

# Business

## EAC business leaders call for SME-friendly policies

BY JULIUS BIZIMUNGU

**R**EGIONAL governments have been urged to make policies that support small-and-medium enterprises (SMEs) in the East African community (EAC) to spur the bloc's growth, as well as bridge skills gap through knowledge transfer.

Nathan Irumba, the Southern and Eastern African Trade, Information and Negotiations Institute (SEATINI) regional executive director, said this is important for EAC to promote such regulations, arguing that some EAC countries are pursuing policies that hinder business growth, especially for SMEs.

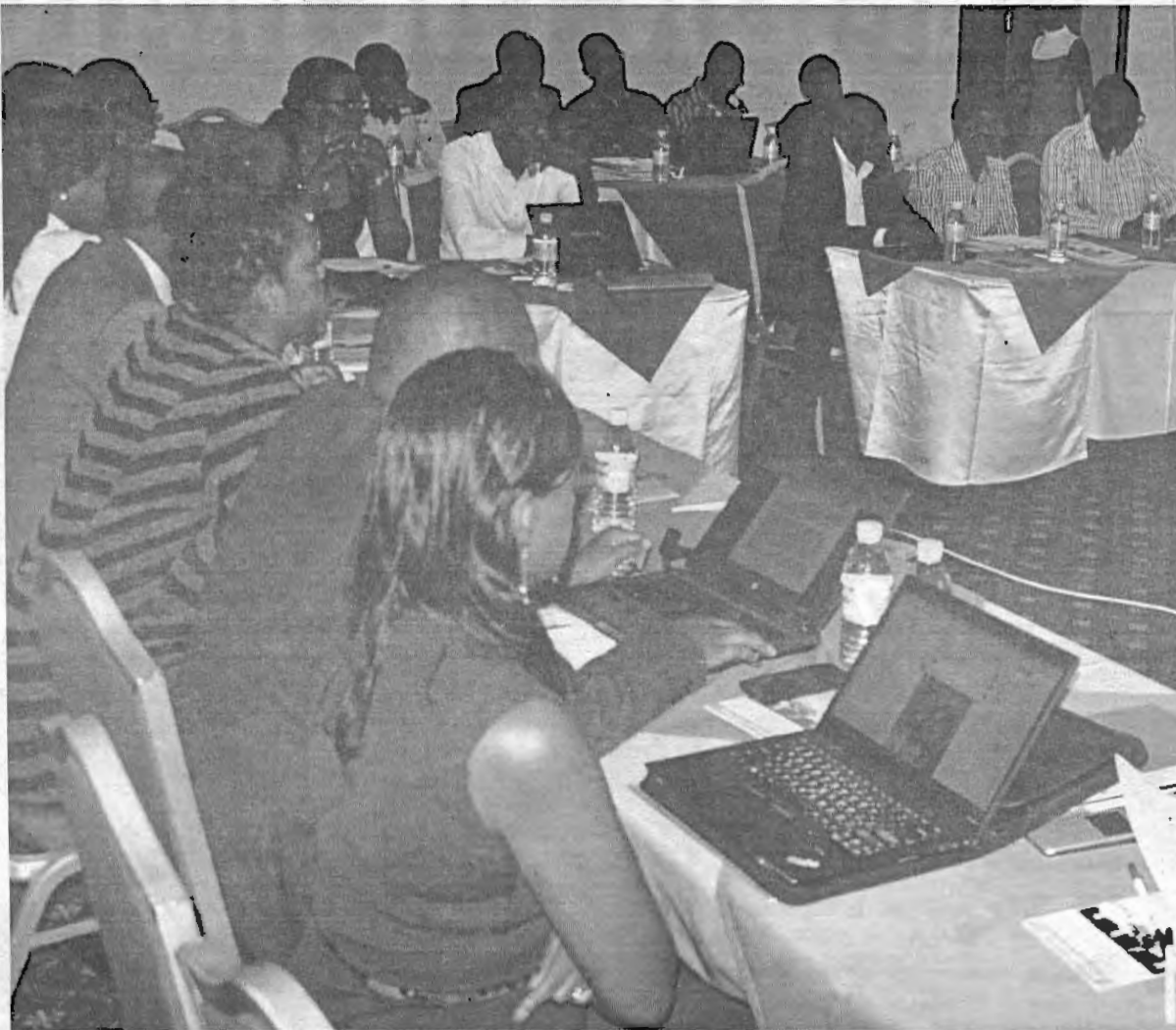
Irumba was speaking during a regional meeting to discuss ways on how EAC can attract more investments that was held in Kampala last week. The two-day forum, held under the theme 'Making investment work for the people of East African Community', attracted regional business leaders, government officials, SME sector players, and other stakeholders from across the region.

It called for investment friendly policies, and urged EAC governments to only sign trade deals that support sustainable development and improve lives of East Africans.

Addressing participants, Irumba said EAC private sector and citizens have not benefitted much from foreign direct investments (FDIs) into the region, arguing that "we don't understand the models that shape them". He said it is important to understand what drives FDIs, especially where trade deals are involved if the EAC bloc is to benefit from investments that come into the region.

His remarks were echoed by Uganda's representative at the East African Legislative Assembly (EALA), Fred Mukasa Mbidde, who argued that most FDIs come with 'strings attached'.

"Foreign firms sometimes invest in our countries when they have certain interests that do not benefit our people. This why it's critical to have people who are qualified to negotiate on our behalf," he added.



A cross-section of the participants who attended the regional meeting in Kampala listen to presentations. Businesses and experts called on regional governments to promote policies that benefit EAC citizens. /Julius Bizimungu.

### Rwanda's situation

Rwanda has made efforts to establish itself as a top investment destination by instituting business friendly policies. Although this helped attract investments in different sectors, including tourism, manufacturing, energy, and information communication and technology, which are seen as enablers of the economic transformation and national development, a lot still needs to be done, Micheal Munyaneza, a researcher at Rwanda's Institute of Policy Analysis and Research, said.

He, however, added that when it comes to SMEs, "we are good at creating new businesses and making innovations, but we don't know how to sustain them".

Munyaneza said the country needs to address capacity gaps by investing in skills development. He called for joint ventures, where a foreign investor partners with Rwandan entrepreneur, which he

said allows for skills transfer and thus benefit of local people.

### Regional scope

Governments in the EAC bloc have taken deliberate effort to attract FDIs into their countries. The region has registered FDI flows of up to \$7 billion in 2014.

Although policy reforms undertaken by EAC countries have resulted into increased FDI flows into the EAC bloc, the region still faces challenges, like high unemployment levels, low level of industrial development, and a growing trade deficit.

There is also the problem of low incomes, with 43.9 per cent of the EAC living below the poverty line, as well as poor technology and skills transfer, and general underdevelopment.

The region continues to face huge revenue losses through illicit channels, like transfer pricing, tax evasion, and undocumented commer-

cial transactions by multinationals investing in the region.

To address these challenges, participants called for collaboration, information sharing, and periodic dialogue to share experiences and find solutions. The multi-stakeholder meeting was organised by SEATINI-Uganda and Diakonia, a development oriented organisation operating in over 30 countries globally.

The regional forum also aimed at raising stakeholder awareness to understand and appreciate investment policies and practices to ensure they are gender sensitive, protect human rights, and promote environment sustainability, besides addressing the development needs of the EAC region.

The EAC leaders were also urged to implement policies that will help guard against illicit financial transactions, and ensure that FDIs benefit the region.

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### Why e-commerce service provision continues to grow

BY STEVEN MUVUNYI

**RWANDA** promotes use of information and communication technology (ICT) in all spheres of life, including e-commerce systems that support a cashless economy. This has forced many enterprises and institutions to embrace ICTs, doing away with traditional ways of business transactions.

Electronic commerce is one of the services that facilitate buying and selling of products online. With the growth of e-commerce in the country, some firms are working to digitise their payments. Equity Bank Rwanda has, for instance, partnered with a regional online payment service provider, 3G Direct Pay Limited, to roll out an e-commerce initiative that will allow customers to pay for different services online.

Paul Sewe Omany, the ICT and channels manager at Equity Bank Rwanda, said the facility will enable people to pay for a service in Rwanda from wherever they may be. Equity Bank joins Bank of Kigali and I&M Bank that have been providing such services in Rwanda. "The service connects sellers or business to customers and enables people to book a flight, accommodation and other services, like paying school fees," Omany said at the launch on Friday.

He added that the initiative is in line with the government effort to promote ICT and the country's vision toward a cashless society. He noted that the facility provides payment convenience and will help to eliminate fraud.

Christophe Nkurunziza, the founder of Yubeyi, an online shopping company, said his firm looks to adopt online payment.

"Customers have been buying or selling products, but could not pay online. So, this will enable us to provide online payment services."

Eran Feinstein, the managing director of 3G Direct Pay, said the company is working with the central Bank to promote online payment. "With the increase of mobile phones and computer users, people should abandon time-consuming practices and go online," he added.