses were at different levels and so some still needed the support. She was however quick to mention that the group members are currently working on a sustainability plan for the cluster to continue.

When questioned about the possibility of clusters achieving success in different African regions, Francesca expressed her belief that although clusters encounter internal challenges like competition, they do hold the potential to flourish in areas where people are eager to participate in them.

Another beneficiary of the WACOMP project is 35-year-old Sylvia Orou, who owns a shea butter based cosmetic and skin care company under the brand ‘Luxvich’ which she started in 2020, and which currently has 5 employees. Like Francesca, she too had challenges with access to markets, machinery, and human resources. “When I joined the project, in 2022, I was helped with registering my business with the Food and Drugs Authority and trained on standardization which was big for me. The cluster helped me see the shortcomings of my business from other members that I would not have seen alone, I am also able to get my raw materials from colleagues in the cluster at a lower cost and support their business.” She implored organizations implementing similar projects to be vigorous with disseminating information so that more people benefit from similar kinds of support.

The moral of the story is clear: clusters are engines of partnership, driving growth within sectors. They empower SMEs and larger enterprises to tap into economies of scale and they enable SMEs to have a single voice to lobby for arising issues. Clusters further facilitate product tracing in international markets. With clusters, development partners provide capacity building, facilitate market linkages, and also provide technical support and machinery that SMEs in clusters can utilise for their business growth. Yet, challenges remain, with trust and commitment often in short supply.

Perhaps, the question should be: What is the likelihood that the firms will continue to develop their businesses without external support? It is this writer’s understanding that development partners typically engage with already established businesses. However, because many businesses joining clusters are new to the market, they may struggle to meet standards initially. Nonetheless, it is evident that clusters have the potential to significantly catalyse SME growth.

Sources: UNIDO, WACOMP, Ida Stademember, research on Clusters in Tanzania, South African Capital Equipment Export Council.
Strengthening Integrated Customs Management System for International Trade And Transport Operations – ASYCUDAWORLD

About 103 Customs and IT officers from COMESA Member States have been trained on functional and technical courses on the Automated System for Customs Data also known as ASYCUDAworld, which ran from March 2022 to September 2023. In addition, the COMESA Secretariat has completed the procurement process for servers, software licenses, and computer software training necessary for the implementation of the CARSC and CRTIP.

The Regional Digital Free Trade Area Action Plan was adopted by the COMESA Council of Ministers to provide traders with the necessary digital tools and infrastructure for enhancement of intra trade and global trade. It has three thrusts, namely E-Trade, E-Logistics and E-Legislation. Customs Automation Regional Support Centre (CARSC) and Trade Information Portal (TIP) are among the prioritized components of the Digital FTA Instruments.

The meeting agreed that the implementation of CARSC and other inter-connectivity platforms requires the Customs Automation Experts (Customs Procedures and IT Experts) at regional and national levels to work closely and collaborate with stakeholders from public and private sectors and share experiences and information through consultations, meetings and other methods.

To further push this agenda, the Technical Working Group on Customs Automation was established to initiate work and studies on all aspects of the use of Information Technology and the management of information systems in the Customs area.

This was revealed during the opening of the 2nd Meeting of the COMESA technical working group on Customs Automation held virtually on 13 and 14 September 2023.

The objective of the meeting was to consider progress in the development of the CARSC and CRTIP and provide a platform for the Member States to share their experiences in modernizing customs management systems. The two programmes are funded under the COMESA EDF 11 – Trade Facilitation Programme. COMESA is implementing the regional Digital Free Trade Area Action Plan, hence the CARSC and CRTIP are among the prioritized components of the Digital FTA.

"Considering the progress made so far, we are hoping that the CARSC and the RTIP systems will be deployed on the COMESA database Centre and launched before the end of this year 2023," COMESA Director of Trade and Customs, Dr Christopher Onyango said at the meeting.

Read more on page 10
Strengthening Integrated Customs Management System for International Trade And Transport Operations – ASYCUDA WORLD

> Continued from page 9

This will allow for greater trade facilitation, increase the efficiency and effectiveness of customs control, and identify the potential for improving existing systems and reducing costs of doing business.

The project steering committee (PSC) of the COMESA, Small Scale Cross-Border Trade Initiative conducted its 4th meeting in Lusaka, Zambia from the 18th to the 20th of September 2023 to review progress of the project's implementation, five years since its inception. The project is funded by the European Union with a total investment of 15 million Euros and is focused on facilitating the transition of informal sector traders into the formal trade sphere.

Among the activities under implementation is the construction of border markets to provide decent trading spaces for the traders. This is in addition to training the small-scale cross border traders on trade facilitation to equip them with knowledge on the importance of formalizing their businesses. Specifically, the Cross-Border Trade Initiative has supported the design and implementation of trade facilitation policies and instruments such as the Simplified Trade Regime and the Green Pass. It has assisted in the development of tools and systems for reduction in corruption, bribery and harassment at the selected border posts and collection of gender disaggregated data on small scale cross border trade.

"The SSCBTI has focused on these important aspects, to increase the formalization of small-scale cross-border trade flows in the COMESA/tripartite region," Dr Mohamed Kadah, Assistant Secretary General of COMESA said at the meeting. "Ultimately, this will lead to higher revenue collection for governments at the borders, increased security and higher incomes for small-scale cross-border traders." His statement was presented by the COMESA Director of Gender and Social Affairs Mrs Beatrice Hamusonde. Permanent Secretary in the Ministry of Commerce, Trade, and Industry of Zambia, Mrs. Lillian Bwalya encouraged Member States, to provide the guidance needed to deliver systems and to reduce the costs of doing business.

Source: COMESA News

FDH Bank (Malawi) becomes a member of the COMESA Business Council

FDH is a diversified investments and financial solutions centre with interests in Banking, Discount House Operations, Investment Management and Advisory Services as well as Forex Bureau operations.

FDH Bank Plc was incorporated and registered in Blantyre, Malawi in May 2007 and later listed on the Malawi Stock Exchange in August 2020. The Bank has a leading, expansive and strategic branch network of 51 service centres, 92 auto-teller machines and over 5,000 Banki Pakhomo agents spread throughout the country.

The principal function of FDH Bank Plc is to provide banking services through our main divisions of Personal and Business Banking, Corporate and Institutional Banking, Treasury and Investment Banking, Global Markets and Trade Finance and Digital Financial Services and Corporate Advisory Services.
The Journey to a Circular Economy

The circular economy idea is out there. In the past ten years, it’s gone from being a niche idea to an undeniable trend. Many are captivated by the potential for change in the way they live, work, or innovate. And many more are feeling the urgent need for a circular economy, as the ‘burning platform’ moves from metaphor to real life. So whether through passion or necessity, the idea isn’t going away – it’s the end of the beginning.

According to the annual African Space Spurred on by this wave of interest and expectation, many businesses are setting ambitions, targets, and strategies to move from linear to circular. This direction setting is an important step in the journey to make the circular economy a reality.

The transition means doing things differently – and that’s happening too. People are rolling up their sleeves, grappling with the concept, and working to put it into practice.

You’ve probably noticed an increase in taglines like ‘Wear Sneakers Ltd now makes trainers out of 12% recycled material’ around products on shelves and in press releases or media coverage, emphasising how a company is taking some resources they previously viewed as waste and using a few of them to create something new. This use of waste, along with a lot of other types of innovation, is often categorised as ‘circular’. The fact that these stories are becoming more visible is evidence that we are taking the first steps away from the wasteful, linear economy. That is good news.

Some efforts are more circular than others
If you zoom out across time and space, it’s pretty safe to assume that most of the innovation we need to create a circular economy has not been realised. The economy is still linear, after all. So there’s a lot of work to be done. I think it’s important that we distinguish between different mindsets and stages on the journey to a circular economy.

People are experimenting, which is essential. Innovating for a truly circular economy is a process, and each innovation takes us a step closer. But not all attempts at circular design are created equal. I think we undermine the idea of a circular economy itself if we don’t get more serious about the pathways of thinking and implementation that will get us there. Sure, there are some small and large businesses taking those profound systemic leaps towards a circular economy. But a lot of progress isn’t like that.

Some efforts are well-intentioned, incremental steps towards the circular economy. People ‘get’ the circular economy. Read more on page 14 >
The world of agriculture and agro-manufacturing is filled with opportunities for transforming manufacturing industries. This is especially true in an era where regional and global supply chains have taken center stage. However, at the center of this are issues of food safety, including Sanitary and Phytosanitary Standards (SPS). SPS present both an opportunity and a threat if mismanaged for industry contributing to Non-Tariff Barriers (NTBs).

For years, manufacturers in the COMESA region have been facing challenges in accessing certain markets due to barriers related to the lack of harmonization of food standards and regulations. These barriers increase the cost of products and the cost of doing business in the region. Therefore, there is a need for strengthening measures towards harmonization of food standards and regulations in the COMESA trading bloc.

Differences in food standards and regulations deter regional trade and hinder the development of regional markets. Some notable challenges include limited regional harmonization of food laws/standards, inadequate institutional capacities for testing and regulation, and limited SPS coordination efforts. All these challenges translate to high costs of multiple regulations and compliance requirements for businesses.

COMESA, recognizing the urgency of this challenge, has embarked on an SPS program. It’s a program that looks to create a harmonized, risk-based regulatory environment through SPS regulations, green pass, and the establishment of regional reference laboratories. These harmonized regulations and testing practices are expected to drive down the cost of compliance, reduce disputes, and put an end to NTBs related to standards. But the journey isn’t complete yet. A value chain approach may have been embraced, but the need for further harmonization efforts, common approaches for risk assessments, and conformity checks across various products persists. Private sectors still grapple with challenges related to standards and quality compliance. The prolonged response times and additional costs faced by companies result in price impacts on finished products. Cumbersome market access requirements often lead to export diversion, as some companies prefer less restrictive markets.

So, what are some of the private sector’s challenges in this realm? Here are a few:

- Variations in net weight regulations
- Country specific regulations are not aligned with regional and international standards
- The cost of certification is very high for SMEs
- Most COMESA laboratories have limited accredited testing parameters e.g. specific test for nutritional parameters cannot be performed locally
- Increased time and cost for the business as a result of sub-contracting laboratories

Strengthening measures toward harmonization of food standards and regulations in the region requires the COMESA region to adopt and align key trade-facilitation standards and regulations with international standards.

These should be harmonized across the region to facilitate the movement of the related products within the trading bloc. These include standards regulations on labelling, net weight, food hygiene, and plastic packaging.

Ready to dive deeper into our recommendations? Explore our comprehensive report on strengthening measures for food standards harmonization within the COMESA trading bloc: https://bit.ly/3LU2hvb
Common Market for Eastern and Southern Africa (COMESA)

Macroeconomic Indicators

As measured by HCPI-COMESA, COMESA region year on year inflation rate stood at (+22.1%) in July 2023. It means that the prices of goods and services as measured by HCPI-COMESA increased by an average of (+22.1%) in the COMESA region between July 2022 and July 2023.

Using a particular or common currency, an item that cost an average of 100.00 cents in July 2022 increased to 122.10 cents in July 2023.

Of the participating COMESA Member States, Zimbabwe recorded the highest annual inflation of (+103.6%) whilst the Seychelles had the least average change at (-2.6%).

Source: COMStat

Table 1: Annual (Year-on-Year) Inflation rates (%) for each Member State, measured by country HCPIs and HCPI-COMESA in 2023

<table>
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<tr>
<th>COMESA Member States</th>
<th>Weights</th>
<th>Jan22</th>
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<th>Mar22</th>
<th>Apr22</th>
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<td>74.0</td>
<td>154.1</td>
<td>103.6</td>
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</table>

HCPI - COMESA

|       | 100.00 | 83.7  | 71.5  | 57.0  | 45.1  | 35.4  | 27.9  | 22.1  |

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Source: COMStat
The Journey to a Circular Economy

> Continued from page 11

They understand the full picture – that big, beautiful vision. They’re on the right track. But their ideas aren’t finished – and they know that they might never be finished. The transformation of our economy from extractive and linear to circular and regenerative is a systemic, ongoing mission. Evolving with continuous feedback is a core part of circular design.

Then there’s innovation from folks like Wear Sneakers Ltd, our helpful fictional brand mentioned at the top of the article. They also have good intentions but aren’t entirely clear of what the circular economy is, the direction they should be heading, or the steps to get there. For instance, they might be saying to themselves “let’s reduce the impact of manufacturing each product, scale our recycling, and then we’ll look at re-use.” The circular economy model offers a hierarchy of strategies as we move from the outer to inner loops: from remanufacturing to repair, reuse, maintenance, and sharing, we increasingly preserve the integrity, the embedded energy, and labour of the product itself. So the main issue with their approach is that recycling should be the last option, not the first – it’s the inner loops of a circular economy that should be the aim.

The second connected issue is that designing for a circular economy often doesn’t follow such a simple path. Designing for material efficiency alone, for example, might involve decisions about light weighting, materials selection, or manufacturing processes that are contrary to activities like reuse, repair, or remanufacturing. Those decisions might make a product less durable or harder to repair. To follow the priorities of our fictional company, addressing recycling next might then not be a steppingstone to reuse. It might even take you in a different direction entirely. Circular design requires a systemic approach, stepping back to take a wider view before putting strategies in place.

There’s another collection of businesses that are full of good intentions, but short on such commitment. They might have tried something out, such as an isolated product or line, or a short-term pilot. It felt good, it looked good, but they haven’t much intention of scaling or replicating it, changing the wider business, or shifting their industry.

And then there are a few businesses with bad intentions. They might be talking about some sort of ‘circular economy’, but they’re deliberately going in the wrong direction, because of vested interests in the linear economy. Let’s not worry too much about them now. As industrialist W. Edwards Deming is said to have quipped, ‘survival is not mandatory’. So if the circular economy is a serious idea – and thankfully many believe it is – then I think we should recognise these differences, and acknowledge that some circular economy efforts are more circular than others.

Taking this notion a step further, we should acknowledge different starting points and collectively support each other to change the way we think about the circular economy transition, from ‘get it done’ to ‘get started and keep going’.

Now that the circular economy idea is out there, you might have an image in your head of moving from linear to circular. There’s a transition that needs to happen, and it needs to happen fast. That gives the impression of getting from point A to point B. But what does the journey look like? I think we know it doesn’t look like a straight line.

It’s much more like the ‘design squiggle’ by Damien Newman. A cliche, but a good one. It’s often used as a shorthand for the process that sits behind new innovations. But I think we can use it on a meta scale, to reflect the challenges of transitioning to a circular economy.

Source: By Joe Iles, Design Lead, Ellen MacArthur Foundation