

## COMESA conducts study on formalizing the informal economy in the region



Small Scale traders at Kasumbalesa border between Zambia/DRC

COMESA has conducted a study, which reviewed Member States policies related to the formalisation of the informal economy, focusing on informal trade. It focused on the drivers of informality, the impacts of informality on the economy, including on government revenue and on productivity. It also identified the policies that Member States have instituted to address informality.

The study is part of the implementation of the Small-Scale Cross Border Trade Initiative (SSCBTI) funded under the 11th European Development Fund (11th EDF). This project is intended to increase formal small-scale cross-border trade flows in the COMESA/tripartite region, leading to higher revenue collection for governments at the borders as well as increased security and higher incomes for small-scale cross-border traders.

The study report was presented to Member States for validation in a virtual meeting on 7 October 2021. It was attended by senior government representatives from the ministries responsible for trade, finance, gender, small and medium enterprises as well as immigration, customs and other relevant border level representatives from the countries covered by the SSCBT project: D R Congo, Ethiopia, Kenya, Malawi, Zambia, and Zimbabwe.

According to the study conducted by a consultant, Dr Evarist Mugisa, all the seven Member States, including Tanzania, have a sizeable informal economy, serving as a source of livelihoods. However, the size of the informal economy was not clear due to the lack of reliable data. Estimates suggest it exceeds the official economic activity.

"An important component of the informal economies of these countries is Informal Cross-Border Trade (ICBT), which involves small scale traders who carry goods across borders evading all regulatory requirements," Dr Mugisa observed. "The immediate impact of this is that governments do not receive the tax revenues on these transactions. ICBT also distorts the trade policy in these countries."

The proliferation of informality in these countries is driven by a wide range of factors, including poverty, a restrictive business environment, the failure of government policies to translate into development and create decent employment opportunities in the formal sector, and the poor performance of the economies, among others.

The study also found that challenges faced by ICB traders vary, but they include burdensome customs and border procedures, poor or lack of border infrastructure (storage facilities or accommodation, poor transport infrastructure,

etc), lack of understanding of the trade formalities and procedures due to illiteracy and lack of information.

In all the countries targeted, the study found that trade policies are silent about ICBT and therefore not mainstreamed in national policies, plans and strategies.

Among the key recommendations in the study were: to offer technical assistance and quality support services to informal traders and build greater trust between the private sector and border agencies; promote broad regulatory and administrative reforms; simplify official administration for businesses and tax administration and rationalization of business registration and licensing regimes.

The study also recommended that governments consider reducing the cost of trading formally and enhance the efficiency of border controls to improve compliance with existing trade-related regulations and addressing the implementation challenges of the COMESA Simplified Trade Regime (STR).

Following the study, COMESA Secretariat will engage the targeted Member States individually and collectively to identify activities for implementation.

# Intra-COMESA export trade **drops** by 11%



The value of intra-COMESA total exports declined by 11% from US\$ 10.9 billion in 2019 to US\$ 9.7 billion in 2020. The low performance was attributed to the impacts of COVID-19 pandemic and pre-existing factors such as supply-side challenges and prevalence of Non-Tariff Barriers (NTBs).

According to an update presented at the 37th Meeting of the COMESA Trade and Customs Committee, 13 – 15 October 2021, the low intra-regional trade resulted from existing gaps in information availability on trading opportunities, regulatory requirements in markets and factors that inform business decisions on production of goods and trade.

The meeting brought together trade and customs experts representing governments from the 21 Member States and deliberated on issues that affect regional trade and integration. Key among them was how to get all Member States to participate in the COMESA Free Trade Area (FTA). Besides, they discussed the identification

and elimination of NTBs, implementation of trade facilitation measures including the COMESA digital FTA, how to advance services liberalization and build effective platforms for trade promotion and e-commerce.

Speaking at the opening of the meeting, assistant secretary general in charge of programmes, Dr Kipyego Cheluget observed that regional trade could flourish if Member States embraced the COMESA trade and customs facilitation instruments and policies.

“If well implemented these could significantly increase intra-COMESA trade, reduce time and cost, increase regional competitiveness, create jobs and positively impact on living standards of our people,” he said.

However, he noted that the implementation of regional commitments and full participation of all Member States in COMESA FTA required greater efforts and improvement.

Last year, COMESA developed COVID-19 guidelines and an online platform for exchange of information on movement of essential goods and services. The aim was to ensure safe trade continued across the region.

The utilization of the platform is however still low; hence Dr Cheluget appealed to member States to mobilize national business bodies to ensure its full utilization not only to address information gaps, but also to create market linkages and business opportunities.

During the meeting, COMESA Business Council presented a concept for hosting biennial COMESA Trade Fair to promote investments in regional value chains and leverage greater participation of the private sector in the integration process.

A technical study on export potential for intra-COMESA trade was also presented at the meeting.

The outputs of the meeting would be presented to the Intergovernmental Committee and later to the Council of Minister scheduled to meet next month ahead of the 21st COMESA Summit in November 2021.

.....

**“If well implemented these could significantly increase intra-COMESA trade, reduce time and cost, increase regional competitiveness, create jobs and positively impact on living standards of our people,”** Dr Kipyego Cheluget





# €100,000 worth of equipment to facilitate border trade fish trade commissioned in Zambia



Officials from COMESA, government of Zambia and cross border fish traders at the commissioning of equipment at Luangwa

COMESA has commissioned EUR 100,000 worth of equipment under its Green Pass (GP) Certification Scheme in Luangwa District of Zambia, to facilitate small-scale cross border trade in fish.

The procurement of the equipment was funded under the 11 European Development Fund (EDF) Small Scale Cross Border Trade Initiative (SSCBTI) Programme. The equipment was commissioned on Thursday, 7 October 2021 and will support fish trade at Luangwa, bordering Mozambique and Zimbabwe at the confluence of the Zambezi and Luangwa rivers.

The equipment included Pesticide Residue Rapid Test Kits and reagents (organophosphates; organochlorides; heavy Metals), industrial electronic/platform scales: (250kg capacity) and digital electronic balance [0,01kg – 6kg]. Others were office equipment (laptops, printer and router) for online dissemination of certificates of analysis. These have been installed in a standard 40ft metal container as office space and storage of the equipment.

The objective of the GP is to reduce overall trading costs for small scale traders, through

simplifying and consolidation of sanitary measures and border verification procedures. It is anchored within the framework of the COMESA Simplified Trade Regime (STR) and includes interventions such as governance structure (small border committees comprising key stakeholders under the joint border management committee) and provision of basic verification and testing equipment for the regulators.

Risk profiling of the traded commodities such as dried smoked and salted fish entering Zambia destined to other neighbouring countries such as DR Congo and Angola is also included in the framework.

Speaking at the site, Zambia's Permanent Secretary in the Ministry of Livestock and Fisheries, Dr Benson Mwenya emphasized the importance of ensuring that the equipment was put to the intended use and is well maintained.

"For the first time, we will now be able to measure accurately the quantity of fish coming into the harbour and being shipped across to various destinations in the region," he said.

He noted that unpredictable sanitary and phytosanitary (SPS) inspections and verification checks contributed to high trading costs, forcing small scale traders into informal routes.

Luangwa was selected as the pilot project for its thriving trade in fish across multiple borders and strategic location at the intersection of three countries: Zambia, Mozambique and Zimbabwe.

The project's framework was informed by studies carried out by COMESA, which showed that intra-regional and informal fish trade is a well-organized entrepreneurial activity. If well structured, it has the potential to contribute to regional economic development and enhance the livelihoods of the populace.

Assistant Secretary General in charge of programmes, Dr Kipyego Cheluget led the COMESA team at the event. Others were the Director of Agriculture and Industry, COMESA, Ms Providence Mavubi and the Director for Health Promotion, Environment and Social Determinants at the Ministry of Health, Zambia, Dr Abel Kabolo.

# Call to restart the regional customs programme



File/ Past meeting of customs officials meeting

There is fresh attempt to revitalize the COMESA Customs Union agenda, which will result in the full realization of the Common Market. The COMESA economic integration timetable envisaged the attainment of the Customs Union by 2004, but this has since faced headwinds stalling the programme.

As a result, COMESA Secretariat has called for interventions to address the implementation of the regional Customs Union agenda by including it in the Customs and Trade and Facilitation Work Programme for 2021-2023. Addressing the 7th Meeting of the Heads of Customs Sub-Committee on 6 October 2021, Assistant Secretary General of COMESA in charge of programmes, Dr Kipyego Cheluget said the attainment of this milestone has faced considerable challenges even though Member States and the Secretariat have worked hard to address the emerging challenges.

"Between 2012 and 2017 concerted efforts were made to get this process back on track," he said. "National consultations were facilitated, and technical studies were undertaken and at the end of it all, we set ourselves certain actions that seem to have fallen through the cracks as there has been limited activity on Customs Union related issues after 2017."

The following have been identified as the main areas that needs attention: harmonization of

industrial rebates and exemptions, alignment of national laws to Customs Management Regulations (CMR), alignment of national tariffs to COMESA Common Tariff Nomenclature (CTN) and Common External tariff (CET).

"We can still address the outstanding issues and you have an opportunity to revisit these issues when you consider the Customs and Trade and Facilitation Work Programme for 2021-2023," he urged the heads of Customs administration.

Through financial support from the European Union under the EDF 11 Trade Facilitation Programme, COMESA has been supporting interventions specifically aimed at building the capacity of Customs Administrations.

The other key item on the agenda was the implementation of measures under the World Trade Organization (WTO) Trade Facilitation Agreement. The agreement is being implemented since February 2017 with most COMESA/WTO Member States having notified their needs in technical assistance and capacity building under the Special & Differentiated provisions of the Agreement to the WTO Secretariat.

Emerging reports, however, show that this support is not readily available, and Member States are now requesting COMESA to act collectively to address implementation

challenges as decided by Council in 2015. "If the COMESA region fully implements the WTO measures as expected, the trading environment of the region will be enhanced and will lead to increased intra-regional trade," Dr Cheluget stated.

He urged Customs Administrations to facilitate cross-border trade flows in an efficient manner that reduces NTB's and creates a trading environment where products from the COMESA region remain competitive and can be traded locally, regionally and globally.

The meeting, which was virtual, also discussed the following reports: The inaugural meeting on Customs Capacity Building, validations workshops on cross border management guidelines and Authorized Economic Operators (AEO) Standard Operating Procedures Manual; an update on the implementation of the 2018-2020 Customs and Trade Facilitation Work Programme and proposals for the Work Plan for 2021-2023. The

An update was provided from UNCTAD, on the implementation of delegated activities under the 11th European Development Fund - Trade Facilitation Programme on the Customs Automation Regional Support Centre and Regional Trade Information Portal.





# COMESA, UN-Women mark International Rural Women's Day



Rural farmer in Ezulwini in Eswatini

COMESA and the UN Women East and Southern Africa Regional Office (UN Women ESARO) organized a two-day webinar to mark the International Rural Women's Day, that falls on 12 October.

The event was aimed at utilizing the Day's celebrations to disseminate the findings of two studies that were conducted by UN-Women, during the period 2019 – 2021, with focus on women and youth smallholder farmers. The studies focused on Ethiopia, Burundi, Malawi, Zambia, Zimbabwe, and Uganda.

The studies were: "The Broken Promise: Analysis of the Benefits Derived by Women from the 10% Agriculture Budget in Selected Countries in East and Southern Africa", and "Opportunities for Youth in Rural Business and Entrepreneurship in Agriculture".

The first report would be discussed on 12th October and the second on 14th October 2021. These studies will support the development of

recommendations to engage with policymakers in their quest to ensure that gender equality and women's empowerment through agriculture is achieved.

The webinar was also aimed at leveraging on ways to operationalize the findings and recommendations of the studies by exploring partnerships with interested stakeholders in further advancing work on women's economic empowerment. It is expected to inspire discussion among relevant stakeholders on agricultural investments for women and youth to advance women and youths economic empowerment.

Participants also discussed selected good practices from country climate smart agriculture programmes. Participants at the meeting included representatives from member States, cooperating partners, regional organizations, UN Agencies, civil society organizations, and others.

Dr Kipyego Cheluget, Assistant Secretary General of COMESA, addressed the opening session and encouraged Member States to enhance public investment in agriculture by allocating at least 10% of the total public expenditure. This is expected to grow agriculture value addition by at least 6% annually.

He called on all actors in public, private, civil society organizations and development partners to identify concrete actions to support securing rural women's rights and empowerment and to facilitate building of partnerships.

"Legal, policy and strategic frameworks on agriculture must recognize rural women as agriculture producers, entrepreneurs, and managers of natural resources, and address their specific needs, concerns, and interests such as access to agricultural technologies, labour-saving agricultural equipment, and modern means of communication," he stated.

Agriculture is the mainstay of most regional economies with the regional bloc supporting its member states to develop and implement their National Agriculture and Food Security Investment Plans for improved food and nutrition security and livelihoods.

.....  
**"Legal, policy and strategic frameworks on agriculture must recognize rural women as agriculture producers, entrepreneurs, and managers of natural resources, and address their specific needs, concerns, and interests such as access to agricultural technologies, labour-saving agricultural equipment, and modern means of communication,"**Dr Kipyego Cheluget



## COMESA at the Dubai Expo

Secretary General Chileshe Kapwepwe was one of the speakers at the Global Business Forum – Africa. Along with the Group Managing Director and Chief Executive of the Trade and Development Bank, Mr Admassu Tadesse, the two were among three discussants on the subject: Transformation Through Trade which is anchored on three pillars: RESET – RESTORE – RENEW.

The Forum is part of the activities at the ongoing Expo 2020 Dubai.

Their topic focused on the RESET pillar which explores policy and regulatory reforms and assess the economic implications of the COVID-19 pandemic for the region. It further explored how the continent's countries can work together to deliver on the promise of the AfCFTA and enable sustainable growth.

Madam Kapwepwe told the audience that the

role of digital technologies in mitigating the effects of the pandemic had proved critical by providing alternative methods of doing business in an unprecedented environment.

She cited the COMESA Digital Free Trade Area as one of the initiatives that aims at transforming the business processes that impede the attainment of the desired levels of efficiency and reducing the cost of doing business.

"This is a system, together with the regional guidelines on trade during the COVID 19 which will contribute in coping with challenges caused by the pandemic," she said.

Among the lessons learned, during the pandemic, she noted, was the importance of accelerating innovation capabilities that allow embracing new technologies which remain the only way to improve efficiency and cutting costs of doing business.



COMESA SECRETARIAT  
COMESA Center  
Ben Bella Road  
P.O. Box 30051



+260 211 229 725



[www.comesa.int](http://www.comesa.int)



[info@comesa.int](mailto:info@comesa.int)



[facebook.com/COMESA/](https://facebook.com/COMESA/)



[@twitter.com/comesa\\_lusaka](https://twitter.com/comesa_lusaka)