
Regional Business Councils in the African Region: Sharing experiences and lessons for the future

COMESA Business Council

Case study on its origins, functions and mandate as a representative for private sector in the COMESA region

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1. ABOUT THE COMESA BUSINESS COUNCIL

1.1 Establishment and mandate of the COMESA Business Council

The COMESA Business Council (CBC) was established, under Article 7 of the COMESA Treaty, as one of the eight organs of COMESA to provide the main link in the dialogue between private sector and other interest groups and organs of the Common Market (Refer Box 1).

Box 1: About the COMESA

The Common Market for Eastern and Southern Africa

The Common Market for Eastern and Southern Africa (COMESA) was formed in 1994, replacing the Preferential Trade Area that had been in place since the early 80s. The following 21 countries are members of COMESA: Burundi, Comoros, Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia, Zimbabwe, Tunisia and Somalia.

COMESA (as defined by its Treaty) was established “as an organisation of free independent sovereign states which have agreed to co-operate in developing their natural and human resources for the good of all their people” and as such it has a wide-ranging series of objectives which necessarily include in its priorities the promotion of peace and security in the region.

CBC was set up to represent and advocate on behalf of the business community and interest groups at the COMESA Council or policy organ level.

A key driving force behind the establishment of the CBC was the desire to better integrate private sector into the regional integration agenda through collaboration, links amongst the business associations and companies, and harmonizing efforts towards common goals pertinent to industry competitiveness.

CBC's mandate is articulated in Article 18 of the COMESA Treaty and guided by the objectives and activities in Chapters 23 and 24 of the COMESA Treaty. To this end, the CBC is a recognised private sector driven, business member organisation for the COMESA region, and in this capacity is responsible for:

1. Ensuring that interests of the business community and other interest groups in the Common Market are taken into consideration by the organs of the Common Market.
2. Monitoring implementation of provisions of Chapters 23 (Development of Private Sector) and 24 of the COMESA Treaty (Women in Development and Business) and making recommendations to the Intergovernmental Committee.¹
3. Consulting and receiving reports from other interest groups.
4. Participating in Technical Committees² meetings and making recommendations, as necessary, to the Intergovernmental Committee (COMESA Treaty Articles 7 and 18).

More specifically, as the key representative for the private sector in the COMESA region, the CBC is responsible for monitoring the following undertakings by COMESA Member States:

¹ Pursuant to Article 7 of the COMESA Treaty, the Intergovernmental Committee is established as an organ of the COMESA whose functions include the development of programmes and action plans in all the sectors of co-operation, monitoring and ensuring proper functioning and development of the Common Market, and overseeing the implementation of the provisions of the COMESA Treaty (Article 14 of the COMESA Treaty, <https://www.comesa.int/wp-content/uploads/2020/07/Comesa-Treaty.pdf>)

² The COMESA Treaty establishes various sector specific technical committees as organs of the COMESA. Technical committees are, among other things, responsible for the preparation of implementation programmes in their respective sectors and monitoring the implementation of co-operation programmes in their respective sectors.

1. **Creation of an enabling environment for the private sector:** Member States agreed to provide an enabling environment for the private sector to take full advantage of the Common Market.
2. **Strengthening the private sector:** Member States also agreed to adopt programs to strengthen and promote the private sector as an effective force for the development, progress and reconstruction of their respective economies.
3. **Co-operation among Chambers of Commerce and other Business Organizations:** Member States undertook to co-operate in promoting common measures to strengthen links among Chambers of Commerce (COMESA Treaty Chapter 23, Article 151-153).

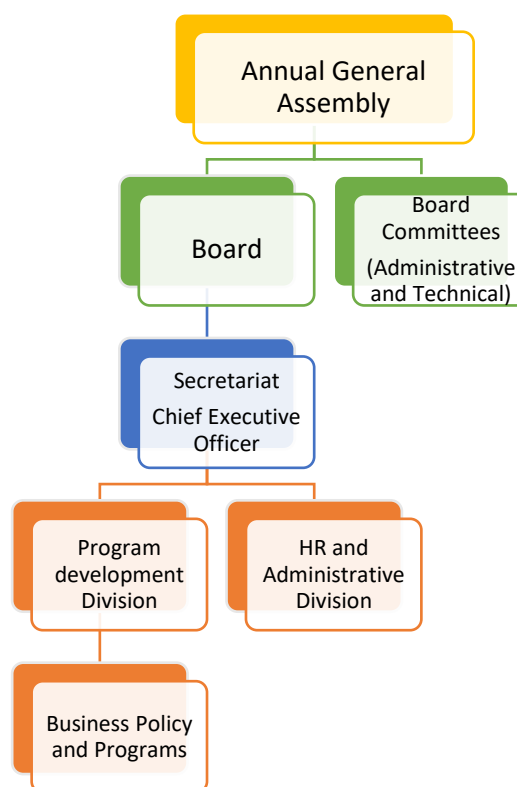
1.2 Operationalising the COMESA Business Council

The COMESA Summit of 2005 mandated the formation of the CBC, following which the CBC officially commenced operations in 2009. At the time, the CBC was guided by the CBC Strategy 2011- 2014, funded by ITC under the PACT II Program, to set up and operationalize a Secretariat, efficient staff base and key demand driven services for the private sector. Within this framework, CBC initiated three key strategic pillars namely: Business Policy Advocacy, Business Facilitation Services, and Membership Development.

Initially managed by the CBC Coordinator, the Council focused on recruiting member associations from 19 countries and signing agreements that facilitated the channelling of services to the institution. Some of the key challenges that CBC focused on at this stage were to strengthen the voice of the private sector in policy formulation processes, undertake consultations on impediments faced by businesses, and facilitate consistent public-private dialogues and forums to discuss expansion of the business community within the COMESA.

During this time, CBC also worked on establishing strong Boards, operationalizing the CBC Constitution which governs the work plan and operations of the Council, and providing tailor made services to respond to private sector requirements within the regional integration agenda. By 2014, CBC developed into a fully-fledged institution with an organizational framework comprising of a General Assembly, Board of Directors (nine Directors selected among the presidents of the 21 National Focal Point members), Board Administrative Committees, Industry Technical Committees and the Secretariat (Refer Figure 1). The CBC Secretariat is based in Lusaka, Zambia, hosted within the COMESA Building.

Figure 1: CBC Organizational Structure



1.3 CBC Membership and Financing

The CBC membership is composed of national private sector associations (where one national apex private sector organization acts as a national focal point for CBC and has voting power in the General Assembly), regional associations, corporate members, honorary members/ interest groups and emerging businesses/ SMEs.

Membership is organized as follows:

Principal Members	Associate Members	Honorary Membership
<ul style="list-style-type: none">• Business Associations• Private sector national associations representing various sectors of national economies of member states	<ul style="list-style-type: none">• Corporates and SMEs• Incorporated individual companies present in more than one market	<ul style="list-style-type: none">• Investors/Interest Groups - Covered as Associate Members• Granted to deserving persons with potential to contribute to the wellbeing of the CBC in a significant manner - in the spirit of ensuring diversity of ideas and broaden income base.

CBC is financed by the private sector and development partners (67% of CBC operations are funded by private sector contributions). The funds are directly signed by CBC Board and partners. In the spirit of maintaining neutrality as a private sector advocacy body, CBC does not receive funds from member states contribution at government level.

2. CBC AS A REPRESENTATIVE OF THE PRIVATE SECTOR

2.1 CBC Services

CBC's services mainly comprise **business policy advocacy**, **business facilitation services** and **membership development**. These services are in line with CBC's development objectives articulated the CBC 2018-2022 Strategy, as detailed below:

1. Promote continuous advocacy and dialogue for private sector at the national and regional levels to help create an improved business environment.
2. Strengthen partnerships that will promote trade and investment in regional and global markets.
3. Provide regional facilitation/ coordination to our membership and support operational efficiency of enterprises, including SMEs.
4. Ensure institutional sustainability by 2022.

2.1.1 Influencing policy through advocacy

Under the policy advocacy pillar, CBC is engaged in advocacy and lobbying efforts with a view to facilitate policy initiatives for a more conducive business environment, and to enhance the vitality and competitiveness of the business sector in the region. Through its business and policy advocacy services, CBC seeks to:

- Address key obstacles to business growth and stimulate actions to improve the overall business environment.
- Facilitate private sector consultations on policy processes and convey private sector's concerns and issues in the formulation and implementation of regional trade policy and negotiations.
- Ensure political will to initiate, implement policy and institutional reforms for a more competitive business environment.
- Prepare evidence-based position papers which will serve as basis for the preparation of model policy bills for intervention at policymaking level.
- Promote public-private dialogue and partnership.

Some of the recent outcomes achieved and projects undertaken through CBC's advocacy services in 2020 include:

- Adoption of three sectoral positions covering issues related to trade facilitation in the context of the COVID-19 era, harmonisation of food standards, and promotion of seed trade in region. Following adoption, these positions have been fed into the highest levels of decision making in the COMESA region.
- Adoption by CBC members of the Regional Code on Anti-Corruption Compliance for Enterprises during the CBC Annual General meeting held in August 2020.³ This instrument will help build capacity of the private sector to stem corruption and enhance its participation in transparency and reform initiatives towards achieving a good and enabling business environment.
- Issuance of a number of industry driven positions advocating for the removal of various customs duties in order to facilitate imports of COVID-19 related goods, or to address issues arising from reciprocal retaliation to technical barriers between trading COMESA member states.
- Advocacy for the 'Implementation of the Micro, Small and Medium Enterprises (MSME) Digital Financial Inclusion' project focusing on improving financial regulation and ultimately facilitating lower cross-border transaction costs for MSMEs in COMESA through a regional digital retail payment platform. A model policy on the Digital Retail Payments Platform for MSMEs in COMESA has been validated for consideration and adoption by the COMESA policy organs.

Box 2: CBC track record in policy advocacy

Over the years, CBC has successfully advocated for and influenced or contributed towards the implementation of several regional policies, with a few indicated below:

- The COMESA Business Visa Scheme adopted by the Council of Ministers
- The COMESA and Tripartite position on rules of origin adopted by governments of COMESA Member States
- The COMESA Sustainable Tourism Policy and Strategy
- The Anti-Illicit Trade Framework which proposes a protocol that covers legislative, enforcement and consumer awareness action by Member States
- The COMESA SME Policy and Implementation Strategy adopted by Member States

2.1.2 Business facilitation for competitiveness

Under this pillar, the objective is to develop platforms and activities that can promote partnerships and links amongst businesses and inform businesses on the various trade and investment opportunities available in the region. Examples of services offered by CBC geared towards business facilitation include:

³ The Regional Code for Enterprises is available at <http://comesabusinesscouncil.org/regional-code-on-anti-corruption-compliance-for-enterprises>

- Continuous business advisory services on industry led agendas including accessing markets, private to private partnerships, facilitating business agreements amongst SMEs and corporates.
- Proactive market surveys on three agendas per year to inform business climate decisions for investment and ventures.
- Leading yearly international trade missions to support global partnerships between Africa and international market and hosting the annual COMESA International Trade Fair and sectoral buyer-seller events.
- Developing flagship business facilitation programs such as BizNet⁴ (an online platform hosted by CBC for business links and intelligence for companies, associations and SMEs in the COMESA region, consisting of over 3000 listings of both companies and business professionals across COMESA) and Made-in-COMESA platform (a trade and market analysis tool for businesses and traders in the COMESA region).

2.1.3 Membership development

Under the membership development pillar, CBC focuses on continually refining and customizing its service offerings to meet its members unique and changing needs, which is typically done through technical capacity building and resource mobilization. For example, to respond to CBC members' needs during the COVID-19 pandemic, CBC developed the Sector Specific Insider bulletins and COVID-19 Special Editions. The publications shared pertinent information on regional market performance, current trends and best practice for business resilience and sustainability during the pandemic period.

2.2 CBC's mechanisms for engaging with the private sector and policy makers at national and regional levels

2.2.1 Thematic workgroups, annual business forums and public private dialogues

Business Workgroups: CBC has formed nine business cluster workgroups, as set out in Box 3. The workgroups are made up of corporate companies and private sector associations and representatives from COMESA member States to forge private sector positions on key COMESA policy issues and to facilitate public-private dialogue to influence the COMESA policy decision-making process at both regional and national levels. The outcomes of the workgroup meetings inform policy positions which are presented and advocated for at COMESA Intergovernmental and Ministerial meetings.

Box 3: CBC's Business Cluster Workgroups

- 1) Trade Facilitation and Non-Tariff Barriers (Cross Cutting)
- 2) Tourism
- 3) SMEs and SME Industries
- 4) Digital Financial Services
- 5) Tripartite Private Sector Platform
- 6) Manufacturers Workgroup
- 7) Agro-Industry Seed, Horticulture, Tobacco
- 8) Transporter and Logistic Service Industries
- 9) Coalition of Service Industries

Annual Business Forums and Dialogues: CBC also organizes annual business forums as well as at least two sector based public private dialogues annually. The forums are held consecutively with the annual COMESA Heads of State Meeting to maximize the advocacy impact.

These events also provide business links and trade promotion platforms for industries to strengthen market access opportunities in the region. Each forum and dialogue has a thematic

⁴ <http://biznet.comesabusinesscouncil.org/>

focus and is organized jointly with the CBC national focal point in the member state hosting the forum.

The annual business forums and public private dialogues are regular opportunities for industry players and regulators to harmonize policy positions which are further presented for consideration and endorsement to the Member States. This is crucial for countries buy in to improve trade and investment in Member States.

Box 4: Business forums and other events organized recently by CBC

- COMESA International Trade Fair and High-Level Business Summit, July 2019, Kenya: “Hallmark of Quality”
- 13th COMESA Business Forum, June 2018, Burundi “Promoting Competitive Industries - Accelerating Regional and Global Trade”
- 11th Business Forum, October 2016, Antananarivo, Madagascar: “Quality Africa – Sampling the Tripartite Market”
- 10th COMESA Business Forum, March 2015, Addis Ababa, Ethiopia: “Taking Action on Illicit Trade – An industrial Competitiveness Agenda”
- 9th COMESA Business Forum, February 2014, Kinshasa DRC: “A Merger between Business and Innovation – Integrating competitiveness for supply and value chains in the COMESA Region”
- 8th COMESA Business Forum, November 2012, Kampala, Uganda: “Enhancing Intra-COMESA Trade through Micro, Small and Medium Enterprise Development – Seizing Opportunities for Innovation and Prosperity in Business”
- 7th COMESA Business Forum, August 2011, Lilongwe, Malawi: ‘Harnessing Science and Technology for Development – Talking Business under a Single Market’
- 6th COMESA Business Forum, August 2010, Manzini, Swaziland: “Science and Technology – A Key to Sustainable Business Development”

2.2.2 Advocacy within the COMESA policy organs

Following close consultations at national and regional levels, the CBC positions are channelled through the policy organ meetings where CBC operates as a policy organ institution and advocates on behalf of the private sector. There are over 10 sectoral regulatory/policy organ meetings that sit annually with a process that begins at the Committee level, followed by the Director level, the Permanent Secretary Level, the Ministerial Level, and finally culminates with adoption at the Heads of State level.

2.3 CBC’s role in the effective implementation of AfCFTA

CBC is also currently engaged in efforts to support implementation of the AfCFTA, which holds huge growth potential for businesses, within and outside Africa. The AfCFTA covers a market of 1.2 billion people, which includes a growing young African population and middle class with increasing purchasing power. In this framework, CBC is seeking to better understand needs and requirements of the industry to serve this large market, particularly focusing on SMEs, women traders, smallholder farmers and informal cross-border traders, which represent a majority of Africa’s trading community and are crucial to driving poverty reduction efforts. CBC’s efforts in this regard include:

- ✓ Advocating for a conducive trade environment in the continent - which supports MSMEs to have timely access to markets, both output and input markets.
- ✓ Advocating favourable policies in the region through public-private sector discussions, strengthening platforms for public- private dialogue, collaboration, and partnerships.
- ✓ Aligning existing policy frameworks at the national, regional and continental levels.
- ✓ Recommending steps required for each country to take full advantage of national, regional and global markets in the AfCFTA context.

- ✓ Adopting a nationally driven multi-stakeholder participatory approach.

3. CHALLENGES, LESSONS AND RECOMMENDATIONS

3.1 Institutional challenges in setting up CBC

- Stakeholder ownership** - In the first two years of operationalizing the CBC, significant efforts were taken to establish a consistent Board and General Assembly/membership which backed and held ownership of the CBC as well as its vision. In this context, consistent engagement, consultation, demand driven services became core elements to supporting the institution's growth path and development.
- Funding constraints** – Smooth, uninterrupted funding was a significant challenge in the first five years of CBC's operations. The main challenge was to ensure consistent payment of subscription by membership. Further, the lifetime of project grants and ensuring sustainability after the grant period had implications for the workforce and performance of certain projects. Over time, CBC developed key project focused partnerships to balance financing towards operations and programs.
- Human resources challenges** – Due to funding constraints, it was very difficult to sustain staff members, especially against very competitive opportunities offered by regional intergovernmental bodies which CBC collaborated with closely.
- Challenges faced by the national private sector associations** - Many national focal points lacked technical capacity and funding to handle member expectations. Further, several national associations also faced difficulties with securing membership dues in a consistent manner, which, in turn, affected their participation in regional bodies such as the CBC.
- Determining services and value proposition to members** - The varying levels of interests within member states made it difficult to develop bespoke services to address the disparate needs of the CBC members. In this regard, membership surveys were important to develop innovative programs and projects aligned to the interests of the industries at national and regional levels.

3.2 Challenges related to policy advocacy

- Advocacy at national level is still relatively weak** - The role of national member associations is important to produce results at national level. If national associations do not have credibility, capability or capacity to influence their national governments, the CBC's ability to influence reform of policies and regulations is also affected. Only strong and credible associations can provide sufficient influence and pressure as multipliers to push national governments to implement reforms.
- Slow implementation of regulatory and policy decisions** - Policy decisions taken at COMESA level do not necessarily translate into effective decisions at national level as member states do not adopt the required instruments to implement the decisions. Greater commitment and political will is needed. One consequence of this challenge is a drop in CBC's membership, as members are under the impression that their expectations at policy and regulatory levels are not being met.
- Setting policy advocacy agenda** – All COMESA member states are not at the same level of development. There is great diversity in terms of geography, economic levels, political status, private sector and civil society engagement, and business culture development, thus making it challenging to reach consensus on an agenda that works for all.

3.3 Lessons learned and recommendations

Drawing from CBC's experiences from its inception, given below are some lessons learned and recommendations towards enhancing private sector's participation in trade.

- 1. The statutorily determined nature of the CBC as an organ of the COMESA is crucial to CBC's fulfilment of its mandate.** Being recognized by the COMESA treaty as an organ of the COMESA allows the CBC to participate in policy organs meetings and to effectively advocate and influence policies.
- 2. Regional Economic Communities (RECs) are needed and so are RBCs.** Stakeholders recognize that regional organizations are needed to build and support the private sector in their respective countries. In the case of the COMESA and the CBC, stakeholders appreciate regional initiatives such as the Anti-Illicit Trade framework, Local Sourcing for Partnership Project (bringing SMEs into the supply chain of large corporates in COMESA), and BizNet.
- 3. Collaborative working relationship between the COMESA Secretariat and the CBC.** It is important that strong collaboration exists between Regional Business Member Organisations (BMOs) and their respective REC institutions. The role of the COMESA Secretariat's role to support incubation processes and third-party funding enabling the establishment of the CBC demonstrates the importance attributed by COMESA to ensuring growth and competitiveness of the private sector. The continuous support and close collaboration has enabled CBC's development into a well-established and leading private sector organization in the African region.
- 4. Need to define a unique characteristic and value proposition.** CBC positioned itself vis-a-vis other stakeholders and communicated clearly with stakeholders to ensure broad awareness of CBC's role, functions and the value of these activities.
- 5. The national focal points are not uniform.** It is important to recognize and take account of the diversity, the varying levels of engagement of the national organizations. Within the CBC, about 15 out of the 21 national focal points are active participants, and not all of the national focal points are national apex private sector organizations in their member states. As a result, some private sector voices feel excluded and expectations from the national focal points are not clear.
- 6. Necessity to increase Regional BMOs collaboration with national focal points and to have harmonized work plans.** CBC aims to promote the principle of subsidiarity, i.e. issues and programs should be handled by national institutions when possible while CBC places its focus on crosscutting issues that are relevant across countries and sectors. Greater impact can also be achieved through a concerted effort to ensure that national focal points and CBC's regional agenda are aligned. Other possible ways of collaboration include the provision, where feasible, of financial and human resource assistance.
- 7. Protocols are signed, ratified and implemented.** Implementation, domestication and ensuring that policies are effectively applied are at the heart of CBC's strategy and efforts.
- 8. Focus on each Member State comparative advantage and design policies on this basis.** Given the different levels of development, strengths and weaknesses, CBC strives to bring forward issues that benefit all and work with stakeholders to identify how member states and respective sectors can be positioned to take advantage of regional integration.