WORLD EXPORT DEVELOPMENT FORUM
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SMEs: Creating jobs through trade

Conference report
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The 14th World Export Development Forum (WEDF) provided important insights into the role a vibrant small and medium-size enterprise (SME) sector can play in driving trade-led growth and development. Global thinkers and practitioners from the public and private sectors and from civil society explored the necessary policy and support measures required to enable SMEs to realize their potential as growth and employment drivers.

The task for governments, trade support institutions, trade and investment promotion authorities, multinationals and the international development community is to unlock SMEs’ potential by investing in building productive capacity, improving skills and supporting access to capital and finance. Ensuring the right business environment is a critical factor in providing a platform for SMEs to grow and to innovate, and for entrepreneurship to flourish.

This conference report summarizes the main conclusions of WEDF and provides insight into the individual sessions. It gives a snapshot of a series of dynamic discussions, but more importantly also helps develop a roadmap for areas where policymakers, SMEs and ITC can improve their collaboration and focus their energy. The discussions can also serve as an important input into the post-2015 development discussions where job creation, entrepreneurship and growth are crucial elements of the debate.

During the 50 years of ITC’s work on trade impact for good, WEDF has evolved to become a premier global event for policymakers and business leaders to explore issues and identify best practices in increasing the competitiveness of SMEs in developing countries. We pride ourselves in providing a forum to ‘talk business’ and ‘do business’.

This first WEDF in Africa has seen the biggest participation ever: WEDF, including the Women Vendors Exhibition and Forum (WVEF), which was held in parallel for the first time, attracted almost 1,000 participants from over 70 countries. As a concrete example that it is an occasion to ‘do business,’ WVEF delegates concluded business deals worth US$ 5.5 million and the 100 participants of the WEDF facilitated business networking sessions identified over 50 business leads to follow up on.

I would like to thank the Government of Rwanda, and particularly our host, the Rwanda Development Board, for partnering with ITC and working with us to stage a WEDF that delivered. We are particularly happy to have organized WEDF in Rwanda – a country that has placed trade and support for the private sector at the heart of its development agenda. I would also like to thank our sponsors, One UN Rwanda, the Confederation of Indian Industry, the Overseas Infrastructure Alliance (India), RwandAir and TradeMark East Africa, without whose support we would not have been able to ensure the participation of delegates from many least developed countries (LDCs).

I sincerely hope that delegates have found the discussions stimulating and thought-provoking. New insights and innovative ideas have emerged. The challenge is to translate these ideas into action. It requires partnerships among all stakeholders and commitment to growth and development through trade.

I urge all participants to heed the advice of H.E. President Paul Kagame, who told us in his opening address that the right mindset is critical to transforming an economy: ‘The first obstacle to overcome is the belief that we cannot do it. If we overcome this, the rest is history. To find the right trade niche requires not only hard work, but also resilience in the face of setbacks and disappointments. If the path were easy or obvious, it would have been discovered already,’ he said.

Let’s continue the conversation over the next year and take stock of what we have achieved at WEDF 2015 in Qatar.

Thank you for your attendance and active participation.

Arancha González
Executive Director
International Trade Centre
CONCLUSIONS AND TAKEAWAYS

The urgent need to boost trade and employment through increased competitiveness of small and medium-sized enterprises (SMEs) was at the core of the discussions between global thinkers, business leaders and practitioners at the 14th World Export Development Forum (WEDF). SMEs represent the backbone of the economies of developing countries, and their role is even more important in least developed countries where they account for 80% of jobs across all economic groups, including women and youth. Only a vibrant SME sector can create the jobs that are required for the young people entering the labour market. SME competitiveness is also a key factor in determining a country’s overall competitiveness and its ability to respond to international market demand.

Deliberations over the three days at WEDF confirmed that SMEs have a critical role to play in raising global competitiveness and sustaining development and poverty reduction. The discussions made it clear that international value chains are increasingly creating opportunities for SMEs – both as direct importers and exporters of goods and services, and also as suppliers to multinationals or their domestic intermediaries. This creates both new opportunities and new challenges.

SMEs’ international competitiveness is shaped by a host of factors: their internal productive, innovative and managerial capabilities; their ability to successfully link up to and sustain a presence in international markets; their ability to connect with suppliers and engage in meaningful business transactions; and the business environment in which they operate. In today’s competitive world, policymakers, business associations and trade support institutions must work in unison to create conditions for SMEs to better integrate into regional and global value chains: improving the business environment as well as SMEs’ capacity.

TOWARDS SEAMLESS BORDERS

To increase the international competitiveness of SMEs, the cost of doing business across borders needs to be reduced. The WTO Trade Facilitation Agreement contains measures to address the related obstacles, including reducing unreasonable transit times and making customs procedures more transparent and predictable. At the same time, trade facilitation entails more than the simplification of customs procedures. For trade facilitation to be effective, broader issues need to be addressed, including infrastructure, transport and access to finance. There is a close link between trade facilitation and the involvement of SMEs in value chains. With a growing component of world trade taking place within value chains, effective trade facilitation is crucial. For trade facilitation to be effective, it needs to address the real bottlenecks, and it is businesses themselves which are best placed to identify where real problems lie. Based on insights from the business community, policymakers can take corrective measures. This requires governments, SMEs, TSI’s, multinationals and development partners to work in close cooperation and to coordinate their efforts. This is particularly important in Sub-Saharan Africa. Given the small size of most markets, effective trade facilitation is an important pre-condition for African countries to achieve competitiveness and economies of scale. The growing African market
also unfolds new opportunities for export-oriented SMEs. The time required for customs clearance has an impact on the competitiveness of the private sector, particularly for SMEs. To strike the balance between facilitation and control, countries need to simplify and harmonize procedures. Landlocked countries require a special type of attention because they are geographically disadvantaged. In such situations, greater cooperation is required between neighbouring states.

**TRADE BETWEEN EMERGING REGIONS**

South-South trade accounted for a quarter of world trade in 2013, its highest level ever. Most of this trade today is taking place among middle income countries within Asia and Latin America – the share of developing and least developed countries (LDCs) in South-South trade is relatively small. To expand their economies, these countries also need to focus on growth markets in emerging economies. Emerging economies represent promising markets for exporters from LDCs. Multinationals based in the South may also be sources of foreign direct investment which can lead to the emergence of a dynamic private sector and new entrepreneurship. The challenge for host governments is to ensure that investment occurs in sectors that create jobs and add local value. Given the right investment incentives, SMEs can create more value addition as local companies join global production networks and SMEs move up on value chains.
the single largest foreign exchange earner for many developing and least developed countries. Tourism provides a unique opportunity for SMEs to become suppliers to major hotels and tour operators in handicraft, agri-food, and creative and environmental services. This will lead to tourism earnings trickling down deep into the local economy, contributing to increased living standards for a larger segment of the population.

**WANTED: SERVICES-FRIENDLY ECONOMIC POLICIES**

The state of the services sector of an economy plays a major part in the competitiveness of SMEs which depend on efficient services in transport, finance and other areas of business support. The reach of the services sector extends far beyond the value of direct services trade. Services comprise close to half of world exports, when the full value of services inputs is accounted for in the final value of goods. Furthermore, knowledge-intensive business services are the fastest growing component of world trade today with services outsourcing unleashing new export growth opportunities for developing countries. For example, African digital entrepreneurs have a tremendous opportunity to contribute to transforming how goods and services are produced, traded and consumed through the use of e-commerce tools.

Against this background, speakers on several panels noted that services industries are constrained by inefficient and overly burdensome regulatory regimes in many developing countries. More policy focus is needed on education, intellectual property protection, digital infrastructure, partnerships for innovation, quality standards and connectivity with the rest of the world. Several countries in Asia, including Indonesia, have made important progress in this area over the last few years, recognizing the contribution of services to their overall economy, and establishing platforms for policy reform involving the private sector. Public-private dialogue is the way forward to ascertain the adoption of regulations which are business-friendly, and also to engage in economic reforms with minimal market distortions. Service providers need to organize themselves in business advocacy groups to exert more meaningful influence on policy formulation.

**ADDRESSING BOTTLENECKS**

The discussions have identified best practices from around the world to address some of the bottlenecks that constrain SME growth. These include:

- **Access to finance.** Banks continue to perceive SMEs as a complex segment with a broad risk spectrum. The evidence, however, shows that SMEs, especially women-owned SMEs, are reliable customers with minimum risks. There is growing attention to the impact investment market, which is poised to provide a complementary source of capital. The major challenges are ways in which concerns about risks can be when regulatory reforms have not yet been carried out, and how to develop financial instruments that meet the particular needs of SMEs. This is where government policies can play a crucial role – by accelerating the development of local financial systems over the long term and providing specific incentives, such as tax breaks and guarantees, to attract impact investors in the short to medium term.

- **Targeted procurement.** An effective way to promote women’s economic empowerment is through targeted procurement of goods and services from women-owned enterprises that
would ensure that women receive an increasing share of available contracts. To balance this increased demand with increased supply, institutions and associations will need to do more to prepare women business owners to become suppliers and meet buyers’ requirements.

- **Encouraging innovation.** SMEs find it hard to keep up with technological change because they generally employ few technical specialists, and because it takes resources to continually invest in new technology. One effective way to help SMEs overcome these problems is through business incubators which can be part of the local network of business support services. Start-ups in information technology as well as in more traditional sectors, such as agribusiness and light manufacturing, are increasingly facilitated by dedicated incubators.

- **Branding and marketing.** By adopting branding strategies, developing countries and individual enterprises can differentiate their products and services, and achieve long-term buyer commitment and higher margins. Used effectively and supported by investments in quality and innovation, branded products result in enterprises and countries accessing higher value-added market segments, leading to lower levels of dependency on commodity exports. SMEs can position themselves as competitors to large brands by smart marketing; adapting lessons learned from multinational corporations, combined with local responsiveness and innovation. Trademarks and collective marks are important tools to establish ownership, but to generate profits, they must be accompanied by a branding and marketing strategy.

- **Sustainability standards.** Helping SMEs through the maze of sustainability standards is critical to increasing their competitiveness, particularly for agro-based exports. Rather than seeing these standards as barriers to trade, the discourse needs to focus on ensuring compliance and turning standards into opportunities for developing country SMEs. Duplication of efforts that may provoke unnecessary obstacles to trade, such as proliferation of standards, multiplication of audits or assessment methodologies should be avoided.
SESSION SUMMARIES
16 September

OPENING SESSION

PLENARY SESSIONS
PLENARY 1: Unlocking SME competitiveness for diversification
PLENARY 2: Boosting SME participation in international trade: the role of trade facilitation and regional integration

PARALLEL SESSIONS
SESSION I: Growing SMEs through impact investment
SESSION II: Sustainability standards: from barrier to opportunity
SESSION III: E-solutions for SME export growth
SESSION IV: Spurring innovation through SME incubators
OPENING SESSION

WELCOME REMARKS

- Mr. Francis Gatave
  CEO, Rwanda Development Board
- Ms. Arancha González, Executive Director,
  International Trade Centre
- Mr. Lamin M. Manneh, Resident Coordinator and
  UN Development Programme Resident Representative, Rwanda

OFFICIAL OPENING

- H.E. Mr. Paul Kagame, President of the Republic of Rwanda

OVERVIEW

This year’s World Export Development Forum (WEDF) attracted over 850 participants from 73 countries. It was officially opened by H.E. Mr. Paul Kagame, President of the Republic of Rwanda. Speakers emphasized the importance of small and medium-sized enterprises (SMEs) for economic growth and broad-based development.

HIGHLIGHTS

Mr. Gatave highlighted the importance of entrepreneurship and job creation in unlocking the potential of the private sector to fuel economic growth. ‘Rwanda shares the same vision as ITC, that a vibrant private sector is the only way trade-led growth and development can be achieved.’

He also greeted delegates of the Women Vendors Exhibition and Forum, which this year was held as part of WEDF. He pointed to the programmes Rwanda has in place to support women entrepreneurs. ‘Rwanda has a proven track record of economic, social and political inclusion of women and we are cognizant of women’s immense contribution to the transformation of this country, and championing greater regional market integration.’

A vibrant private sector is the only way to create the number of jobs required, especially for youth and women, said ITC’s Ms. González. ‘By 2030, 500 million jobs need to be created to keep up with growth in the world’s working-age population. More and better jobs will mean the difference between a demographic dividend and a social time bomb,’ she said. ‘Africa is the continent with both the most poverty but also the greatest promise… Africa’s potential is practically infinite. Sub-Saharan Africa is the world’s second fastest-growing continent in economic terms, with GDP rising by an average of 6% per year,’ she added.

The rapid growth of Rwanda has led it to move from an already respectable 54th place to 22nd in the World Bank’s Doing Business Report 2014, making it an inspirational setting for the first WEDF in Africa, noted the UNDP’s Lamin Manneh. ‘It is no mean feat to achieve this jump in a year.’

Hosting WEDF is consistent with the country’s Vision 2020, which includes creating 300,000 jobs. ‘There is no shortage of strategies. What is needed is the will, the commitment and the capacity’ to do business in Africa, he said.

H.E. Paul Kagame. He thanked ITC for bringing a conference to Rwanda on a subject as important as job creation. He told the gathering that the right cultural mindset is critical to transform an economy: ‘The first obstacle to overcome is the belief that we cannot do it. If we overcome this, the rest is history,’ he said, emphasizing the importance of believing in oneself. ‘To find the right trade niche requires not only hard work, but also resilience in the face of setbacks and disappointments. If the paths were easy or obvious, it would have been discovered already,’ he said. The third necessary mindset trait he identified was embracing competition. ‘To
overcome geographical and other disadvantages, we must benchmark ourselves against the best in the world, not just against similar economies. Competition was an opportunity rather than a problem. The role of government was to act as a facilitator to businesses, enabling them to grow and to invest in human capital to create a knowledge-based economy. After all, real wealth is in the head, not in the ground. Governments need to focus on providing the right business environment, from high-quality skills training and broadband connectivity to nurturing a culture of innovation and entrepreneurship. We need to start with a conversation about the attitudes required to find solutions and get things done. There is enough opportunity in this world for all of us generally, and there is enough opportunity in East Africa and the rest of the continent,” he concluded.
become formal enterprises as a result of this improvement. The impact of this e-registration system for enterprises has been a 30% increase on an annual basis of businesses registered in the last six years.

Land registration has also been computerized and linked with business registration. Tax returns can now be filed online and taxes paid electronically, including via mobile phones.

Minister Kanimba highlighted that while there have been improvements, there is still more work to be done in assisting SMEs’ trade across borders. Rwanda is moving towards a single electronic window for customs clearance procedures, and it is now possible to arrange for customs clearance online. Transit issues have also been addressed, thanks to a dialogue at the highest political level among neighbouring countries and as a consequence, the transport time for a container from Rwanda to reach the port in Mombasa, Kenya, has been reduced from 22 days to 6 days.

Minister Kanimba pointed to the consistent export growth in Rwanda over the last five to six years, thanks primarily to diversification. ‘Today commodities constitute less than 50% of our exports compared to 70% a few years ago.’

Commissioner Acyl pointed out that high production and transaction costs mean that only 11.5% of exports from African countries go to other African markets. ‘Non-tariff barriers are a major challenge for trade among African countries. When countries have different technical standards, it creates a substantial barrier to doing business,’ she said. ‘Lack of sufficient access to information on markets is another constraint hampering trade, particularly for SMEs,’ she added.

The African Union has a strong focus on creating a common market in Africa through enhanced
regional integration and focusing on value addition. Commissioner Acyl pointed out that while there were various plans and strategies, there was less action in relation to regional integration. ‘We don’t lack frameworks and strategies, we lack implementation,’ she said. The commissioner also emphasized the need for enterpreneurship training. ‘It’s important to give skills to youth so that they can do business in Africa and make them stay in Africa.’

Ambassador Soni highlighted the importance of ICT for India’s economic development. ‘India took a jump from colonial production structures to a service-based economy, thanks to ICT,’ he said. The Indian government is focusing on giving SMEs opportunities to become suppliers within manufacturing industries. This, however, requires changes in the way value chains operate. ‘A structural issue is the presence of a large group of middlemen securing substantial profits for themselves, to the detriment of the supplying SMEs and to the customers who pay high prices.’

Ambassador Soni pointed out that the Confederation of Indian Industry (CII) plays a key role in training and capacitating SMEs. ‘Common shortcomings of SMEs are design, lack of access to inputs and marketing, as well as packaging and supply logistics.’

Ambassador Soni pointed to the Indian Technical & Economic Cooperation Programme (ITEC), offered by the Ministry of External Affairs. Under ITEC and its sister programme SCAAP (Special Commonwealth African Assistance Programme), 161 countries in Asia, Africa, Eastern Europe, Latin America, the Caribbean and the Pacific are invited to share in India’s development experience and learn from the competence of India as a provider of technical know-how. ITEC offers training to foreign students within a range of areas including business development. Ambassador Soni extended an invitation to African countries to encourage entrepreneurs to apply for this free training.

**Director González** described the work of the World Bank Group to help improve conditions for SME competitiveness and their integration into the global economy. ‘The World Bank’s focus is on developing dynamic and resilient economies. It is important to support SMEs with a sound business environment, allowing them to reduce transaction costs.’

In Africa, there is good potential but also hurdles and structural challenges hampering SME competitiveness and internationalization, she said, adding that the issues and hurdles facing SMEs competing in domestic and international markets are well-known. They have limited labour and management skills. They have limited access to finance and infrastructure, and face information asymmetries. They disproportionately confront regulatory barriers such as weak property rights, competition policy constraints and red tape, and are not well equipped to comply with internationally recognized standards, including quality standards and delivery times. They face high trade costs and trade barriers. As a consequence of these challenges, half of new exporters in Africa go out of business within the first year of operations.

Ms. González emphasized that export promotion agencies can make a tangible difference for SMEs. ‘World Bank studies show that for every dollar invested in such agencies, there can be up to a US$ 100 return on investment in terms of increased exports.’

Ms. González highlighted that large corporations offer opportunities for SMEs to export indirectly by supplying to domestic subsidiaries of these companies. ‘It is important for international institutions such as ITC and the World Bank to assist SMEs in increasing their competitiveness...’
Mr. Thakkar emphasized that the focus on assistance to young entrepreneurs and SMEs should be to ‘enable, empower and inspire.’ He pointed out that assistance to African entrepreneurs is particularly important. ‘Young African entrepreneurs don’t often have role models and mentors in their local environment or in their families, their parents typically having had other careers as civil servants or having been farmers. This makes it important to not only create mentorship programmes, but also platforms for peer-to-peer dialogue among entrepreneurs’.

Mr. Thakkar introduced a new initiative of the Mara Foundation, Mara Mentor, an African multi-lingual online portal and mobile application for youth mentorship and entrepreneurship. It links African startup entrepreneurs with successful and established African business leaders for advice and mentorship. Mara Mentor is designed to enable entrepreneurs to build their networks and access the guidance needed at the early stages of their business development.

Mr. Thakkar emphasized that it is critical for African governments to address the issues faced by entrepreneurs and SMEs. He said the policies towards SMEs cannot be the same as for big mining companies, for instance. Mr. Thakkar highlighted the potential of the many good ideas and innovations that are being developed by African entrepreneurs.

Ms. Hai pointed out that all countries have some comparative advantage. Many African countries, such as Ethiopia, have cost advantages with monthly salaries at only 10% of salaries in China. Therefore, in spite of higher transaction costs related to transport and exports, there is still a huge cost advantage to producing in Africa.

Ms. Hai explained that she had come to Ethiopia in 2011 to set up a shoe factory. In the following six months, Ethiopia doubled its export revenues in the shoe sector. During the first 12 months, 2,000 local employees were hired and after two years, the factory employed 4,000 staff. Ms. Hai emphasized that ‘Africa can become the next manufacturing hub for global markets.’

Ms. Hai is now involved with The Made in Africa Initiative. The initiative assists African countries in attracting companies in light manufacturing from China and other emerging market economies looking to relocate.

‘By capturing this opportunity, Africa will achieve sustainable, dynamic and inclusive growth. What Africa needs now is success stories to provide the aspiration, confidence and experience for realizing its potential for industrialization and shared prosperity. The Made in Africa Initiative hopes to create such successes in African countries.’

Ms. Hai expressed: ‘It is my hope that we will see young people in Africa benefit from the changes underway in the next 20 years.’
PLenary 2

Boosting SME Participation in International Trade: The Role of Trade Facilitation and Regional Integration

Panellists

- H.E. Amb. Dr. Richard Sezibera, Secretary-General, East African Community
- Ms. Agnes Katsonga Phiri, Vice-Chair for East and Southern Africa, World Customs Organization & Commissioner for Customs and Excise, Malawi Revenue Authority
- Mr. Frank Matsaert, CEO, TradeMark East Africa
- Mr. Hannington Namara, CEO, Private Sector Federation, Rwanda
- Mr. Jeroen Roodenburg, Ambassador Private Sector & International Cooperation, Ministry of Foreign Affairs, Netherlands
- Mr. Stefano Arganese, CEO, DHL Freight CESE & AMEA

Moderator

- Mr. Shawn Donnan, World Trade Editor, Financial Times

Overview

Value chains present opportunities for SMEs to provide goods and services at specific points in the production and distribution process. Inputs into final goods and services now cross borders multiple times. With a supportive business environment, SMEs are better placed to take advantage of emerging opportunities. Trade facilitation is about doing business efficiently. A lot of progress has been made and it provides a good basis for the implementation of further trade facilitation measures. Senior industry executives, business association leaders and government officials examined the constraints for SMEs to enter and move up value chains, and discussed measures to address trade facilitation, non-tariff measures and greater regional integration. The WTO Trade Facilitation Agreement provides the right platform, but stakeholders need to ensure that these commitments are implemented. This is especially important for land-locked countries. Building SME capacity to address non-tariff measures is equally important.

Conclusions

- Trade facilitation does not simply equal modernization of customs procedures. For trade facilitation to be effective, broader issues need to be addressed, including infrastructure, transport and access to finance.
- There is a close link between trade facilitation and the involvement of SMEs in value chains. With a growing component of world trade taking place within value chains, effective trade facilitation is crucial.
- For trade facilitation to be effective, it needs to address the real bottlenecks. Businesses are best placed to identify where problems lie and draw the attention of policymakers for effective action. This requires governments, SMEs, TSiS, multinationals and development partners to work in coordination.
- Given the small size of most African markets, effective trade facilitation is an important pre-condition for African countries to achieve competitiveness and economies of scale.
- The time required for customs clearance has an impact on the competitiveness of the private sector, particularly SMEs. To strike the balance between trade facilitation and control, countries need to simplify and harmonize procedures, and increase the use of modern solutions, such as e-tracking of transit cargo.
SPEAKERS’ KEY MESSAGES

Ambassador Dr. Sezibera
To create a common market such as the East African Community, trade facilitation, harmonized procedures and standards are essential. This could only be achieved through political will, building skill sets, improving infrastructure and the establishment of one-stop border-posts. ‘So easy to put roadblocks up, but so very difficult to remove them.’

Ms. Katsonga Phiri
There is a need to raise awareness among SMEs on the opportunities that the implementation of the WTO Trade Facilitation Agreement will offer. Furthermore, the TFA provides an opportunity to raise awareness about trade facilitation in general, and to challenge poor practices and exploitative behaviour by some border agencies, including corruption and unnecessary delays. A single customs territory has been a positive development in the East African Community. It is a model to influence other regional integration processes in Africa, such as COMESA.

Mr. Matsaert
Trade facilitation plays a key role in private sector development. Improved border efficiency would provide huge gains to small traders, enabling trade. TradeMark is working with partners such as the Government of Rwanda to reduce costs and time delays at the border. It is working with Uganda on the modernization of its customs management system. It is also working with Burundi’s revenue authority to improve revenue collection.

Mr. Namara
To be landlocked is a reality, not a destiny. With a change of mindset, landlocked countries can overcome their disadvantages. This is now happening in Rwanda. Strong institutions have been key in supporting private sector growth. The right policy mix and thorough implementation are equally important. The government has embraced this and is now leading the charge in the region.

Mr. Roodenburg
Public-private partnerships are essential to achieve inclusive growth. Donors are willing to contribute to trade facilitation projects in general and towards the implementation of the TFA in particular. Investment is needed all along the supply chain to stimulate SME growth and competitiveness.

Mr. Arganese
Training SMEs on all issues around trade facilitation can help them understand the challenges and create new business linkages around the world. By establishing 3,000 service points in the space of three years, DHL has contributed to improving linkages between businesses, as well as efficient service delivery from businesses to consumers.
PARALLEL SESSION I

GROWING SMEs THROUGH IMPACT INVESTMENT

Supported by TradeMark East Africa

PANELLISTS

- Mr. Jean-Louis Ekra, Chairman and President, African Export-Import Bank
- Mr. Robert Dijksterhuis, Head, Development Cooperation, RVO.nl, Netherlands
- Mr. Dan Awendo, CEO, InvesteQ Capital, Kenya
- Ms. Cecile Fruman, Director, Trade and Competitiveness Global Practice, World Bank

MODERATOR

- Ms. Shada Islam, Policy Director, Friends of Europe

OVERVIEW

While Aid for Trade is an important source of development assistance, developing countries are exploring alternative funding sources. They increasingly tap into impact investment funds to support their development priorities. Trade, investment and banking experts discussed the impact investment market, how countries can leverage these funds and how trade support institutions can better support SME access to this new source of financing.

CONCLUSIONS

- Development partners need to be at the forefront of facilitating growth in impact investing by supporting and scaling promising innovations to achieve success.

- Above-market returns in LDCs mean that impact investors do not have to sacrifice financial returns for social goals.

- As with other investment classes, impact investing needs to be consolidated through the provision of independent information and research, the development of a common language for the sector, and developing institutional mechanisms, such as clearing houses, to facilitate transactions.

TAKEAWAYS

- The business environment is key to fostering impact investment. Studies show that when this improves, more investments flow into SMEs. This is one area that governments can take more action on – as Rwanda has done – moving swiftly up the ranks of the World Bank’s Doing Business rankings. Rwanda is now ranked at 32nd place, close to the Netherlands at 28th place, so investors can clearly see that the risk of investing in Rwanda is comparable to investing in the Netherlands.

- Regional integration is key to promoting impact investment, just as it is key to promoting trade.

- Trade finance is where investments need to concentrate – it is a major gap for SMEs.

- Sourcing adequate collateral that takes into account the investment horizon of impact investing – which is usually ‘patient capital’ – will only be addressed through new and innovative financing instruments.

SPEAKERS’ KEY MESSAGES

- Mr. Dijksterhuis
  Governments need to take the lead in impact investing where banks are unwilling, by ‘supporting market development by example’. The Netherlands has launched a new impact investing fund called the Dutch Good Growth...
Fund, worth 700 million euros. Funds like DGGF have the responsibility to help dispel the myths surrounding risk in Africa. The problem is that the images that the mainstream media present about Africa do not compel potential investors to seek out opportunities there. The DGGF is trying to educate them on these opportunities. ‘Western investors are not cautious or conservative – they just don’t know.’

- **Mr. Ekra**
Risk perceptions in Africa are entrenched and will take time to overcome. African Export-Import Bank’s non-performing loans amount to just 1% of its loan portfolio – much lower than in Western financial institutions. Yet investors demand at least 25% return on African investments compared with the 3-5% they demand for developed country investments – which illustrates the risk premium applied to Africa. ‘Impact investing is here to stay and grow, because it makes business sense’.

- **Ms. Fruman**
Even in fragile states, impact investment funds can thrive. The IFC has launched impact investment funds in West Africa, covering Liberia and Sierra Leone, and also in Central Africa, making healthy returns.

- **Mr. Awendo**
The Western model of investing will not necessarily translate into the African context. The terminology used – such as social enterprises – and the financing instruments available under that model, do not necessarily carry over to African SMEs. In the end, Western investors tend to look for criteria that SMEs cannot meet, and as a result, the investments flow to bigger firms.
PARALLEL SESSION II

SUSTAINABILITY STANDARDS: FROM BARRIER TO OPPORTUNITY

PANELLISTS

- **Hon. Amelia Kyambadde**, Minister of Trade, Industry and Cooperatives, Uganda
- **Mr. Fred Kumah**, Director for Africa, WWF, Kenya
- **Mr. Bram van Helvoirt**, Programme Manager, CBI, Netherlands
- **Mr. Vianney Kabera**, Managing Director, Freshpack Ltd, Rwanda

MODERATOR

- **Mr. Lanre Akinola**, Editor, This is Africa

OVERVIEW

The fast-changing landscape of sustainability initiatives in supply chains matters to everyone: consumers, buyers, traders, producers and policymakers. Helping SMEs through the maze of sustainability standards is critical to increasing their competitiveness, particularly for agro-based exports. Rather than seeing these standards as impenetrable barriers to trade, the discourse needs to focus on ensuring compliance and turning standards into opportunities for developing country SMEs. The panel discussed the growing role of sustainability standards and effective ways of promoting SME compliance through capacity building and knowledge sharing.

CONCLUSIONS

- Sharing good practices fosters transparency, trust and inclusiveness among trade actors at all levels of global supply chains.
- A collaborative approach built on existing resources and methodologies will reduce duplication of efforts that may provoke unnecessary obstacles to trade, such as proliferation of standards, multiplication of audits or assessment methodologies.
- Common tools are needed to help SME suppliers take advantage of standards to access markets.

TAKEAWAYS

- Standards help improve competitiveness and market access although they are complex and expensive.
- There is a need to harmonize standards or to create a basic set of criteria that can be used as a starting point for harmonization.
- SMEs need more awareness about standards and technical support to take advantage of the benefits of standards.
- Standards suited to local contexts like Sub-Saharan Africa are important.

SPEAKERS’ KEY MESSAGES

**Minister Kyambadde**

She pointed to the lack of awareness and information and difficulty in understanding standards as the main challenges. To address this, standards need to be simplified, making it easier to comply. Testing and sampling also pose problems and the cost of certification is high, she said. ‘Look for standards and certifications that you know will be competitive.’ She added that Uganda provided support through the Bureau of Standards in raising awareness and training SMEs to comply with standards and deal with issues of quality.

**Mr. Kabera**

He said that small-scale farmers lack the capacity to do risk analysis and deal with pest-free issues, for example. There is limited knowledge on how to implement standards. Packhouse facilities are almost non-existent in Rwanda, and lack of sufficient infrastructure is a common problem in the entire region. Border control processes in Europe...
are difficult to comply with and this results in a lot of product waste. Many countries are looking to diversify their exports to other regions. ‘Without GlobalGAP certification, there are not many opportunities for Rwanda’s agricultural exporters in the European Union. But GlobalGAP is difficult to get.’

Mr. Kumah
He explained that sustainability standards were an important tool for WWF to address environmental issues. WWF hopes to positively impact ecological footprints via sustainability standards. 500 million producers need to work effectively to get themselves to a sustainable level of production. The cost of standards compliance, however, is a barrier and criteria need to be simplified. ‘What today is a ‘high’ standard should really be the norm. That is where we need to go’.

Mr. van Helvoirt
He explained that CBI provided awareness building through online resources and reports on EU market demand for sustainable supply. CBI also leverages ITC’s Standards Map and works with UNIDO on joint reports. It maintains an auditing tool to take stock of key issues faced by SMEs, and this serves as the start of an action plan to make necessary improvements. CBI also provides coaching and helps SMEs to find strategic partners to help finance certification costs.

As standards are costly and difficult to implement, they need to provide clear benefits to SMEs, including improved productivity and better access to markets so that the overall business environment is improved.

Discussion
During the Q&A session, participants commented on the need for a level playing field where African stakeholders such as SMEs, governments and NGOs also have a role in standards development. Access to finance is crucial to improve the ability of SMEs to comply with standards. Participants also mentioned the need to break down the myths or misperceptions about standards. For example, standards in written form may seem intimidating, but when discussed and illustrated through practical examples, they can become more accessible. The need for harmonization was raised by a number of participants as a must to deal with the plethora of standards that exist. Mr. Dody Edward, Head of Trade Development at Indonesia’s Ministry of Trade, described Indonesia’s programme on increasing SME compliance. He also emphasized the close relationship between sustainability and social standards.
E-SOLUTIONS FOR SME EXPORT GROWTH

OVERVIEW

Greater Internet connectivity, particularly through mobile technology, has opened up possibilities for SMEs, both in e-exports and in using new technologies to facilitate their traditional exports. In this session, African ICT business leaders shared their views on the latest trends in mobile payment systems, virtual market places, services linking farmers to markets and technological solutions to increase efficiency.

CONCLUSIONS

• The digital economy is booming in Africa. Businesses need to understand the opportunities and how they will change the way they interact with customers.

• New technologies offer exciting potential for SMEs in developing countries to transform their competitiveness in local and international markets.

• To be successful in the digital business requires more than an understanding of technology. Many traditional challenges are as relevant as ever: a sound business strategy, good production and marketing capabilities and an understanding of customers and markets.

TAKEAWAYS

• African digital entrepreneurs have a tremendous opportunity: where there is a problem to be solved by technology that saves time or money, there will also be demand.

• Better collaboration is key to unlocking many of these opportunities: complementary solutions exist and when combined, they can create an immediate answer.

• Barriers to trade – whether they come from restrictive practices or intellectual property – can spur innovation. Where there is an opportunity, entrepreneurs will find a way around the barrier, especially if it is a technological barrier.

• The future of banking is being made in Africa: financial transactions are moving into the mobile domain conducted by individuals, sometimes directly with other individuals or institutions.

• A key challenge to universal adoption of mobile information or payment is to develop solutions simple enough to overcome problems of technological literacy. Only a minority of farmers know how to use SMS.

• Technology alone, even mobile technology, is not enough to create significant new value for the communities where new solutions are launched. For example, knowing prices in a neighbouring market alters little if there is no reasonable or cost-effective access to that market.
• Local entrepreneurs could benefit from support in solving barriers in conducting e-commerce, including access to payment solutions and more cost-effective logistics.

SPEAKERS’ KEY MESSAGES

Mr. Kagame
‘The secret to building a successful new digital business is that it must answer a real need, related to an everyday problem that people have… and it must be simple to use. It is possible to imagine an information system based on a simple ERP tool that could revolutionise retail logistics in Africa, reducing transport and logistics costs. Rwanda is rapidly moving into a position where it has solved the issues of internet infrastructure… and where the government is interacting with civil society via the Internet… we could begin to compare ourselves with Estonia!’

Mr. Eonnet
‘It is possible to design a solution where any kind of financial transaction can be conducted on the simplest of mobiles devices. E-Solutions create jobs: the implementation of any of our solutions in turn creates a need for many more service jobs.’

Mr. Khurana
‘To create value in implementing a digital solution, we need to ensure that we link the bits and bytes to bricks and mortar… In other words, a technology-only solution is not enough; we must consider the physical environment in which it is to be used. Better collaboration would help in the creation of solutions which would unlock the innovative potential of Africa.’

Mr. Newfarmer
‘The emergence of the internet has facilitated access to ideas as well as key input markets. Rwanda has the potential to be a regional leader in the provision of services, particularly in relation to conferences, market transactions and tourism. The government’s role should be to ensure a conducive business environment: availability of the right infrastructure, and appropriate education and training to facilitate the development of a vibrant sector for digital entrepreneurialism.’
PARALLEL SESSION IV

SPURRING INNOVATION THROUGH SME INCUBATORS

PANELLISTS

- Mr. Josiah Mugambi, Executive Director, IHUB Kenya
- Mr. Mounir Chaouki, CEO, Connectit, Morocco
- Ms. June Lavelle, President & Chief Consultant, Lavelle & Associates, Inc., Poland
- Mr. Ihsan Solmaz, Vice President, Small and Medium Enterprises Development Organization (KOSGEB), Turkey

MODERATOR

- Mr. Peter Ndoro, Presenter, South African Broadcasting Network

OVERVIEW

Start-ups in different sectors, no longer only in ICT, are facilitated by dedicated entrepreneurs who inspire, gather and sometimes fund businesses in incubators. Panellists from African business incubators discussed strategies and benchmarks for new business incubators, as well as possibilities for cooperation among incubators in different countries.

CONCLUSIONS

- **Build to local needs and don't expect a panacea.** Incubators are part of the local network of business support services. They do not replace all aspects of SME support. They must be built right in relation to the local environment. Cookie cutter models do not work. Incubators must also provide the right set of services which may vary widely based on level of development, settings and whether the targets are true start-ups or more mature companies.

- **Get the soft factors right.** Incubators must be run in a business-like entrepreneurial way, whether the business model is fully private or public-private. They must have a customer service mentality, be revenue generating and carefully screen clients. Designers must get the soft factors right, such as credibility in the local business community, facilitating meaningful networking among companies and creating a ‘buzz’ among clients. The right leader is critical: he or she must be an entrepreneur. This is by far the most difficult and time consuming factor, especially for governments or technical assistance providers looking for quick fixes.

- **Measure results and make your management accountable.** Successful incubators regularly measure and report on their performance. This includes core ROI indicators like graduation rates, investment, jobs, company survival rates; specific objectives related to their individual mandate, such as contributions to new technology brought to market; and softer outcomes such as development of networks.

- **The fundamentals will not change, but incubators must evolve.** Managers must constantly evolve to meet the changes in the market and in their environment.

TAKEAWAYS

- The objectives of incubators differ from region to region. They may be set up purely for commercial considerations or to achieve socio-economic objectives like women’s empowerment or youth entrepreneurship.

- Success stories abound of incubators set up as communities of public institutions like tax collecting authorities, universities, SMEs and financial institutions. Cross-pollination between technical companies and financial institutions...
can lead to access to finance and other business service providers.

- Graduation of beneficiaries of incubators is an important issue. Graduation from incubators set up purely for commercial considerations is quick and certain. Graduation from incubators set up with socio-economic considerations may be more difficult.

- KOSGEB Turkey, which has extensive experience on a range of incubator models, is prepared to offer training on incubator development to African governments at no charge in order to share its experience.

SPEAKERS’ KEY MESSAGES

Mr. Mugambi
It is not clear what comes first: the incubator or the community that uses it. Community collaboration and involvement are critical. The most important metric is not events, people trained or start-ups. It is the connections that are made through the community.

Ms. Lavelle
From her experience across three continents, entrepreneurs have one thing in common: they are independent thinkers and often do not perceive a need for services and therefore do not pay for accounting, finance and human resources which companies need but do not acknowledge. These services have to be embedded in things that they will pay for, such as office space. Financing – whether public, private or mixed – drives the objectives and target companies of the incubator. He who has the gold, she said, makes the rules.

Mr. Chaouki
The Moroccan eco-system for SMEs was presented through two examples. Casablanca Technopark is a full service incubator bringing together low-interest financing, technical support and support to public services, such as tax payments and infrastructure. The value lies in having the services in close proximity to the SMEs. The second example presented was a women’s incubator used as a model to illustrate how public SME support can help companies learn to design projects and foster entrepreneurship which is key to improving the performance of the SME support infrastructure.
Mr. Solmaz
Incubators in Turkey range from large technology parks with more mature companies to programmes for recent graduates to give them business support. Incubators are not a panacea but are a good place to start. They can bring other actors to help innovate, such as universities. KOSGEB is prepared to share its experience with African companies. Incubators should be inspired by what is going on around them in the economy. For instance, a technology hub can bring together surrounding agri-businesses to create innovative solutions in rural areas.

Discussion
The audience enquired on how to structure the graduation process for companies. The panel said it was critical to avoid creating dependent companies. Failure is part of entrepreneurship. Not all companies succeed. The panel spoke on ways to promote graduation, such as raising prices for services to match market rate.

The selection process for incubated companies depends on the sector, the objectives and the maturity of the incubator. For instance, a new incubator may be less selective. One model is to make selection competitive. Local incubators might not be ideal to create international companies. That said, an incubator can be designed to focus on issues directly related to export markets.

Many ideas being incubated do not make any business sense, noted a participant from Uganda. The audience explored the danger of public models that breed dependency, while private models focus on return on capital. No one model is a perfect fit.

The audience also pointed out some good models in East Africa. Unreasonable East Africa, where 12 businesses had been incubated in 2014, have demonstrated success. Jon Sever of The Office in Kigali introduced the model they have used to reach tremendous growth. Their success has been due to the promotion of cross-pollination of businesses and being careful in accepting financing only when it serves the community.
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17 September

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BENEFITTING FROM SOUTH-SOUTH TRADE OPPORTUNITIES

OVERVIEW

South-South trade accounted for a quarter of world trade in 2013, its highest level ever. To maintain growth trends, developing and least developed countries need to focus on growth markets in emerging economies. Today, most of this trade is taking place within Asia and Latin America. Panellists explored how African countries can better capitalize on this trend and attract more investment in non-primary sectors, including agro-processing, manufacturing and services. They discussed how SMEs can benefit as suppliers in emerging South-South value chains and how countries in Africa can retain more value-added production as they join global networks.

CONCLUSIONS

- Emerging economies that shape South-South trade represent promising markets for Sub-Saharan exporters and may be sources of foreign direct investment. This can lead to the emergence of a dynamic private sector and new entrepreneurship. The challenge for host governments is to ensure that investment occurs in sectors that create jobs and add local value.
- SMEs can benefit as suppliers in emerging South-South value chains. This can lead to export and product diversification, as well as product specialization.
- Given the right investment incentives, Sub-Saharan Africa can retain more value-add as local companies join global production networks and SMEs move up value chains.

SPEAKERS’ KEY MESSAGES

Minister Omarou
Niger has numerous challenges. The biggest is the cost of production. Niger imports electricity from Nigeria. It takes four weeks for a truck to reach the port in Cotonou. Transport logistics are poor. The country needs to diversify from oil and uranium. It needs regional solutions to be competitive. For example, Congo and Nigeria could produce and share energy within the region. Chinese and Indian investors are making the same errors as investors from the developed world had made earlier: there is not enough knowledge transfer and equitable cooperation.

Ambassador Yu
Since 2009, Africa has been an increasingly important trading partner for China with exports exceeding US$ 100 billion. ‘Direct investment increased from US$ 1.4 billion to US$ 3.5 billion from China to Africa in the last four years. We require Chinese investors to obey laws of recipient countries and contribute to the local socio-
economic development. This process is incremental and cannot be done overnight. This win-win cooperation will be good for development in the South.’

**Ms. Solomon**
The Ethiopian Chamber of Commerce provides significant support to the private sector but has to adapt to changing times. Countries in the South need to cooperate more in order to grow. While electricity is the cheapest in the world, the business climate overall needs to improve along with public-private dialogue. Made in Africa and Made in Ethiopia can be exported anywhere. We are working to make ‘informals’ formal to bring women entrepreneurs to export markets.

**Mr. Mallick**
Most investment from India has been to Ethiopia, perhaps thanks to successful marketing. Other countries are starting to elicit interest. ‘If you go by sheer numbers and dynamic forces that the global economy is unleashing in South-South cooperation, there is clearly opportunity everywhere in Africa. It’s not a question of exporting manganese one day and another material another day, or targeting Brazil one day and India the next. You have to look at sustainable ways of doing things yourself within Africa. What India can give is to share its development knowledge so that Africa can develop its buoyancy.’

**Ambassador Mwangemi**
‘We are removing trade barriers, addressing infrastructure and developing trade policies to ensure that the business environment between countries is conducive for our people.’

**Mr. Adhikari**
‘Aid for Trade is important in the context of South-South trade. Many businesses cannot take advantage of market access opportunities because of supply side constraints. By providing resources and technical advice, it can make a difference.’
TOURISM FOR DEVELOPMENT:
OPPORTUNITIES FOR SME TRADE

OVERVIEW

The tourism value chain offers SMEs the opportunity to participate in trade by selling goods and services to hotels, restaurants, tour operators and a myriad of other service providers directly involved in tourism. The panel discussed best practices to integrate local suppliers into tourism value chains thereby supporting income generation in communities. They also explored developing country opportunities in new niche tourism offerings such as meetings, incentives, conferences and exhibitions (MICE) tourism.

CONCLUSIONS

• International tourism, constituting 30% of the global trade in services, is the lifeblood of many economies, driving much of the economy and benefiting the population directly and indirectly. It is especially valuable for development. It has trickle-down effects, reaching deep into the local economy and multiplying the growth impact from trade.

• Local value addition and quality standards are key to achieving sustainability in tourism. This is true in both urban and rural areas, as well as in all-inclusive mass tourism and in more niche community-oriented travel options such as ecotourism, adventure-tourism and cultural, heritage and festival tourism.

• To maximize the development impact from tourism, policies require a high degree of consultation and buy-in from the private sector, including foreign investors and leading firms in the tourism value chain.

TAKEAWAYS

• The African Union needs to work in concert with other international organizations such as the UNWTO to create and develop a brand for African tourism.

• Africans need to be the ultimate ambassadors of their continent – travel within Africa and advocate for the continent.

• Promoting standards is an easy way to capture value addition. If SMEs in the industry get certified, more business will come to them.

• Institutions like ITC can help promote tourism by helping countries identify the weak links in the value chain which hold the whole industry back and help strengthen those links.

SPEAKERS’ KEY MESSAGES

Minister St. Ange

Diversity and culture are Africa’s strengths. Culture, in particular, is its unique selling point – ‘its own DNA’. The continent has everything to offer from a tourism perspective. This diversity offers the opportunity for visitors to have ‘the holiday of a lifetime’ and it needs to be embodied in any branding strategy for the continent.
Minister Jobe
There are many ways to encourage deeper penetration of tourism into rural areas. The Gambia is using community groups to encourage ecotourism in partnership with the private sector. The private sector brings in the capacity-building element and skills transfer, and ownership is transferred to the communities themselves. Peace and security are required throughout the country to allow the sector to thrive.

Ms. Straw
The Caribbean has a successful and established tourism brand based on sun, sea and festival. Yet more can be done to expand and diversify. Opportunities exist in wellness and spa packages, sports and environmental tourism, among others. The challenge is to differentiate a destination in a global sector that is fiercely competitive. And to achieve an effective regional brand, connectivity between each country in the region becomes all important.

Mr. Lamy
There is the bright side of tourism – development, job creation, trade expansion. But there is also the dark side – environmental degradation, destruction and displacement of communities, child labour and proliferation of sinister activities, such as sex tourism. As a result, UNWTO decided around 10 years ago to adopt a global code of ethics for tourism. This code is distinct from other private codes that exist in that it levels the playing field for the global industry. Countries can become certified by incorporating the code into their corporate social responsibility (CSR) framework through a process overseen by UNWTO. Rwanda is now in the process of opening consultations as part of the certification process, which is a testament to the value of forums like WEDF.

Mr. Mugisha
Rwanda’s brand of tourism is increasingly ‘pro-poor tourism’, i.e. moving away from an exclusive focus on up-market gorilla trekking holidays to using community tour cooperatives to make the sector more inclusive. The idea is that ‘someone’s life is another person’s adventure.’ At the same time, there are challenges. It will take time for communities to understand the business model, gain the necessary ICT capacity and overcome Western perceptions of ‘primitive Africa.’

Mr. Favilla L. de Paula
The link between tourism and development is not in doubt. The sector creates one out of every 11 jobs; women hold 55% of all jobs; barriers to entry are few and therefore many entrepreneurs can get involved immediately. This is why tourism is part of the post-2015 UN agenda on sustainable development. But Africa only accounts for 7% of the global industry, and to increase this share, negative perceptions of the continent need to change. For instance, the current ebola outbreak in West Africa is having a profound negative impact on tourism on the entire continent.

Discussion
A delegate from the United Republic of Tanzania observed that much of the discourse on tourism is focused on attracting long-haul tourists: Regional tourism in Africa is the key to the sustainability of the sector. The challenges of intra-regional tourism in Africa were also noted: visa facilitation; logistics – it is easier to fly to other regions than within Africa. The continent may still need to focus on tourists with ‘the deepest pockets,’ said Mr. Lamy, if it is to capture the most value addition. What matters is how much tourism spend remains in the local economy. A good way to promote community-based tourism is to develop strategies that can fit into the overarching policy for the sector. Dominica has adopted such an approach, and it can by replicated in other countries.
PARALLEL SESSION V

BUILDING A BRAND: EXPORT MARKETING FOR DEVELOPING COUNTRIES

PANELISTS

- **Mr. Bandula Egodage**, Chairman and CEO, Sri Lanka Export Development Board
- **Mr. Marcus Höpperger**, Director, Law and Legislative Advice Division, WIPO
- **Ms. Mary Petitt**, Global Coffee Issues Advisor, USA
- **Ms. Janet Nkubana**, Managing Director and Co-Founder, Gahaya Links, Rwanda

MODERATOR

- **Ms. Agatha Nderitu**, Danida Regional Integration Advisor, Regional Economic Integration Support Programme in East Africa (REISP); Senior Consultant, Saana Consulting Ltd.

overview

Several developing countries, industry associations and SMEs have employed branding strategies to increase sales and client loyalty. The panel looked at success stories, particularly in branding indigenous products, and how effective branding and marketing are instrumental in taking businesses to regional and global levels.

conclusions

- Success in branding requires long-term attention to quality, and understanding markets and customers; brand positioning is important to prepare and build from the beginning of an export strategy.
- Commitment to branding is essential to market goods and services internationally and to improve the profitability and growth potential of exports.
- SMEs can take on large brands by smart marketing: adapting lessons learned from multinational corporations, combined with local responsiveness and innovation.
- Trademarks and collective marks are important tools to establish ownership: to be effective in increasing margins, they must be accompanied by a branding and marketing strategy.

TAKEAWAYS

- Powerful brands (such as the Colombian Coffee brand and its 'Juan Valdez' logo) are based on authenticity, which stems from an understanding of its heritage and how it is seen in the eyes of customers.
- Distinct and valuable positioning is built over many years and depends on persistence and resourcefulness: the first, to overcome barriers; and the second, to seize entrepreneurial opportunities.
- Brands have tangible and intangible aspects: the physical characteristics that make the product distinctive and those that drive the emotional reaction.
- SMEs need to understand the return on investment in branding; they need to be trained on how to evaluate the financial returns on investing in the creation of brands.
- Registering the intellectual property belonging to brands (most commonly in the form of trademarks) is vital to ensure that the brand is not misappropriated by a competitor or others.
- For small businesses one of the most successful methods of branding is in the personality and presence of the founder.
• Registering trademarks across multiple countries in Africa is possible through the services of OAPI, the African Intellectual Property Organization, or ARIPO, the African Regional Intellectual Property Organization.

SPEAKERS’ KEY MESSAGES

Ms. Petitt
‘There are things you need and things you want: effective branding touches your emotions in order to influence your wants. Persistence and resourcefulness are the two most important qualities for building a long term sustainable brand. Before considering any branding campaign, do the homework to understand what makes you special.’

Mr. Egodage
‘SMEs need to be guided in their evaluation of whether to invest in brand building: very often it is the least of their concerns, but when done successfully, it can allow them to capture higher prices. The Dilmah tea brand is a fine example from Sri Lanka of what can be done when an SME turns away from selling its produce as a commodity and invests in branding and packaging. This family-owned company has grown over the last few decades to be the sixth largest tea brand in the world and shows many aspects of excellence in branding.’

Ms. Nkubana
‘By ignoring that it had any importance or value, I became a victim of the success of my own brand: others started selling Rwandan baskets copying our business. Be your brand! People began to know me as the ‘basket lady’ and it was an image that was known in international media like CNN. I am proud to wear my products, I am proud to talk about my products. I wear clashing colours that stand out: everybody asks me where my clothes come from, and it creates an opportunity to introduce our company. For our first sales exhibition in Macy’s in New York, our products arrived in the boxes that I had managed to assemble for the shipping: old TV boxes and some which had contained diapers. I was so ashamed until our President Paul Kagame showed up. Even without a clear brand, he was my brand.’

Mr. Höpperger
‘Avoid surprises and difficulties later: ensure that you register the IP behind your branding early in the process of its development. Registering a mark associated with a whole country may be legally and practically difficult: quality and identity has many variations within a country. It is almost certainly more efficient and effective to register a mark belonging to a single entity, such as an enterprise, rather than relying on collective marks such as geographical indications.’
PARALLEL SESSION VI

TRADE IN SERVICES: THE NEXT FRONTIER?

OVERVIEW

Services account for close to half of world exports, when the full value of services inputs is accounted for in the final output of goods. To be truly competitive, including in manufacturing and agriculture, countries must have an efficient services sector. The panel explored the growing ‘servicification’ of trade, business opportunities for developing country SMEs, especially in modern cultural and creative industries, and best practices in services export promotion.

CONCLUSIONS

- The services sector has become the dominant economic sector and a driver of economic growth, providing jobs of the future, generating export earnings and attracting foreign direct investment and know-how, including through business process innovation. Knowledge-intensive business services are the fastest growing component of world trade today with services outsourcing delivering big export growth opportunities for developing countries.

- Services inputs also provide critical value-added production to all sectors of the economy, enabling other exporting industries.

- For these reasons, Aid for Trade needs to focus more on services. Services industries are constrained by inefficient and overly burdensome regulatory regimes in many developing countries. More policy focus is needed on education, intellectual property protection, digital infrastructure, partnerships for innovation, quality standards and connectivity with the rest of the world.

- Attracting services trade opportunities requires a different tool kit from that required to promote trade in goods. Technical assistance and sharing of best practices is needed to help strengthen trade promotion organisations.

- Services providers need to organize themselves in business advocacy groupings and engage in public-private dialogue to encourage governments to increase their policy focus on services.

TAKEAWAYS

- Public support should focus on soft skills, digital infrastructure and facilitating partnerships, particularly given the rapid, unpredictable nature of technological changes.

- The COMESA Business Council proposed the establishment of a regional professional services working group in response to calls from participants to support standards certification for service providers. The Caribbean Network of Services Coalitions pledged to share their experience.

- Panellists committed to exploring ways to deepen the sharing of global experiences taking place at WEDF, including facilitating private sector mentorship and exchange programmes to support SMEs in the creative industries sector in Africa.

- There is a role for ITC and other organizations
to collect and disseminate good practices among SMEs and across different regions.

**SPEAKERS’ KEY MESSAGES**

**Mr. Amadeo**
Deciding to become a hub of services excellence like Hong Kong, Seoul, London or Singapore, in 2008 the city of Buenos Aires began preparing for an anticipated ‘innovation tsunami where only the best surfers would survive’, the objective being ‘to attract the best talent’. The strategy involved the creation of services districts dedicated to design, audiovisual, animation, special effects and other creative industries. The city provided co-location facilities, hub platforms and promotional events, such as hackathons and open data days.

**Mr. Ogunyemi**
The real economic contribution of Nollywood was not well understood until recently when the Nigerian GDP measurement was rebased, revealing the importance of the non-oil economy, and showing that the country’s film industry accounted for as much as 1.6% of GDP (and services as a whole for over 64%). The industry, which grew without public support, produces 1,500 to 2,000 films a year. To keep up with technological change and to combat piracy, businesses have to move from printing and distributing films on DVD to licensing online content.

**Ms. Anggraini**
Public awareness of services increased hugely after 2010, when the sector reached 55% of GDP and the contribution of services to competitiveness in manufacturing became more apparent. The forthcoming five-year national development plan by the incoming government is expected to include, for the first time, a specific focus on services. Indonesia’s Ministry of Trade now has a dedicated unit on trade in services and participates in the Indonesian Services Dialogue between business, government and academia. Indonesia initiated a high level public-private dialogue on services at the regional level when it chaired APEC in 2013.

**Ms. Uwera**
The COMESA Business Council emphasizes services, including working groups on banking, insurance and tourism. It is working to form a regional Coalition of Services Industries. The business community sees services as a key contributor to the growth of the manufacturing sector in Africa. Upgrading and compliance with quality standards are the key ingredients of success in services. Kenya has diversified away from agri-business to ICT; Rwanda is developing business tourism; a new Seychelles-Zambia tourism twinning programme represents a huge opportunity for restaurants. At the same time, there are continuing challenges in moving to services. The private sector is not included in either the COMESA or the EAC negotiations and more must be done to assist with regional standards harmonization and compliance.

**Discussion**
The discussion on the trend towards virtual services and how these trends are changing the business model for modern services. Services discussed included software-as-a-service – services accessed through the cloud rather than on the user’s computer, and the Internet of Things – the interconnection of uniquely identifiable embedded computing devices within the internet infrastructure. For film, the big opportunities are video-on-demand and the digital broadcast market as Africa switches over to digital television. For television, this will entail a shift from broadcasters with a monopoly on transmission to more open access for the delivery of creative content. For Africa to take full advantage of these trends, it needs digital payment systems, faster and cheaper data flows, and access to cheaper devices. This could take another three to seven years.
PLenary 5

Why Buy from Women-Owned Enterprises

Panellists

- Hon. Oda Gasinzigwa, Minister of Gender and Family Promotion, Rwanda
- Ms. Yeşim Seviğ, Secretary General, Kagider, Turkey
- Prof. Maggie Kigozi, Director, Pepsi Cola Franchise Board, Uganda
- Ms. Archana Bhatnagar, Director, Haylide Chemicals and President, Madhya Association of Women Entrepreneurs, India

Moderator

- Ms. Julie Gichuru, News Anchor, Citizen TV, Kenya

Overview

At least a third of small and medium-sized enterprises (SMEs) in developing countries are owned by women – yet only a very select few win important procurement contracts. In most countries government procurement accounts for 15-20% of GDP. Worldwide, companies spend trillions of dollars annually on goods and services. Targeted procurement that ensures women and other disadvantaged groups receive a fair share of available contracts holds enormous development potential. Corporate and government buyers discussed sourcing and the advantages of buying from women-owned businesses. ITC launched its sourcing initiative with a new guide on public procurement for women-owned enterprises.

Conclusions

- Expanding the supply pool increases competition and makes good business sense.
- For governments, procuring from women is a fiscally responsible investment and a tool at their immediate disposal.
- For businesses, investing in women is also an investment in the decision maker in household spending.

Takeaways

- Institutions and associations can do more to prepare women business owners to become preferred suppliers and meet buyers’ requirements.

Speakers’ Key Messages

Minister Gasinzigwa

The legal and policy framework should be changed and an enabling environment is required. Rwanda has been working on this. Women are active in health, nutrition and family issues. Rwanda is working on initiatives such as a women’s chamber of entrepreneurs. In Rwanda over 46% of SMEs are owned by women but capacity is still often lacking. ‘Women and economic development are twins. They go hand in hand.”
Ms. Seviğ
In Turkey, much is being done to build the capacity of women-owned businesses and to improve the business environment. The issue is of major economic importance; new jobs can be created via women-owned businesses. The private sector knows that they need to engage more with women. At present, 7% of total entrepreneurs are women.

Ms. Kigozi
Women play a major role in purchasing decisions. Pepsi looks closely at buying from women. It does not have any quotas, but the company realizes that it makes business sense to buy from women as they ensure that families and communities are stronger. Women need to have more confidence when approaching markets. They need to develop associations that can speak for women – women’s capacity needs to be improved in this area. Women entrepreneurs need to know the right standards to choose when sourcing products. Less than 1% of public procurement value comes from women worldwide – the question is what the best strategy is to significantly improve this ratio within a short amount of time. As the first step, public procurement rules need to be simplified. ‘We are here and we are here to stay. There are opportunities in all sectors.’

Ms. Bhatnagar
In India, there is a ministry dedicated to MSMEs: the goal it set is to increase the share of MSMEs in public procurement to 20% – this is expected to help women business owners. One issue is that entrepreneurs do not know about schemes available for women-owned businesses and this needs to be advertised more widely. Data is hard to come by on women-owned businesses in India. ITC’s Women and Trade programme identifies women-owned businesses and links them to buyers. Why buy from women? I say why not? 1.8 dollars of every 2 dollars in income goes back to the family. Buy from women-owned businesses because the quality is good, and the products and services are innovative, with high transparency and honesty in the transaction. The commitment to service is high as well, and costs are competitive.’

Discussion
During the discussion, participants commented on the positive ripple effects that buying from women have on the economy when 90% of profits go back to families. Capacity building is also important, along with diversifying the sectors where women are active in business.
OVERVIEW

The joint closing ceremony of the 14th World Export Development Forum and the Third Women Vendors Exhibition and Forum ended two and a half days of deliberations and business meetings. It was the first time that WEDF was held in Africa, in a least developed country or a landlocked developing country. WVEF participants signed 44 letters of intent with a total value of US$ 5.5 million.

HIGHLIGHTS

Mr. Gatare highlighted the importance of the implementation of the policy measures and best practices discussed at WEDF. ‘The government of Rwanda is determined to continue to build the capacity of the private sector producers and to make operations easier for our SMEs,’ he said. ‘We continue to create a more favourable investment climate and to double our efforts in export promotion. We are rising to the challenge and taking competition positively to inspire improvements in the quality and quantity of our exports.’ Mr. Gatare congratulated the participants of WVEF for the results achieved and business deals concluded, and urged for the work to continue. ‘It is critical that we continue to centre efforts and discussions on women in business, as the SMEs which they predominantly own are the backbone of our economies,’ he said. The conference is over, but the partnerships built here need to be maintained, he said. ‘I encourage both individuals and companies to follow up on discussions held, in order to ensure materialization of ideas, deals and partnerships forged during this forum.’

Ambassador Ndayiragije, Chairperson of the WTO Committee on Trade and Development, summed up the main takeaways of the event. ‘These three days have confirmed that SMEs have a critical role to play in raising global competitiveness and sustaining development and poverty reduction,’ he said. ‘The employment-creating role of SMEs, especially for women and youth, is of particular importance for developing and least developed countries. Countries need to reduce the cost of doing business for small businesses, he said. The landscape of value chains has created opportunities for SMEs – as importers, exporters of goods and services, or as suppliers to larger multinationals.’ He urged countries to simplify and harmonize customs procedures and implement the WTO Trade Facilitation Agreement. He pointed to the importance of the digital economy and the opportunities it provides for Africa. He highlighted the importance of investing in services to increase the overall competitiveness of countries, as well as to the increasingly important role played by emerging markets as trading partners and investors. ‘I am taking these messages with me to the WTO to contribute to the upcoming Aid for Trade Global Review,’ he said.

Ms. González thanked the Rwandan government for hosting the event. ‘We are particularly happy to have organized WEDF in Rwanda – a country that has placed trade and support for the private sector at the heart of its development policy,’ she said. She listed the pledges made by participants
during the conference:

- KOSGEB Turkey offered to train African governments at no charge on developing incubators, an area in which it has extensive expertise.

- The Mara Group has offered its free online application to be used by Africans who seek mentors and peer-to-peer networking across Africa.

- The Government of India encouraged African business people to take advantage of its sponsored training facilities.

Ms. González also pointed to 50 letters of intent signed as a result over 600 business-to-business meetings held at WVEF. The combined value of the deals is US$ 5.5 million. As important as the numbers are the partnerships formed. ‘It is also the links we have created that we hope we continue in the future,’ she said. As another concrete outcome of WVEF, she pointed to the launch of a new initiative to source from women vendors with commitment from multinationals and from UN Women. ‘I was very pleased that the Minister of Trade and Industry of Uganda pledged to be the first to implement this initiative in Africa,’ she said. ITC will integrate many of the learnings of the conference into its projects and programmes. ‘ITC intends to strengthen the partnership with SMEs to address these issues and help them – help you – to internationalize. We are committed to focusing on deliverables. We are committed to results. We are committed to trade impact for good,’ she said.
The United Nations supports Rwanda’s economic transformation agenda based on the pillars of pro-poor economic growth, social inclusion and pro-poor environmental sustainability.

The Confederation of Indian Industry is a non-government, non-profit, industry-led and industry-managed organization, playing a proactive role in India’s development process. Founded in 1895, it partners industries, government and civil society through advisory and consultative processes. The confederation has over 7,200 members, including small and medium-sized firms, multinationals, government entities, and some 242 national and regional sectoral industry bodies, bringing 100,000 indirect business members. It has 64 offices, including overseas in Australia, China, Egypt, France, Singapore, the UK, and the USA, as well as institutional partnerships with 312 counterpart organizations in 106 countries.

Overseas Infrastructure Alliance (India) Private Limited is a project development, execution and management company, with offices and projects across India and Africa. The company builds and delivers essential nation building projects with expertise in energy, agro-processing, gas distribution, transportation infrastructure, core infrastructure, IT & ITES, water management, low cost housing, railways, advisory services and healthcare. OIA is an infrastructure project developer that has been working in Africa for more than a decade. The value of the projects completed and under implementation is over US$ 1 billion.

RwandAir, the flag carrier airline of Rwanda, operates domestic and international services to East Africa, Central Africa, West Africa, Southern Africa and the Middle East from its main base at Kigali International Airport. RwandAir’s mission is to provide unsurpassed, safe and reliable services in air transportation, including strategically linking Rwanda with the outside world, while ensuring a fair return on investment.

TradeMark East Africa is funded by a range of development agencies with the aim of growing prosperity in East Africa through trade. TMEA works closely with East African Community institutions, governments, the private sector and civil society to unlock economic potential through increased market access and an enhanced trade environment. It also supports the business competitiveness of SMEs and small scale traders, especially women, through a focus on private sector and civil society advocacy, market systems development, transport and logistics innovation and business environment improvement.

AllAfrica.com aggregates, produces and distributes 2,000 news and information items daily from over 130 African news organizations and reporters to an African and global audience. It operates out of Cape Town, Dakar, Lagos, Monrovia, Nairobi and Washington DC.

The Africa Report is the highest circulating, English language pan-African magazine. The Africa Report is the only publication to have been awarded Media of the Year three times (Diageo African Business Reporting Awards, 2012, 2007 and 2006, London). Published monthly by Groupe Jeune Afrique, it has a worldwide circulation and audience of 65,000 copies per month with 450,000 readers.

With an estimated weekly readership of 600,000 people, the Pan-African news magazine, Jeune Afrique, is distributed in more than 80 countries. It has been an essential news magazine for business and political decision-makers in French-speaking countries in Africa for 50 years.
The International Trade Centre (ITC) is the joint agency of the World Trade Organization and the United Nations.

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