

BIZNET WEEKLY

Fortnightly Newsletter of the COMESA Business Council

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Who we Are!!

CBC is the recognized Business Member Organization, established as a private sector institution of COMESA. We represent the interests of businesses sectors at a regional level. The services provided go beyond advocacy, to actively promote business participation in regional integration, investment and global trade. This is done by facilitating the growth of strong business synergies, the development of business opportunities, business alliances, legislative and strategic advocacy. We provide custom tailored services that are driven by both industry and enterprise interests.

CBC BACKS DIGITAL FINANCIAL INCLUSION FOR SMALL BUSINESSES



As the private sector struggles to adjust business models to the growing challenges presented by Covid-19, it has become clear that digital transformation is integral to the survival of industries. Affordable digital transactions are needed more than ever and there is a need to harmonize facilitative policies in all COMESA Member States. CBC has been implementing the Digital Financial Inclusion Program to support the design, development and deployment of an integrated digital financial services infrastructure that is low-cost, interoperable and fraud resistant, that serves MSMEs, particularly women and youth, at the bottom of the financial pyramid. The program's pilot countries are Egypt, Ethiopia, Kenya, Malawi, Mauritius, Rwanda, Tanzania, Uganda, and Zambia.

It is against this background that the COMESA Business Council (CBC) in partnership with Eastern and Southern Africa Trade and Development Bank (TDB) hosted a Public Private Dialogue, themed, "Towards the COMESA Digital Integrated Common Payment Policy for Micro Small and Medium sized Enterprises (MSMEs)" on the 20th of January, in Kigali, Rwanda. The one-day meeting validated a draft digital Common Payment Policy for Micro, Small and Medium-sized Enterprises (MSMEs).

The meeting validated eight policy areas that are recommended for regional harmonization within the model policy, "The Single Retail Payments Policy for Micro Small and Medium Enterprises". The meeting was graced by Rwanda's Permanent Secretary in the Ministry of trade and industry Mr. Michel Sebera. Who cited that "Cross-border payments have long served as the engine enabling cross-border trade and investment and have been instrumental in the emergence of today's global economy. Small-value one-click payments, or platforms bring solutions for SMEs participation in international and regional value chains."

Recommendations Towards a Digital Common Payment Policy for Micro, Small and Medium-sized Enterprises in COMESA

The High - Level Public-Private Dialogue concluded with some key recommendations that will inform the finalization of the model policy. Among them was accelerating implementation of national digital financial inclusion policy within COMESA Member States and developing technical capacity development programs to enable SMEs access cross border digital financial solutions and e-commerce platforms in the region. "Every country in COMESA has some level of digitization that supports some basic form of digital payments. In cases where traders or merchants show resistance to virtual payments, lack of digitization is therefore not always the cause. There are various cultural nuances with respect to ways of doing business, that come into play; cultivating consumer trust is key," said Mr. George Odhiambo, Managing Director of KCB Bank Rwanda Plc, and member of the CBC Digital Financial Inclusion Advisory Committee.

The meeting agreed on the need to enhance awareness and sensitization programs for capacity development of Micro Small and Medium Enterprises to address customer relationships and trust. Stakeholders in the meeting, noted the need for stronger collaboration between financial and ICT regulators and industry players within the said sectors. The meeting also further agreed that the cost of transactions for money transfer should be as low as possible, to strengthen incentives towards digital payments use by MSMEs. The recommendations specifically considered cross-border harmonization of the said eight policy areas that will ensure affordable, transparent, real-time and secure digital cross-border payments for MSMEs and effectively increase intra-COMESA trade.

The meeting appreciated and recommended strengthening partnerships between banks and non-banks (mobile network operators), as well as tackling consumer risks and security issues. The latter is particularly important as MSMEs may be weary of new technologies, from ATMs to mobile phones. The meeting recommended that the policy would inform the formation of a digital inclusive instant payment scheme for MSMEs, that will deliver maximum benefit, including compliance with international standards and best practices, while at the same time providing a platform for 80% of the MSMEs in the region to grow their value, productive capacity and scale up to formalized markets at a national and regional level.

Read More on: <https://www.theeastafrican.co.ke/tea/sponsored/comesa-business-council-digital-financial-inclusion-3278706>

PICTURE HIGHLIGHTS OF THE PUBLIC - PRIVATE DIALOGUE



LIGHTING AFRICA TRADE TORCH FOR OPERATIONALIZATION OF AfCFTA



The COMESA Business Council is among the stakeholders that are championing the AfCFTA and we recently participated in the Torch Lighting Ceremony to launch the CFTA Business Council that was held on the 20th January 2021 in Cairo. CBC was represented by its Board Chair Mr. Marday Venkatasamy and other members of the Board. In his address Mr. Venkatasamy highlighted that CBC has realized the limited role of the private sector in regional integration initiatives and efforts is one of the factors that have contributed to the weak trade performance of the continent.

Most African Governments are currently taking the lead by engaging in discussions and negotiations, signing trade agreements and undertaking policy reforms but the private sector remains a rather passive actor in intra-regional trade discussions. While directly faced with the constraints regarding regional trade, the private sector is not systematically informed of reforms aimed at enhancing the African business environment. Still, it is the private sector that is at the core of taking advantage of the opportunities created by those reforms to genuinely boost regional trade.

He attributed that the private sector is a major engine for sustainable economic growth and development, job creation and poverty alleviation in Africa and across the world. In Africa, the private sector accounts for 80 percent of the total production, two thirds of investment, and three quarters of credit, and employs 90 percent of the working age population. In addition, 90 percent of the firms within the African private sector are small and medium enterprises (SMEs). These businesses' participation in cross-border trade is very limited due to tariffs, non-tariff barriers which include complex customs and trade procedures, lack of access to finance, high transportation costs and lack of access to information, among others. For the above challenges to be addressed, there is need for a strong dialogue and collaboration between the Public and private sector.

He noted that the private sector is a key stakeholder and beneficiary of the AfCFTA. The business communities are the actual traders and investors; responsible for moving goods and services across border. However, for them to fully benefit there are some adaptations which they must do, which include;

- Investing in Value Addition – in sectors like agriculture, minerals (to avoid exports of raw products)
- Establishing Value Chains using Innovation and technology - To produce and export high-quality products which will be competitive in the global market. In the modern commercial world, it is only innovative and competitive businesses which will succeed in the marketplace.
- Finding the best source of raw materials – manufacturers should work on sourcing raw materials from competitive markets preferably regional markets. Due to COVID-19, movement of goods and services have been significantly affected which calls for businesses to find alternative source markets.

Addressing the above elements can only be through collaboration, dialogue, engagement and partnership amongst ourselves, firstly as private sector then as private and public sector that we can meaningfully improve our competitiveness as business, as countries and as a region - to improve the intra-Africa trade which is currently lower than 20% of Africa total trade. In closing he reaffirmed CBC's support to the African Business Council and success of the AfCFTA.



COVID-19 WORSENS TURBULENCE FACING EAST AFRICA'S AIRLINES



It is back to the drawing board for airlines in East Africa as a resurgence of Covid-19 further disrupts global travel amid the need to save jobs while turning cash positive. Executives at Kenya Airways, RwandAir and Uganda Airlines all concede to a challenging business environment that has seen a rise in costs, cutbacks in capacity and a revision of business projections to adjust to the new market realities. In its first briefing for the year on January 12, the International Air Transport Association (IATA) said that while the transition from cash-burn to cash-generation was in sight, the next six months would be difficult for airlines.

“While we still see airlines turning cash positive within the year, the near-term picture is bleak. Instead of a boost from the year-end holiday period, we got even more restrictions. Governments tightened borders in a knee-jerk response to a virus mutation. Canada, UK, Germany, Japan and others added testing to their Covid-19 measures without removing quarantine requirements. In other words, they have chosen policy measures that will shut down travel,” said IATA chief executive Alexandre de Juniac.

While castigating governments for a fixation with achieving a zero-covid world, he warned that a failure to manage a balanced approach to the risks of Covid-19 would see the travel and tourism economy continue to suffer and incur job losses. IATA added that while business confidence had recovered in major Western markets, the challenges for air travel are visible in sub-par airline share prices. According to the Reuters Global Airline share prices index, airline share prices are still trending negative 25 percent below their value during the same period in January 2020.

While cargo has been a lifeline for many, IATA reports that African airlines saw demand shrink by 1.7 percent year-on-year in November, reversing three months of positive year-on-year growth. The drop was primarily driven by soft performance on the Asia-Africa route, which was down 4.5 percent year-on-year.

Read more on: <https://www.theeastafrican.co.ke/tea/business/covid-19-worsens-turbulence-facing-east-africa-s-airlines-3268062>

CIPLA SHARE PRICE RISES ON \$12M DEBT SALE TALKS

Cipla



Ugandan pharmaceutical firm Cipla Quality Chemicals shares have gone up 17.8 percent, to an average of Ush112 (0.030) per unit in the first three weeks of January, from Ush95 (\$0.025) in July-August 2020. Investment advisors attribute the rise of the share price to the drug maker's remodelling of its business and planned discount of the Zambia debt. Cipla is negotiating with the Pan-African Trade and Development Bank (TDB) to buy the \$12 million Zambia debt. When concluded, the credit-to-cash deal will give Cipla immediate cash flow, and cushion the company's profits and the shareholder's net worth from further erosion. "Negotiations are in early stages," said Nevin Bradford, the Cipla CEO. He declined to give further details.

According to the International Monetary Fund, Zambia is struggling financially. On November 3, the country became the first African country to default on its international debt since the start of the pandemic. The delay by the Zambian authorities to settle the outstanding Ush48 billion (\$13 million) led to Cipla impairing Ush32 billion (\$8.6 million) on its income statement.

However, the stock is still trading below its initial public offering price (IPO) of Ush2,56.5 (\$0.069) per share in September 2018. This means investors who bought shares shortly after the IPO have lost 56.3 percent value of their capital. In the first six months to June 30, 2020, Cipla fully impaired the Ush42.9 billion (\$11.5 million) Zambia debt, eating into the shareholders capital. The company reported an additional impairment allowance of Ush9.1 billion (\$2.4 million) in the same period.

The company is also tapping into new market opportunities within the EAC and the rest of Africa. The region has a combined pharmaceutical market of \$4 billion, with most of it spent on essential medicines, particularly antibiotics, antimalarials, anthelmintics, disinfectants, analgesics and anti-retroviral medicines. Francis Gajja, a researcher at Equity Brokerage firm said pharma stocks have the potential to reap solid long-term returns that outperform the broader market. These returns are possible because pharmaceutical companies develop products people need — drugs that treat or prevent diseases and vaccines for immunisation against bacterial and viral infections — and continually invest in research and development to launch new drugs.

<https://www.theeastafrican.co.ke/tea/business/cipla-share-price-rises-on-debt-sale-talks-3276972>

SEYCHELLES REOPENS FOR TOURISM



The Seychelles island has reopened its borders to all countries worldwide. A two-step approach by simplifying and relaxing the restrictive measures is being implemented to relaunch the tourism in the island nation. In the first phase, travellers will be required to provide proof of a valid vaccination certificate from the national health authority (minimum of two weeks since the administration of the second dose of the vaccine) along with a negative Covid-19 PCR report obtained less than 72 hours prior to travel. These visitors do not need to quarantine upon arrival to Seychelles.

Currently, Indian travellers are allowed to enter Seychelles through private jet transfers only. They are required to submit a negative Covid-19 PCR report obtained less than 72 hours prior to travel. Visitors who have not taken the complete dose of vaccination or not travelling via private jets, will not be permitted entry into Seychelles.

The country has forecasted that 25 per cent of its population is likely to be vaccinated by mid-March which will also witness the launch of the second phase — the country will open up to all visitors, vaccinated or not. During this period, travellers will have to present a negative Covid-19 PCR certificate with the test taken a maximum of 72 hours prior to departure with no quarantine upon arrival into the country.

The announcement has come at a time when the Indian government has established an air bubble agreement with Seychelles allowing Air Seychelles to fly into the destination from India. More details about the new measures can be accessed on tourism.gov.sc

Read more on: <https://www.businesstraveller.com/business-travel/2021/01/21/seychelles-reopens-for-tourism/>

CBC – NEW MEMBER OF STAFF



A warm congratulations to Mr. Dickson Poloji, as he joins the CBC family, as the Business Policy Programs Manager. Mr. Poloji is an Economist with over 23 years working experience in the Private, Public and Development sectors. He worked as a Consultant supporting East Africa Team under USAID Southern Africa Trade and Investment Hub on trade policy issues and also a Consultant with Integrated Development Consultants Ltd (IDCL). Prior to joining IDCL, he worked for USAID/East Africa Trade and Investment Hub (The Hub), East African Business Council (EABC) and Kenya Association of Manufacturers (KAM). With his vast skills and experience, we believe he will be a valuable asset to CBC. Together we shall accomplish great things!



TELECOM EGYPT IMPLEMENTS IBM HYBRID CLOUD TO TRANSFORM OPERATIONS



Telecom Egypt (TE), one of the largest integrated telecommunications operators in the country, has turned to IBM and Red Hat to help develop an open, hybrid cloud strategy that is intended to modernise its operations and accelerate its digital transformation journey. The telco can trace its history all the way back to the birth of Egypt's telecommunications industry and the inauguration of the first telegraph line connecting Cairo and Alexandria in 1854. It installed the first telephone line between the two cities in 1881.

In its current formation, Telecom Egypt's mission is to shape the future of telecommunications services in the region through what it calls world-class customer centricity, attraction and retention while maximising shareholder value. As part of its strategy for growth, Telecom Egypt is reinventing its infrastructure to be based on open, hybrid cloud technology to gain more flexible deployment options and drive innovation to meet the needs of its enterprise customers. This will see it adopt IBM Cloud Pak for automation built on Red Hat to become more efficient, flexible and future-ready to support core operations and enable new digital services.

Telecom Egypt has implemented IBM Cloud Pak for Automation to infuse artificial intelligence (AI) into its workflows to provide the flexibility to scale automation projects quickly, across any cloud or on-premise environment. Telecom Egypt said the technology would enable it to more easily modernise existing core systems for faster and more agile operations and reduce maintenance time by automating operational processes to provide better customer experiences and improve quality of service.

"As part of Telecom Egypt's strategy to modernise infrastructure and provide customers with the highest level of capabilities, we turned to IBM as our preferred partner to help us accelerate our digital transformation journey," said the telco's CEO, Adel Hamed. "The Covid-19 pandemic has led all organisations to rethink their businesses and change the way they work. Due to the increased pressure on our network throughout Egypt during this critical time, we implemented IBM Cloud Pak for Automation to accelerate our network performance and provide our customers with reliable services throughout this period of high demand." Aiming to fulfil its vision and become a regional cloud hub in Egypt, Telecom Egypt also turned to IBM Global Business Services and its partner ecosystem to deliver the first data centre with access to all the global submarine cable systems that land in Egypt.

The facility will be Telecom Egypt's main platform for the provision of cloud services across the region, aiming to host local and global players by providing next-generation business services with the highest levels of availability and technical resiliency. IBM designed, built and provided project management, maintenance and managed services to create a new, highly resilient data centre for Telecom Egypt. "The telecoms industry is transforming as organisations look for new ways to modernise their operations through open, hybrid cloud technologies that enable them to build more resilient businesses and provide agile services to their clients," said Wael Abdoush, general manager at IBM Egypt. "Our work with Telecom Egypt will help speed the next chapter of its hybrid cloud journey with an open and secure cloud architecture that will deliver new value and greater digital advancement for its core business and customers."

Read More on: <https://www.computerweekly.com/news/252496018/Telecom-Egypt-implements-IBM-hybrid-cloud-to-transform-operations>

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OUR SERVICES

BUSINESS POLICY AND ADVOCACY

Influencing policy is
at the heart of what
we do

2

MEMBERSHIP DEVELOPMENT

We are our members
-towards strengthened
business collaboration

1

BUSINESS FACILITATION SERVICES

Business support
services that are
regional in nature.

3



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