

Small Cross Border Traders Adopt New Business Tactics to Manage Pandemic Restrictions



Bulk banana consignment from Uganda heads to DR Congo at Bunagana border crossing

Since the first case of Covid-19 was reported in the Great Lakes region in mid-March 2020, small scale traders have been unable to cross borders as they have traditionally done either to buy or sell goods.

The regional supply of primary agricultural commodities, most of which are traded under the Simplified Trade Regime (STR), especially food stuffs from surplus to deficit areas has also been disrupted by the long delays at borders as truck drivers wait to be tested for Covid-19 before crossing .

To support cross border trade, which is the lifeline of a huge community in the region, the Great Lakes Trade Facilitation Project (GLTFP) engaged stakeholders to come up with innovative means of trading across the borders of the three countries covered by the project. These innovations are meant to ease the movement of goods and avoid food shortages.

The project region covers eastern DR Congo bordering western Rwanda and Uganda.

Subsequently, a new concept of bulk-buying has been developed whereby goods are procured in large consignments in collaboration with suppliers across the

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borders. This ensures there is no mass movement of traders crossing the borders.

Led by the Cross-Border Traders' Associations (CBTA), this concept has helped traders minimize the risk of Covid-19 spread and allow safe trade. It consists of packaging similar goods from either side

of the borders and moving them across the border using joint means of transport. This limits the movement of people to the strict minimum.

Only the driver conveys the goods accompanied by the group representative, responsible for cash transactions as well distribution of the merchandise among the members.

In the points, small scale cross-border trade is conducted by grouping goods from CBTA's who note down the requirements of their members. This constitutes the consolidated list of orders to be sent to their counterparts on the other side of the border.

Prices are discussed and agreed over the phone. A truck escort is authorized to accompany the vehicle in order to receive payments with mobile money transactions also used. Once the goods arrive, the traders

share them out and proceed with trading at their different points of sale.

For this innovation to succeed, a lot of goodwill and trade policy support is required from the respective governments. Such collaboration is important as Covid-19 pandemic has affected all sectors of the economy, including agricultural value chains in which the small scale cross border traders are affiliated.

The GLTFP is a World Bank Funded Project implemented by COMESA, DR Congo, Rwanda and Uganda, to address the needs of vulnerable groups and improve community resilience, focusing on economic cooperation and regional integration.



A deserted border point between Rwanda and DR Congo

COVID-19: Time to Reboot Intra-COMESA Trade

The International Monetary Fund projects that the global economy will contract by 3% in 2020 much worse than during the global financial crisis and grow by 5.8% in 2021, assuming that the pandemic fades in the second half of 2020 and containment measures are lifted.

Sub Saharan Africa is projected to contract by 1.6% in 2020 and grow by 4.1% in 2021. According to the World Trade Organization (WTO), merchandise trade could fall by 13% and 32% in 2020 depending on the length and severity of the Covid-19 pandemic. In addition, world trade volume (goods and services) are projected to contract by 11% in 2020 and rebound to 8.4% in 2021.

Aside from the economic crisis that Covid-19 has brought forth, it also presents an opportunity for COMESA Member States to consolidate and strengthen regional economic integration towards meeting the aspirations of structural transformation, sustainable and inclusive growth.

According to a report by COMESA Research Experts, Benedict Musengele and Jane Kibiru, trade is emerging as a remedy that could reduce the pandemic's adversity through flow of essential goods like food, medical supplies and other hygiene products.

"The relaxation of the free movement of essential goods in the region will enhance their production and boost intra-COMESA trade during this pandemic period," the report states and cites the implementation

of the Digital Trade Facilitation and other instruments as core in mitigating vulnerability to shocks such as Covid-19 pandemic.

It identifies pharmaceutical products as among the top intra-COMESA traded products, which could immensely grow as the import origin markets namely EU, India, USA, China and UK are among the hard hit by Covid-19. The five contribute 45%, 19% 6% 4% and 3% of the source market for pharmaceutical product to COMESA.

According to an International Trade Centre report (ITC, 2020), some of these countries, UK, US, China and India have imposed export restrictions in some pharmaceutical products, which may affect their importation, yet these are critical in the fight against Covid-19.

COMESA is a net importer of pharmaceutical products with exports amounting US\$ 442.53 million in 2018 and imports worth US\$ 6,451.03 million respectively. The intra-COMESA exports of pharmaceutical products constituted 32 % of the exports.

"This shows that pharmaceuticals are a major intra-COMESA export hence the need to facilitate its cross-border trade during this pandemic period," the COMESA researchers note in the report.

To unblock this potential, a number of measures will need to be put in place by Member States. These include, taking a

regional coordinated approach in mitigating the impact of Covid-19 and allowing free movement of both, essential and non-essential goods within and out of COMESA. The region will also need to enhance production capacity and regional value chains to reduce over-reliance on external trade and vulnerability to global shocks/crisis.

In addition, the region has to diversify markets for COMESA imports and exports to reduce dependency on few countries, identify and provide incentives to manufacturing companies with capacity to produce Covid-19 essential products and facilitate their trade in the region. Other measures that will spur intra-COMESA trade include fast-tracking the creation of an online platform for sharing information on availability of essential products during the pandemic period.

Given the disruption that mitigation measures have had on the regional supply chains, the implementation of the COMESA Digital Free Trade Area, encompassing e-Commerce is no longer an option but imperative for economic recovery and growth. Luckily, the ministers responsible for regional trade in COMESA recently adopted a set of common guidelines on trade facilitation, which are being gazetted and hence binding the countries to implement them. These provide the springboard to not only relaunch intra-COMESA trade but also to build resilience to withstand future shocks on regional economies.



COVID-19 Emergency Kit Sent to Border Personnel and Traders



A consignment of the Personal Protective Equipment being dispatched to the Nakonde border post between Zambia and Tanzania

COVID-19 measures taken by various Member States including testing, quarantines and restrictions of gatherings along border points have made it almost impossible for cross-border transactions to take place normally. Clearance of cargo has also been tremendously slowed down leading to long queues hindering supply of essential pharmaceuticals and food items.

As part of emergency measures to support trade facilitation for small cross border traders during the time of Covid-19, last week, COMESA dispatched consignments of Personal Protective Equipment (PPEs) to eight border points under the COMESA Small-Scale Cross Border Trade Initiative (SSCBTI).

The emergency kit was aimed at helping minimize disruption to the smooth flow of trade and ongoing data collection being conducted at the border posts between Zambia on one hand and Zimbabwe, Malawi, DR Congo and Tanzania on the other. These are Mwami/Mchinji (Zambia and Malawi), Chirundu (Zambia and Zimbabwe), Kasumbalesa (Zambia and D R Congo) and Nakonde/Tunduma (Zambia and Tanzania).

The emergency kit included over 10,000 face masks, gloves and hand sanitizers. The kit will support Trade Information Desk Officers (TIDOs) who help small scale traders with clearance of goods, mediation when disputes arise and adherence to policies such as the

COMESA dispatched consignments of Personal Protective Equipment (PPEs) last week to eight border points in southern Africa under the COMESA Small-Scale

Simplified Trade Regime (STR). Under this regime, small-scale cross-border traders benefit from the removal of customs duty (COMESA Preferential treatment) if their goods are on the agreed Common Lists.

The emergency kit was procured at a cost of \$8,000 and will help the small-scale traders to continue their operations at the same time facilitate trade information officers to do continue capturing gender disaggregated statistical data on small cross border trade. The data will be used to increase evidence-based knowledge and inform better trade policy making processes at national and

regional levels. Fifty three data collectors are currently working at these border posts.

The SSCBTI is funded under the 11th European Union Development (EDF) to address the main challenges at the borders, which limit the growth of small-scale businesses and force people to trade informally. Studies have shown that small scale cross border trade contributes significantly to income generation and job creation for a vast part of COMESA's poor population that would otherwise be excluded from any economic activity. The trade also contributes to regional food security, through facilitating movement of food items from regions of surplus to deficit and remote areas.

According to European Development Fund Manager, at COMESA, Ms Mshuka Kamwela, the SSCBTI project has taken every step to support the key stakeholders in this unprecedented situation and reacting and responding to the realities being seen at the borders right now is one such support.

Taking Stock of the Implementation of Regional Integration Support Mechanism

The Regional Integration Support Mechanism (RISM), which is implemented through the COMESA Adjustment Facility (CAF) is approaching the end of its lifecycle later this year and has begun taking stock of the current and remaining activities.

Last week, countries benefitting from the project participated in a consultative virtual meeting to share experiences of implementing the various national programmes during the Covid-19 pandemic including activities, workplans and time frames.

The meeting also discussed the negative impact and challenges that Covid-19 has had

on implementation of the RISM project. Most activities have had to be put on hold despite the tight timeframe remaining for the completion and eventual closure of the project at both national and regional levels.

The CAF/RISM was operationalized in November 2007 through a Contribution Agreement between COMESA and the European Union. The total designated funding for the programme was €111 million under the 9th and 10th European Development Fund (EDF).

Over the years, it has been instrumental in supporting Member States in pursuit of the COMESA regional integration process. It has provided frameworks for supporting the implementation and mainstreaming of regional programmes at the national level. This is by building national capacities, establishing key structures and systems for the domestication and implementation of regional programmes, and creating sustainable momentum for integration in both the public and private sectors.

Over the years, RISM has channeled financial resources to 16 eligible COMESA Member States and systematically tracked their utilization. These are: Burundi, Comoros, the Democratic Republic of Congo (DRC), Djibouti, Eswatini, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Uganda, Zambia and Zimbabwe.

Speaking when he opened the meeting, Assistant Secretary General in charge of Programmes Dr Kipyego Cheluget commended the Member States for their commitment and the European Union for its financial support amounting to over Euros 90 million.

"We commend the European Union for taking a chance and believing in our political commitment," Dr Cheluget said. "The programme has helped improve regional integration and economic activity through institutional capacity building and support on productive capacities to the region's growing private sector."

Energy Project Steering Team Meets to Track Progress

COMESA region currently has the lowest electricity generation with approximately 630 million people living without reliable access to electricity and 790 million people forced to rely on solid biomass to cook their food and heat their homes.

Studies show that about 1.3 billion people worldwide still lack access to modern energy. However, the situation is worse in the developing economies, where more than 70% of their people lack access to modern energy and 89% or more still rely on traditional biomass as the primary source of energy. Sub-Saharan Africa's energy systems face an enormous challenge.

Significant improvements have in recent year been made in the generation capacity with the coming on stream of major power generation projects in many countries of Eastern Africa-Southern Africa-Indian Ocean region. These have been supported by various programmes such as the Project on Enhancement of a Sustainable Energy Market in Eastern Africa-Southern Africa-Indian Ocean Region (ESREM), funded by the European Union with seven million euros.



File: Wind turbines in Kenya

The ESREM project is tailored to address energy challenges in the Eastern Africa-Southern Africa-Indian Ocean region, through the support from the European Union. The overall objective of the programme is to enhance a sustainable regional energy market in the Eastern Africa-Southern Africa-Indian Ocean region, which is conducive to investment and promoting sustainable development.

Last week, the ESREM Technical Steering Committee (PTSC) conducted its fifth meeting virtually to review the progress of its implementation of work programme.

Speaking at the meeting Assistant Secretary

General in Charge of Programmes, Dr Kipyego Cheluget said, trade in energy was just as critical and beneficial as trade in goods and other services.

"Energy trade allows all nations to benefit from their comparative and competitive advantages and from the advantages of the economies of scale and scope," he said. "The promotion of regional infrastructure projects such as energy is therefore critical and should be opened for the private sector investment and ownership."

A representative of the European Union Mr Adam Grodzicki said a critical assessment relating to the current situation of the Covid-19 needs to be done to determine its impact on the energy sector and how it has affected Trade and Services in the region.

He indicated that the EU is launching the mid-term evaluation of the project with COMESA to see how improvements can be made to the implementation of the project amid the Covid-19 Pandemic as this shall create a solid foundation for enhancing energy markets in the region.



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