

ANNUAL REPORT 2020/2021

IMPROVED BUSINESS COMPETITIVENESS

EXPORT CAPABILITY

SAFE TRADE

WOMEN & TRADE

PUBLIC-PRIVATE
DIALOGUE





2020–2021 EXPENDITURE

US\$4.94 M



DONORS

**Denmark, EU,
Finland, Global
Affairs Canada,
Ireland,
The Netherlands,
UKaid, USAID**



EAST AFRICA'S BUSINESS COMPETITIVENESS BLOSSOMS

A United Nations Economic Commission for Africa (UNECA) and TradeMark East Africa (TMEA) impact of COVID-19 Report (2021) hailed the resilience of the East Africa Community (EAC) economies against the severe global economic and social repercussions of COVID-19.

Bolstered by the Safe Trade Emergency Facility (SafeTrade) Programme, TMEA's Business Competitiveness Programme achieved significant results within its focus areas of Public - Private Dialogue (PPD), Export Capability, and Women in Trade. Safe Trade was set up to help governments better respond to the impact of COVID-19 by addressing disruptions along trade corridors and critical supply chains. Part of Safe Trade initiatives was working with partners like East Africa Business Council (EABC) and Federation of East African Freight Forwarders Associations (FEAFFA), to monitor and provide timely reports of transport corridor performance. This supported governments to take actions that for example, reduced backlog of trucks at key East African borders.

With TMEA support, EABC submitted five policy briefs to the East Africa Community Secretariat (EAC) for adoption. These included the Inter-Agency Regulatory Framework to Facilitate Trade in Food and Cosmetics Products in the EAC Region, which was adopted. Others were the Kenya Breast Milk Substitute Regulations; and a policy brief on the requirement that Rwanda Food and Drugs Authority re-register food products originating from the EAC Partner States. These briefs aimed at enhancing mutual recognition of standards by the different EAC Partner States, to reduce the time and costs of doing business. The approval of the Regional E-commerce Ecosystem



Assessment, and the launch of several tourism promotion strategies, among other initiatives, enhanced the region's export capabilities.

We have noted the following trends in the region, which may point to a positive impact of TMEA's interventions over time. First, exports of most EAC Partner States had by the third quarter of 2020, surpassed their 2019 levels, indicating recovery from the COVID-19 crisis. Second, intra-EAC trade exhibited greater resilience than extra-EAC trade. Third, the imports of all the EAC Partner States recovered to pre-pandemic levels by the second half of 2020, after governments' lockdown restrictions were eased and a broader global trade recovery started to take place. Detailed achievements of the programme are outlined in the following pages.

Anataria Karimba, Programme Director



PUBLIC-PRIVATE DIALOGUE

Public Private Dialogue (PPD) provides a platform that contributes to creating an enabling environment for transport and logistics advancement, trade facilitation, efficiency of customs, harmonisation of standards, reduction of non-tariff barriers and enhanced export capability.

Complementary to PPD initiatives, US\$122,000 was allocated to EABC the regional apex private sector business organisation, to facilitate development of recovery mechanisms for businesses post-COVID-19.

US\$122,000

allocated to EABC to develop post pandemic recovery mechanisms.



EABC led in the resolution of seven non-tariff barrier-related conflicts. These included non-recognition of COVID-19 health certificates from Tanzania to Uganda at the Mutukula Border, which led to increased cost and delays in supply of critical products. For example, Mukwano Industries approximated increased costs of US\$300 per truck per day paid as detention charges.

Other resolved NTBs include divergent standards for timber products entering Kenya, at the Malaba Border, and conflicting Kenya/Uganda standards certification for petroleum jelly, at the Busia Border. The petroleum jelly stand-off led to clearance delays at the border for up to two weeks, increased operational costs to transport companies by up to US\$2,100 for seven days.

Working with partners, TMEA contributed to the achievement of the following policy related initiatives. i) The Open Skies Policy and the extension of freedoms which resulted in the resumption of air

transport operations in the EAC Region, and continuity in export business during COVID-19; ii) Amendment of the Kenya Finance Act, 2021, which abolishes 25 percent excise duty on glass bottles imported from the EAC Partner States, thus enhancing market access for the multi-million industry; and iii) Abolishment of 20 percent excise duty Uganda imposed on furniture from Kenya, leading to increased trade volumes and savings.

The success of the ongoing advocacy efforts on EAC Agreement on Avoidance of Double Taxation, and overhauling the existing EAC Common External Tariff (CET) from a three-band to a four-band tariff to safeguard EAC manufacturers against cheap imported products, will enhance trading environment.





EXPORT CAPABILITY



TMEA's plan to increase exports includes targeted investments in transport and logistics to enhance capability of operators; providing support to horticulture sector to attain global quality standards and access to markets through marketing campaigns and value addition; tourism development; and development of e-commerce ecosystems.

As COVID-19 brought East Africa's tourism sector to a standstill, we facilitated the relaunch of The East Africa Tourism Platform (EATP). EATP is spearheading lobbying and advocacy on harmonisation of travel protocols, recovery strategies and guidelines on reopening tourism services. This is in addition to reactivating the joint East African Regional Marketing

Committee with the marketing portal **www.visiteastafrica.net** published; and improving EAC's standards on hospitality establishment, grading and classification.

Export capability recorded the following additional results:

- The development and marketing of 19 tourism products.
- Completion and validation of the Kenya Cruise Tourism Strategy, the Religious Tourism Strategy for Rwanda and Uganda, respectively, and the Meetings, Incentives, Conferences and Exhibitions/ Events (MICE) Strategy for Tanzania.



WOMEN IN TRADE

To increase effective participation of women in trade, TMEA supported: research, advocacy and dialogue; strengthening of trade associations; and creating platforms that strengthen trade and information access.

Amid COVID-19 pandemic, Women in Trade Programme repurposed its interventions to respond to the emergency needs of women traders whose businesses were severely affected by the restrictions with losses of up to 90 percent. To facilitate economic recovery and build resilience, support focused on formalisation and collective market access as this would reduce the women's vulnerability to external shocks and increase sustainability.



18,000 women cross-border traders benefited from capacity building and advocacy initiatives during the year. The borders covered were LungaLunga, Mutukula, Busia, Isebania/Sirari, Elegu/Nimule, Malaba, Goli/Mahagi, Taveta/Holili, Kaya and Nadapal.

Access to information remains a key constraint to women's participation in trade. During the period, we made 80 percent progress in software development for the regional information platform. The platform will enable at least 20,000 women traders' access market and trade information in a timely manner.

We launched and disseminated the report, **The impact of COVID-19 on Women Cross-Border Traders in Eastern Africa**. The event drew high-level participation from policymakers in Kenya and Uganda who committed to supporting inclusive and gender-responsive strategies based on the report recommendations. Further, the report was presented at the WTO Aid for Trade stock-taking

event in March 2021, and has been a key resource in defining post-COVID-19 recovery strategies.

In a bid to enhance market access for women SMEs across the EAC, a profiling exercise was conducted to document the legal status, turnover, commodities traded, capacity needs and other key data related





to this segment. The profiling was completed for 547 women-owned businesses. Capacity building initiatives to address some of the needs identified will be rolled out in the next financial year.

Eastern African Sub-Regional Support Initiative for the Advancement of Women (EASSI) influenced five policy responses that improved the trading environment for women cross-border traders. These included a 50 percent reduction in COVID-19 screening costs, thus enabling women cross-border traders to re-engage in trade; increased representation in decision-making in seven joint-border commissions; a 80 percent reduction in health inspection fees (from US\$2.5 to US\$0.5) for traders dealing in highly perishable goods like fish; reallocation of 500 displaced women traders at Busia Border, to new trading spaces; and abolishment of an unlawful levy of approximately US\$3 on women cross-border traders at Nyalip Market, Mahagi.

With increased gender-based violence (GBV) and vulnerability of women traders due to loss of household incomes and increased use of informal routes and care burden for women traders, particularly during the COVID-19 pandemic, we rolled out women's rights campaigns and provided mechanisms to address GBV. Additionally, the project enhanced inclusivity by establishing a pilot cluster for 50 women traders with disabilities at the Busia Border to address their unique issues, advocating for their rights, trading collectively and rebuilding their income from trade.

Logistics

Through FEAFFA, The East Africa Customs Freight Forwarding Practicing Certificate (EACFFPC) Course was adopted at the East Africa regional level. Its adoption and uptake will contribute to improving the competencies of customs and freight forwarding agents, thus reducing import and export processing time delays related to human labour, and reducing transaction cost of doing trade.



#SafeTrade
#SafeBorders#SafeTrade

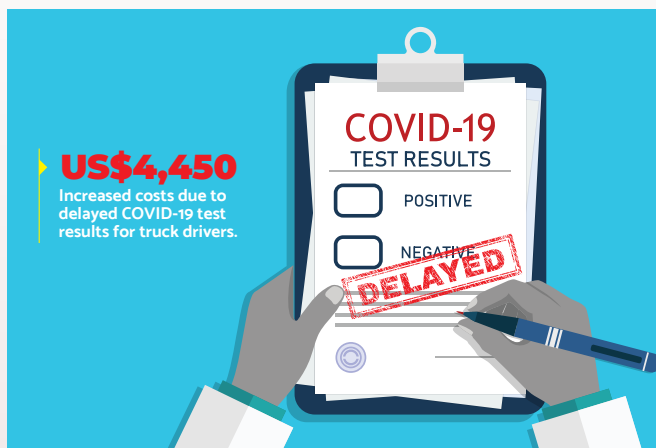


SAFE TRADE EMERGENCY FACILITY

Set up to address disruptions along trade corridors and critical supply chains during the COVID-19 pandemic, interventions under this project helped to maintain low costs and efficient time of doing business.

Some of the challenges that demanded policy advocacy were:

- Delayed COVID-19 test results for truck drivers by up to 48 hours, leading to increased costs by up to US\$4,450 per day.
- Non-implementation of the EAC COVID-19 standard operating procedures for truck drivers.



- Insufficient parking spaces for cargo trucks along the Northern Corridor, raising COVID-19 safety challenges.
- Border staff working for less than 24 hours, thus causing delays.
- Restrictions on movement of people at border posts like Isebania inconvenienced women cross-border traders operating under the Simplified Trade Regime.

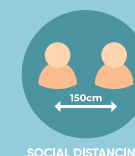
Successes include:

- Advocacy by EABC to reduce a backlog of trucks at key East African Borders of Busia, Malaba, Isebania, Rusumo, and Namanga, and promoting

mutual recognition of COVID-19 health certificates thus eliminating the need for multiple tests across borders, and reducing time and costs of trading across borders.

- Salvaged time and cost due to faster testing and issuance of COVID-19 results.
- Kenya increased safety standards staff at its OSBPs.
- More parking spaces were to be built for cargo trucks near the EAC OSBPs, thus increasing safety of the cargo trucks and in turn reducing insurance premiums for the trucking companies.
- Operationalisation of Ministries of Health and World Health Organisation COVID-19 standard operating procedures, e.g., enabling small-scale cross-border traders, especially women, to continue trading.

COVID-19 STANDARD OPERATING PROCEDURES



KEPSA STARTS E-COMMERCE TRAINING FOR MSMES



PROJECT BUDGET

US\$1.6 M



PERIOD OF IMPLEMENTATION

2020–2021



E-COMMERCE BOOSTER PROGRAMME



DONORS

EU & UKaid



The E-commerce Booster Programme implemented in partnership with the Kenya Private Sector Alliance (KEPSA), is an initiative under TMEA's Safe Trade Programme aimed at facilitating greater market access for Micro, Small and Medium Enterprises (MSMEs). COVID-19 amplified the need for quick adoption of E-commerce which is not only one of the key drivers of growth and innovation in the world today; but whose importance at a time when physical trade was minimised cannot be overstated.

With TMEA's support, KEPSA launched the KEPSA E-commerce Booster Programme to train and support MSMEs develop e-commerce strategies, onboard them to e-commerce platforms and link them to domestic and cross-border e-commerce marketplaces. This will help them increase and diversify revenue streams during

and post-COVID-19 period. The programme targeted 2,000 MSMEs. The following results were achieved:

- 2,545 MSMEs registered for the programme with 1,605 onboarding to various digital platforms.
- 16 Cohorts were trained over 64 sessions covering Introduction to e-commerce, Content creation and management, Digital Marketing, and Aftersales.
- 15 guest sessions were conducted with programme partners: Infosphere Ltd (Cyber Security), Ronalds LLP (Taxation), Ajua (Customer Engagement), Pesapal (E-payments), Adshop (Advertising), Jumia (Online Marketplace), Google through Africa 118 (Google Tools), DHL (Logistics).

Beneficiary Quote

"The KEPSA E-Commerce Booster Programme was central to my taking the leap to position my business online, thus reaching more customers. I applied the tips given at the training to register my company and standardise my products with Kenya Bureau of Standards in readiness to tap into regional markets. I learned to separate business expenditure from household expenditure, and subsequently opened different accounts, one through which clients can directly pay to the business. I opened facebook, twitter and instagram accounts and now venturing to create content for the platforms. I now understand personal branding and marketing. I now understand digital marketing and what I need to do to reach international markets."

Lilian Bitok, the founder of Acacia Woods Honey, Eldoret Town, Kenya.

3,500 SMALL BUSINESSES POSITIONED FOR MORE EXPORT

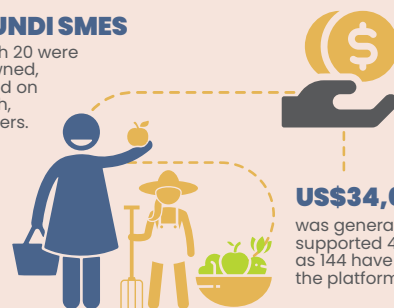
TMEA continues to support Small to Medium Enterprises across the Eastern African region improve their capacity to access export markets. A fruit bowl of interventions ranging from training in business skills, to providing linkages to finance and business to business connections, and provision of e-commerce platforms, has contributed to the success of the programme. It is noteworthy that while the initiative is contributing to building a network of competitive profitable businesses, that also these businesses are increasing their staff count, thus creating employment opportunities.

By August 2021, the interventions realised across EAC Partner States had impacted more than 3,500 SMEs. Regionally, the East Africa Women in Business Platform profiled 547 women-owned businesses to help them access markets across EAC. To complement this, development of an online platform, that will enhance online transactions for East Africa women traders, progressed to 88 percent completion, and is expected to be operational by June 2022.

The Programme provided technical assistance to Burundi Association of Quality Service to develop and implement manuals on the controls and management of sanitary and phytosanitary (SPS)

51 BURUNDI SMES

out of which 20 were women-owned, were trained on plant health, among others.



US\$34,000

was generated from supported 416 farmers, as 144 have so far used the platform to trade.

measures along Burundi's food supply chains. As a result, 51 Burundi SMEs out of which 20 were women-owned, were trained on plant, personnel and animal health; among others.

In Kenya, Partner Africa Consortium identified 36 SMEs with potential to export and onboarded them into the SME export programme where they'll receive technical assistance to export to regional and international markets. Through the project, six companies were linked to new local and export markets; and supported to access financing worth US\$285,000. The KEPSA E-Commerce Booster Programme registered and virtually trained 2,545 SMEs, with 1,605 onboarding various digital platforms.



Rwanda Development Board, jointly with Dalberg, and Karisimbi Business Partners, implemented the Export Development Programme to provide specialised business development services to Rwandan firms; link them to US\$3 million worth of exports, and US\$2 million worth of debt, equity or grant financing, by 2023. 42 firms, 25 percent of them female owned, and 15 percent of which are first time exporters, have joined the programme.

36 SMES

with potential to export onboarded into the SME export programme.



Six companies were linked to new local and export markets; and supported to access financing worth **US\$285,000**

27 assessments were concluded, 3 firms linked to markets worth US\$500,000 in total, and debt and grant financing worth US\$615,000 received.

Tanzania Horticulture Association consistently works to increase firm level horticulture exports by certifying farmers and packhouses. In the 2020/2021 FY, new export routes were established, and 1,200 farmers trained on international market standards to improve compliance. Three of the groups with over 200 members received Global Good Agricultural Practice (GAP) certification. Accordingly, horticultural produce exports increased in 2020, when exports of other non-traditional products dwindled. Meanwhile, the Tanzania Women Chamber of Commerce facilitated training of 1,369 women traders on rules and regulations for trading in the EAC Region, to increase export by women SMEs. As a result, 40 women SMEs from various sectors were awarded and authorised to mentor other SMEs. Also, 400 women were trained on safe food protocol to improve safety in the food value chain.

Beneficiary Profile

Jessica Wudu, 46, is a widowed mother of five, living in Nimule, the border town between North of Uganda and South Sudan, where she operates a small business. She joined a TMEA supported programme managed by AMSCO. After training in business skills, Jessica secured a loan of SSPs300,000 (approx. US\$630) from the SACCO against her savings and expanded her product range to include manufactured goods. She says, “My daily sales have doubled to SSPs14,000 (US\$31.1) and I easily generate monthly sales income of SSPs140,000 – 280,000 (US\$311 – 600) since I work six days a week. The training gave me the courage to expand my business and dare to succeed.”





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