



**MINISTRY OF COOPERATIVES, MICRO, SMALL AND  
MEDIUM ENTERPRISES DEVELOPMENT**

**OFFICE OF THE CABINET SECRETARY**

**SPEECH BY THE CABINET SECRETARY, MINISTRY OF  
COOPERATIVES AND MSME DEVELOPMENT, HON.  
SIMON CHELUGUI, DURING THE KENYA DAY  
CELEBRATIONS AT THE 23<sup>RD</sup> EAC MSMEs TRADE FAIR**

*Members of the diplomatic corps*

*Commissioners from partner state government ministries*

*Distinguished Guests,*

*Members of the fourth estate*

*Ladies, and Gentlemen,*

1. It is a pleasure to be here today at the 23<sup>rd</sup> EAC MSMEs Trade Fair

as we celebrate Kenya Day. In welcoming you, let me also express my gratitude to the People and Government of Burundi for the warm welcome they have accorded to all of us.

2. I want to commend the leadership of the prestigious East Africa Community led by the Secretary-General Mr. Peter Mathuki, the regional and national steering committee, state agencies present here led by the Micro and Small Enterprises Authority (MSEA) which is spearheading and coordinating Kenya's participation for organizing what has become the leading forum for trade and business promotion in the EAC in the past 24 years.

3. Let me also acknowledge that this trade fair has been made possible through collaboration. In this respect, I would like to express appreciation to our partners from Kenya; Strathmore University, Uwezo Fund, Confederation of Micro and Small Enterprises – Kenya Chapter and all other valuable stakeholders for their technical support in making this trade fair a success.

**Ladies and gentlemen,**

4. As we gather today, it is evident that investments in productive activities across Africa are notably insufficient. **The Economic Development in Africa Report 2023** highlights this concerning

trend. The recent crises, including the prolonged impact of the COVID-19 pandemic and inflationary pressures exacerbated by the conflict in Ukraine, have exposed the vulnerability of undiversified economies in Africa. This vulnerability is reflected in the **decline of economic growth on the continent, dropping by 0.8 percentage points from 4.5 percent in 2021 to 3.7 percent in 2022.** Consequently, both intra-African trade and our global trade share have suffered, have experienced setbacks, exacerbating the prevailing economic challenges.

5. For African economies especially in East Africa to achieve resilience

in the face of shocks, **diversification and integration into global supply chains** are imperative. Africa's comparative advantage in this integration involves a comprehensive examination of factors intrinsic to the supply chain, including **procurement, production, distribution, and consumer demand.**

6. Aligned with these considerations, the theme chosen for this year's forum is "**Connecting East Africa MSMEs to enhance Intra EAC Trade.**" This theme is grounded in the current economic context and guided by the essential objective of fostering economic resilience and growth.

7. MSMEs in the East African community are the biggest source of untapped growth potential and, by 2030, will be generating the bulk of the close to **470 million new jobs** that will be required for the workforce by that time. These enterprises currently constitute over **90 percent of traders, contribute 60% to employment, and contribute 29% to the GDP of the EAC region.**
  
8. It's noteworthy that ongoing discussions regarding the revision of the **EAC SMEs Charter** recognize the paramount importance of aligning economic growth with the evolving needs and developments of enterprises in the region. This becomes even more

crucial given the opportunities presented by the **African Continental Free Trade Area Agreement**.

9. Through their participation in this market, MSMEs can gain exposure to **quality standards and advanced technology, enhancing their competitiveness**. Additionally, participation in the regional trade opens avenues for MSMEs to effectively engage in **Global Value Chains (GVCs) and the digital economy**.

**Ladies and gentlemen,**

10. The progress we have made to date in the implementation of the **Customs Union and the Common Market Protocol** is



commendable. The Customs Union, which we **established in 2005**, has generated the intended positive results over the last eighteen years of its operation. This is clearly demonstrated by the upward trajectory in intra-EAC trade over the period which stood at **US\$10.17 billion in September 2022**.

**11.** In particular, **Kenya Exports to Burundi stood at US\$68.69 Million during 2021**, according to the United Nations COMTRADE database on international trade.

**12.** In addition, the **Common Market Protocol** has increased interest in our region from both the citizenry and foreign investors.

This can be attributed to the relatively harmonious relationship enjoyed by member states which was recognized by the 2021 African Multidimensional Regional Integration Index (AMRII) developed by African Union Commission (AUC) and the Regional Economic Communities (RECs). The report ranked the **EAC was best integrated among the eight Regional Economic Communities in Africa across five criteria: free movement of people, trade, productive capacity, infrastructure, and macroeconomics.**

**13. Further, the ALP East Africa Annual 2022/2023 EAC**

**Common Market Capital, Services and Goods (CSG) Scan,** found that the region excelled in three out of six freedoms under the protocol, these are; **free movement of capital, free movement of services and free movement of goods**

**14.** Trade integration is crucial particularly now that the Community is on a trajectory of expansion. The internal EAC market before the admission of Somalia had over **174 million consumers**, a combined gross domestic product of **\$305Billion** and total trade was **\$ 78.75 billion in 2022**. With the admission of the **Federal Republic of Somalia this year**, the EAC region now stretches from the Indian Ocean to the Atlantic Ocean, making it **competitive**

**and easy to access the larger African Continental Free Trade Area (AfCFTA).**

**Ladies and gentlemen,**

**15.** The Government of Kenya is devoting substantial efforts to grow Kenya's MSMEs sector to mainstream their participation in regional and international trade. Kenya's **Buy Kenyan Build Kenya** agenda captures the developmental aspirations of the intra-EAC trade region and recognizes the important role that the development of domestic production capabilities plays in the development of the regional economies.

16. This equally resonates with the East African Industrialization Strategy target to **increase intra-regional manufacturing of exports relative to total manufactured imports in the region to at least 25% by 2032.**

17. The Government is exploring new development paths to improve regional trade as well as **enterprise export competitiveness for a number of products and value chains with high growth potential to meet existing supply gaps particularly in global markets.** This will require a sufficiently high degree of readiness and sector organization in order to meet the strict international

quality and quantity requirements and the possibility to tap into higher price segments.

**18.** Central to this program will be improving MSME awareness and transparency related to **digital markets and trade so as to sustain e-commerce, sanitary and phytosanitary measures, as well as on technical barriers to trade to enable them gain product certification that will ease their efforts to enter foreign markets.**

**19.** With this roadmap, we can expect to see Kenyan businesses in all sectors to grow; add greater value to input in the domestic market,

move up the value chain and internationalize in step with consumer trends and demands.

**Ladies and gentlemen,**

**20.** In this trade fair, there are over **1000 participating MSMEs from partner states**, 300 of them being Kenyan **MSMEs** who are not only showcasing their new products and innovative services **worth Kes.120 million**, but equally exhibiting and sharing experiences on some of their **life changing innovations and creativity that helped them to navigate the current**

**economic headwinds amidst stringent standard operating procedures (SOPs).**

**21.** This event has also presented an opportunity for our MSMEs to further understand the **emerging market dynamics** and **business practices to facilitate business linkages for increased trade.** It has not only avail a forum for **showcasing what Kenya has to offer to the regional market but also play a leading role in facilitating trade and business exchanges among participating countries while at the same time offering an exciting platform for launching new and**



**improved technologies targeting both the local and regional markets**

**22.** I would encourage the participating Kenyan entrepreneurs to take full advantage of the opportunities offered by the platform to share and learn from each other, **create new business links, launch new products and services, and undertake test marketing as well as enhance the brand and corporate image of products and enterprises from the EAC region.**

**23.** I also encourage the private and public sector players present to provide more avenues for interaction where can address common

challenges, **discuss opportunities for MSME growth, in light of the current market realities.**

**24.** I believe that this event will continue to contribute to the **strengthening of economic and business relations, deepening regional integration, demonstrating achievements and new trends in industry, agro-industrial complex and the development of Micro, Small and Medium-sized businesses in the region.**

**25.** As I conclude, I would like to say once again that **MSMEs are the foundation of the modern EAC economy and is its future,** and this means that **creating a conducive business**

**environment remains a top priority for our governments to increasing trade and investment opportunities for these enterprises.**

**26.** Partnerships are therefore very important and much-needed today and should be put to use to help us achieve the key objectives on our national and regional economic agenda.

**27.** I wish you success, fruitful business engagements and outcomes in this trade fair.

**Thank you and God bless you.**