



4TH ANNUAL SADC INDUSTRIALISATION WEEK

SME's Role in Industrialization & Market Linkage *Case of Small Scale Cross Border Traders*

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5th - 9th August 2019

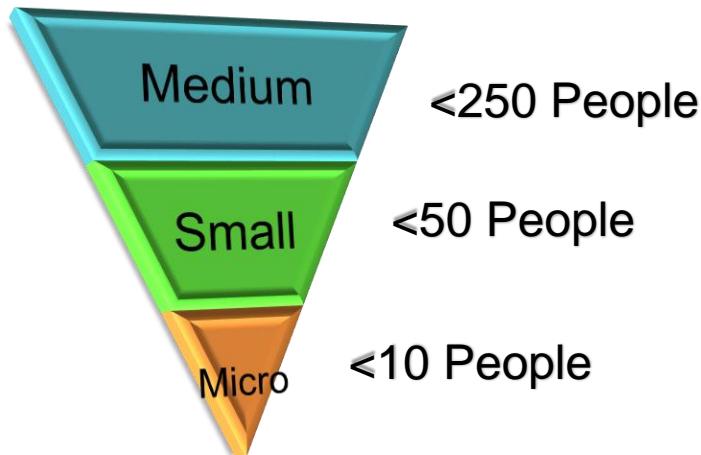
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SMALL MEDIUM ENTERPRISE (SME)



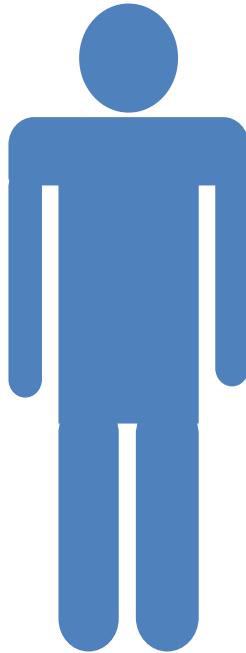
Beck & Cull, 2014; Dalberg, 2011; Fjose et al., 2010; Levine, 2005; Katia, 2014; OECD, 2005

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)

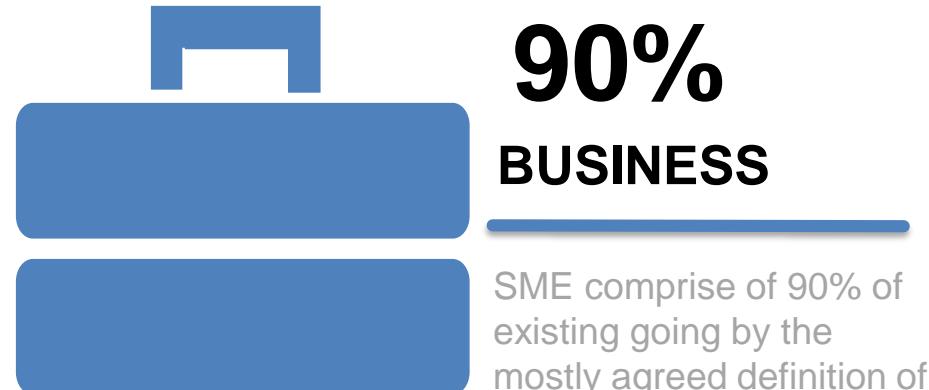
Following definition of MSME a SSCBT would therefore qualify as SME. (K. Mulemba, August 2019)

SMALL MEDIUM ENTERPRISE (SME)



60%
EMPLOYEMENT

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



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



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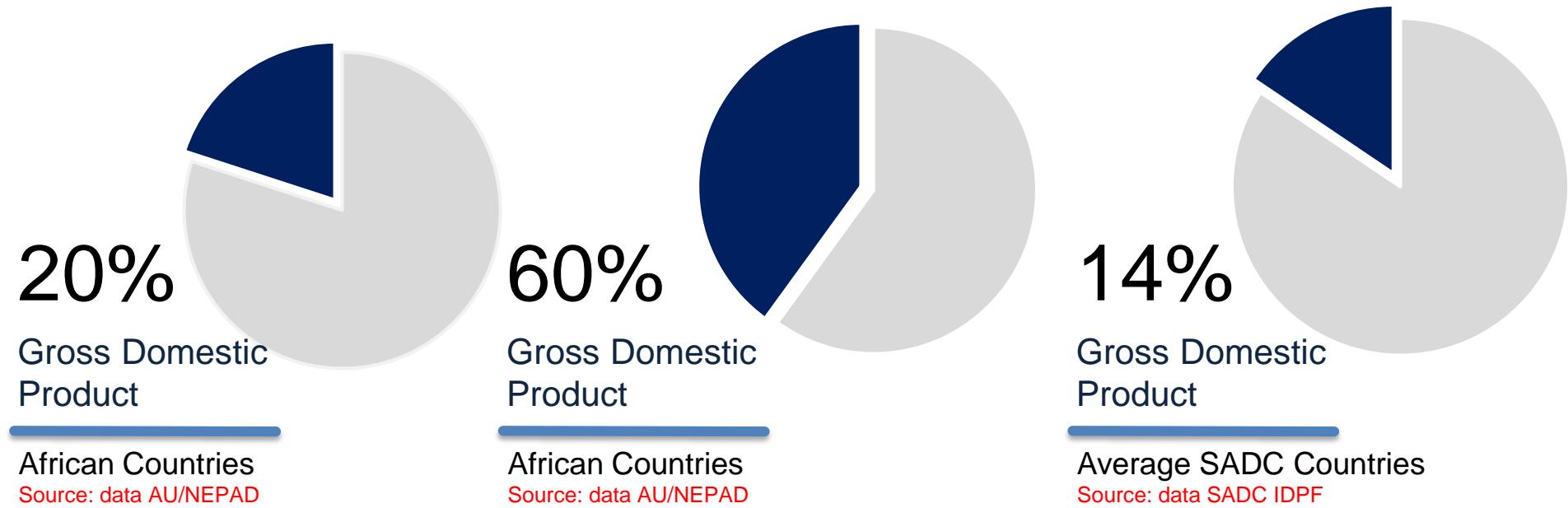


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SME'S ROLE IN INDUSTRIALISATION

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



Manufacturing



High
Production



Agrarian

Gain in consumer
Welfare



Cost of Living



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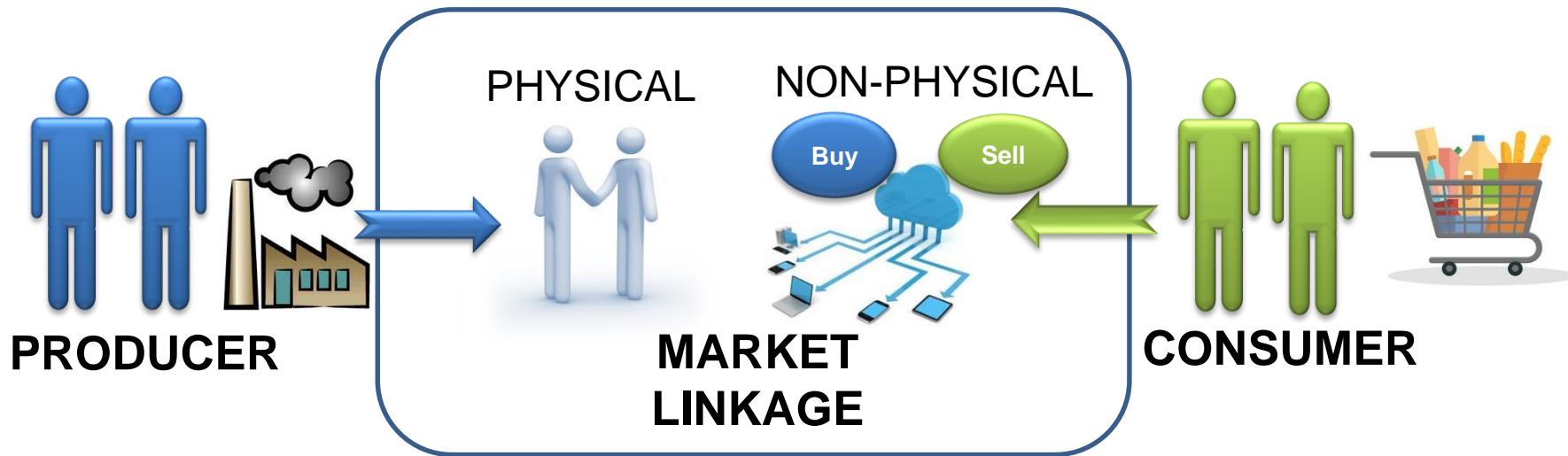
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MARKET LINKAGE?



Movement of Goods



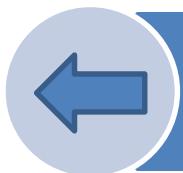
Financial Transactions



Informational Transactions 

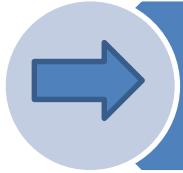
Source John Tracey-White (2005)

MARKET LINKAGES



BACKWARD LINKAGE

DIRECTED TOWARDS SUPPLIERS



FORWARD LINKAGE

DIRECTED TOWARDS CONSUMERS



VERTICAL LINKAGE

BETWEEN FIRMS AT DIFFERENT
LEVELS OF THE VALUE CHAIN



HORIZONTAL LINKAGE

BETWEEN FIRMS AT THE SAME
LEVEL OF THE VALUE CHAIN



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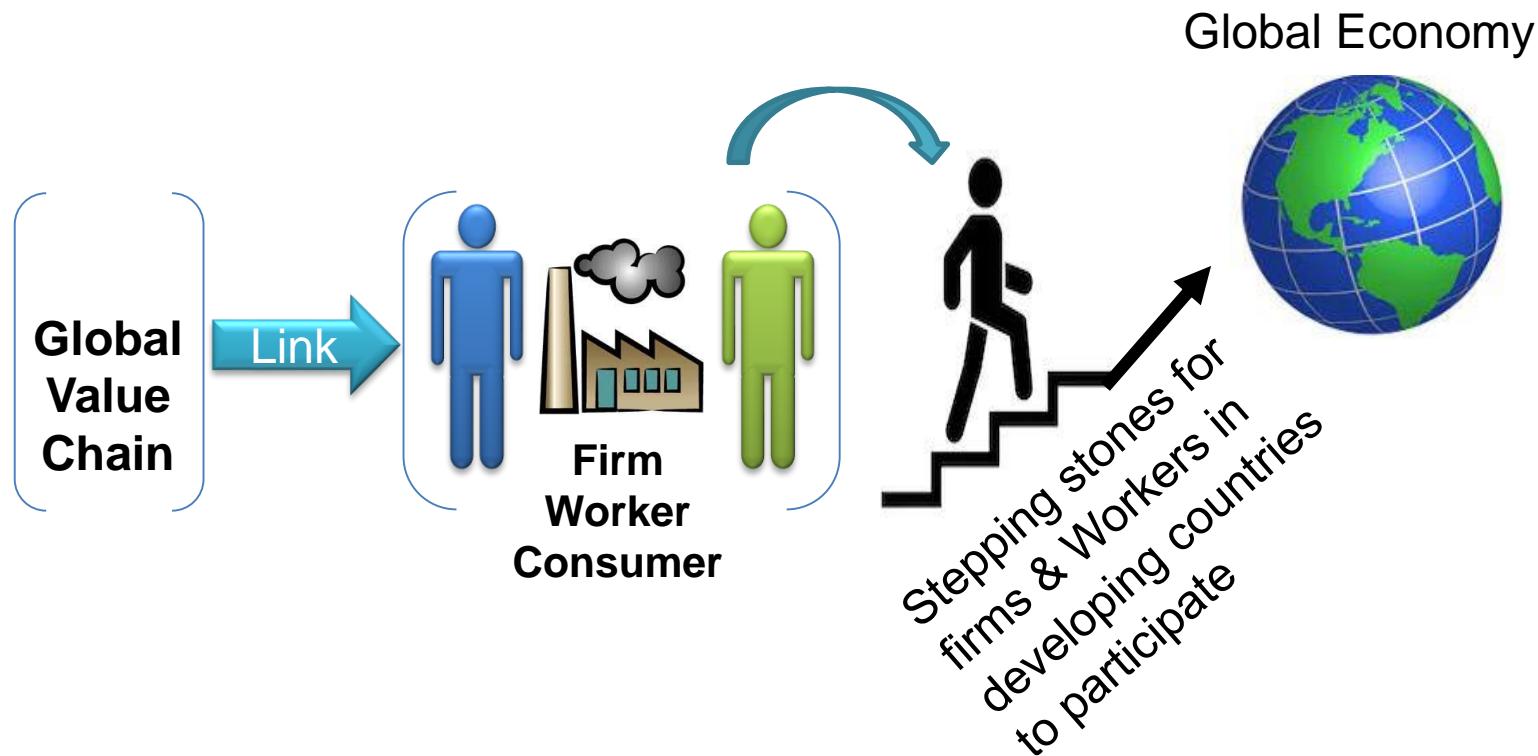
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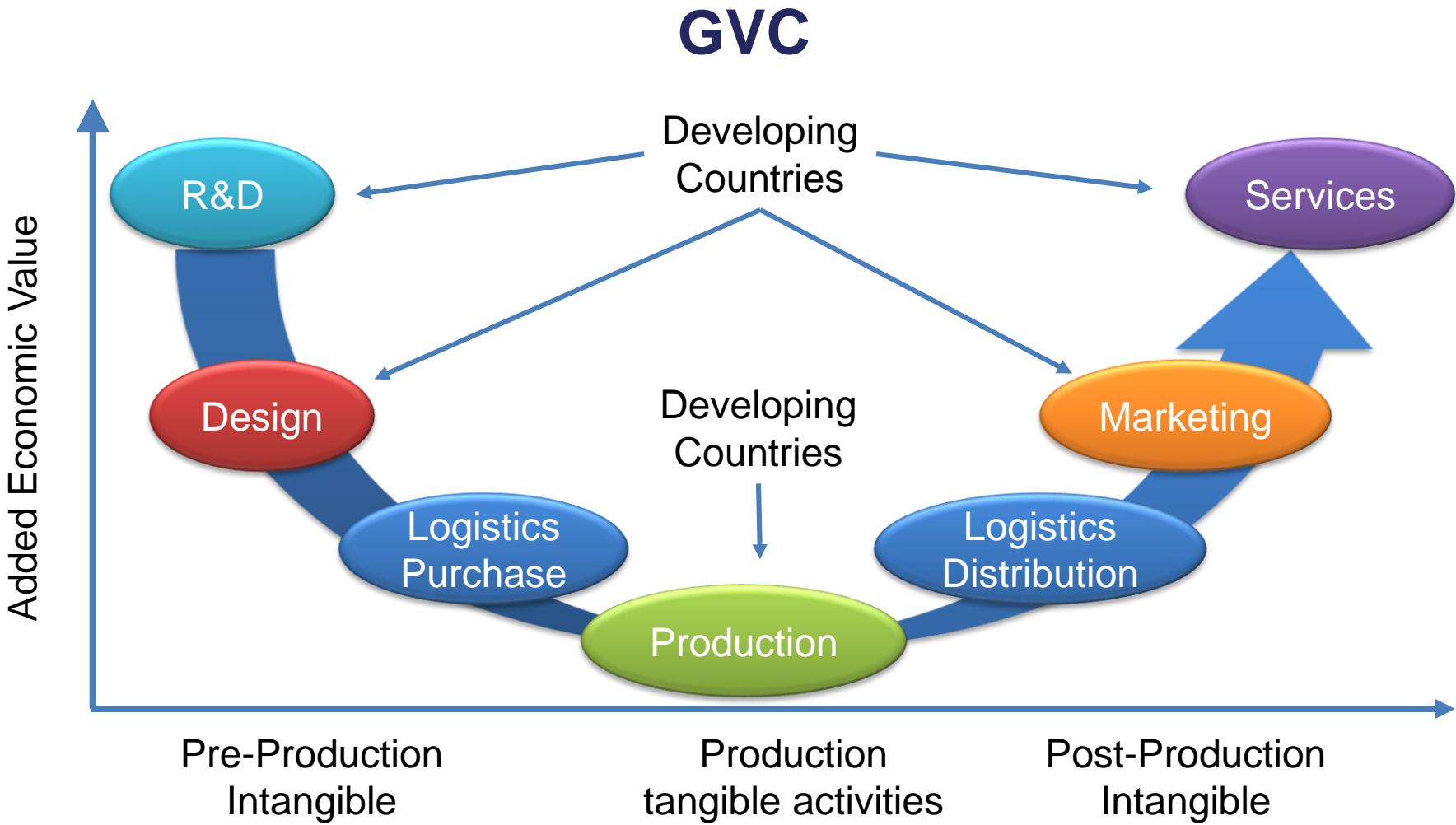


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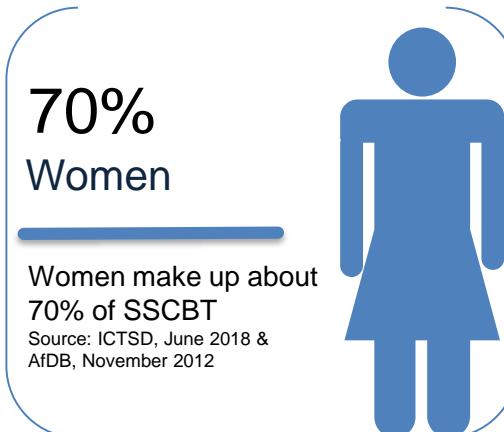
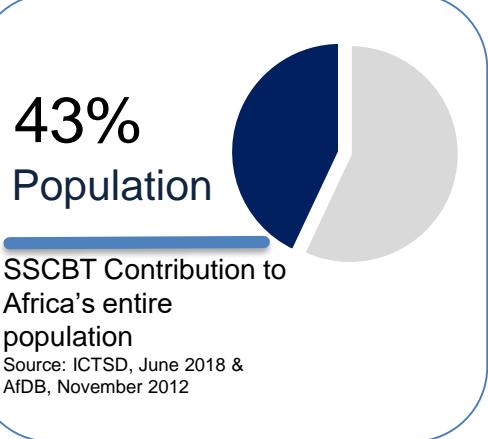
GLOBAL VALUE CHAIN (GVC)





(Gereffi & Stark, July 2016)

SSCBT SIGNIFICANT ACTORS EXAMPLE



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

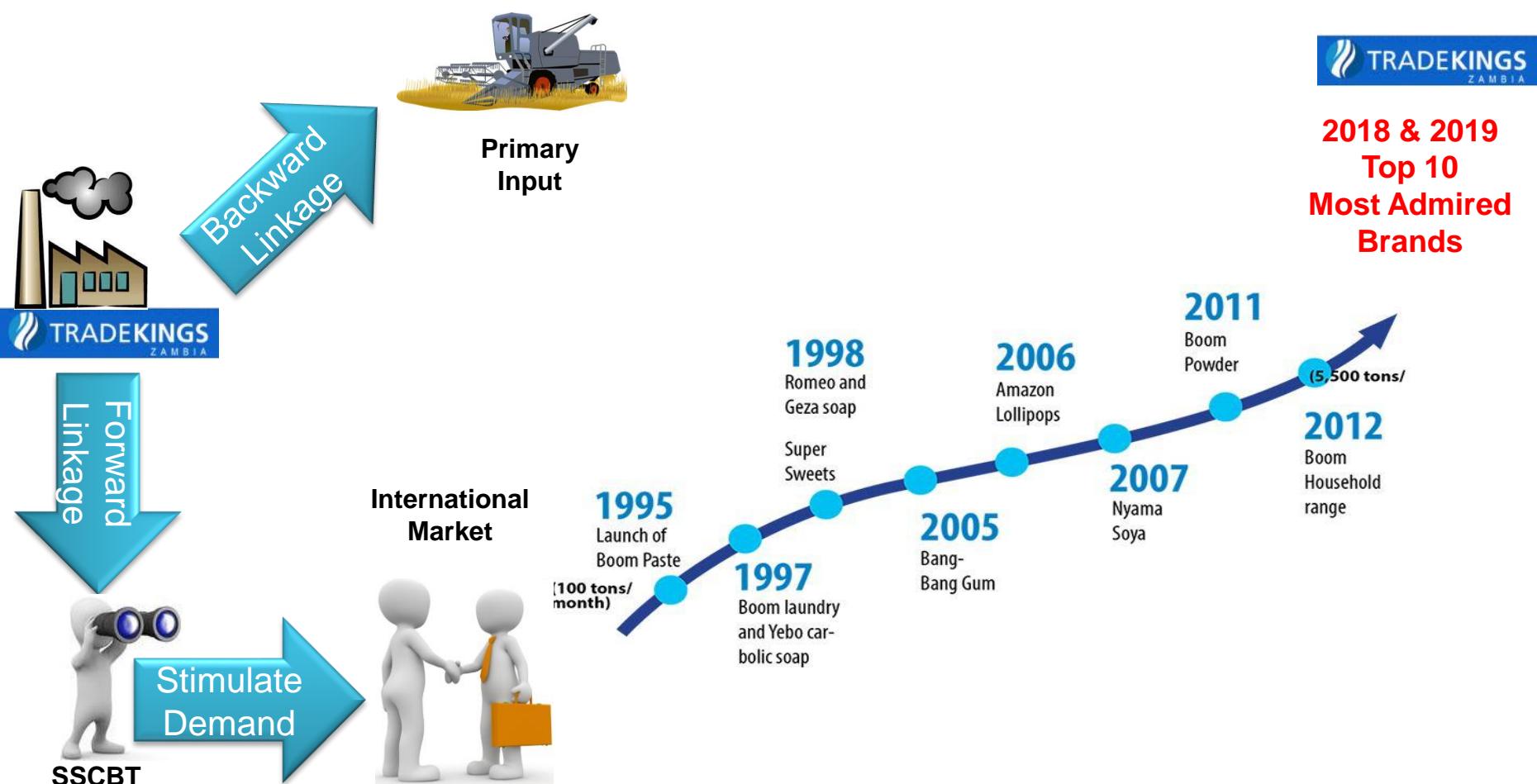
- Humble beginnings 20 years ago
- 40 Employees
- Producing 100 tons of Boom Paste per month
- Rented premises
- One self-driven delivery van
- Restricted capita

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 INDUSTRALISATION



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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