

**Wednesday, 10 October 2007**

## **Finding the Right Focus: Gearing Up for Export Success**

Breakout Series 4: Building Institutional Capacities

Beatrice Gakuba, CEO, Rwanda Flora, Rwanda  
Sunita Kapila, Vice-Chairperson, Kenya Gatsy Trust, Kenya  
Leith Doody, Regional Director for Europe, the Middle East and Africa, Austrade, Australia

Moderator: Jorge Lopez, Director, Internacional Promotion, ProMéxico, Mexico

Beatrice Gakuba, CEO of Rwanda Flora, opened the session with a moving description of her flower exporting business which has been built – almost literally – on the graves of victims of genocide. Some 60,000 were hacked to death on the site of her venture, which she described as “growing roses on the ashes of genocide”.

The key to her success, she said, was understanding the global market and having access to market intelligence. She felt the main focus of trade promotion organizations (TPOs) should be to help provide technology.

The depth of the challenge facing TPOs was highlighted by Sunita Kapila, vice-chairperson of Kenya Gatsy Trust. She noted that 60-80% of African businesses are in fact single individuals, some 60% of them women, who work out of their homes or even from under trees.

They often live in remote areas, with little or no infrastructure and the only market to which they have access is the nearest village.

### **Cluster entrepreneurs**

The first step for a TPO is to try and group them in clusters, because only in that way it start “educating” them, helping to change from a subsistence mentality to a business one.

The TPO, therefore, has to operate as the interface between the informal producer and the “formal” exporter.

Buyers can help here, investing in some of the needed infrastructure. For example, building kilns for those producing native pottery or storage facilities.

The sort of markets that her TPO is seeking for these producers are the “fair trade” organizations or markets where there is a certain tolerance of delays, she said.

### **Programmes for new exporters**

From a developed country perspective, Leith Doody, regional director for Europe, the Middle East and Africa of Australia’s Austrade, explained how his agency helps Australian small businesses that are seeking to develop foreign markets.

It has produced special programmes for new exporters, including a package of services. It works with around 2000 exporters each year seeking markets largely in the Asian-Pacific region and the Middle East.

Doody said research found that companies need governments to show exporters how to find buyers and provide access to export financing. “What we are seeking is sustainable development of all exporters,” he said.

## The mission of TPOs

Moderator Jorge Lopez of Mexico's ProMexico pressed panellists to identify the real mission of TPOs. Gakuba said it is market intelligence. She said she would also like to see TPOs lobbying governments about export financing, help in upgrading skills and in buying new technology.

For Kapila, the most crucial need at the lower end of the entrepreneurial scale is information, presented in a way that can be easily understood.

Throwing the discussion open to the floor, the moderator sought answers to a further question; what should TPO's focus on? A delegate from Serbia agreed that information is the most important requirement.

At the same time, the TPO needs to be in close contact with SMEs and "put itself in the shoes" of the companies. Other suggestions included pressuring governments into providing export friendly economic environments. But if information is a priority, the question posed by others was where do SMEs go to find this information.

Kapila said that when she last did a survey some years back, the main source of information for a single-person business was the neighbours. She said that her organisation is running a daily radio slot aimed at SMEs, which also gives an SMS address that can be used for texting.

Doody said that his agency is able to work directly with individual companies. It also puts a lot of information on the Internet and has a phone service.

## Quality control

Gakuba said that because TPOs face huge problems in reaching small businesses in Africa, they can also work through the larger, more successful concerns. This can help in such areas as quality control. The TPOs could focus aid on the medium- to larger-sized companies with the proviso that they in turn helped the smaller ones, she said.

Other suggestions included using the Internet to find buyers who can be polled for information – difficult in Africa – and using diasporas as a source of local market intelligence.

Kapila noted that the high cost – around US \$1 a minute – of the Internet in Africa rules it out as a tool for intelligence-gathering.

From the floor, another Serbian representative said that there is no single solution to the question of how TPOs should operate. "Different industries have different needs," she said. Solutions need to be "tailor-made."

## Coordination needed

Gakuba stressed the need for more coordination between the various economic actors – government ministries, chambers of commerce etc. Kapila said "whether we like it or not" it is also necessary to point to issues of good governance and transparency. She noted that the Kenyan government used only 25% of the international aid it received last year, supposedly because of lack of "capacity".

"In governments so full of (people with) degrees, why is capacity a problem? That is why the private sector is sceptical," she said. TPOs in turn need public funding but private-sector work experience.

The moderator then asked panellists about how the impact of TPOs can best be measured. Doody said that Austrade polled its users. A British delegate said that rather than asking the usual question – did you make a sale? – surveys can range more widely to include have you become more productive? or has productivity improved? Gakuba said it would be unfair to say that TPOs are not delivering. "They have improved," she said. Any realistic measurement must include new business won and growth of existing sales, she added.

Kapila said that the performance of institutions in Kenya has improved markedly in the wake of the success of the country's horticultural business, suggesting that rather than driving success, the TPOs and others can become more effective on the back of a successful export campaign. Kapila had the last word in the session, saying that Africa is suffering from a deficit in what she called the four "Is" – institutions, information, infrastructure and incentives.