IMPROVING BUSINESS COMPETITIVENESS IS CENTRAL TO CREATING JOBS

SHIELDING EAST AFRICA FROM COVID-19 ECONOMIC LOSSES

FEATURED PROJECT

JOINT EAC TOURISM INTERVENTIONS UPLIFT SECTOR

DONORS

• NETHERLANDS
• GLOBAL AFFAIRS CANADA
• USAID
TradeMark East Africa’s (TMEA) Business Competitiveness Programme refined its approach and entrenched a multi-pronged initiative to support Eastern Africa improve its competitiveness across critical sectors, promote investment and create jobs. Findings from an Africa Development Bank (AfDB) report indicate a correlation between slow progress in raising competitiveness and productivity and Africa’s ability to offer better employment opportunities. Mainstreaming advocacy in TMEA’s projects has fostered deeper collaboration and helped reduce overall programme risks. Our private sector partners continued to proactively influence policy and support business continuity, and this was even more visible during the COVID-19 crisis. The partners were quick to respond to emerging challenges both at a regional and national level, providing practical proposals to the public sector and ensuring trade continuity. “Considering the correlation between a country’s competitiveness and its ability to foster economic growth, it is critical to support private sector capacity to proactively influence policy and enhance sector productivity.” Waturi Matu, Senior Director, Business Competitiveness.

**PUBLIC-PRIVATE SECTOR DIALOGUE (PPD) PROGRAMME**

This initiative focused on goods, mirroring and enhancing TMEA’s work in transport and logistics, trade facilitation, customs and taxes, standards, NTBs and export capability with the aim of creating an enabling environment. PPD was flexible to incorporate emerging issues, such as the COVID-19 crisis and quickly reoriented responses to support governments and private sector to keep trade going. The programme is funded by the Dutch Government.

**EXPORT CAPABILITY PROGRAMME**

The US$ 11 million programme will contribute to increasing exports in targeted sub-sectors including: transport and logistics, horticulture, tourism, and e-commerce ecosystems. The programme is funded through support from the Dutch Government and the United States Agency for International Development (USAID).
Feedback from six stakeholder fora across EAC indicates the need to harmonise and implement a regional e-commerce policy, tighten legislation and regulation at national and regional levels, execute online marketplaces/business models, formulate, enact and enforce online security laws and enhance payment systems, internet connectivity and logistics.

Tourism in East Africa employs over 3 million people, translating to 7.1% of total direct and indirect jobs. The industry faced a 92% decline in bookings in the first half of the year due to the COVID-19 crisis and related trade disruptions. TMEA’s grant of US$300,000 to East Africa Tourism Platform (EATP) is timely as it will support the industry’s recovery efforts. EATP has developed guidelines and an EAC tourism recovery plan that focuses on increasing intra-regional tourism. Other areas of support include harmonising entry requirements and standard operating procedures for the sector.

**WOMEN AND TRADE**

To support the social and economic empowerment of women traders and women-owned enterprises, TMEA through funding from Global Affairs Canada and the Dutch Government, continues to build the capacity of women to address trade barriers and advocate for an enabling environment for women in trade.

The programme supported Eastern African Sub-Regional Support Initiative for the Advancement of Women (EASSI); **to expand reach to an additional 50,000 women cross border traders at twenty borders.** A key outcome of the partnership has been the setting up of resource centres at the borders where women can access support and trade-related information. The centres were useful during the COVID-19 crisis as they facilitated consolidation and transport facilitation for women traders to support business continuity.

To foster gender equality through digital transformation, our partner the East Africa Women in Business Platform (EAWiBP) trained 130 women business owners on the policy, regulatory and operational aspects of digital trade. This included training on curation of sound e-commerce strategies to promote products and services online in partnership with Facebook. The project has laid a foundation to engrain ICT for Trade and market information platform for women traders in Eastern Africa.
MITIGATING EAST AFRICA’S COVID-19 ECONOMIC LOSSES

While the COVID-19 crisis slowed down regular programming in the second half of the financial year, the Business Competitiveness Unit, in collaboration with partners, was quick to respond to the emerging challenges. Our Public-Private Dialogue programme reoriented to focus on transport and logistics disruptions under the Safe Trade Emergency Facility. Through our partners, TMEA engaged the Office of Chairperson of the EAC Heads of State Summit, EAC, Trade, Transport and Health ministries to urgently resolve trade disruptions and facilitate sub-sector dialogue on recovery.

Consequently, the region has shown resilience and is expected to recover faster against projected growth, according to the United Nations Economic Commission for Africa (UNECA).

Some of the achievements from these interventions are detailed in the next page.
MITIGATING EAST AFRICA’S COVID-19 ECONOMIC LOSSES: NOTABLE ACHIEVEMENTS

EABC’s position paper and lobbying on facilitating air cargo operations during COVID-19 crisis led to increased air cargo capacity in partnership with Kenya, Rwanda, and Tanzania Horticultural Associations. Without these efforts, exporters would not have been able to meet demand in target markets as partner states partially liberalised airspace.

East Africa Business Council (EABC) brokered several bilateral meetings between Heads of States of EAC Partner States to facilitate the free movement flow of goods along transport corridors during the COVID-19 crisis. These meetings led to improved truck turnaround times, harmonised working hours for border agencies and clearing agents, and an increase in the number of immigration and public health officials to border points. Further, the lifting of curfews restrictions at One-Stop Border Posts (OSBPs) facilitated 24hr operations enhancing the movement of goods.

The Tanzania Horticultural Association (TAHA) partnered with Ethiopian Airlines to increase export to the Arabian, European and American markets and increased weekly frequencies in March 2020. This was made possible through an on-going TMEA – TAHA project that aims to establish a logistics hub in Songwe International Airport, and improve the country’s airfreight and sea-freight systems.

“We created a revolving credit line for air freighters to sustain cargo capacity in the region. We have adopted a “fill the shelves” strategy as response to the skyrocketing food prices and increasing demand for food globally hence we worked to boost production across the horticulture sector.”

Jacqueline Mkindi, CEO, TAHA

Before the first COVID-19 case was reported in Kenya, TMEA supported the Kenya Private Sector Alliance (KEPSA), to establish a COVID-19 action platform. The platform lobbied for an enabling environment to ensure business continuity and steered the local production of personal protective equipment (PPE). The Kenyan Government also adopted KEPSA recommendations to establish a stimulus package including tax relief for low-income earners, reduction of value-added tax (VAT) from 16% to 14%, and corporate and turnover tax from 30% to 25% and 3% to 1%, respectively.
With restrictions in movement of goods causing severe delays at entry points across the region, the logistics sector was devastated. As truck drivers were initially considered COVID-19 vectors, Federation of East Africa Freight Forwarders Association (FEAFFA) through support from TMEA and funding from USAID and European Union (EU) developed Standard Operating Procedures (SOPs) and launched an awareness campaign to safeguard the sector. The efforts built public sector confidence in the industry and reduced the associated public stigma.

EASSI and EAWIB facilitated consolidation, transport facilitation and adoption of e-commerce for women in trade to support business continuity. Our partners lobbied for the resolution of COVID-19 related trading barriers and amplified issues facing women traders, such as gender-based violence.

BENEFICIARY QUOTE
“The impact of public-private dialogue is not always visible, but in these difficult times we are proud of the results of our structured dialogue to mitigate against the negative impact of COVID-19 crisis on trade and investment.”
Carole Karuga,
CEO, KEPSA.
East Africa is a multifaceted travel destination with a wide variety of rural and urban adventures. Whilst safaris remain its main attraction, East Africa also offers world-class mountain trekking, cultural heritage, a vibrant nightlife, and ocean beaches, among others. The East African tourism sector contributes an average of 8.8% to the regional GDP, 18.8% to export earnings, and 7.8% to employment, making it a strong driver of economic growth and development.

East African Governments and the private sector recognise that targeted interventions such as coordinated public-private sector partnerships and multi-stakeholder collaboration can boost the sector's potential. The East African Community (EAC) Vision 2050 framework identifies tourism as a solution to unemployment, particularly for youth and women, and emphasises joint interventions that have the potential to improve the sector.

In response to this, TMEA is supporting the East Africa Tourism Platform (EATP), a body that converges the region’s tourism private sector players for them to strengthen linkages that boost tourism.

TMEA’s support will:
1. Build EATP’s institutional capacity to enhance public-private dialogue within the tourism sector
2. Increase stakeholders advocacy capacity on relevant regional policies
3. Create regional and international business linkages
4. Strengthen market linkages to boost tourism revenue; and
5. Increase regional and continental market engagement.

In strategy 1, TMEA supported EATP to conduct joint tourism marketing, business to business networking, and to promote EAC as a single tourism destination under the tagline “Borderless Borders”. Phase 2 of the project, launched in June 2020, provides stronger regional stakeholder collaborations aimed at consolidating gains already made, increasing tourism revenue and supporting post COVID-19 tourism recovery in the region.
Before the establishment of EATP, EAC Member States independently marketed and dealt with issues affecting the tourism sector. Today the region’s private sector speaks with one voice, this has been evident in how well the sector has come together to curb the impact of COVID-19. Recovery of the sector will heavily rely on strong partnerships and collaboration between tourism service providers across the region,”

Yves Ngenzi,
Technical Advisor, EATP.

TARGETED RESULTS

1. A 5% increase in revenue from targeted firms as a result of established market linkages.

2. An EAC tourism marketing plan developed, resulting in generation of five multi-destination packages, four regional B2B events, and country by country advocacy reports.

3. 250 firms across EAC trained to boost awareness and capacity of tourism stakeholders.