

PDBCA 487

AGENCY FOR INTERNATIONAL DEVELOPMENT

WASHINGTON, D.C. 20523

ACTION MEMORANDUM FOR THE DEPUTY ASSISTANT ADMINISTRATOR FOR AFRICA

FROM: AFR/PD, Timothy ~~Bork~~

SUBJECT: Proposed Grant to UNCTAD for Trade Facilitation in Southern Africa (SADCC Technical Support Grant to UNCTAD: 690-0258)

Problem: You are requested to concur in a grant from USAID/SARP to the United Nations Conference on Trade and Development/United Nations Development Program (UNCTAD/UNDP) for trade facilitation activities.

Discussion: USAID/SARP has requested Africa Bureau approval of a three year, \$1.6 million grant to UNCTAD for trade facilitation. Its purpose is to increase trade by reducing delays due to document processing at border crossings, standardizing documentation and rationalizing systems and procedures throughout the region.

Under Delegation of Authority 551 USAID/SARP Mission Director has authority to authorize a \$1,600,000 activity for the SARP program, including any PID-level approval. Under DOA 551, Section 5B, the Mission Director also has authority to negotiate and sign the grant with UNCTAD. A grant to a Public International Organization (PIO) no longer requires a waiver of competition requirements under HB 13, Ch5E. However, under HB 13, Ch5F2a, approval from the Africa Bureau is required for a grant to a PIO. The Mission stated that the other HB 13, Ch5 requirements for a grant to an international organization have been met. It stated that A.I.D. will not be the sole donor to this activity. Thus, providing that A.I.D.'s own funds are mixed with those from other donor(s), UNCTAD'S own procurement and audit policies and procedures may be applied.

The Grant to UNCTAD for trade facilitation continues one component of the Transport Sector Technical Assistance Project (690-0238), which was authorized in FY 1986, and is scheduled for completion in December 1991. Rail and road freight traffic between the SARP countries faces heavy delays caused by slow clearance through border crossings, thus increasing transit time between inland destination/origin and ports and reducing efficiency in the use of engines, rolling stock and trucks. The lack of common forms hampered communications. Implementing the use of consolidated common forms requires intensive efforts to obtain the legal and administrative agreement of the Ministries and agencies concerned in each country to get consolidation and standardization of documentation for trade as well as training people in its use. The new grant will also include assistance for establishing national trade facilitation committees and organization of training for people working in customs, transport, and other trade activities.

AFR/PD reviewed the Mission's request transmitted in Harare 05258 and in UNCTAD's preliminary proposal [Attachments B and C]. It meets the guidelines for a grant to a PIO. Support for the UNCTAD trade facilitation program is more effective and efficient than direct A.I.D. assistance given progress UNCTAD made in the earlier project. The project's greatest success was in developing and utilizing standardized export and import documents for transit freight and for strengthening the national trade facilitation committees. It succeeded in developing and testing common documentation, such as the standard and aligned export documents currently used in Malawi and tested for Mozambique. Much work remains to be done to standardize trade documentation in the region. The Grant's objectives are consistent with the Southern Africa Regional earmark in that it concerns transportation and trade. It is in the SADCC Programme of Action. The Grant is consistent with the DFA in increasing public sector efficiency. UNCTAD is considered to be a responsible organization. The grant will not augment the PIO's operating budget and it will not fund activities for which the U.S. makes a voluntary contribution under the Foreign Assistance Appropriation Act.

Recommendation: That, by signing below and authorizing the attached cable, you approve USAID/SARP's making a grant in the approximate amount of \$1,600,000 to UNCTAD for Trade Facilitation in Southern Africa (SADCC Technical Support Grant to UNCTAD: 690-0258).

Approved: L. J. Law

Disapproved: _____

Dated: 7/16/91

Attachments:

- A. Harare 05258
- B. UNCTAD Initial Proposal for a Trade Facilitation Grant
- C. Cable for authorization

Clearances:

AFR/PD/SA:NBillig_(draft) _____ date 6/26/91

AFR/SA:KFinan_(draft) _____ date 6/26/91

GC/AFR:MAKleinjan MAK _____ date 7/11/91

drafted by: AFR/PD/SA:AFessenden: x.78818:241June91:UNCTADGR.acm