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ACRONYMS

AAFA	American Apparel and Footwear Association
AB7	Africa Big Seven
ABC	Agricultural Business Chamber
ACE	(Malawi) Agricultural Commodity Exchange
ACET	African Centre for Economic Transformation
ACTIF	African Cotton and Textile Industry Federation
AEM	Association of Equipment Manufacturers
AEO	Authorized Economist Operators
AEOs	Accreditation/Authorized Economic Operators
AFIA	American Feed Industry Association
AFMA	Animal Feed Manufacturers Association
AFSTA	African Seed Trade Association
AfT	Aid for Trade Infrastructure
AFTEXPO	Apparel, Textile & Footwear Trade Exhibition
Agbiz	Agricultural Business Chamber
AGOA	African Growth and Opportunity Act
AmCham	American Chamber of Commerce and Industry
APC	American Peanut Council
ASA	American Soy Association
ATI	African Trade Insurance
Atrafin	American Trade Finance Company
ATRAFIN	American Trade Finance Company
AWEP	African Women Entrepreneurs Program
B2B	Business-to-Business
BCRSP	Bean Collaborative Research Support Program
BECI	Botswana Export Credit Insurance and Guarantee Company
BEMA	Botswana Exporters and Manufacturers Association
BNPC	Botswana National Productivity Centre
BOA	Border Operations Assessment
BOCCIM	Botswana Organization of Chambers of Commerce and Industry and Manpower
BSP	Business Service Provider
BURS	Botswana Unified Revenue Service

BUSA	Business Unity South Africa
C2C	Coast to Coast
CASS	Central African Seed Services
CBM	Coordinated Border Management
CBRTA	Cross-Border Road Transport Agency
CBT	Cross Border Trade
CCA	Corporate Council for Africa
CEPR	Centre for Economic Policy Research's
CFA	Clearing and Forwarding Agents
CMI	Corridor Management Institution
CMT	Committee of Ministers of Trade
COMESA	Common Market for Eastern and Southern Africa
CPI	Mozambique Investment Promotion Centre
CPMS	Corridor Performance Management System
DBSA	Development Bank of Southern Africa
DCC	Dar es Salaam Corridor Committee
DFI	Development Finance Institution
DIA	Department of Industrial Affairs
DRC	Democratic Republic of the Congo
DSM	Demand Side Management
DTI	Direct Trader Input
DTIS	Diagnostic Trade Integration Study
EAC	East African Community
ECA	Export Credit Agency
ECIC	Export Credit Insurance Corporation
EDD	Economic Diversification Drive
EFI	Enterprise Florida Inc.
EGM	Expert Group Meeting
EIF	Enhanced Integrated Framework
EMMP	Environmental Mitigation and Monitoring Plan
EPC	Engineering, Procurement, and Construction
EU	European Union
FANR	Food, Agriculture and Natural Resources
FDI	Foreign Direct Investment
FESARTA	Federation of East and Southern Africa Road Transport Associations

FIT	Feed-In-Tariff
FRA	Food Reserve Agency
FTA	Free Trade Area
FTF	Feed the Future
FY	Fiscal Year
GART	Golden Valley Agricultural Research Trust
GDP	Gross Domestic Product
GIS	Geographic Information System
GIZ	(Deutsche) Gesellschaft für Internationale Zusammenarbeit
GM	Genetically Modified
GMO	Genetically Modified Organism
GMP	Good Manufacturing Process
GRAS	Generally Regarded as Safe
GTA	Global Trade Alert
GTAP	Global Trade Analysis Project
HATAB	Hospitality and Tourism Association of Botswana
IAM	Mozambique Institute for Cotton
ICT	Information and Communications Technology
IDC	Industrial Development Corporation of South Africa
IEE	Initial Environmental Examination
IF	Integrated Framework
IGP	Grains Program
IMD	Institute for Management Development
IPA	Investment Promotion Agencies
IPEX	Mozambique Export promotion Agency
IPPs	Independent Power Producers
IR	Intermediate Results
IRR	Internal Rates of Return
ISO	International Organization for Standardization
ISTT	In Service Training Trust
IVLP	International Visitors Leadership Program
JAM	Joint Aid Management International
JBC	Joint Border Committee
LNDC	Lesotho National Development Corporation
LTE	Leading Trade Exhibitions

M&E	Monitoring and Evaluation
MCNet	Mozambique Community Network
MCTI	Ministry of Commerce, Trade and Industry
MIGA	Multilateral Investment Guarantee Agency
MOU	Memorandum of Understanding
MRA	Malawi Revenue Authority
Mt	Metric Ton
MTICM	Ministry of Trade and Industry, Cooperatives, and Marketing
NAMPO	National Association of Maize Producers
NDBC	National Doing Business Committee
NEDC	National Economic Diversification Council
NGO	Non-governmental Organizations
NIC	Namibia Investment Centre
NIS	Nut-in-shell
NRDC	National Resource Development Center
NSC	North-South Corridor
NSW	National Single Window
NTBs	Non-Tariff Barriers
OSBP	One Stop Border Processing
PAZ	Poultry Association of Zambia
PCRSP	Peanut Collaborative Research Support Program
PCRSP	Peanut Collaborative Research Support Program
PMP	Performance Monitoring Plan
PPP	Public Private Partnership
PRI	Political Risk Insurance
PSDRP	Private Sector Development Reform Program
RAEIN	Regional Agricultural and Environment Initiative Network
RECs	Renewable Energy Certificates
REEEP	Renewable Energy and Energy Efficiency Partnership
REFIT	Renewable Feed-In-Tariff
RERA	Regional Electricity Regulators Association of Southern Africa
RETOSA	Regional Tourism Association of Southern Africa
RIA	Regulatory Impact Assessment
RKC	Revised Kyoto Convention
ROO	Rules of Origin

RRI	Railway Revitalization Initiative
SABi	Southern African Baobab initiative
SACAU	Southern African Confederation of Agricultural Unions
SACBTA	Southern Africa Cross Border Traders Association
SACPA	Africa Cotton Producers Association
SACU	Southern African Customs Union
SADC	Southern African Development Community
SADCAS	Southern African Development Community Accreditation Services
SADC-CNGO	Development Community Council of Non-Governmental Organizations
SAGC	Southern African Grain Council
SAGL	South African Grain Laboratories
SAITEX	Southern African International Trade Exhibition
SANSOR	South African National Seed Organization
SARA	Southern African Railways Association
SARS	South African Revenue Service
SCB	Swazi Cotton Board
SERA	Swaziland Energy Regulation Authority
SIPA	Swaziland Investment Promotion Agency
SPGF	Strategic Partnership Grant Fund
SPI	Solar Power International
SPS	Sanitary and Phytosanitary
SRA	Swaziland Revenue Authority
SSA	Sub-Saharan Africa
SSASA	Sub-Saharan African Soy Alliance
SWOT	Strength, Weakness, Opportunity and Threats
TBT	Technical Barriers to Trade
TCR	Third Country Rule
TIDCA	Trade, Investment and Development Cooperation Agreement
TIFI	Trade, Industry, Finance and Investment
TKC	Trans-Kalahari Corridor
TMSA	TradeMark Southern Africa
TNF	Trade Negotiation Forum
TOR	Terms of Reference
TRA	Tanzania Revenue Authority

TRALAC	Trade Law Centre
UK	United Kingdom
UNDP	United Nations Development Program
UNECA	United Nations Economic Commission for Africa
US	United States
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
USTDA	United States Trade and Development Agency
VAT	Value Added Tax
WATH	West Africa Trade Hub
WCO	World Customs Organization
WEXPO	Women's Expo
WIBA	Botswana's Women in Business Association
WISHH	World Initiative for Soy in Human Health
WRAP	Worldwide Responsible Accredited Production
WRS	Warehouse Receipt Systems
WTO	World Trade Organization
ZAMACE	Zambian Agricultural Commodity Exchange
ZASTA	Zambia Seed Trade Association
ZDA	Zambian Development Agency
ZNFU	Zambian National Farmers Union
ZRA	Zambia Revenue Authority

EXECUTIVE SUMMARY

On September 20, 2010 the United States Agency for Development (USAID) Southern Africa launched the Southern Africa the Trade Hub in Gaborone, Botswana. The overall goal of the Trade Hub is to **increase international competitiveness, intra-regional trade, and food security in the Southern African Development Community (SADC) region.**

The Trade Hub's activities are focused on two main objectives:

- Advancement of the regional integration agenda; and
- Increased trade capacity of regional value chains.

This document presents the Trade Hub's fiscal year (FY) 2012 Annual Report.

Intermediate Result (IR) 1.1: Effective Implementation of the SADC Free Trade Area (FTA) and Other Regional Trade Agreements

The Trade Hub's work under this IR is focused on ensuring effective implementation of the SADC Protocol on Trade and other regional trade agreements.

The 2012 Trade Audit, the last audit to be undertaken by the Trade Hub, included a review of all SADC Member States. The Trade Hub developed indicators for the monitoring program for the Protocol on Trade which were forwarded to the SADC Secretariat and SADC Member States for comment and discussion at the Trade Negotiation Forum (TNF).

In cooperation with Trademark Southern Africa (TMSA) and the SADC Secretariat, the Trade Hub participated in workshops in Angola to increase awareness of Non-Tariff Barriers (NTBs) and encourage compliance in their elimination.

The Trade Hub also visited all Southern African Customs Union (SACU) Member States to identify priority export products and their associated capacity constraints in the areas of customs and trade facilitation, Sanitary and Phytosanitary (SPS) and Technical Barriers to Trade (TBT) in order to increase exports for these products.

IR 1.2: Improved Trade Facilitation in Transit, Customs and Other Areas

In an effort to help reduce the time and costs of importing and exporting in the region, the Trade Hub is assisting with the introduction of World Customs Organization (WCO) modern trade facilitation tools throughout Southern Africa.

The Trade Hub undertook a Border Operation Assessment (BOA) at Ressano Garcia border of Mozambique to establish border crossing times and review the operations of the border with a view to recommend measures to improve border efficiency. Operations at Ressano Garcia border were found to be efficient prompting the Trade Hub not to implement Coordinated Border Management (CBM) at this border. In addition to reviewing the monitoring and evaluation mechanism and refining the system for ease of use by the Joint Border Committees (JBCs), the Trade Hub reviewed the JBC progress at Kasumbalesa and Nakonde borders and conducted a survey to determine crossing times at these borders. Notable progress has so far been made at the Nakonde border post.

On Customs capacity building and modernization, the Trade Hub reviewed Botswana's Customs laws and worked on new provisions to accept documents electronically as well as electronic signatures on the documents. The Trade Hub continued to promote National Single Window (NSW) in the region and funded two familiarization visits by Malawi and Namibian Customs and Ministry of Trade officials to the Mozambique NSW.

The Trade Hub is working with Microsoft to implement a Cloud-Based Customs Connectivity Pilot between Botswana Unified Revenue Service (BURS) and the Namibian Customs. In pursuance of the implementation of the Pilot, the Trade Hub organized and facilitated several meetings during the year.

The Trade Hub tested the ASYCUDA Selectivity Criteria for the Swaziland Revenue Authority (SRA) and trained both the ASYCUDA Core Team and Operational Managers on the use as well as application of Risk Management in ASYCUDA++.

The Trade Hub successfully organized an inaugural USAID-WCO Southern Africa Trade Facilitation Conference held in South Africa.

IR 1.3: A Better Trade and Investment Environment through Improved Policies

In order to help increase productive capacity and the ability to facilitate intra- and extra- regional trade flows, the Trade Hub works to address constraints to regional and foreign investment in the Southern African region.

The Trade Hub provided an intensive training program on regulatory impact assessments (RIA) to the Namibian Ministry of Works and Transport to equip officials with the knowledge and tools to undertake RIAs in the transport sector. In addition, the Trade Hub funded a study to conduct a RIA of the four bilateral agreements on road transport between South Africa and Zambia, Malawi, Mozambique and Zimbabwe which recommended that the Cross-Border Road Transport Agency (CBRTA) should pursue actions to improve the existing regulatory framework in the SADC road transport sector and the efficiency of the existing agreements.

In Malawi, the Trade Hub assisted the SADC Secretariat with conducting a trade in services training and presented a report on the private sector consultations on road freight transport. In addition, the SADC Secretariat and the Trade Hub convened a transport sector forum for the Ministries of Trade and Transport, transport regulators and private sector operators held in Durban, South Africa. At the forum, the Trade Hub presented the main issues which arise in transport services and how these issues could be addressed by both the trade facilitation and the trade in services agendas.

The Trade Hub undertook a Diagnostic Trade Integration Study (DTIS) Update for Lesotho under the Enhanced Integrated Framework (EIF) aimed at identifying binding constraints to exports and to highlight opportunities offered by regional and global markets.

The Trade Hub finalized the wheat flour levy assessment and organized a stakeholder seminar to present the findings of the study.

IR 1.4: Strengthened Regional Capacity for Energy Sector Planning and Cooperation

In order to help Southern Africa strengthen regional capacity for the energy sector and increase energy generation, the Trade Hub supports SADC to build capacity of regional regulatory institutions by focusing on clean energy development, planning,

policy and regulatory frameworks for increased private sector investment in clean energy supply and creation of competitive energy markets.

The Trade Hub held consultations with Regional Electricity Regulators Association (RERA) and developed RERA's five-year strategic plan for the period 2013-2017. The Trade Hub carried out several trainings for energy practitioners from the region.

IR 2.1: New Trade Linkages Established and Greater Competitiveness in Staple Foods and Other Strategic Value Chains

The Trade Hub works primarily in the three Southern African Feed the Future (FTF) focus countries of Malawi, Mozambique and Zambia. The Trade Hub operates within an overall value chain framework to drive sustainable, market-based solutions within the following regional value chains cereals, legumes and cotton.

Several visits to FTF countries were made to gain consensus on the way forward particularly regarding the warehouse receipt systems (WRS), grain storage to reduce post-harvest losses, regional SPS issues as well as seed practices at the producer level to impact Aflatoxin control and to enhance the trade of certified seed as a mitigation strategy.

The Trade Hub also followed up on support provided to 106 private sector entities to attend the National Association of Maize Producers (NAMPO) as part of facilitation of regional market linkages of intra-regional trade transactions.

Following an agreement on the dates for SOURCE Africa 2013, the Trade Hub signed a Memorandum of Understanding (MOU) with Leading Textile Exhibition (LTE) South Africa and supported the launch of a marketing and promotion campaign for SOURCE Africa.

The Trade Hub also facilitated several market linkages in the textiles and apparel value chain with the most promising being the new linkage between Bull Clothing and Maseru E in Lesotho on CMT production of boxer shorts for US\$150,000.

IR 2.2: Increased Use and Availability of Financial Products and Services for Trade and Investment

The Trade Hub intervenes in the constraints to the availability and use of financial services within the strategic value chains of intervention on price risk; storage infrastructure, management and deposit instruments; commercial and political risk; and funding liquidity. The activities are all aimed at mitigating these constraints, and/or to leverage available financial services towards value chain financing opportunities.

The Trade Hub informed regional delegates at NAMPO of key requirements to qualify for Ex-Im Bank finance and subsequently provided five companies with potential finance solutions and linked them to American Trade Finance Company (Atrafin) who has offices in the US, Nigeria, South America and South Africa, and has developed a successful niche as an intermediary between Ex-Im Bank guarantees and suppliers/purchasers of equipment.

The Malawi Agriculture Commodity Exchange (ACE) confirmed that the Trade Hub's assistance resulted in First Merchant Bank financing 4000 metric tons of grain worth US\$90,000 based on warehouse receipts issued by ACE.

IR 2.3: Increased Investment through Targeted Promotion Efforts

International investors have long recognized the opportunities that exist in Africa, but accessing reliable data on those opportunities has been a constraint. The Trade Hub assists individual Southern African states to attract investment in its selected value chains.

The Trade Hub, in partnership with the US Embassy in Botswana, sponsored a trade mission for eight renewable energy companies from Botswana, Zambia, Namibia, Mozambique and South Africa, around the Solar Power International (SPI) Conference and Exhibition held in Florida, US. The conference gave the delegation an opportunity to learn about the current status, trends and prospects of the SPI and resulted in one of the companies discussing possible Engineering, Procurement and Construction (EPC) Services with Quanta Power Generation Group, while other companies are in discussions with potential technology suppliers of solar storage systems.

INTRODUCTION

This Annual Report summarizes achievements and outcomes as well as challenges encountered from the Fiscal Year (FY) 2012 work plan for the United States (US) Agency for International Development's (USAID) Southern African the Trade Hub. The overall goal of the Trade Hub is to **increase international competitiveness, intra-regional trade, and food security in Southern African Development Community (SADC) region.**

The SADC region critically needs adequate, reliable, affordable, environmentally safe and high-quality energy for economic growth, increased international competitiveness and increased intra-SADC trade as well as food security.

The Trade Hub supports progress on the regional integration agenda and increases the trade capacity of regional value chains in selected sectors. The delivery of targeted technical assistance assists government, the private sector and civil society organizations throughout the region to realize the advantages of greater regional and global trade linkages and export-oriented business development.

The Trade Hub works towards the achievement of the following seven intermediate results (IRs) under two main objectives:

Objective 1: Advancement of the Regional Integration Agenda

- IR 1.1: Effective implementation of the SADC Free Trade Area and other Regional Trade Agreements.
- IR 1.2: Improved Trade Facilitation in Transit, Customs and Other Areas.
- IR 1.3: A Better Trade and Investment Enabling Environment through Improved Policies.
- IR 1.4: Strengthened Regional Capacity for Energy Sector Planning and Cooperation.

Objective 2: Increased Trade Capacity of Regional Value Chains

- IR 2.1: New Trade Linkages Established and Greater Competitiveness in Staple Foods and other Strategic Value Chains.
- IR 2.2: Increased Use and Availability of Financial Products and Services for Trade and Investment.
- IR 2.3: Increased Investment through Targeted Promotion Efforts.

OBJECTIVE 1: ADVANCEMENT OF THE REGIONAL INTEGRATION AGENDA

With the signing of the Protocol on Trade in 2000, Southern African Development Community (SADC) Member States made the initial step towards deeper economic integration as a vehicle for enhancing growth and competitiveness throughout the region. In the past ten years, Member States have significantly reduced tariff barriers to intra-regional trade under the Free Trade Area (FTA). However, to achieve the full benefits of regional integration, further steps are required.

Tariff reductions are necessary but not sufficient in an environment characterized by widespread Non-Tariff Barriers (NTBs), poor logistics and weak services. Going forward, reductions in tariffs and NTBs must be combined with initiatives to address the overall regulatory and enabling environment. Proposed initiatives to address the overall regulatory and enabling environment include improving trade facilitation in the areas of transit and customs as well as addressing constraints to regional trade caused by the difference in regional and international standards, particularly for agricultural products.

As SADC Member States move towards increasing levels of intra- and extra-regional integration, trade negotiations have moved beyond a narrow focus on trade in goods, as Member States seek to liberalize regional trade in services which constitutes a large and growing component of Member States' Gross Domestic Product (GDP).

The level of foreign direct investment (FDI) and regional investment in Southern Africa are comparatively low. While most countries in the region have investment promotion policies and laws, enforcement is uneven, and the level of investment promotion is at varied levels. Further obstacles to investment may also be unintentionally built into legal and regulatory frameworks – specifically laws and regulations dealing with starting businesses, taxation, bankruptcy, labor, contracts and the environment.

In response to the above challenges, the Trade Hub works towards the achievement of four IRs under Objective 1:

- IR 1.1: Effective implementation of the SADC Free Trade Area and other Regional Trade Agreements.
- IR 1.2: Improved Trade Facilitation in Transit, Customs and Other Areas.
- IR 1.3: A Better Trade and Investment Enabling Environment through Improved Policies.
- IR 1.4: Strengthened Regional Capacity for Energy Sector Planning and Cooperation.

IR 1.1: Effective Implementation of the SADC FTA and Other Regional Trade Agreements

Since the signing of the Protocol on Trade in 2000, SADC Member States have achieved significant reductions in tariff barriers within the region. Going forward, SADC is embarking on an increasingly ambitious agenda which includes the establishment of the Tripartite

FTA, a SADC Customs Union and eventually, a SADC Common Market. The Trade Hub supports SADC across all these initiatives.

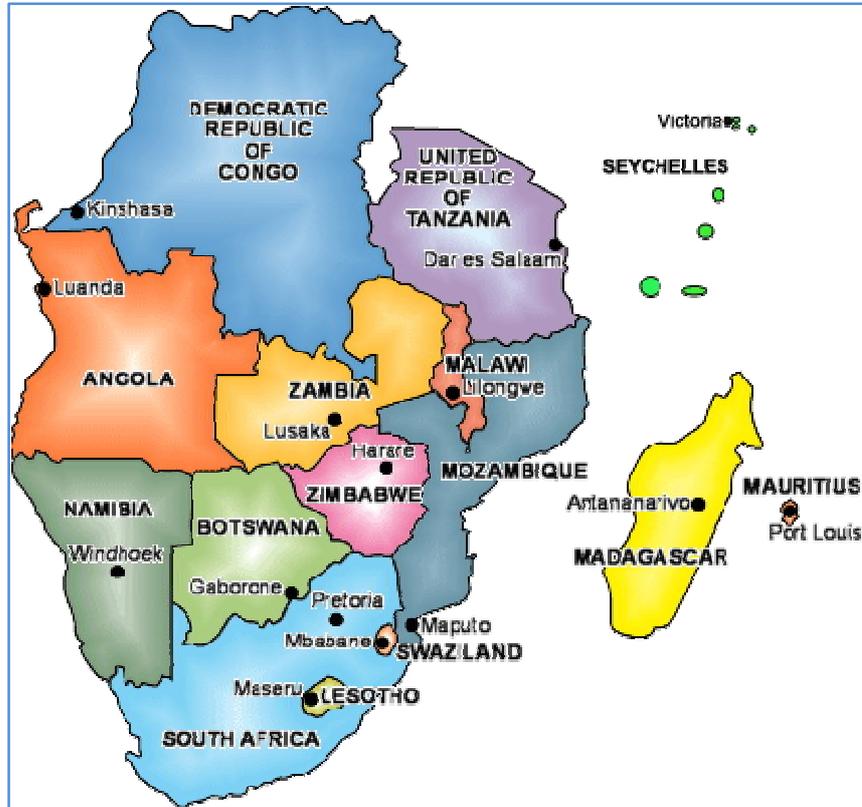
Activity 1.1 B - Strengthen the Capacity of SADC Secretariat to Monitor the FTA

In working to ensure the effective implementation of the SADC FTA, the Trade Hub built on the existing relationship with the SADC Secretariat to provide support for their main objective of market integration and directly supports the full implementation of the SADC Protocol on Trade.

- **2012 Trade Audit**

The 2012 Trade Audit, the last audit to be undertaken by the Trade Hub, included a review of all SADC Member States. Some of the key conclusions of the Audit regarding tariff phase downs were as follows:

- Malawi has delayed implementation since 2004 and has yet to fully commit to a resumption of phase downs;
- Although Mauritius had previously phased down more quickly than its negotiated tariff phase down schedule over the years, there remain nearly 200 tariff lines which still attract duty for intra-SADC trade; and
- While Zimbabwe had received a derogation from SADC to delay implementation until 2012, it was noted during the audit that Zimbabwe would not be ready to resume phase downs in 2012;



Source: Southern Africa Trade Hub

The Trade Hub finalized the Audit reports thus completing the Trade Hub’s role on this activity.

- **Rules of Origin (ROO)**

The Trade Hub trained 20 participants from the Botswana Department of Industrial Affairs (DIA) on the advantages of preferences offered through the SADC Protocol on Trade and other trade agreements, as well as enhanced understanding of ROO. The training equipped participants with knowledge of ROO, why they are important in trade, illustrated the roles of various government departments in the administration of ROO and demonstrated how ROO are administered in Botswana.

- **Review of Selected Trade Policies**

The Trade Hub participated in Botswana's Women in Business Association (WIBA) strategic planning meeting and was subsequently invited to serve as a technical advisor to the Management Committee.

In collaboration with COMESA, SADC and TMSA, the Trade Hub initiated the process for a planning meeting to discuss how to take forward work towards implementation of the SADC Simplified Trade Regime. Modeled on a similar program to COMESA, the Simplified Trade Regime aims to simplify procedures for small cross border traders allowing them to take advantage of preferences under the SADC Protocol on Trade. TORs were drawn up for a review of the experiences of implementation of measures to facilitate the activities of small scale cross border traders, the majority of whom are women.

The Trade Hub and the SADC Gender Unit made a joint presentation to the Trade, Industry, Finance and Investment (TIFI) Unit of SADC under the theme of "Small Scale Cross Border Trade, Challenges and Opportunities for Women". The objectives of the presentation were to:

- Share the Trade Hub experiences on small scale cross border traders (women and men) at selected borders in SADC;
- Draw attention to the significant contributions of women to regional trade; and
- Stimulate discussion on gender and small scale cross border trade (CBT) and how to support the sector.

The discussion generated recommendations on the need for the capacity strengthening of Cross Border Trader Associations (CBTAs), advocacy for inclusion of CBT issues in trade policies and processes, creation of conducive business environment and facilitation for CBTs, data collection for use in policy formulation.

The Trade Hub attended the Pre-Forum National High Level Dialogue on Informal Cross Border Trade in the SADC Region. The Forum was convened by the Southern Africa Development Community Council of Non-Governmental Organizations (SADC-CNGO) and the Southern Africa CBTA (SACBTA) with financial support from the Trade Hub. The Trade Hub made a presentation on the findings of its border operations assessments as they relate to the CBTs and the traders presented the challenges they encounter in the course of their activities and discussed opportunities for a simplified trade regime for CBTs with officials from the SADC Secretariat. One of the outcomes of the dialogue was an undertaking to fund the advocacy and capacity building activities of SACBTA by the Southern Africa Trust.

As a member of the Botswana Women in Cross Border Trade Project Advisory team, the Trade Hub provided oversight into the research instruments to be used in conducting the baseline study. A draft report was produced and a stakeholder validation workshop conducted.

Activity 1.1 C - Assist SADC in Rollout of the TMCM

The Trade Hub worked with the SADC Secretariat and other donors on the development of a holistic monitoring process for SADC Protocols. At SADC meetings in 2011, SADC Trade Ministers agreed to put in place comprehensive monitoring programs for all SADC agreements. On trade and investment related Protocols, USAID, through the Trade Hub,

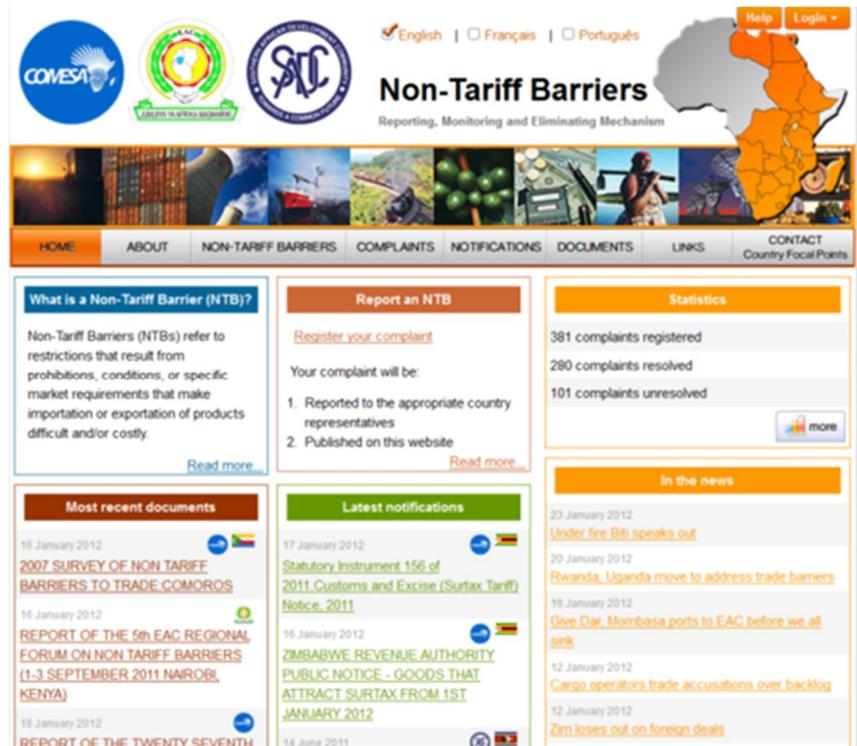
and the Gesellschaft für Internationale Zusammenarbeit (GIZ), developed monitoring programs.

The Trade Hub developed indicators for the monitoring program for the Protocol on Trade. The indicators were forwarded to the SADC Secretariat and SADC Member States for comments and these will be discussed at the Trade Negotiation Forum (TNF) next fiscal year.

Activity 1.1.D Addressing Constraints to Effective Implementation of the FTA

The Trade Hub continued to work with the SADC Secretariat and other donors on addressing key barriers to trade.

Each SADC Member State is in the process of establishing National Monitoring Committees (NMCs) to address the reported NTBs, and throughout the year, the Trade Hub was actively involved in helping SADC prioritize and eliminate critical NTBs. In cooperation with Trademark Southern Africa (TMSA) and the SADC Secretariat, in FY 2012, the Trade Hub participated in workshops in Angola to increase awareness of NTBs and encourage compliance in their elimination.



Source: Southern Africa Trade Hub

Activity 1.1 E - Support to the SADC SPS Coordinating Committee

The Trade Hub and the SADC Secretariat agreed to establish a Sanitary and Phytosanitary (SPS) advisory group. This is a team of experts and specialists that will be responsible for planning and reviewing all the work that is being done on SPS matters and feed them into the SADC SPS Coordinating Committee for action.

Throughout the year, the Trade Hub worked with the SADC SPS Coordinator to draft a program to refine the rules of procedure for the SADC SPS Coordinating Committee as well as to design and formulate the terms of reference (TOR) for the newly formed SPS Advisory forum. The Trade Hub also assisted SADC in developing processes and a work plan for the SADC Secretariat to entrench SPS transparency rules in Member States.

Activity 1.1 F - Support the Implementation of the US-SACU TIDCA

The United States (US)-SACU Trade, Investment and Development Cooperation Agreement (TIDCA), signed in 2008, serves as a framework for cooperation and discussion across a range of trade related issues. However, progress on the implementation of the agreement has been slow. Consequently, SACU Secretariat requested the Trade Hub to review possible areas of technical assistance related to the TIDCA with a focus on customs, trade facilitation, Technical Barriers to Trade (TBT) and SPS measures.

The Trade Hub visited all SACU Member States to identify priority export products and their associated capacity constraints in the areas of customs and trade facilitation, SPS and TBT in order to increase exports for these products. During the country visits, key stakeholders such as Ministries of Trade and Agriculture as well as private sector organizations and firms interviewed. Based on these interviews and a desk research, the Trade Hub prepared a draft report which was sent to the SACU Secretariat and Member States for comments. In November 2012, the Trade Hub will present the findings of the study to the SACU Secretariat in Namibia before finalizing the study report next fiscal year.

Other Activities

- ***Successful Implementation of the Tripartite***

In October 2008, the three Regional Economic Communities (RECs) – SADC, Common Market for Eastern and Southern Africa (COMESA) and the East African Community (EAC) – committed to the establishment of a Tripartite FTA, bringing together the three RECs. Achieving a functioning Tripartite FTA is an ambitious goal given the challenges all three institutions have experienced and continue to experience in realizing more modest agendas. The Trade Hub provides technical support to the tripartite process on a request basis.

The Trade Hub participated in the United Nations Economic Commission for Africa (UNECA) seminar on the Tripartite FTA as well as the associated Private Sector Forum. The seminar was focused on trade policy issues, including a quantitative assessment of the process, governance framework and structures, public-private partnerships and trade disputes.

- ***Trade and Food Security***

The Trade Hub completed the technical report on trade and food security in the SADC region. This report was developed in response to actions taken by Southern African countries to ban staple food exports to drought stricken East Africa. The report examines recent global and regional experience to draw lessons about the impacts of domestic trade policies as they have been used in the region on food security. The paper highlights that SADC's recent history reflects and supports international experience in showing that restrictions on imports and exports of food products do not generally help, often impeding the achievement of food security.

- ***Tanzania Private Sector Consultations on National Trade Policy***

At the request of the Ministry of Industry and Trade in Tanzania, the Trade Hub undertook a two day workshop to facilitate consultations between the private sector and the government on the review of Tanzania's 2003 National Trade Policy. On the first day of the workshop, the Trade Hub and members of the National Trade Policy Review Team

presented on key trade issues and elements of Tanzania's trade policy. Topics included: the role of trade policy in economic development, trade and export policy formulation, an overview of the 2003 policy, the role of economic integration in national trade policy and trade policy as a trade promotion and investment tool. The second day of the workshop focused on facilitated discussions between the government and representatives of the private sector to identify key issues for inclusion in the updated trade policy.

- ***WTO Workshop on Tools and Methods for Trade and Trade Policy Analysis***

The Trade Hub participated in the World Trade Organization's (WTO) training workshop on "Tools and Methods for Trade and Trade Policy Analysis". The week long training was organized around presentations, hands-on exercises and discussion on trade and trade policy and research techniques and the skills update will be incorporated into the Trade Hub trainings on trade policy analysis.



WORLD TRADE ORGANIZATION

Following a request from Ministry of Trade, Industry, Cooperatives and Marketing (MTICM) to hold a trade data analysis workshop in Lesotho, the Trade Hub conducted training for representatives of the Government of Lesotho and the Lesotho business community in Maseru. The workshop which was aimed to have participants acquire knowledge in accessing, analyzing and generating policy with relevant recommendations based on Lesotho's export and import patterns was well attended with participants displaying commendable ability to quickly grasp new skills.

- ***AERC Econometric Training***

The Trade Hub participated in the African Economic Research Consortium's (AERC) technical workshop on Time Series Econometrics in Arusha, Tanzania. The Trade Hub will use the acquired skills and knowledge to conduct a deeper analysis on price trends in the wheat and wheat flour industries in Botswana to help with the Trade Hub study on the effectiveness and sustainability of the 15% Botswana wheat flour levy on imports.

- ***Economic Development in Africa Conference***

The Trade Hub presented a paper on the "*Implications of the envisioned COMESA-EAC-SADC tripartite FTA on welfare and food security*" at the Economic Development in Africa Conference in the United Kingdom (UK). The paper analyzed the potential impacts of the formation and implementation of the envisioned COMESA-EAC-SADC Tripartite-FTA on the 26 participating member countries in terms of welfare implications and food security.

- ***UNECA EGM on Metrology, Export Diversification and Intra-Industry Trade***

The Trade Hub attended the UNECA organized Expert Group Meeting (EGM) on Metrology, Export Diversification and Intra-Industry Trade in Lusaka, Zambia and presented some of the possible solutions in dealing with NTBs impeding trade in the

SADC region and Africa. The presentation highlighted some of the Trade Hub's interventions to increase intra-SADC trade such as CBM and the development of NSWs.

- **CEPR/GTA/ACET Annual Conference**

The Trade Hub presented on the *“Impact of Post-Crisis Foreign Trade Policy on Intra-Regional Trade and Investment in the SADC Region”* at the Centre for Economic Policy Research's (CEPR) Global Trade Alert (GTA) and the African Centre for Economic Transformation (ACET) annual conference on the theme “Analysis of contemporary protectionism”. The paper articulated the nature of post-crisis trade and investment measures adopted and implemented by some SADC countries with the aim of investigating the extent to which such measures either encouraged or discouraged SADC intra-trade and intra-regional or cross-border investment.

- **GTAP/WTO Global Economic Analysis Conference**

The Trade Hub presented on the *“Impacts of Regional Trade Agreements on Trade in Agrifood Products: Evidence from Eastern and Southern Africa”* at the Global Trade Analysis Project (GTAP)/WTO in Geneva, Switzerland. The paper analyzed the impacts of regional trade agreements on intra-trade in three selected agrifood products, namely maize, rice and wheat, in COMESA, EAC and SADC for the period 2005 to 2010.

- **Regional Environmental Initiatives**

The Trade Hub initiated environmental impact assessments for each project component and completed the necessary environmental screening forms as well as Environmental Mitigation and Monitoring Plan (EMMP) for the Environmental Review Report, as per the approved Initial Environmental Examination (IEE) for the Trade Hub program.

Mozambique Groundnut Trials



Source: Southern Africa Trade Hub

IR 1.2: Improved Trade Facilitation in Transit, Customs and Other Areas

The high cost of exporting and importing goods to, from and within Southern Africa hinders international and intra-regional trade, makes commerce and industry less competitive and

contributes to food insecurity. Despite progress in addressing some key impediments, translating the regional vision to the national level has been uneven and requires further assistance and active engagement by concerned public and private sector stakeholders. The Trade Hub is at the forefront of pioneering regional corridor work and providing the World Customs Organization's (WCO) trade facilitation tools to assist Southern Africa in their efforts to reduce transport costs and to facilitate trade.

In Southern Africa, high import and export costs constrain trade-based growth, limit product diversification and increase the price of consumer goods, including food. This is a serious problem in a region where transport-related costs contribute up to 14% of the final consumer price of a product double the global average. In an effort to help reduce the time and costs of importing and exporting in the region, the Trade Hub assists with the introduction of WCO trade facilitation tools such as Customs Connectivity, Coordinated Border Management (CBM) and National Single Windows (NSW) throughout Southern Africa.

Activity 1.2 A - Coordinated Border Management (CBM) Program

The Trade Hub positioned itself as the leader in institutional capacity building and reform along key transit corridors in the region.

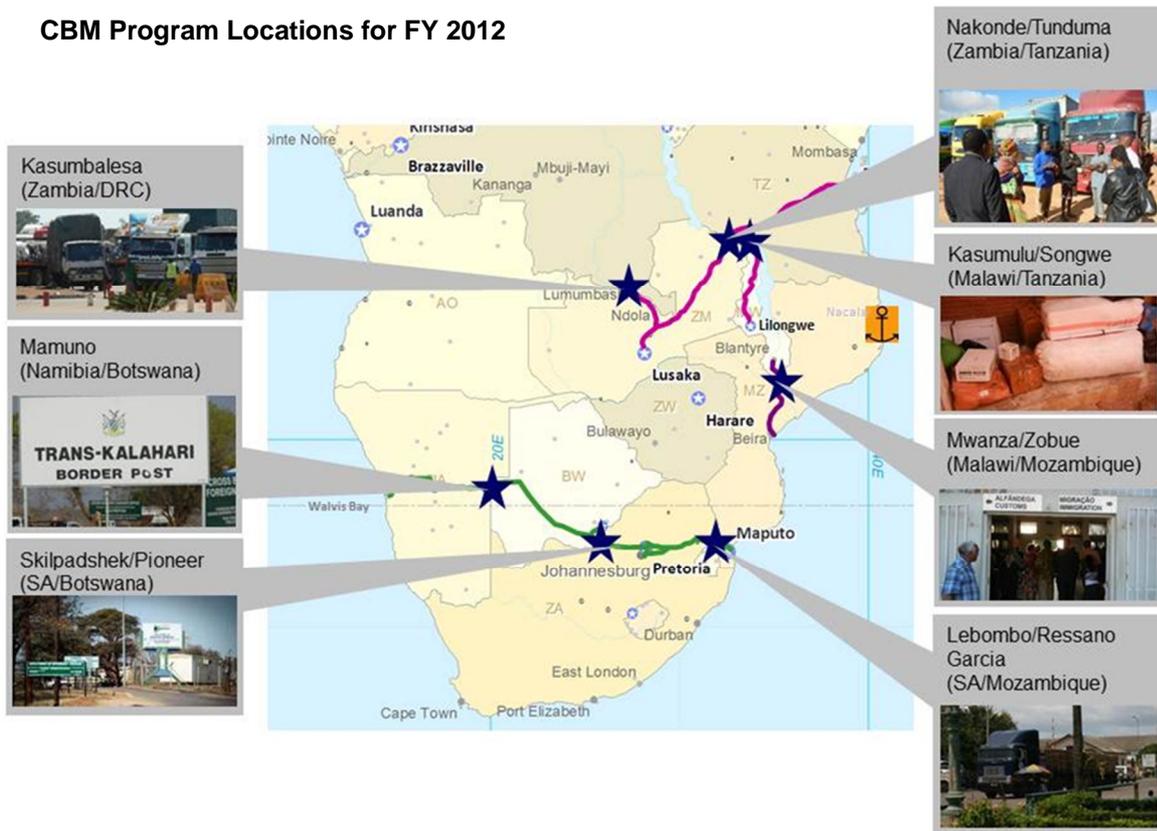
The Trade Hub undertook a BOA at Kasumbalesa border between Zambia and the Democratic Republic of Congo (DRC). The findings and recommendations of the Kasumbalesa BOA, together with the Nakonde BOA findings, were presented at the Zambia CBM National workshop held in Lusaka and border workshops held at Kasumbalesa and Nakonde. This resulted in buy-in and commitment by Zambia stakeholders to implement the CBM program. Zambia, through its Private Sector Development Reform Program (PSDRP) is working on a program aimed at improving Zambia's competitiveness and therefore considers the CBM program complementary to their reform program. The workshops established Joint Border Committees (JBCs) at Kasumbalesa between Zambia and the DRC and at Nakonde, Zambia at the Tanzania border, and developed action plans to address key bottlenecks identified in the BOA.

Following the establishment of the JBCs and development of Action Plans for JBCs at Mwanza and Songwe borders in Malawi, the Trade Hub facilitated the first Mwanza JBC Meeting to prioritize the Action Plan into immediate, short term and medium to long term activities. This was to enable the JBC to immediately implement those activities that do not require any resources.

The Trade Hub reviewed progress of implementation at Mwanza Border and identified specific activities from the Action Plan, allocated responsibilities for their implementation, resources required and timeframes. A number of measures to reduce the time and cost of goods crossing the borders was implemented, such as:

- Abolition of physical examination of foreign vehicles before they are issued with Temporary Import Licenses;
- More agencies working during the hours the border is open; more sharing of information among agencies through lists of commodities of interest; and
- Coordinated physical examination of goods and increased bonds by Clearing and Forwarding Agents (CFAs).

CBM Program Locations for FY 2012



Source: Southern Africa Trade Hub

However, it was noted that continued non-application of risk management continued to contribute to some delays at the border but these delays should be alleviated by the use of a newly introduced scanner at the border. In order to further reduce the time and cost of goods crossing the border, the Trade Hub agreed to:

- Assist with training of Customs Headquarters staff and CFAs in software for risk management;
- Provide technical assistance to define and cost JBC Information and Communications Technology (ICT) requirements as well as general infrastructure that inhibits smooth clearance at the border; and
- Work with the Ministry of Trade, Malawi Revenue Authority (MRA) and other key stakeholders towards the establishment of a NSW.

In an effort to ensure development partners have a common CBM framework and their work complements rather than duplicates each other, the Trade Hub participated in a meeting held with TMSA, TradeMark East Africa, Competitiveness and Trade Expansion Program (COMPETE), SADC, COMESA and EAC Secretariats in Zambia. The meeting agreed that the Trade Hub would continue to focus on CBM components which focus on border efficiency improvement while collaborating with TMSA in setting up CBM strategies in SADC countries.

The Trade Hub undertook two-day JBC Action Plan operationalization workshops at both Kasumbalesa and Nakonde, in Zambia, to formulate specific time-bound activities for implementation by the JBCs and to identify areas of possible support by the Trade Hub as well as areas for which other donors can be mobilized with a view to facilitate implementation. It was agreed that JBCs should submit quarterly progress reports which

would include reduction in goods crossing times, and share their meeting minutes with the Ministry of Commerce, Trade and Industry (MCTI) and the Trade Hub.

The Trade Hub also undertook an awareness mission on CBM in Mozambique through participating in a SADC CBM Workshop where the Trade Hub presented on its experience in CBM implementation in Malawi and Zambia.

Following one year of implementing CBM, the Trade Hub visited Mwanza and Songwe borders to conduct a survey to assess the impact of the program. While there, the Trade Hub also reviewed the monitoring and evaluation mechanism utilized and refined the system for ease of use by the JBCs. It was discovered that there had been a significant reduction in the time for exports crossing the border but there was an increase in time for imports due to the introduction of centralized clearance of imports.

The Trade Hub carried out a BOA at Ressano Garcia border in Mozambique, to establish border crossing times and review the operations of the border with a view to recommend measures to improve border efficiency. The operations at the border were found to be very efficient and the Trade Hub decided not to implement the CBM process.

The Trade Hub also went to Kasumbalesa and Nakonde borders to review the JBC work done and to conduct a survey to determine crossing times at these borders after the initial six months following the implementation of the JBC Action Plan. In addition, the Trade Hub reviewed the monitoring and evaluation mechanism, and refined the system for ease of use by the JBCs.

Progress was noted at some borders, such as at the Nakonde border. This includes increase of staff complement by Zambia Bureau of Standards at Nakonde, continuous submission of documents from the Direct Trader Input (DTI) to Zambia Revenue Authority (ZRA) as opposed to the previous process where DTI sent declarations to ZRA in one hour intervals of compelling the importer/clearing agent to wait for an hour before clearance by customs could commence. However, a shortage of customs staff and lack of proper infrastructure remained the major hindrances to the effectiveness of the JBCs.

Activity 1.2 B - Ports Efficiency Improvement Program

In coordination with [USAID AgriFUTURO](#), the Trade Hub initiated the development of an “Analysis of the Ports of Beira and Nacala” and an “Assessment of What Improvements in Efficiency and Cost Reductions at the Ports Could Imply for the Agriculture/Agribusiness Sectors of Mozambique”.

The report was circulated to all stakeholders in Mozambique for review and validation workshops were held in Beira and Nampula.

The report was well received by the majority of stakeholders and among the recommendations noted was the need to establish a ‘Port Users Forums’ and a ‘Customs Forum’ for stakeholders to advocate for more efficient logistics in these corridors as well

Mozambique Port Dockside



Source: Southern Africa Trade Hub

as measures to reduce the port dwell times, which are 26 and 15 days for Beira and Nacala respectively compared to four days in Durban, South Africa.

The Trade Hub identified the costs and inefficiencies associated with the use of Beira and Nacala ports as major constraints to the regional and international competitiveness of the focus value chains. The costs associated with fertilizer imports have a significant regional impact on production while the costs associated with the exports of groundnuts, dhal, pigeon peas and other commodities render them uncompetitive in certain markets.

Activity 1.2 C - SADC Railways Revitalization Policy Dialogue

The Trade Hub presented on “Policy Dialogue and Actions to Facilitate Regional Railway Operations” as part of the promotion of the SADC Railways Revitalization Initiative at the United States Trade and Development Agency (USTDA) Southern Africa Rail Workshop. The workshop was aimed at creating effective solutions to enhance railway network development throughout the region through effective



Source: Southern Africa Trade Hub

policy mechanisms which promote cross-border operations, technology options to enhance critical infrastructure and operations.

To initiate the dialogue, both the Trade Hub and TMSA presented the highlights of their initial studies on this subject to the Southern African Railways Association (SARA) Conference. The conference agreed:

- On the need for the Railway Revitalization Policy Dialogue;
- On the need for governments, Rail Operators, Rail Customers and Donors to be involved in the dialogue as key stakeholders;
- On a *Modus Operandi* for the dialogue in the form of railways policy workshops, which will identify policy issues to be addressed, followed by research on policy issues and then policy briefs; and
- That the Trade Hub/TMSA will partner with key stakeholders in facilitating the policy dialogue and policy actions implementation.

The Trade Hub participated in a SADC North South Corridor (NSC) Senior Officials Meeting in Johannesburg, South Africa where it made a presentation on the Railway Revitalization Initiative (RRI), highlighting causes of the decline of railway capacity and proposing options for turning around the railways.

Participants unanimously agreed that it was critical to turn around the performance of the railways to address congestion on the roads and deterioration of the road infrastructure hence reducing the cost of transportation. The meeting agreed that a proposal on the revitalization of the NSC-Aid for Trade Infrastructure (AfT) railways to improve their viability, performance and to correct the modal balance of traffic share with road should be finalized.

Activity 1.2 D - Development of Corridor Management Institutions (CMIs) and Sustainable Funding

The Trade Hub facilitated a Dar es Salaam Corridor Committee (DCC) Executive Committee meeting which noted that, as a result of the Trade Hub grant to the DCC Secretariat, the World Bank pledged to support the DCC with US\$5 million for Secretariat capacity building and US\$5 million for the implementation of projects over the next 3-5 years. In addition, it was agreed that the World Bank would work with stakeholders and the Trade Hub to ensure that the User-Pay Principle (UPP) was implemented. The World Bank further agreed with the Trade Hub, TMEA and other key stakeholders to establish a Corridor Performance Management System (CPMS)/Transport Observatory for the DCC.

As part of the institutional development of the Nacala and Beira Corridors, the Trade Hub participated in the SADC Ministerial Meeting on Eastern Corridors Cluster and presented its Trade Facilitation Program activities. Both the Ports Efficiency Program and the RRI were endorsed by key stakeholders. The meeting reviewed and planned projects along the corridors and discussed institutional development.

Activity 1.2 E - Automation and Implementation of Corridor Performance Management System (CPMS)

The Trade Hub participated in the World Bank Sub-Saharan Africa (SSA) Transport Policy Program Corridor Performance Monitoring Workshop to take stock of current developments in monitoring transport corridor performance. It was agreed that sustainable systems can only be established through the use of existing information from IT systems of institutions such as Customs and Ports, which is what the Trade Hub CPMS is based on. Additionally, the Trade Hub briefed the World Bank, TMEA and DCC on the progress and challenges of establishing a CPMS for the Dar Corridor with the aim of assisting the World Bank, which plans to build on the CPMS to establish a Transport Observatory on this corridor.

Activity 1.2 F - Sharing of Best Trade Facilitation Practices and Building Synergies with Other Institutions

The Trade Hub participated at the Federation of East and Southern Africa Road Transport Associations (FESARTA) Truckers Forum 2012, which discussed border procedure; documentation; smuggling and infrastructure; loads limits and overloading; and excessive and arbitrary charges and taxes. The Trade Hub presented on the numerous charges and fees paid by truckers at the borders based on the Trade Hub's experience with CBM.

Upon request, the Trade Hub presented its trade facilitation program to the SADC Committee of Senior Officials and the Ministers of Transport. The presentation highlighted the regional assessment, CBM, ports, railways, customs modernization and ICT

connectivity projects. In addition, the Trade Hub presented CBM at the Cross-Border Road Transport Agency (CBRTA) Indaba with the theme “Changing Gears – Transcending Borders” in Johannesburg as part of the awareness campaign on the potential of CBM to reduce the cost of doing business especially across borders.

The Trade Hub successfully organized a USAID-WCO Southern Africa Trade Facilitation Conference held in Johannesburg, South Africa from September 10-11, 2012. The purpose of this conference, whose theme was “21st Century Trade Facilitation Tools: Increasing International Competitiveness”, was to share modern trade facilitation tools and programs that are being used with positive results by countries around the globe with the view of encouraging more countries in Southern Africa to adopt and use these tools to increase their competitiveness and their ranking on the Doing Business/Trading Across Border Indices.

Experts from Ghana, Mozambique, Belgium, Singapore, Zambia and SACU Member States were invited to present and share their experiences on NSW, Information and Communications Technology (ICT) Connectivity, Customs Modernization, CBM and OSBP programs.

The conference which was attended by over 100 delegates from Botswana, Lesotho, Belgium, Malawi, Mozambique, Namibia, South Africa, Swaziland, Switzerland and United States of America was official opened by the Honorable Dr. Rob Davies, Minister of Trade and Industry, South Africa. In addition, the SADC Secretariat and other regional organizations also attended the conference.



Activity 1.2 G - Customs Capacity Building and Modernization

The Trade Hub continued to work with TKC Member States to facilitate pilot implementation of Risk Management and Accreditation/Authorized Economic Operators (AEO) programs. The South African Revenue Service (SARS) designed a training program on Risk Management and Preferred Traders for Botswana and Namibia and, after comments from the Trade Hub, the package was submitted to the Botswana and Namibian Commissioners of Customs and Excise and the Executive Director of the TKC for their review and agreement on the way forward.

Botswana Unified Revenue Service (BURS) is currently developing and implementing certain modern Customs processes, which include a Cloud-Based Customs Connectivity, One Stop Border Processing (OSBP), Risk Management and a Preferred Trader/AEO program. To ensure that the implementation of these programs are supported by a sound legal basis, the Trade Hub assisted in drafting new legal provisions for the Botswana Customs and Excise Duty Act along with corresponding regulations for those provisions.

The Government of Botswana is currently considering an Electronic Communications and Transactions Bill. In order to ensure that the legal provisions being drafted for the Act will conform to the Bill, the Trade Hub obtained a draft of this Bill from Botswana authorities.

In addition, at the request of BURS, the Trade Hub reviewed the Botswana Customs legislation and conducted a gap analysis vis-à-vis international best practices, particularly the Revised Kyoto Convention. The Botswana Customs and Excise Duty Act was also analyzed to determine the level of correspondence to the Revised Kyoto Convention (RKC). The SADC Protocol on Trade and the SACU Agreement were also taken into account, in particular Annex E on Mutual Administrative Assistance. Also since the SACU Agreement is not yet fully ratified by the five Members States and the South Africa Revenue Service (SARS) Customs Control Bill and Customs Duty Bill are generally accepted as the standard for customs legislation in SACU, these SARS Bills were also studied vis-à-vis the RKC. A draft table of correspondence of the Customs and Excise Duty Act and the RKC was prepared, including references to the SACU and SARS instruments, where appropriate.

The Trade Hub presented its customs activities to the WCO/Eastern and Southern Africa /International Monetary Fund Workshops in Mauritius on Donor Engagement, Capacity Building and Trade Facilitation. The workshops explored a number of aims, including the development of a mutual understanding around the strategic objectives of customs in the region and the key issues driving cooperating partners.

The Trade Hub also participated in a Commonwealth Secretariat meeting of public and private sector stakeholders and cooperating partners to review the findings of a Commonwealth Secretariat Report showing that it takes more than twice the number of days for Malawi to export and import than international standards, and listed the bottlenecks which cause delays at entry/exit points. It was agreed that the Ministry of Industry and Trade (MIT) should call a Donor's Conference where these issues can be discussed to see how the cooperating partners could assist without any duplication of efforts.

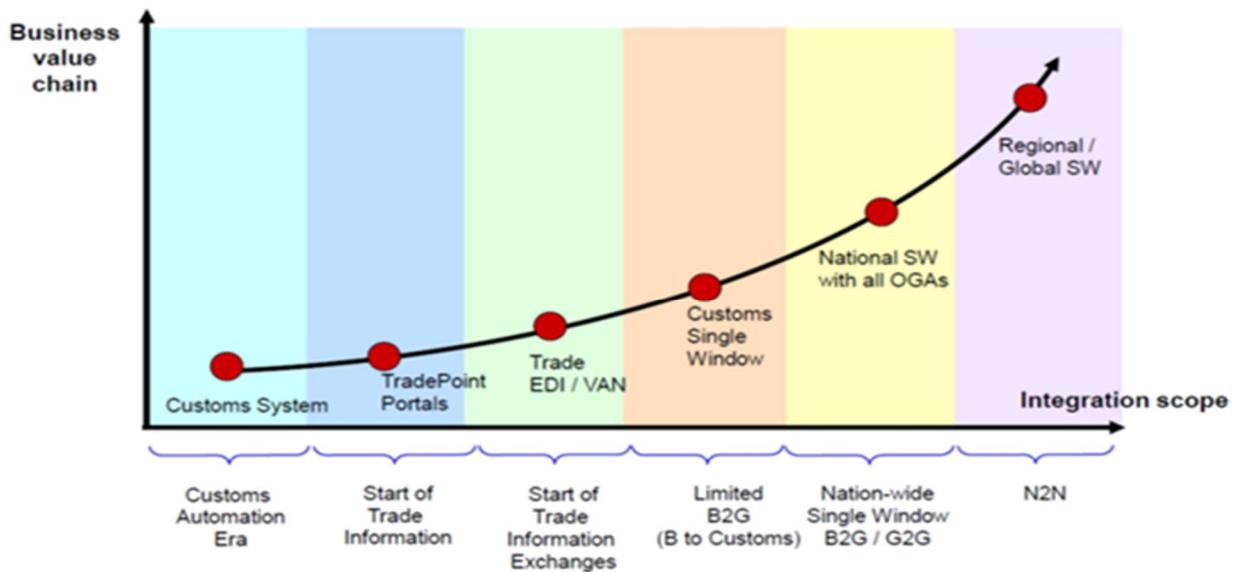
Activity 1.2 H - Information and Communications Technology

Following the decision to pilot the Cloud-Based Customs Connectivity and NSW along the TKC, the Trade Hub continued to work with relevant stakeholders to develop and implement the Regional Customs Connectivity Pilot along the Coast to Coast (C2C) and to assist SADC Member States to upgrade their systems to facilitate customs systems interface and connectivity. Work continued on the development of the implementation strategy, including requirements, project scope, focus areas and high level solution approach. Microsoft continued with the internal development of the program and also visited the Botswana and Namibian Customs administrations to start Data Access Component development.

The TKC Customs Connectivity Steering Committee from BURS and Namibian Customs was trained on the operational working of the pilot solution, the solution architecture, implementation/installation and maintenance. After the training, there was a review of the schedule for implementation of the rollout of the pilot. Connectivity testing started during the last quarter of the year and the Trade Hub, together with Botswana and Namibian officials conducted Awareness Programs at the Botswana/ Namibian Border Complex of Mamuno and Trans Kalahari for both Botswana/Namibian Customs and other border stakeholders.

The Trade Hub continued with the upgrading and operationalization of the Swaziland Revenue Authority (SRA) ASYCUDA++ system. The Trade Hub tested the ASYCUDA Selectivity Criteria and trained both the ASYCUDA Core Team and Operational Managers on the use as well as application of Risk Management in ASYCUDA++. This was followed by the configuration of the ASYCUDA++ Selectivity Module. The installation and the configuration of the integration system with the ASYCUDA++ server was completed at the Botswana and Namibian Customs headquarters and is in use.

Evolution of a Single Window



Source: UNECE/Crimson Logic

Activity 1.2 I - Establishment of National Single Windows (NSW)

The Trade Hub continued to promote NSW in Southern Africa and funded two familiarization visits to the Mozambique NSW by Malawi and Namibian Customs and Ministry of Trade officials.

The Trade Hub presented on Customs Connectivity, and the Mozambique Community Network (MCNet) demonstrated how they developed the Mozambique NSW, highlighted some of the problems they faced and demonstrated how system works.

After the initial presentation, there were study visits to the MCNet Data Centre, Customs Operations at Maputo Port and the Training Centre to see practical implementation of NSW in Mozambique. On the final day of the visit, Malawi and Mozambique agreed to cooperate in the development of the Malawi NSW. In order to move forward as well as to generate deeper buy-in for a NSW in Malawi, the Trade Hub, in partnership with MCNet, organized a stakeholder workshop with the Malawi Revenue Authority and Ministry of Trade and Industry.

The Namibian delegation to Mozambique was keen to see how MCNet NSW was developed and implemented through a Public Private Partnership (PPP) arrangement.

The program for the Namibians was almost identical to that of the Malawians, except that the Namibians had the opportunity to see practical implementation of NSW at the Ressano Garcia Border Complex.

The Namibian delegation expressed satisfaction with the Mozambique approach to NSW, and highlighted that they were ready to begin the consensus-building towards the implementation of the Namibia NSW. They, however, cited the issue of whether the Namibian NSW would be a PPP or state model and confirmed that the Namibian Cabinet would decide.

In an effort to extend the adoption of the NSW concept by a key member of SACU, which is necessary if a SACU Single Window is to be established, the Trade Hub met with key private sector organizations in South Africa with the view of securing their buy-in to this concept.

Activity 1.2 J - Assist SADC to Review and Update Customs Policy Documents

High transport costs in the COMESA/SADC region stem from, among other things, the fact that customs laws require a bond to be secured for the goods, in the event of goods being diverted into local use. The Regional Transit Management System and Bonds developed by COMESA and SADC are not functional, and the COMESA/SADC Secretariats convened a meeting of Member States and Cooperating Partners to review the operationalization of the SADC Bond Guarantee System.

The Trade Hub participated at the meeting with the view to assist with the development of a framework for regional Customs Bond Guarantee system as well as assisting with the finalization of all outstanding issues, and pilot the final bond along the TKC as requested by SADC Secretariat.

The meeting identified the limitations of implementing a regional bond guarantee and recommended that the SADC Secretariat should organize a meeting for a smaller group comprising Cooperating Partners (The Trade Hub and TMSA) and legal and customs experts from Member States to make further investigations and provide recommendations to the Heads of Customs through the SADC Transit Advisory Working Group.

Activity 1.2.K - Assist SADC to implement e-Certificate of Origin

The Government of Botswana is in the process of considering an Electronic Communications and Transactions Bill. The proposed new legislation will allow Customs officials in Botswana to accept documents electronically and, more importantly, to accept electronic signatures on documents.

The Trade Hub reviewed Botswana Customs legislation and produced a gap analysis vis-à-vis international best practices, including the Revised Kyoto Convention. In addition, the Trade Hub drafted amendments to the Botswana Customs and Excise Duty Act to legalize the following:

- Automation of Customs Processes and Procedures;
- Exchange of Information;
- Risk Management; and
- AEO/Preferred Trader.

Although currently Customs process declarations in an electronic system, the documents must be printed and signed to have legal validity. The recommended revisions to the legislation will allow a trader to retain documents electronically, and allow customs to use electronic communications as evidence in legal proceedings. All of these new Botswana

Customs and Excise Duty Act provisions are included in the new e-commerce law, and the amended Act will be in full conformity with it.

The Trade Hub completed the new legal provisions for the Act and corresponding regulations for the drafted provisions, along with source and explanatory notes. These include eight new definitions, 23 legal provisions and four modifications of the current legal provisions.

IR 1.3: A Better Trade and Investment Environment through Improved Policies

While trade and investment are the primary drivers of economic growth, most developing countries find it difficult to attract the much needed investment due to a wide variety of constraints, including small markets and low demand; unclear or inadequate regulation; weak legal and financial institutions; poor infrastructure and utilities; and inadequate or high costs of business services and low skill levels.

The Trade Hub works to address constraints to regional and foreign investment in the Southern African region in order to help increase productive capacity and the ability to facilitate intra- and extra-regional trade flows.

Greater regional integration leading to a larger and more open market will not only raise the region's attractiveness to potential foreign investors but also spur increased investment from regional and domestic entrepreneurs. In addressing the constraints to the overall enabling environment, the Trade Hub focused its support during the year on improving the investment environment, enhancing trade in services and improving the trade environment at a national level.

Activity 1.3 A - Improvements to the Legal and Regulatory Framework

Following the Government of Botswana's request to the Trade Hub through the National Strategic Office (NSO) 2010 to identify potential areas to speed up reforms in the country, the Trade Hub recommended that Botswana reviews its licensing policy to ensure that it does not place unnecessary administrative or financial burdens upon business.

The Government accepted the Trade Hub's recommendations and announced several amendments to the Trade Act and Trade Regulations in 2011. Following these reforms, licenses are now being issued for an indefinite period, removing the need to reapply for a license every year thus reducing not only the administrative burden and costs, but also uncertainty for investors.

The Trade Hub continued working with investment agencies and stakeholders throughout the region to improve regional cooperation on investment policies and promotional activities. In particular, the Trade Hub worked with Lesotho, Namibia and Swaziland on implementing their Investor Roadmaps.

Namibia Investment Centre (NIC) invited the Trade Hub to the Inaugural Namibia International Investment Forum hosted by the Government of Namibia in partnership with the Commonwealth Business Council. The Investment Forum was held under the theme "*Enhancing Investment for Job and Wealth Creation*" and profiled Namibia's national trade and investment strategies, as well as specific business opportunities in all economic sectors. In order to facilitate business deals, a Project Centre was put in place to enable bilateral meetings and group discussions. The Forum which attracted over 75 international

business delegates and more than 200 local delegates provided an opportunity for investors to discover the potential of Namibia.

Key highlights of the Forum include the official launch of the Namibia Investment Guide 2012 and the Namibia project workbook, featuring a project portfolio of investment proposals that are looking for funding and business partners in the region. Networking opportunities at the Forum also enabled participants/delegates to meet with potential investors and partners in key sectors such as tourism, infrastructure, agriculture, mining and manufacturing. The Forum provided insight into the investment climate issues in Namibia.

Activity 1.3 B - Investor Roadmaps

An Investor Roadmap involves a comprehensive analysis of the general and specialized procedures that constitute public-private regulatory interaction. It is a detailed descriptive document, an analytic tool and a catalyst for meaningful change. The Roadmap identifies administrative and procedural barriers that raise the cost of investment, lower rates of formal business establishment and diminish national competitiveness.

- ***Lesotho Investor Roadmap***

The Trade Hub worked with Lesotho on rolling out the Investor Roadmap to stakeholders. Following the development of the Lesotho Investor Roadmap in 2011, the Trade Hub continued to fine-tune and incorporate comments on the Draft Roadmap from critical stakeholders in order to finalize the document. Subsequent to the finalization of the Final Investor Roadmap, the Trade Hub organized and facilitated a validation workshop to discuss the findings and recommendations.

Among the key reform examples presented was in Rwanda where company registration and incorporation takes only two procedures and is done within 24 hours. The workshop also discussed the critical and significant binding constraints to stimulating investment, particularly access to land and credit, construction permits, visa issues as well as work and residence permits.

- ***Namibia Investor Roadmap***

The Trade Hub held meetings with the NIC which revealed that the implementation of the Roadmap recommendations had been very slow. The audit noted that there had been no concerted effort towards implementing recommendations, particularly because there is currently no institution leading the reform process. In addition, the implementation committee that was set up to spearhead implementation is inactive.

- ***Implementation of the Swaziland Investor Roadmap***

Following the Trade Hub's work to review, assess and follow up on the status of the implementation of the Swaziland Investor Roadmap recommendations, Swaziland Investment Promotion Agency (SIPA), with the assistance of the Trade Hub, organized a National Stakeholder Conference to chart a way forward for a more effective implementation of the Investor Roadmap and improvement of the investment climate in the country.

One of the key highlights of the conference was the re-consideration of the implementation matrix and the inclusion of new timelines. The Trade Hub supported the official re-launch of the Swaziland Investor Roadmap to showcase the Government's commitment to the reform process and re-vitalize the process of implementing the 2009 recommendations.

As a result of these interventions by the Trade Hub and SIPA, 23% of the proposed changes were passed into Acts by the Senate and Parliament including twelve new pieces of legislations, paving the way to achieve a more competitive environment. Among others, the introduction of Value Added Tax (VAT) came into implementation in April 2012, replacing the General Sales Tax. This is expected to contribute positively to Swaziland's ranking in the trading across borders index and paying taxes indicators. The passage of the Trade Licensing (Amendment) Act of 2011 and the Shop Trading Hours Act of 2011 will make it easier to operate businesses in the country by speeding up the issuance of trading licenses – from 7 to 3 days – and removing restrictions on retail trading hours. The amendment to the Companies Act will ease regulations to make it easier for companies to incorporate and shortens company registration time from thirty five days to four days by reducing several steps. The Diamond Act seeks to open up and regulate the diamond mining industry in Swaziland.

It is expected that these reforms and regulatory changes by Swaziland will reflect positively in the World Bank Doing Business as well as other international indicators for next year.

Activity 1.3 C - Strengthening the Capacity of Road Freight Transport Services Regulators

The Trade Hub promotes the systematic use of Regulatory Impact Assessments (RIAs) by government agencies to assess the cost and benefits of existing regulations or proposed regulations in order to improve the quality of regulatory policy.

During the year, the Trade Hub consulted with the CBRTA in South Africa to implement RIAs in the transport sector. CBRTA officials identified a number of specific issues including axle road limits, third party insurance, electronic data interchange, bonds and driver licensing from a recently completed study on South Africa's progress on road transport liberalization.



Source: Southern Africa Trade Hub

The Trade Hub hosted an awareness raising program with CBRTA. The primary outcome of the activity was that officials from the trade and transport facilitation, regulatory and enforcement, research and advisory and legal departments were introduced to the RIA concept and methodology.

The key message delivered was that the use of empirical data in decision-making significantly increased regulators chances of selecting the correct policy option.

The Trade Hub met with officials of the Ministry of Communications and Transport to prepare for the launch of RIA activities and training in Namibia. Namibia requested assistance in executing a RIA on some of the key issues in the current transport act. In addition, given that Namibia intends to institutionalize the use of RIAs in the Ministry of Communications and Transport, training for officials on performing RIAs was included.

The Trade Hub delivered an intensive training program on RIA to the Namibian Ministry of Works and Transport to equip the Ministry officials with the knowledge and tools to undertake RIAs in the transport sector and to commence data collection for the execution of RIA.

Currently, one of the limitations in achieving Namibia's objective of positioning the country as a regional transport hub is that Namibia restricts foreign operators by means of the regulation, known as the Third Country Rule (TCR), from loading cargo in Namibia for delivery to a destination in a country other than the foreign vehicle's country of registration. Given the size of Namibia's freight industry, that rule limits the ability of Namibia to serve effectively as a regional hub, reduces the potential utilization of vehicles and increases the proportion of trucks travelling empty on one leg of their routes.

The Trade Hub hosted an awareness creation session with the Ministry of Works and Transport in Namibia on the benefits and use of RIA. This session was targeted at key policy makers in the transport sector and attracted the participation of officials as senior as the Deputy Minister of Works and Transport. The key messages delivered were that evidence based analysis prior to regulatory change ensured good outcomes which achieve the policy objective, but minimize the negative impact on stakeholders; and there is a tremendous cost (both in terms of time and finances) attached to ill-conceived and hurried regulatory change.

The Trade Hub provided an intensive training program on RIAs to the Namibian Ministry of Works and Transport to equip the Ministry officials with the knowledge and tools to undertake regulatory impact analysis in the transport sector. The training stressed that RIAs are designed to increase the chances of good regulatory outcomes by providing a conceptual framework for working through issues facing policy-makers.

The Trade Hub convened a half day seminar on the harmony between the Trade in Services and Trade Facilitation Agenda in Malawi. This seminar, which was based on a policy paper prepared by the Trade Hub, provided training to nearly 30 officials from Malawi's Ministries of Trade, Industry and Transport as well as other related agencies. It presented an excellent opportunity to determine the best framework for resolving specific issues affecting the road transport service sector.

Immediately following the seminar, the Trade Hub delivered a training course on Trade in Services to assist trade officials to understand road freight transport issues. The training was also designed to help transport officials understand the framework for the negotiation of trade in services and prepare them to support the Ministry of Trade as the latter formulates Malawi's national position for the sector.

The primary outcome is an enhanced framework for constructing a national position based on enhanced knowledge by stakeholders and the commencement of a consultative process among the relevant government agencies.

The Trade Hub undertook consultations with transport operators and freight forwarders which provided vital information on the barriers in the key transport markets for Malawian operators and indications of where their export interests lie. These inputs formed the basis of The Trade Hub's recommendations to the Government of Malawi on its negotiating position for the sector.

In addition, the Trade Hub funded a study to conduct a RIA of the four bilateral agreements on road transport between South Africa and Zambia, Malawi, Mozambique and Zimbabwe. The study was conducted on behalf of South Africa CBRTA and the findings and recommendations identified in this study are expected to assist SADC

Member States in future regional negotiations on cross-border road transport. The study recommended that CBRTA should pursue actions to improve the existing regulatory framework in the SADC road transport sector and the efficiency of the existing agreements.

During the year, the Trade Hub finalized the impact assessment on the Tanzania Revenue Authority's (TRA) adjustment of its regulations on transit goods vehicles to introduce more competition in the domestic haulage of cargo. Tanzania's regulations prohibited heavy good vehicles licensed as transit goods vehicles from transporting goods domestically. However, there were problems with the availability of competitively priced transport for domestic goods. This regulation proved to be punitive on Tanzanian transit goods vehicles and negatively impacted the agricultural sector in particular. As such, the TRA provided a waiver to permit transit goods vehicles to move domestic cargo. The assessment evaluated the impact of this adjustment on the various stakeholders in Tanzania such as the agricultural sector, the manufacturing sector, the transport service providers and the TRA itself.

The Trade Hub successfully concluded the initial consultations on increased private sector participation in regional trade in services negotiations in the road freight transport sector and finalized technical reports for the Government of Malawi and Tanzania respectively.

The reports made key recommendations to the Governments of Malawi and Tanzania on what should be requested from other SADC Member States in order to secure better access for their transport operators to those markets. Among the recommendations were that the Malawian and Tanzanian negotiators should request other SADC Member States to remove barriers, including the abovementioned third country rule, and those which impede businesses from moving key personnel amongst their operations in SADC states. The reports also recommended that Malawi and Tanzania seek to have other SADC Member States commit to the creation of additional rules which would address some of the problems that plague the sector, such as excessive and discriminatory enforcement and corruption.

Activity 1.3 D - Increasing Private Sector Participation in Trade in Services

In Malawi, the Trade Hub assisted the SADC Secretariat with the delivery of trade in services training and presented the Trade Hub report of the private sector consultations on road freight transport. The training aimed to:

- Equip officials of the Ministries of Trade, Transport, Communications, Works, Finance and Tourism and their counterparts in the private sector and regulatory agencies with an understanding of the SADC trade in services negotiations;
- Assist in the formulation of Malawi's requests and offers in transport, tourism, construction, communications, finance and energy-related services; and
- Present the Trade Hub's recommendations on the positions to be adopted by Malawi in the SADC trade in services negotiations on the road freight sector to the Ministries of Trade and Transport as well as transport operators.

Negotiations on specific commitments to SADC Protocol in Trade in Services and to assist SADC trade officials in their preparations for negotiations in the transport services commenced in April 2012. The Trade Hub and the SADC Secretariat convened a transport sector forum for Ministries of Trade and Transport, transport regulators and private sector operators held in Durban, South Africa to share the results of the SADC study on the

status of liberalization in the sector. The Trade Hub presented the main issues which arise in transport services and how these issues could be addressed by both the trade facilitation and the trade in services agendas. The presentation also highlighted the areas in which the respective agendas could be more effective in resolving the problems facing the transport industry.

Activity 1.3 E - Support for SADC Trade in Services Negotiations

The Trade Hub undertook consultations with tourism service providers in Botswana, Namibia and Tanzania. Consultations with the private sector provided vital information on the barriers in the key tourism markets for operators and indications of where their export interests lay. Most of these barriers are related to the movement of natural persons - both tourists as well as tourism service providers. The consultations also highlighted key issues within Namibia's and Tanzania's domestic markets that merit further attention. These included the need for these countries to properly certify their domestic tourism service providers in order to facilitate their operators' business activities in other SADC states.

Other issues of concern for Botswana operators were the conditions for investment such as the inability to fully own and control a business established in another SADC Member State or the likelihood of the compulsory acquisition of land. Key domestic issues that Botswana will need to address are the high levels of bureaucracy which place undue pressure on its own private sector and immigration rules which hinder the growth of the industry. The insights gained from these consultations will form the basis of the Trade Hub's recommendations to the Governments of Botswana, Namibia and Tanzania on their respective negotiating positions for the sector. Officials of the SADC TNF decided to move ahead with Trade in Services negotiations in 2012. The six priority areas for negotiations are transport, telecommunications, financial services, construction, tourism and energy services. SADC has decided to negotiate these sectors sequentially, starting with tourism. The Trade Hub offered targeted technical support for the negotiations working with selected SADC states to assist them with their consultations.

The Trade Hub met with officials of the Regional Tourism Association of Southern Africa (RETOSA) to identify avenues for collaboration in order to ensure that private sector stakeholders and tourism policymakers can contribute meaningfully to SADC trade in services. RETOSA has commissioned a study on the barriers to trade in services in the SADC region and the Trade Hub continued to work with them to develop a project which builds on this research.

Also, the Trade Hub attended the Hospitality and Tourism Association of Botswana (HATAB) Conference to engage with tourism and hospitality service providers, to get an appreciation of the trade issues that the tourism sector in Botswana faces and to determine where the Trade Hub could usefully intervene. This engagement resulted in the Trade Hub being invited to address HATAB members on trade in tourism services issues at HATAB conference.

Activity 1.3 F - Lesotho Diagnostic Trade Integration Study (DTIS) Update

The Trade Hub finalized DTIS Update for Lesotho under the Enhanced Integrated Framework (EIF). The development of a Lesotho DTIS aims to identify binding constraints to exports and to highlight opportunities offered by regional and global markets.

DTIS contributed to the development of a strategy to build Lesotho's trade capacity and mainstream trade in the national development strategy as outlined in the Poverty Reduction Strategy.



Source: Southern Africa Trade Hub

The Validation Workshop was attended by all key stakeholders including senior government officials, private sector representatives, representatives of non-governmental organizations (NGO), the Permanent Secretary for Trade, Industry, Cooperatives and Marketing, the US Ambassador and the Deputy Head of Mission at the US Embassy in Maseru, Local Donor Facilitator of the United Nations Development Program (UNDP), and the Ambassador to the European Union (EU).

Activity 1.3 G - Support for the Development of National Trade Policies

The Trade Hub finalized the Botswana wheat flour levy assessment and presented the findings of the study at a seminar attended by wheat flour millers, bakeries, private sector, government officials and other interested stakeholders. The study report is now being finalized before its findings are presented to the Ministry of Trade and Industry's National Committee for Trade Policy Negotiation.

The Trade Hub also held two Trade Policy and Trade Data Analysis Training attended by over 45 and 30 participants in Lesotho and Tanzania, respectively. The purpose of the training was to introduce participants to research questions in the area of trade and trade policy; familiarize participants with sources of trade and trade policy data, with a focus on trade in goods; and present and train participants on the use of quantitative methodologies.

Activity 1.3 H - Review of Botswana Levies and Infant Industry Protection

The Botswana 15% levy on importation of wheat flour has continually been reported as a NTB by some SADC countries. This prompted the Government of Botswana and the private sector to initiate discussion on the importance and efficiency of this levy. In light of this discussion, a request was made to the Trade Hub to undertake a comprehensive study on the wheat flour levy.

The objective of the study was to determine the efficiency and effectiveness of Botswana's industrial levies, in particular the wheat flour and milk levies (both on producers/suppliers and consumers in Botswana), and provide recommendations on the use and implementation of such levies.

The Trade Hub organized, in partnership with Botswana Exporters and Manufacturers Association (BEMA), a stakeholder seminar to present the initial findings of the study which recommended that the levy be discontinued over a three year period. This recommendation raised concern as to whether or not three years would be sufficient to enable the restructuring of the wheat industry.

The seminar brought together wheat flour millers, bakeries, private sector, government officials and other interested stakeholders. The report is being finalized before the findings are presented to the Ministry of Trade and Industry's National Committee for Trade Policy Negotiation in 2013.

Other Activities

- ***US-Mozambique Investment Conference***

The Trade Hub participated at the US-Mozambique Investment Conference organized by the Government of Mozambique and the US Embassy to create sustainable business linkages between Mozambique and the US while increasing local investment and opening new markets for US businesses. The conference sought to connect US businesses with potential Mozambican partners. The conference provided an opportunity for delegates to engage with the Ministers on investment opportunities in Mozambique, and for investors to discover the potential of Mozambique. Over 50 international business delegates and more than 200 local delegates attended. The top US companies present at the conference included: ExxonMobil, Marriot hotels, General Electric, Cummins, Boeing, Star Building Systems and the AAI Corporation.

- ***Support to Doing Business Initiatives***

Botswana's ranking in international competitiveness indicators has been on a decline. As a result of this poor performance, the Government of Botswana established the National Doing Business Committee (NDBC) whose aim is to drive competitiveness and improve Botswana's rankings in international competitiveness indicators. The committee coordinates reforms that are necessary to improve Botswana's international competitiveness and the ease of doing business.

In order to contribute to this effort, the Botswana National Productivity Centre (BNPC) organized a half day Leadership and Competitiveness seminar with the Trade Hub support and facilitated by Dr. Hischam Al-Agamy of the International Institute for Management Development (IMD), a business school located in Lausanne, Switzerland.

- ***Partnership for Trade Facilitation (PTF)***

With the negotiations on trade facilitation, WTO members aim at further accelerating the movement, clearance and release of goods. PTF is a collaborative initiative for practitioners and policy makers involved in trade and transport facilitation.

During the fourth quarter, the Trade Hub received two proposals: one for US\$100,000 each to work with Malawi Bureau of Standards and Southern African Development Community Accreditation Services (SADCAS) on strengthening the legal and regulatory framework for standards and implementing an effective TBT enquiry point under the PTF program; another for US\$400,000 is to be used to assist Namibia Customs to implement customs reforms related to Internet Publishing which refers to the WTO guideline "A.2 Internet Publication/ Establishment of Official Website" by which Namibia "shall publish all trade related legislation, procedures and documents on a national official internet site or sites."

The Namibia task is comprised of two distinct work streams:

- Develop and update as necessary the work-flow processing within Customs to ensure that current legislation, regulations, and procedures are readily available to be published online, and any amendments are immediately available; and

- Develop or update an existing website to publicize the information referred to above.

IR 1.4: Strengthened Regional Capacity for Energy Sector Planning and Cooperation

Despite the existence of abundant renewable energy resources such as hydro, fossil fuels, biomass and solar in Southern Africa, the region currently experiences a power crisis due to demand outstripping supply capacity. Compared to the world average access to electricity of 75%, access to electricity in Southern Africa averages 30%, ranging from below 10% in the Democratic Republic of Congo and Malawi, to over 80% in South Africa and Mauritius. The Southern African region therefore critically needs adequate, reliable, affordable and environmentally safe energy for economic growth, increased international competitiveness and intra-regional trade and food security.

The SADC region critically needs adequate, reliable, affordable, environmentally safe and high-quality energy for economic growth, increased international competitiveness, increased intra-SADC trade and food security. The regional energy scenario is characterized by:

- Power shortage and frequent power outages;
- Low access to electricity;
- Increasing concerns about the harmful fossil fuel emissions and their contribution to global warming and climate change;
- Underutilization of the abundant clean energy resources such as hydro, bagasse, wind and solar; and
- Overutilization of biomass such as wood fuel.

Security of supply is a major energy concern in the SADC region. The activities are an essential foundation for an enabling environment for private sector investment in clean energy supply. In this work, the Trade Hub collaborated with regional energy organizations such as SADC, Regional Electricity Regulators Association of Southern Africa (RERA) and Departments of Energy and regulatory agencies in the region.

Activity 1.4 A - Multi-year Planning Support to RERA

The Trade Hub held consultations with RERA to develop a Strategic Plan for 2013 to 2017 which will contribute to the development of a harmonized regional regulatory framework necessary for the promotion of clean energy technologies. The strategic plan aims to provide, inter alia, strategies to effectively help RERA harmonize energy regulatory tools and frameworks of regulators in the Southern Africa region. The expected outcome is a developed and harmonized regulatory framework in the region, which inter alia, is a prerequisite for increased investment and wider deployment of clean energy technologies.

Throughout the year, the Trade Hub continued to support RERA in its efforts to help energy regulatory agencies in the region to strengthen their capacity to regulate effectively and encourage clean energy investment.



Activity 1.4 B - Clean Energy Regulation Training Course

Regulators in the public and private sectors have a crucial role to play in creating an enabling environment for clean energy development and investment.

The Trade Hub collaborated with RERA to train thirty regulatory practitioners from the region. Topics for the training included theory and principles of regulation; cost reflective tariff design; SADC capacity plans; economic regulation; investment regulation; renewable energy; energy efficiency and regulator performance.

A regional renewable energy regulation training course was conducted in Zambia and almost 100 participants from within and outside the SADC region, representing 10 countries in the public and private sectors, took part in the training.

The renewable energy regulation training course addressed, among other important topics, regulatory tools to support clean energy, clean energy licensing and certification, and grid integration of clean energy technologies and related grid connectivity issues.

A Trade Hub/RERA Regulatory Commissioners Energy Regulation Training Course aimed to enhance the knowledge and skills of Commissioners and Board Members on the key concepts of electricity sector regulation and the critical role of renewable energy in enhancing security of supply and minimizing the destabilizing effects of climate change. Twelve Commissioners/Board Members from five electricity/energy regulatory agencies in Kenya, Lesotho, Mozambique, Namibia, and Zimbabwe attended the energy regulation orientation course.

Activity 1.4 C - Clean Energy Finance Training Course

In line with its program of building capacity of energy institutions in the SADC region, the Trade Hub conducted a Clean Energy Finance Training for energy regulation practitioners, government officials and participants from the private sector from the region.

The course, which addressed one of the barriers to investment in clean energy in the SADC region, attracted over 50 people from 10 countries (i.e. Angola, Ethiopia, Lesotho, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Uganda, and Zambia). It is expected that this investment in human capital will lead to better financial preparation of clean energy projects.



Source: Southern Africa Trade Hub

Activity 1.4.D Orientation Program for Regulatory Commissioners/Board Members

The Trade Hub continued to assist RERA in carrying out orientation training to address regulatory tools to support clean energy, clean energy licensing and certification, and grid integration of clean energy technologies, tariffs and power purchase agreements.

Twelve commissioners/board members from five electricity/energy regulatory agencies in Kenya, Lesotho, Mozambique, Namibia, and Zimbabwe attended a Trade Hub/ RERA Regulatory Commissioners Energy Regulation Training Course in Swakopmund, Namibia.

Activity 1.4 E - Training of Regulation Practitioners

The Trade Hub carried out training for regulation practitioners from the region. Thirty participants from 11 countries - Cameroon, Lesotho, Malawi, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe - attended the course. This capacity building activity was aimed at strengthening clean energy regulation and informed decision making, which are vital for the development of clean energy in the region.

Activity 1.4 G - Trade Hub Assistance to Emerging Regulators

- **Angola**

The Trade Hub participated in the USAID sponsored energy assessment of the Angola Energy Sector and Bilateral Energy Dialogue resolutions of the US and Angolan governments. The Assessment Report and recommendations were submitted to USAID for further action.

- **Botswana**

The Trade Hub engaged with the Department of Energy Affairs in Botswana to develop a process for capacity building in Feed-In-Tariff (FIT) administration and building capacity of the private sector with information on how to access project finance for solar energy projects.

Discussions with officials of the Energy Affairs Division on assistance to implement a renewable feed-in-tariff (REFIT) policy continued and the Government of Botswana approved a tariff policy during the year.

- **Swaziland**

The Trade Hub is supporting the Government of the Kingdom of Swaziland develop a renewable energy policy and regulatory framework that will aim to encourage IPPs to invest in clean energy. As part of the process to develop the policy, the Trade Hub carried out a rapid assessment of current status of the renewable energy sector in Swaziland based on official policy documents and interviews with key stakeholders in the country. The expected long-term outcome of this policy work will be increased private sector investment in clean energy, energy security and cleaner energy sector environment.

The Trade Hub engaged with the Swaziland Energy Regulation Authority (SERA) to define priority areas that the Trade Hub would support to help strengthen SERA. Development of a regulatory framework for renewable energy and independent power producers (IPPs) in the electricity sector was identified as a priority area for the Trade Hub support.

- **Zambia**

The Trade Hub engaged with the Department of Energy in Zambia to lay the ground work for supporting the development of a FIT policy for Zambia.

As part of continuing efforts to assist the building of renewable energy regulatory frameworks necessary for the development of renewable energy in the SADC region, the Trade Hub completed a manual on the role of energy regulators in promoting clean energy aimed specifically at the board of directors of regulatory agencies. The manual incorporated guidelines for the formulation of clean energy strategies into overall energy policy and information derived from the regional clean energy assessments conducted throughout FY 2011.

Other Activities

- ***Renewable Energy and Energy Efficiency Partnership (REEEP) Consultative Meeting***

The Trade Hub participated in the regional consultative meeting in July 2012, convened to assist the Renewable Energy and Energy Efficiency Partnership (REEEP) prepare a strategy for renewable energy and energy efficiency activities in the region. REEEP is an important player in the promotion of renewable energy in the region. One of the key recommendations of the consultative meeting was that renewable energy data and policy improvement are key intervention areas for up scaling clean energy development and energy efficiency improvements in the region.

- **Solar Energy Conference**

The Trade Hub participated at the 2nd Annual Solar Energy Africa 2012 and updated its current information on the status of perspectives on Africa's renewable energy potential, trends and prospects. The Trade Hub also held a side meeting with the organizers of the

Solar Africa conference to explore possibilities of collaborating to convene a regional clean energy investment forum or workshop for regional energy stakeholders on the subject of negotiating and signing power purchase agreements.

- ***Renewable Energy Stakeholders Meeting***

The Trade Hub met with government and private sector renewable energy stakeholders to identify key policy and institutional issues regarding IPP participation in the renewable energy sector as well as support the policy development process.

OBJECTIVE 2: INCREASED TRADE CAPACITY OF REGIONAL VALUE CHAINS

The Trade Hub's focuses on the removal of impediments to the efficient flow of goods along the value chain. Since many of the bottlenecks are generic, targeting priority sectors will have a positive multiplier effect. Furthermore, while each element of the value chain operates within a national enabling environment, the cost determinants often relate to cross border policies and regulations. A regional approach assists with building a broader coalition for reforms, brings peer pressure for implementation and raises awareness of best practices.

The Trade Hub operates within an overall value chain framework to drive sustainable, market-based solutions within the following regional value chains: Cereals (with a focus on maize); Legumes (with a focus on soybeans and groundnuts); and Cotton/Textiles/Apparel.

Activities focus on addressing key constraints and the greatest opportunities for sustainable trade expansion as described and measured by the following three IRs:

IR 2.1: New Trade Linkages Established and Greater Competitiveness in Staple Foods and other Strategic Value Chains.

IR 2.2: Increased Use and Availability of Financial Products and Services for Trade and Investment.

IR 2.3: Increased Investment through Targeted Promotion Efforts.

The activities in Objective 2 strengthen private sector trade capacity and are linked to the policy and institutional work of Objective 1, which provides the fundamental enabling environment within which all value chains operate.

IR 2.1: New Trade Linkages Established and Greater Competitiveness in Staple Foods and Other Strategic Value Chains

The Trade Hub works primarily in the three Southern Africa Feed the Future (FTF) focus countries of Malawi, Mozambique and Zambia. Strengthening value chains necessitates working on all levels, except production. Over the years, the Trade Hub developed key partnerships with private companies, trade associations, financial institutions and government agencies to leverage their technical, financial and managerial resources to develop the selected value chains in Southern Africa. In the same vein, the Trade Hub continues to build on these established relationships to deepen and broaden the impact of its work.

Activity 2.1 A - Buyer/Seller Missions (Malawi, Mozambique and Zambia)

The Trade Hub carried out an initial field visit to Zambia to attend the Agri Business Congress in Lusaka, hosted by the Zambia National Farmers Union (ZNFU) and to meet with local stakeholders. The visit was also to create platforms to network with seed companies, research institutions and other seed industry stakeholders to improve their effectiveness in meeting the needs of producers.

While in Zambia, the Golden Valley Agricultural Research Trust (GART) and private sector seed actors resolved to take action to allow farmers to see crops in mature and green stage.

In Malawi, the Trade Hub met with stakeholders to secure agreement to carry out an assessment of grain warehouses for cereals and soy storage. The visit to Malawi also initiated the implementation of groundnut trade and confirmed that MRI Seeds Limited/Agro Zambia Limited is expected to support the varietal release of three MRI varieties in Malawi and Zimbabwe next year. This should also result in an evaluation of market potential for Mozambique and an inter-exchange program with South African seed companies, to be facilitated by the Trade Hub.



Source: Southern Africa Trade Hub

Activity 2.1 B - Regional Participation at NAMPO Harvest Day 2012

Four pre-National Association of Maize Producers (NAMPO) trade show participation training events with a stronger emphasis on setting measurable objectives and reviewing results were held in Malawi, Zambia, Botswana and South Africa. Also, meetings were held with management of Grain SA to initiate support for trade show organization facilitation support to the ZNFU and Malawi Confederation of Chambers of Commerce and Industry by Grain SA. NAMPO is the largest agricultural exhibition in Southern Africa.

The Trade Hub and the US Commercial Services led a trade mission to South Africa in May for the NAMPO Harvest Day, consistently attracting more than 60,000 participants with 650 exhibitors from across the region. The United States of America (USA) pavilion featured more than 20 US companies and 106 participants from Zambia, Mozambique, Botswana, and Malawi as exhibitors and participants in the trade exhibition. The mission included an industry briefing in Johannesburg, South Africa on irrigation, finance and commodity pricing by representatives of US Commercial Services, John Deere, Massey Ferguson/Barloworld, Agricultural Resource Council and Advanced Africa Solutions (ADAS), as well as a welcome reception at the US Consulate in Johannesburg that featured John Purchase of the Agriculture Business Chamber and Michael Judin of Goldman Judin, one of South Africa's premier boutique law firms.

During the Show, the Trade Hub briefed the AGCO representatives the Hub's financial initiatives particularly the availability of finance for US manufactured equipment through US Exim Bank. The Trade Hub also met with the chairman of the Pandamatenga farmers (Botswana) who outlined expansion plans in the area and expressed appreciation for the Trade Hub's participation at the show. He promised to be in touch regarding equipment required by the farmers that could be sourced from the US. AGCO is a worldwide manufacturer and distributor of agricultural equipment and infrastructure.



After the NAMPO show, the Trade Hub arranged for delegates to visit the Rhys Evans Farm, which is a large, integrated commercial farm that produces maize, soy, sunflowers and groundnuts as well as cattle stud, feedlot and a piggery.

Subsequent to attending the show, the Trade Hub:

- Linked up with AGCO and Barlow World (Massey Ferguson agency holder) to outline to them the procedures and processes for accessing US Exim Bank Financing;
- Submitted a list of required equipment to the Department of Commerce contacts to forward to relevant US companies; and
- Contacted South African National Seed Organization (SANSOR) to source chick and cow pea seeds from their members required by the Pandamatenga farmers.

As part of facilitation of regional market linkages of intra-regional trade transactions, the Trade Hub followed up on support provided to 106 private sector entities that attended NAMPO. As part of the follow up, two post-trade show training events were held in Malawi and Mozambique. The NAMPO training program for 2012 included a stronger emphasis on setting measurable objectives and reviewing results. As a result of NAMPO participation, the estimated values of transactions initiated during NAMPO per country are:

- Mozambique - US\$234,843;
- Malawi - US\$120,000;
- Botswana - US\$100,000; and
- Zambia - US\$323,499.

The final report of the Pre and Post NAMPO Trade Show Training and Support provided useful information for refining participation in next year's show, and will be critical in planning to ensure selection of participants that can take advantage of the show. The report indicated that actual sales and investment figures were modest, although additional sales and investments are expected in the coming months. The report highlights the need to target delegates more carefully, and a smaller, more focused activity is anticipated for 2013.

The post show reviews revealed that the challenge is that NAMPO is focused on large farming enterprises and not the small scale farmers found in most SADC countries. This is probably the niche for the ZNFU's exhibition which can provide a platform for small scale

farming equipment; seed, fertilizers and agricultural chemicals; and agriculture services including finance.

- ***Other Market Linkages***

From the Summit, the Trade Hub established new linkages with AGCO (manufacturers of Massey Ferguson), ADAS, LMC Manufacturing and Nationwide Equipment.

The Trade Hub also held detailed discussions with ADAS, a US-based investor establishing a commercial agricultural retail park and demonstration farm in Zambia on the National Resource Development Center (NRDC) premises. The Trade Hub accompanied ADAS to meetings with the Ministry of Agriculture and Livestock, Food Reserve Agency (FRA), ZNFU and the US Ambassador to outline planned Trade Hub work in grain storage and warehouse management training. Areas of potential collaboration were highlighted. The Trade Hub linked ADAS to ABC Hansen, a US manufacturer of silos, who have quoted on the supply of silos and grain handling equipment for the Zambian operation. Potential synergies exist for linkages to ABC members in South Africa and regional grain storage business service providers.

The Trade Hub approached US-based industry and commodity associations to link them to similar regional organizations to promote trade in technology and equipment for the strategic value chains. In this regard, the Trade Hub established working relationships with the American Peanut Council (APC), the Association of Equipment Manufacturers (AEM), the US Grains Council and the American Feed Industry Association (AFIA). APC introduced the Trade Hub to the University of Georgia's Peanut Collaborative Research Support Program (PCRSP) and the Trade Hub engaged PCRSP on several Aflatoxin and production-related issues.

The Trade Hub introduced FreshPikt in Zambia to LMC Carter, who will provide technical assistance to commission second-hand LMC Carter equipment purchased from a defunct Zambian processor. Furthermore, the Trade Hub facilitated links between the Poultry Association of Zambia (PAZ) and YUM Africa. Due to expansion of its Kentucky Fried Chicken operations in Zambia, Yum requires portioned poultry. According to PAZ, industry growth targets are 17% annually for the next eight years. Surplus capacity exists in both abattoir and cold chain links in the value chain in order to accommodate demand, should YUM invest in the establishment of additional KFC franchises. A complete database exists for all broiler producers throughout Zambia (location, production capacity, available slaughtering and cold chain facilities), which can be used to supply YUM with product in most major towns in Zambia.

A Trade Hub meeting with NOVUS resulted in a verbal agreement to exchange information on the results of the Grain Pro studies in East Africa (NOVUS partnership) and the results from the Aflatoxin testing facility analysis in Zambia and Malawi undertaken by the Trade Hub in collaboration with the South African Grain Laboratories (SAGL).

Activity 2.1 C - Increasing Value Chain Efficiency and Safety

During the year, the Trade Hub compiled a database of all animal feed processors, wheat and maize mills and oil expellers in the region. Detailed information on 141 regional companies was compiled to be used as the foundation for future interaction with the industries.

Applicable regional animal feed legislation was collected for further review. Grain SA and Agricultural Business Chamber (ABC) expressed their interest in utilizing the database to further their constituents' interests.

Activity 2.1 D - Inventory and Analysis of Crop Storage Facilities



Source: Southern Africa Trade Hub

The Trade Hub was instrumental in the organizing of the first Grain Indaba in Zimbabwe in November 2011. The Trade Hub identified regional role players and USAID Zimbabwe funded their attendance. The Trade Hub's input focused on the how value chain participants should work together to create solutions to challenges. New links were established between Grain Millers Association of Zimbabwe members, the South African Grain Silo Industry and Farm Secure, a South African company

specializing in contract growing. These linkages were established in order to enhance grain storage and facilitate contract growing initiatives in Zimbabwe.

The Trade Hub met with ZAMACE, and reviewed the objectives of the organization, as well as its potential for expansion to cover regional trade in cereals and oilseeds. ZAMACE is currently not functioning effectively as it is awaiting the passing of a new legislation that will provide a new mandate and authority to certify grain storage facilities. In the interim, ZAMACE has suspended all activities.

The Trade Hub will focus directly on expanding storage capacity in the next quarter, as well as technical capacity, which will have a more direct impact on reducing post-harvest losses. In Malawi, the Trade Hub secured agreement from stakeholders to carry out an assessment of grain warehouses for cereals and soy storage, and to initiate implementation of groundnut trade.

Activity 2.1 E - SANSOR and Seed Trade Activities

The Zambian seed industry is exploring options to satisfy unmet demand for certified seed including the promotion of certified seed to address the threat of fake seed on the market as well as to support small seed multipliers to increase demand for treated, quality and genuine certified seed. The Trade Hub will assist to promote privately motivated use of certified seed via a licensing system supported by the public sector.

The Trade Hub secured initial agreement to collaborate with Musika in Zambia on efforts to expand seed trade with the Zambia Seed Traders Association (ZASTA). Musika focuses its interventions on the agricultural input and output markets and service markets in rural and agricultural finance markets. Within the input market component, specifically its support to the seed industry, Musika is assisting the industry to improve its operating

environment by tackling the fake seed industry that has a serious detrimental effect on smallholder productivity and profitability, threatening the viability of the industry.

The Trade Hub participated in the high level policy dialogue and 4th technical meeting of the regional Sanitary and Phytosanitary (SPS) subcommittee in Malawi to understand the harmonization of seed trade and how harmonization could impact the implementation of the Trade Hub's programs. The meeting resulted in a requirement to address farm saved seed practices at the producer level to impact aflatoxin control and to enhance the trade of certified seed as a mitigation strategy. At the same time, the meeting strengthened regional cooperation on aflatoxin monitoring and management issues affecting private sector trade in agricultural commodities.

Activity 2.1 F - Cotton Activities

The Trade Hub's support of the Farmer's Union of Malawi's efforts to introduce genetically modified cotton into Malawi paid off, as the Government agreed to allow genetically modified cotton seed trials to commence. This is a first but major step that could lead to Malawi accepting genetically modified cotton as a commercial crop throughout the country. If the trials are successful, full commercialization could be approved.

Genetically modified cotton seed does not affect politically sensitive staple food crops, and has a large impact on yields of cotton grown under small-scale dry land farming conditions.

The Trade Hub continued its dialogue with key Malawian cotton value chain stakeholders. While the Malawian government approved the commencement of Genetically Modified Organism (GMO) cotton seed trials, the trials have not started. The final authority for the trials was approved in early December 2011 – after the cotton planting season had commenced. Also, the Bunda Agricultural College facilities (where the trials were to take place) do not have the necessary physical infrastructure for the trials (i.e. fenced fields).



Source: Southern Africa Trade Hub

Further, the area where the trials were authorized was not in the cotton growing area, and had different climatic conditions and insignificant pest pressures. Finally, the Bt gene had not been incorporated into the seed with the greatest potential. The first GMO cotton seed trials will most likely commence in 2012/13.

In Zambia, the Trade Hub shared its experiences on how key stakeholders in Malawi worked together to bring about change in government GMO policy, and the Trade Hub identified a focal group of key drivers to consolidate support for the

Zambian cotton industry that will initiate application for GMO seed trials to the National Biosafety Authority. The focal group was drawn from leaders of the ZNFU, University of

Zambia School of Agricultural Sciences, Seed Co, the National Biosafety Authority, Actesa, Cotton Association of Zambia and the Golden Valley Agricultural Research Trust.

Zambian cotton stakeholders are lobbying to get permission to commence GMO seed trials. The Trade Hub met with Cotton Association of Zambia and Cotton Development Trust of Zambia to work out the modalities of support that will be offered.

The Mozambique Institute for Cotton (IAM) advised the Trade Hub that they had been given a government mandate to undertake GMO cotton trials. To this end they had already developed the appropriate facilities that would enable them to conduct GMO cotton seed trials. IAM told the Trade Hub that they had encountered problems in finalizing discussions with the GMO gene rights holder (Monsanto). They requested the Trade Hub to facilitate a dialogue between them and Monsanto concerning the issue. In addition, IAM advised the Trade Hub that they had secured a supply of “foundation seed” that needed to be transformed (“bulk-up”) into “pre-basic” seed for commercial multiplication. For full commercial multiplication (and for future sales), IAM indicated that they wanted to develop a relationship with a commercial seed company that would supply certified seed to Mozambican cotton farmers/ginners. In this context, IAM asked Quton, a Zimbabwean cotton seed company, to undertake this task.

The Trade Hub advised IAM that in Tanzania there is a program where farmers are getting access to commercially produced certified conventional seeds. In terms of this initiative, a commercial cotton seed development company – Quton – entered into a commercial relationship with the Tanzania Cotton Board on the basis of which Quton would supply (on a commercial basis) certified seed to Tanzania ginners who would then disperse this seed to smallholder cotton farmers.

In Zambia, ginners and farmers stated their need for the certified seed system to be reintroduced, with cotton seed produced on a commercial basis by a commercial cotton seed company.

The Trade Hub conducted an inception meeting of the GMO cotton working group in Zambia in order to develop a strategy to bring about GMO seed trials in Zambia. A total of 23 private sector seed traders, regulators, cotton farmers and ginners were represented at the meeting.

The Trade Hub initiated discussion with Olam (a multinational company with ginning operations throughout most of Southern Africa’s cotton producing countries) on certified conventional cotton seed to develop a practical private sector solution which would result in the consistent use of certified conventional cotton seed in Zambia using a commercial cotton seed development company.

Activity 2.1 G - Cotton/Textiles/Garment Value Chain – SOURCE Africa Trade Show

The Trade Hub supported the Leading Textile Exhibition (LTE) South Africa launch of SOURCE Africa event in Cape Town, South Africa in July, where more than 85 people attended the launch including Cynthia Brown of the US Consular in Cape Town, who was the guest speaker.



Source: LTE South Africa

The Trade Hub and LTE concluded a MOU that recognizes each other's interests and acknowledge that cooperation would serve their common goals. The MOU is structured around ownership of the SOURCE Africa brand and event, event preparation and logistics, marketing and promotion activities in South Africa, the Southern Africa region, US and the EU.

The Trade Hub and ACTIF also concluded a MOU to strengthen ACTIF's Pan Africa Textiles and Apparel activities and to actively participate in SOURCE Africa. To support this partnership further, the Trade Hub attended the ACTIF Stakeholders' Forum in Ghana from July 31 – August 3. After the SOURCE Africa presentation at the Forum, the Ethiopian Textiles & Garments Manufacturers, Nigerian Textiles Manufacturers Association, YKK Southern Africa, Crown Natures Nigeria and the Association of Fashion Designers of Kenya all expressed a desire to begin negotiations with LTE South Africa about securing trade exhibition space at the SOURCE Africa event. The stakeholder's event was attended by 36 people from cotton farmers associations, trade and investment agencies and donor agencies.



African Cotton & Textile Industries Federation

In July, the Trade Hub participated in the Origin Africa's Friends of Africa group, which is sponsored by USAID COMPETE. The meeting which was held at Texworld USA in New York, provided updates on the renewal of third country fabric by Gail Strickler, AUSTR for textiles and apparel, USTR and the American Apparel and Footwear Association. The group discussed the possibility of an Origin Africa program in the US and featured a USAID COMPETE produced video on the African textiles and apparel sector. The Origin Africa's Friends of Africa group is an awareness campaign targeting fashion buyers, designers and industry leaders.

- **Event Promotion**

European industry publications interested in publishing articles on African sourcing opportunities the Trade Hub identified. In addition, the Trade Hub produced promotional articles about SOURCE Africa for electronic media outlets including websites, blogs and the social media such as Facebook and Linked-in.

The Trade Hub promoted SOURCE Africa to all US sourcing executives as well as to all members of the Worldwide Responsible Accredited Production (WRAP) advisory group, which represents companies that source garment production worldwide. It was clear that social and environmental issues are critically important for the US brands. For most interviewees, if not all, international standards of social compliance are a "ticket to entry."

The Trade Hub contacted sourcing executives at European-based companies/interest groups such as ASOS, Textile Exchange, Adidas, SkunkFunk, Marimekko Corporation, Hevetas, Hess Natur, Nike Europe, M&M, Made-by, Mantisworld, GANT, Better Cotton Initiative and C&A. Most of these companies are circulating the information about SOURCE Africa within their sourcing departments. Support for SOURCE Africa was also secured from

Textile Exchange, Made-By and Better Cotton Initiative in Europe. The event is now profiled on Textile Exchange's websites and will be a part of Made-By and Better Cotton Initiative's marketing materials and media releases in the coming months.



Source: Southern Africa Trade Hub

In addition, the Trade Hub conducted

telephone interviews with senior sourcing executives across international brands and retailers in the US including PVH (world's largest apparel company), GAP, JC Penney, Levi Strauss, Under Armour, Ann, Inc. (Ann Taylor), Ralph Lauren, Warnaco and Victoria Secret. The sourcing executives indicated willingness to continue sourcing at current levels in Africa for basic apparel products such as polos, denim, bottoms and high cotton content tops. The interviewees did not indicate a strong interest in increasing production in Africa, except in Ethiopia. Even those who are looking at reducing dependency on China would want to shift to other Asian countries or are exploring bringing production back to the Western Hemisphere where they gain significant advantages in shorter lead times.

- **Exhibitions**

The Trade Hub discussed SOURCE Africa with Maria G N Kamati-Nampolo, investment promotional executive of the Namibia Investment Centre during the Namibia Women Summit. She expressed interest in supporting a national pavilion exhibition at SOURCE

Africa. Casa Anin has been exporting bed linen and home textiles, table linen and soft furnishings to Germany and within the SADC region.

Meetings were held with the Botswana Investment and Trade Centre (BITC) to mobilize support for Botswana textile/garment manufacturers to exhibit at the trade exhibition in SOURCE Africa. The Botswana companies being targeted include B&M Garments, Nortex, Microlith and Carapparel. The Trade Hub also met with apparel manufacturers in Francistown and Selebi-Phikwe in Botswana to inform them of its discussions with BITC on securing a pavilion at SOURCE Africa. In the process, the Trade Hub was able to learn more about the operational aspects of the textiles and apparel industry by touring the yarn, knitting and weaving aspects of the factories.

- **Market Linkages**

The Trade Hub facilitated several market linkages in the textiles and apparel value chain. The most promising linkage is between Bull Clothing and Maseru E in Lesotho on CMT production of boxer shorts for US\$150,000. Bull Clothing does not have the equipment and capacity to produce boxer short fabrics (light weight fabrics). The order is for 185,000 units over four months.

Other linkages include:

- EDUN, a fashion focused US brand, requested Trade Hub assistance for knitwear manufactures, and was subsequently linked to Cape Mohair Spinners and Mohair Spinners in South Africa for high end fashion yarns for sweater production, in particular Mohair yarns. Cape Mohair Spinners and Mohair Spinners are fashion mohair producers and EDUN is beginning to test the market with a knitwear range of garments;
- Micro Lith in Botswana was linked with Formosa Textiles, a denim mill in Lesotho. Micro Lith is exploring options to restart its jeans division;
- Rotex of South Africa and their subsidiary garment manufacturer have orders in excess of their capacity. The Trade Hub facilitated linkages with KangFa Knitwear, Matsapha Knitwear, New Life Garments and The Great Springs Clothing, all of whom export garments to South Africa and have spare capacity;
- Gelvenor, a South African fabric weaver was linked with four manufacturers in Mozambique including Faumil, Moztex, Maputo Clothing, and Ninita Clothing. Gelvenor intends to develop a relationship with these Mozambican companies. Gelvenor has already been in contact with Faumil and is sending it fabric swatches (samples);
- Da Gama, a South Africa fabric weaver, was briefed on the apparel manufacturer industry in West Africa, Zambia and Malawi, as it builds its Africa sales division;
- Scrubs Africa was linked with Bull Clothing, CGM Group and Jonsson Manufacturing in Lesotho, FTM Garments in Swaziland, Premier Clothing in Botswana and Durban Clothing in South Africa to manufacture scrubs in Africa; and
- Rudolph Chemicals, which is based in South Africa and a supplier of garment wash chemicals, was supplied information about opportunities in Lesotho. Rudolph Chemical was linked with CGM Industrial, C&Y Garments, Global Garments, Nien Hsing and Presitex (jeans washing plants) and Lesotho Precious Garments and Shinning Century who have knit garment washing plants.

A Textiles and Apparel Factory in Swaziland



Source: Southern Africa Trade Hub

The Trade Hub met with investment promotion agencies and conducted country workshops in Maputo and Maseru to chart a way forward in promoting investment and trade in the textiles and apparel industry. In Mozambique, the availability of factory space/serviced land is a major issue constraining both brown-field and green-field investments in Mozambique. The Trade Hub identified short and medium-term areas of cooperation including conducting a survey of the factory space available and new export processing zones. The factory space audit will identify available space for investors and zones that require improvement to attract investment. Availability of factory space/serviced land is a major issue constraining both brown-field and green-field investments in Mozambique. The workshop also addressed the rules of origin issue, as it relates to single transformation and double transformation, which continues to be a thorny issue.

In Lesotho, the Trade Hub presented its SWOT analysis, and this information is being used by the Lesotho National Development Corporation (LNDC) to promote trade and investment. Nineteen investors are interested to set up new factories but they are unable to do so because of land/factory space issues.

The Trade Hub also facilitated a linkage between Nortex and the LNDC and TradeLink, which strengthened the likelihood of investment in Lesotho. TradeLink and LNDC provided Nortex with information about investing in a knit mill in Lesotho including water treatment tips and recycling as well as steam requirements. TradeLink already has an apparel factory investment in Lesotho.

Activity 2.1 H - Soy Specific Activities

World Initiative for Soy in Human Health (WISHH) arranged training on animal feed manufacturing techniques, processes and trends at the International Grains Program (IGP), a program at Kansas State University as part of their Trade Hub grant activity. The 10 companies represented by these trainees from the region are vertically integrated animal feed manufacturers and together account for approximately 90% of all commercial poultry production in the region.

The group will form the nucleus of a regional soy association. The delegates from Zambia, Namibia and South Africa all expressed interest in the formation of a regional soy association, as this would assist with the transfer of knowledge and provide pricing and availability information.

A comprehensive program was presented by IGP which included factory and laboratory visits. The delegates all commented on the relevance of the training and its applicability to their operations. There was extensive interaction between the delegates about the lessons and shared experiences, and promised to promote the training within their own companies.

The Trade Hub participated in the US Department of Agriculture's (USDA) one-day seminar on global food trends with the ASA. The Trade Hub discussed a possible role in USDA's one-day seminar on global food trends, addressing global food demand, US product usage, or food security in the region. The program was held in Johannesburg on May 22, 2012 in partnership with WISHH, American Peanut Council, Alaska Seafood, Dry Bean Council, Dry Bean and Lentil Council, US Potato Board and USDA. The Trade Hub will present on food security.

The Trade Hub was approached by ZNFU in Zambia to assist with forming a national oil seeds association for commodities that will include groundnuts, soy and sunflower. The association is necessary to assist in the rapid expansion of the oilseed sector in Zambia, and to help strengthen the value chain.

The Trade Hub awarded a one year grant to Agro-Pecuaria de Manica of Mozambique to assist them in expanding their market from Mozambique into Malawi, where demand is high for their soy and maize based product, which is a high-energy protein supplement consisting of 70% maize and 30% soy. The benefits of the grant will be to help the firm expand regionally, and increase demand for soy in Mozambique.

Activity 2.1 I - Groundnut Specific Activities

The Trade Hub worked closely with Tiger Brands and SA Groundnut in South Africa to enhance their regional sourcing of groundnuts. New sources of supply in Zambia, Malawi and Mozambique were identified and introduced to these companies. Initial orders were placed with a Zambian company. Tiger Brands is negotiating contract growing arrangements with two Mozambican companies identified by the Trade Hub. At the same



Source: Southern Africa Trade Hub

time, SA Groundnut has established a relationship with Madal in Mozambique to conduct groundnut production trials with the company and smallholders in Quilimane, Mozambique.

The Trade Hub established contact with the Golden Peanut Company, the largest US handler, processor and exporter of peanuts, peanut oil and peanut-derived ingredients. Golden Peanut requested Trade Hub assistance in establishing regional contacts as a preliminary step to investing in trade or processing facilities in the region. The Trade Hub also introduced Golden Peanut to regional suppliers of Spanish type (small round) groundnuts, produced in large quantities in Malawi, Zambia, Zimbabwe, South Africa and Mozambique.

The Trade Hub facilitated four meetings in Malawi at which University of Georgia researchers presented their Aflatoxin mitigation program, developed under the Research Support Program (PCSRP) funded by USAID. The success of that meeting led to a plan for a series of intervention workshops in Malawi, Zambia and Mozambique. The University of Georgia peanut product, processing and marketing team (called UGA-GP3) promised to provide technical assistance for product and process development for Aflatoxin-free new or improved peanut products for local and export markets in these focal countries. This approach is unique to Aflatoxin mitigation as it is from a trade perspective, as opposed to a public health perspective.

Mozambique Groundnut Trials



Source: Southern Africa Trade Hub

In addition, the Trade Hub also facilitated linkages between Malawi groundnut producers and the Rhys Evans Group in South Africa for a trial order of 100 Mt of groundnuts (at an indicative price of US\$1200/Mt). If the groundnut producers manage to supply this trial order as per the required quality and to the correct Aflatoxin specification, they are likely to get another order from the same buyer.

The Trade Hub completed three technical studies on a value chain approach to Aflatoxin mitigation in groundnuts, containing recommendations in two phases. The first phase would implement a shelling, sorting and storage cluster intervention, while the second phase will establish the business case for a groundnut value chain that removes Aflatoxin contaminated nuts from the food chain and maximizes the returns from the grade-outs.

The proposed cluster intervention also paves the way for the establishment of a warehouse receipts program in the future. If feasible, a warehouse receipt system could prove a profitable intervention with the possibility of storing additional commodities other than groundnuts. The Assessment of Aflatoxin Testing Facilities in Zambia and Malawi contains two options in a set of recommendations to establish accredited Aflatoxin testing laboratories. The first option is to create an “Africa” laboratory under the management of an International Organization for Standardization (ISO) 17025 accredited facility in South Africa to perform the analyses and train the analysts while the basic infrastructure is rebuilt in Zambia and Malawi. The second option is that a technical specialist (e.g., a private sector firm) be appointed to develop the laboratories on site. The interventions for Aflatoxin mitigation will facilitate capacity development and provide support to collaborators working with industry partners

SA Groundnut, a company the Trade Hub assisted to establish in Mozambique, planted 100 ha of new varieties of groundnuts in Quilimane. The company, with the assistance of AgriFuturo, established a joint venture with Madal, a Mozambican company, to produce groundnuts.

The Trade Hub organized a meeting between Joint Aid Management International (JAM) and SA Groundnut to discuss a potential joint venture to operate the JAM Plumpy Nut and Corn Soya Blend factory in Beira. The companies agreed, in principal, to the venture and the factory was to source feedstock (maize, soya and groundnuts) from Mozambique, Zambia, Zimbabwe, Malawi and South Africa with finished products being utilized in the region as well as being exported to Kenya and Somalia.

Activity 2.1 J - Maize Specific Activities

As part of the planning for a possible Southern African Grain Council (SAGC), the Trade Hub attended the fourth annual East African Grain Council summit in Uganda. Several links were established with value chain actors to gauge interest in information sharing with the nascent SAGC.

The Trade Hub is working with Grain SA and its affiliated organizations to find means of extending these services on a sustainable basis throughout the SADC region, focusing on the key production areas in Zambia, Mozambique and Zimbabwe. As an aggregate, the services provided by these organizations will greatly increase productivity and improve marketing and price transparency to the region. Grain SA is the pre-eminent grain producers’ organization in South Africa, together with the affiliated organizations, provides services to grain farmers in South Africa.



Source: Southern Africa Trade Hub

Activity 2.1.K Strategic Partnership Grants Fund

The Trade Hub awarded a SPGF to AFGRI Corporation Ltd. to construct a satellite depot in the Sesheke district of western Zambia to store 15,000 MT of maize. The availability of a satellite depot in the area will bring Western Zambian maize into international trade channels, where it is currently almost entirely non-existent.

During the year, the Trade Hub awarded an SPGF grant to Capstone Seeds for technical assistance, foundation seed, and inputs to expand the seed multiplications sector for maize hybrid seed in Malawi. This grant supports the capacity building of local input and service providers; expands the number of seed multiplication out growers; facilitate the quick impact of significant expansion of available hybrid maize seed; and speeds up adoption of new technology by small holder farmers.

The Trade Hub also awarded a grant to Central African Seed Services/Nutrade Africa Group to build a cleaning/grading/sorting facility for groundnuts that will provide for low levels of Aflatoxin that in turn will expand export markets. In addition, the process also includes an out grower scheme run by Jungle Beat Zambia that will also expand the quantity and quality of groundnuts. This is the type of private sector investment, supported by the Trade Hub grant that will directly support the expansion of the groundnut industry in Zambia.

Activity 2.1 L - Baobab Grant

The Trade Hub awarded a US\$99,500 grant to PhytoTrade Africa to promote baobab pulp exports into the US, and commenced the regulatory work on baobab for Generally Regarded As Safe (GRAS). PhytoTrade has taken membership of Leatherhead Foods, a global player in the Food and Beverage research and development, which will entail significant discounts and tailored expert advice as well as enormous advantages for baobab products going into the US.

A new baobab drink, The Fixer, was launched by the UK Supermarket, Tesco, in July 2012. This new product utilizes baobab extract sourced from PhytoTrade's customer Plantextrakt - one of the world's largest natural ingredients processors.

A baobab film has been made showing scenes of baobab harvest by rural producers in Malawi and baobab products on supermarket shelves in the UK. In addition, a market research report was finalized and will be useful for defining the baobab marketing strategy in the US.

Harvested Baobab Fruit



Source: Southern Africa Trade Hub

Activity 2.1 M - African Growth and Opportunity Act (AGOA)/General Trade

- **AGOA Tool-Kit**

West Africa Trade Hub (WATH) and COMPETE agreed to collaborate with the Trade Hub on a Pan-African AGOA Toolkit. Trade Law Centre (Tralac) agreed to host the AGOA toolkit on the AGOA.info portal. The toolkit is expected to be revamped by March 2013 with an initial launch during SOURCE Africa 2013 in Cape Town and a final launch being done on the margins of the AGOA Forum in Addis Ababa, Ethiopia, around June/July 2013. The SSA AGOA Toolkit will be available in English, French and Portuguese to benefit all exporters from the region interested in exporting under AGOA.

As a first step, the Trade Hub reviewed its AGOA Toolkit information, which is ready for online availability.

- **Support to Annual AGOA Forum**

The Trade Hub was involved in parts of the preparatory work for the 2012 AGOA Forum which took place in Washington, DC, and Cincinnati, OH, such as identification of women participants under the State Departments' International Visitors Leadership Program (IVLP), speakers and participants under the Civil Society program, and research work by the Brookings Institute/Africa Growth Initiative.

- **AGOA Workshops**

As part of the Trade Hub's continued efforts at promoting export readiness of women owned enterprises in Namibia, the Trade Hub attended the 6th Namibia Women's Summit in August 2012. The Summit offered women in decision making, emerging young women and women entrepreneurs, an opportunity to learn, share experiences and network with each other.

The major conclusion was that there was need for the Ministry of Trade to restructure the manner in which it provides support towards supporting companies that are export ready. The textile exhibitors at the Women's Expo (WEXPO) also benefitted from the Trade Hub advice on labeling, finishing, marketing opportunities and branding.

The Trade Hub participated in a two-day AGOA and ROO workshop organized by SIPA in which participants were trained on AGOA legislation, requirements, challenges and opportunities. Discussions on textiles ROO resulted in participants agreeing to pursue the Single Stage Transformation instead of the Double Stage Transformation policy. The Trade Hub suggested wider consultation by SIPA to get input from decision makers who did not attend the workshop.

The Trade Hub participated in the Botswana National AGOA Forum and subsequent post-AGOA Mid-Term review meetings organized by the Department of International Trade.

The Trade Hub presented on AGOA at the "Empowering Women, Taking Your Business Beyond Borders" Workshop organized by the African Women Entrepreneurs Namibia Chapter and hosted by the Namibia-US Alumni Association. The workshop addressed issues and challenges confronting Namibian women entrepreneurs interested in export markets.

- **AGOA Queries**

The Trade Hub continued to receive general queries on AGOA both from Southern African companies and governments as well from the US. Most queries requested guidance and information on AGOA, covering linkages in the textiles and apparel and agro and food industries.

The Trade Hub followed up with firms requesting assistance to access the US market, including those that participated in the Fancy Food Show in 2011 and other market linkage

efforts. Southern African firms continue to report sales and strategic relationships with US companies.

The Trade Hub met with EmpowermentSA, to explore and facilitate trade opportunities between Southern African companies and Wal-Mart/Massmart, in view of the ZAR100m (US\$12.5m) supplier diversity funds made available by Massmart. EmpowermentSA is a South African based organization that promotes economic empowerment by facilitating business deals, disseminating business opportunities and providing advisory services. EmpowermentSA requested the Trade Hub assistance to link regional suppliers and US firms with South African suppliers. EmpowermentSA agreed to have further discussions with Massmart for finer details of the funds and revert to the Trade Hub on the way forward.

The Trade Hub also met with Business Unity South Africa (BUSA), AmCham SA, Johannesburg Chamber of Commerce, Enterprise Florida Inc. (EFI) and the Mpumalanga Economic Growth Agency to understand their efforts in promoting AGOA and general trade with the US and how the Trade Hub could play a supportive role.

The Trade Hub and EFI agreed to collaborate to recruit Florida companies for SOURCE Africa, promote trade/investment opportunities and to inviting Florida firms to the next NAMPO event.

IR 2.2: Increased Availability and Use of Financial Products and Services for Trade and Investment

The Trade Hub intervenes in the constraints to the availability and use of financial services within the strategic value chains of intervention:

- Price risk;
- Storage infrastructure, management, and deposit instruments;
- Commercial and political risk; and
- Funding liquidity.

The Trade Hub activities are aimed at mitigating these constraints, and/or leveraging available financial services towards value chain financing opportunities.

Activity 2.2 A - Strengthening Regional/National Development Finance Institutions

In FY 2011, the Trade Hub identified Export Credit Insurance Corporation (ECIC) of South Africa as a key institution to facilitate asset-backed finance in the region. The Trade Hub worked with ECIC to design more user friendly products for application in the agricultural sector in the region to improve liquidity in the region (through credit lines to regional banks) in order to increase trade instruments.

Following discussions between The Trade Hub



and ECIC regarding shortcomings in their product range, the Trade Hub reviewed and designed more user friendly products for application in the agricultural sector in the region to facilitate and increase regional trade, including:

- The introduction of credit insurance cover for loans made by South African FIs to FIs elsewhere in Southern Africa;
- Proposed adjustments to ECIC's criteria for small- and medium-sized transactions (SMT) in order to make it more suitable for application in an African context;
- A proposal to streamline and expedite the ECIC underwriting process;
- A new credit insurance instrument to facilitate loans to leasing companies in the region; and
- Criteria to enable ECIC to evaluate candidates who can benefit from ECIC short term cover or guarantees for pre-shipment, working capital financial facilities.

These new/modified products are awaiting ECIC Board review and adoption before use can be implemented.

- ***New Product Development for Regional DFIs***

Africa Trade Insurance (ATI) fulfills the role of an Export Credit Agency (ECA) in the Trade Hub focus countries such as Malawi and Zambia, which do not have a dedicated ECA. During a visit to Nairobi, the Trade Hub engaged ATI on their product offerings, and ATI requested the Trade Hub assistance to enhance their product range through a revamp of their whole turnover credit insurance product and to introduce surety bonds (bid bonds, performance bonds). ATI plans to roll these products out first in Malawi, Tanzania, and Zambia and fits the Trade Hub objective to increase the availability of insurance products in Southern Africa.

Discussions between the Trade Hub and ATI revealed that there is a lack of and a need for surety bonds on offer in SADC countries such as Malawi, Mozambique, Tanzania, Zambia and Zimbabwe. The Trade Hub agreed, in principle, to assist ATI to develop surety bonds (bid bonds, performance and warehouse bonds) for first application in Malawi and Zambia.

During meetings with credit insurers in Zimbabwe, the Trade Hub established that although Credsure would like to build its capacity back to what it was before 2000, it is a shadow of its former when it used play an active role in export credit insurance. However, Credsure undertook to provide the Trade Hub with a needs analysis. SFG Insurance may even be a better candidate in Zimbabwe for the Trade Hub assistance to build their capacity through the establishment of a credit insurance evaluation and underwriting mechanism which would qualify for international reinsurance. SFG already have a presence in Malawi, Tanzania, Zambia, and will soon branch into Mozambique.

The Trade Hub engaged two DFIs to extend new product development in the region: the Development Bank of Southern Africa (DBSA) and the Industrial Development Corporation of South Africa (IDC) as both have mandates to extend their reach on the continent of Africa, specifically with a focus on agriculture. IDC already makes available six credit lines to banks in the region, whereas DBSA has a credit line to the Industrial Credit Corporation, a lessor of all kinds of equipment to medium-sized and emergent enterprises in Zambia. Both DBSA and IDC are interested in making new term lending facilities to region with support from ECIC, specifically through the underwriting of credit lines.

The Botswana Export Credit Insurance and Guarantee Company (BECI) is the official ECA for Botswana and facilitates trade through the provision of short-term export credit insurance. The Trade Hub engaged BECI to establish their interest in similar products as the Trade Hub developed for ECIC.

On request from BECI, the Trade Hub conducted a seminar for all BECI stakeholders to present medium/long term export credit insurance and outward investment insurance best practice models, costs, benefits and potential outcomes. The objective of this exercise is to strengthen BECI's ability to obtain support from its stakeholders to offer more trade and investment enhancement products.

Activity 2.2 B - Financial Intermediary Development

The American Trade Finance Company (Atrafin) has developed a successful niche as an intermediary between Ex-Im Bank guarantees and suppliers/purchasers of equipment. The Trade Hub worked with Atrafin to develop a partnership agreement to improve outreach to:

- US suppliers of equipment and technology to the Trade Hub strategic value chains through linkages to US trade associations and individual firms; and
- Regional producers, dealers and processors as candidates for finance, technical assistance in the evaluation of the potential of applicants and their farms/businesses.

The Trade Hub introduced the Economic/Commercial Section of the US Embassy in Botswana to Atrafin so that contacts made by the Embassy who are candidates for Ex-Im finance can be assisted by Atrafin.

As Beira is a key port for export and imports, especially for Zimbabwe and Zambia, the Trade Hub made a presentation to a delegation from Zambia and Zimbabwe (Transcom Sharaf, Greenbelt Fertilizer, All Commodity Exports, and Manyane Milling) on finance solutions for a storage terminal in Beira, Mozambique. The Trade Hub linked these parties to both Atrafin and ECIC so that, once they have decided on their preferred supplier(s), they can approach the appropriate vehicle for finance.



Source: Southern Africa Trade Hub

Other parties assisted on the availability and application of US trade finance included Blumberg Grain. Blumberg Grain is interested in establishing a factory for grain house manufacturing in the region, but requires orders around 200 warehouses to make the factory feasible. Furthermore, on an individual shipment from the US, warehouses offered to the ZNFU in Zambia appeared more costly than those of suppliers from elsewhere. However, the Trade Hub was able to demonstrate that through facilitation of Ex-Im Bank finance, Blumberg Grain may be competitive.

The Trade Hub identified a number of financial intermediaries to link African financial institutions (especially DFIs) and value chain suppliers or buyers in the SADC region.

These intermediaries include Cresco Project Finance, Johan Oelofse Consultants and Africa Project Access. However, further work in this area is dependent on ECIC implementing the products that the Trade Hub recommended.

US Ex-Im Bank provides low-cost term finance for US exports to the world. As the US is a world leader in the provision of equipment for the production, storage and processing of agricultural products, US Ex-Im Bank can play a major role in lowering the cost of finance to value chain players in the SADC region.

Over the past 15 years, Atrafin facilitated US Ex-Im Bank finance of more than US\$1 billion on four continents, drawing on their own resources to fund these loans.

Activity 2.2 C - Leveraging Private Equity in Agriculture

The Trade Hub completed a scoping study of international private equity funds with significant investment or planned investment in agriculture and agribusiness in Southern Africa. Through the application of specifically designed criteria, a total of 10 funds out of a potential 110 investment vehicles were selected for this analysis. An analytical framework for analysis of the selected funds was constructed and applied to each of the ten funds.

Findings emanating from this evaluation revealed that DFIs are new but also very crucial contributors to agricultural private equity funds. This development is, however complicated by different and more tedious funding procedures of DFIs compared to traditional private equity investors. A second finding revealed that, while technical assistance funding is desired by all the chosen funds, technical assistance is not an ingredient of fund offerings at this juncture. A final finding cited lengthy regulatory procedures involving governmental institutions as a stumbling block to funds which typically have a limited time span (usually 10 years or less), however the Trade Hub provided recommendations on a new potential agribusiness private equity fund in Zambia.



Source: Southern Africa Trade Hub

Activity 2.2 D - Support the warehouse/silo infrastructure and systems management for enhanced credit to commodity value chain participants, leading to Warehouse Receipt System (WRS)

While the WRS concept has been heavily promoted in the region, successful implementation has proved challenging and there have been notable failures. Without stringent controls and oversight, and strict enforcement of contracts, financial institutions have been slow to accept warehouse receipts as collateral.

ACE expressed interest in the Blumberg Warehouse system and noted there was scope for warehouses in Malawi. ACE also stressed the need to further develop their WRS with the Trade Hub.

The Trade Hub carried out a fact finding visit to Malawi to assist ACE in the documentation of and finance and insurance mechanisms for WRS. Representatives of four Malawi banks who are interested in warehouse receipt financing (First Merchant Bank, National Bank, Opportunity Bank and Standard Bank) participated in detailed sessions with the Trade Hub and ACE to discuss the different elements of a warehouse receipt financing system as well as the participating entities and their respective roles, obligations and minimum standards to qualify for participation.

Based on this interaction and relevant research, as well as experience elsewhere, the Trade Hub produced a detailed draft technical report which was subsequently tabled, presented and intensely discussed at a workshop in Lilongwe which was attended by banks, traders and warehouse operators.

Feedback from ACE confirmed that the documentation as provided at the workshop exceeded the expectations of the participants in reach, depth and detail. ACE is confident that some banks in Malawi such as National Bank will begin to finance warehouse receipts based on the documentation provided to them.

ACE confirmed that the Trade Hub's advice and recommendations resulted in a bank (First Merchant Bank) financing grain (4000 metric tons to the value of US\$90,000) based on warehouse receipts issued by ACE.



Source: Southern Africa Trade Hub

Activity 2.2 E - Support Improved Commodity Exchanges in the Region

Fully-functioning spot commodity exchanges provide the following benefits essential for expanding trade and production of staple foods and other commodities:

- Price discovery, allowing farmers, processors and buyers insight into the likely movement of prices over time;
- Transparent spot markets with option for delivery or collection of physical product from well-managed, reliable warehouse delivery points; and
- Improvements in quality and reliability of grading of commodities, and therefore tradability of commodities, as exchange standards are adhered to.

The Trade Hub is exploring ways of assisting ACE in Malawi to develop a creditable and strong commodity exchange.

From a visit to the Zambia Agriculture Commodity Exchange (ZAMACE) in January 2012, the Trade Hub noted that ZAMACE was not operating and was therefore not a viable partner. However, due to the importance of Zambia in maize production and private sector investment, the Trade Hub identified Zambia as priority for warehouse facilities.

IR 2.3: Increased Investment through Targeted Promotion Efforts

The Trade Hub assists individual Southern African states to attract investment in its selected value chains. International investors have long recognized the opportunities that exist in Africa, but accessing reliable data on those opportunities has been a constraint. In the targeted value chains, the Trade Hub develops investment activities for each country from the information in the country profiles. These activities will utilize the Investment Promotion Agencies (IPAs) in the region to promote investment in selected SADC countries identified by the Trade Hub investment analyses.

Activity 2.3 A - Investment Promotion Activities for Garments and Textiles

The Trade Hub was approached by the Mozambique Institute for Cotton and the Mozambique Department of Industry to help them attract additional cotton, textile and apparel investment into Mozambique. Currently, almost all cotton grown in Mozambique is done under a system whereby a ginning company is given exclusive access (“concession”) to the cotton grown by smallholder farmers. Mozambique is now looking for commercial farmers who would farm cotton on a commercial basis as well as textile and apparel investors that would commence new manufacturing operations in Mozambique or who could joint venture with existing Mozambican plants that are under-performing or want to expand.

The Trade Hub has developed plans to support Mozambique, Lesotho, Swaziland and Botswana through research to support the investment promotion process.

- ***Botswana***

The Trade Hub met with apparel manufacturers in Francistown and Selebi-Phikwe in Botswana to inform them of its discussions with BITC on securing a pavilion at SOURCE Africa. In the process, the Trade Hub was able to learn more about the operational aspects of the textiles and apparel industry by touring the yarn, knitting and weaving aspects of the factories. A Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis was also completed.

- ***Lesotho***

In Lesotho, the Trade Hub presented SWOT analysis, and this information is being used by the LNDC to promote trade and investment. The Trade Hub also facilitated several market linkages strengthened the likelihood of investment in region and furthering trade among Southern African manufacturers.

The Trade Hub, in partnership with the LNDC, organized a workshop about the textiles and apparel industry in Lesotho, which attracted 34 participants including manufacturers from Maputsoe. The workshop not only provided an opportunity to discuss the textile and apparel country profiles, but also discussed challenges affecting the sector as well as possible solutions and opportunities. Among the key challenges identified by the industrialists are high rising costs, low productivity, and high absenteeism. Furthermore, attracting a knit mill will substantially improve competitiveness and considerably shorten lead times for Lesotho manufacturers.

The Trade Hub also conducted telephone interviews with senior sourcing executives across international brands and retailers in the US including PVH (world's largest apparel company), GAP, JC Penney, Levi Strauss, Under Armour, Ann, Inc. (Ann Taylor), Ralph Lauren, Warnaco and Victoria Secret. The sourcing executive indicated willingness to continue sourcing at current levels in Africa for basic apparel products such as polos, denim, bottoms and high cotton content tops. The interviewees did not indicate a strong interest in increasing production in Africa, except in Ethiopia. Even those who are looking at reducing dependency on China would want to shift to other Asian countries or are exploring bringing production back to the Western Hemisphere where they gain significant advantages in shorter lead times.

The interviews indicated that a "one size fits all" approach does not exist when it comes to sourcing decisions. There was little to no consensus on what is important, but commonalities did exist. Noteworthy is that one sourcing executive expressed that duty-free was irrelevant and that the brand loses more money than it gains when chasing duty free access and free trade agreements. The consensus was that quality, lead times and production capacity are critical when making sourcing decisions. Also, the sourcing executives want to build and maintain long-term sourcing relationships rather than constantly seeking new factories in new markets.

The Trade Hub met with the head of the LNDC and provided recommendations on next steps for the country in attracting additional investment, especially a knit fabric mill.

The Trade Hub facilitated a linkage between Nortex and the LNDC and TradeLink, which strengthened the likelihood of investment in Lesotho. TradeLink and LNDC provided Nortex with information about investing in a knit mill in Lesotho including water treatment tips and recycling as well as steam requirements. TradeLink already has an apparel factory investment in Lesotho.

- ***Mozambique***

The Trade Hub also conducted manufacturer plant visits of MozTex, Maputo Clothing Company, Ninita Garments, Topa International and Faumil Ltda. The manufacturing plant visits revealed that the Mozambican companies need to address production efficiency in their factories. Most had the capacity for more orders. Solid waste management, especially off-cuts needs to be addressed and there is room for investment in a small recycling operation in Mozambique.

In September 2012, the Trade Hub collaborated with CPI to develop and execute a workshop in Maputo to chart a way forward in promoting investment and trade in the textiles and apparel industry in Mozambique. The Trade Hub identified short and medium-

term areas of cooperation including conducting a survey of the factory space available, new export processing zones, and forming an industry association. The factory space audit will identify available space for investors and zones that require improvement to attract investment. Availability of factory space/serviced land is a major issue constraining both brown-field and green-field investments in Mozambique and in Lesotho where LNDC has 19 investors who want to set up but they are unable to do so because of land/factory space issues. The Mozambican workshop addressed the ROO issue, as it relates to single transformation and double transformation, which continues to be a thorny issue.

- **Swaziland**

During a visit to Swaziland, the Trade Hub met the Chief Executive Officer of the Swazi Cotton Board (SCB). In the meeting it was disclosed that Swaziland's cotton production was at an all-time low. The SCB indicated that it was looking for an investor that may be able to catalyze cotton production as indications are that increases in Swazi cotton production would have a significant impact on incomes and poverty alleviation.

As a result of the meeting, the Trade Hub wrote to a number of cotton ginning companies in East and Southern Africa to see if they would be interested in establishing production. Three firms – Olam, Alliance Ginneries and the Great Lakes Cotton Company – responded positively stating their interested in engaging with the SCB to see what opportunities exist for them to expand production in Swaziland.

Activity 2.3.B Agricultural Investment Promotion with the US

The Trade Hub has entities interested in Ex-Im finance to Atrafin and has introduced some of the American embassies in the region to Atrafin. As a result of these introductions, Atrafin made a presentation of their services to the Zambia AmCham. According to the President of AmCham, this was very well received by its members and will definitely lead to applications for Ex-Im finance.

The Trade Hub also engaged Atrafin to establish a more pro-active relationship with a view to leveraging more Ex-Im Bank finance in the region. As a result of this engagement, Atrafin produced a proposal in which they offer to identify, evaluate, select, train and mentor regional value chain role players to become eligible for Ex-Im finance. The Trade Hub identified synergies between the Atrafin proposal and the work of the Africa Agribusiness Leadership Program (Africa LEAD).

Activity 2.3.C Strengthen the capacity of Investment Promotion Agencies in the region to effectively promote foreign, domestic and regional investment

The Trade Hub continued to work with IPAs in the region to help strengthen their capacity to effectively promote FDI in the region. The activities carried out centered on rolling out the Investor Roadmaps for Lesotho, Namibia and Swaziland to stakeholders through workshops and training.

During a workshop in Lesotho, the Trade Hub facilitated discussions on FDI inflows into Lesotho as well as a comparison of international competitiveness indicators. The workshop provided a platform for delegates to identify and share examples of regional and global best practices in investment climate reform and also discussed the critical and significant binding constraints to stimulating investment, particularly access to land and credit, construction permits, visa issues as well as work and residence permits.

Similar workshops were held in Swaziland and Mozambique.

Activity 2.3 D - Enhancing Clean Energy Technology Investment and Technology Transfer

The Trade Hub, in partnership with the US Embassy in Botswana, organized a trade mission for eight renewable energy companies from Botswana, Zambia, Namibia, Mozambique and South Africa, around the Solar Power International Conference and Exhibition from September 10-14 in Orlando, Florida.

The Solar Power International (SPI) is a premier solar energy conference and exhibition designed to serve and advance the solar power industry. This largest and most comprehensive solar energy event brought together over 1,200 exhibitors and was attended by over 21,000 delegates. In addition to participating in the conference, the Trade Hub organized one-on-one meetings with potential US technology suppliers, JV partners, investors and business associates.



The conference gave the delegation an opportunity to learn about the current status, trends and prospects of the Solar Power Industry. As a result of the mission, one of the companies is already in discussions with Quanta Power

Generation Group for possible Engineering, Procurement and Construction (EPC) Services, while other companies are in discussions with potential technology suppliers of solar storage systems.

- ***Clean Energy Assessment***

At the request of USAID/Southern Africa, the Trade Hub reviewed Southern Africa clean energy sector requirements to provide a basis for formulating and building upon current energy sector program efforts and assist in developing and enhancing future energy activities in the region. Findings from the assessment highlighted the need for the Trade Hub to assist in promoting renewable energy investment opportunities in the region, closely monitor the development of renewable energy and undertake an assessment of the regulators capacity building needs.

OTHER ACTIVITIES

Communications

Hub Happenings: The Trade Hub continued to publish [Hub Happenings](#), its monthly newsletter, on its website and in e-mail format. The Trade Hub also continued to provide guidance to firms from the region on taking advantage of AGOA and general information on textiles/apparel as part of the “Export Digest Corner.”

Media Outreach: The Trade Hub continued to develop the media contact list within the region and several newspapers carried short articles referencing the Trade Hub’s work throughout the region.

During the Southern Africa Trade Facilitation Conference, the Trade Hub targeted media coverage by issuing a media advisory through collaboration with USAID/Southern Africa and the US Embassy in South Africa. This resulted in five positive news pieces as well as a detailed and up-to-date list of relevant media contacts in South Africa and the region.

Contact Database: Continuous updating of the Trade Hub’s contact database has boosted the number of contact details of stakeholders to over 7,000. The database is used for the distribution of the *Hub Happenings* newsletter.

Branding: During the fourth quarter of the year, the Trade Hub embarked on a rebranding exercise to improve its professional image. Through close cooperation with USAID/Southern Africa and USAID/Washington, the Trade Hub received approval for its rebranding to be rolled out consistently across all the Trade Hub materials in FY 2013. Through a team-building exercise, the Trade Hub also

developed a strategic message – ***Enhancing Economic Growth & Food Security through Trade*** – which will be prominently displayed where relevant.

Promotional Materials: The Trade Hub revised its one-page program notes and country profiles on the basis of its FY 2013 work plan and new IRs.

The Trade Hub Website: The Trade Hub carried out a website review and made several changes to the hosting arrangements, structure and information presented on the site. Updates to the website were continuous by regularly adding reports, news articles and multimedia content such as video clips and photo albums.

Social Networking: The Trade Hub continued to upload photos onto its [Flickr page](#), regularly updated its [Facebook page](#) and posted trade-related news via [Twitter](#). Video testimonials from Trade Hub events were also uploaded onto [YouTube channel](#). The Trade Hub’s following on both Twitter and Facebook increased significantly throughout the year.

Success Stories: The Trade Hub is in the process of drafting several success stories on the basis of materials gathered during the year.



Reporting

- **Revision of M&E Plan:** The annual Trade Hub indicator review was completed internally by the M&E Specialist, with contributions from the technical team and guidance from USAID. Gaps identified, including awkward overlaps of information tracked by some indicators, were addressed in the revised plan and new targets for FY 2013 were drafted.
- **FTF M&E Workshop:** The Trade Hub participated in this workshop which highlighted objectives and data collection methods for FTF indicators and reviewed the new USAID evaluation policy.
- **Development of New Data Collection Tools:** The Trade Hub completed additional tools to collect data in areas such as new investment, export data and trade related finance.
- **Baselines and Monitoring**
 - **Ressano Garcia Border:** The Trade Hub carried out a survey to establish crossing time baselines at Ressano Garcia border in Mozambique. This was done as part of the BOA under the CBM program. Results indicated very high efficiency at this border. Exports cross the border in less than one hour, while imports are cleared in less than 1 hour 30 minutes. Transit vehicles to inland clearance centers, which for the majority, are cross the border in 1 hour 40 minutes. Compared to other borders in the region that handle equal volumes of imports and exports, Ressano Garcia is very efficient and could be used as one of the regional best practices in trade facilitation.
 - **CBM Monitoring - Kasumbalesa, Nakonde, Songwe and Mwanza borders:** The Trade Hub provided technical assistance to border officials to set up a sustainable border efficiency monitoring system at Kasumbalesa and Nakonde borders in Zambia. The assistance entailed providing guidelines on data collection, entry and analysis to measure border efficiency. However, all government agencies at both Kasumbalesa and Nakonde borders are so acutely understaffed that monitoring CBM to a reasonable degree seems virtually impossible. It is expected that government will increase staffing levels in all departments in the near future but the Trade Hub is exploring other ways of establishing crossing times on a sustainable basis without involving government officials at the border.

At Kasumbalesa and Nakonde borders in Zambia, the Trade Hub completed a survey to determine the reduction of time to trade goods against the border. Results of the surveys are yet to be determined and published.

- **Reports:** The Trade Hub continued to submitted quarterly, ad hoc, trip, technical, meeting and training reports throughout the year.

Grants

- The Dar es Salaam Corridor Committee (DCC) was awarded a no-cost extension to finalize terms of reference (TORs) for a World Bank grant. Although implementation has been slow, the preliminary report indicates the TORs were completed and accepted by the World Bank. The grant was successfully finalized following a site visit by the Grants Manager and submission of the final project and financial reports.

Completion of grant enabled the DCC to secure a US\$10 million grant from the World Bank to assist the DCC implement the identified corridor improvement projects and support their management functions.

- PhytoTrade Africa submitted an unsolicited proposal to support baobab trade and exports to the US. The grant was approved and the agreement for US\$99,950 was awarded.
- WISHH submitted an unsolicited proposal to support the Trade Hub interventions in the soybean value chain throughout Southern Africa. The grant was approved and the agreement for US\$100,000 was awarded.
- Red Page submitted an unsolicited grant application to provide purchase order finance to small Botswana businesses. The application was declined.
- To identify new, potential grantees to support project objectives, the Trade Hub issued a call for grant concept ideas last quarter. Of the 59 total applicants that responded to the solicitation only, four qualified to continue with a full proposal.
- SADCAS was awarded a six month grant for US\$59,600 to implement training of testing laboratories involved in the agro food production and processing sector in Malawi, Mozambique, Zambia and Zimbabwe.
- Agro-Percuraria de Manica Lda (APM) was awarded a one year grant for US\$100,000 to distribute, store and market Heps (a soybean and maize mixture) produced in Mozambique to new buyers/clients in Malawi.
- SACAU submitted an unsolicited grant application for technical assistance to support the creation of a regional cotton association to facilitate the production of quality cotton in the SADC region. Given the request for technical assistance, the grant request was not approved, and instead, the Trade Hub will work with SACAU more generally in implementation of agricultural value chain activities.
- AmCham in Zambia finalized their formal grant proposal to host an AGOA Resource Center in Lusaka to support greater utilization of AGOA by the Zambian business community. The grant proposal was approved and issued. However, the Trade Hub and AmCham were not able to reach agreement on the required documents to support implementation and reporting requirements. As a result, it was decided not to proceed with issuing a grant.
- As part of the SPGF, 19 potential grantees were identified for possible funding and three were approved for award:
 - Afgri was approved to create a satellite depot in the Sesheke district of Zambia to store 15,000 MT of maize;
 - Capstone Seeds South Africa was approved to provide technical assistance, foundation seed and inputs to expand the seed multiplications sector for maize hybrid seed in Malawi; and
 - Central African Seed Services (CASS) was approved to upgrade groundnut procurement and processing in Zambia.

In addition to these applications, the Trade Hub continued to meet with interested candidates to discuss the grants program and provided information to help identify areas of interest.

ANNEX 1: INDICATORS AND RESULTS

Indicator	Y1		Y2			Q1	Q2	Q3	Q4
	Target	Actual	Target	Cumulative Total	% Reach	Actual	Actual	Actual	Actual
IR 1.1 Effective Implementation of the SADC FTA and other Regional Trade agreements									
Number of actions (audits, reports, presentations, tools developed, etc.) taken to facilitate compliance of member states with tariff and NTB commitments under the SADC Protocol on Trade	10	8	15	10	67%	4	1	2	3
Number of participants in trade negotiation and trade agreement trainings provided by USG, disaggregated by sex	350	440	300	143	40%	48	49	9	43
IR 1.2 Improved Trade Facilitation in Transit, Customs and Other Areas									
Reduction in the costs to trade goods across borders (5 key border crossings) as a result of USG assistance.	0	0	5%	-32%	-640%	0	0	-32%	-32%
Reduction in the number of days (hours) required to trade goods across borders (5 key border crossings) as a result of USG assistance	0	0	5%	-32%	-640%	0	0	-32%	-32%
Number of people receiving USG-supported training in transit, customs and cross-border trade issues	80	89	100	307	230%	92	0	44	171
Establishment of systems to streamline, modernize and interconnect customs procedures and operations					N/A	See Milestones table	See Milestones table	See Milestones table	See Milestones table
Establishment of programs, institutions and systems for trade corridor efficiency and improved cross-border trade					N/A	See Milestones table	See Milestones table	See Milestones table	See Milestones table
IR 1.3 A Better Trade and Investment Enabling Environment through Improved Policies									
Number of actions taken to facilitate improved trade and investment enabling environment in the region	0	0	4	3	75%	0	1	1	1
Number of participants in Trade and Investment environment trainings	0	0	100	0	0%	0	0	0	0
Males	0	0	75	0	0%	0	0	0	0
Females	0	0	25	0	0%	0	0	0	0

Indicator	Y1		Y2			Q1	Q2	Q3	Q4
	Target	Actual	Target	Cumulative Total	% Reach	Actual	Actual	Actual	Actual
Number of trade in services policy or regulatory actions taken as a result of USG assistance.	1	0	1	0	0%	0	0	0	0
Number of policy reforms, regulations, and administrative procedures passed/approved to enhance sector governance and/or facilitate private sector participation and competitive markets as a result of USG assistance	0	1	2	12	600%	0	12	0	0
IR 1.4 Strengthening Regional Capacity for Energy Sector Planning and Cooperation									
Number of people receiving USG-supported training in energy-related policy and regulatory practices	60	0	60	216	276%	29	93	12	82
Number of energy sector diagnostics completed	2	1	2	1	50%	1	0	0	0
IR 2.1 New Trade Linkages Established and Greater Competitiveness in Staple Foods and other Strategic Value Chains									
Number of firms receiving capacity-building assistance to export	200	141	250	105	42%	8	10	76	11
Number of producer organizations, water users associations, trade and business associations and community-based organizations receiving USG assistance	4	5	10	19	190%	7	0	8	4
Number of buyer/seller linkages established in export capacity as a result of USG assistance	50	493	50	240	480%	5	4	208	25
Total value of exports by supported firms	\$50m	\$401,800	\$10m	\$305,068	3%	\$85,000	\$110,000	\$110,068	0
Volume and value of exports of agricultural commodities targeted by USG assistance (annual)	\$25m	\$401,800	\$10m	\$50,000	0.5%	\$50,000	0	0	0
Percentage change in value of intra-regional trade in targeted agricultural commodities (maize, soy, groundnuts)	0	0	TBD	0	0%	0	0	0	0
Total increase in installed storage capacity	0	0	0	0	0%	0	0	0	0
Number of technologies or management practices in one of the following phases of development:	0	0	4	0	0%	0	0	0	0
a. In Phase I: under research as a result of USG assistance									
b. In Phase II: under field testing as a result of USG assistance									
c. In Phase III: made available for transfer as a result of USG assistance									

Indicator	Y1		Y2			Q1	Q2	Q3	Q4
	Target	Actual	Target	Cumulative Total	% Reach	Actual	Actual	Actual	Actual
Number of private enterprises, producer organizations, water users associations, women's groups, trade and business associations and community-based organizations (CBOs) that applied new technologies or management practices as a result of USG assistance	0	0	0	0	0%	0	0	0	0
Number of US firms or trade associations that have established or strengthened trade or investment linkages with African firms as a result of USG assistance	5	2	10	49	490%	8	0	40	1
IR 2.2 Increased Use and Availability of Financial Products and Services for Trade and Investment									
Dollar value of trade-related finance accessed by exporters as a result of USG assistance	\$5m	0	\$2m	0	0%	0	0	0	0
Number of silo/warehouse based financing programs, including WRS, created or strengthened with USG assistance	1	0	1	0	0%	0	0	0	0
IR 2.3 Increased Investment through Targeted Promotion Efforts									
Dollar value of new investment in the SADC region as a result of USG investment promotion activities.	0	0	0	0	0%	0	0	0	0
Value of new private investment in the agriculture sector or food chain leveraged by FTF implementation	0	0	0	0	0%	0	0	0	0

ANNEX 2: FINANCIAL REPORT

	Total Budget	Total Expenditures thru September 2012	Budget Remaining	Obligated Amount	Obligation Remaining
Management and Administration (CLIN 1)	\$8 461 599	\$3 690 340	\$4 771 259		
Technical Services/Integration (CLIN 2)	\$31 626 144	\$8 407 687	\$23 218 457		
Technical Services/Trade Capacity (CLIN 3)	\$25 202 734	\$6 194 981	\$19 007 753		
Management and Administration (CLIN 4 - Option Year)	\$2 468 092	\$0	\$2 468 092		
Technical Services/Integration (CLIN 5 - Option Year)	\$8 255 150	\$0	\$8 255 150		
Technical Services/Trade Capacity (CLIN 6 - Option Year)	\$6 093 812	\$0	\$6 093 812		
Total	\$82 107 531	\$18 293 007	\$63 814 524	\$21 702 808	\$3 409 801