



4TH ANNUAL SADC INDUSTRIALISATION WEEK

SME's Role in Industrialization & Market Linkage

Case of Small Scale Cross Border Traders

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TANZANIA



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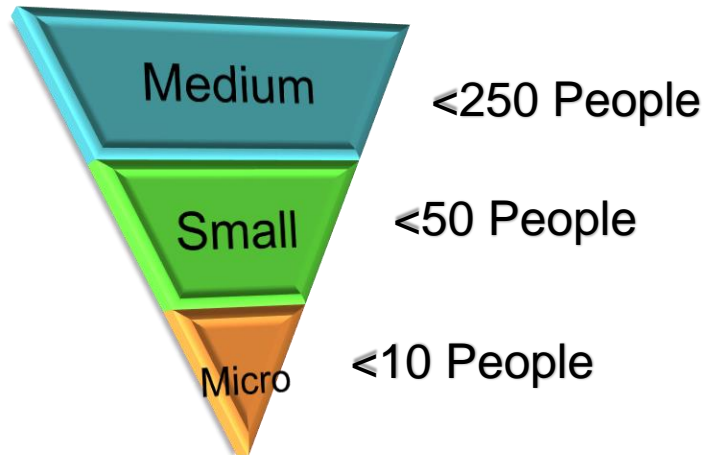


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SMALL MEDIUM ENTERPRISE (SME)



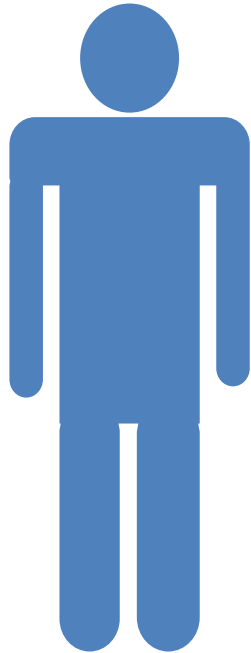
Beck & Cull, 2014; Dalberg, 2011; Fjose et al., 2010; Levine, 2005; Katia, 2014; OECD, 2005

SMALL SCALE CROSS-BORDER TRADER (SSCBT)

This defines individuals that engage small scale cross border trade with value below \$1,000 under COMESA & \$2,000 EAC (Bridges Africa, T. Fundira, June 2018)

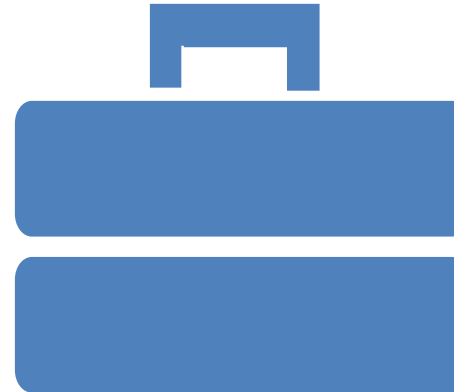
Following definition of MSME a SSCBT would therefore qualify as SME. (K. Mulemba, August 2019)

SMALL MEDIUM ENTERPRISE (SME)



60%
EMPLOYEMENT

SME contribution about 60% employment of the total workforce in African Countries



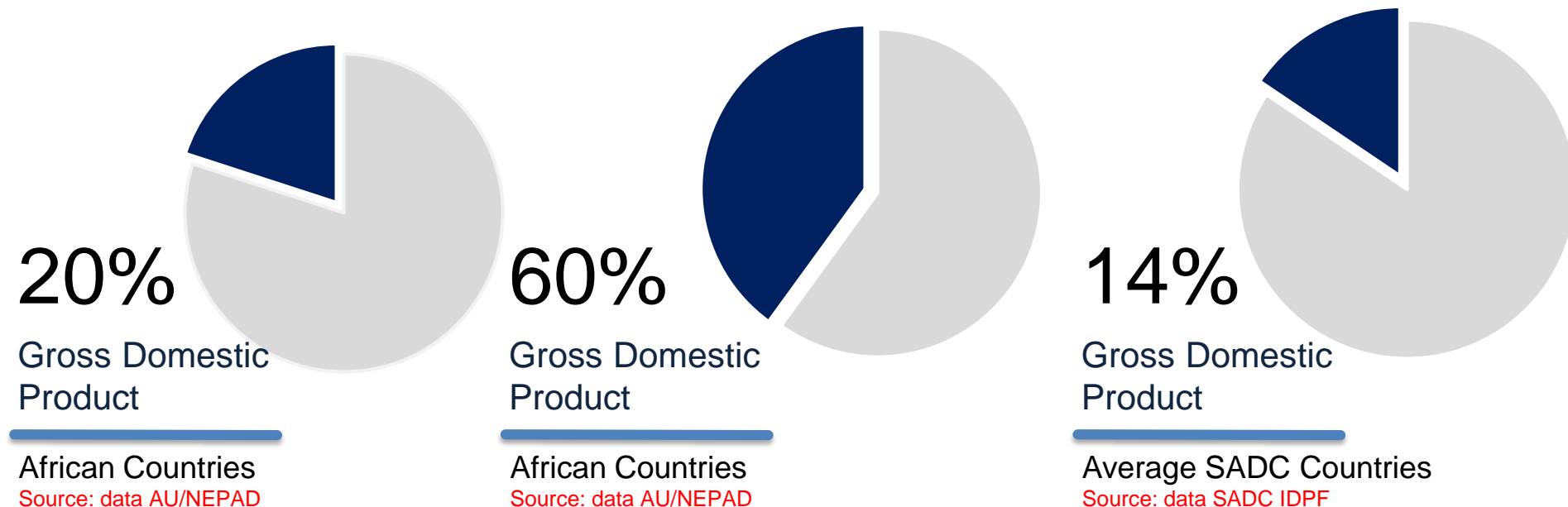
90%
BUSINESS

SME comprise of 90% of existing going by the mostly agreed definition of MSME (EU, World Bank & ITC & UN)

Data Source ITC, 2018 Promoting SME Competitiveness in Africa

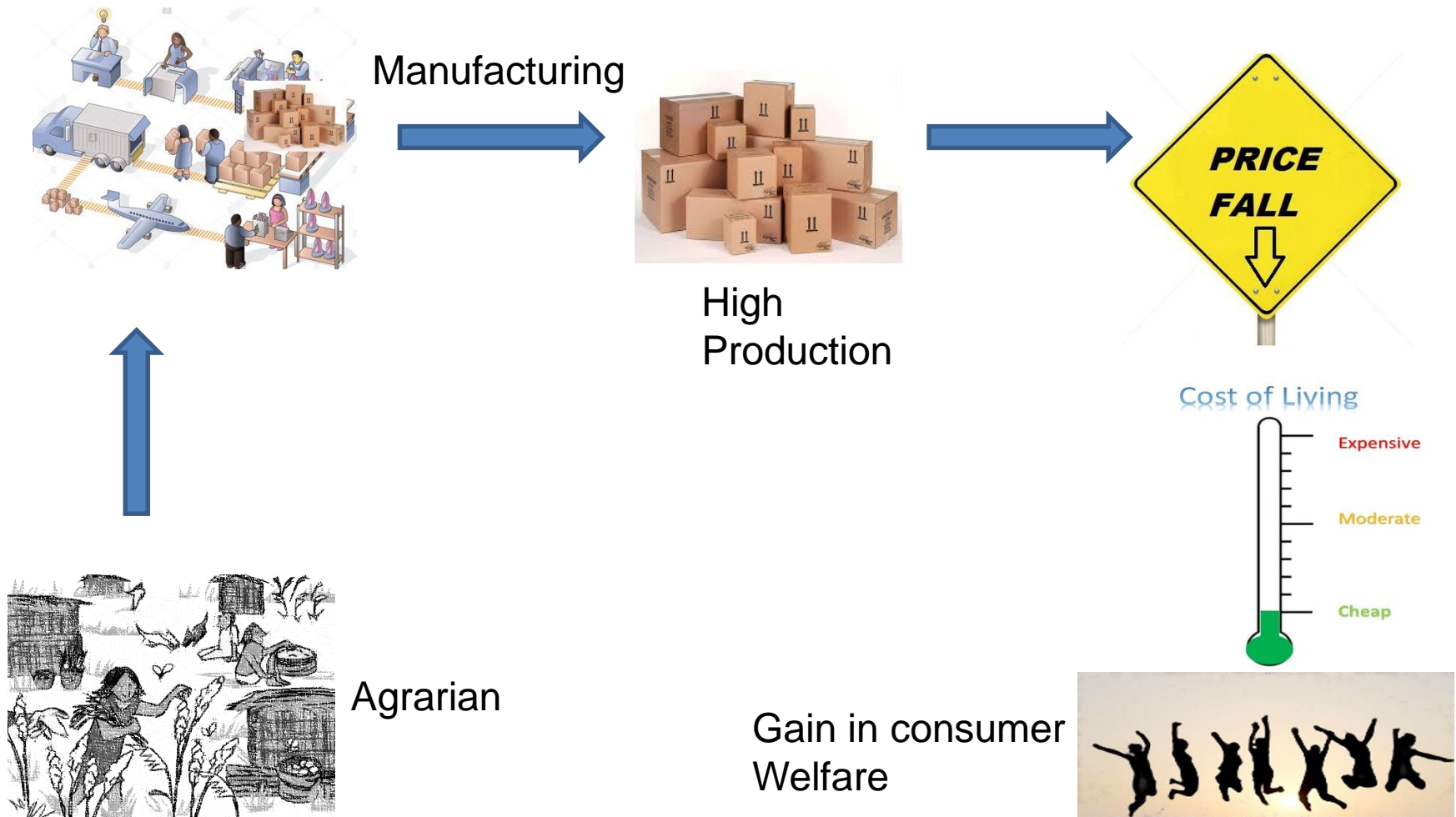
SME'S ROLE IN INDUSTRIALISATION

Africa has pursued various industrialization strategies to achieve economic development with very little desired success.

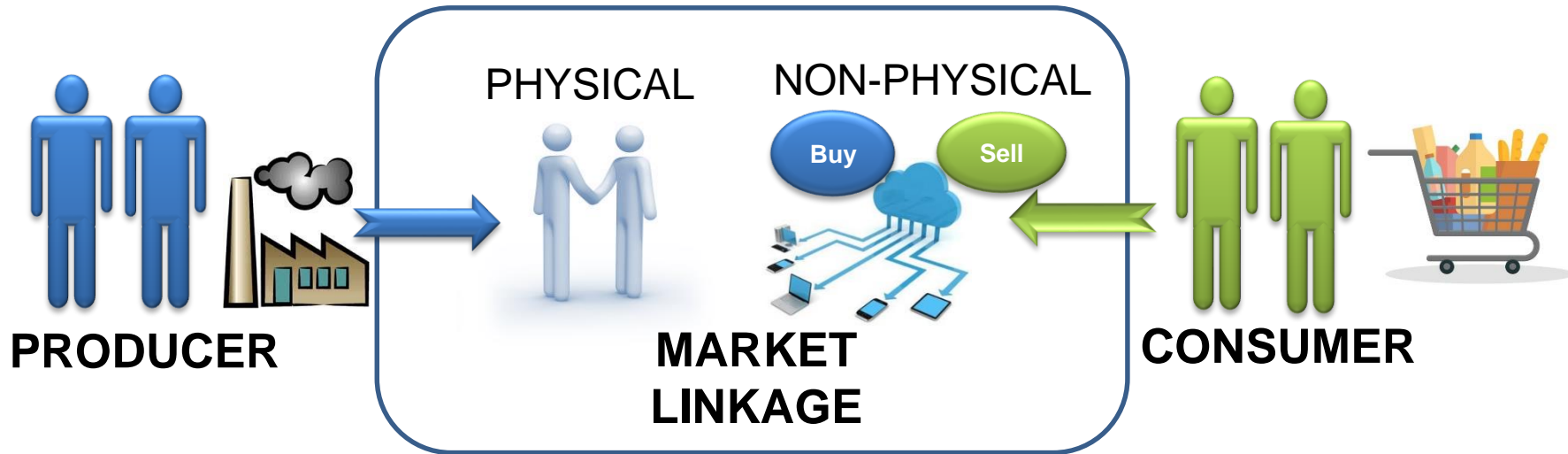


SME is Africa potential engine
of Growth through
Industrialisation

INDUSTRIALISATION



MARKET LINKAGE?



Movement of Goods



Financial Transactions



Informational Transactions



Source John Tracey-White (2005)

MARKET LINKAGES



DIRECTED TOWARDS SUPPLIERS



DIRECTED TOWARDS CONSUMERS

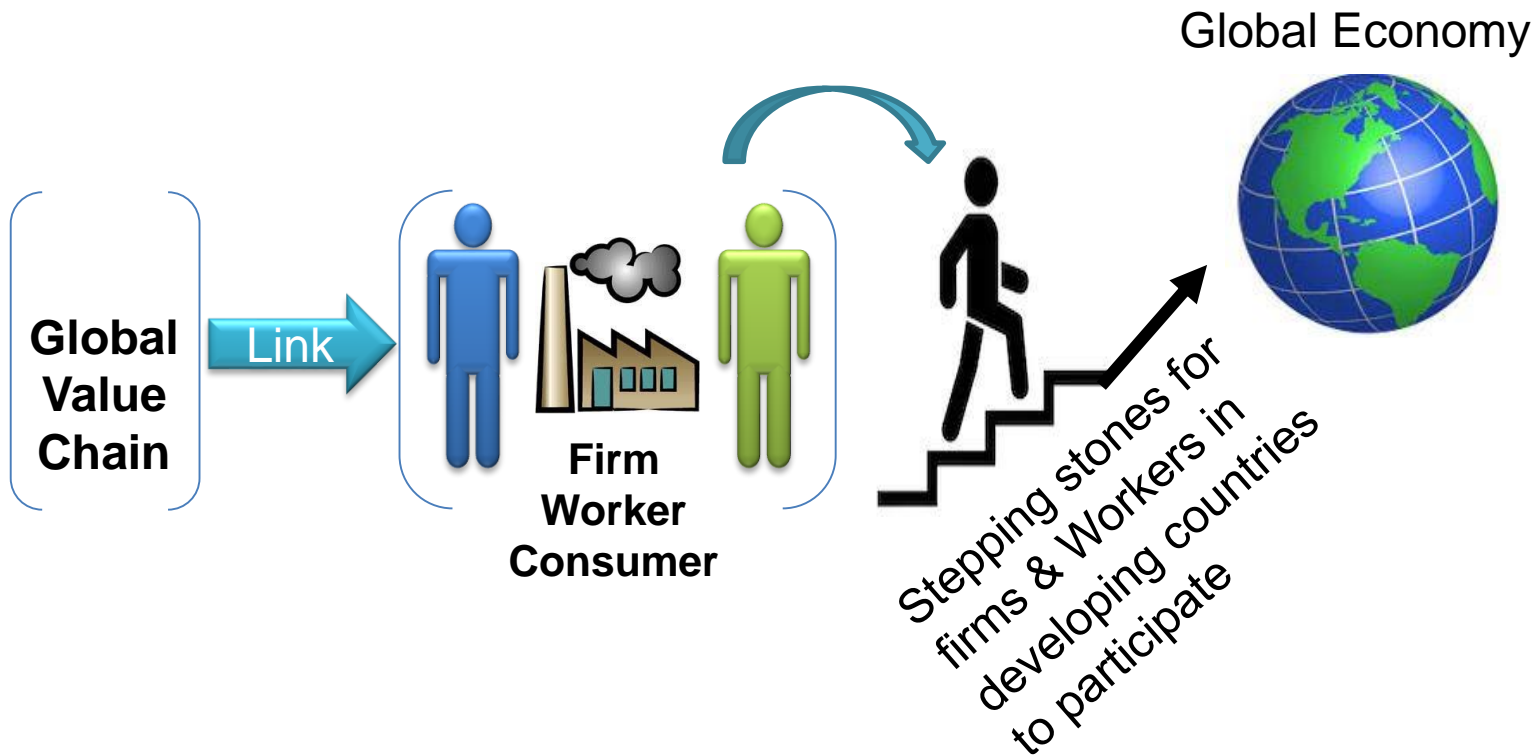


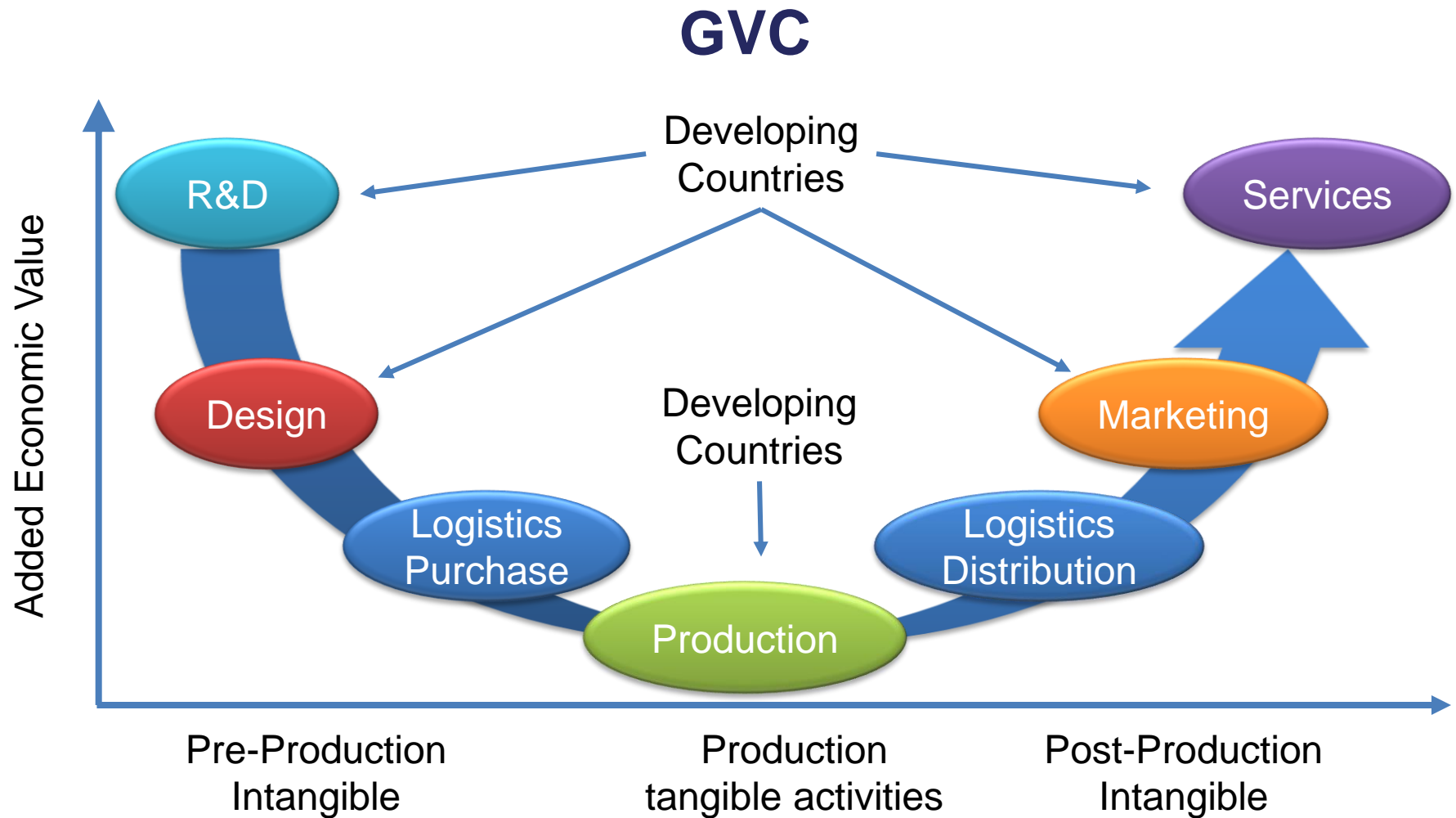
BETWEEN FIRMS AT DIFFERENT LEVELS OF THE VALUE CHAIN



BETWEEN FIRMS AT THE SAME LEVEL OF THE VALUE CHAIN

GLOBAL VALUE CHAIN (GVC)





(Gereffi & Stark, July 2016)

SSCBT SIGNIFICANT ACTORS EXAMPLE

43%
Population



SSCBT Contribution to
Africa's entire
population

Source: ICTSD, June 2018 &
AfDB, November 2012

70%
Women

Women make up about
70% of SSCBT

Source: ICTSD, June 2018 &
AfDB, November 2012



In Zambia SSCBT have contributed to Backward and Forward linkages in the Value Chains that has lead to further Industrialisation of companies such as Trade Kings.

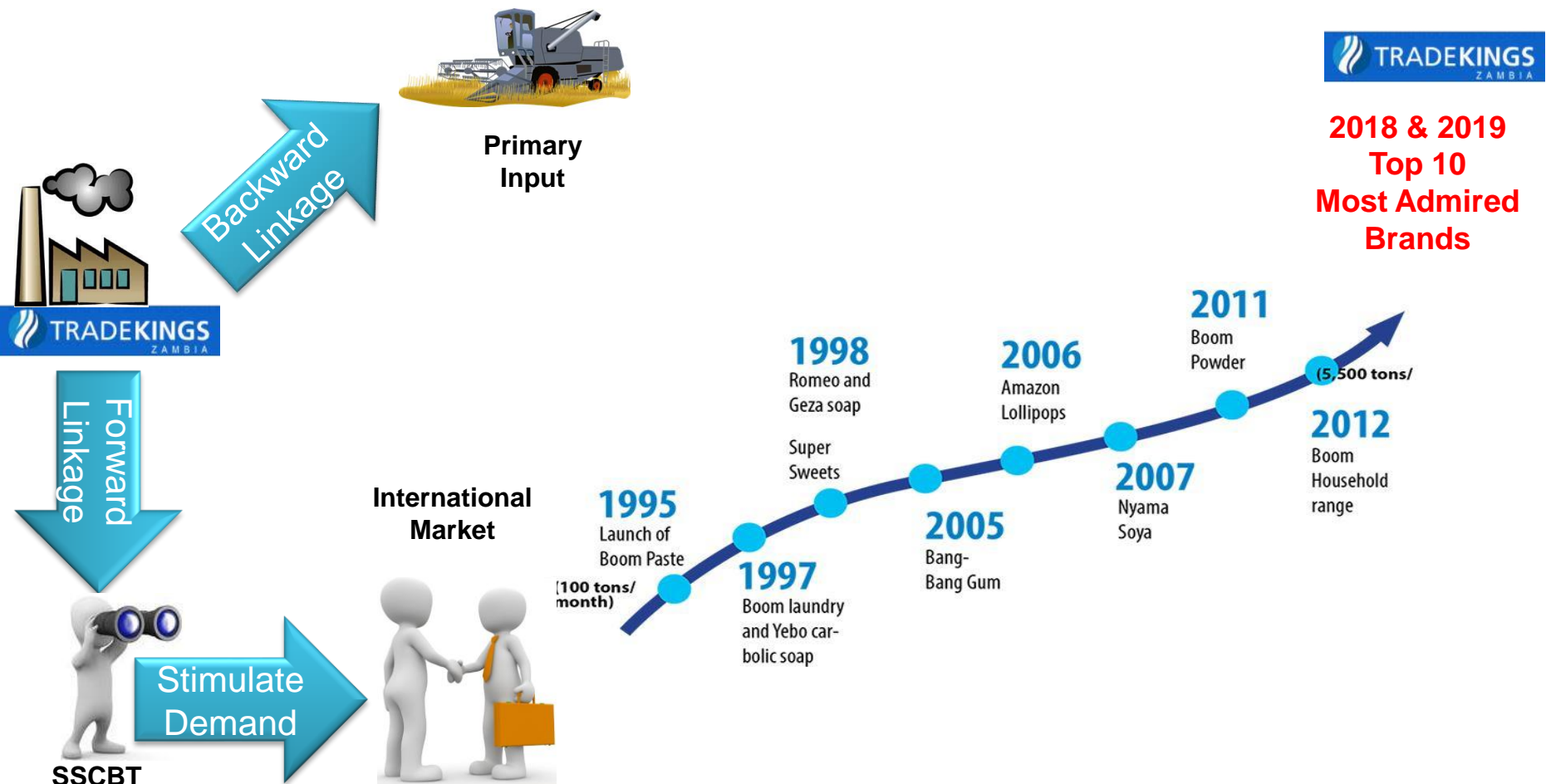
In the Beginning

- Humble beginnings 20 years ago
- 40 Employees
- Producing 100 tons of Boom Paste per month
- Rented premises
- One self-driven delivery van
- Restricted capita

Trade Kings Now

- The largest Fast Moving Consumer Goods Manufacturer in Zambia region
- 1,500 Employees
- Manufacturing 5,500 tons of market-leading branded Soaps, Detergents (Powders, Pastes & Liquids), Sweets, Lollipops and Soya Nuggets
- 20,000 sq. m. wholly owned factories
- Transport Fleet of over 25 Heavy, Medium and Light truck units
- Consistent organic financial growth

ROLE OF SSCBT IN INDUSTRIALISATION



WHAT IS THE INDUSTRIALISATION POLICY FOCUSING ON?

Industrialisation Policies in Africa both at Country and regional Level are looking towards a coordinated approach.

This clearly spilt out the SADC Development Industrialisation Development Policy Framework with a focus on dealing with problems related to:

- limited domestic markets;
- a narrow manufacturing base
- limited value addition and beneficiation;
- competitiveness bottlenecks;
- and insufficient infrastructure

KEY INTERVENTIONS

- a) Developing sector-specific strategies
- b) Promoting Industrial upgrading through innovation, technology transfer and research and development
- c) Improving standards, technical regulations and quality infrastructure
- d) Developing and upgrading skills for industrialization
- e) Developing a mechanism for industrial financing
- f) Improving provision of infrastructure for industrial development
- g) Enhancing support to small and medium-sized enterprises
- h) Promoting local and foreign direct investment and exports
- i) Developing regional strategies to exploit opportunities in cooperation with other regions of the world

RECOMMENDATION

BACKWARD LINKAGE

- Use the case of Trade Kings to structure support for mechanisation and streamlining operations for Backward Linkage.

FORWARD LINKAGE

- Main streaming SSCBT into the industrialisations policy
- Improving support capacity in development in distribution
- Improving Skill to help SSCBT in Marketing which a higher level in the value chain with high beneficiation

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