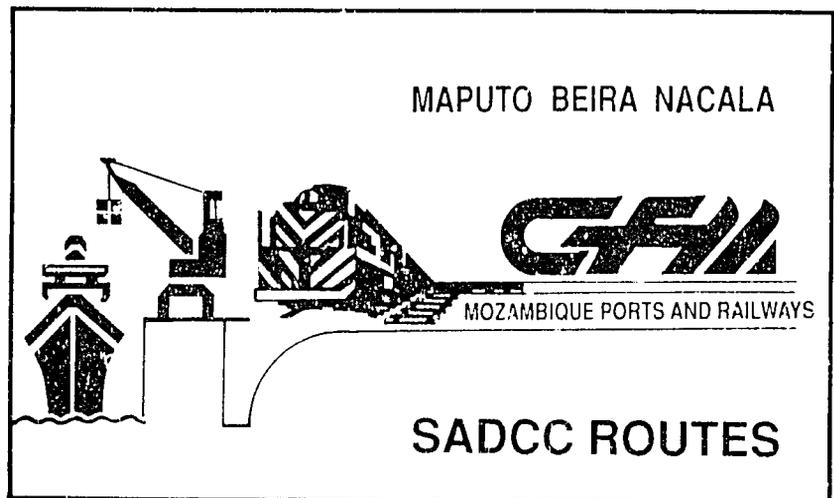
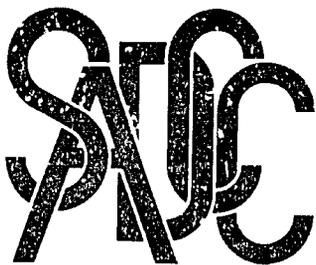


# INDUSTRY

## SOUTHERN AFRICAN DEVELOPMENT COORDINATION CONFERENCE



Maputo, Republic of Mozambique  
29th — 31st January 1992

# INDUSTRY AND TRADE

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## PROJECT NUMBERING SYSTEM

Projects are identified using an alphanumeric numbering system:

1. The first three letters indicate the member State:

AAA	-	Regional	NAM	-	Namibia
ANG	-	Angola	SWA	-	Swaziland
BOT	-	Botswana	TAN	-	Tanzania
LES	-	Lesotho	ZAM	-	Zambia
MAL	-	Malawi	ZIM	-	Zimbabwe
MOZ	-	Mozambique			

2. The first digit defines the Sector:

0	-	Overall Coordination
1	-	Cement and Cement Products
2	-	Chemicals
3	-	Educational and Health Materials and Equipment
4	-	Electrical Goods
5	-	Farm Implements and Equipment
6	-	Fertilisers, Insecticides and Pesticides
7	-	Food and Food Processing
8	-	Iron, Steel and Engineering
9	-	Leather and Leather Goods
10	-	Pulp and Paper
11	-	Salt
12	-	Support Services
13	-	Textiles
14	-	Trade Promotion
15	-	Industrial Trade Financing

3. The second digit is a serial number.

## A B R E V I A T I O N S

ADB	=	African Development Bank
AGIP Spa	=	AGIP Spa
AIDAB	=	Australian International Development Aid Bureau
ANG	=	Angola
ARSO	=	African Regional Organisation for Standardisation
ASEAN	=	Association of South East Asian Nations
AUS	=	Australia
AUST	=	Austria
BADEA	=	Arab Bank for Economic Development in Africa
BEL	=	Belgium
BOT	=	Botswana
BRA	=	Brazil
CAN	=	Canada
CARICOM	=	Caribbean Community
CBI	=	Confederation of British Industries
CBIF	=	Cross-Border Investment Facility
CEFS	=	Comprehensive Export Financing Scheme
CFTC	=	Commonwealth Fund for Technical Cooperation
CHI	=	Peoples Republic of China
CITES	=	Convention on International Trade in Endangered Species
COMSEC	=	Commonwealth Secretariat
DEN	=	Denmark
ECF	=	Export Credit Facility
EEC	=	Commission of the European Communities
EPRF	=	Export Pre-Financing Revolving Fund
FAO	=	Food and Agriculture Organisation of the United Nations
FIN	=	Finland
FRA	=	France
FRG	=	Federal Republic of Germany
GTZ	=	German Association for Technical Cooperation
GSP	=	Generalised System of Preferences
IBRD	=	International Bank for Reconstruction and Development
HRD	=	Human Resources Development
ICAO	=	International Civil Aviation Organisation
ICE	=	Iceland
IDA	=	International Development Association
IDRC	=	International Development Research Centre
IDU	=	Industrial Development Unit of the Commonwealth Secretariat
IFAD	=	International Fund for Agricultural Development
ILO	=	International Labour Organisation
IMPOD	=	Import Promotion Office for Products from Developing Countries
IOS	=	International Organisation for Standardisation
IRE	=	Ireland
ISNAR	=	International Service for National Agricultural Research
ITA	=	Italy
ITB	=	International Tourism Board

ITU	=	International Telecommunications Union
ITIX	=	International Travel Industry Exposition
JAP	=	Japan
KUW	=	Kuwait Fund
LES	=	Lesotho
MAL	=	Malawi
MIES	-	Multilateral Industrial Enterprises Scheme
MOZ	=	Mozambique
NAM	=	Namibia
NET	=	Netherlands
NIPOs	=	Nordic Import Promotion Officers
NOR	=	Norway
NORAD	=	Norwegian Agency for Development
NORDICS	=	Nordic countries
NORSAD	=	Nordic/SADCC Fund or Agency
NSBs	=	National Standards Bodies
OPEC	=	Organisation of Petroleum Exporting Countries
POR	=	Portugal
PTA	=	Preferential Trade Area for Eastern and Southern Africa
RIPs	=	Regional Industrial Projects
SADCC	=	Southern African Development Coordination Conference
SAFTTA	=	Southern African Federation of Travel and Tour Associations
SAREC	=	Swedish Agency for Research Cooperation with Developing Countries
SATEP	=	ILO Southern African Team for Employment Promotion
SITCD	=	SADCC Industry and Trade Coordinating Division
SPA	=	Spain
SQA	=	Standardisation and Quality Assurance
SRBC	=	SADCC Regional Business Council
SWA	=	Swaziland
SWE	=	Sweden
SWI	=	Switzerland
TAN	=	Tanzania
TAZARA	=	Tanzania Zambia Railway Authority
TPOs	=	Trade Promotion Officers
TCU	=	SADCC Tourism Coordinating Unit
TTW	=	Travel Trade Workshop (Montreaux)
UAPTA	=	Unit of Account of the Preferential Trade Area
UK	=	United Kingdom
UNDP	=	United Nations Development Programme
UNIDO	=	United Nations Industrial Development Organisation
USA	=	United States of America
USSR	=	Union of Soviet Socialist Republics
VTR	=	Visiting Friends and Relatives
WB	=	World Bank
WTO	=	World Tourism Organisation
ZAM	=	Zambia
ZIM	=	Zimbabwe

## 1. EXECUTIVE SUMMARY

- 1.1 The new industrial policies and strategy approved by the SADCC Council of Ministers in August, 1989 emphasise the establishment of viable regional industries based on domestic raw materials and access to the regional market. It also specifically acknowledges the central role of the enterprise community as the primary vehicle for the industrialisation of the region. In addition, the strategy has outlined a number of specific macro-economic policies that might be applied at the national level in order to achieve increased savings and investments, improve economic efficiency, and attain greater intra-regional trade.
- 1.2 During the period under review, efforts to coordinate industrial development were directed at the preparation of a framework for supporting the implementation of regional industrial projects, the creation of an enabling investment climate and mobilisation of the enterprise community.
- 1.3 Efforts to implement the SADCC trade programme were mainly directed at the expansion of export trade. In this regard, a trade facilitation study aimed at addressing non-tariff trade barriers was undertaken. A study to provide a basis for formulating a SADCC Export Development and Promotion Strategy was commissioned. Further, an Export Manager for Loan project was initiated in cooperation with the Nordic countries. The project is intended to assist the enterprise community to engage in export promotion economic activities. In addition, two workshops, aimed at strengthening the export capacity of SADCC member States were organised during the period under review. The first workshop discussed the study on SADCC participation in public sector and donor-assisted programmes; and the other discussed the establishment of a comprehensive export financing scheme.
- 1.4 Programme activities to strengthen industrial and trade support services continued to focus on the ongoing projects. In this regard, the SADCC programme on Standardisation and Quality Assurance (SQA); such as direct assistance in export packaging, training and supply of equipment for testing and information, have positively influenced the development of knowledge and services related to standardisation and quality assurance. The awareness of its importance for the promotion of industry and trade has increased. Existing National Standards Bodies (NSBs) have been further strengthened. Nuclei of NSBs have been established in Angola, Lesotho, Mozambique and Swaziland. Further, a survey report on existing R & D institutional infrastructure responsible for R & D in member states is being finalised.

- 1.5 With regard to the establishment of the SADCC Industry and Trade Information Exchange Centre, a workshop was held in September, 1990 to discuss the type of information, data bases and to demonstrate the operational modalities for the Centre. Recommendations of the workshop will assist SITCD in establishing the Centre.
- 1.6 In the light of the new Industrial Strategy, all projects for manufactured goods are being reviewed to establish their regional relevance. Consequently, the sectoral programme now comprises 18 projects, of which nine are for trade development and nine are for Industry and Trade support services. The total cost of these projects amounts to US\$ 23.91 million, of which US\$ 23.49 million, representing 98%, is expected to come from external sources. The funding status of projects is given in Annex 2.
- 2.0 REVIEW OF THE REGIONAL SITUATION
- 2.1 During the period under review, SADCC countries continued to take practical measures aimed at improving industrial production and increasing exports. These measures were taken mainly in the form of economic adjustment programmes, which include the introduction of attractive investment codes, trade liberalisation measures and strengthening the private sector. The results of these measures are yet to be fully realised, particularly in terms of increased industrial production and investments. It should, however, be noted that during the 1991 SADCC Annual Consultative Conference held in Windhoek, Namibia the international community urged SADCC member States to create an enabling investment climate and to take concrete measures aimed at increasing regional trade. In this context, the measures being taken by SADCC member States have the support of the international community.
- 2.2 Intra-SADCC trade still remains low, and has not exceeded 5% of the region's total trade. However, the potential for increased intra-SADCC trade does exist. Initiatives are already in hand to address comprehensively trade, with a view to expanding it to the level of 12% as envisaged in the new industrial strategy. In this connection, the preparation of a comprehensive export development and promotion strategy would constitute the basis for taking appropriate measures aimed at expanding regional trade.
- 2.3 At the same time, the region's political and security situation has continued to improve steadily. In Angola, a peace agreement to end the civil war has been signed and negotiations to achieve the same objective in Mozambique are in progress. When peace is finally attained in these countries, the region would be set for faster and uninterrupted social and economic development.

2.4 Similarly, the political situation in South Africa is such that apartheid will soon give way to a democratically elected Government. SADCC, as a regional Organisation, is already undertaking preparations for new arrangements for regional cooperation including a post-apartheid South Africa.

### 3.0 REVIEW OF THE PROGRAMME

3.1 In the past five years the mandate to coordinate the Industry and Trade Sector has expanded through the introduction of the SADCC Trade Programme, the SADCC Industrial Development Policies and Strategy and recommendations arising from the SADCC management workshop which was held in May, 1990 in Maseru, Lesotho. As a result of these developments, the SADCC Industry and Trade Ministers Committee meeting in June, 1991 in Windhoek, Namibia, reviewed the coordination role of the SADCC Industry and Trade Coordination Division (SITCD). The Committee underlined that the main function of the Division was to facilitate regional industrial investments and expansion of regional trade. Consequently, SITCD was directed to formulate an implementation framework that would encourage industrial and trade development in the region. In this context, the tasks and functions of the Division in the coming years were seen as the enhancement of the following activities:

- undertaking sectoral development policy analysis;
- dissemination of information;
- improvement of the investment climate;
- mobilisation the enterprise community;
- development of regional trade and trade financing schemes;
- development of industry and trade support services;
- promotion of regional industrial projects; and
- coordination with other sectors and institutions.

3.2 In recognition of the above, efforts at the regional level are being directed at undertaking the following programme activities:

#### 3.2.1 Identification of Regional Industrial Projects (RIPs)

Consultations with the enterprise community on the initial list of project proposals of regional relevance are still in progress, with a view to concretising them and to ensure their implementation.

However, efforts to identify RIPs have revealed that there are issues which must be further clarified in order to facilitate implementation of regional projects. The issues which require further articulation relate to, inter-alia, definition of a regional project, preferences to be accorded to regional projects; clear definition of obligations of member States hosting these projects, on the one hand, and those procuring products and or services from them, on the other. Other issues to be examined further relate to measures that must be taken to ensure balanced and equitable distribution of the benefits of industrial development.

Initial steps towards the preparation of a framework for the implementation of RIPs have been undertaken. In this connection, proposals on the framework which were considered by the SADCC Industry and Trade Ministers Committee in June, 1991 focused on the following key factors:

- criteria for selecting regional industrial projects;
- market access;
- Financing of regional industrial projects.
- investment incentives for RIPs;
- the role of SITCD.

Further, the proposals were formulated against the background of similar experiences of relevant organisations such as the CARICOM, ASEAN and PTA. In the light of significant achievements made by SADCC, and in order to avoid duplicating similar efforts by PTA (to which eight of the ten SADCC member States belong), the proposals took into account the PTA's Multilateral Industrial Enterprises scheme (MIEs). The MIE scheme establishes procedures, obligations, benefits and the privileges involved in establishing a multi-national enterprise.

In considering the proposals, the Committee made the following observations:

- (a) that establishment of specific criteria to distinguish SADCC Regional Industrial Projects (RIPs) which are of commercial nature is of paramount importance;
- (b) that for SADCC to formulate an effective/appropriate framework for RIPs, development of the enabling environment is critical in facilitating implementation of RIPs;

- (c) that while the proposals on the framework for promotion and implementation of RIPS may have to take into account the existence of the PTA Charter on Multilateral Industrial Enterprises (MIEs), they should, nevertheless, clearly spell out in concrete terms how that charter could be applicable to SADCC RIPS for the benefit of the SADCC business community;
- (d) that proposals for any framework aimed at the creation of special enabling environment for RIPS must take into account the interests of the potential project promoters and government authorities; and,
- (e) that, as far as possible, proposals for the promotion and implementation of RIPS should first take into account existing industrial enterprises which conform to the criteria for RIPS. Examples of such existing enterprises could include pulp/paper and iron/steel plants already located in some member States.

On the basis of the above considerations, the Committee agreed on the need for additional work to complete the exercise of formulating the framework for supporting the implementation of SADCC RIPS. In this context the Terms of Reference for completing the exercise have been approved and that a Technical Committee to assist the coordinating unit will be established.

### 3.2.2 Involvement of the Enterprise Community

After many years of direct state involvement in the industrial sector in most member States, the enterprise community is weak, and must be encouraged to develop and to play an important role in industrial and trade development. Since 1987, SADCC has been taking initiatives to mobilise the region's enterprise community. Such initiatives include the establishment of SADCC National Business Councils in SADCC member States, and at the regional level, the SADCC Regional Business Council (SRBC) established in March, 1989.

The establishment of SRBC is an important initiative in mobilising the enterprise community in the region. Thus, for the first time, the region's enterprise community, through SRBC, organised on March 25-26, 1991, an Investment Conference which was held in Malawi and attended by both regional and foreign investors. The main objective of the conference was to facilitate business investment in the SADCC region by establishing contacts between SADCC project sponsors and financiers and technology suppliers. SRBC is still evaluating the outcome of the conference to determine how best they can proceed in promoting investments in the region.

Although working relations between SITCD and SRBC are yet to be fully developed, it may be stated at this stage that in future SITCD would seek the full involvement of SRBC in the implementation of its programmes. In this connection, the Industry and Trade Ministers Committee agreed in June, 1991 on the need to work out a mechanism for effective involvement of the SADCC Regional Business Council, which is the highest established SADCC organ representing the enterprise community. The necessity for this mechanism is particularly important in order to avoid possible duplication of efforts between the two SADCC institutions.

### 3.2.3 Improvement of the investment climate

Industrialisation in SADCC countries will depend on the existence of an enabling investment climate. During the 1991 SADCC Annual Consultative Conference, the importance of improving the investment climate in SADCC countries was stressed, especially by representatives from the international community. They noted that, in the context of the prevailing SADCC investment climate, opportunities for the promotion of RIPs would be limited. In this connection, they recommended that SITCD should urgently undertake to facilitate the creation of an enabling investment climate in SADCC countries.

SITCD has already compiled investment policies and mechanisms in SADCC countries relating to the manufacturing sector. It has further carried out a study which provides up-to-date information on rules, regulations and practices, which influence investment decisions in SADCC countries. Some of the issues examined in the study include investment codes, taxation, rules relating to investment promotion and protection, foreign exchange management, banking policies, licensing administration and existence of the enterprise community. A workshop to discuss the study is planned for September, 1991. The workshop will involve people from the business community, government, and other relevant institutions. On the basis of the proposed workshop, SITCD will draw up recommendations on the improvement of, especially, existing macro-economic policies and practices.

Other initiatives being taken by SADCC, especially those relating to the establishment of regional investment funds and trade financing schemes are likely to contribute further to the creation of an enabling investment climate in the region. In order to complement the regional initiatives, the SADCC Industry and Trade Ministers' Committee urged member States to create, where applicable, stock exchange markets as a means to mobilising financial resources

to fund priority investments. The Ministers also urged member States to examine the viability of establishing Export Processing Zones, as one way of encouraging industrial development. Measures aimed at harmonising fiscal incentives and customs tariffs within member States would also complement SADCC's efforts to create an enabling investment climate.

#### 3.2.4 Trade Development

The development and promotion of trade is crucial both as an instrument for regional industrialisation and the creation of market accessibility. According to the SADCC trade flow study undertaken in 1987, only 5% of the total trade of SADCC member States is intra-regional. An increase to 12% is the target by the year 2000.

The SADCC trade programme and activities are thus designed to address trade obstacles and the region's aspirations of increasing trade. In this context, efforts are being made to promote regional trade based on the following programme activities:

- On the basis of the SADCC trade flow study completed in 1987, a study that would examine national export and trade strategies, policies and practices affecting intra - and extra-SADCC trade, has been commissioned. The study will lead to the formulation of trade policies and activities for expanding intra-SADCC trade, and trade between SADCC region and the rest of the world.
- A study on Trade Facilitation directed at the removal of non-tariff barriers has been completed and is to be discussed in September 1991. This initiative is the outcome of the trade flows study which concluded that SADCC trade could not increase through the application of tariff preferences alone. There should be other supportive practical measures, including the removal of non-tariff barriers to trade.
- A study to assess the scope, and recommend measures for enhancing the participation of SADCC firms in the execution of donor-assisted projects was undertaken in 1990. A workshop to discuss implementation of recommendations arising from the study was held in February, 1991. It involved Government Tender Boards, business people and donor agencies. Further activities have been developed as a result of this workshop which would require consultations with SADCC governments, the business community and various donor agencies.

- Work on the compilation of a SADCC Trade Directory has started. It is expected to be completed in early 1992.
- A study to evaluate the performance of the existing General Systems of Preferences (GSP), and how these might support the expansion of SADCC exports to developed countries was undertaken and approved by SADCC. Further activities aimed at increasing exports from SADCC countries to developed countries are expected to evolve after a market survey for selected SADCC export products is undertaken shortly.
- In order to improve bilateral trade agreements, the Committee of SADCC Industry and Trade Ministers in 1989 approved guidelines in the form of a prototype agreement. Member states are presently reviewing the bilateral trade agreement in the light of the prototype agreement.

### 3.2.5 Industrial and Trade Financing

Consultations with member States have revealed that capital markets in these countries are either inadequate, underdeveloped or are completely absent. Further, there is a dearth of domestic savings and foreign exchange. Consequently, business people in the region have called for the creation of capital markets to finance industrial investments and export trade.

In this regard, SADCC has initiated efforts which include the following:

#### Study on Cross-Border Investment Facility

The study on cross-border investment facility has been approved in principle by SADCC. It is intended to overcome financing constraints to joint venture investments across national boundaries. SADCC secretariat is consulting with the relevant institutions before the remaining technical issues are finalised.

#### Comprehensive Export Financing Scheme (CEFS)

The proposal to set up a Comprehensive Export Financing Scheme was approved in principle by SADCC in January, 1991. When finally established the scheme would, inter alia, offer the following facilities:

- (a) national facilities:
- providing credit financing in both local and foreign currencies, including credit guarantees and insurance;
- (b) a regional financing facility will provide the following services:
- (i) pre-shipment credit in both local and convertible currency, to enable the producer of exports to purchase required inputs;
  - (ii) post-shipment credit in both local and convertible currency, to enable the exporters to offer their customers competitive trade terms;
  - (iii) export credit guarantee and insurance.

The effective operation of the Comprehensive Export Financing Scheme would be predicated on the establishment of strong national schemes. In this regard, Export Pre-financing Revolving Schemes (EPRFs) and Export Credit Facility (ECF) are to be implemented within the wider context of the Comprehensive Export Financing Scheme. It should be noted that Lesotho has been operating a Comprehensive Export Financing Scheme since 1988. Swaziland is in the process of establishing a similar scheme that is to become operational during the second half of 1991. Other countries such as Malawi, Tanzania and Zimbabwe are also about to embark on establishing similar schemes.

#### **NORSAD Fund**

The NORSAD Fund, similar to the Export Pre-Financing Revolving Funds (EPRFs), is intended to provide a foreign exchange revolving facility. However, the NORSAD Fund is limited to joint venture exporting firms drawn from SADCC and Nordic countries. The Fund and its Agency have been legally established since January 1990, when SADCC and Nordic member states signed the necessary instruments. The Agency is located in Lusaka, Zambia and is operational. In this context the agency has prepared procedures for the selection of projects to be financed from the Fund. It is currently processing applications for funding.

#### **3.2.6 Support Services**

The SADCC industrial strategy recognises that the industrialisation of the region will require trade and industrial support services which at present are not sufficiently developed. Efforts are, therefore, being made to implement programmes in standardisation and

quality control, industrial research and development, information exchange centre and industrial management and skills development.

4. **STATUS OF CURRENT PROJECTS**

The Industry and Trade Sector comprises the following main programme components:

- industrial development;
- trade development;
- development of Industry and Trade support services.

A summary of each project in the programme is presented below:

**Overall Coordination**

**Project AAA.0.1: Support to SADCC Industry and Trade Coordination Division**

This project provides support to strengthen the technical capacity of the coordination unit, through the assignment of long-term experts in industry, trade and standardisation and quality assurance (SQA); and the provision of equipment. Three experts are already working in the Unit. The project is supported by the Nordic countries.

**Industry and Trade Support Services**

**Project AAA.12.1: Standardisation and Quality Control**

Four of the ten SADCC countries have National Standards Bodies (NSBs), namely Malawi, Tanzania, Zambia and Zimbabwe. The other six member States are at different stages of establishing NSBs or national systems for standardisation and quality assurance. The existing NSBs are all in a phase of development or expansion. National efforts are being made to establish NSBs or strengthen existing ones. At the regional level funds have been secured for this purpose.

A SADCC Expert Group on Standardisation and Quality Assurance was formed to assist SITCD in the implementation of the SADCC Programme on SQA. The last meeting of the Group was held in July, 1991 at Mbabane, Swaziland.

The African Regional Organisation for Standardisation (ARSO) and PTA also have programmes on SQA, similar to those of SADCC. In order to avoid overlapping and wasting of scarce resources, SITCD is trying to bring the three organisations together by organising coordination meetings.

The first meeting was in June, 1990 in Nairobi, Kenya. The next meeting is scheduled for September, 1991 in Lusaka, Zambia.

**Project AAA.12.1 (1): Establishment of National Standards Bodies**

Four of the six member states lacking NSBs, namely Angola, Lesotho, Mozambique and Swaziland, have established nuclei of NSBs. This has been done by appointing officers responsible for the coordination of national SQA matters, by the preparation of Standards Acts and national programmes on SQA, by forming advisory committees and by arranging training/seminars. ITC and GTZ have assisted Mozambique and Swaziland respectively by providing experts in SQA.

Botswana is still considering implementation of recommendations of a study completed in 1988 on the establishment of an NSB. Consultations with the Ministry of Trade and Industry in Namibia have reviewed that the Government is seriously considering establishing one in line with the SADCC programme on SQA.

**Project AAA.12.1 (2): Strengthening of Existing Institutions**

The existing NSBs of Malawi, Tanzania, Zambia and Zimbabwe have been further strengthened as follows:

**Malawi**

Existing laboratories at Malawi Bureau of Standards (MBS), have been strengthened by providing testing equipment for packaging. The construction of a new building for MBS Information Centre has been completed.

**Tanzania**

A project document to establish a Volumetric Calibration Laboratory at Tanzania Bureau of Standards (TBS), has been finalised and funds are being sought from potential donors. Separate buildings for a chemical laboratory and a packaging technology centre are under construction.

**Zambia**

The first phase in the establishment of a metrology department at Zambia Bureau of Standards (ZABS), has been finalised. A laboratory for mass and length will be operational at the end of 1991. An accreditation scheme of local laboratories is under implementation.

## Zimbabwe

A new Headquarters for the Standards Association of Zimbabwe (SAZ), is expected to be completed in August 1991. It will include an Information Centre. A feasibility study for the establishment of a Metrology Laboratory has been carried out and funds for its implementation have been allocated.

### **Project AAA.12.1 (3): Information Exchange and Training**

The Information Centre at Malawi Bureau of Standards has been further developed. ITC Pack Data System is installed and operational in Botswana and at the NSBs of Malawi, Tanzania and Zimbabwe.

In cooperation with the International Organization for Standardisation (ISO), six seminars in the field of standardisation, quality, certification and laboratory accreditation, were successfully organized and executed by the end of 1990 in Botswana, Lesotho, Malawi, Swaziland, Tanzania and Zimbabwe respectively. A final seminar on the evaluation of the training programme was held in Harare in April, 1991. The participants recommended a continuation of the training programme.

Two seminars on standardisation and quality control of export products and packaging were organised in November 1990 in Maputo and Luanda for the two Portuguese speaking member States. A similar seminar for participants from Botswana, Lesotho, Namibia and Swaziland is planned for November, 1991 in Gaborone, Botswana. Three standards officers from Angola, Lesotho and Mozambique have undergone tailor-made training in India.

Regarding on-going activities on SQA, workshops and seminars on product quality and packaging have also been organised at NSBs and places of work. NORAD has agreed to finance a training programme on quality management and quality assurance as approved by SADCC in 1990.

A guide for information exchange of SQA is being prepared for presentation at the next meeting of SADCC Expert Group on SQA.

A handbook on procurement of packaging materials and packages has been prepared.

### **Project AAA.12.1 (4): Harmonisation of Standards and Certifications Schemes**

A programme on harmonisation of standards and certification systems has been approved and a project document for its implementation has been prepared.

A draft guide for mutual recognition of certification systems has been circulated to members of SADCC Expert Group on SQA for comments, which will be considered at the next Expert Group meeting.

A guide for development and preparation of standards is being prepared for presentation at the next Expert Group meeting.

**Project AAA.12.1 (5): Quality Testing and Development**

The following programme activities are being implemented under the project:

- Direct Assistance in Packaging to Selected Enterprises in SADCC member States.
- Development of Effective Quality Control, Standards and Testing Services for Export Products and Packaging, which includes a Food Quality Control System under preparation.

The two projects above, which also cover activities under Project AAA.12.1 (1), (2) and (3), are due to terminate at the end of 1991. However, the projects were evaluated at the beginning of 1991 and their continuation has been recommended.

- A draft guide for accreditation of laboratories has been circulated to the members of SADCC Expert Group on SQA for comments, which will be considered at the next Expert Group meeting.

**Project AAA.12.3: Study on Engineering Design and other Product Development**

The study is intended to assist in drawing up a programme of action for the development of engineering design and product development facilities in SADCC countries. The terms of reference for the study have been prepared. Funding has been secured and implementation which has been delayed is now expected to start end of 1991.

**Project AAA.12.4: Industry and Trade Consultancy Services**

This project is now part of the SADCC directory of consultancy firms compiled by the Secretariat covering all sectors. Apparently, the first publication does not adequately cover the Industry and Trade Sector. In the light of this shortcoming, SITCD will supplement efforts by the Secretariat by compiling a more complete list for the Industry and Trade Sector, which will later be used to update the Regional Directory.

**Project AAA.12.5: Establishment of Information Exchange Centre**

The objective of this project is to set up an Industry and Trade Information Exchange Centre at Dar es Salaam to, inter alia, undertake the following functions:

- collection of information on data bases in agreed formats and in a systematic manner;
- storage and retrieval of information, both numerical and descriptive, in computerised systems linked with member states;
- the dissemination of information to various users in SADCC and outside the region.

As an initial step in building up the Centre, a library has been set up and a personal computer with the relevant software has been installed. In addition, an evaluation of the hardware/software and equipment necessary for the computerisation of the Centre has been completed. Efforts are underway to publish SITCD newsletter in order to facilitate information flow to others users in the region.

A workshop took place in September, 1990 to discuss the type and structure of information required and to demonstrate its uses to SADCC member States. The findings and recommendations of the workshop were endorsed by the SADCC Industry and Trade Minister's Committee in June, 1991. The agreed programme activities include:

- to organise experts in the field of information to work out modalities on classifications, methods, concepts, and definitions which would be processed through the usual SADCC decision making bodies;
- designing of special forms for data collection, which would facilitate the flow of foreign investments into the region, and ensure appropriate sub-contracting to the indigenous manufacturers; and,
- to develop modalities for the effective dissemination of data on industry and trade within and outside the SADCC region.

It should be noted that the process of establishing the Information Exchange Centre shall take due account of the existence of the regional information exchange systems at SADCC Headquarters and PTA, and the interests of the SADCC Regional Business Council. In this regard, member States have been urged to facilitate the exchange of information; and make full use of the Centre.

### **Project AAA.12.9: Industrial Research and Development**

This project involves the formulation of a regional programme of action in industrial research and development (R & D). A survey report on existing R & D institutional infrastructure in the member States is being finalised. On the basis of this survey, a workshop involving relevant institutions is to be organised during the second half of 1991 to deliberate on a programme of action.

### **Project AAA.12.11: Management and Skills Development**

The development of this programme is being done in the context of the Human Resources Development Sector. In particular, the Government of India has offered the Industry Sector 100 scholarships for training in India, in addition to 40 Indian experts who would come and work in the region.

However, the utilisation of this offer has not materialised due to lack of a firm commitment on the part of the Indian Government as not a single scholarship or expert has been released. Meanwhile, SITCD in collaboration with the Human Resource Development Sector is drawing up a comprehensive programme specifically for industrial management and related skills development.

### **Project AAA.12.12: Study on the Improvement of Investment Climate**

The need to improve the investment climate in the SADCC region is considered paramount in efforts to mobilise investment resources both from within the region and from outside.

A study, financed through the Nordic Support Project to SITCD, was commissioned to provide up-to-date information on practices, rules and regulations which influence investment decisions in SADCC countries. The study, already completed, examined the investment climate in consultation with the region's business community and potential investors. A workshop to discuss this study is planned to be held in September, 1991.

### **Trade Promotion**

#### **Project AAA.14.2: A System of Direct Trade Measures including Bilateral Trade Agreements**

Evaluation of the existing Bilateral Trade Agreements was completed, and efforts aimed at improving their performance are being made. In this connection, a prototype trade agreement prepared as a standard guideline for improving the existing bilateral trade agreement among SADCC Member States has been approved. Member States are still reviewing their bilateral trade agreements in the light of

the prototype agreement. The problem appears to be the PTA treaty obligations which seem to prohibit bilateral trade agreements and thus affecting eight SADCC member states. In this regard, the Unit plans to initiate consultations with PTA with a view to reaching common understanding over the issue.

**Project AAA.14.3: Study on a Generalised System of Preferences (GSP)**

The objective of this project is to promote exports from SADCC countries to developed countries. A study to evaluate the performance of the existing Generalised System of Preferences (GSPs) and how these could support the expansion of SADCC exports to developed countries has been completed. The study, however, covered only four EEC countries.

Drawing on the findings of the GSP study, SITCD is finalising the list of trade fairs to which appropriate trade promotion programmes will be evolved. Similarly, EEC/GSP schemes have already been sent to all member States.

Further, SITCD will be undertaking with the support of Commonwealth Secretariat, a market survey of selected SADCC export products in the United States and Canada. Products of interest include cut flowers, coffee, spices, textiles, leather goods and handicrafts. Implementation is expected to commence from June, 1992.

**Project AAA..14.4: Trade Directory**

The compilation and publication of a SADCC Trade Directory containing information on export/import businesses, manufacturers, transporters, clearing and forwarding agents, trade and investment financing facilities, consultancy services; plus information on trade policy and services; administration and general economic information for each SADCC member State, is under preparation. The Directory is expected to be out for circulation early 1992.

**Project AAA.14.5: Study on SADCC Participation in Public Sector and Donor Assisted Programmes**

The objective of the project is to increase the participation of SADCC firms in donor assisted programmes. A study to assess the scope and recommend measures for enhancing the participation of SADCC firms in the execution of donor financed supply and works contracts in the region has been completed.

A workshop involving member states, donor agencies, and other relevant organisations was organised in February,

1991 at Arusha, Tanzania with a view to drawing up an action programme capable of sourcing more from the sub-region.

On the basis of proposals made by the workshop, the SADCC Industry and Trade Ministers' Committee has agreed on the following action programme:

- (a) SADCC Governments should consider to:
- simplify and streamline procurement and tendering procedures to enable other SADCC suppliers to participate;
  - consider giving regional price preferences of around 15%, to other SADCC suppliers on the same lines as given to local suppliers;
  - participate in regional quality control schemes aimed at standardisation of products.
- (b) The Committee further agreed to initiate measures aimed at having a useful dialogue with:
- (i) the Business community in its capacity as procurement agencies or suppliers to;
- undertake an information campaign to highlight potentials for obtaining competitive suppliers from SADCC;
  - take positive attitudes to enquiries emanating from SADCC buyers offering internationally competitive prices; and,
  - improve packaging, quality and specifications to international standards.
- (ii) various donor agencies to:
- simplify aid financing procedures;
  - untie aid in full or by percentage of procurement from SADCC countries; and
  - provide assistance for setting up local procurement expertise including training in donor funded projects.

SITCD will be consulting with SADCC governments, SADCC business community, international aid organisations, to enlist their support and ensure implementation of the Action Programme. It will also undertake appropriate measures for the mobilisation of the necessary resources required for the implementation of the Action programme.

#### **Project AAA.14.6: Trade Facilitation Study**

The objective of this project is to address non-tariff barriers to regional trade. A study which assessed the impact of all non-tariff barriers to SADCC trade has been completed.

SITCD intends to hold, in September, 1991, a workshop involving the business community, the banks, and government departments of finance, customs and trade and to propose an action plan. The study and the workshop recommendations will serve as the basis for streamlining both the administrative and bureaucratic practices currently inhibiting SADCC trade.

#### **Project AAA.14.7: SADCC Export Development and Promotion Strategy**

This project is expected to provide guidelines for expanding trade amongst SADCC member States and between the SADCC sub-region and the rest of the world. The draft report is completed and is under consideration.

#### **Trade Financing Mechanisms**

#### **Project AAA.15.2: Counter Trade Agreements**

A Nordic (SUKAB) representative has been consulting with SADCC Governments with a view to concluding counter trade agreements between SADCC member States, between SADCC countries and the Nordics, and also between SADCC and other countries in the world.

Some SADCC exporting firms involved in these consultations include: Chamber of Commerce of Angola; Lesotho National Development Corporation; Fain and Inter Franc of Mozambique, Board of External Trade of Tanzania, Export Board of Zambia, and Zimbabwe State Trading Corporation.

SUKAB has opened a regional office at Harare for effective follow-ups on these consultations.

#### **Project AAA.15.3: Comprehensive Export Financing Scheme (CEFS)**

The proposal to establish CEFS was approved by SADCC in January, 1991. As a result, EPRF and ECF schemes are now part of the CEFS.

SITCD has already prepared the terms of reference for the establishment of the scheme and negotiations with financiers are in progress. The cost of the study has been estimated to be US\$0.10 million.

With regard to EPRFs, the main problem has been lack of additional funds to strengthen the existing schemes in need

of additional funding. Two countries have requested for additional funding; Lesotho (US\$8 million) and Zambia (US\$0.6 million). Funding is still being sought.

Angola and Mozambique have also requested for technical assistance to enable them establish their own schemes. As for Mozambique, an expert financed by the Commonwealth Secretariat has been identified and is in the process of finalising the report. In the case of Angola, a final report is being reviewed by the Government.

### New Projects

#### Export Manager for Loan

The objective of this project is to promote SADCC exports to developed countries. The concept of Export manager for loan, which is derived from the Nordic experience, has been put to use with some success as an export promotion measure. A business firm interested to increase exports engages the services of an experienced Export manager who draws up, in collaboration with the management team, an export plan. This idea though intended to serve the interested business firm for a limited period of time has, as in the case of the Nordics, proved successful by making selected firms with little or no previous export experience to increase their exports.

In order to promote the concept for possible application towards enhancing the development of exports in SADCC member States, a pilot project was undertaken in some member States including Angola, Mozambique, Lesotho, Namibia, Zambia and Swaziland; and the project was found feasible. Arising from the findings, terms of reference have been prepared to cover all SADCC countries and the same were endorsed by the SADCC Industry and Trade Ministers Committee in June, 1991.

### Other Activities

#### Nordic/SADCC Expert Group on Trade

The group met three times in 1990. At its last meeting in September, 1990, the group prepared a work-plan for 1991; which was later presented to the Nordic/SADCC senior officials meeting at Gaborone in November, 1990. The group also indicated the need to bring about a climate more conducive to business and trade at their subsequent meetings whether conducted in the Nordics or SADCC sub-region.

The Council at its last meeting in Windhoek, January 1991, decided that the group should continue to serve as an advisory group to both the Nordic and SADCC business communities. The Council further decided that the SADCC Regional Business Council should service the group.

### Nordic Import Promotion Officers (NIPOs)

The Nordic National Import Promotion Officers have been conducting seminars in SADCC countries which have resulted in favourable business deals. Currently actual businesses have been created for SADCC non-traditional exporters especially in the areas of fresh fruits and handicrafts. In order to improve performance and enhance the existing Nordic/SADCC business relations the following follow-up activities are in progress:

- a regional coordination NIPO office has been opened at Harare since 1989;
- counterpart officers at SADCC Trade Promotion organisations (TPOs) have been identified in Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe.

The Nordic NIPOs have already drawn up action programmes identifying preferences for each country in the SADCC sub-region. The Programme will later be extended to cover Namibia.

## Project Descriptions

### AAA.12.5 ESTABLISHMENT OF INFORMATION EXCHANGE CENTRE

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Estimated costs: Financing Gap: USD 0.86m  
Total: USD 0.86m.  
Foreign: USD 0.86m. Executing Agency:  
Local: - SITCD Secretariat.  
Funding Secured: Start: 1987  
Foreign: -  
Local: -

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**OBJECTIVES:** The project is designed to facilitate dissemination of information on investment and trading opportunities through a computerised information exchange centre based at Dar es Salaam.

**DESCRIPTION:** The project activities include procurement of equipment and facilities, establishing data and information requirement, preparing database in manufacturing industry, import/export enterprises and project monitoring. Other activities are training of SITCD staff, and publishing SADCC enterprises through seminars and newsletters.

**STATUS:** A library has been set up and a computer with relevant software has been installed. Also an evaluation of the hardware/software and equipment necessary for computerisation of the centre has been done.

### AAA.14.3 STUDY ON A GENERALISED SYSTEM OF PREFERENCES (GSP)

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Estimated costs: Financing Gap:  
Total: USD 0.10m. -  
Foreign: USD 0.10m. Executing Agency:  
Local: USD - SITCD  
Funding Secured: Start: July, 1991.  
Foreign: USD 0.10 (CFTC)  
Local: -

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**OBJECTIVE:** The objective of this project is to explore market opportunities for selected products in the United States and Canada. It is a follow up to the study carried out in 1990 to evaluate the performance of the existing Generalised System of Preferences (GSP) and how these could support the expansion of SADCC exports to developed countries. The evaluation covered four EEC countries; Federal Republic of Germany, Holland, Portugal and Britain.

**DESCRIPTION:** The project will involve a market survey for selected export products in the United States and Canada. Products of interest include cut flowers, coffee, spices, textiles, leather goods and handicrafts.

**STATUS:** Terms of reference for undertaking the study have been prepared; and project implementation started in July, 1991.

#### AAA.15.3 COMPREHENSIVE EXPORT FINANCING SCHEME

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<u>Total costs:</u>	<u>Financing Gap:</u> USD 0.10m.
Total:	<u>Executing Agency</u>
Foreign: USD 0.10m	SITCD
Local:	
<u>Funding Secured:</u>	<u>Start:</u> September, 1991
Foreign: -	
Local: -	

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**OBJECTIVE:** The objective of the project is to establish a regional Comprehensive Export Financing Scheme (CEFS). The scheme will be based on the existing national Export Pre-financing Revolving Schemes and others to be established where they do not exist.

**DESCRIPTION:** The project involves working out practical details of establishing the scheme, including equity structure and formula for contribution, formula for accessing the resources, organisation and management, legal instruments etc. An amount of USD 0.10m. is required to finance the study.

Further the project involves mobilisation of additional funding for strengthening and establishing national Export Pre-financing Revolving Schemes where required. Initially, a total of USD 9.10m has been requested.

**STATUS:** Terms of Reference for undertaking a study on the establishment of Comprehensive Export Financing Scheme have been prepared and negotiations with potential financiers are in progress. Additional funding for strengthening existing national Export Pre-financing Revolving Schemes is being sought.

AAA..14.8 EXPORT MANAGER FOR LOAN

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<u>Estimated costs:</u>	<u>Financing Gap:</u> USD 0.20m
Total: USD 0.20m.	<u>Executing Agency</u>
Foreign: USD 0.20m	SITCD
Local:	
<u>Funding Secured:</u>	<u>Start:</u> September, 1991
Foreign: -	
Local: -	

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**OBJECTIVE:** The objective of the project is to promote SADCC exports through the engagement of the services of an export manager with reputable practical experience in export market requirements to assist related export firms in SADCC countries.

**DESCRIPTION:** The project would involve the identification of export firms requiring the services of such an expert; and the mobilisation of funds to pay for the services.

**STATUS:** In order to promote the concept, a pilot project was undertaken in some member States and the project was found to be feasible. Terms of reference for extending the project to cover all member States have been prepared and funds for financing the project are being sought.

**Funding Status of Projects**

Project	Project Title	Estimated Cost US\$ Million			Funding Secured & Source US\$ Million	Funding Under Negotiation US\$ Million	Financing Gap US\$ Million	Comments/Status
		Total	Foreign	Local				
INDUSTRY AND TRADE								
OVERALL COORDINATION								
AAA.0.1	Support to SADCC Industry and Trade Coordination Division	-	-	-	- (NORDICS)	-	-	On-going.
Sub-total		0.00	0.00	0.00	0.00	0.00	0.00	
SUPPORT SERVICES								
AAA.12.1	Standardisation & Quality Control	10.92	10.50	0.42	0.50 (ITC)	0.14 (FIN) 1.50 (ITA) 0.42 (TAN) 0.18 (SWE)	8.18	Additional funding sought.
AAA.12.3	Engineering Design & Product Development	0.14	0.14	-	0.14 (IND)	-	-	Implementation to start in 1991.
AAA.12.4	Industry and Trade Consultancy Services	-	-	-	-	-	-	Part of Regional Directory.
AAA.12.5	Establishment of Information Exchange Centre	0.86	0.86	-	-	-	0.86	Funds being sought.
AAA.12.6	Development Small/Medium Scale Industries - Study/Workshop	-	-	-	-	-	-	Project implementation suspended.
AAA.12.9	Research and Development - Study	0.60	0.60	-	0.60 (SWE)	-	-	Under implementation.
AAA.12.11	Management and Skills Development	-	-	-	-	-	-	A comprehensive programme is being developed.
AAA.12.12	Study on the improvement of investment climate	0.60	0.60	-	0.60 (NORD)	-	-	Study completed, workshop to discuss the recommendations.
Sub-total		13.12	12.70	0.42	1.84	2.24	9.04	
TRADE PROMOTION								
AAA.14.2	A System of Direct Trade Measures Including Bilateral Trade Agreements	-	-	-	-	-	-	Member States to review bilateral trade agreements.
AAA.14.3	Study on Generalised Systems of Preferences (GSP)	-	-	-	-	-	-	Completed. Follow up action being taken.
AAA.14.4	Trade Directory	0.20	0.20	-	0.20 (BOLD ADS)	-	-	Under implementation.

Project	Project Title	Estimated Cost US\$ Million			Funding Secured & Source US\$ Million	Funding Under Negotiation US\$ Million	Financing Gap US\$ Million	Comments/Status
		Total	Foreign	Local				
AAA.14.5	Study on SADCC Participation in Public Sector and Donor Assisted Programmes	-	-	-	-	-	-	Completed. Follow up action being taken.
AAA.14.6	Study on Trade Facilitation	0.95	0.95	-	0.95 (NORDICS)	-	-	Study completed, member States reviewing the report.
AAA.14.7	Preparation of Trade Strategy	0.14	0.14	-	0.14 (USAID)	-	-	Under implementation.
AAA.14.8	Export Manager for Loan	0.20	0.20	-	-	-	0.20	Funding being sought.
Sub-total		1.49	1.49	0.00	1.29	0.00	0.20	
TRADE FINANCING								
AAA.15.1	Export Pre-Financing Revolving Funds (EPRFs)	-	-	-	-	-	-	Project Part of AAA.15.3.
AAA.15.2	Study on Counter Trade	0.10	0.10	-	0.10 (SWE)	-	-	Under implementation.
AAA.15.3	Study on Comprehensive Export	9.20	9.20	-	0.25 (CFTC) 0.25 (CFTC)	0.10 (ITC)	8.60	Funding being sought.
Sub-total		9.30	9.30	0.00	0.60	0.10	8.60	
GRAND TOTAL		23.91	23.49	0.42	3.73	2.34	17.84	